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.

CONTENTS

Company Information

Board of Directors

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

Chief Financial Officer	Amir Hafeez, ACA
Audit Committee	Malik Farhan Hasan (Chairman) Shehrbano Taseer (Member) Shabana Atta (Member)
Human Resource and Remuneration (HR&R) Committee	Malik Farhan Hasan (Chairman) Aamna Taseer (Member) Kanwar Latafat Ali Khan (Member)
Company Secretary	Sajjad Ahmad
Auditors	A. F. Ferguson & Co. Chartered Accountants
Legal Advisors	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 (PAKISTAN) LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of Pace (Pakistan) Limited ("the Company" or "PACE") will be held on Tuesday, 27 November 2018 at 11:00 a.m. at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, the Registered Office of the Company, to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on 28 October 2017;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2018 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 2019 and to fix their remuneration;

By order of the Board

Sajjad Ahmad
Company Secretary

Lahore:
06 November 2018

Notes:

1) The Members Register will remain closed from 20 November 2018 to 27 November 2018 (both days inclusive). Transfers received at Corp Link (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 19 November 2018 will be considered in time for the purpose of Annual General Meeting.

2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.

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 Registered Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting.

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

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

b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

5) In compliance with SECP notification no. 634/(I)/2014 dated 10 July 2014, the Company has placed the Audited Annual Financial Statements for the year ended 30 June 2018 along with Auditors and Directors Reports thereon on its website: www.pacepakistan.com;

6) In pursuance of SECP notification S.R.O. 787 (I) 2014 dated 08 September 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.pacepakistan.com;

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

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

اطلاع سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ پیس (پاکستان) لمیٹڈ کے حصص داران کو ستائیسواں (27واں) سالانہ اجلاس عام 27 نومبر 2018ء، بروز منگل دن 11 بجے کمپنی کے رجسٹرڈ آفس واقع دوسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور

1. 28 اکتوبر 2017ء کو منعقدہ گذشتہ سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔
2. 30 جون 2018ء کو اختتام پذیر سال کے لئے چیئرمین کی جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ہمراہ کمپنی کے پڑتال شدہ مالیاتی گوشوارے وصول کرنا، انہیں زیر غور لانا اور اپنانا۔
3. 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری کرنا اور ان کا مشاہیرہ طے کرنا۔

بحکم بورڈ

سجاد احمد

کمپنی سیکریٹری

لاہور

06 نومبر 2018ء

مندرجات:

1) اراکین کا رجسٹر 20 نومبر 2018 سے 27 نومبر 2018ء تک (بشمول دونوں ایام) بند رہے گا۔ 19 نومبر 2018ء کو کاروبار بند ہونے تک رجسٹرار اور کمپنی کے شیئرز ٹرانسفر آفس کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن لاہور کو موصول ٹرانسفرز سالانہ اجلاس عام کے لئے بروقت تصور کی جائیں گی۔

2) اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن اپنی جگہ شرکت اور ووٹ کرنے کے لئے کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کو مؤثر کرنے کی غرض سے اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل پراکسیز کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔

3) توثیق کی غرض سے، پراکسی کے دستاویز اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہے) جسے کے تحت اسے طے کیا گیا ہے یا اس مختار نامہ کی نوٹری سے تصدیق شدہ نقل کمپنی کے رجسٹرڈ دفتر دوسری اور تیسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کروائی جائے۔

کمپنیز قواعد **2018**ء (پوسٹل بیلٹ) کی تعمیل میں کمپنیز ایکٹ کے سیکشن **143** اور **144** پر پورا اترنے والے اراکین کو پوسٹل بیلٹ کا اختیار دیا جائے گا۔

4) a) اجلاس میں شرکت اور ووٹ کے اہل CDC کے انفرادی بینیفشل اونرز کو اپنی شناخت ثابت کرنے کے لئے اپنا شراکت آئی ڈی اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمعہ اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ Nominee کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوگا۔ (اگر یہ پہلے پیش نہ کیا گیا ہو)

b) پراکسیز کے تقرر کے لئے، CDC کے انفرادی بینیفشل اونرز مذکورہ بالا معیار کے مطابق پراکسی فارم جمع کرانا ہوگا اور شراکت کا آئی ڈی اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمعہ CNIC یا پاسپورٹ کی تصدیق شدہ نقل اس کے ہمراہ ہونی چاہئے۔ پراکسی فارم کی گواہی دو افراد دیں گے جن کے نام، پتے اور CNIC نمبران اس پر موجود ہونے چاہئیں۔ اجلاس کے موقع پر پراکسی کو اپنا حقیقی CNIC یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوگا (اگر یہ قبل ازیں جمع نہ کرایا گیا ہو)۔

5) SECP کے مؤرخہ 10 جولائی 2014ء کے مراسلہ نمبر 634(I)/2014 کی پیروی میں کمپنی نے 30 جون 2018ء کو اختتام پذیر سال کے لئے پڑتال شدہ مالیاتی اسٹیٹمنٹس اور آڈیٹرز اور ڈائریکٹرز کی رپورٹ کمپنی کی ویب سائٹ www.pacepakistan.com پر رکھ دی ہیں۔

6) SECP کے مؤرخہ 08 ستمبر 2014ء کے مراسلہ نمبر SRO 787(I)/2014 کی پیروی میں کمپنیوں کو اپنی سالانہ بیلنس شیٹ اور نفع و نقصان کے کھاتے، آڈیٹر اور ڈائریکٹرز کی رپورٹ (سالانہ مالیاتی اسٹیٹمنٹس) بمعہ نوٹس برائے سالانہ اجلاس عام (نوٹس) بذریعہ ای میل کمپنی کے اراکین کو بھیجنے کی اجازت دی گئی ہے۔ اس سہولت کو حاصل کرنے کے خواہش مند اراکین کمپنی کو مطلوب معلومات فراہم کریں گے جس کے لئے فارم کمپنی کی ویب سائٹ www.pacepakistan.com سے حاصل کیا جا سکتا ہے۔

7) SECP کے مؤرخہ 31 مئی 2016ء کے مراسلہ نمبر SRO 470(I)/2016 کی پیروی میں کمپنی نے اپنے سالانہ پڑتال شدہ کھاتوں سے متعلق اپنے حصص داران کو سافٹ فارم یعنی CD کی صورت میں معلومات فراہم کر دی ہیں۔ تاہم، کمپنی مطالبہ پر حصص داران کو سالانہ پڑتال شدہ کھاتوں کی کاغذات کی صورت میں ترسیل کی جا سکتی ہے۔ یہ معلومات درخواست کی وصولی کے ایک ہفتہ کے اندر بالکل مفت ان کے رجسٹرڈ پتہ پر بھیجی جائیں گی۔ کمپنی نے اپنی ویب سائٹ پر معیاری درخواست فارم رکھ دیا ہے تاکہ وہ سافٹ فارم کی بجائے کاغذات کی صورت میں مطلوبہ معلومات حاصل کر سکیں۔

8) اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتا میں تبدیلی کی صورت میں فوراً کمپنی کو آگاہ کیا جائے۔

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, 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 2018, 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 two directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;

- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;

- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;

- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.

- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;

- The Board has prepared and approved the director's report and has ensured that the director report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;

- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of internal Audit;

- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;

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

Lahore
Dated: 05 November 2018

Shehrbano Taseer
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، 2018ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کررہی ہوں!

- ✓ پیس (پاکستان) لمیٹڈ (PACE) کے بورڈ آف ڈائریکٹرز (''بورڈ'') نے شیئر ہولڈرز کے بہترین مفاد کو برقرار رکھنے کے لئے اپنے فرائض اور کمپنی کے امور کو مؤثر اور تسلی بخش انداز میں دلجمعی سے سرانجام دیا ہے۔
- ✓ PACE کا بورڈ انتہائی پیشہ ور اور تجربہ کار افراد پر مشتمل ہے۔انہوں نے مختلف امور بشمول آزاد ڈائریکٹرز کے وسیع تجربہ کو بروئے کار لایا ہے۔بورڈ کے تمام اراکین اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں اور انہیں دلجمعی سے ادا کررہے 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 کورس فراہم کرے۔اور یہ کہ دو ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام کے تحت سرٹیفکیشن حاصل کرلی 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 تاکہ 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، انٹرپرائز رسک مینجمنٹ سسٹم، پالیسی ڈیویلپمنٹ اور مالیاتی سٹرکچر، نگرانی اور منظوری میں مستعدی سے حصہ لیا ہے۔سال کے دوران تمام نمایاں معاملات کو بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیا گیا تاکہ کاروباری فیصلہ سازی کے عمل کو مضبوط اور منظم کیا جائے۔اور خاص طور پر آڈٹ کمیٹی کی سفارشات پر کمپنی کی جانب سے تمام متعلقہ پارٹی کے لین دین کو بورڈ نے منظور کیا۔
- ✓ بورڈ نے یہ یقینی بنایا کہ انٹرنل کنٹرول کا مناسب نظام اس وقت قابل عمل ہے اور خود تشخیصی کے نظام اور/یا اندرونی آڈٹ سرگرمیوں کے ذریعے لگاتار اسیسمنٹ کی جارہی ہے۔
- ✓ بورڈ نے ڈائریکٹرز رپورٹ تیار اور منظور کی ہے اور یقینی بنایا ہے کہ ڈائریکٹرز 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 فائنانشل آفیسر، 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۔

شہر بانو تاثیر
چیئرمین

لاہور
05 نومبر 2018ء

Pace (Pakistan) Limited ("the Company" or "Pace")

Directors' Report (Year Ended June-2018)

General Economic Overview:

Pakistan has seen a visible economic turnaround over the last five years, due to successful implementation of a comprehensive program of economic revival aimed at higher economic growth and macro-economic stability. The growth momentum remained above 5 percent for the last two years in a row and reached 5.79 percent in FY2018 which is 13years high on account of a strong performance in agriculture, industry and services sectors which grew by 3.81 percent, 5.80 percent and 6.43 percent, respectively. The highest growth in agriculture sector in last 13 years was achieved on the back of initiatives taken to improve the sector such as expansion in credit to agriculture sector along with agriculture Kissan Package, provision of better quality seeds including hybrid and high yield varieties and timely availability of agriculture inputs including fertilizer, pesticides etc. Large Scale Manufacturing (LSM) also recorded a growth of 6.13 percent highest in ten years. Industrial sector growth improved by 5.80 percent, highest in ten years. Manufacturing grew by 6.24 percent highest in11 years. The performance of services sector witnessed a stable growth of 6.43 percent in last two years. Consumption is the largest component of aggregate demand followed by investment and net exports. During FY 2018, households' average propensity to consume remained fairly constant at around 85.5 percent at constant prices and around 82.0 percent in current prices.

However, country is facing certain challenges on the front of Balance of Payments and resultantly, foreign exchange reserves remained under pressure. During July-March FY 2018, exports grew to USD 17.1 billion, a growth of USD 2 billion (13.24%) over same period last year. Imports were up by 15.66% over the corresponding period and amounted to USD 44.38 billion, resultantly, SBP's liquid foreign exchange reserves declined by USD 4.5 billion during the July-March 2018 period.

Real Estate overview:

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

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

Company Performance and Financial Overview:

An extract of the audited results of the Company's financial performance for the year ended June 30, 2018 as against June 30, 2017 is as follows:

	Year Ended June 30 (Rupees in '000')	
	2018	**2017**
Net Sales	737,452	425,574
Cost of Sales	(764,122)	(409,780)
Gross (Loss)/ profit	(26,670)	15,794
Admin & Selling Expenses	(217,959)	(173,426)
Other income	182,086	414,456
Other operating expenses	(278,912)	(4,974)
Fair value (Loss)/ gain	(69,830)	120,000
Net (Loss) / profit before tax	(525,336)	239,441
Net (Loss) / profit after tax	(537,062)	224.13
(Loss) /earnings per share	(1.93)	0.80

During the financial year ending 30th June 2018 (FY-2017), the sales of the Company substantially improved by 73%. The Company recorded the net sales of Rs. 737.452 million as compared to Rs. 425.6 million during last year, with an increase of Rs. 311.878 million. Such a remarkable increase in company's revenue is primarily attributable to increase in sale of Pace Tower which rose from Rs. 116.5 million last year to Rs. 386.5 million during current year.

The Company's Admin and Selling expenses increased by 26% from Rs.173.426 million to Rs.217.959 million. The increase is on account of commission expense paid on significant sale and purchase transaction of properties during the year under review. Other operating expenses substantially increased from Rs.4.97 million to Rs.278.91 million, on account of increase in dollar rate resulting in increase in liability of the Company against Foreign Currency Convertible Bonds (FCCBs). During the year, Other Income of the Company declined from Rs. 414.56 million last year to Rs.182.086 million during current year, due to fact that substantial amounts of settlements were executed during previous year with Pak Oman, Wireless and Cables and PAIR, which resulted in gain on waiver of markup on these settlements. During current year, Other Income comprised mainly of profit accrued on sale of Investment property amounting to Rs.122 million.

The finance Cost of the Company showed a significant reduction of 14 % as compared with last year, and reduced from Rs.132.4 million during last year to Rs. 114.051 million in current year i.e. net decrease of Rs. 18.358 million, primarily due to settlement of outstanding TFCs in current and previous years.

Due to prevailing uncertainty on account of political front, the valuation of Company's properties showed a reduction of Rs.69.830 million as compared to gain of Rs. 120 million last year.

After incorporating the impact of aforementioned factors, the Net (Loss) After Tax (NLAT) of the Company arrived at Rs. 537.062 million during FY-2018, as compared with the Net Profit after Tax (NPAT) of Rs. 224.13 million during last year, which translated into Loss Per Share (LPS) of Rs. (1.93) for the year ended June 2018 (FY-2017: Earning per Share (EPS): Rs. 0.80 per share).

Status of Financial obligations:

The current portion of long term loans increased from Rs. 2,924 million as at last year end, to Rs. 3,032 million as at 30th June 2018. Such increase was witnessed due to the fact that the outstanding liability of the Company on account of FCCBs of the Company increased from Rs. 1,757 million last year to Rs. 2,054 million during the current year on account of exchange loss on the aforesaid liability, while outstanding TFCs were reduced from Rs. 1,121 million last year to Rs. 935.5 million as at year ended 30th June 2018, due to the fact that during the year Company settled its outstanding liability in respect of TFCs, with a TFC holder.

Further, the remaining amount payable to financial institutions and lenders in respect of the 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.

Company's ability to continue as a Going Concern:

At the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 972.4 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Company has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

However,as discussed in foregoing section, during the year ended June-2017 and June-2018, the Company entered into settlement agreement with its various TFC holders and other lenders, and settled its outstanding liabilities and obtained waiver on outstanding markup. The Management of the Company is also striving to enter into settlement agreements with other Lenders of the Company, in order to improve the financial position and cash flow of the Company.

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

Risk management:

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

Internal controls:

The Directors and management are responsible for the 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 2018.

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

Health and Safety measures:

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

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

Occupational health and safety is a top priority at the 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.

Principal Risks and uncertainties:

There are no principal risks and uncertainties except the auditors concerns over the material uncertainty related to Going Concern because company is facing liquidity crunch and, as of date of Balance Sheet, the Company's current liabilities exceeded its current assets by Rs. 972.419 million.

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 our 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 33 of the Financial Statements of the Company. Further, the Company is not paying any remuneration to Non-Executive Directors of the Company.

Code of Corporate Governance;

During the financial year 2018 "Listed Companies (Code of Corporate Governance) Regulations" has been implemented which requires certain changes in the Composition of the Board and Its Committees.

Composition of Board

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

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

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

Total number of Directors		07
a)	Male:	03
b)	Female:	04

Composition:

Independent Directors	01
Other Non-Executive Directors	04
Executive Directors	02

Committee of the board

Audit Committee	Malik Farhan Hasan (Chairman) Miss Shehrbano Taseer (Member) Miss Shabana Atta (Member)
Human Resource and Remuneration (HR&R) Committee	Malik Farhan Hasan (Chairman) Mrs. Aamna Taseer (Member) Mr. Kanwar Latafat Ali Khan (Member)

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

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

Auditors:

The Board of Directors recommends the appointment of KPMG Taseer Hadi & Co. as auditors of the Company for the next year, as suggested by the Audit Committee in place of the existing Auditors, A.F. Ferguson & Co.

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.

Integrity and Compliance

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

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

Compliance with Laws, Rules & Regulations

Employees are required to comply fully with all laws, rules and regulations affecting the 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.

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 2018 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

November 05, 2018 DIRECTOR CHIEF EXECUTIVE OFFICER

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

ڈائریکٹرز کی رپورٹ (جون 2018ء کو اختتام پذیر سال)

عمومی اقتصادی جائزہ

گذشتہ پانچ برس میں اعلیٰ اقتصادی نمو اور معاشی استحکام کے حصول کے لئے معیشت کی بحالی کے جامع پروگرام کے کامیاب نفاذ کی وجہ سے پاکستان میں معیشت کی ایک بہترین شکل سامنے آئی ہے۔ گذشتہ دو برسوں میں نمو کی رفتار 5 فی صد برقرار رہی اور مالی سال 2018ء میں نمو کی شرح 5.79 فی صد تک پہنچ گئی زراعت، صنعت اور خدمات کے شعبوں میں اعلیٰ کارکردگی کی وجہ سے گذشتہ 13 سالوں میں سب سے زیادہ ہے۔ زراعت، صنعت اور خدمات کے شعبہ میں نمو کی شرح بالترتیب 3.81 فی صد، 5.80 فی صد اور 6.43 فی صد رہی۔ زرعی قرضوں میں توسیع، زرعی کسان پیکیج، اعلیٰ معیار کی کھاد اور کیڑے مار ادویات وغیرہ کی وجہ سے گذشتہ تیرہ برسوں میں زراعت کے شعبے میں بہترین نمو ممکن ہوئی۔ بڑے پیمانے پر پیداوار (LSM) میں بھی گذشتہ دہائی کی سب سے زیادہ 6.13 فی صد نمو اور صنعتی شعبے میں 5.80 فی صد نمو ریکارڈ کی گئی۔ پیداوار بھی 6.24 فی صد تک گذشتہ گیارہ برس کی اعلیٰ سطح پر پہنچ گئی۔ گذشتہ دو برسوں میں خدمات کے شعبہ میں بھی 6.43 فی صد کی مستحکم نمو ریکارڈ کی گئی۔ سرمایہ داری اور برآمدات کے بعد مجموعی طلب کا سب سے اہم حصہ کھپت ہے۔ مالی سال 2018ء کے دوران گھریلو کھپت کی اوسط صلاحیت میں مستقل قیمت کی مد میں 85.5 فی صد رہی جب کہ موجودہ قیمتوں میں یہ اوسط 82.0 فی صد رہی۔

تاہم، ملک ادائیگیوں کے توازن میں شدید مشکلات کا شکار ہے اور نتیجتاً، زرمبادلہ کے ذخائر دباؤ میں رہے۔ مالی سال 2018ء میں مارچ تا جولائی کے عرصہ میں، برآمدات میں 17.1 بلین ڈالر کا اضافہ ہوا جو گذشتہ سال میں 2 بلین ڈالر تھا (13.24 فی صد اضافہ)۔ گذشتہ سال کی اسی مدت میں درآمدات میں بحساب 15.66 فی صد، 44.38 بلین ڈالر کا اضافہ ہوا، اسٹیٹ بینک آف پاکستان کے مائع زرمبادلہ کے ذخائر میں سال 2018ء کی مارچ تا جولائی مدت میں 4.5 بلین ڈالر کی کمی واقع ہوئی۔

رئیل اسٹیٹ کا جائزہ

پاکستان کا رئیل اسٹیٹ شعبہ ملک کی مجموعی قومی پیداوار میں تقریباً 2 فی صد حصہ ڈالتا ہے۔ یہ شعبہ ملکی معیشت میں توسیع اور قومی پیداوار میں اضافہ کے لئے اہم کردار ادا کرتا ہے۔

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

کمپنی کی کارکردگی اور مالیاتی جائزہ

30 جون 2017ء کے مقابلہ میں 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کی مالیاتی کارکردگی کے پڑتال شدہ نتائج کا خلاصہ حسب ذیل ہے۔

30 جون کو اختتام پذیر سال
('000 روپوں میں)

2017ء	2018ء	
425,574	737,452	خالص فروخت
(409,780)	(764,122)	فروخت پر لاگت
15,794	(26,670)	مجموعی نفع/ (نقصان)
(173,426)	(217,959)	انتظامی اور فروخت پر اخراجات
414,456	182,086	دیگر آمدنی
(4,974)	(278,912)	دیگر آپریٹنگ اخراجات
120,000	(69,830)	فیئر ویلیو آمدنی/ (خسارہ)
239,441	(525,336)	خالص نفع/ (نقصان) بمعہ ٹیکس
224.13	(537,062)	خالص نفع/ (نقصان) علاوہ ٹیکس
0.80	(1.93)	فی حصص آمدنی/ (خسارہ) (روپے)

30 جون 2018ء کو اختتام پذیر سال (مالی سال 2017ء) کے دوران کمپنی کی موافق فروخت میں 73 فی صد تک اضافہ ہوا۔ کمپنی نے گذشتہ سال میں 425.6 ملین فروخت کے مقابلہ میں رواں برس 311.878 ملین اضافہ کے ساتھ 737.452 ملین روپے فروخت ریکارڈ کی۔ کمپنی کی آمدنی میں یہ نمایاں اضافہ پیس ٹاور کی فروخت کی وجہ سے ہوا جو گذشتہ سال میں 116.5 ملین روپے کے مقابلہ میں رواں برس 386.5 ملین روپے رہا۔

کمپنی کے انتظامی اور فروخت پر اخراجات میں بحساب 26فی صد 173.426 ملین روپے سے 217.959 ملین روپے اضافہ ہوا۔ زیر جائزہ سال کے دوران املاک کی نمایاں خرید وفروخت کے نتیجہ میں کمیشن ادا کرنے کی وجہ سے یہ اضافہ سامنے آیا۔ دیگر آپریٹنگ اخراجات 4.97 ملین روپے سے 278.91 ملین روپے بڑھے۔ جو ڈالر کی قیمت میں اضافہ کی بنا پر متبادل بین الاقوامی کرنسی کے بانڈز (FCCB) کی مد میں کمپنی کے واجبات میں اضافہ کے نتیجہ میں واقع ہوا۔ سال کے دوران کمپنی کی دیگر آمدنی میں گذشتہ برس کے مقابلہ میں 414.56 ملین روپے سے 182.086 ملین روپے کی کمی آئی۔ یہ کمی گذشتہ برس کے دوران پاک اومان، وائرلیس اینڈ کیبلز اور PAIR کے ساتھ بھاری مقدار میں رقم کی ادائیگی کی وجہ سے آئی۔ جس کے نتیجے میں ان ادئیگیوں پر سود کی چھوٹ ملی۔ رواں برس انویسٹمنٹ پراپرٹی کی فروخت پر حاصل منافع 122 ملین روپے رہا۔

گذشتہ سال کے مقابلہ میں قرضوں پر کمپنی کی لاگت میں 132.4 ملین روپے سے 114.051 ملین روپے بحساب 14 فی صد کی نمایاں کمی واقع ہوئی۔ 18.358 ملین روپے کی یہ کمی بنیادی طور پر گذشتہ اور رواں برس واجب الادا TFC کی ادائیگی کی وجہ سے ممکن ہوئی۔

سیاسی محاذ پر غیر یقینی صورت حال کی وجہ سے کمپنی کی املاک کی قیمت میں گذشتہ سال میں 120 ملین روپے کے مقابلہ میں رواں برس 69.830 ملین روپے کی واقع ہوئی۔

مذکورہ بالا مجموعی عوامل کی وجہ سے گذشتہ سال میں 224.13 ملین روپے خالص منافع علاوہ ٹیکس (NPAT) کمپنی کا خالص (خسارہ) علاوہ ٹیکس (537.062)NLAT ملین روپے ریکارڈ کیا گیا۔ جس کے نتیجہ میں جون 2018ء کو اختتام پذیر سال کے لئے فی حصص خسارہ (LPS)(1.93) روپے رہا (مالی سال 2017ء : فی حصص آمدنی (EPS): 0.80 روپے فی حصص)

مالیاتی ذمہ داریوں کی صورت حال

طویل مدتی قرضوں میں گذشتہ سال میں 2,924 ملین روپے سے 30 جون 2018ء کو اختتام پذیر سال کے لئے 3,032 ملین روپے اضافہ ریکارڈ کیا گیا۔ یہ اضافہ کمپنی کے FCCBs کی مد میں کمپنی کے واجبات میں گذشتہ برس 1,757 ملین روپے سے رواں برس 2,054 ملین روپے اضافہ کی وجہ سے ہے۔ جب کہ واجب الادا TFCs میں گذشتہ برس 1,121 ملین روپے کے مقابلہ میں 30 جون 2018ء کو اختتام پذیر سال کے لئے 935.5 ملین روپے کی واقع ہوئی کیونکہ کمپنی نے رواں برس TFCs کی مد میں TFC ہولڈر کو واجبات کی ادائیگی کی گئی۔

مزید برآں، کمپنی کے قرضوں کی مد میں مالیاتی اداروں اور قرض خواہان کو واجب الادا بقایاجات کمپنی کے پاس محدود سرمایہ ہونے پر قرضوں اور ان پر سود کی عدم ادائیگی کی وجہ سے تاخیر کا شکار ہیں۔ تاہم، ہم مستقبل قریب میں اپنے قرض خواہان سے ادائیگیوں کی مد میں کئے گئے وعدوں کو پورا کرنے کے لئے پرعزم ہیں کیونکہ پیس ٹاور کی تعمیر اور فروخت کے سلسلہ کا آغاز ہو چکا ہے۔

کاروبار جاری رکھنے سے متعلق کمپنی کی صلاحیت

رپورٹنگ تاریخ تک، کمپنی کے موجودہ واجبات حالیہ اثاثہ جات سے 972.4 ملین روپے تک بڑھ چکے ہیں اور کمپنی کے ذخائر میں نمایاں طور پر کمی واقع ہوئی ہے۔ کمپنی اپنے قرض خواہان کے ساتھ قرضوں کی مد میں سرمایہ اور سود کی ادائیگی جیسے کئی وعدے پورے کرنے کے قابل نہ ہے۔ نتیجتاً، کمپنی اپنے صارفین سے موجودہ وصولیاں کرنے میں بھی ناکام ہوئی ہے اور قرضوں کے لئے رہن رکھی گئی اپنی انوینٹری کی فروخت میں بھی مشکلات کا شکار ہے۔ ان حالات میں کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں ابہام پیدا ہو چکا ہے۔

تاہم، مذکورہ بالا سیکشن میں جیسا کہ بیان کیا گیا ہے، جون 2017ء اور جون 2018ء کو اختتام پذیر سال کے دوران کمپنی نے اپنے متعدد TFC ہولڈرز اور دیگر قرض خواہان کے ساتھ کچھ معاہدے طے کئے ہیں اور اپنے واجبات ادا کئے ہیں اور واجب الادا سود پر بھی چھوٹ حاصل کی ہے۔ کمپنی کی انتظامیہ کمپنی کے دیگر قرض خواہان کے ساتھ معاہدے کرنے کی کوشش کر رہی ہے تاکہ کمپنی کے کیش فلو اور مالی حالت میں بہتری لائی جا سکے۔

کمپنی کی انتظامیہ پرامید ہے کہ مذکورہ بالا اقدامات کمپنی کو اپنے بقایاجات کی وصولی، مکمل منصوبوں سے انوینٹری کی فروخت اور اپنے پیس ٹاور پروجیکٹ کی فروخت میں مدد دے گی۔

خطرات پر قابو پانا

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

اندرونی نظم وضبط

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

بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلقہ کمپنی کے انٹرنل آڈٹ فنکشن کی جائزہ رپورٹ کا باقاعدگی سے جائزہ لیتی ہے۔ تاکہ اندرونی نظم وضبط کے معیار کو پورا کیا جاسکے۔ کمپنی کا انٹرنل آڈٹ فنکشن نظم وضبط کی سرگرمیوں کی سالمیت اور تاثیر کے جائزہ کا عمل کرتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدگی سے رپورٹ دیتا ہے۔

