Pace (Pakistan) Limited

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

Pace (Pakistan) Limited

Unconsolidated Statement of Financial Position

As at 30 June 2019

EQUITY AND LIABILITIES	Note	2019	2018
		--- (Rupees in thousand) ---	
Share capital and reserves			
Authorised capital	8	6,000,000	6,000,000
Issued, subscribed and paid up capital	8	2,788,766	2,788,766
Share premium	8	273,265	273,265
Accumulated loss		(2,075,583)	(1,149,285)
		986,448	1,912,746
Non-current liabilities			
Long term finances - secured	9	49,810	54,132
Redeemable capital - secured (non-participatory)	10	-	-
Liabilities against assets subject to finance lease	11	-	-
Foreign currency convertible bonds - unsecured	12	-	-
Deferred liabilities	13	45,904	44,779
		95,714	98,911
Current liabilities			
Contract liability	14	254,564	168,747
Current maturity of long term liabilities	15	3,786,553	3,032,699
Creditors, accrued and other liabilities	16	677,555	517,560
Accrued finance cost	17	1,077,823	971,357
		5,796,495	4,690,363
Contingencies and commitments	18		
		6,878,657	6,702,020

ASSETS	Note	2019	2018
		--- (Rupees in thousand) ---	
Non-current assets			
Property, plant and equipment	19	468,464	452,159
Intangible assets	20	4,519	5,035
Investment property	21	1,668,741	1,662,942
Long term investments	22	850,321	850,321
Long term advances and deposits	23	13,619	13,619
Deferred taxation	24	-	-
		3,005,664	2,984,076
Current assets			
Stock-in-trade	25	2,790,226	1,978,489
Trade debts	26	424,753	494,581
Advances, deposits, prepayments and other receivables	27	477,659	1,208,569
Income tax refundable	28	14,962	4,317
Cash and bank balances	29	165,393	31,988
		3,872,993	3,717,944
		6,878,657	6,702,020

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

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

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

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

Lahore

Chief Executive Officer | Director | Chief Financial Officer

Pace (Pakistan) Limited

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2019

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

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

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Lahore	Chief Executive Officer	Director	Chief Financial Officer

Pace (Pakistan) Limited

Unconsolidated Statement of Changes In Equity

For the year ended 30 June 2019

		Capital reserve		Revenue reserve	
	Issued, subscribed and paid-up capital	Share premium	Reserve for changes in fair value of investments	Accumulated loss	Total
	--- (Rupees in thousand) ---				
As at 01 July 2017	2,788,766	273,265	(1,023)	(617,208)	2,443,800
Total comprehensive loss for the year ended 30 June 2018					
Loss after taxation	-	-	-	(537,062)	(537,062)
Other comprehensive income	-	-	-	4,985	4,985
	-	-	-	(532,077)	(532,077)
Transferred to statement of profit or loss on disposal	-	-	1,023	-	1,023
Balance as at 30 June 2018	2,788,766	273,265	-	(1,149,285)	1,912,746
Total comprehensive loss for the year ended 30 June 2019					
Loss after taxation	-	-	-	(929,252)	(929,252)
Other comprehensive income	-	-	-	2,954	2,954
	-	-	-	(926,298)	(926,298)
Balance as at 30 June 2019	2,788,766	273,265	-	(2,075,583)	986,448

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2019

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

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

Lahore

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

1 The Company and its operations

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

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

2 Going Concern Assumption

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

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

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

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

3 Basis of preparation

3.1 Separate financial statements

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

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

The Company has following investments:

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

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

Associate		
Pace Barka Properties Limited	Pakistan	24.86%

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

3.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

3.3 Basis of measurement

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

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

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3.4 Functional and presentation currency

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

4 Changes in significant accounting policies

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

4.1 IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

4.1.1 Gross versus net presentation

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

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4.2 **IFRS 9 Financial Instruments**

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

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

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

4.2.1 **Classification and measurement of financial assets and financial liabilities**

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

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

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

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

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Impairment of financial assets

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

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

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

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

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

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

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analysing the potential impacts on adoption of this standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment to be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

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

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

6 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

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6.1 **Satisfaction of performance obligations**