جدت کے لئے ہمارا عزم

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

حفظان صحت سے متعلق اقدامات

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

پیشہ ورانہ حفظان صحت کمپنی کی اولین ترجیح ہے۔ ہم کام کے محفوظ حالات، سامان اور مقامات کے لئے کوشاں ہیں۔ کمپنی ملازمین کے جذبہ کی قدر کرتی ہے اور ملازمین کو ضرر کے خدشات اور خطرناک حالات کے بچاؤ، خاتمہ اور شناخت پر زور دیتی ہے۔

کام کے ماحول میں حفظان صحت، مصنوعات کا معیار اور فعالی کارکردگی لازم وملزوم ہیں۔ کمپنی انتظامیہ اور ملازمین، انجمنوں کے باہمی تعاون کے ذریعے حفظان صحت کی کارکردگی میں مسلسل بہتری کے لئے کوشاں ہے۔ جو ملازمین کی صحت اور تحفظ میں بہتری لائے گی اور ادارے کی کامیابی میں اہم کردار ادا کرے گی۔

کمپنی پرعزم ہے کہ:

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

بنیادی مسائل اور غیر یقینی کی صورت حال

آڈیٹرز کے تحفظات کے علاوہ کاروبار جاری رکھنے سے متعلق کسی قسم کے خطرات وخدشات موجود نہیں کیونکہ آڈیٹرز کی رپورٹ کے مطابق بیلنس شیٹ کی مقررہ تاریخ تک کمپنی لیکویڈیٹی بحران کا سامنا کر رہی ہے اور موجودہ واجبات اثاثہ جات سے 972.419 ملین روپے بڑھ چکے ہیں۔

افراد اور انسانی وسائل کی ترقی

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

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

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

تصرفات

مالیاتی حدود اور کمپنی کی ضروریات کو مدنظر رکھتے ہوئے بورڈ نے زیر جائزہ سال کے دوران کسی قسم کا منافع منقسمہ تجویز نہ کیا ہے۔

ڈائریکٹرز کا مشاہیرہ

کمپنی کی مالیاتی اسٹیٹمنٹ کے نوٹ 33 میں ایگزیکٹو ڈائریکٹرز کا مجموعی مشاہیرہ بیان کیا گیا ہے۔ مزید یہ کہ، کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو کسی قسم کی ادائیگی نہیں کر رہی ہے۔

کوڈ آف کارپوریٹ گورننس

مالی سال 2018ء کے دوران "لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز" کا اطلاق کیا گیا ہے جس کے تحت بورڈ اور اس کی کمیٹیوں کی ترکیب میں چند تبدیلیاں مطلوب ہیں۔

بورڈ کی ترکیب

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

نام	عہدے
آمنہ تاثیر	CEO
شہربانو تاثیر	چیئرمین
شہریار علی تاثیر (مستعفی)	ڈائریکٹر
شہباز علی تاثیر	ڈائریکٹر
ریما حسین قریشی	ڈائریکٹر
شبانہ عطا	ڈائریکٹر
ملک فرحان حسن	ڈائریکٹر
کنور لطافت علی خان	ڈائریکٹر

رواں برس مس شبانہ عطا کو محترم شہریار علی تاثیر کی جگہ ڈائریکٹر مقرر کیا گیا۔

ڈائریکٹرز کی کل تعداد:		07
(a	مرد	03
(b	خواتین	04

ترکیب

آزاد/خود مختار ڈائریکٹرز	01
دیگر نان ایگزیکٹو ڈائریکٹرز	04
ایگزیکٹو ڈائریکٹرز	02

بورڈ کمیٹیاں

آڈٹ کمیٹی	ملک فرحان حسن (چیئرمین) مس شہربانو تاثیر (رکن) مس شبانہ عطا (رکن)
ہیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی	ملک فرحان حسن (چیئرمین) مس آمنہ تاثیر (رکن) کنور لطافت علی خان (رکن)

بورڈ آف ڈائریکٹرز اور ذیلی کمیٹیوں کی ترکیب نئے کوڈ آف کارپوریٹ گورننس کی مقررہ تاریخ تک تبدیل کر دی جائے گی۔

کوڈ آف کارپوریٹ گورننس کا تعمیلی بیان ساتھ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے 30 جون 2019ء کو اختتام پذیر سال کے لئے پر میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

ڈائریکٹرز کی تجارت

زیر جائزہ سال کے دوران ڈائریکٹرز، CEO،CFO ، کمپنی سیکریٹری اوران کے اہل و اعیال کی جانب سے کمپنی کے حصص میں کوئی تجارت نہ کی گئی۔

اخلاقیات اور تعمیل

مضبوط اور اخلاقی کلچر کو برقرار رکھنا پیس (پاکستان) لمیٹڈ کا خاصہ ہے۔ ہم اپنے کاروباری امور اپنی بنیادی اقدار اخلاقیات کو مدنظر رکھ کر چلاتے ہیں۔ اور یقین رکھتے ہیں کہ ہمارا بہترین اخلاقی معیار اپنی حکمت عملی پر عمل درآمد کی بنیاد ہے۔

ہم بہتر گورننس اور تجارتی رازداری میں تسلسل کے ساتھ شفافیت کے لئے پر عزم ہیں۔ ہم کئی ذرائع سے گروپ کے آپریشنل، مالیاتی اور سازگار ترقیاتی کارکردگی سے متعلق بروقت معلومات کا اجرا کرتے ہیں۔

قوانین اور قواعد وضوابط کی تعمیل

کمپنی کے کاروباری امور سے متعلق قوانین اور اصول وضوابط کی تعمیل ملازمین کا فرض ہے۔ قومی اور بین الاقوامی قوانین پر عمل درآمد کرنا کمپنی کی پالیسی ہے۔ قانونی پہلوؤں کے علاوہ، ملازمین سے کمپنی کی پیشہ ورانہ حیثیت کے عین مطابق ایماندارانہ عمل اور اخلاقیات اور کاروباری امور میں اعلیٰ معیار کی توقع کی جاتی ہے۔

شیئر ہولڈنگ کی وضع

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

کاروباری اور مالیاتی رپورٹنگ فریم ورک

- انتظامیہ کی جانب سے مرتب کردہ مالیاتی اسٹیٹمنٹس بمعہ نوٹس کمپنی کے کاروباری امور، آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو بہتر انداز میں پیش کرتے ہیں۔
- کمپنی نے کھاتوں کی موزوں کتابیں مرتب کی ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا تسلسل سے استعمال کیا گیا ہے اور اکاؤنٹنگ خسارے موزوں اور قابل فیصلوں کی بنیاد پر لگائے جاتے ہیں۔ ماسوائے مالیاتی گوشواروں کے نوٹ 4 میں بیان کردہ تبدیلیوں کے۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے اور اس میں تبدیلیوں کو مناسب انداز میں ظاہر کیا گیا ہے۔
- کمپنی کے آپریٹنگ نتائج میں گذشتہ برس نمایاں انحراف کو ظاہر کیا گیا ہے اور اس کی وجوہات کی وضاحت کی گئی ہے۔
- ٹیکس، ڈیوٹی، لیوی اور اخراجات کی مد میں قانونی ادائیگیاں واجب الادا ہیں اور انہیں مالیاتی گوشواروں کے نوٹ 16 میں ظاہر کیا گیا ہے۔
- قرضوں اور دیگر مالیاتی دستاویزات جن میں کمپنی نادہندہ ہے یا نادہندہ ہونے والی انہیں مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کیا گیا ہے۔

آئندہ کا لائحہ عمل

پیس ٹاورز اور نمایاں سرمایہ داری اور پیس سرکل میں حصہ کی صورت میں سال 2018ء کے دوران بنیادی ترقیاتی منصوبوں پر عمل درآمد کے ذریعے آمدنی پیدا نہ کرنے والے اثاثہ جات کو موافق نتائج میں کامیابی سے تبدیل کر کے نمایاں کیش فلوئنگ آپریشنز مرتب کرنے کے لئے پر امید ہیں۔

جب کہ ہم آئندہ برسوں میں اپنے سرمایہ کے ڈھانچہ میں مسلسل بہتری پر توجہ مرکوز کئے ہوئے ہیں، لہٰذا جیسے ہی مواقع ملیں گے ہم مربوط سرمایہ داری کے فیصلے دلجمعی کے ساتھ کریں گے۔

نمایاں مقامات پر موجودہ اثاثہ جات اور املاک اور عظیم ٹیم کے ساتھ ہم پر امید ہیں کہ ہمارے سرمایہ دار اپنے بنیادی افعال پر بھرپور توجہ دے کر ترقی کے منفرد پلیٹ فارم کے ساتھ پاکستان کے رئیل اسٹیٹ شعبہ میں اعلیٰ معیار کی جدید کمپنی کے طور پر سامنے لانے کے لئے کوشاں ہیں۔

ہماری بہترین ٹیم نے مشکل ماحول میں غیر معمولی کام کیا ہے اور ہم کمپنی کے لئے ان کی انتھک کاوشوں، جذبہ اور عزم کو قدر کی نگاہ سے دیکھتے ہیں۔

منجانب / برائے بورڈ آف ڈائریکٹرز

05 نومبر 2018ء	ڈائریکٹر	چیف ایگزیکٹو آفیسر

Form-34

THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
(Section 227 (2)(f)
PATTERN OF SHAREHOLDING

PART-I

(Please complete in typescript or in hold block capitals)

1.1 Name of the Company **PACE (PAKISTAN) LIMITED**

PART-II

2.1 Pattern of holding of the shares held by the shareholders as at 30 June 2018

2.2 NO. OF SHAREHOLDERS	SHAREHOLDINGS FROM		SHAREHOLDINGS TO	TOTAL SHARES HELD
1876	1	-	100	138,252
982	101	-	500	418,171
3407	501	-	1000	2,344,672
2162	1001	-	5000	6,272,473
821	5001	-	10000	6,963,213
343	10001	-	15000	4,488,847
247	15001	-	20000	4,604,577
192	20001	-	25000	4,537,165
118	25001	-	30000	3,401,318
60	30001	-	35000	2,001,254
53	35001	-	40000	2,059,902
39	40001	-	45000	1,712,500
103	45001	-	50000	5,113,477
31	50001	-	55000	1,652,215
30	55001	-	60000	1,756,140
17	60001	-	65000	1,073,405
21	65001	-	70000	1,455,500
28	70001	-	75000	2,056,900
26	75001	-	80000	2,044,501
17	80001	-	85000	1,415,775
14	85001	-	90000	1,234,000
8	90001	-	95000	743,500
75	95001	-	100000	7,479,500
17	100001	-	105000	1,750,342
8	105001	-	110000	870,500
5	110001	-	115000	568,500
7	115001	-	120000	831,000
7	120001	-	125000	862,100
8	125001	-	130000	1,025,511
4	130001	-	135000	526,500
8	135001	-	140000	1,109,500
6	140001	-	145000	865,000
17	145001	-	150000	2,544,000

2	150001	-	155000	310,000
2	155001	-	160000	318,000
1	160001	-	165000	165,000
2	165001	-	170000	336,000
5	170001	-	175000	870,000
2	175001	-	180000	354,500
4	180001	-	185000	729,891
2	185001	-	190000	377,000
5	190001	-	195000	967,500
23	195001	-	200000	4,586,500
2	200001	-	205000	410,000
3	205001	-	210000	618,500
1	210001	-	215000	211,000
2	215001	-	220000	440,000
1	220001	-	225000	225,000
1	225001	-	230000	227,000
1	230001	-	235000	233,000
1	235001	-	240000	235,500
2	240001	-	245000	485,500
4	245001	-	250000	996,500
4	250001	-	255000	1,014,500
2	260001	-	265000	521,500
1	270001	-	275000	275,000
3	275001	-	280000	833,500
2	280001	-	285000	563,000
1	285001	-	290000	289,500
12	295001	-	300000	3,593,000
2	300001	-	305000	607,000
2	305001	-	310000	619,500
1	310001	-	315000	315,000
1	315001	-	320000	320,000
1	320001	-	325000	323,000
1	325001	-	330000	327,500
1	330001	-	335000	333,000
1	340001	-	345000	341,000
6	345001	-	350000	2,100,000
1	350001	-	355000	350,500
1	365001	-	370000	370,000
2	375001	-	380000	754,711
1	390001	-	395000	393,500
5	395001	-	400000	1,999,000
5	415001	-	420000	2,081,973
3	420001	-	425000	1,275,000
1	425001	-	430000	425,716
1	430001	-	435000	431,500
1	435001	-	440000	437,583
2	445001	-	450000	894,500
1	455001	-	460000	456,000
1	460001	-	465000	463,838
9	495001	-	500000	4,500,000
1	515001	-	520000	519,500
2	520001	-	525000	1,047,000
1	535001	-	540000	539,387
1	540001	-	545000	545,000
1	545001	-	550000	550,000
2	595001	-	600000	1,200,000
1	630001	-	635000	633,000
1	635001	-	640000	636,000

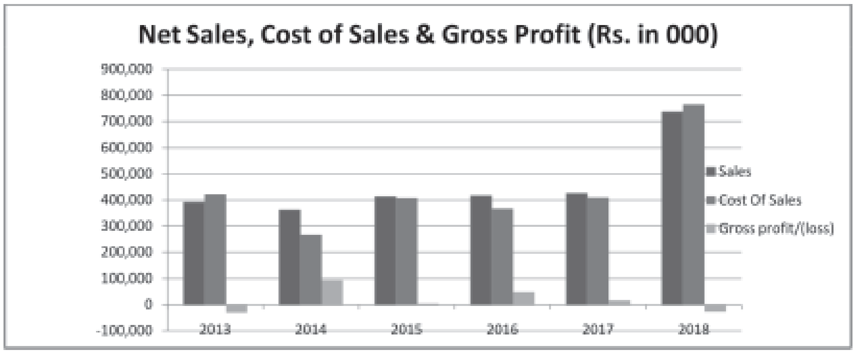
1	645001	-	650000	650,000
1	655001	-	660000	659,000
1	705001	-	710000	710,000
2	710001	-	715000	1,427,628
1	720001	-	725000	725,000
1	725001	-	730000	729,500
1	765001	-	770000	769,500
10	830001	-	835000	8,325,556
1	840001	-	845000	840,582
1	895001	-	900000	900,000
1	910001	-	915000	915,000
1	965001	-	970000	965,500
1	995001	-	1000000	1,000,000
1	1000001	-	1005000	1,005,000
1	1020001	-	1025000	1,025,000
1	1055001	-	1060000	1,060,000
1	1125001	-	1130000	1,127,000
1	1195001	-	1200000	1,200,000
1	1225001	-	1230000	1,228,000
1	1240001	-	1245000	1,244,500
3	1245001	-	1250000	3,750,000
1	1250001	-	1255000	1,254,500
1	1265001	-	1270000	1,270,000
1	1295001	-	1300000	1,300,000
1	1405001	-	1410000	1,405,500
1	1430001	-	1435000	1,431,000
1	1635001	-	1640000	1,636,500
1	1645001	-	1650000	1,650,000
1	1700001	-	1705000	1,702,500
1	1995001	-	2000000	2,000,000
1	2285001	-	2290000	2,290,000
1	2590001	-	2595000	2,590,268
1	2980001	-	2985000	2,982,695
1	3295001	-	3300000	3,300,000
1	3570001	-	3575000	3,574,500
1	3905001	-	3910000	3,910,000
1	4295001	-	4300000	4,300,000
1	4500001	-	4505000	4,505,000
1	4560001	-	4565000	4,564,700
1	6500001	-	6505000	6,504,915
1	6955001	-	6960000	6,959,290
1	18685001	-	18690000	18,688,500
1	21800001	-	21805000	21,803,661
1	27095001	-	27100000	27,100,000
		-		
10964				**278,876,604**

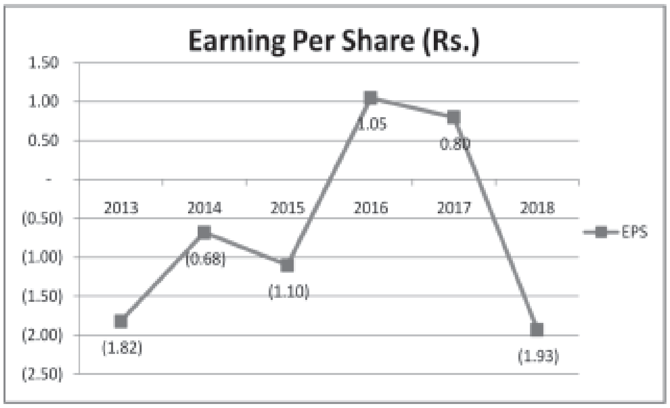
2.3	Categories of shareholders	Shares held	Percentage
2.3.1	**Directors, CEO and their Spouse and Minor Children**		
	Aamna Taseer	587	0.00
	Shehrbano Taseer	500	0.00
	Shahbaz Ali Taseer	987	0.00
	Rema Husain Qureshi	500	0.00
	Kanwar Latafat Ali Khan	587	0.00
	Malik Farhan Hasan	500	0.00
	Shabana Atta	500	0.00
2.3.2	**Associated Companies, undertaking and related parties**		
	First Capital Securities Corporation Limited	7,501,915	2.69
	First Capital Equities Limited	7,600,000	2.73
2.3.3	NIT and ICP	-	-
2.3.4	Banks, DFIs and NBFIs	587	0.00
2.3.5	Insurance Companies	375,711	0.13
2.3.6	Modarabas and Mutual Funds	575,216	0.21
2.3.7	**Share holders holding 10%**	-	-
2.3.8	General Public		
	a) Local	146,010,051	52.36
	b) Foreign	94,153,208	33.76
2.3.9	**Others**		
	Joint Stock Companies	22,655,755	8.12
		278,876,604	**100.00**

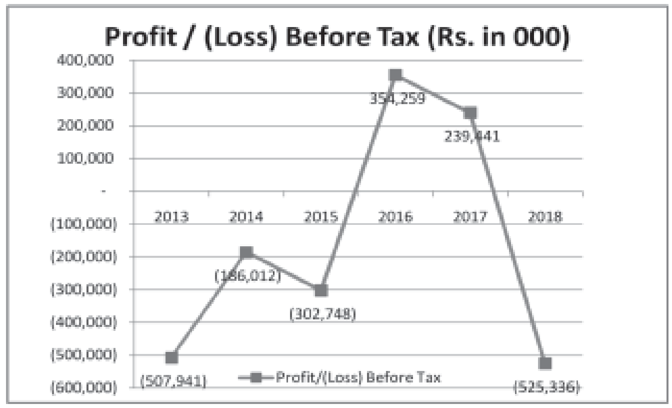
Pace (Pakistan) Limited
KEY OPERATING AND FINANCIAL INDICATORS

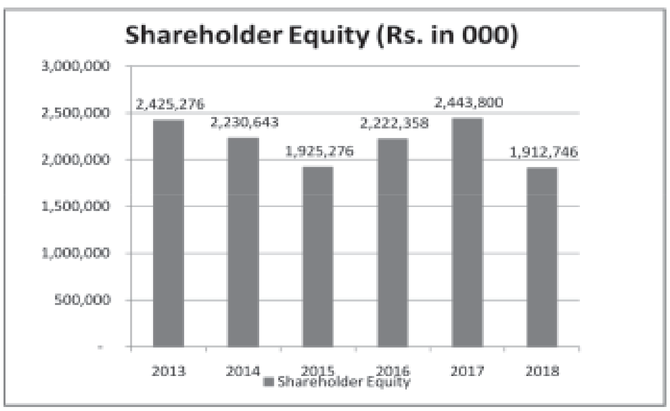
KEY INDICATORS		Rupees in thousands					
		2013	2014	2015	2016	2017	2018
Operating result							
Net Sales		392,294	362,621	413,204	416,931	425,574	737,452
Cost of Sales		422,713	268,725	407,893	368,731	409,780	764,122
Gross profit/(loss)		(30,419)	93,896	5,311	48,200	15,794	(26,670)
Profit / (loss) from operation		(137,365)	88,156	(72,397)	523,515	371,850	(411,285)
Profit / (loss) before tax		(507,941)	(186,012)	(302,748)	354,259	239,441	(525,336)
Profit /(loss)after tax		(508,877)	(189,638)	(306,880)	294,035	224,135	(537,062)
Financial Position							
Shareholder's equity		2,425,276	2,230,643	1,925,276	2,222,358	2,443,800	1,912,746
Property,plant & Equipment		465,635	455,206	431,957	425,438	452,471	452,159
Net current assets		(2,292,835)	(2,569,572)	(2,791,693)	(2,433,232)	(2,243,402)	(972,419)
Profitability							
Gross profit /(loss)	%	(7.75)	25.89	1.29	11.56	3.71	(3.62)
Operating profit /(loss)	%	(35.02)	24.31	(17.52)	125.56	87.38	(55.77)
Profit /(loss) before tax	%	(129.48)	(51.30)	(73.27)	84.97	56.26	(71.24)
Profit /(loss) after tax	%	(129.72)	(52.30)	(74.27)	70.52	52.67	(72.83)
Performance							
Fixed assets turnover	Times	0.84	0.80	0.96	0.98	0.94	1.63
Return on equity	%	(18.96)	(8.15)	(14.77)	14.18	9.61	(24.66)
Return on capital employed	%	(5.61)	3.89	(3.69)	23.16	14.62	(20.45)
Liquidity							
Current Ratio	Times	0.55	0.51	0.52	0.52	0.49	0.79
Quick	Times	0.16	0.14	0.14	0.16	0.17	0.37
Valuation							
Earning per share	Rs	(1.82)	(0.68)	(1.10)	1.05	0.80	(1.93)
Break up vale per share	Rs	8.69	7.99	6.90	7.97	8.76	7.00

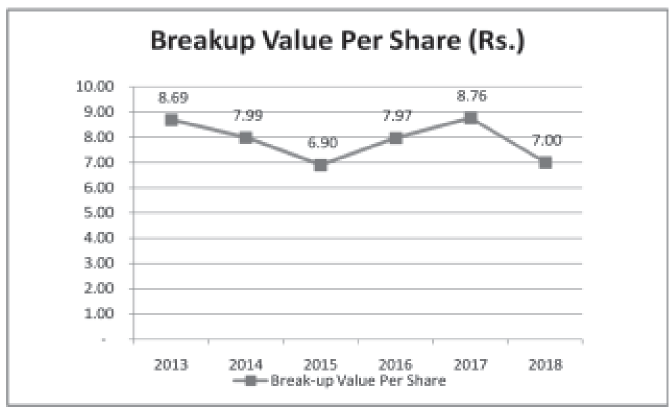
PERFORMANCE AT A GLANCE

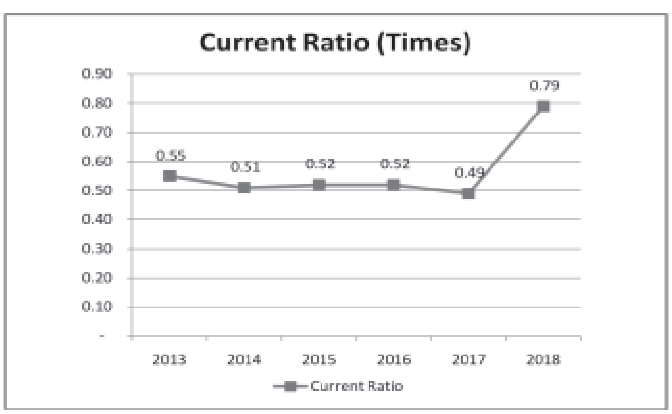












STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

PACE (PAKISTAN) LIMITED
FOR THE YEAR ENDED JUNE 30 2018

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:	03
b.	Female:	04
2.	The composition of board is as follows:	
a.	Independent Directors	01
b.	Other Non-Executive Directors	04
c.	Executive Directors	02
3.	The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).	
4.	The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.	
5.	The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	
6.	All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.	
7.	The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.	
8.	The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.	
9.	The Board has arranged Directors' Training program for the following:	
	(Name of Director)	Mrs. AamnaTaseer
		Miss ShehrbanoTaseer
	(Name of Executive & Designation (if applicable)	N/A
10.	The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations except for the minimum experience requirement of the CFO. Regulation 23 (a) requires the CFO to have at least three years of managerial experience in fields of audit or accounting or is managing financial or corporate functions of a company and is a member of Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan. The Board is in process of complying with the requirements of the Regulations.	
11.	CFO and CEO duly endorsed the financial statements before approval of the board.	
12.	The board has formed committees comprising of members given below:	

a.	Audit Committee (Name of members and Chairman)	Malik Farhan Hasan, (Chairman) ShehrbanoTaseer, (Member) Shabana Atta, (Member)
b.	HR and Remuneration Committee (Name of members and Chairman)	Malik Farhan Hasan, (Chairman) AamnaTaseer, (Member) KanwarLatafat Ali Khan, (Member)
c.	Nomination Committee (if applicable) (Name of members and Chairman)	Not Applicable
d.	Risk Management Committee (if applicable) (Name of members and Chairman)	Not Applicable
	Regulation 28 (1(c)) requires the Board to satisfy itself such that at least one member of the audit committee qualifies as financially literate. The Board will comply with the aforementioned regulation upon re-constitution of the Board after expiry of the current term.	
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	04
b	HR and Remuneration Committee	01
c	Nomination Committee (if applicable)	Not Applicable
d	Risk Management Committee (if applicable)	Not Applicable
15.	The board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.	
16.	The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.	
17.	The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.	
18.	We confirm that all other requirements of the Regulations have been complied with.	

For and on behalf of the Board

CHAIRMAN **DIRECTOR**

Lahore
05 November 2018

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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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pace (Pakistan) Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in paragraph reference where these are stated in the Statement of Compliance:

	Paragraph Reference	Description
i-	10	The Chief Financial Officer does not meet the minimum experience requirement as specified in regulation 23 (a) of the Regulations.
ii-	12	The requirement of at least one financially literate member in the Audit Committee as specified in regulation 28 (1(c)) of the Regulations has not been complied with.

A.F.Ferguson & Co.
Chartered Accountants
Name of Engagement Partner: Amer Raza Mir
Lahore
Date: November 6, 2018

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of Pace (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pace (Pakistan) Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 June 30, 2018 and of the loss and other comprehensive income, 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 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 2.1 to the financial statements, which indicates that the Company incurred a total comprehensive loss of Rs 532.077 million during the year ended June 30, 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs 972.419 million and the reserves of the Company have been significantly depleted. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	**Companies Act, 2017** (Refer note 2.2.1 to the annexed financial statements) The provisions of the Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time in the preparation of these annexed financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result, certain amendments and additional disclosures were made in the Company's annexed financial statements. In view of the additional disclosures in the annexed financial statements due to first time application of the Fourth Schedule to the Companies Act, 2017, we considered this as a key audit matter.	We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following: - Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; - Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and - Verified on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
2	**Measurement of Investment Properties** (Refer note 18 and note 37 to the annexed financial statements) Under the International Accounting Standards 40 "Investment Property", the Company has adopted the fair value model for measurement of its investment properties. Under the said model, it is required to measure all its investment properties at fair value at each reporting date. As at June 30, 2018, the carrying value of investment properties was Rs 1,662.942 million which includes an amount of Rs 1,530.017 million related to purpose built plazas and other buildings. The fair value of the Company's investment properties were assessed by management based on independent valuation performed by an external property valuation expert as at June 30, 2018. For valuation of buildings, the depreciated replacement cost method is used for valuation, whereby, current cost of construction of similar buildings in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimating the cost of construction of similar buildings in terms of their quality, structure, layout and locations. We identified valuation of investment properties as a key audit matter due to the significant carrying value of investment properties and the significant management judgement and estimation involved in	Our audit procedures to assess the valuation of investment properties included the following: - Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Company as management expert for valuation of investment properties; - Obtained understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms; - Obtained the property valuation reports of external valuation expert and tested mathematical accuracy of the reports; - Engaged another independent property valuation expert as an auditor expert to assess the appropriateness of the value of the investment properties and the reasonableness of the related management's assumptions and methodologies used by the management expert; and - Reviewed the adequacy of the related disclosures in the financial statements.

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S. No.	Key Audit Matters	How the matter was addressed in our audit
	determining their value due to factors described above.	
3	**Revenue Recognition** (Refer note 26 to the annexed financial statements) The Company has entered into sale agreements with certain customers whereby the control and the significant risks and rewards of certain properties have been transferred to the customers in their current state while the construction activities on such properties is still in progress. Under the International Financial Reporting Interpretations Committee (IFRIC) 15 "Agreements for the Construction of Real Estate", revenue from such sale agreements is measured by reference to the stage of completion using the percentage of completion method. The costs incurred up to the reporting date are computed as a percentage of total estimated costs for project and that percentage is applied to the total revenue expected from such agreements to determine the accumulated revenue up to the reporting date. The Company has recognized an amount of Rs 386.580 million for the year ended June 30, 2018 on such agreements under the percentage of completion method. In order to estimate the total cost to complete, the management has engaged a construction expert. Revenue recognition of such agreements is a key audit matter due to significant management judgement and estimation involved in determining the total cost to complete the project, which is used to compute the stage of completion.	Our audit procedures to assess the percentage of completion included the following: - Obtained understanding of the internal processes used to record actual costs incurred; - Obtained understanding of the cost estimation process and techniques adopted by the construction expert for determination of estimated total cost to complete the project; - Performed test of detail procedures over actual cost incurred during the year; - Engaged another independent construction expert as an auditor expert to assess the appropriateness of the value of total cost to complete and the reasonableness of the related management's assumptions and methodologies; - Recalculated the percentage of completion and the revenue based on the stage of completion of the project; and - Reviewed the adequacy of the related disclosures in the financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

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

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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. Amer Raza Mir.

A.F.Ferguson & Co.
Chartered Accountants
Name of engagement partner: Amer Raza Mir

Lahore
Date: November 6, 2018

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (2017: 600,000,000)			
ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2017: 278,876,604)			
ordinary shares of Rs 10 each	5	2,788,766	2,788,766
Reserves		273,265	272,242
Accumulated loss		(1,149,285)	(617,208)
		1,912,746	2,443,800
NON-CURRENT LIABILITIES			
Long term finances - secured	6	54,132	51,068
Redeemable capital - secured (non-participatory)	7	-	-
Liabilities against assets subject to finance lease	8	-	-
Foreign currency convertible bonds - unsecured	9	-	-
Deferred liabilities	10	44,779	48,890
		98,911	99,958
CURRENT LIABILITIES			
Advances against sale of property	11	141,789	150,542
Current portion of long term liabilities	12	3,032,699	2,924,684
Creditors, accrued and other liabilities	13	544,518	398,395
Accrued finance cost	14	971,357	887,513
		4,690,363	4,361,134
CONTINGENCIES AND COMMITMENTS	15	-	-
		6,702,020	6,904,892

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	452,159	452,471
Intangible assets	17	5,035	5,555
Investment property	18	1,662,942	3,464,202
Long term investments	19	850,321	851,313
Long term advances and deposits	20	13,619	13,619
Deferred taxation	21	-	-
		2,984,076	4,787,160
CURRENT ASSETS			
Stock-in-trade	22	1,978,489	1,358,397
Trade debts - unsecured	23	494,581	655,396
Advances, deposits, prepayments and other receivables	24	1,208,569	98,314
Income tax recoverable		4,317	4,146
Cash and bank balances	25	31,988	1,479
		3,717,944	2,117,732
		6,702,020	6,904,892

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018	2017
			(Rupees in thousand)	
Sales		26	737,452	425,574
Cost of sales		27	(764,122)	(409,780)
Gross (loss) / profit			(26,670)	15,794
Administrative and selling expenses		28	(217,959)	(173,426)
Other income		29	182,086	414,456
Other operating expenses		30	(278,912)	(4,974)
			(341,455)	251,850
Finance costs		31	(114,051)	(132,409)
Changes in fair value of investment property		18	(69,830)	120,000
(Loss)/ Profit before tax			(525,336)	239,441
Taxation		32	(11,726)	(15,306)
(Loss) / Profit for the year			(537,062)	224,135
Other comprehensive income/ (loss)				
Items that will not be reclassified to profit or loss				
Remeasurement of net defined benefit liability - net of tax			4,985	(2,900)
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of available for sale investments			-	207
			4,985	(2,693)
Total comprehensive (loss) / income for the year			(532,077)	221,442
(Loss) / Earnings per share attributable to ordinary shareholders				
- basic (loss) / earnings per share	Rupees	38.1	(1.93)	0.80
- diluted (loss) / earnings per share	Rupees	38.2	(1.93)	0.80

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

PACE (PAKISTAN) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Reserves		Accumulated Loss	Total
		Share Premium Reserve	Reserve for changes in fair value of investments		
	-----------------------------------	----------(Rupees in thousand)----------		-----------------------------------	
Balance as on June 30, 2016	2,788,766	273,265 0	(1,230) 0	(838,443)	2,222,358
Total comprehensive income for the year					
Profit for the year	-	-	-	224,135	224,135
Other comprehensive loss for the year:					-
Remeasurement of net defined benefit					-
liability net of tax	-	-	-	(2,900)	(2,900)
Changes in fair value of					-
available for sale investments	-	-	207	-	207
	-	-	207	221,235	221,442
Balance as on June 30, 2017	**2,788,766**	**273,265** #	**(1,023)** #	**(617,208)** #	**2,443,800**
Total comprehensive loss for the year					
Loss for the year	-	-	-	(537,062)	(537,062)
Other comprehensive income for the year:					
Remeasurement of net defined benefit					
liability net of tax	-	-	-	4,985	4,985
Changes in fair value of					
available for sale investments	-	-	-	-	-
	-	-	-	(532,077)	(532,077)
Transferred to profit and loss account on disposal of investments	-	-	1,023	-	1,023
Balance as on June 30, 2018	**2,788,766**	**273,265**	**-**	**(1,149,285)**	**1,912,746**

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	34	(1,234,191)	133,480
Finance costs paid		-	(151)
Gratuity and leave encashment paid		-	(76)
Taxes paid		(11,897)	(11,491)
Net cash (used in) / generated from operating activities		(1,246,088)	121,762
Cash flow from investing activities			
Purchase of property, plant and equipment		(22,800)	(21,833)
Proceeds from sale of investment property		1,301,442	-
Proceeds from sale of investments		989	-
Mark-up received		45	64
Net cash generated from / (used in) investing activities		1,279,676	(21,769)
Cash flow from financing activities			
Repayment of finance lease liabilities		-	(2,700)
Repayment of long term finances		(3,079)	-
Net cash used in financing activities		(3,079)	(2,700)
Net increase in cash and cash equivalents		30,509	97,293
Cash and cash equivalents at the beginning of the year		1,479	(95,814)
Cash and cash equivalents at the end of the year	35	31,988	1,479

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. Legal status and activities

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

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

2. Statement of Compliance

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

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Going concern assumption

During the year ended June 30, 2018, the Company incurred a total comprehensive loss amounting to Rs 532.077 million. As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 972.419 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The management of the Company however, is continuously engaged with its lenders for settlements of its borrowings. During the current year the management has settled the outstanding amount of TFCs pertaining to Askari Bank Limited against property situated at Pace Tower as mentioned in notes 7 and 12 respectively. Similarly, the company has also restructured the loan pertaining to Soneri Bank Limited as mentioned in notes 6 and 12 respectively. Furthermore, the Company has disposed off Plot D situated near Rangers Head Quarters Lahore Cantonment for a consideration of Rs 1,500.000 million. The Company is in the process of acquiring various properties situated in Islamabad amounting to Rs 925.000 million by utilizing the said sale proceeds for the purpose of resale.

The management of the Company is confident that the above actions and sale of inventory shall result in required liquidity for completion and sale of its 'Pace Towers' Project.

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

- the Company will be able to settle loans against its properties; and

- the Company will be able to readily realise its receivables and inventory and be able to utilise the resultant liquidity for completion and sale of the 'Pace Tower' Project.

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

2.2 Standards, amendments and interpretations to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to existing standards effective in current year and applicable / relevant to the Company's operations

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 01, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. Additional disclosure in this regard has been included in note 35.1 to these financial statements.

- IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. The Company's current accounting treatment is already in line with the requirements of this standard.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of financial statements of the company. These changes also include change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- Elimination of duplicative disclosures with the IFRS disclosure requirements; and
- Incorporation of significant additional disclosures.

Keeping in view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact in the recognition and measurement of the amounts included in these financial statements of the Company.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2018 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- IFRS 9, 'Financial instruments': This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard.

- IFRS 15, 'Revenue from contracts with customers': This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of the standard.

- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). However, this standard is yet to be notified by the SECP. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', (effective for periods beginning on or after January 1, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

- Amendments to IAS 40, 'Transfers of Investment Property' (effective for periods beginning on or after January 1, 2018), the amendments require that a change in use due to which the property meets, or cease to meet, the definition of investment property should adequately be supported by evidence. A change in intention alone is not sufficient to support a transfer. Prospective and retrospective treatments are allowed for transition, however, additional disclosures are required if an entity adopts the requirements prospectively. It is unlike that the amendment will have any significant impact on the Company's financial statements.

- Annual Improvements to IFRS Standards 2015-2017 cycle (effective for periods beginning on or after January 1, 2019), the improvement clarifies that under IFRS 3 that in obtaining control of business that is a joint operation is a business combination achieved in stages. IFRS 11 clarifies that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.IAS 12 - clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. IAS 23 - clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

- Annual Improvement 2014-2016 cycle (effective for periods beginning on or after January 1, 2018), the amendments in IFRS 1, deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. Furthermore, the amendments in IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Company's financial statements.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of investment property, certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The Company's significant accounting policies are stated in note 4. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Staff retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.5.

b) Provision for taxation

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

c) Useful life and residual values of property, plant and equipment

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

d) Stock-in-trade

Stock-in-trade is carried at the lower of cost and net realisable value. The net realisable value is assessed by the Company having regard to the budgeted cost of completion, estimated selling price and knowledge of recent comparable transactions.

e) Investment property valuation

The Company uses the valuation performed by independent valuers as the fair value of its investment properties. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings.

f) Transfer of equitable interest in stock-in-trade

The Company has entered into a number of contracts with buyers for the sale of condominiums, shops/counters and villas. Management has determined that equitable interest in such assets and therefore risks and rewards of the ownership are transferred to the buyer once he is committed to complete the payment for the purchase. This commitment is evidenced by a signed contract for the purchase of the property and payments of sufficient progress payments. Based on this, the Company recognises revenues and profits as the acts to complete the property are performed.

g) Costs to complete the projects

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

h) Provision for doubtful receivables

Provision against overdue receivable balances is recognised after considering the receipt pattern and the future outlook of the concerned receivable party. It is reviewed by the management on a regular basis.

4. Significant accounting policies

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

4.1 Taxation

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

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted 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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the profit and loss account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.2 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery signifies historical cost and borrowing costs as referred to in note 4.12.

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

Depreciation on owned assets is charged to profit on the reducing balance method except for building on lease hold 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 16.1.

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

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimate of the useful lives and residual values of its property, plant and equipment as at June 30, 2018 has not required any adjustment.

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

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. 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.

Subsequent costs are included in the asset's carrying amount or recognised 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. All other repair and maintenance costs are charged to profit and loss account 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.

4.3 Intangible assets

Expenditure incurred to acquire computer software and right to use optical fiber (dark fiber) are capitalised as intangible assets and

Amortisation is charged to income on the reducing balance method, except for dark fiber which is being amortised using the straight line method, so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset is acquired or capitalised while no amortisation is charged in the month of disposal. Amortisation is being charged at the annual rate of 10% except for dark fiber which is being amortised at the annual rate of 5%.

The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. 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.

4.4 Leases

The Company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

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

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

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

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.5 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) The Company operates an unfunded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2018. Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

- Discount rate 9.00 percent per annum (2017: 7.75 percent per annum)
- Expected rate of increase in salary level 8.00 percent per annum (2017: 6.75 percent per annum)
- Expected mortality rate as per SLIC (2001-2005) mortality table with one year setback
- Average duration of defined benefit obligation 6 years (2017: 6 years)

The Company's policy with regard to experience gains and losses is to recognize as they occur in other comprehensive income approach under IAS 19 'Employee Benefits'.

(b) The Company provides for accumulating compensated absences when the employees render service that increase their entitlement to future compensated absences. Under the rules all employees are entitled to 20 days leave per year respectively. Unutilised leaves can be accumulated up to 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 income.

The latest actuarial valuation was carried out as at June 30, 2018. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences:

- Discount rate	9.00% (2017: 7.75%)
- Expected increase in salary	8.00% (2017: 6.75%)
- Expected mortality rate	As per SLIC (2001-2005) mortality table with one year setback
- Expected withdrawal and early retirement rate	Based on age
- Average number of leaves accumulated per annum by employees	5 days (2017: 5 days)
- Average number of leaves utilized per annum by employees	15 days (2017: 15 days)

The Company's policy with regard to experience gains and losses is to recognize as they occur under IAS 19 'Employee Benefits'.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.6 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at fair value. Changes in fair value are recognized in statement of profit or loss.

The investment property of the Company has been valued by independent professionally qualified valuers as at June 30, 2018. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. Fair value hierarchy i.e. Level 1, 2 and 3 are assigned based on degree of observable inputs as disclosed in note 37. Transfers between the levels of fair value are made when there are changes in availability and subjectivity of observable inputs.

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

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.

4.7 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments in equity instruments of subsidiaries and associates

Investments in equity instruments of subsidiaries and associates where the Company has control or significant influence are measured at cost in the Company's financial statements.

4.8 Financial instruments

4.8.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the reporting date.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted price is not available, are measured at cost as it is not practical to apply any other valuation methodology. Unrealized gain and losses arising from changes in the fair value are included in the comprehensive income in the period in which they arise.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified from equity to profit and loss account as reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.13.

4.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.8.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.9 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.

4.10 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

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 profit and loss account.

4.11 Revenue recognition

Licensee fee is charged on the basis of area leased out or respective gross turnover achieved by the principals who operate from Pace premises under agreements.

Service charges are recognised in the accounting period when in which services are rendered. When the Company is acting as agent, the commission rather than gross income is recorded as revenue.

Revenue from sale of land, condominiums, shops/counters and villas is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The significant risks and rewards of ownership are transferred to the buyer when following conditions are met:

- the buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- construction is beyond a preliminary stage;
- the buyer is committed. Buyer is unable to require a refund except, for non delivery of the unit. Management believes that the likelihood of the Company being unable to fulfil its contractual obligations for this reason is remote; and
- the buyer has the right to dispose off the property.

Revenue from sales agreements where the control and the significant risks and rewards of ownership of the work in progress are transferred by the Company to the buyer in its current state as construction progresses is measured using the percentage of completion method. The stage of completion is measured by reference to the costs incurred up to the reporting date as a percentage of total estimated costs for each project.

Revenue from sales agreements where significant risks and rewards are not passed on to the buyer as construction progresses are recognised when possession is handed over to the buyer and the Company does not expect any further future economic benefits from such property.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs capitalised are net of any investment income on the temporary investment of borrowed funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Trade debts

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. Trade debts where the ownership of the work in progress is transferred by the Company to the buyer as the construction progresses is recognised using the percentage of completion method. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.14 Creditors, accruals and provisions

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

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

4.15 Non-current assets held for disposal

Non-current assets held for disposal are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell, with the exception of investment properties carried at fair value, if their carrying value is expected to be recovered principally through a sale transaction rather than continuing use.

4.16 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance cost is accounted for on an accrual basis and is included in accrued finance cost to the extent of the amount remaining unpaid.

4.17 Foreign currency convertible bonds

Foreign currency convertible bonds, containing an embedded derivative, are carried at fair value through profit or loss unless fair value cannot be reliably measured in which case they are measured at cost. Transaction costs and gain and loss arising due to foreign currency translations is charged to profit and loss account. The interest expense recognised in the income statement is calculated using the effective interest rate method.

4.18 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, 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. In the statement of financial position, short term finance is included in current liabilities.

5. **Share Capital and Reserves**

5.1 Authorised Share capital

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
600,000,000	600,000,000	Ordinary shares of Rs 10 each	6,000,000	6,000,000

5.2 Issued, subscribed and paid-up share capital

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
201,704,516	201,704,516	Ordinary shares of Rs 10 each fully paid in cash	2,017,045	2,017,045
77,172,088	77,172,088	Ordinary shares of Rs 10 each issued as fully paid bonus shares	771,721	771,721
278,876,604	278,876,604		2,788,766	2,788,766

	Basis of relationship	2018	2017
		(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

5.4 There has been no movement in ordinary share capital issued, subscribed and paid up during the year ended June 30, 2018.

5.5 Reserves	Note	2018	2017
		(Rupees in thousand)	
Share Premium Reserve	5.5.1	273,265	273,265
Reserve for changes in fair value of investments		-	(1,023)
		273,265	272,242

5.5.1 This reserve can be utilised by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

6. Long term finances - secured	Note	2018	2017
		(Rupees in thousand)	
Pak Iran Loan	6.1	54,132	51,068
Syndicate term finance facility	6.2	-	-
National Bank of Pakistan - term finance	6.3	-	-
Al Baraka Bank (Pakistan) Limited - musharika based agreement	6.4	-	-
Soneri Bank - demand finance	6.5	24,343	27,422
		78,475	78,490
Less: Current portion shown under current liabilities	12	(24,343)	(27,422)
		54,132	51,068

6.1 Mark-up on Pak Iran

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

In accordance with the SA, the remaining outstanding mark-up of Rs. 66.860 million has been rescheduled and is payable over a period of 7 years with nil mark-up starting from December 28, 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments.

6.1.1 Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.857 million on the property being piece and parcel of land located at Plot no. 96/B-1, Gulberg III, Lahore measuring 4 kanals and 112 square feet along with structures, superstructures and appurtenances including shops/counters having area measuring 20,433 square feet. The charge ranks parri passu with that of National Bank of Pakistan to the extent of Rs. 66.667 million as referred to in note 6.2.

6.2 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 Towers on following key terms:

6.2.1 National Bank of Pakistan

On December 04, 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 as referred in note 6.3 along with their accrued mark-up aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Towers measuring 18,525 square feet. According to clause F of the SA, NBP purchased the aforementioned properties of Rs 332.113 million and waived accrued mark-up of Rs 66.598 million. Pursuant to the SA, on December 30, 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 Towers except for the podium level and later it will take over charge being vacated by PAIR Investment Company Limited as a result of settlements.

6.2.2 Habib Bank Limited

On December 16, 2015 Habib Bank Limited ('HBL') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSA') for settlement of HBL's portion of STFF along with the accrued mark-up aggregating to Rs 178.809 million against property situated at ground floor of Pace Towers 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 106.895 million and waived accrued mark-up of Rs 71.914 million. Pursuant to the DSA, on December 30, 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 Towers until the finishing work on aforementioned property in Pace Towers is complete.

6.3 National Bank of Pakistan - term finance

During the year ended June 30, 2016, NBP and the Company settled the entire principal and accrued mark-up together with its portion of STFF against property situated at Pace Towers as referred to in Note 6.2.

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

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

6.5 Soneri Bank - demand finance

6.5.1 Terms of repayment

During the year ended June 30, 2018, the Company entered into a restructuring agreement with Soneri Bank Limited, whereby, the Company was required to pay Rs 30.913 million in 12 instalments for settlement of entire principal amounting to Rs 27.422 million along with the accrued mark-up amounting to Rs 17.872 million. The first instalment was due to be paid on May 31, 2018 amounting to Rs 3.079 million, which was paid on June 22, 2018. The delayed payment has been categorized as "event of default" under the terms of the agreement. Consequently, the remaining principal amount of Rs. 24.343 million and accrued mark-up of Rs 17.872 million is repayable on demand and classified as current liabilities under the guidance contained in IAS 1 " Presentation of Financial Statements".

6.5.2 Security

This facility is secured against a charge amounting to the sum of Rs 50.000 million created on the land and building on Plot no. 41 Block N, Gulberg II, Industrial Area Lahore measuring 4.086 kanals along with present and future construction thereon.

7. Redeemable capital - secured (non-participatory)	Note	2018	2017
		(Rupees in thousand)	
Term finance certificates	7.1	935,571	1,121,503
Less: Current portion shown under current liabilities	12	(935,571)	(1,121,503)
		-	-

7.1 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 September 27, 2010, the Company completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holders, addendum to the trust deed was executed between the Company and trustee 'IGI Investment Bank Limited' (now 'IGI Holdings Limited') under which the Company was allowed one and a half year grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be six and a half years effective from August 15, 2010. The TFC's carry a mark-up of 6 months KIBOR plus 2% (2017: 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 ended June 30, 2018, IGI Investment Bank Limited has been amalgamated with and into IGI Insurance Limited, which is subsequently renamed as IGI Holdings Limited. IGI Investment Bank Limited resigned as trustee pursuant to amalgamation. As per the Debt Securities Trustees Regulation, 2017 and the trustee deed, the existing trustee will continue to perform the duties till the appointment of successor. The Company has approached certain parties for the appointment of successor trustee.

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

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.

7.2 Settlement with Askari Bank Limited

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

As a result of the settlement, the company has recognized net gain of Rs 16.668 million (2017: Nil) as referred in note 29 in accordance with guidance contained in IAS-39.

7.3 Settlement with Pak Oman Investment Company Limited

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

7.4 Settlement with Wireless n Cable (Private) Limited

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

8. Liabilities against assets subject to finance lease	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Present value of minimum lease payments		18,046	18,046
Less: Current portion shown under current liabilities	12	(18,046)	(18,046)
		-	-

The minimum lease payments have been discounted at an implicit interest rate ranging from 9% to 15% (2017: 9% to 15%) to arrive at their present value. The lessee has the option to purchase the assets after the expiry of the lease term. Taxes, repairs and insurance costs are to be borne by the lessee. The liability is partly secured by a deposit of Rs 11.500 million (2017: Rs 11.500 million).

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease payments	**Future finance charge**	**Present lease value of liabilities**	
			2018	**2017**
			(Rupees in thousand)	
Not later than one year	20,343	2,297	18,046	18,046
Later than one year and not later than five years	-	-	-	-
	20,343	2,297	18,046	18,046

9. Foreign currency convertible bonds - unsecured	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Opening balance		1,757,713	1,736,212
Mark-up accrued during the year		19,140	16,527
		1,776,853	1,752,739
Exchange loss for the year		277,886	4,974
	9.1	2,054,739	1,757,713
Less: Current portion shown under current liabilities	12	(2,054,739)	(1,757,713)
		-	-

9.1 The Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2018.

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

10. Deferred liabilities	Note	2018	2017
		(Rupees in thousand)	
Staff gratuity	10.1	41,359	44,889
Leave encashment	10.2	3,420	4,001
		44,779	48,890

10.1 Staff gratuity

	Note	2018	2017
Opening balance		44,889	35,376
Charge to profit and loss account	10.1.1	11,308	9,477
Benefits due during the year		(9,978)	(2,489)
Remeasurement chargeable in other comprehensive income		(4,860)	2,525
Liability as at June 30		41,359	44,889

The movement in the present value of defined benefit obligation is as follows:

	2018	2017
Opening Balance	44,889	35,376
Service cost	8,216	7,002
Interest cost	3,092	2,475
Benefits due during the year	(9,978)	(2,489)
Remeasurement chargeable in other comprehensive income	(4,860)	2,525
Present value of defined benefit obligation as at June 30	41,359	44,889

The amounts recognised in the profit and loss account are as follows:

	2018	2017
Service cost	8,216	7,002
Interest cost	3,092	2,475
Charge to profit and loss account	11,308	9,477

10.1.1 Charge for the year has been allocated as follows:

	2018	2017
Cost of sales	1,470	1,232
Administrative, general and other expenses	9,838	8,245
	11,308	9,477

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
Present value of defined benefit obligation	41,359	44,889	35,376	32,958	32,041
Fair value of plan assets	-	-	-	-	-
Deficit	(41,359)	(44,889)	(35,376)	(32,958)	(32,041)
Experience adjustment on obligation	-12%	6%	9%	6%	-15%

10.1.2 Plan Assets

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

10.2 Leave encashment

	2018	2017
The amounts recognised are as follows:	(Rupees in thousand)	
Opening balance	4,001	2,902
Charge to profit and loss account	456	725
Benefits due during the year	(912)	-
Remeasurement chargeable in other comprehensive income	(125)	374
Liability as at June 30	3,420	4,001

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of leave encashment scheme is as follows:

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
Present value of defined benefit obligation	3,420	4,001	2,902	2,637	2,613
Fair value of plan assets	-	-	-	-	-
Deficit	(3,420)	(4,001)	(2,902)	(2,637)	(2,613)
Experience adjustment on obligation	-4%	9%	-2%	24%	32%

10.2.1 Plan Assets

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

10.3 Sensitivity Analysis

	2018		2017	
	(Rupees in thousand)		(Rupees in thousand)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Year end sensitivity on defined benefit obligation:				
Discount rate + 100 bps	39,190	3,251	41,751	3,793
Discount rate - 100 bps	43,806	3,610	46,940	4,236
Salary increase + 100 bps	43,895	3,602	47,050	4,225
Salary increase - 100 bps	39,069	3,256	41,605	3,800

The above sensitivity analyses are 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.

11. Advances against sale of property

This principally represents advances received from various parties against sale of apartments and houses in Pace Towers project, Lahore and its breakup at June 30, 2018 is as follows:

	2018	2017
	(Rupees in thousand)	
First Capital Investment Limited - related party	16,020	17,643
First Capital Securities Corporation Limited - related party	45,887	50,553
First Capital Equities Limited - related party	38,931	-
Others	40,951	82,346
	141,789	150,542

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

	Note	2018	2017
		(Rupees in thousand)	
First Capital Investment Limited - related party		16,020	17,643
First Capital Securities Corporation Limited - related party		45,887	50,553
First Capital Equities Limited - related party		38,931	-
		100,838	68,196

12. Current portion of long term liabilities

	Note	2018	2017
		(Rupees in thousand)	
Current portion of long term finances - secured	6	24,343	27,422
Current portion of redeemable capital - secured (non-participatory)	7	935,571	1,121,503
Current portion of liabilities against assets subject to finance lease	8	18,046	18,046
Current portion of foreign currency convertible bonds - unsecured	9	2,054,739	1,757,713
		3,032,699	2,924,684

12.1 Overdue principal included in current maturity as at June 30, 2018 are as follows:

	Note	2018	2017
		(Rupees in thousand)	
Long term finances - secured:			
- Soneri Bank - demand finance		24,343	27,422
Redeemable capital - secured (non-participatory)		935,571	1,121,503
Foreign currency convertible bonds - unsecured		2,054,739	1,757,713
Liabilities against assets subject to finance lease		18,046	18,046
		3,032,699	2,924,684

13. Creditors, accrued and other liabilities

	Note	2018	2017
Trade creditors	13.1	196,111	109,331
Advances from customers	13.2	26,958	14,164
Licensee fee received in advance		4,120	4,140
Accrued liabilities		163,308	128,651
Licensee security deposits	13.3	52,920	52,991
Payable to contractors		2,699	2,699
Retention money		2,443	2,329
Payable to statutory bodies		69,621	58,777
Others		26,338	25,313
		544,518	398,395

13.1 This includes amounts of Rs 0.292 million (2017: Nil) payable to Pace Barka Properties Limited, Ever Green Water Valley Limited of Nil (2017: Rs. 0.0479 million), First Capital Securities Corporation of Rs 0.078 million (2017: Rs 0.078 million), First Capital Equities Limited of Rs. 0.700 million (2017: Rs Nil) and First Construction Limited Rs 0.087 million (2017: Rs 0.087 million), related parties. These are under normal course of business and interest free. The maximum aggregate amount due to these related parties at the end of any month is given below:

Related Parties	2018	2017
	(Rupees in thousand)	
Pace Barka Properties Limited	2,247	-
Ever Green Water Valley Limited	-	47
First Capital Securities Corporation	78	78
First Capital Equity Limited	700	-
First Construction Limited	87	87

13.2 This includes amounts of Nil (2017: 0.256 million) payable to First Capital Investment Limited, a related Party. The maximum aggregate amount due to the related party at the end of any month is given below:

Related Party	2018	2017
	(Rupees in thousand)	
First Capital Investment Limited	256	256

13.3 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 separate bank account. The Company is in process of ensuring compliance with the requirement of section 217 of the Companies Act, 2017.

14. Accrued finance cost

	Note	2018	2017
		(Rupees in thousand)	
Long term finances - secured	14.1	17,872	22,635
Redeemable capital - secured (non-participatory)	14.2	913,792	828,991
Liabilities against assets subject to finance lease	14.3	39,693	35,887
		971,357	887,513

14.1 This includes overdue mark-up of Rs 17.872 million (2017: Rs 22.635 million) as loan from Soneri Bank Limited has been restructured during the year ended June 30, 2018 including the overdue mark-up, which is now repayable in 12 instalments. However, the entire outstanding amount has been classified as current maturity due to delay in payment of instalment leading to breach of debt covenants.