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

6.2 **Staff retirement benefits**

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

6.3 **Provision for taxation**

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

6.4 **Property, plant and equipment**

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

6.5 **Intangibles**

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

6.6 **Stock-in-trade**

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

6.7 **Investment property valuation**

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

6.8 **Costs to complete the projects**

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

6.9 **Measurement of ECL allowance for trade receivables**

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

6.10 **Commitments and contingencies**

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

6.11 **Recoverable amounts of assets / cash generating units and impairment**

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

7 **Significant accounting policies**

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

7.1 **Taxation**

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

Current

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

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Deferred

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

7.2 Property, plant and equipment

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

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

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

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

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

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

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

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

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

7.3 Intangible assets

Computer Software

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

Optical Fiber

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

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

7.4 Investment property

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

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

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

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

7.5 Investments

7.5.1 Investment in equity instruments of subsidiary companies

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

7.5.2 **Investments in equity instruments of associated companies**

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

7.6 **Stock-in-trade**

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

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

7.7 **Trade debts**

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

7.8 **Loans and receivables**

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

7.9 **Cash and cash equivalents**

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

7.10 **Mark-up bearing borrowings**

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

7.11 Foreign currency transactions and translation

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

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

7.12 Leases

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

7.12.1 Finance leases

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

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

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

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

7.12.2 Operating leases

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

7.13 Employee benefits

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

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

7.14 Creditors, accruals and other liabilities

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

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

7.15 Revenue recognition

7.15.1 Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

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

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

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

Development services

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

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

Sale of property

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

Display of advertisements

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

Service charges

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

7.15.2 Other revenue

Rental income from lease of investment property

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

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7.16 Financial instruments

7.16.1 Recognition and initial measurement

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

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

7.16.2 Classification and subsequent measurement

Financial assets- Policy applicable from 1 July 2018

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

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

7.16.3 Derecognition

Financial assets

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

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

Financial liabilities

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

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

7.16.4 Offsetting

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

Impairment

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

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

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

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

7.17 Impairment of non-financial assets

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

7.18 Dividend

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

7.19 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

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

8 Share capital

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

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

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

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

	2019	2018
	--- (Rupees in thousand) ---	
8.5 **Share premium**		
Share premium reserve	273,265	273,265
	273,265	273,265

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

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

9.1 Pak Iran Joint Investment Company

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

Terms of repayment

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

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

Handwritten initials

Security

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

9.2 Soneri Bank - demand finance

Terms of repayment

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

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

Security

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

9.3 Syndicate term finance facility

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

9.3.1 National Bank of Pakistan

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

9.3.2 Habib Bank Limited

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

9.3.3 National Bank of Pakistan - term finance

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

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

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

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

10.1 Terms finance certificate

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

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

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

10.2 Settlement with Askari Bank Limited

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

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

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

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

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

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

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

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

13	Deferred liabilities	Note	2019	2018
			--- (Rupees in thousand) ---	
	Staff gratuity	*13.1*	42,871	41,359
	Leave encashment	*13.2*	3,033	3,420
			45,904	44,779

13.1 **Staff gratuity**

	2019	2018
Balance at 1 July	41,359	44,889
Included in statement of profit or loss:		
Service cost	6,269	8,216
Interest cost	3,479	3,092
	9,748	11,308
Included in statement of comprehensive income:		
Remeasurements:		
Actuarial loss from changes in financial assumptions	542	134
Experience adjustments	(3,382)	(4,994)
	(2,840)	(4,860)
Other:		
Benefits due but not paid (payable)	(4,941)	(9,978)
Benefits paid	(455)	-
	(5,396)	(9,978)
Balance at 30 June	42,871	41,359

Charge for the year has been allocated as follows:

	2019	2018
Cost of sales	3,899	1,470
Administrative and selling expenses	5,849	9,838
	9,748	11,308

Plan Assets

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

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

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

Plan Assets

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

13.3 **Actuarial assumptions**

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

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

13.5 **Sensitivity Analysis**

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

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

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

Salary risks

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

Mortality / withdrawal risks

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

14 Contract liability

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

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

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

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

15 Current maturity of long term liabilities

	2019	2018
Long term finances - secured	27,401	24,343
Redeemable capital - secured (non-participatory)	935,571	935,571
Liabilities against assets subject to finance lease	18,046	18,046
Foreign currency convertible bonds - unsecured	2,805,535	2,054,739
	3,786,553	3,032,699

16 Creditors, accrued and other liabilities

	Note	2019	2018
Trade creditors	16.1	311,440	196,111
Rentals against investment property received in advance		4,063	4,120
Accrued liabilities		179,036	163,308
Security deposits	16.2	50,399	52,920
Payable to contractors		2,699	2,699
Retention money		6,093	2,443
Payable to statutory bodies		80,424	69,621
Others	16.3	43,401	26,338
		677,555	517,560

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

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

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

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

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

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

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

17 Accrued finance cost

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

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

18 Contingencies and commitments

18.1 Contingencies

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

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

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

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

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

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

18.2 Commitments

18.2.1 Commitments in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited, amounts to Rs. 115.690 million (2018: Rs. 206.743 million) and Capital Heights (Private) Limited, amounts to Rs. 74.505 million (2018: 149.927 million).

18.2.2 Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favor of The Bank of Punjab, amounting to Rs. 900 million (2018: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

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

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

19 Property, plant and equipment

	Note	2019	2018
Operating fixed assets	19.1	439,657	423,711
Capital work in process	19.2	28,807	28,448
		468,464	452,159

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19.1 Operating fixed assets

	Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
	----------------------					(Rupees in thousand)	----------------------				
Net carrying value basis											
Year ended 30 June 2019											
Opening net book value (NBV)	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Additions (at cost)	-	-	-	-	-	42,000	-	-	-	-	42,000
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,132)	(5,428)	(2,262)	(9,630)	(261)	(351)	(104)	(2,886)	(26,054)
Closing net book value (NBV)	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Gross carrying value basis											
As at June 2019											
Cost	155,152	-	179,470	179,122	85,795	167,588	11,683	11,801	10,087	57,390	858,088
Accumulated depreciation	-	-	(81,961)	(130,401)	(65,467)	(66,903)	(9,338)	(8,638)	(9,877)	(45,846)	(418,431)
Net book value NBV	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended 30 June 2018											
Opening net book value (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%	

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

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

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

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

* The covered area includes multi storey buildings.