14.2 This includes overdue mark-up of Rs 913.729 million (2017: Rs 828.991 million).

14.3 This includes overdue mark-up of Rs 2.310 million (2017: Rs 2.310 million) and late payment charges of Rs 37.396 million (2017: Rs 33.590 million). The late payment charges pertaining to the year ended June 30, 2018 have been recorded based on the management's best estimate.

15. Contingencies and commitments

15.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounts to Rs 21.644 million (2017: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (2017: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

(iii) On May 29, 2017, one of the tenants of the Company filed a case in the Honourable Senior Civil Court against the Company. The plaintiff had entered into a lease agreement with the Company for lease of a property located at M.M. Alam road, Lahore. As per terms of the lease, the Company was due to handover the possession of the same by February 2017. The plaintiff claimed that the Company failed to handover possession of the complete area under lease by the said time and due to that, suffered a business loss. Consequently, the plaintiff filed a suit claiming an amount of Rs. 72.700 million on account of business loss, renovation expenses and other deposits made by the plaintiff.

On October 10, 2017, the Company has filed a petition against the said tenant in the Rent 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 entry into the premises. Furthermore the tenant paid the security deposit of Rs 21.700 million with delay. Consequently, the Company has filed a claim of Rs 66.600 Million.

Hearing of both the petitions are pending before the respective Honourable Courts. As per legal advisors of the Company there are meritious grounds to defend the Company's claim and consequently no provision has been made in these financial statements.

(iv) On November 29, 2012, Shaheen Insurance Company Limited and First Capital Securities Corporation Limited (on behalf of First Capital Group) entered into an agreement whereby it was agreed that liability pertaining to reverse repo transaction amounting to Rs 99.888 million along with insurance premium payable amounting to Rs 88.859 million from First Capital Group shall be settled vide sale of 4.7 million shares of First Capital Equities Limited to Shaheen Insurance Company Limited at a price of Rs 40. Included in the insurance payable is Rs 57.962 million pertaining to Pace (Pakistan) Limited. It was agreed that Shaheen Insurance Company Limited will be allowed to sell the share after two years, however, the first right to refusal shall be given to the First Capital Group. Further, First Capital Group guaranteed to buy back the shares at Rs 40 in case the shares are not saleable in open market. The agreement was subsequently amended on March 7, 2013 to remove restriction of holding period of two years. In addition to that, the guarantee to buy back was also revoked.

On April 24, 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs 188.747 million in the Honourable Senior Civil Court. The case is under adjudication and the maximum exposure to the Company is of Rs 57.962 million. As per legal advisors of the Company there are meritious grounds to defend the Company's claim and consequently no provision has been made in these financial statements.

15.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounts to Rs 206.743 million (2017: Rs 208.508 million), Capital Heights (Private) Limited, amounts to Rs. 149.927 million (2017: Nil), and Silk Bank Limited, amounts to Rs. 50 million (2017: Nil)

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

	Note	2018	2017
		(Rupees in thousand)	
Not later than one year		9,844	9,844
Later than one year and not later than five years		46,758	44,297
Later than five years		695,530	707,834
		752,132	761,975

16. Property, plant and equipment

	Note	2018	2017
Operating fixed assets			
- owned assets	16.1	423,711	424,807
- assets subject to finance lease	16.1.4	-	-
Capital work in progress	16.2	28,448	27,664
		452,159	452,471

16.1 Owned 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 thousands										
Net carrying value basis											
Year ended June 30, 2018											
Opening net book value (NBV)	155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,807
Additions (at cost)	-	-	-	-	-	18,800	-	-	-	4,000	22,800
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	(273)	(273)
Depreciation charge	-	-	(5,403)	(5,428)	(2,510)	(5,876)	(289)	(390)	(155)	(3,572)	(23,623)
Closing net book value (NBV)	**155,152**	**-**	**102,641**	**54,149**	**22,590**	**68,315**	**2,606**	**3,514**	**314**	**14,430**	**423,711**
Gross carrying value basis											
As at June 2018											
Cost	155,152	-	179,470	179,122	85,795	125,588	11,683	11,801	10,087	57,390	816,088
Accumulated depreciation	-	-	(76,829)	(124,973)	(63,205)	(57,273)	(9,077)	(8,287)	(9,773)	(42,960)	(392,377)
Net book value NBV	**155,152**	**-**	**102,641**	**54,149**	**22,590**	**68,315**	**2,606**	**3,514**	**314**	**14,430**	**423,711**
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended June 30, 2017											
Opening net book value (NBV)	155,152	-	113,730	65,005	20,144	48,194	3,217	4,321	544	15,130	425,437
Additions (at cost)	-	-	-	-	7,100	12,200	-	17	147	2,369	21,833
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,686)	(5,428)	(2,144)	(5,003)	(322)	(434)	(222)	(3,224)	(22,463)
Closing net book value (NBV)	**155,152**	**-**	**108,044**	**59,577**	**25,100**	**55,391**	**2,895**	**3,904**	**469**	**14,275**	**424,807**
Gross carrying value basis											
As at June 2017											
Cost	155,152	-	179,470	179,122	85,795	106,788	11,683	11,801	10,087	55,100	794,998
Accumulated depreciation	-	-	(71,426)	(119,545)	(60,695)	(51,397)	(8,788)	(7,897)	(9,618)	(40,825)	(370,191)
Net book value NBV	**155,152**	**-**	**108,044**	**59,577**	**25,100**	**55,391**	**2,895**	**3,904**	**469**	**14,275**	**424,807**
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	

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

** Leasehold land represents a piece of land transferred in the name of the 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 May 15, 2007.

*** Building on leasehold land represents 8,227 square feet (2017: 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.

16.1.1	The depreciation charge for the year has been allocated as follows:		2018	2017
			(Rupees in thousand)	
	Cost of sales	- note 27.3	13,351	12,360
	Administrative and selling expenses	- note 28	10,272	10,103
			23,623	22,463

16.1.2 There have been no disposal exceeding the book value of Rs. 500,000 during the year ended June 30, 2018 and June 30, 2017.

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

Sr. No	Location	Usage of Immovable Property	Total Area (Square Feet)	*Covered Area (Square Feet)
1	38,38/A,39, Block P, Model Town Link Road, lahore	Shopping plaza	92,184	70,152
2	40, Block P, Model Town Link Road, Lahore	Shopping plaza	40,755	21,933
3	Bridge Point Plaza, Fortress Stadium, Lahore Cantt.	Shopping plaza	32,081	24,431
4	96-B-I, M.M Alam Road, Gulberg - III, Lahore	Shopping plaza	85,054	66,942
5	Mouza Dhola Zarri, Main GT Road Gujrawala	Shopping plaza	74,824	53,602
6	Mouza Ado-Wal, G.T Road, Tehsil & District, Gujrat	Shopping plaza	112,347	85,347
7	124/E-1 Main Boulevard Gulberg III Lahore	Shopping plaza	115,833	81,601
8	Bedian Road, Lahore	Management Office	7,875	-

* The covered area includes multi storey buildings.

16.1.4 This represents a vehicle, having cost of Rs 1.394 million (2017: Rs 1.394 million), which is fully depreciated but still in use as at June 30, 2018.

16.2	**Capital work in progress**	2018	2017
		(Rupees in thousand)	
	Opening cost	27,664	27,544
	Project development costs	784	120
		28,448	27,664

17	**Intangible assets**	**Computer Software**	**Dark Fiber**	**Total**
	Net carrying value basis			
	Year ended June 30, 2018			
	Opening net book value (NBV)	442	5,113	5,555
	Additions (at cost)	-	-	-
	Transfers from leased asset at NBV	-	-	-
	Disposals (at NBV)	-	-	-
	Depreciation charge	(44)	(476)	(520)
	Closing net book value (NBV)	**398**	**4,637**	**5,035**
	Gross carrying value basis			
	As at June 2018			
	Cost	2,878	9,508	12,386
	Accumulated depreciation	(2,480)	(4,871)	(7,351)
	Net book value NBV	**398**	**4,637**	**5,035**
	Depreciation % per annum	10%	5%	
	Net carrying value basis			
	Year ended June 30, 2017			
	Opening net book value (NBV)	492	5,587	6,079
	Additions (at cost)	-	-	-
	Transfers from leased asset at NBV	-	-	-
	Disposals (at NBV)	-	-	-
	Depreciation charge	(50)	(474)	(524)
	Closing net book value (NBV)	**442**	**5,113**	**5,555**
	Gross carrying value basis			
	As at June 2017			
	Cost	2,878	9,508	12,386
	Accumulated depreciation	(2,436)	(4,395)	(6,831)
	Net book value NBV	**442**	**5,113**	**5,555**
	Depreciation % per annum	10%	5%	

* This represents purchase of right to use optical fiber at Company properties for 20 years from Worldcall Telecom Limited.

17.1 The amortisation charge for the year has been allocated to administrative and selling expenses.

18. Investment property

	Note	Cost as at June 30, 2018	Cost as at June 30, 2017	Fair Value as at June 30, 2018	Fair Value as at June 30, 2017
		(Rupees in thousand)			
Opening value		1,583,234	1,603,634	3,464,202	3,369,702
- Settlement against loan		-	(20,400)	-	(25,500)
- Disposal of investment properties	18.1	(853,052)	-	(1,731,430)	-
Closing value before revaluation as at June 30		730,182	1,583,234	1,732,772	3,344,202
Fair value (loss) / gain recognised in profit and loss account		-	-	(69,830)	120,000
Fair value as at June 30		730,182	1,583,234	1,662,942	3,464,202

18.1 Disposal of investment properties

Included in disposals of investment properties is an amount of Rs 1,393.646 million representing disposal of Plot No. D situated near Rangers Head Quarters Lahore Cantonment ('the property') to its associated undertaking First Capital Securities Corporation Limited ('the buyer') for consideration of Rs 1,500.000 million. This transaction was approved by the Board of Directors of the Company on June 08, 2018. Under the terms of the agreement, all risks and rewards associated with the property have been transferred at the time of execution of the agreement, however, the title deed has not yet been transferred in the name of the buyer. The transfer of title deed shall be completed within thirty days from the date of request from the buyer. Subsequent to the execution of the agreement, the buyer has obtained a loan from a financial institution and has mortgaged the above mentioned property. Since the title of the property is still in the name of the Company, accordingly, the charge has been created in its name.

18.2 The forced sale value of investment property amounts to Rs 1,413.501 million (2017: Rs 3,070.048 million).

19. Long term investments

	Note	2018	2017
		(Rupees in thousand)	
Equity instruments of:			
- subsidiaries - unquoted	19.1	91,670	91,670
- associate - unquoted	19.2	758,651	758,651
Available for sale - quoted	19.3	-	992
		850,321	851,313

19.1 Subsidiaries - unquoted

	2018	2017
Pace Woodlands (Private) Limited 3,000 (2017: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (2017: 52%)	30	30
Pace Super Mall (Private) Limited 9,161,528 (2017: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (2017: 57%)	91,615	91,615
Pace Gujrat (Private) Limited 2,450 (2017: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (2017: 100%)	25	25
	91,670	91,670

19.2 Associate - unquoted

	2018	2017
Pace Barka Properties Limited 75,875,000 (2017: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (2017: 24.9%)	758,651	758,651

19.3 Available for sale - quoted

	Note	2018	2017
		(Rupees in thousand)	
Worldcall Telecom Limited Nil (2017: 912) fully paid ordinary shares of Rs 10 each		-	7
Shaheen Insurance Company Limited Nil (2017: 158,037) fully paid ordinary shares of Rs 10 each		-	2,008
		-	2,015
Less: Cumulative fair value loss	19.3.1	-	(1,023)
		-	992

19.3.1 Cumulative fair value loss

Opening balance	1,023	1,230
Fair value loss / (gain) over Worldcall telecom limited	-	(1)
Fair value loss / (gain) over Shaheen insurance company limited	-	(206)
Transferred to profit and loss account on derecognition of investment	(1,023)	-
	-	1,023

19.4 All investments made in subsidiary companies and associated company as mentioned above have been made in accordance with the requirements of the Act.

20. Long term advances and deposits

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

21. Deferred taxation

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

	2018	2017
	(Rupees in thousand)	
Accelerated tax depreciation	170,844	218,613
Employee retirement benefits	(16,144)	(21,702)
Provision for doubtful receivables	(55,684)	(43,406)
Deferred cost	(89)	(108)
Unused tax losses	(98,927)	(153,397)
	-	-

21.1 Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 and 113C of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Company has not recognised deferred tax assets of Rs317.712 million (2017: Rs 516.107 million) in respect of tax losses and Rs 92.505 million (2017: Rs 83.287 million) in respect of minimum tax paid and available for carry forward u/s 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 u/s 113 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million, Rs 4.255 million and Rs 9.218 million will lapse in the year 2019, 2020, 2021, 2022 and 2023 respectively. Minimum tax paid u/s 113 C aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 535.643 million, Rs 271.825 million and Rs 304.691 million will expire in year 2019, 2020 and 2021 respectively.

22. Stock-in-trade	Note	2018	2017
		(Rupees in thousand)	
Work in process - Pace Towers	22.1 & 22.2	603,998	437,420
Shops and houses	22.3	755,991	304,201
Pace Barka Properties Limited - Pace Circle		595,966	594,201
Pace Super Mall (Private) Limited		21,600	21,600
		1,977,555	1,357,422
Stores inventory		934	975
		1,978,489	1,358,397

22.1 Included in work in process are borrowing costs of Rs 101.000 million (2017: Rs 101.000 million). During the year borrowing cost capitalized was Nil (2017: Nil). During the year ended June 30, 2018, the Company settled outstanding amount of TFCs due to Askari Bank Limited as mentioned in Note 7 against fifth and sixth floor of Pace tower measuring 8,750 square feet and 6,731 square feet respectively for consideration of Rs 185.926 million (2017: Nil). The Company also disposed off sixth, seventh, eighth & ninth floor of Pace Tower measuring 8,172 square feet, 14,903 square feet, 14,903 square feet, and 11,000 square feet to First Capital Equities Limited, a related party, for consideration of Rs 378.982 million (2017: Nil)

22.2 The charge amounting to Rs 1,200.175 million (2017: Rs 1,200.175 million) has been registered against work in process with lenders as security against long term loan and redeemable capital as referred to in note 6 and note 7 respectively.

22.3 Included in shops and houses is an amount of Rs 333 million pertaining to the purchase of certain properties from WE Farms (Private) Limited vide agreement dated June 26, 2018. The possession and the related risks and rewards have been transferred to the Company under the terms of the agreement, however, the title of the properties has not yet been transferred.

			2018	2017
23.	**Trade debts - unsecured**	Note	(Rupees in thousand)	
Considered good		23.1	494,581	655,396
Considered doubtful			192,016	144,685
			686,597	800,081
Less:	Provision for doubtful debts	23.2	(192,016)	(144,685)
			494,581	655,396

23.1 This includes the following amounts due from related parties:

	2018	2017
	(Rupees in thousand)	
Related Parties		
Rema & Shehrbano	50	66
First Capital Investment Limited & First Capital Mutual Fund	504	-
First Capital Equities Limited	1,079	1,286
First Capital Securities Corporation Limited	6,681	6,681
	8,314	8,033

23.1.1 Ageing analysis of the amounts due from related parties is as follows:

Aging of Related Party		
0 to 6 months	1,633	1,352
More than 6 months	6,681	6,681
	8,314	8,033

23.1.1 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 9.150 million (2017: Rs 8.033 million).

23.2 **Provision for doubtful debts**	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Opening balance		144,685	130,464
Provision for the year	28	47,331	14,221
Balance as at June 30		192,016	144,685

24. **Advances, deposits, prepayments and other receivables**	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Advances - considered good			
- to employees	24.1	14,931	15,515
- to suppliers	24.2	70,132	17,466
Advance against purchase of property	24.3	542,000	-
Security deposits		12,275	19,775
Advances to contractors		921	921
Receivable against sale of investment property	24.4	545,124	23,038
Others - considered good		23,186	21,599
		1,208,569	98,314

24.1 These are advances provided to the employees either against salaries or against expenses. Advances against salaries are interest free and are to be repaid within 6 to 12 months from the date of advance. The term may be extended each year, if approved by the Chief Executive Officer of the Company. Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement of staff gratuity. These include advance against salary exceeding 1 million to Mr. Imran Hafeez and Mr. Shahzil and advance against expenses exceeding 1 million to Mr. Salman Khalid.

24.2 This includes the following interest free amounts due from related parties:

	2018	2017
	(Rupees in thousand)	
World Press (Private) Limited	447	447
Ever Green Water Valley (Private) Limited	52,628	-
	53,075	447

24.2.1 The maximum aggregate advance given to related parties at the end of any month during the year was Rs 53.075 million (2017: Rs 0.447 million).

24.3 This pertains to advance payment to Silk Bank Limited against purchase of plots measuring 280 kanals located in Al-Hamra Hills Agro Farming Housing Scheme, Islamabad amounting to Rs 542.000 million (2017: Nil). The remaining payment of Rs. 50.000 million (2017: Nil) is due in the financial year 2018-2019 against the said properties.

24.4 This includes Rs 400 million (2017: Rs Nil) interest free amount receivable from First Capital Securities Corporation Limited, a related party against sale of Plot D as referred to in note 18.1 and Rs Nil (2017: Rs 20.679 million) interest free amount receivable from Ever Green Water Valley (Private) Limited, a related party. The maximum aggregate receivable from related parties at the end of any month during the year was Rs 420.679 million (2017: 20.679 million).

25. Cash and bank balances	**Note**	**2018**	**2017**
		(Rupees in thousand)	
At banks			
- in saving accounts	25.1	265	1,036
- in current accounts		31,520	34
		31,785	1,070
Cash in hand		203	409
		31,988	1,479

25.1 The balances in saving accounts bear mark-up ranging from 3% to 5% per annum (2017: 3% to 5%).

26. Sales	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Shops / apartments and commercial buildings			
- at percentage of completion basis	26.1	386,580	116,534
- at completion of project basis			
-- Owned		130,439	9,684
-- Pace Circle		-	56,488
Licensee fee		29,962	35,854
Display advertisements and miscellaneous income		29,280	16,178
Service charges		161,191	190,836
		737,452	425,574

26.1 Sales recognised at percentage of completion basis

Revenue recognised to date	1,240,425	837,074
Aggregate cost incurred to date	(1,120,493)	(746,794)
Recognised profit to date	119,932	90,280

26.1.1 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 386.555 million (2017: Rs 116.534 million). Amount received against these agreements amounts to Rs 350.071 million (2017: Rs 88.445 million).

27. Cost of sales	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Shops / apartments and commercial buildings sold			
- at percentage of completion basis	27.1	364,829	118,021
- at completion of project basis			
-- Owned	27.2	103,583	8,160
-- Pace circle		-	32,632
Stores operating expenses	27.3	214,775	250,967
Write down of inventory to Net Realisable Value		80,935	-
		764,122	409,780

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

Opening work in process		437,420	838,872
Purchase of inventory		640,831	-
Project development costs		59,840	21,180
Property settled against loans	27.1.1	(169,264)	(304,611)
Closing work in process	22	(603,998)	(437,420)
Cost of shops / apartments and commercial buildings sold during the year	27.1.3	364,829	118,021

27.1.1 This represents aggregate cost of completed properties in Pace Towers project which have been transferred to the lenders against settlement of loans as referred to in notes 7 and 12. A further costs of Rs 19.402 million is expected to be incurred in respect of these properties.

27.1.3 Cost of shops / apartments and commercial buildings sold during the year

	Note	2018	2017
		(Rupees in thousand)	
Cost of shops / apartments and commercial buildings sold during the year		364,829	118,021
Cost of shops / apartments and commercial buildings returned during the year		-	-
		364,829	118,021

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

	Note	2018	2017
		(Rupees in thousand)	
Opening inventory of shops and houses		304,201	315,961
Purchased during the year		636,308	-
Swapped with bank		-	(3,600)
Write down of inventory to Net Realisable Value		(80,935)	-
Closing inventory of shops and houses	22	(755,991)	(304,201)
		103,583	8,160

27.3 Stores operating expenses

	Note	2018	2017
		(Rupees in thousand)	
Salaries, wages and benefits	27.3.1	47,174	55,200
Rent, rates and taxes		12,039	12,396
Insurance		4,451	7,405
Fuel and power		98,176	120,334
Depreciation on owned assets	16.1.1	13,351	12,360
Repairs and maintenance		12,319	10,855
Janitorial and security charges		13,393	16,523
Others		13,872	15,894
		214,775	250,967

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

	2018	2017
Current service cost	1,068	910
Interest cost	402	322
	1,470	1,232

28. Administrative and selling expenses	Note	2018	2017
		(Rupees in thousand)	
Salaries, wages and benefits	28.1	61,812	56,036
Travelling and conveyance		2,814	3,163
Rent, rates and taxes		520	222
Insurance		2,802	3,666
Printing and stationery		653	839
Repairs and maintenance		2,043	3,602
Motor vehicles running		4,148	4,414
Communications		2,871	3,398
Advertising and sales promotion		6,624	29,614
Depreciation and impairment on:			
- owned assets	16.1.1	10,272	10,103
- assets subject to finance lease		-	381
Amortisation on intangible assets	17	520	524
Auditors' remuneration	28.2	2,855	2,955
Legal and professional		3,826	5,040
Commission on sales		55,701	10,585
Office expenses		7,080	5,899
Other expenses		6,087	18,766
Provision for doubtful debts		47,331	14,219
		217,959	173,426

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

	Note	2018	2017
		(Rupees in thousand)	
Current service cost		7,329	6,119
Past service cost		-	488
Interest cost		2,965	2,363
		10,294	8,970

28.2 Auditors' remuneration	Note	2018	2017
		(Rupees in thousand)	
The charges for auditors' remuneration includes the following in respect of auditors' services for:			
Statutory audit		1,800	1,700
Half yearly review		600	600
Audit of consolidated financial statements,		200	100
Statutory Certificates		100	100
Out of pocket expenses		155	455
		2,855	2,955

29. Other income

	Note	2018	2017
		(Rupees in thousand)	
Income from financial assets			
Mark-up on bank accounts		45	64
Commission on guarantee	29.1	1,238	1,238
Income from non-financial assets			
Gain on sale of property, plant and equipment		727	-
Rental income		13,133	12,559
Scrap sales		5,100	5,103
Gain on disposal of investment property		122,176	12,000
Others			
Gain on settlement of loans		23,119	358,557
Income from parking and storage		6,786	6,647
Liabilities no longer required written back		-	41
Gain on initial discounting of Pak Iran Loan		-	17,392
Miscellaneous Income		4,374	-
Service charges		5,388	855
		182,086	414,456

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

	Note	2018	2017
		(Rupees in thousand)	
Exchange loss on foreign currency convertible bonds	9	277,886	4,974
Loss on sale of available for sale investments		1,026	-
		278,912	4,974

31. Finance costs

	Note	2018	2017
		(Rupees in thousand)	
Mark-up on			
- Long term finances - secured		1,687	2,497
- Foreign currency convertible bonds - unsecured		19,140	16,527
- Redeemable capital - secured (non-participatory)		84,801	101,949
- Short term finance -secured		-	4,733
- Interest expense on unwinding of Pak Iran Loan		3,064	1,488
- Liabilities against assets subject to finance lease		3,806	3,776
		112,498	130,970
Bank charges and processing fee		1,553	1,439
		114,051	132,409

32. Taxation

	Note	2018	2017
Current tax			
- Current year	32.1	9,218	20,305
- Prior year		2,508	(4,999)
		11,726	15,306
Deferred tax		-	-
		11,726	15,306

32.1 The provision for current taxation for the year represents the tax liability under section 113 (2017: section 113 C) of the Income Tax Ordinance, 2001.

32.2 Tax charge reconciliation

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

	2018 %	2017 %
Applicable tax rate	30.00	31.00
Tax effect of amounts that are:		
Income not chargeable to tax	(4.21)	(15.24)
Minimum tax u/s 113 for the year	1.76	-
Prior period charge	0.48	(2.09)
Minimum tax u/s 113C	-	8.48
Others	-	(0.63)
Effect of deferred tax asset not recognised on taxable loss	(25.79)	(15.13)
	(27.76)	(24.61)
Average effective tax rate charged to profit and loss account	2.24	6.39

For the purposes of current taxation, the tax losses available for carry forward as at June 30, 2018 are estimated approximately at Rs 1,523.954 million (2017: Rs 2,231.667 million).

32.3 Management assessment on sufficiency of provision for income taxes

	2017	2016	2015
	(Rupees in thousand)		
Tax assessed as per most recent tax assessment	20,305	55,224	5,100
Provision in accounts for income tax	20,305	55,224	5,100

The tax assessed as per most recent tax assessed for the year 2017 and 2016 is based on "deemed assessment" as per income tax return filed for respective years.

As at June 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

32.4 The Finance Act, 2018 has introduced tax on every public company at the rate of 5% of its profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 20% of its after tax profits within six months of the end of the tax year through cash. Liability in this respect if any, is recognised when the prescribed time period for the distribution of dividend expires.

33. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the directors and executives of the Company are as follows:

	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Short term employee benefits						
Managerial remuneration	7,600	4,100	2,851	2,851	4,587	4,832
Housing	3,040	1,640	1,140	1,140	1,835	1,933
Utilities	760	410	285	285	459	483
Gratuity	950	950	356	356	652	652
Leave Encashment	633	633	238	238	435	435
	12,983	7,733	4,870	4,870	7,968	8,335

The Company also provides its executives and some of its directors with free transport and Company maintained Vehicles.

	Chief Executive		Directors		Executives	
Number of	2018	2017	2018	2017	2018	2017
persons	1	1	1	1	3	3

Due to change in definition of "executives" in fourth schedule of Companies Act, 2017, comparative figures have been changed

34. Cash generated from operations

	Note	2018	2017
		(Rupees in thousand)	
(Loss) / Profit before tax		(525,336)	239,441
Adjustment for:			
Exchange loss on foreign currency convertible bonds	9	277,886	4,974
Provision for gratuity and leave encashment	10	11,764	10,202
Depreciation on:			
- owned assets	16.1	23,623	22,525
- assets subject to finance lease		-	381
Amortisation on intangible assets	17	520	524
Changes in fair value of investment property	18	69,830	(120,000)
Provision for doubtful debts	28	47,331	14,221
Loss on sale of investments		1,026	-
Write down of inventory to Net Realisable Value	27	80,935	-
Finance costs	31	112,498	132,408
Mark-up income	29	(45)	(64)
Gain on sale of property, plant and equipment	29	(727)	-
Gain on sale of investment property	29	(122,176)	(12,000)
Liabilities no longer required written back	29	-	(41)
Gain on initial discounting of loan	29	-	(17,280)
Gain on settlement of loans	29	(23,119)	(262,114)
(Loss) / Profit before working capital changes		(45,990)	13,177
Effect on cash flow due to working capital changes:			
(Increase) / decrease in stock-in-trade		(864,034)	138,954
Decrease / (increase) in trade debts		113,484	(53,035)
(Increase) / decrease in advances, deposits and other receivables		(565,130)	52,606
Net (decrease) / increase in advances against sale of property		(8,753)	42,985
Increase / (decrease) in creditors, accrued and other liabilities		136,232	(61,207)
		(1,188,201)	120,303
		(1,234,191)	133,480

35. Cash and cash equivalents

	Note	2018	2017
Cash and bank balances	25	31,988	1,479
		31,988	1,479

35.1 Reconciliation of liabilities arising from financing activities inclusive of current portion

Particulars	June 30, 2017	Cash flows	Non-Cash flows			30-Jun-18
			Foreign Exchange loss	Settlements	Interest Expense Accrual / Unwinding of Interest expense	
	(Rupees in thousands)					
Long term finances - secured	78,490	(3,079)	-	-	3,064	78,475
Redeemable capital - secured (non-participatory)	1,121,503	-	-	(185,932)	-	935,571
Liabilities against assets subject to finance lease	18,046	-	-	-	-	18,046
Foreign currency convertible bonds - unsecured	1,757,713	-	277,886	-	19,140	2,054,739
	2,975,752	(3,079)	277,886	(185,932)	22,204	3,086,831

36. Financial risk management

36.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

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:

	2018	2017
	('USD in thousand)	
Foreign currency convertible bonds - USD	16,898	16,740

The following significant exchange rates were applied during the year:

Rupees per USD		
Average rate	113.30	104.70
Reporting date rate	121.60	105.00

(ii) Other price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since the investments in listed equity securities are immaterial.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from deposits in saving accounts with various commercial banks. Long term financing obtained at variable rates also expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2018	2017
FIXED RATE INSTRUMENTS	(Rupees in thousand)	
Financial assets		
Bank balances - savings accounts	(265)	(1,036)
Financial liabilities		
Foreign currency convertible bonds - unsecured	2,054,739	1,757,713
Net interest rate risk	2,054,474	1,756,677

	2018	2017
FLOATING RATE INSTRUMENTS	(Rupees in thousand)	
Financial liabilities		
Redeemable capital - secured (non-participatory)	935,571	1,121,503
Liabilities against assets subject to finance lease	18,046	18,046
Long term finances - secured	-	27,422
Net interest rate risk	953,617	1,166,971

Cash flow sensitivity analysis for fixed rate instruments

No interest rate risk arises on fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on redeemable capital, liabilities against assets subject to finance lease, and long term finances, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs 10.473 million (2017: Rs 8.866 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its long term advances, trade debts, advances, deposits prepayments and other receivable and its balances at banks.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	(Rupees in thousand)	
Long term advances and deposits	13,619	13,619
Trade debts - unsecured	494,581	655,396
Advances, deposits, prepayments and other receivables		
- Advances to employees - considered good	14,931	15,515
- Security deposits	12,275	19,775
- Advance against purchase of property	542,000	-
- Receivable against sale of investment property	545,124	23,038
- Others - considered good	23,186	21,599
Bank balance	31,785	1,070
	1,677,501	750,012

The age of trade debts at reporting date is as follows:

- Not past due	-	-
- Past due 0 - 365 days	41,289	221,401
- 1 - 2 years	12,739	151,868
- More than 2 years	440,553	282,127
	494,581	655,396

The age of related party trade debt at reporting date is as follows:

Aging of Related Party		
0 to 6 months	1,633	1,352
More than 6 months	6,681	6,681
	8,314	8,033

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(ii) Credit quality of major financial assets

The credit quality of cash and 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	Long term	Rating Agency	2018	2017
				(Rupees in thousand)	
Bank Islami Pakistan Limited formerly known as KASB Bank	A1	A+	PACRA	10	9
Allied Bank Limited	A1+	AAA	PACRA	17,860	316
Soneri Bank Limited	A1+	AA-	PACRA	7	6
Silk Bank Limited	A-	A-2	JCR-VIS	72	71
Bank Alfalah Limited	A1+	AA+	PACRA	6	93
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	6	4
Askari Bank Limited	A1+	AA+	JCR-VIS	5	6
Faysal Bank Limited	A1+	AA	PACRA	31	27
United Bank Limited	A-1+	AAA	JCR-VIS	6	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	2
National Bank of Pakistan	A1+	AAA	PACRA	-	-
MCB Bank Limited	A1+	AAA	PACRA	780	530
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	13,000	-
				31,785	1,070

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

(c) Liquidity risk

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

The Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 2.1.

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
	--------------------(Rupees in thousand)-------------------			
Long term finances - secured	78,475	24,343	47,936	6,196
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,054,739	2,054,739	-	-
Creditors, accrued and other liabilities	544,518	544,518	-	-
Accrued finance cost	971,357	971,357	-	-
	4,602,706	4,548,574	47,936	6,196

The following are the contractual maturities of financial liabilities as at June 30, 2017:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances - secured	78,490	27,422	33,430	17,638
Redeemable capital - secured (non-participatory)	1,121,503	1,121,503	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	1,757,713	1,757,713	-	-
Creditors, accrued and other liabilities	398,395	398,395	-	-
Accrued finance cost	887,513	887,513	-	-
	4,261,660	4,210,592	33,430	17,638

36.2 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2018			2017
	(Rupees in thousand)			
	Available for sale	Loans and receivables	Total	Total
Assets				
Long term advances and deposits	-	13,619	13,619	13,619
Trade debts - unsecured	-	494,581	494,581	655,396
Investments	-	-	-	992
Advances, deposits, prepayments and other receivables				
- Advances to employees - considered good	-	14,931	14,931	15,515
- Security deposits	-	12,275	12,275	19,775
- Others - considered good	-	23,186	23,186	21,599
- Advance against purchase of property	-	542,000	542,000	-
- Receivable against sale of investment property	-	545,124	545,124	23,038
Bank balances	-	31,785	31,785	1,070
	-	1,677,501	1,677,501	751,004

36.2.1 During the year ended June 30, 2017, investments amounting to Rs 0.992 million has been classified as held for sale.

	Financial liabilities at amortised cost	
	2018	2017
Liabilities	(Rupees in thousand)	
Long term finances - secured	78,475	78,490
Redeemable capital - secured (non-participatory)	935,571	1,121,503
Liabilities against assets subject to finance lease	18,046	18,046
Foreign currency convertible bonds - unsecured	2,054,739	1,757,713
Creditors, accrued and other liabilities	544,518	398,395
Accrued finance cost	971,357	887,513
	4,602,706	4,261,660

36.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 6, 7, 9 and 12 less cash and cash equivalents as disclosed in note 35. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at year ended June 30, 2018 and June 30, 2017 are as follows:

	2018	2017
	(Rupees in thousand)	
Borrowings	3,068,785	2,957,706
Total equity	1,912,746	2,443,800
Total capital	4,981,531	5,401,506
Gearing ratio	62%	55%

37 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets:				
Recurring fair value measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				
Freehold land	-	132,925	-	132,925
Buildings	-	-	1,530,017	1,530,017
	-	132,925	1,530,017	1,662,942

	Level 1	Level 2	Level 3	Total
Assets:		(Rupees in thousand)		
Recurring fair value measurement of Available for sale financial assets	992	-	-	992
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	2,070,556	2,070,556
	992	1,393,646	2,070,556	3,465,194

37.1 Valuation techniques used to measure level 2 and 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2018. 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.

37.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended June 30, 2018 and June 30, 2017 for recurring fair value measurements:

	Note	2018	2017
		(Rupees in thousand)	
Opening fair value		2,070,556	2,155,202
Disposal of investment property	18.1	(337,784)	-
Settlement against loan		-	(25,500)
Transferred to Level 2	37.3	(126,790)	
		1,605,982	2,129,702
Fair value loss recognised during year		(75,965)	(59,146)
Closing value after revaluation		1,530,017	2,070,556

The change in unrealized gains/ losses of the investment property is credited/charged to the profit and loss account as "Changes in fair value of investment property".

37.3 Transfer between level 2 and level 3

Previously, the property situated at 41-N, Industrial Area, Gulberg II, Lahore comprising of land and building was treated as one unit and valued using the depreciated replacement cost method. However, during the current year, there is significant observable market data for valuation of land and accordingly the portion of land has been classified as 'level 2' and valued using sales comparison approach. There were no other transfers between level 1, level 2 and level 3. There were no changes in valuation techniques.

37.4 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. See paragraph above for the valuation techniques adopted.

Description	Fair Value at		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	2018 Rs'000	2017 Rs'000		
Buildings	1,530,017	2,070,556	- 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.

38. Earnings per share

Basic earnings per share is calculated by dividing profit after tax for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. The weighted average numbers of shares outstanding during the year and the previous year have been adjusted for the events that have changed the number of shares outstanding without a corresponding change in resources. The information necessary to calculate basic and diluted earning per share is as follows:

38.1 Basic (loss) / earnings per share

		2018	2017
(Loss) / Profit for the year	**Rupees in thousand**	(537,062)	224,135
Weighted average number of ordinary shares outstanding during the year	**In thousand**	278,877	278,877
Basic (loss) /earnings per share	**Rupees**	(1.93)	0.80

38.2 Diluted (loss) / earning per share

There are no dilutive potential ordinary shares outstanding as at June 30, 2018 and June 30, 2017.

39. Transactions with related parties

The related parties comprise associates, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in notes 23, 13 and 33. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2018	2017
		(Rupees in thousand)	
i. Associate	Guarantee commission income	1,238	1,238
	Purchase of inventory	1,800	2,710
	Receipts against Pace circle sales	20,366	29,481
	Shared expense charged by the company	3,891	3,434
ii. Others	Purchase of goods & services	55,037	16,698
	Purchase of property, plant and equipment	14,077	
	Rental income	17,916	12,741
	Sale of property	349,571	9,684
	Sale of investment property	1,500,000	-
	Share of common expenses charged from related companies	20	-
	Post retirement benefits charged to	11,764	10,203

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

39.1 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year have been disclosed in related notes.

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
1	Pace Super Mall (Private) Limited	Subsidiary	57%
2	Pace Woodlands (Private) Limited	Subsidiary	52%
3	Pace Gujrat (Private) Limited	Subsidiary	100%
4	Pace Barka Properties Limited	Associate	24.90%
5	First Capital Securities Corporation Limited	Common Director	N/A
6	First Capital Investment Limited	Common Director	N/A
7	World Press (Pvt.) Limited	Common Director	N/A
8	Ever Green Water Valley (Private) Limited	Common Director	N/A
9	First Construction Limited	Common Director	N/A
10	First Capital Equities Limited	Common Director	N/A
11	Media Times Limited	Common Director	N/A
12	First Aviation (Pvt.) Limited	Common Director	N/A

40. Number of employees

	2018	2017
Total number of employees as at June 30	236	286
Average number of employees during the year	265	297
Total number of plaza employees as at June 30	176	218
Average number of plaza employees during the year	197	227

41. Summary of significant transactions and events

41. Summary of significant transactions and events

As referred to in note 7.3, the Company entered into Debt Asset Swap Agreement with Askari Bank Limited for full and final settlement of TFCs amounting to Rs 185.926 million along with accrued mark-up against Pace Tower properties.

As referred to in note 18.1, the Company disposed off Plot No. D situated near Rangers Head Quarters Lahore Cantonment('the property') to its associated undertaking First Capital Securities Corporation Limited ('buyer') for consideration of Rs 1,500 million.

As referred to in note 22.3 & 24.3, the Company purchased several properties situated in Islamabad from WE Farms (Private) Limited and Silk Bank Limited amounting to Rs 333.000 million and 592.000 million respectively for the purpose of resale.

As referred to in note 2.3.1, the provisions of the fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time in the preparation of these financial statements.

42. Date of authorisation

These financial statements were authorised for issue on 05 November, 2018 by the board of directors of the Company.

43. Corresponding figures

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with the requirements in Companies Act, 2017. Accordingly the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Such rearrangements and reclassifications made during the year are, however not significant.

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Pace (Pakistan) Limited & its Subsidiaries ("the Group")

Directors' Report (Year Ended June-2018)

General Economic Overview:

Pakistan has seen a visible economic turnaround over the last five years, due to successful implementation of a comprehensive program of economic revival aimed at higher economic growth and macro-economic stability. The growth momentum remained above 5 percent for the last two years in a row and reached 5.79 percent in FY2018 which is 13 years high on account of a strong performance in agriculture, industry and services sectors which grew by 3.81 percent, 5.80 percent and 6.43 percent, respectively. The highest growth in agriculture sector in last13 years was achieved on the back of initiatives taken to improve the sector such as expansion in credit to agriculture sector along with agriculture Kissan Package, provision of better quality seeds including hybrid and high yield varieties and timely availability of agriculture inputs including fertilizer, pesticides etc. Large Scale Manufacturing (LSM) also recorded a growth of 6.13 percent highest in ten years. Industrial sector growth improved by 5.80 percent, highest in ten years. Manufacturing grew by 6.24 percent highest in 11 years. The performance of services sector witnessed a stable growth of 6.43 percent in last two years. Consumption is the largest component of aggregate demand followed by investment and net exports. During FY 2018, households' average propensity to consume remained fairly constant at around 85.5 percent at constant prices and around 82.0 percent in current prices.

However, country is facing certain challenges on the front of Balance of Payments and resultantly, foreign exchange reserves remained under pressure. During July-March FY 2018, exports grew to USD 17.1 billion, a growth of USD 2 billion (13.24%) over same period last year. Imports were up by 15.66% over the corresponding period and amounted to USD 44.38 billion, resultantly, SBP's liquid foreign exchange reserves declined by USD 4.5 billion during the July-March 2018 period.

Real Estate overview:

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

Pakistan's property market has been on an upward trend for the past decade. With a population in excess of 200 million the concentration of economic activity is limited to three major cities: Karachi, Lahore and Islamabad, and if the country is to evolve into a major economic player it needs to decentralize more of its economic activity. Currently, the housing shortage is estimated to be over nine million units with demand growing at a rate of 0.7 million new units per year. One of the main bottlenecks is the underdeveloped mortgage sector which accounts for meagre 0.5 percent of GDP. With a more accessible home loan market many more individuals and families could find the capital for their first time home. By2025, the shortfall is predicted to swell to 20 million residential units. In order to catch up, Pakistan needs to construct one million new units each year, but the current building rate is just 150,000 per annum. For lower income families there is no option for a mortgage hence the overall housing shortage is expected to grow in the future. A World Bank report noted that the housing to finance ratio in Pakistan was one of the world's lowest at just one percent compared to 50 percent in developed nations.

Group Performance and Financial Overview:

An extract of the audited results of the Group's financial performance for the year ended June 30, 2018 as against June 30, 2017 is as follows:

	Year Ended June 30 (Rupees in '000')	
	2018	2017
Net Sales	737,452	425,574
Cost of Sales	(764,122)	(410,794)
Gross (Loss)/profit	(26,670)	14,780
Admin & Selling Expenses	(218,254)	(173,721)
Other income	182,097	414,456
Other operating expenses	(278,912)	(4,974)
Fair value (Loss)/profit	(69,830)	120,000
Share of Profit/(Loss) from Associate	12,820	(41,316)
Net (loss) / profit before tax	(512,800)	196,816
Net (Loss) / profit before tax	(521,751)	176,206
(Loss) /profit per share	(1.87)	0.63

During the financial year ending June 30, 2018 (FY-2017), the sales of the Group substantially improved by 73%. The Group recorded the net sales of Rs. 737.452 million as compared to Rs. 425.6 million during last year, with an increase of Rs. 311.878 million. Such a remarkable increase in Group's revenue is primarily attributable to increase in sale of Pace Tower which rose from Rs. 116.5 million last year to Rs. 386.5 million during current year.

Group's Admin and Selling expenses increased by 26% from Rs.173.721 million to Rs.218.254 million. The increase is on account of commission expense paid on significant sale and purchase transaction of properties during the year. Other operating expenses substantially increased from Rs.4.97 million to Rs.278.91 million, on account of increase in dollar rate resulting in increase in liability of Group against Foreign Currency Convertible Bonds (FCCBs). During the year, Other Income of the Group declined from Rs. 414.56 million last year to Rs.182.097 million during current year, due to fact that substantial amounts of settlements were executed during previous year with Pak Oman, Wireless and Cables and PAIR, which resulted in gain on waiver of markup on these settlements. During current year, Other Income comprised mainly of profit accrued on sale of Investment property amounting to Rs.122 million.

Finance Cost of Group showed a significant reduction of 14 % as compared with last year, and reduced from Rs.132.4 million during last year to Rs. 114.051 million in current year i.e. net decrease of Rs. 18.358 million, primarily due to settlement of outstanding TFCs in current and previous years.

Due to prevailing uncertainty on account of general elections, the valuation of Group's properties showed a reduction of Rs.69.830 million as compared to gain of Rs. 120 million last year.

After incorporating the impact of aforementioned factors, the Net (Loss) After Tax (NLAT) of the Group arrived at Rs. 521.751 million during FY-2018, as compared with the Net Profit after Tax (NPAT) of Rs. 176.206 million during last year, which translated into Loss Per Share (LPS) of Rs. (1.87) for the year ended June 2018 (FY-2017: Earning per Share (EPS): Rs. 0.63 per share).

Status of Financial obligations:

The current portion of long term loans increased from Rs. 2,924 million as at last year end, to Rs. 3,032 million as at 30th June 2018. Such increase was witnessed due to the fact that the outstanding liability of the Group on account of FCCBs of the Group increased from Rs. 1,757 million last year to Rs. 2,054 million during the current year on account of exchange loss on the aforesaid liability, while outstanding TFCs were reduced from Rs. 1,121 million last year to Rs. 935.5 million as at year ended June 30, 2018, due to the fact that during the year Group settled its outstanding liability in respect of TFCs, with Askari Bank.

Further, the remaining amount payable to financial institutions and lenders in respect of the Group's borrowings is currently in overdue status because of the non-repayment of loans and accrued markup owing to the limited cash flows available to the Group, however we look forward to repay our commitments and obligations towards our financial lenders in near future as the construction and sales in respect of Pace Tower has already begun.

Group's ability to continue as a Going Concern:

At the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 675.8 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

However, as discussed in foregoing section, during the year ended June-2017 and June-2018, the Group entered into settlement agreement with its various TFC holders and other lenders, and settled its outstanding liabilities and obtained waiver on outstanding markup. The Management of the Group is also striving to enter into settlement agreements with other Lenders of the Group, in order to improve the financial position and cash flow of the Group.

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

Risk management:

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

Internal controls:

The Directors and management are responsible for the Group's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The Directors have completed their annual review and assessment for year ended 2018.

The Board and audit committee regularly review reports of the internal audit function of the Group related to the Group's control framework in order to satisfy the internal control requirements. The Group's internal Audit function performs reviews of 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 (Pakistan) Limited believe in diversity, wherever we operate and across every part of our business, we strive to create an inclusive culture in which difference is recognized and valued. By bringing together men and women from diverse backgrounds and giving each person the equal opportunity to contribute their skills, experience and perspectives, we believe that we are able to develop the best solutions to challenges and deliver sustainable value for our stakeholders.

Health and Safety measures:

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

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

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

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

The Group is committed to:

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

People and Human Resource Development:

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

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

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

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

Integrity and Compliance

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

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

Compliance with Laws, Rules & Regulations

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

November 05, 2018	DIRECTOR	CHIEF EXECUTIVE OFFICER

پیس (پاکستان) لمیٹڈ (''گروپ'')

ڈائریکٹرز کی رپورٹ (جون 2018ء کو اختتام پذیر سال)

عمومی اقتصادی جائزہ

اعلیٰ اقتصادی نمو اور معاشی استحکام کے حصول کے لئے معیشت کی بحالی کے جامع پروگرام کے کامیاب نفاذ کی وجہ سے گذشتہ پانچ برسوں کے دوران معیشت میں نمایاں بہتری سامنے آئی۔ گذشتہ دو برسوں میں نمو کی رفتار 5 فی صد سے زائد رہی اور مالی سال 2018ء میں نمو کی شرح 5.79 فی صد تک پہنچ گئی جو زراعت، صنعت اور خدمات کے شعبوں میں اعلیٰ کارکردگی کی وجہ سے گذشتہ 13 سالوں میں سب سے زیادہ ہے۔ زراعت، صنعت اور خدمات کے شعبہ میں نمو کی شرح بالترتیب 3.81 فی صد، 5.80 فی صد اور 6.43 فی صد رہی۔ گذشتہ 13 برسوں کے دوران زرعی شعبہ میں نمایاں ترقی زرعی قرضوں میں توسیع، زرعی کسان پیکیج، اعلیٰ معیار کی کھاد اور کیڑے مار ادویات اور بہترین معیار کی زرعی مشینری وغیرہ کی بروقت فراہمی کے باعث ممکن ہوئی۔ بڑے پیمانے پر پیداوار (LSM) میں بھی گذشتہ دہائی کی سب سے زیادہ 6.13 فی صد نمو اور صنعتی شعبے میں 5.80 فی صد نمو ریکارڈ کی گئی۔ پیداوار بھی 6.24 فی صد تک گذشتہ گیارہ برس کی اعلیٰ سطح پر پہنچ گئی۔ گذشتہ دو برسوں میں خدمات کے شعبہ میں بھی 6.43 فی صد کی مستحکم نمو ریکارڈ کی گئی۔ سرمایہ داری اور برآمدات کے بعد مجموعی طلب کا سب سے اہم حصہ کھپت ہے۔ مالی سال 2018ء کے دوران گھریلو کھپت کی اوسط صلاحیت میں مستقل قیمت کی مد میں 85.5 فی صد رہی جب کہ موجودہ قیمتوں میں یہ اوسط 82.0 فی صد رہی۔

تاہم، ملک ادائیگیوں کے توازن میں شدید مشکلات کا شکار ہے اور نتیجتاً، زرمبادلہ کے ذخائر دباؤ میں رہے۔ مالی سال 2018ء میں عرصہ مارچ تا جولائی میں، برآمدات میں 17.1 بلین ڈالر کا اضافہ ہوا جو گذشتہ سال میں 2 بلین ڈالر تھا (13.24 فی صد اضافہ)۔ گذشتہ سال کی اسی مدت میں درآمدات میں بحساب 15.66 فی صد، 44.38 بلین ڈالر کا اضافہ ہوا، اسٹیٹ بینک آف پاکستان کے مائع زرمبادلہ کے ذخائر میں سال 2018ء کی مارچ تا جولائی مدت میں 4.5 بلین ڈالر کی کمی واقع ہوئی۔

ریئل اسٹیٹ کا جائزہ

پاکستان کا ریئل اسٹیٹ شعبہ ملک کی مجموعی قومی پیداوار میں تقریباً 2 فی صد حصہ ڈالتا ہے۔ یہ شعبہ ملکی معیشت میں بہتری اور قومی پیداوار میں اضافہ کے لئے اہم کردار ادا کرتا ہے۔ پاکستان کی پراپرٹی مارکیٹ میں گذشتہ دہائی کے دوران بلندی کا رجحان رہا۔ 200 ملین سے زائد آبادی کی وجہ سے اقتصادی سرگرمی تین بڑے شہروں کراچی، لاہور اور اسلام آباد تک محدود ہے۔ اور اگر ملک میں بڑے معاشی اشاروں میں بہتری مطلوب ہو تو اسے اپنی معاشی سرگرمیوں میں تجدید کرنا ہوگی۔ حال ہی میں، 0.7 ملین فی برس کی شرح سے نئے گھروں کی طلب کی وجہ سے ملک میں تقریباً نو ملین گھروں کی کمی ہے۔ اس کی بنیادی وجہ رہن کے شعبہ پر عدم توجہی ہے جو مجموعی قومی پیداوار کا 0.5 فی صد ہے۔ گھروں پر قرضہ کی مارکیٹ کو قابل رسائی بنا کر لوگ اپنے ذاتی گھر کے لئے سرمایہ حاصل کر سکتے ہیں۔ 2025ء تک، رہائشی گھروں کی طلب میں 20 ملین تک کی واقع ہونے کا امکان ہے۔ اس مسئلہ کے حل کے لئے پاکستان میں ہر سال ایک ملین گھر تعمیر کرنے کی ضرورت ہے لیکن موجودہ شرح 150,000 گھر سالانہ ہے۔ کم آمدنی والے خاندانوں کے لئے رہن کا کوئی انتظام نہیں ہے لہٰذا مستقبل میں گھروں کی مجموعی کمی میں اضافہ کا امکان ہے۔ ورلڈ بینک کی ایک رپورٹ کے مطابق پاکستان میں گھروں کے لئے قرضہ حاصل کرنے کی شرح ترقی یافتہ ممالک میں 50 فی صد کے مقابلہ میں صرف ایک فی صد ہے۔

گروپ کی کارکردگی اور مالیاتی جائزہ

30 جون 2017ء کے مقابلہ میں 30 جون 2018ء کو اختتام پذیر سال کے لئے گروپ کی مالیاتی کارکردگی کے پڑتال شدہ نتائج کا خلاصہ حسب ذیل ہے۔

30 جون کو اختتام پذیر سال

('000' روپوں میں)

	2018ء	2017ء
خالص فروخت	737,452	425,574
فروخت پر لاگت	(764,122)	(410,794)
مجموعی نفع / (نقصان)	(26,670)	14,780
انتظامی اور فروخت پر اخراجات	(218,254)	(173,721)
دیگر آمدنی	182,097	414,456
دیگر آپریٹنگ اخراجات	(278,912)	(4,974)
فیئر ویلیو آمدنی / (خسارہ)	(69,830)	120,000
ایسوسی ایٹ سے خالص نفع / (نقصان) کا حصہ	12,820	(41,316)
خالص نفع / (نقصان) علاوہ ٹیکس	(512,800)	196,816
خالص نفع / (نقصان) بمعہ ٹیکس	(521,751)	176,206
فی حصص آمدنی / (خسارہ) (روپے)	(1.87)	0.63

30 جون 2018ء کو اختتام پذیر سال (مالی سال 2017ئ) کے دوران گروپ کی موافق فروخت میں 73 فی صد تک اضافہ ہوا۔ گروپ نے گذشتہ سال میں 425.6 ملین روپے فروخت کے مقابلہ میں رواں برس 311.878 ملین روپے اضافہ کے ساتھ 737.452 ملین روپے فروخت ریکارڈ کی۔ گروپ کی آمدنی میں یہ نمایاں اضافہ پیس ٹاور کی فروخت میں اضافہ کے باعث ہوا جو گذشتہ سال میں 116.5 ملین روپے کے مقابلہ میں رواں برس 386.5 ملین روپے رہا۔

گروپ کے انتظامی اور فروخت پر اخراجات میں بحساب 26 فی صد 173.426 ملین روپے سے 217.959 ملین روپے اضافہ ہوا۔ زیر جائزہ سال کے دوران املاک کی نمایاں خرید و فروخت کے نتیجہ میں کمیشن ادا کرنے کی وجہ سے یہ اضافہ سامنے آیا۔ دیگر آپریٹنگ اخراجات میں 4.97 ملین روپے سے 278.91 ملین روپے نمایاں اضافہ ہوا۔ ڈالر کی قیمت میں اضافہ کے باعث متبادل بین الاقوامی کرنسی کے بانڈز (FCCB) کی مد میں کمپنی کے واجبات میں اضافہ کے نتیجہ میں یہ اضافہ ریکارڈ ہوا۔ سال کے دوران گروپ کی دیگر آمدنی میں گذشتہ برس کے مقابلہ میں 414.56 ملین روپے سے 182.086 ملین روپے کمی واقع ہوئی۔ یہ کمی گذشتہ برس کے دوران پاک اومان، وائرلیس اینڈ کیبلز اور PAIR کے ساتھ بھاری مقدار میں رقم کی ادائیگی کی وجہ سے آئی۔ جس کے نتیجے میں ان ادئیگیوں پر سود کی چھوٹ ملی۔ رواں برس انویسٹمنٹ پراپرٹی کی فروخت پر حاصل منافع 122 ملین روپے رہا۔

گذشتہ سال کے مقابلہ میں قرضوں پر گروپ کی لاگت میں 132.4 ملین روپے سے 114.051 ملین روپے بحساب 14 فی صد کی نمایاں کمی واقع ہوئی۔ یعنی 18.358 ملین روپے کی یہ کمی بنیادی طور پر گذشتہ اور رواں برس واجب الادا TFC کی ادائیگی کی وجہ سے ممکن ہوئی۔

عام انتخابات کے باعث جاری غیر یقینی صورت حال کی وجہ سے کمپنی کی املاک کی قیمت میں گذشتہ سال میں 120 ملین روپے کے مقابلہ میں رواں برس 69.830 ملین روپے کمی واقع ہوئی۔

مذکورہ بالا مجموعی عوامل کی وجہ سے گذشتہ سال میں 176.206 ملین روپے خالص منافع علاوہ ٹیکس (NPAT) کے مقابلہ میں گروپ نے خالص (خسارہ) علاوہ ٹیکس (521.751) NLAT ملین روپے درج کیا۔ جس کے نتیجہ میں جون 2018ء کو اختتام پذیر سال کے لئے فی حصص خسارہ (LPS) (1.87) روپے رہا (مالی سال 2017ئ: فی حصص آمدنی (EPS): 0.80 روپے فی حصص)

مالیاتی ذمہ داریوں کی صورت حال

طویل مدتی قرضوں میں گذشتہ سال میں 2,924 ملین روپے سے 30 جون 2018ء کو اختتام پذیر سال کے لئے 3,032 ملین روپے اضافہ ریکارڈ کیا گیا۔ یہ اضافہ گروپ کے FCCBs کی مد میں واجبات میں گذشتہ برس 1,757 ملین روپے سے رواں برس 2,054 ملین روپے اضافہ کی وجہ سے ہے۔ جب کہ واجب الادا TFCs میں گذشتہ برس 1,121 ملین روپے کے مقابلہ میں 30 جون 2018ء کو اختتام پذیر سال کے لئے 935.5 ملین روپے کی واقع ہوئی کیونکہ گروپ نے رواں برس TFCs کی مد میں TFC ہولڈر کو واجبات کی ادائیگی کی ہے۔

مزید برآں، گروپ کے قرضوں کی مد میں مالیاتی اداروں اور قرض خواہان کو واجب الادا بقایا جات گروپ کے پاس محدود سرمایہ ہونے پر قرضوں اور ان پر سود کی عدم ادائیگی کی وجہ سے تاخیر کا شکار ہیں۔ تاہم، ہم مستقبل قریب میں اپنے قرض خواہان سے ادائیگیوں کی مد میں کئے گئے وعدوں کو پورا کرنے کے لئے پر عزم ہیں کیونکہ پیس ٹاور کی تعمیر اور فروخت کے سلسلہ کا آغاز ہو چکا ہے۔

کاروبار جاری رکھنے سے متعلق گروپ کی صلاحیت

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

تاہم، مذکورہ بالا سیکشن میں جیسا کہ بیان کیا گیا ہے، جون 2017ء اور جون 2018ء کو اختتام پذیر سال کے دوران گروپ نے اپنے متعدد TFC ہولڈرز اور دیگر قرض خواہان کے ساتھ کچھ معاہدے طے کئے ہیں اور اپنے واجبات ادا کئے ہیں اور واجب الادا سود پر بھی چھوٹ حاصل کی ہے۔ گروپ کی انتظامیہ گروپ کے دیگر قرض خواہان کے ساتھ معاہدے کرنے کی کوشش کر رہی ہے تا کہ گروپ کے کیش فلو اور مالی حالت میں بہتری لائی جا سکے۔

گروپ کی انتظامیہ پر امید ہے کہ مذکورہ بالا اقدامات گروپ کو اپنے بقایاجات کی وصولی، مکمل منصوبوں سے انوینٹری کی فروخت اور اپنے پیس ٹاور پروجیکٹ کی فروخت میں مدد دے گی۔

خطرات پر قابو پانا

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

اندرونی نظم وضبط

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

بورڈ اور آڈٹ کمیٹی گروپ کے کنٹرول فریم ورک سے متعلقہ گروپ کے انٹرنل آڈٹ فنکشن کی جائزہ رپورٹ پر باقاعدگی سے نظر ثانی کرتی ہے تا کہ اندرونی نظم وضبط کے معیار کو پورا کیا جا سکے۔ گروپ کا انٹرنل آڈٹ فنکشن نظم وضبط کی سرگرمیوں کی سالمیت اور تاثیر پر نظر ثانی کرتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدگی سے رپورٹ پیش کرتا ہے۔

جدت کے لئے ہمارا عزم

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

حفظان صحت سے متعلق اقدامات

ہم صفر ضرر کے اپنے ہدف کے لئے پر عزم ہیں۔ ہمارا انتظامی سسٹم خطرات کی شناخت، ان کے تعین اور اپنے آپریشنز کے تمام عوامل میں خطرات سے بچاؤ کے لئے ایک فریم ورک فراہم کرتا ہے۔ اپنے ملازمین اور اثاثہ جات کے تحفظ کے لئے محفوظ آپریشنز ہماری اولین ترجیح ہے اور ہم محفوظ آپریشن سے متعلقہ خطرات سے 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 کی بہتر شمولیت پر زور دیتے ہیں۔

پیشہ ورانہ حفظان صحت گروپ کی اولین ترجیح ہے۔ ہم کام کے محفوظ حالات، سامان اور مقامات کے لئے کوشاں ہیں۔ گروپ ملازمین کے جذبہ کی قدر کرتا ہے اور ملازمین کو ضرر کے خدشات اور خطرناک حالات کے بچاؤ، خاتمہ اور نشاندہی پر زور دیتا ہے۔

کام کے ماحول میں حفظان صحت، مصنوعات کا معیار اور فعالی کارکردگی لازم وملزوم ہیں۔ گروپ انتظامیہ اور ملازمین، انجمنوں کے باہمی تعاون کے ذریعے حفظان صحت کی کارکردگی میں مسلسل بہتری کے لئے کوشاں ہے۔ جو ملازمین کی صحت اور تحفظ میں بہتری لائے گی اور ادارے کی کامیابی میں اہم کردار ادا کرے گی۔

گروپ پرعزم ہے کہ:

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

افراد اور انسانی وسائل کی ترقی

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

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

ہمارے ملازمین کی مہارت، تصورات اور تجربات کا تنوع کمپنی کو درپیش چیلنجز کا مقابلہ کرنے میں مدد دیتے ہیں۔ گروپ کی انسانی وسائل کی ترقی مضبوط اقدار پر مبنی ہے۔ یہ پالیسیاں ملازمین کے مابین بھروسہ، شفافیت اور احترام کی روح پیدا کرتی ہیں۔ 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 و ضوابط کی تعمیل میں مرتب کئے جاتے ہیں۔

سالمیت اور تعمیل

مضبوط اور بااخلاق کلچر برقرار رکھنا پیس (پاکستان) لمیٹڈ میں کام کرنے 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 یقین رکھتا ہے کہ ہماری اقدار اور اچھا اخلاقی معیار اپنی حکمت عملی کے نفاذ کی بنیاد ہیں۔

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

قوانین و ضوابط کی تعمیل

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

منجانب/ برائے بورڈ آف ڈائریکٹرز

05 نومبر، 2018	ڈائریکٹر	چیف ایگزیکٹو آفیسر

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INDEPENDENT AUDITOR'S REPORT

To the members of Pace (Pakistan)Limited

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 June 30, 2018, and the consolidated statement of profit or loss account and other comprehensive income, the consolidated statement of changes in equity and 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 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 the 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 2.1 to the consolidated financial statements, which indicates that the Group incurred a total comprehensive loss of Rs 516.766 million during the year ended June 30, 2018 and, as of that date, the Group's current liabilities exceeded its total assets by Rs 675.834 million and the reserves of the Group have been significantly depleted. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified 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.

Following are the Key audit matters:

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S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Companies Act, 2017** (Refer note 2.2.1 to the annexed consolidated financial statements) The provisions of the Fourth Schedule to the Companies Act, 2017 became applicable to the Group for the first time in the preparation of these annexed consolidated financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result, certain amendments and additional disclosures were made in the Group's annexed consolidated financial statements. In view of the additional disclosures in the annexed consolidated financial statements due to first time application of the Fourth Schedule to the Companies Act, 2017, we considered this as a key audit matter.	We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following: - Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements; - Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and - Verified on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
2.	**Measurement of Investment Properties** (Refer note 19 and note 38 to the annexed consolidated financial statements) Under the International Accounting Standards 40 "Investment Property", the Group has adopted the fair value model for measurement of its investment properties. Under the said model, it is required to measure all its investment properties at fair value at each reporting date. As at June 30, 2018, the carrying value of investment properties was Rs 1,662.942 million which includes an amount of Rs 1,530.017 million related to purpose built plazas and other buildings. The fair value of the Group's investment properties were assessed by management based on independent valuation performed by an external property valuation expert as at June 30, 2018. For valuation of buildings, the depreciated replacement cost method is used for valuation, whereby, current cost of construction of similar buildings in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant	Our audit procedures to assess the valuation of investment properties included the following: - Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Group as management expert for valuation of investment properties; - Obtained understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms; - Obtained the property valuation reports of external valuation expert and tested mathematical accuracy of the reports; - Engaged another independent property valuation expert as an auditor expert to assess the appropriateness of the value of the investment properties and the reasonableness of the related management's assumptions and methodologies used by the management expert; and - Reviewed the adequacy of the related disclosures in the financial statements.

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S. No.	Key audit matters	How the matter was addressed in our audit
	judgment as to estimating the cost of construction of similar buildings in terms of their quality, structure, layout and locations. We identified valuation of investment properties as a key audit matter due to the significant carrying value of investment properties and the significant management judgement and estimation involved in determining their value due to factors described above.	
3.	**Revenue Recognition** (Refer note 26 to the annexed consolidated financial statements) The Group has entered into sale agreements with certain customers whereby the control and the significant risks and rewards of certain properties have been transferred to the customers in their current state while the construction activities on such properties is still in progress. Under the International Financial Reporting Interpretations Committee (IFRIC) 15 "Agreements for the Construction of Real Estate", revenue from such sale agreements is measured by reference to the stage of completion using the percentage of completion method. The costs incurred up to the reporting date are computed as a percentage of total estimated costs for project and that percentage is applied to the total revenue expected from such agreements to determine the accumulated revenue up to the reporting date. The Group has recognized an amount of Rs 386.580 million for the year ended June 30, 2018 on such agreements under the percentage of completion method. In order to estimate the total cost to complete, the management has engaged a construction expert. Revenue recognition of such agreements is a key audit matter due to significant management judgement and estimation involved in determining the total cost to complete the project, which is used to compute the stage of completion.	Our audit procedures to assess the percentage of completion included the following: - Obtained understanding of the internal processes used to record actual costs incurred; - Obtained understanding of the cost estimation process and techniques adopted by the construction expert for determination of estimated total cost to complete the project; - Performed test of detail procedures over actual cost incurred during the year; - Engaged another independent construction expert as an auditor expert to assess the appropriateness of the value of total cost to complete and the reasonableness of the related management's assumptions and methodologies; - Recalculated the percentage of completion and the revenue based on the stage of completion of the project; and - Reviewed the adequacy of the related disclosures in the financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports 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 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.

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

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.

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- 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.

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 Amer Raza Mir.

A.F.Ferguson & Co.
Chartered Accountants
Name of Engagement Partner: Amer Raza Mir

Lahore
Date: November 6, 2018

PACE (PAKISTAN) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (2017: 600,000,000)			
ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2017: 278,876,604)			
ordinary shares of Rs 10 each	5	2,788,766	2,788,766
Reserves		287,307	286,230
Accumulated loss		(742,390)	(225,711)
		2,333,683	2,849,285
NON-CONTROLLING INTEREST		87,224	87,311
		2,420,907	2,936,596
NON-CURRENT LIABILITIES			
Long term finances - secured	6	54,132	51,068
Redeemable capital - secured (non-participatory)	7	-	-
Liabilities against assets subject to finance lease	8	-	-
Foreign currency convertible bonds - unsecured	9	-	-
Deferred liabilities	10	44,779	48,890
Deferred taxation	11	65,180	62,421
		164,091	162,379
CURRENT LIABILITIES			
Advances against sale of property	12	142,789	151,542
Current portion of long term liabilities	13	3,032,699	2,924,684
Creditors, accrued and other liabilities	14	581,418	434,999
Accrued finance cost	15	971,357	887,513
Provision for income tax		-	5,534
		4,728,263	4,404,272
CONTINGENCIES AND COMMITMENTS	16	-	-
		7,313,261	7,503,247

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	452,159	452,471
Intangible assets	18	5,035	5,555
Investment property	19	1,662,942	3,464,202
Long term investments	20	1,126,446	1,114,564
Long term advances and deposits	21	14,250	14,250
		3,260,832	5,051,042
CURRENT ASSETS			
Stock-in-trade	22	2,311,489	1,691,397
Trade debts - unsecured	23	494,883	655,698
Advances, deposits, prepayments and other receivables	24	1,209,640	99,386
Income tax recoverable		4,317	4,146
Cash and bank balances	25	32,100	1,578
		4,052,429	2,452,205
		7,313,261	7,503,247

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

PACE (PAKISTAN) LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018	2017
			(Rupees in thousand)	
Sales		26	737,452	425,574
Cost of sales		27	(764,122)	(410,794)
Gross (loss) / profit			(26,670)	14,780
Administrative and selling expenses		28	(218,254)	(173,721)
Other income		29	182,097	414,456
Other operating expenses		30	(278,912)	(4,974)
			(341,739)	250,541
Finance costs		31	(114,051)	(132,409)
Changes in fair value of investment property		19	(69,830)	120,000
Share of profit from associate - net of tax		20.1	12,820	(41,316)
(Loss) / profit before tax			(512,800)	196,816
Taxation		32	(8,951)	(20,610)
(Loss) / profit for the year			(521,751)	176,206
Attributable to:				
Equity holders of the parent			(521,664)	176,293
Non-controlling interest			(87)	(87)
			(521,751)	176,206
Other comprehensive income / (loss)				
Items that will not be reclassified to profit or loss				
Remeasurement of net defined benefit liability - net of tax			4,985	(2,900)
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of available for sale investments			-	208
Share in associate's changes in fair value of available for sale investments - net of tax			-	-
			-	208
Total comprehensive income for the year			(516,766)	173,514
Attributable to:				
Equity holders of the parent			(516,679)	173,601
Non-controlling interest			(87)	(87)
			(516,766)	173,514
Earnings per share attributable to ordinary shareholders				
- basic earnings per share	Rupees	39.1	(1.87)	0.63
- diluted earnings per share	Rupees	39.2	(1.87)	0.63

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

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

PACE (PAKISTAN) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Attributable to equity holders of the parent						Non-Controlling Interest	Total Equity
		Reserves						
	Share capital	Share premium Reserve	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated loss	Total		
			(Rupees in thousand)					
Balance as on June 30, 2016	**2,788,766**	**273,265**	**(1,230)**	**13,988**	**(399,105)**	**2,675,684**	**87,398**	**2,763,082**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	176,294	176,294	(87)	176,207
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	(2,900)	(2,900)	-	(2,900)
Changes in fair value of available for sale investments - net of tax	-	-	207	-	-	207	-	207
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	-	-	-	-	-
	-	-	207	-	173,394	173,601	(87)	173,514
Balance as on June 30, 2017	**2,788,766**	**273,265**	**(1,023)**	**13,988**	**(225,711)**	**2,849,285**	**87,311**	**2,936,596**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	(521,664)	(521,664)	(87)	(521,751)
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	4,985	4,985	-	4,985
Changes in fair value of available for sale investments - net of tax	-	-	-	-	-	-	-	-
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	54	-	54	-	54
	-	-	-	54	(516,679)	(516,625)	(87)	(516,712)
Transferred to profit and loss account on disposal of investments	-	-	1,023	-	-	1,023	-	1,023
Balance as on June 30, 2018	**2,788,766**	**273,265**	**-**	**14,042**	**(742,390)**	**2,333,683**	**87,224**	**2,420,907**

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

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

PACE (PAKISTAN) LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	34	(1,234,178)	133,427
Finance costs paid		-	(151)
Gratuity and leave encashment paid		-	(76)
Taxes paid		(11,897)	(11,438)
Net cash generated (used in) / from operating activities		(1,246,075)	121,762
Cash flow from investing activities			
Purchase of property, plant and equipment		(22,800)	(21,833)
Proceeds from sale of investment property		1,301,442	-
Proceeds from sale of investments		989	-
Markup received		45	64
Net cash generated from / (used in) investing activities		1,279,676	(21,769)
Cash flow from financing activities			
Repayment of finance lease liabilities		-	(2,700)
Repayment of long term finances		(3,079)	-
Net cash used in financiang activities		(3,079)	(2,700)
Net (decrease) / increase in cash and cash equivalents		30,522	97,293
Cash and cash equivalents at the beginning of the year		1,578	(95,715)
Cash and cash equivalents at the end of the year	35	32,100	1,578

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

PACE (PAKISTAN) LIMITED AND ITS SUBSIDIARIES

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. Legal status and activities

1.1 Constitution and ownership

The Group consists of Pace (Pakistan) Limited (the Holding Company) and its subsidiary companies Pace Gujrat (Private) Limited, Pace Woodlands (Private) Limited and Pace Supermall (Private) Limited. These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries, here-in-after collectively referred to as the Group. Brief profiles of the Holding Company, its subsidiaries and associate are as follows:

Pace (Pakistan) Limited

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

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

Pace Gujrat (Private) Limited

Pace Gujrat (Private) Limited (a subsidiary) was incorporated on July 8, 2005 as Private Limited Company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The registered office of the Company is situated at Pace Plaza Fortress Stadium Lahore. The principal activity of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc.

Pace Woodlands (Private) Limited

Pace Woodlands (Private) Limited (a subsidiary) was incorporated in Pakistan on July 27, 2004 as a Private Limited Company under the repealed Companies Ordinance, 1984. 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, super markets, utility stores, plazas, shopping arcades etc.

Pace Supermall (Private) Limited

Pace Supermall (Private) Limited (a subsidiary) was incorporated on March 27, 2003 as a Private Limited Company under the repealed Companies Ordinance, 1984. 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.

1.2 Activities of the Group

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

2 Statement of Compliance

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

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Going concern assumption

During the year ended June 30, 2018, the Group incurred a total comprehensive loss amounting to Rs 516.766 million. As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 675.834 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. As a consequence, the Group has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The management of the Group however, is continuously engaged with its lenders for settlements of its borrowings. During the current year the management has settled the outstanding amount of TFCs pertaining to Askari Bank Limited against property situated at Pace Tower as mentioned in notes 7 and 12 respectively. Similarly, the Group has also restructured the loan pertaining to Soneri Bank Limited as mentioned in notes 6 and 12 respectively. Furthermore, the Group has disposed off Plot D situated near Rangers Head Quarters Lahore Cantonment for a consideration of Rs 1,500.000 million. The Group is in the process of acquiring various properties situated in Islamabad amounting to Rs 925.000 million by utilizing the said sale proceeds for the purpose of resale.

The management of the Group is confident that the above actions and sale of inventory shall result in required liquidity for completion and sale of its 'Pace Towers' Project.

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

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

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

2.2 Standards, amendments and interpretations to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to existing standards effective in current year and applicable / relevant

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 01, 2017 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements, except for the following:

- International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. Additional disclosure in this regard has been included in note 35.1 to these consolidated financial statements.

- IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. The Group's current accounting treatment is already in line with the requirements of this standard.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of consolidated financial statements of the Group. These changes also include change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- Elimination of duplicative disclosures with the IFRS disclosure requirements; and
- Incorporation of significant additional disclosures.

Keeping in view of the above, the presentation of these consolidated financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact in the recognition and measurement of the amounts included in these consolidated financial statements of the Group.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

There are certain standards, amendments to the IFRS and interpretations that are mandatory for the Groups having accounting periods beginning on or after July 1, 2018 but are considered not to be relevant to the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

- IFRS 9, 'Financial instruments': This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group is yet to assess the full impact of the standard.

- IFRS 15, 'Revenue from contracts with customers': This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Group is yet to assess the full impact of the standard.

- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). However, this standard is yet to be notified by the SECP. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. It is unlikely that the standard will have any significant impact on the Group's consolidated financial statements.

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', (effective for periods beginning on or after January 1, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. It is unlikely that the amendment will have any significant impact on the Group's consolidated financial statements.

- Amendments to IAS 40, 'Transfers of Investment Property' (effective for periods beginning on or after January 1, 2018), the amendments require that a change in use due to which the property meets, or cease to meet, the definition of investment property should adequately be supported by evidence. A change in intention alone is not sufficient to support a transfer. Prospective and retrospective treatments are allowed for transition, however, additional disclosures are required if an entity adopts the requirements prospectively. It is unlike that the amendment will have any significant impact on the Group's consolidated financial statements.

- Annual Improvements to IFRS Standards 2015-2017 cycle (effective for periods beginning on or after January 1, 2019), the improvement clarifies that under IFRS 3 that in obtaining control of business that is a joint operation is a business combination achieved in stages. IFRS 11 clarifies that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. IAS 12 - clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. IAS 23 - clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. It is unlikely that the amendment will have any significant impact on the Group's consolidated financial statements.

- Annual Improvement 2014-2016 cycle (effective for periods beginning on or after January 1, 2018), the amendments in IFRS 1, deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. Furthermore, the amendments in IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. It is unlikely that the amendment will have any significant impact on the Group's consolidated financial statements.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Group's consolidated financial statements.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is yet to assess the full impact of the interpretation.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for revaluation of investment property, certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The Group's significant accounting policies are stated in note 4. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

a) Staff retirement benefits

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.6.

b) Provision for taxation

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

c) Useful life and residual values of property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on a 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.

d) Stock-in-trade

Stock-in-trade is carried at the lower of cost and net realisable value. The net realisable value is assessed by the Group having regard to the budgeted cost of completion, estimated selling price and knowledge of recent comparable transactions.

e) Investment property valuation

The Group uses the valuation performed by independent valuers as the fair value of its investment properties. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings.

f) Transfer of equitable interest in stock-in-trade

The Group has entered into a number of contracts with buyers for the sale of condominiums, shops/counters and villas. Management has determined that equitable interest in such assets and therefore risks and rewards of the ownership are transferred to the buyer once he is committed to complete the payment for the purchase. This commitment is evidenced by a signed contract for the purchase of the property and payments of sufficient progress payments. Based on this, the Group recognises revenues and profits as the acts to complete the property are performed.

g) Costs to complete the projects

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

h) Provision for doubtful receivables

Provision against overdue receivable balances is recognised after considering the receipt pattern and the future outlook of the concerned receivable party. It is reviewed by the management on a regular basis.

4. Significant accounting policies

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

4.1 Consolidation

a) 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 are deconsolidated 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 consolidated 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 financier 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 consolidated profit and loss account.

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 consolidated statement of profit and loss account.

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 consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet 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 consolidated profit and loss account. 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 may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated profit and loss account.

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 statement of profit or loss account and other comprehensive income account.

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 transfered 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 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 profit or loss.

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 balance sheet.

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 consolidated profit and loss account, and the Group's share of movements in consolidated 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 consolidated profit and loss account

4.2 Taxation

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

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted 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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the consolidated statement of financial position date. Deferred tax is charged or credited to the consolidated statement of profit or loss account and other comprehensive income account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery signifies historical cost and borrowing costs as referred to in note 4.13.

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

Depreciation on owned assets is charged to profit on the reducing balance method except for building on lease hold 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 18.1.

Assets acquired under a finance lease are depreciated over lower of lease term and useful life of the asset on reducing balance method except for plant and machinery which is being depreciated using the straight line method at the annual rates given in note 18.2.

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 June 30, 2018 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged is in the month of disposal.

The Group assesses at each consolidated statement of financial position 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 income currently. 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.

Subsequent costs are included in the asset's carrying amount or recognised 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. All other repair and maintenance costs are charged to consolidated statement of profit or loss account and other comprehensive income account 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.

4.4 Intangible assets

Expenditure incurred to acquire computer software and right to use optical fiber (dark fiber) are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss.

Amortisation is charged to income on the reducing balance method, except for dark fiber which is being amortised using the straight line method, so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset is acquired or capitalised while no amortisation is charged in the month of disposal. Amortisation is being charged at the annual rate of 10% except for dark fiber which is being amortised at the annual rate of 5%.

The Group assesses at each consolidated statement of financial position 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 income currently. 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.

4.5 Leases

The Group is the lessee:

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

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

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

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

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.6 Staff retirement benefits

The main features of the schemes operated by the Group for its employees are as follows:

(a) The Group operates an unfunded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2018. Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

- Discount rate 9.00 percent per annum (2017: 7.75 percent per annum)
- Expected rate of increase in salary level 8.00 percent per annum (2017: 6.75 percent per annum)
- Expected mortality rate as per SLIC (2001-2005) mortality table with one year setback
- Average duration of defined benefit obligation 6 years (2017: 6 years)

The Group's policy with regard to experience gains and losses is to recognize as they occur in other comprehensive income approach under IAS 19 'Employee Benefits'.

(b) The Group provides for accumulating compensated absences when the employees render service that increase their 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 Group's approval.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to income.

The latest actuarial valuation was carried out as at June 30, 2018. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences:

- Discount rate	9.00% (2017: 7.75%)
- Expected increase in salary	8.00% (2017: 6.75%)
- Expected mortality rate	As per SLIC (2001-2005) mortality table with one year set back
- Expected withdrawal and early retirement rate	Based on age
- Average number of leaves accumulated per annum by employees	5 days (2017: 5 days)
- Average number of leaves utilized per annum by employees	15 days (2017: 15 days)

The Group's policy with regard to experience gains and losses is to recognize as they occur under IAS 19 'Employee Benefits'.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.7 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at fair value. Changes in fair value are recognized in statement of profit or loss.

The investment property of the Group has been valued by independent professionally qualified valuers as at June 30, 2018. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. Fair value hierarchy i.e. Level 1, 2 and 3 are assigned based on degree of observable inputs as disclosed in note 37. Transfers between the levels of fair value are made when there are changes in availability and subjectivity of observable inputs.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss account and other comprehensive income account. 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 of profit or loss account and other comprehensive income account.

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.

4.8 Investments

Investments intended to be held for less than twelve months from the consolidated statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.9 Financial instruments

4.9.1 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the consolidated statement of financial position date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the consolidated statement of financial position date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss account and other comprehensive income account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit or loss account and other comprehensive income account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss account and other comprehensive income account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified from equity to consolidated statement of profit or loss account and other comprehensive income account as reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss account and other comprehensive income account. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss account and other comprehensive income account when the Group's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the consolidated statement of profit or loss account and other comprehensive income account. Impairment losses recognised in the consolidated statement of profit or loss account and other comprehensive income account on equity instruments are not reversed through the consolidated statement of profit or loss account and other comprehensive income account. Impairment testing of trade debts and other receivables is described in note 4.15.

4.9.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the consolidated statement of profit or loss account and other comprehensive income account.

4.9.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.10 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.

4.11 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

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 consolidated statement of profit or loss account and other comprehensive income account.

4.12 Revenue recognition

Licensee fee is charged on the basis of area leased out or respective gross turnover achieved by the principals who operate from Pace premises under agreements.

Service charges are recognised in the accounting period when in which services are rendered. When the Group is acting as agent, the commission rather than gross income is recorded as revenue.

Revenue from sale of land, condominiums, shops/counters and villas is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The significant risks and rewards of ownership are transferred to the buyer when following conditions are met:

- the buyers investment, to the date of the consolidated financial statements, is adequate to demonstrate a commitment to pay for the property;
- construction is beyond a preliminary stage;
- the buyer is committed. Buyer is unable to require a refund except, for non delivery of the unit. Management believes that the likelihood of the Group being unable to fulfill its contractual obligations for this reason is remote; and
- the buyer has the right to dispose off the property.

Revenue from sales agreements where the control and the significant risks and rewards of ownership of the work in progress are transferred by the Group to the buyer in its current state as construction progresses is measured using the percentage of completion method. The stage of completion is measured by reference to the costs incurred up to the consolidated statement of financial position date as a percentage of total estimated costs for each project.

Revenue from sales agreements where significant risks and rewards are not passed on to the buyer as construction progresses are recognised when possession is handed over to the buyer and the Group does not expect any further future economic benefits from such property.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs capitalised are net of any investment income on the temporary investment of borrowed funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 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.

4.15 Trade debts

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, less an estimate of provision for doubtful debts. 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. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the consolidated statement of profit or loss account and other comprehensive income account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss account and other comprehensive income account.

Creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services 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 consolidated statement of financial position date and adjusted to reflect the current best estimate.

4.17 Non-current assets held for disposal

Non-current assets held for disposal are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell, with the exception of investment properties carried at fair value, if their carrying value is expected to be recovered principally through a sale transaction rather than continuing use.

4.18 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance cost is accounted for on an accrual basis and is included in accrued finance cost to the extent of the amount remaining unpaid.

4.19 Foreign currency convertible bonds

Foreign currency convertible bonds, containing an embedded derivative, are carried at fair value through profit or loss unless fair value cannot be reliably measured in which case they are measured at cost. Transaction costs and gain and loss arising due to foreign currency translations is charged to consolidated statement of profit or loss account and other comprehensive income account. The interest expense recognised in the income statement is calculated using the effective interest rate method.

4.20 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and short term finance. In the consolidated statement of financial position, short term finance is included in current liabilities.

5. Share Capital and Reserves

5.1 Authorised Share capital

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
600,000,000	600,000,000	Ordinary shares of Rs 10 each	6,000,000	6,000,000

5.2 Issued, subscribed and paid-up share capital

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
201,704,516	201,704,516	Ordinary shares of Rs 10 each fully paid in cash	2,017,045	2,017,045
77,172,088	77,172,088	Ordinary shares of Rs 10 each issued as fully paid bonus shares	771,721	771,721
278,876,604	278,876,604		2,788,766	2,788,766

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

	2018	2017
	(Number of shares)	
First Capital Securities Corporation Limited	7,504,915	7,504,915
First Capital Equities Limited	7,600,000	7,600,000
	15,104,915	15,104,915

5.4 There has been no movement in ordinary share capital issued, subscribed and paid up during the year ended June 30, 2018.

5.5 Reserves	Note	2018	2017
		(Rupees in thousand)	
Share Premium Reserve	5.5.1	273,265	273,265
Reserve for changes in fair value of investments		-	(1,023)
		273,265	272,242

5.5.1 This reserve can be utilised by the Holding Company only for the purpose specified in section 81 of the Companies Act, 2017.

6. Long term finances - secured	Note	2018	2017
		(Rupees in thousand)	
Pak Iran Loan	6.1	54,132	51,068
Syndicate term finance facility	6.2	-	-
National Bank of Pakistan - term finance	6.3	-	-
Al Baraka Bank (Pakistan) Limited - musharika based agreement	6.4	-	-
Soneri Bank - demand finance	6.5	24,343	27,422
		78,475	78,490
Less: Current portion shown under current liabilities	13	(24,343)	(27,422)
		54,132	51,068

6.1 Mark-up on Pak Iran

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

In accordance with the SA, the remaining outstanding mark-up of Rs. 66.860 million has been rescheduled and is payable over a period of 7 years with nil mark-up starting from December 28, 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments.

6.1.1 Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.857 million on the property being piece and parcel of land located at Plot no. 96/B-1, Gulberg III, Lahore measuring 4 kanals and 112 square feet along with structures, superstructures and appurtenances including shops/counters having area measuring 20,433 square feet. The charge ranks parri passu with that of National Bank of Pakistan to the extent of Rs. 66.667 million as referred to in note 6.2.

6.2 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 Towers on following key terms:

6.2.1 National Bank of Pakistan

On December 04, 2015 National Bank of Pakistan ('NBP') and the Holding Company entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of NBP's portion of Syndicate Term Finance Facility ('STFF') and Term finance as referred in note 6.3 along with their accrued mark-up aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Towers measuring 18,525 square feet. According to clause F of the SA, NBP purchased the aforementioned properties of Rs 332.113 million and waived accrued mark-up of Rs 66.598 million. Pursuant to the SA, on December 30, 2015 the Holding 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 Holding Company and NBP also agreed that NBP will continue to hold its charge on Pace Towers except for the podium level and later it will take over charge being vacated by PAIR Investment Company Limited as a result of settlements.

6.2.2 Habib Bank Limited

On December 16, 2015 Habib Bank Limited ('HBL') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSA') for settlement of HBL's portion of STFF along with the accrued mark-up aggregating to Rs 178.809 million against property situated at ground floor of Pace Towers 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 Holding Company for a consideration of Rs 106.895 million and waived accrued mark-up of Rs 71.914 million. Pursuant to the DSA, on December 30, 2015, the Holding Company and HBL executed sale deed and possession of the properties was handed over to HBL. The Holdin 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 Towers until the finishing work on aforementioned property in Pace Towers is complete.

6.3 National Bank of Pakistan - term finance

During the year ended June 30, 2016, NBP and the Holding Company settled the entire principal and accrued mark-up together with its portion of STFF against property situated at Pace Towers as referred to in Note 6.2.

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

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

6.5 Soneri Bank - demand finance

6.5.1 Terms of repayment

During the year ended June 30, 2018, the Holding Company entered into a restructuring agreement with Soneri Bank Limited, whereby, the Holding Company was required to pay Rs 30.913 million in 12 instalments for settlement of entire principal amounting to Rs 27.422 million along with the accrued mark-up amounting to Rs 17.872 million. The first instalment was due to be paid on May 31, 2018 amounting to Rs 3.079 million, which was paid on June 22, 2018. The delayed payment has been categorized as "event of default" under the terms of the agreement. Consequently, the remaining principal amount of Rs. 24.343 million and accrued mark-up of Rs 17.872 million is repayable on demand and classified as current liabilities under the guidance contained in IAS 1 " Presentation of Financial Statements".

6.5.2 Security

This facility is secured against a charge amounting to the sum of Rs 50.000 million created on the land and building on Plot no. 41 Block N, Gulberg II, Industrial Area Lahore measuring 4.086 kanals along with present and future construction thereon.

	Note	2018	2017
		(Rupees in thousand)	
7. Redeemable capital - secured (non-participatory)			
Term finance certificates		935,571	1,121,503
Less: Current portion shown under current liabilities	13	(935,571)	(1,121,503)
		-	-

7.1 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 September 27, 2010, the Holding 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 Holding Company and trustee 'IGI Investment Bank Limited' (now 'IGI Holdings Limited') under which the Holding Company was allowed one and a half year grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be six and a half years effective from August 15, 2010. The TFC's carry a mark-up of 6 months KIBOR plus 2% (2017: 6 months KIBOR plus 2%) and is payable semi-annually in arrears. The Holding 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 Holding Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

During the year ended June 30, 2018, IGI Investment Bank Limited has been amalgamated with and into IGI Insurance Limited, which is subsequently renamed as IGI Holdings Limited. IGI Investment Bank Limited resigned as trustee pursuant to amalgamation. As per the Debt Securities Trustees Regulation, 2017 and the trustee deed, the existing trustee will continue to perform the duties till the appointment of successor. The Holding Company has approached certain parties for the appointment of successor trustee.

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

7.1.1 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, 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.

7.2 Settlement with Askari Bank Limited

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

As a result of the settlement, the company has recognized net gain of Rs 16.668 million (2017: Nil) as referred in note 29 in accordance with guidance contained in IAS-39.

7.3 Settlement with Pak Oman Investment Company Limited

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

7.4 Settlement with Wireless n Cable (Private) Limited

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

	Note	2018	2017
8. Liabilities against assets subject to finance lease		(Rupees in thousand)	
Present value of minimum lease payments		18,046	18,046
Less: Current portion shown under current liabilities	13	(18,046)	(18,046)
		-	-

The minimum lease payments have been discounted at an implicit interest rate ranging from 9% to 15% (2017: 9% to 15%) to arrive at their present value. The lessee has the option to purchase the assets after the expiry of the lease term. Taxes, repairs and insurance costs are to be borne by the lessee. The liability is partly secured by a deposit of Rs 11.500 million (2017: Rs 11.500 million).

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	(Rupees in thousand)			
	Minimum lease payments	Future finance charge	Present value of lease liability	
			2018	2017
Not later than one year	20,343	2,297	18,046	18,046
Later than one year and not later than five years	-	-	-	-
	20,343	2,297	18,046	18,046

	Note	2018	2017
		(Rupees in thousand)	
9. Foreign currency convertible bonds - unsecured			
Opening balance		1,757,713	1,736,212
Markup accrued during the year		19,140	16,527
		1,776,853	1,752,739
Exchange loss for the year		277,886	4,974
		2,054,739	1,757,713
Less: Current portion shown under current liabilities	13	(2,054,739)	(1,757,713)
		-	-

9.1 The Holding Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2018.

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

10. Deferred liabilities	Note	2018	2017
		(Rupees in thousand)	
Staff gratuity	10.1	41,359	44,889
Leave encashment	10.2	3,420	4,001
		44,779	48,890

10.1 Staff gratuity

	Note	2018	2017
Opening balance		44,889	35,376
Charge to profit and loss account	10.1.1	11,308	9,477
Benefits due during the year		(9,978)	(2,489)
Remeasurement chargeable in other comprehensive income		(4,860)	2,525
Liability as at June 30		41,359	44,889

The movement in the present value of defined benefit obligation is as follows:

	2018	2017
Opening balance	44,889	35,376
Service cost	8,216	7,002
Interest cost	3,092	2,475
Benefits due during the year	(9,978)	(2,489)
Remeasurement chargeable in other comprehensive income	(4,860)	2,525
Present value of defined benefit obligation as at June 30	41,359	44,889

The amounts recognised in the consolidated statement of profit or loss account and other comprehensive income account are as follows:

	2018	2017
Service cost	8,216	7,002
Interest cost	3,092	2,475
Charge to profit and loss account	11,308	9,477

10.1.1 Charge for the year has been allocated as follows:

	2018	2017
Cost of sales	1,470	1,232
Administrative and selling expenses	9,838	8,245
	11,308	9,477

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2018	2017	2016	2015	2014
			(Rupees in thousand)		
Present value of defined benefit obligation	41,359	44,889	35,376	32,958	32,041
Fair value of plan assets	-	-	-	-	-
Deficit	41,359	44,889	35,376	32,958	32,041
Experience adjustment on obligation	-12%	6%	9%	6%	-15%

10.1.2 Plan Assets

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

10.2 Leave encashment

The amounts recognised in the consolidated statement of financial position are as follows:

	2018	2017
	(Rupees in thousand)	
Opening balance	4,001	2,902
Charge to profit and loss account	456	725
Benefits due during the year	(912)	-
Remeasurement chargeable in 0ther comprehensive income	(125)	374
Liability as at June 30	3,420	4,001

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of leave encashment is as follows:

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
Present value of defined benefit obligation	3,420	4,001	2,902	2,637	2,613
Fair value of plan assets	-	-	-	-	-
Deficit	3,420	4,001	2,902	2,637	2,613
Experience adjustment on obligation	-4%	0%	9%	22%	32%

10.2.1 Plan Assets

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

	2018 (Rupees in thousand)		2017 (Rupees in thousand)	
	Gratuity	Leave	Gratuity	Leave
Discount rate + 100 bps	39,190	3,251	41751	3793
Discount rate - 100 bps	43,806	3,610	46940	4236
Salary increase + 100 bps	43,895	3,602	47050	4225
Salary increase - 100 bps	39,069	3,256	41605	3800

11. Deferred taxation

	Note	2018	2017
		(Rupees in thousand)	
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		170,844	218,613
Employee retirement benefits		(16,144)	(21,702)
Provision for doubtful receivables		(55,684)	(43,406)
Deferred cost		(89)	(108)
Unused tax losses		(98,927)	(153,397)
Investment in associate		65,180	62,421
		65,180	62,421
The gross movement in deferred tax liability during the year is as follows:			
Opening balance		62,421	57,117
Provision for the year	32	2,759	5,304
Closing balance		65,180	62,421

11.1 Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 and 113C of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Holding Company has not recognised deferred tax assets of Rs 317.712 million (2017: Rs 516.107 million) in respect of tax losses and Rs 92.505 million (2017: Rs 83.287 million) in respect of minimum tax paid and available for carry forward u/s 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 u/s 113 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million, Rs 4.255 million and Rs 9.218 million will lapse in the year 2019, 2020, 2021, 2022 and 2023 respectively. Minimum tax paid u/s 113 C aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 535.643 million, Rs 271.825 million and Rs 304.691 million will expire in year 2019, 2020 and 2021 respectively.

12. Advances against sale of property

This principally represents advances received from various parties against sale of apartments and houses in Pace Towers project, Lahore and its breakup at June 30, 2018 is as follows:

	2018	2017
	(Rupees in thousand)	
First Capital Investment Limited - related party	16,020	17,656
First Capital Securities Corporation Limited - related party	45,887	50,591
First Capital Equities Limited - related party	38,931	-
Others	41,951	83,295
	142,789	151,542

12. 1 The maximum aggregate advance received from related parties at the end of any month during the year is given below:

	2018	2017
	(Rupees in thousand)	
First Capital Investment Limited - related party	16,020	17,643
First Capital Securities Corporation Limited - related party	45,887	50,553
First Capital Equities Limited - related party	38,931	-
	100,838	68,196

13. Current portion of long term liabilities

	Note	2018	2017
		(Rupees in thousand)	
Current portion of long term finances -secured	6	24,343	27,422
Current portion of redeemable capital - secured (non-participatory)	7	935,571	1,121,503
Current portion of liabilities against assets subject to finance lease	8	18,046	18,046
Current portion of foreign currency convertible bonds - unsecured	9	2,054,739	1,757,713
		3,032,699	2,924,684

13.1 Overdue principal included in current maturity as at June 30, 2018 are as follows:

	2018	2017
	(Rupees in thousand)	
Long term finances - secured:		
- Soneri Bank - demand finance	24,343	27,422
- Al Baraka Bank (Pakistan) Limited - musharika based agreement	-	-
Redeemable capital - secured (non-participatory)	935,571	1,121,503
Foreign currency convertible bonds - unsecured	2,054,739	1,757,713
Liabilities against assets subject to finance lease	18,046	6,546
	3,032,699	2,913,184

14. Creditors, accrued and other liabilities

	Note	2018	2017
		(Rupees in thousand)	
Trade creditors	14.1	229,005	142,225
Advances from customers	14.2	26,958	14,164
Licensee fee received in advance		4,120	4,140
Accrued liabilities		163,602	128,945
Licensee security deposits	14.3	52,920	52,991
Payable to contractors		2,699	2,699
Retention money		2,443	2,329
Payable to statutory bodies		69,630	58,786
Others		30,041	28,720
		581,418	434,999

14.1 This includes amounts of Rs 0.292 million (2017: Nil) payable to Pace Barka Properties Limited, Ever Green Water Valley Limited of Nil (2017: Rs. 0.0479 million), First Capital Securities Corporation of Rs 0.078 million (2017: Rs 0.078 million), First Capital Equities Limited of Rs. 0.700 million (2017: Rs Nil) and First Construction Limited Rs 0.087 million (2017: Rs 0.087 million), related parties. These are under normal course of business and interest free. The maximum aggregate amount due to these related parties at the end of any month is given below:

Related Parties	(Rupees in thousand)	
Pace Barka Properties Limited	2,247	-
Ever Green Water Valley Limited	-	47
First Capital Securities Corporation	78	78
First Capital Equity Limited	700	-
First Construction Limited	87	87

14.2 This includes amounts of Nil (2017: 0.256 million) payable to First Capital Investment Limited, a related Party. The maximum aggregate amount due to the related party at the end of any month is given below:

	2018	2017
Related Party	(Rupees in thousand)	
First Capital Investment Limited	256	256

14.3 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 separate bank account. The Group is in process of ensuring compliance with the requirement of section 217 of the Companies Act, 2017.

15. Accrued finance cost

	Note	2018	2017
		(Rupees in thousand)	
Long term finances - secured	15.1	17,872	22,635
Redeemable capital - secured (non-participatory)	15.2	913,792	828,991
Liabilities against assets subject to finance lease	15.3	39,693	35,887
		971,357	887,513

15.1 This includes overdue mark-up of Rs 17.872 million (2017: Rs 22.635 million) as loan from Soneri Bank Limited has been restructured during the year ended June 30, 2018 including the overdue mark-up, which is now repayable in 12 instalments. However, the entire outstanding amount has been classified as current maturity due to delay in payment of instalment leading to breach of debt covenants.

15.2 This includes overdue mark-up of Rs 913.729 million (2017: Rs 828.991 million).

15.3 This includes overdue mark-up of Rs 2.310 million (2017: Rs 2.310 million) and late payment charges of Rs 37.396 million (2017: Rs 33.590 million). The late payment charges pertaining to the year ended June 30, 2018 have been recorded based on the management's best estimate.

16. Contingencies and commitments

16.1 Contingencies

(i) Claims against the Holding Company not acknowledged as debts amounts to Rs 21.644 million (2017: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, an associated company, in favour of The Bank of Punjab, amounting to Rs 900 million (2017: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

(iii) On May 29, 2017, one of the tenants of the Holding Company filed a case in the Honourable Senior Civil Court against the Holding Company. The plaintiff had entered into a lease agreement with the Holding Company for lease of a property located at M.M. Alam road, Lahore. As per terms of the lease, the Holding Company was due to handover the possession of the same by February 2017. The plaintiff claimed that the Holding Company failed to handover possession of the complete area under lease by the said time and due to that, suffered a business loss. Consequently, the plaintiff filed a suit claiming an amount of Rs. 72.700 million on account of business loss, renovation expenses and other deposits made by the plaintiff.

On October 10, 2017, the Holding Company has filed a petition against the said tenant in the Rent 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 entry into the premises. Furthermore the tenant paid the security deposit of Rs 21.700 million with delay. Consequently, the Holding Company has filed a claim of Rs 66.600 Million.

Hearing of both the petitions are pending before the respective Honourable Courts. As per legal advisors of the Holding Company there are meritious grounds to defend the Holding Company's claim and consequently no provision has been made in these consolidated financial statements.

(iv) On November 29, 2012, Shaheen Insurance Company Limited and First Capital Securities Corporation Limited (on behalf of First Capital Group) entered into an agreement whereby it was agreed that liability pertaining to reverse repo transaction amounting to Rs 99.888 million along with insurance premium payable amounting to Rs 88.859 million from First Capital Group shall be settled vide sale of 4.7 million shares of First Capital Equities Limited to Shaheen Insurance Company Limited at a price of Rs 40. Included in the insurance payable is Rs 57.962 million pertaining to Pace (Pakistan) Limited. It was agreed that Shaheen Insurance Company Limited will be allowed to sell the share after two years, however, the first right to refusal shall be given to the First Capital Group. Further, First Capital Group guaranteed to buy back the shares at Rs 40 in case the shares are not saleable in open market. The agreement was subsequently amended on March 7, 2013 to remove restriction of holding period of two years. In addition to that, the guarantee to buy back was also revoked.

On April 24, 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs 188.747 million in the Honourable Senior Civil Court. The case is under adjudication and the maximum exposure to the Holding Company is of Rs 57.962 million. As per legal advisors of the Holding Company there are meritious grounds to defend the Holding Company's claim and consequently no provision has been made in these consolidated financial statements.

16.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounts to Rs 206.743 million (2017: Rs 208.508 million), Capital Heights (Private) Limited, amounts to Rs. 149.927 million (2017: Nil), and Silk Bank Limited, amounts to Rs. 50 million (2017: Nil)

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

	Note	2018	2017
		(Rupees in thousand)	
Not later than one year		9,844	9,844
Later than one year and not later than five years		46,758	44,297
Later than five years		695,530	707,834
		752,132	761,975

17. Property, plant and equipment

	Note	2018	2017
Operating fixed assets			
- owned assets	17.1	423,711	424,807
- assets subject to finance lease	17.2	-	-
Capital work in progress	17.3	28,448	27,664
		452,159	452,471

17.1 Owned 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 thousands					
Net carrying value basis											
Year ended June 30, 2018											
Opening net book value (NBV)	155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,807
Additions (at cost)	-	-	-	-	-	18,800	-	-	-	4,000	22,800
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	(273)	(273)
Depreciation charge	-	-	(5,403)	(5,428)	(2,510)	(5,876)	(289)	(390)	(155)	(3,572)	(23,623)
Closing net book value (NBV)	**155,152**	**-**	**102,641**	**54,149**	**22,590**	**68,315**	**2,606**	**3,514**	**314**	**14,430**	**423,711**
Gross carrying value basis											
As at June 2018											
Cost	155,152	-	179,470	179,122	85,795	125,588	11,683	11,801	10,087	57,390	816,088
Accumulated depreciation	-	-	(76,829)	(124,973)	(63,205)	(57,273)	(9,077)	(8,287)	(9,773)	(42,960)	(392,377)
Net book value NBV	**155,152**	**-**	**102,641**	**54,149**	**22,590**	**68,315**	**2,606**	**3,514**	**314**	**14,430**	**423,711**
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended June 30, 2017											
Opening net book value (NBV)	155,152	-	113,730	65,005	20,144	48,194	3,217	4,321	544	15,130	425,437
Additions (at cost)	-	-	-	-	7,100	12,200	-	17	147	2,369	21,833
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,686)	(5,428)	(2,144)	(5,003)	(322)	(434)	(222)	(3,224)	(22,463)
Closing net book value (NBV)	**155,152**	**-**	**108,044**	**59,577**	**25,100**	**55,391**	**2,895**	**3,904**	**469**	**14,275**	**424,807**
Gross carrying value basis											
As at June 2017											
Cost	155,152	-	179,470	179,122	85,795	106,788	11,683	11,801	10,087	55,100	794,998
Accumulated depreciation	-	-	(71,426)	(119,545)	(60,695)	(51,397)	(8,788)	(7,897)	(9,618)	(40,825)	(370,191)
Net book value NBV	**155,152**	**-**	**108,044**	**59,577**	**25,100**	**55,391**	**2,895**	**3,904**	**469**	**14,275**	**424,807**
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	

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

** Leasehold land represents a piece of land transferred in the name of the Holding 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 Holding 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 Holding Company. Consequently, to avoid additional transaction costs relating to transfer of legal ownership, the Holding Company has entered into an agreement with PBPL, whereby the possession of the land and its beneficial ownership has been transferred to PBPL through an Irrevocable General Power of Attorney dated May 15, 2007.

*** Building on leasehold land represents 8,227 square feet (2017: 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.

		June 2018	June 2017
		(Rupees in thousand)	

17.1.1 The depreciation charge for the year has been allocated as follows:

		June 2018	June 2017
Cost of sales	- note 28.3	13,351	12,360
Administrative and selling expenses	- note 29	10,272	10,483
		23,623	22,843

17.1.2 There have been no disposal exceeding the book value of Rs. 500,000 during the year ended June 30, 2018 and June 30, 2017.

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

Sr. No	Location	Usage of Immovable Property	Total Area (Square Feet)	*Covered Area (Square Feet)
1	38,38/A,39, Block P, Model Town Link Road, lahore	Shopping plaza	92,184	70,152
2	40, Block P, Model Town Link Road, Lahore	Shopping plaza	40,755	21,933
3	Bridge Point Plaza, Fortress Stadium, Lahore Cantt.	Shopping plaza	32,081	24,431
4	96-B-I, M.M Alam Road, Gulberg - III, Lahore	Shopping plaza	85,054	66,942
5	Mouza Dhola Zarri, Main GT Road Gujrawala	Shopping plaza	74,824	53,602
6	Mouza Ado-Wal, G.T Road, Tehsil & District, Gujrat	Shopping plaza	112,347	85,347
7	124/E-1 Main Boulevard Gulberg III Lahore	Shopping plaza	115,833	81,601
8	Bedian Road, Lahore	Management Office	7,875	-

* The covered area includes multi storey buildings.

17.2 This represents a vehicle, having cost of Rs 1.394 million (2017: Rs 1.394 million), which is fully depreciated but still in use as at June 30, 2018.

	June 2018	June 2017
17.3 Capital work in progress	**(Rupees in thousand)**	
Opening cost	27,664	27,544
Project development costs	784	120
	28,448	27,664

18. Intangible assets	**Computer Software**	**Dark Fiber**	**Total**
Net carrying value basis			
Year ended June 30, 2018			
Opening net book value (NBV)	442	5,113	5,555
Additions (at cost)	-	-	-
Transfers from leased asset at NBV	-	-	-
Disposals (at NBV)	-	-	-
Depreciation charge	(44)	(476)	(520)
Closing net book value (NBV)	**398**	**4,637**	**5,035**
Gross carrying value basis			
As at June 2018			
Cost	2,878	9,508	12,386
Accumulated depreciation	(2,480)	(4,871)	(7,351)
Net book value NBV	**398**	**4,637**	**5,035**
Depreciation % per annum	10%	5%	
Net carrying value basis			
Year ended June 30, 2017			
Opening net book value (NBV)	492	5,587	6,079
Additions (at cost)	-	-	-
Transfers from leased asset at NBV	-	-	-
Disposals (at NBV)	-	-	-
Depreciation charge	(50)	(474)	(524)
Closing net book value (NBV)	**442**	**5,113**	**5,555**
Gross carrying value basis			
As at June 2017			
Cost	2,878	9,508	12,386
Accumulated depreciation	(2,436)	(4,395)	(6,831)
Net book value NBV	**442**	**5,113**	**5,555**
Depreciation % per annum	10%	5%	

* This represents purchase of right to use optical fiber at Holding Company properties for 20 years from Worldcall Telecom Limited.

18.1 The amortisation charge for the year has been allocated to administrative and selling expenses.

19. Investment property

	Cost as at June 30,		Fair Value as at June 30,	
	2018	2017	2018	2017
	(Rupees in thousand)			
Opening value	1,583,234	1,603,634	3,464,202	3,369,702
- Settlement against loan	-	(20,400)	-	(25,500)
- Disposal of investment property	(853,052)	-	(1,731,430)	-
Closing value before revaluation as at June 30	730,182	1,583,234	1,732,772	3,344,202
Fair value gain recognised in profit and loss account	-	-	(69,830)	120,000
Fair value as at June 30	730,182	1,583,234	1,662,942	3,464,202

19.1 Disposal of investment properties

Included in disposals of investment properties is an amount of Rs 1,393.646 million representing disposal of Plot No. D situated near Rangers Head Quarters Lahore Cantonment ('the property') to its associated undertaking First Capital Securities Corporation Limited ('the buyer') for consideration of Rs 1,500.000 million. This transaction was approved by the Board of Directors of the Holding Company on June 08, 2018. Under the terms of the agreement, all risks and rewards associated with the property have been transferred at the time of execution of the agreement, however, the title deed has not yet been transferred in the name of the buyer. The transfer of title deed shall be completed within thirty days from the date of request from the buyer. Subsequent to the execution of the agreement, the buyer has obtained a loan from a financial institution and has mortgaged the above mentioned property. Since the title of the property is still in the name of the Holding Company, accordingly, the charge has been created in its name.

19.2 The forced sale value of investment property amounts to Rs 1,413.501 million (2017: Rs 3,070.048 million).

20. Long term investments

	Note	2018	2017
		(Rupees in thousand)	
Associate - unquoted (accounted for under equity method)			
Pace Barka Properties Limited			
75,875,000 (2017: 75,875,000) fully paid			
ordinary shares of Rs 10 each			
Equity held 24.9% (2017: 24.9%)	20.1	1,126,446	1,113,572
Available for sale - quoted	20.2	-	992
		1,126,446	1,114,564

20.1 Associate - unquoted

	2018	2017
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	354,921	396,237
	1,113,572	1,154,888
Share of movement in reserves during the year	54	-
Share of profit for the year		
- before taxation	27,113	(20,670)
- provision for taxation	(14,293)	(20,646)
	12,820	(41,316)
Balance as on June 30	1,126,446	1,113,572

20.1.1 The Group's share of the assets, liabilities and result of its associate, incorporated in Pakistan is as follows:

	Percentage Interest held	Assets	Liabilities	Revenues	Profit / (Loss)
			(Rupees in thousands)		
June 2018					
Pace Barka Properties Limited	24.86%	1,592,673	399,201	147,274	12,820
June 2017					
Pace Barka Properties Limited	24.86%	1,570,961	399,557	76,624	(41,316)

	Note	2018	2017
		(Rupees in thousand)	
20.2 Available for sale - quoted			
Worldcall Telecom Limited			
Nil (2017: 912) fully paid ordinary shares of Rs 10 each		-	6
Shaheen Insurance Company Limited			
Nil (2017: 158,037) fully paid ordinary shares of Rs 10 each		-	2,008
		-	2,014
Less: Cumulative fair value loss	20.2.1	-	(1,022)
		-	992

20.2.1 Cumulative fair value loss

	2018	2017
Opening balance	1,023	1,230
Fair value (gain) / loss over Worldcall telecom limited	-	(1)
Fair value (gain) / loss over Shaheen insurance company limited	-	(206)
Transferred to profit and loss account on derecognition of investment	(1,023)	-
As at June 30	-	1,023

20.3 Investment made in associated company as mentioned above has been made in accordance with the requirements of the Act.

21. Long term advances and deposits

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

22. Stock-in-trade	Note	2018	2017
		(Rupees in thousand)	
Work in process - Pace Towers	22.1 & 22.2	603,998	621,455
Shops and houses	22.3	755,991	304,201
Pace Barka Properties Limited - Pace Circle		595,966	594,201
Pace Supermall (Private) Limited		354,600	170,565
		2,310,555	1,690,422
Stores inventory		934	975
		2,311,489	1,691,397

22.1 Included in work in process are borrowing costs of Rs 101.000 million (2017: Rs 101.000 million). During the year borrowing cost capitalized was Nil (2017: Nil). During the year ended June 30, 2018, the Holding Company settled outstanding amount of TFCs due to Askari Bank Limited as mentioned in Note 7 against fifth and sixth floor of Pace tower measuring 8,750 square feet and 6,731 square feet respectively for consideration of Rs 185.926 million (2017: Nil). The Holding Company also disposed off sixth, seventh, eighth & ninth floor of Pace Tower measuring 8,172 square feet, 14,903 square feet, 14,903 square feet, and 11,000 square feet to First Capital Equities Limited, a related party, for consideration of Rs 378.982 million (2017: Nil)

22.2 The charge amounting to Rs 1,200.175 million (2017: Rs 1,200.175 million) has been registered against work in process with lenders as security against long term loan and redeemable capital as referred to in note 6 and note 7 respectively.

22.3 Included in shops and houses is an amount of Rs 333 million pertaining to the purchase of certain properties from WE Farms (Private) Limited vide agreement dated June 26, 2018. The possession and the related risks and rewards have been transferred to the Holding Company under the terms of the agreement, however, the title of the properties has not yet been transferred.

23. Trade debts - unsecured	**Note**	**2018**	**2017**
		(Rupees in thousand)	
Considered good	23.1	494,883	655,698
Considered doubtful		192,015	144,684
		686,898	800,382
Less: Provision for doubtful debts	23.2	(192,015)	(144,684)
		494,883	655,698

23.1 This includes the following amounts due from related parties:

Related Parties		
Rema & Shehrbano	50	66
First Capital Investment Limited & First Capital Mutual Fund	504	-
First Capital Equities Limited	1,079	1,286
First Capital Securities Corporation Limited	6,681	6,681
Pace Barka Properties Limited	302	302
	8,616	8,335

23.1.1 Ageing analysis of the amounts due from related parties is as follows:

Aging of Related Party		
0 to 6 months	1,633	1,352
More than 6 months	6,983	6,983
	8,616	8,335

23.1.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 9.150 million (2017: Rs 8.033 million).

	Note	**2018**	**2017**
Opening balance		144,684	130,463
Provision/ (Reversal) during the year	28	47,331	14,221
Balance as at June 30		192,015	144,684

24. Advances, deposits, prepayments and other receivables

	Note	2018	2017
Advances - considered good			
- to employees	24.1	14,951	15,535
- to suppliers	24.2	70,132	17,466
Advance against purchase of property	24.3	542,000	-
Security deposits		12,275	19,775
Advances to contractors		920	920
Receivable against sale of investment property	24.4	545,124	23,038
Others - considered good		24,238	22,652
		1,209,640	99,386

24.1 These are advances provided to the employees either against salaries or against expenses. Advances against salaries are interest free and are to be repaid within 6 to 12 months from the date of advance. The term may be extended each year, if approved by the Chief Executive Officer of the Group. Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement of staff gratuity. These include advance against salary exceeding 1 million to Mr. Imran Hafeez and Mr. Shahzil and advance against expenses exceeding 1 million to Mr. Salman Khalid.

24.2 This includes the following interest free amounts due from related parties:

	2018	2017
World Press (Private) Limited	447	447
Ever Green Water Valley (Private) Limited	52,628	-
	53,075	447

24.2.1 The maximum aggregate advance given to related parties at the end of any month during the year was Rs 53.075 million (2017: Rs 0.447 million).

24.3 This pertains to advance payment to Silk Bank Limited against purchase of plots measuring 280 kanals located in Al-Hamra Hills Agro Farming Housing Scheme, Islamabad amounting to Rs 542.000 million (2017: Nil). The remaining payment of Rs. 50.000 million (2017: Nil) is due in the financial year 2018-2019 against the said properties.

24.4 This includes Rs 400 million (2017: Rs Nil) interest free amount receivable from First Capital Securities Corporation Limited, a related party against sale of Plot D as referred to in note 18.1 and Rs Nil (2017: Rs 20.679 million) interest free amount receivable from Ever Green Water Valley (Private) Limited, a related party. The maximum aggregate receivable from related parties at the end of any month during the year was Rs 420.679 million (2017: 20.679 million).

25. Cash and bank balances

	Note	2018	2017
		(Rupees in thousand)	
At banks			
- in saving accounts	25.1	266	1,044
- in current accounts		31,631	125
		31,897	1,169
Cash in hand		203	409
		32,100	**1,578**

25.1 The balances in saving accounts bear mark-up ranging from 3% to 5% per annum (2017: 3% to 5%).

26. Sales

	Note	2018	2017
		(Rupees in thousand)	
Shops / apartments and commercial buildings			
- at percentage of completion basis		386,580	116,534
- at completion of project basis			
--Owned		130,439	9,684
--Pace Circle		-	56,488
Licensee fee		29,962	35,854
Display advertisements and miscellaneous income		29,280	16,178
Service charges		161,191	190,836
		737,452	425,574

26.1 Sales recognised at percentage of completion basis	2018	2017
	(Rupees in thousand)	
Revenue recognised to date	1,240,425	837,074
Aggregate cost incurred to date	(1,120,493)	(746,794)
Recognised profit to date	119,932	90,280

26.1.1 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 386.555 million (2017: Rs 116.534 million). Amount received against these agreements amounts to Rs 350.071 million (2017: Rs 88.445 million).

	Note	2018	2017
		(Rupees in thousand)	
27. Cost of sales			
Shops / apartments and commercial buildings sold			
- at percentage of completion basis	27.1	364,829	118,021
- at completion of project basis			
-- Owned	27.2	103,583	9,172
-- Pace circle		-	32,634
Stores operating expenses	27.3	214,775	250,967
Write down of inventory to Net Realisable Value		80,935	-
		764,122	410,794

27.1 Shops / apartments and commercial buildings sold at percentage of completion basis			
Opening work in process		437,420	838,872
Purchase of inventory		640,831	-
Project development costs		59,840	21,180
Property settled against loans	27.1.1	(169,264)	(304,611)
Closing work in process	22	(603,998)	(437,420)
Cost of shops / apartments and commercial buildings sold during the year	27.1.2	364,829	118,021

27.1.1 This represents aggregate cost of completed properties in Pace Towers project which have been transferred to the lenders against settlement of loans as referred to in notes 7 and 12. A further costs of Rs 19.402 million is expected to be incurred in respect of these properties.

	Note	2018	2017
		(Rupees in thousand)	
27.1.2 Cost of shops / apartments and commercial buildings sold during the year			
Cost of shops / apartments and commercial buildings sold during the year		364,829	118,021
Cost of shops / apartments and commercial buildings returned during the year		-	-
		364,829	118,021

27.2 Shops / apartments and commercial buildings sold at completion of project basis			
Opening inventory of shops and houses		304,201	316,973
Purchased during the year		636,308	-
Swapped with Wireless and Cable Limited		-	(3,600)
Write down of inventory to Net Realisable Value		(80,935)	-
Closing inventory of shops and houses	22	(755,991)	(304,201)
		103,583	9,172

	Note	2018	2017
		(Rupees in thousand)	
27.3 Stores operating expenses			
Salaries, wages and benefits	27.3.1	47,174	55,200
Rent, rates and taxes		12,039	12,396
Insurance		4,451	7,405
Fuel and power		98,176	120,334
Depreciation on owned assets	17.1.1	13,351	12,360
Repairs and maintenance		12,319	10,855
Janitorial and security charges		13,393	16,523
Others		13,872	15,894
		214,775	250,967

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

	2018	2017
Current service cost	1,068	910
Interest cost	402	322
	1,470	1,232

28. Administrative and selling expenses

	Note	2018	2017
Salaries, wages and benefits	28.1	61,812	56,036
Travelling and conveyance		2,814	3,163
Rent, rates and taxes		520	222
Insurance		2,802	3,666
Printing and stationery		653	839
Repairs and maintenance		2,043	3,602
Motor vehicles running		4,148	4,414
Communications		2,871	3,398
Advertising and sales promotion		6,624	29,614
Depreciation on:			
- property, plant and equipment	17.1.1	10,272	10,102
- assets subject to finance lease		-	380
Amortisation on intangible assets	18.1	520	525
Auditors' remuneration	28.2	3,150	3,250
Legal and professional		3,826	5,040
Provision for doubtful debts		47,331	14,220
Commission on sales		55,701	10,585
Office expenses		7,080	5,899
Other expenses		6,087	18,766
		218,254	173,721

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

	2018	2017
Current service cost	7,329	6,119
Past service cost	-	489
Interest cost	2,965	2,363
	10,294	8,971

28.2 Auditors' remuneration

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

	2018	2017
	(Rupees in thousand)	
The charges for auditors' remuneration includes the following in respect of auditors' services for:		
Statutory audit		
- Parent	1,800	1,700
- Subsidiaries	275	275
Half yearly review	600	600
Audit of consolidated financial statements	200	100
Statutory Certificates	100	100
Out of pocket expenses		
- Parent	155	455
- Subsidiaries	20	20
	3,150	3,250

29. Other income

	Note	2018	2017
Income from financial assets			
Mark-up on bank accounts		45	64
Commission on guarantee	29.1	1,238	1,238
Income from non-financial assets			
Gain on sale of property, plant and equipment		727	-
Rental income		13,133	12,559
Scrap sales		5,100	5,103
Gain on disposal of investment property		122,176	12,000
Others			
Gain on settlement of loans		23,119	358,557
Income from parking and storage		6,786	6,647
Liabilities no longer required written back		-	41
Gain on initial discounting of Pak Iran Loan		-	17,392
Miscellaneous Income		4,374	-
Service charges		5,388	855
		182,086	414,456

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

	Note	2018	2017
		(Rupees in thousand)	
30. Other operating expenses			
Exchange loss on foreign currency convertible bonds	9	277,886	4,974
Loss on available for sale investments		1,026	-
		278,912	4,974

	Note	2018	2017
		(Rupees in thousand)	

31. Finance costs

Markup on			
- Long term finances - secured		1,687	2,497
- Foreign currency convertible bonds - unsecured		19,140	16,527
- Redeemable capital - secured (non-participatory)		84,801	101,949
- Short term finance -secured		-	4,733
- Interest expense on unwinding of Pak Iran Loan		3,064	1,488
- Liabilities against assets subject to finance lease		3,806	3,776
		112,498	130,970
Bank charges and processing fee		1,553	1,439
		114,051	132,409

32. Taxation

Current tax			
- Current year	32.1	3,684	20,305
- Prior year		2,508	(4,999)
		6,192	15,306
Deferred tax		2,759	5,304
		8,951	20,610

32.1 The provision for current taxation for the year represents the tax liability under section 113 (2017: section 113 C) of the Income Tax Ordinance, 2001.

32.2 Tax charge reconciliation

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

	2018 %	2017 %
Applicable tax rate	30.00	31.00
Tax effect of amounts that are:		
Income not chargeable to tax	(4.21)	(18.54)
Minimum tax for the year	0.72	10.32
Associate results reported net of tax	0.49	9.34
Others	(25.25)	(21.65)
	(28.25)	(20.53)
Average effective tax rate charged to profit and loss account	1.75	10.47

For the purposes of current taxation, the tax losses available for carry forward as at June 30, 2018 are estimated approximately at Rs 1,523.954 million (2017: Rs 2,231.667 million).

32.3 Management assessment on sufficiency of provision for income taxes

	2017	2016	2015
	(Rupees in thousand)		
Tax assessed as per most recent tax assessment	20,305	60,224	5,100
Provision in accounts for income tax	20,305	60,224	5,100

The tax assessed as per most recent tax assessed for the year 2017and 2016 is based on "deemed assessment" as per income tax return filed for respective years.

As at June 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

32.4 The Finance Act, 2018 has introduced tax on every public company at the rate of 5% of its profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 20% of its after tax profits within six months of the end of the tax year through cash. Liability in this respect if any, is recognised when the prescribed time period for the distribution of dividend expires.

33. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the directors and executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Short term employee benefits						
Managerial remuneration	7,600	4,100	2,851	2,851	4,587	4,832
Housing	3,040	1,640	1,140	1,140	1,835	1,933
Utilities	760	410	285	285	459	483
Gratuity	950	950	356	356	652	652
Leave	633	633	238	238	435	435
	12,983	7,733	4,870	4,870	7,968	8,335

The Group also provides its executives and some of its directors with free transport and Company maintained Vehicles.

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
Number of persons	1	1	1	1	3	3

Due to change in definition of “executives” in fourth schedule of Companies Act, 2017, comparative figures have been changed

34. Cash generated from operations

	Note	2018	2017
		(Rupees in thousand)	
(Loss) / Profit before tax		(512,800)	196,816
Exchange loss on foreign currency convertible bonds	9	277,886	4,974
Provision for gratuity and leave encashment	10	11,764	10,202
Depreciation and impairment on:			
- owned assets	17.1	23,623	22,462
- assets subject to finance lease	17.2	-	381
Amortisation on intangible assets	18.1	520	525
Changes in fair value of investment property	19	69,830	(120,000)
Share of profit / loss from associate	20	(12,820)	41,316
Provision for doubtful debts	23.2	47,331	14,221
Loss on sale of investments		1,026	-
Write down of inventory to Net Realisable Value		80,935	-
Gain on sale of property, plant and equipment	29	(727)	-
Gain on sale of investment property	29	(122,176)	(12,000)
Markup income	29	(45)	(64)
Liabilities no longer required written back	29	-	(41)
Gain on initial discounting of loan	30	-	(17,280)
Gain on settlement of loans	30	(23,119)	(262,114)
Finance costs	31	112,498	132,409
(Loss) / Profit before working capital changes		(46,274)	11,807
Effect on cash flow due to working capital changes:			
Decrease/ (increase) in stock-in-trade		(864,034)	140,003
(Increase) / decrease in trade debts		113,484	(53,035)
Decrease in advances, deposits and other receivables		(565,128)	52,553
Increase / (decrease) in advances against sale of property		(8,754)	43,009
(Decrease) / increase in creditors, accrued and other liabilities		136,528	(60,910)
		(1,187,904)	121,620
		(1,234,178)	133,427

35. Cash and cash equivalents

	Note	2018	2017
		(Rupees in thousand)	
Cash and bank balances	25	32,100	1,578

35.1 Reconciliation of liabilities arising from financing activities inclusive of current portion

Particulars	June 30, 2017	Cash flows	Non-Cash flows			30-Jun-18
			Foreign Exchange loss	Settlements	Interest Expense Accrual / Unwinding of Interest expense	
	(Rupees in thousands)					
Long term finances - secured	78,490	(3,079)	-	-	3,064	78,475
Redeemable capital - secured (non-participatory)	1,121,503	-	-	(185,932)	-	935,571
Liabilities against assets subject to finance lease	18,046	-	-	-	-	18,046
Foreign currency convertible bonds - unsecured	1,757,713	-	277,886	-	19,140	2,054,739
	2,975,752	(3,079)	277,886	(185,932)	22,204	3,086,831

36. Operating Segments

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit/loss and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit/loss and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

36.1 For management purposes, the activities of the Group are organised into business units based on the nature of activities:

(a) Real estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Towers on percentage of completion basis.

(b) Investment properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments".

36.2 Segment information

(Rupees in thousand)

	Real estate sales		Investment properties		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Segment revenue	517,019	182,706	29,962	35,854	190,471	207,014	737,452	425,574
Segment expenses - Cost of sales	549,347	159,825	29,193	37,050	185,582	213,919	764,122	410,794
Gross (loss) / profit	(32,328)	22,881	769	(1,196)	4,889	(6,905)	(26,670)	14,780
Changes in fair value of investment property	-	-	(69,830)	120,000	-	-	(69,830)	120,000
Segment results	(32,328)	22,881	(69,061)	118,804	4,889	(6,905)	(96,500)	134,780
Administrative and selling expenses							(218,254)	(173,721)
Other income							182,097	414,456
Finance costs							(114,051)	(132,409)
Other operating expenses							(278,912)	(4,974)
Share of profit from associate - net of tax							12,820	(41,316)
(Loss) / profit before tax							(512,800)	196,816
Taxation							(8,951)	(20,610)
(Loss) / profit for the year							(521,751)	176,206
36.2.1 Segment assets	2,807,292	2,348,015	1,662,942	3,464,202	-	-	4,470,234	5,812,217
Unallocated assets							2,843,027	1,691,030
							7,313,261	7,503,247
36.2.2 Segment liabilities	3,138,241	3,035,786	52,920	52,991	-	-	3,191,161	3,088,777
Unallocated liabilities							1,701,193	1,477,874
							4,892,354	4,566,651
36.2.3 Capital expenditure	-	-	-	-	-	-	-	-
Unallocated							22,800	21,833
							22,800	21,833
36.2.4 Depreciation/amortisation	-	-	-	-	-	-	-	-
Unallocated							24,143	23,368
							24,143	23,368

37. Financial risk management

37.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

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:

	2018	2017
Foreign currency convertible bonds - USD ('000)	16,898	16,740

The following significant exchange rates were applied during the year:

Rupees per USD		
Average rate	113.30	104.70
Reporting date rate	121.60	105.00

(ii) Other price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since the investments in listed equity securities are immaterial.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from deposits in saving accounts with various commercial banks. Long term financing obtained at variable rates also expose the Group to cash flow interest rate risk.

At the consolidated statement of financial position date, the interest rate profile of the Group's interest bearing financial instruments was:

	2018	2017
	(Rupees in thousand)	
FIXED RATE INSTRUMENTS		
Financial Assets		
Bank balances - savings accounts	(266)	(1,044)
Financial liabilities		
Foreign currency convertible bonds - unsecured	2,054,739	1,757,713
Net interest rate risk	2,054,473	1,756,669
FLOATING RATE INSTRUMENTS		
Financial liabilities		
Redeemable capital - secured (non-participatory)	935,571	1,121,503
Liabilities against assets subject to finance lease	18,046	18,046
Long term finances - secured	-	27,422
Net interest rate risk	953,617	1,166,971

Cash flow sensitivity analysis for fixed rate instruments

No interest rate risk arises on fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on redeemable capital, liabilities against assets subject to finance lease, and long term finances, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs 10.473 million (2017: Rs 8.866 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group's credit risk is primarily attributable to its trade debts, advances against purchase of property and its balances at banks.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	(Rupees in thousand)	
Long term advances and deposits	14,250	14,250
Trade debts - unsecured	494,883	655,698
Advances, deposits, prepayments and other receivables		
- Advances to employees - considered good	14,951	15,535
- Security deposits	12,275	19,775
- Advance against purchase of property	542,000	-
- Receivable against sale of investment property	545,124	23,038
- Others - considered good	24,238	22,652
Bank balance	31,897	1,169
	1,679,618	752,117

	2018	2017
	(Rupees in thousand)	
The age of trade debts at consolidated statement of financial position date is as follows:		
- Not past due	-	-
- Past due 0 - 365 days	41,289	221,401
- 1 - 2 years	12,739	151,868
- More than 2 years	440,855	282,429
	494,883	655,698

The age of related party trade debt at reporting date is as follows:

Aging of Related Party		
0 to 6 months	1,633	1,352
More than 6 months	6,681	6,681
	8,314	8,033

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

(ii) Credit quality of major financial assets

The credit quality of cash and 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	Long term	Rating Agency	2018	2017
				(Rupees in thousand)	
Bank Islami Pakistan Limited formerly known as KASB Bank	A1	A+	PACRA	10	9
Allied Bank Limited	A1+	AAA	PACRA	17,860	316
Soneri Bank Limited	A1+	AA-	PACRA	7	6
Silk Bank Limited	A-	A-2	JCR-VIS	72	71
Bank Alfalah Limited	A1+	AA+	PACRA	26	93
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	6	4
Askari Bank Limited	A1+	AA+	JCR-VIS	5	6
Faysal Bank Limited	A1+	AA	PACRA	31	27
United Bank Limited	A-1+	AAA	JCR-VIS	6	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	2
National Bank of Pakistan	A1+	AAA	PACRA	-	-
MCB Bank Limited	A1+	AAA	PACRA	780	530
Bank of Punjab	A1+	AA	PACRA	92	99
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	13,000	-
				31,897	1,169

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

(c) Liquidity risk

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

The Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Group remained under severe liquidity pressure as mentioned in note 2.2.

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances - secured	78,475	24,343	47,936	6,196
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,054,739	2,054,739	-	-
Creditors, accrued and other liabilities	581,418	581,418	-	-
Accrued finance cost	971,357	971,357	-	-
	4,639,606	4,585,474	47,936	6,196

The following are the contractual maturities of financial liabilities as at June 30, 2017:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances - secured	78,490	27,422	33,430	17,638
Redeemable capital - secured (non-participatory)	1,121,503	1,121,503	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	1,757,713	1,757,713	-	-
Creditors, accrued and other liabilities	434,999	434,999	-	-
Accrued finance cost	887,513	887,513	-	-
	4,298,264	4,247,196	33,430	17,638

37.2 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2018			2017
	Available for sale	Loans and receivables	Total	Total
Assets as per consolidated statement of financial position				
Long term advances and deposits	-	14,250	14,250	14,250
Trade debts - unsecured	-	494,883	494,883	655,698
Investments	-	-	-	992
Advances, deposits, prepayments and other receivables				
- Advances to employees - considered good	-	14,951	14,951	15,535
- Security deposits	-	12,275	12,275	19,775
- Others - considered good	-	24,238	24,238	22,598
Cash and bank balances	-	32,100	32,100	1,578
	-	592,697	592,697	730,426

	Financial liabilities at amortised cost	
	2018	2017
	(Rupees in thousand)	
Liabilities as per consolidated statement of financial position		
Long term finances - secured	78,475	78,490
Redeemable capital - secured (non-participatory)	935,571	1,121,503
Liabilities against assets subject to finance lease	18,046	18,046
Foreign currency convertible bonds - unsecured	2,054,739	1,757,713
Creditors, accrued and other liabilities	581,418	434,999
Accrued finance cost	971,357	887,513
	4,639,606	4,298,264

37.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 6, 7, 9 and 12. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at year ended June 30, 2018 and June 30, 2017 are as follows:

	Note	2018	2017
		(Rupees in thousand)	
Borrowings		3,068,785	2,957,706
Total equity		2,333,683	2,849,285
Total capital		5,402,468	5,806,991
Gearing ratio		57%	51%

38. Fair value estimatior

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets:				
Recurring fair value measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				
Freehold land	-	132,925	-	132,925
Buildings	-	-	1,530,017	1,530,017
	-	132,925	1,530,017	1,662,942

The following is categorization of assets measured at fair value at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Assets:		(Rupees in thousand)		
Recurring fair value measurement of Available for sale financial assets	992	-	-	992
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	2,070,556	2,070,556
	992	1,393,646	2,070,556	3,465,194

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the periods.

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2017. The level 2 fair value of freehold land has been derived using the sales comparison approach. The most significant input into this valuation approach is price per square yard. 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.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended June 30, 2018 and June 30, 2017 for recurring fair value measurements:

	Note	2018	2017
		(Rupees in thousand)	
Opening fair value		2,070,556	2,155,202
Disposal of investment property	19.1	(337,784)	-
Settlement against loan		-	(25,500)
Transferred to Level 2	38.1	(126,790)	-
		1,605,982	2,129,702
Fair value loss recognised during year		(75,965)	(59,146)
Closing value after revaluation		1,530,017	2,070,556

The change in unrealized gains/ losses of the investment property is credited/charged to the profit and loss account as "Changes in fair value of investment property".

38.1 Transfer between level 2 and level 3

Previously, the property situated at 41-N, Industrial Area, Gulberg II, Lahore comprising of land and building was treated as one unit and valued using the depreciated replacement cost method. However, during the current year, there is significant observable market data for valuation of land and accordingly the portion of land has been classified as 'level 2' and valued using sales comparison approach. There were no other transfers between level 1, level 2 and level 3. There were no changes in valuation techniques.

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. See paragraph above for the valuation techniques adopted.

Description	Fair Value at 2018 Rs'000	Fair Value at 2017 Rs'000	Significant Unobserv-able inputs	Quantitative Data / Range and relationship to the fair value
Buildings	1,530,017	2,070,556	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 factor 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.

39. Earnings per share

Basic earnings per share is calculated by dividing profit after for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. The weighted average numbers of shares outstanding during the year and the previous year have been adjusted for the events that have changed the number of shares outstanding without a corresponding change in resources. The information necessary to calculate basic and diluted earning per share is as follows:

39.1 Basic earnings per share

		2018	2017
(Loss) / Profit for the year	**Rupees in thousand**	(521,664)	176,293
Weighted average number of ordinary shares outstanding during the year	**In thousand**	278,877	278,877
Basic earnings per share	**Rupees**	(1.87)	0.63

39.2 Diluted earnings / (loss) per share

There are no dilutive potential ordinary shares outstanding as at June 30, 2018 and June 30, 2017.

40. Transactions with related parties

The related parties comprise associates, other related companies and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 34. Other significant transactions with related parties are as follows:

	Nature of transactions	2018 (Rupees in thousand)	2017 (Rupees in thousand)
i. Associate	Guarantee commission income	1,238	1,238
	Purchase of inventory	1,800	2,710
	Receipts against Pace circle sales	20,366	29,481
	Shared expense charged by the Group	3,891	3,434
ii. Others	Purchase of goods & services	55,037	16,698
	Sale of services	14,077	-
	Rental income	17,916	12,741
	Sale of property	349,571	9,684
	Sale of investment property	1,500,000	-
	Share of common expenses charged from related companies	20	-
	Post retirement benefit charged to Profit and loss	11,764	10,203

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

40.1 The names of related parties with whom the Group has entered into transactions or had agreements / arrangements in place during the year have been disclosed in related notes.

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
1	Pace Super Mall (Private) Limited	Subsidiary	57%
2	Pace Woodlands (Private) Limited	Subsidiary	52%
3	Pace Gujrat (Private) Limited	Subsidiary	100%
4	Pace Barka Properties Limited	Associate	24.90%
5	First Capital Securities Corporation Limited	Common Director	N/A
6	First Capital Investment Limited	Common Director	N/A
7	World Press (Pvt.) Limited	Common Director	N/A
8	Ever Green Water Valley (Private) Limited	Common Director	N/A
9	First Construction Limited	Common Director	N/A
10	First Capital Equities Limited	Common Director	N/A
11	Media Times Limited	Common Director	N/A
12	First Aviation (Pvt.) Limited	Common Director	N/A

41. Number of employees

	2018	2017
Total number of employees as at June 30	236	286
Average number of employees during the year	265	297
Total number of plaza employees as at June 30	176	218
Average number of plaza employees during the year	197	227

42. Detail of subsidiaries

	Accounting year end	Percentage of holding	Country of Incorporation
Year ended June 30, 2018			
Pace Woodlands (Private) Limited	30-Jun-18	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-18	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-18	57%	Pakistan
Year ended June 30, 2017			
Pace Woodlands (Private) Limited	30-Jun-17	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-17	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-17	57%	Pakistan

43. Summary of significant transactions and events

As referred to in note 7.3, the Holding Company entered into Debt Asset Swap Agreement with Askari Bank Limited for full and final settlement of TFCs amounting to Rs 185.926 million along with accrued mark-up against Pace Tower properties.

As referred to in note 18.1, the Holding Company disposed off Plot No. D situated near Rangers Head Quarters Lahore Cantonment('the property') to its associated undertaking First Capital Securities Corporation Limited ('buyer') for consideration of Rs 1,500 million.

As referred to in note 22.3 & 24.3, the Holding Company purchased several properties situated in Islamabad from WE Farms (Private) Limited and Silk Bank Limited amounting to Rs 333.000 million and 592.000 million respectively for the purpose of resale.

As referred to in note 2.3.1, the provisions of the fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time in the preparation of these consolidated financial statements.

44. Date of authorisation

These consolidated financial statements were authorised for issue on 05 November, 2018 by the Board of Directors of the Holding Company.

45. Corresponding figures

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these consolidated financial statements for the year ended June 30, 2018 is in accordance with the requirements in Companies Act, 2017. Accordingly the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Such rearrangements and reclassifications made during the year are, however not significant.

Chief Executive	Chief Financial Officer	Director

Pace (Pakistan) Limited

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 27 November 2018 at 11:00 a.m. and at any adjournment thereof.

Signed under my/our hands on this _________________day of ____________, 2018

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
(Please See Notes on reverse)

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. Pursuant to SECP Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution officer by the intermediary as Proxy.

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................................. 27 نومبر 2018ء کو صبح 11:00 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.................................، فولیو نمبر

.................................کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ کرنا چاہتے ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز

2016ء کے تحت 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 کر سکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے پراکسیز کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔

2. جائز ہونے کی غرض سے، پراکسی کا دستاویز اور مختار نامہ یا اتھارٹی (اگر کوئی ہے) جسے کے ماتحت اس پر دستخط کئے گئے ہیں، یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیش شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016، 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 کر سکتے ہیں۔

a) CDC کے واحد بینیفیشل 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 بینیفیشل 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۔