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

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

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

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20 Intangible assets

	Note	2019	2018
		--- (Rupees in thousand) ---	
Optical fiber	20.1	4,161	4,637
Computer software	20.2	358	398
		4,519	5,035

20.1 Optical fiber

	2019	2018
Cost	9,508	9,508
Accumulated amortisation		
As at 01 July	4,871	4,395
Amortisation for the year	476	476
	5,347	4,871
WDV as at 30 June	4,161	4,637
Rate of amortisation	5%	5%

20.2 Computer software

	2019	2018
Cost	2,878	2,878
Accumulated amortisation		
As at 01 July	2,480	2,436
Amortisation for the year	40	44
	2,520	2,480
WDV as at 30 June	358	398
Rate of amortisation	10%	10%

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

21 Investment property

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

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

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

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

21.1.1 Fair value

Fair value hierarchy

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

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

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

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

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

Valuation inputs and relationship to fair value

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

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

	Note	2019	2018
22 Long term investments		--- (Rupees in thousand) ---	
Equity instruments of:			
- subsidiaries - unquoted	22.1	91,670	91,670
- associated undertakings - unquoted	22.2	758,651	758,651
		850,321	850,321

22.1 Subsidiaries - unquoted

	2019	2018
Pace Woodlands (Private) Limited 3,000 (2018: 3,000) fully paid ordinary shares of Rs 10 each	30	30
Equity held 52% (2018: 52%)		
Pace Super Mall (Private) Limited 9,161,528 (2018: 9,161,528) fully paid ordinary shares of Rs 10 each	91,615	91,615
Equity held 57% (2018: 57%)		
Pace Gujrat (Private) Limited 2,450 (2018: 2,450) fully paid ordinary shares of Rs 10 each	25	25
Equity held 100% (2018: 100%)	91,670	91,670

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

23 Long term advances and deposits

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

24 Deferred taxation

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

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

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

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

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

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

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

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
26 Trade debts			
Secured			
Considered good		424,753	494,581
Unsecured			
Considered doubtful		180,848	192,016
		605,601	686,597
Less: Impairment allowance	*40.1*	(180,848)	(192,016)
		424,753	494,581

26.1 This includes the following amounts due from related parties:

	2019	2018
Rema & Shehrbano	185	50
First Capital Investment Limited & First Capital Mutual Fund	504	504
First Capital Equities Limited	1,596	1,079
First Capital Securities Corporation Limited	6,881	6,681
Conatural cosmetics	181	-
	9,347	8,314

26.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 10.629 million (2018: Rs. 9.150 million).

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

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

27.2 This includes the following amounts due from related parties:

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

27.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 80.302 million (2018: 53.075 million)

27.3 The amount reflects advance paid against the purchase of 4.9 kanal plot at Shadman, Lahore from a related party Evergreen Water Valley (Private) Limited. The maximum aggregate advance given to this related party at the end of any month was Rs. 221.567 million (2018: Nil).

27.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.5 million against assets acquired under finance lease. The amount is under dispute and management expects to recover the amount in full.

27.5 This includes rent receivable from a related party 'Media Times Pvt. Limited' amounting to Rs. 7.8 million. The amount also includes impairment allowance of Rs. 19.418 million recognised in the current year.

28 Income tax refundable

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

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

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

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
30 Revenue			
Development services	30.1	339,407	386,580
Sale of property		-	130,439
Display of advertisements		33,494	29,280
Service charges - net	30.2	30,562	50,559
Revenue from contract with customers		403,463	596,858
Other revenue			
Rental income from lease of investment property		36,882	43,095
Total revenue		440,345	639,953

30.1 **Development services recognised at percentage of completion basis**

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

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

30.2 **Services charges - net**

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

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

30.3 **Disaggregation of revenue by:**

	2019	2018
Timing of revenue recognition		
At point in time	-	130,439
Over time	403,463	466,419
	403,463	596,858

30.4 **Contract balances**

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

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

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

31 Cost of revenue

	Note	2019	2018
		--- (Rupees in thousand) ---	
Shops and commercial buildings sold			
- at percentage of completion basis	*31.1*	236,564	364,829
- at completion of project basis	*31.2*	-	103,583
Write down value to inventory to net realisable value		23,166	80,935
Stores operating expenses	*31.3*	86,745	98,755
		346,475	648,102

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

	2019	2018
Opening work in progress	603,998	437,420
Purchase of inventory	171,485	640,831
Project development costs	76,431	59,840
Property disposed / settled against loans	(15,033)	(169,264)
Closing work in progress	(600,317)	(603,998)
Cost of shops / apartments and commercial buildings sold during the year	236,564	364,829

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
Opening inventory of shops and houses		755,991	304,201
Purchased during the year		155,693	636,308
Transfer from advances and prepayments		592,000	-
Write down of inventory to net realisable value		(23,166)	(80,935)
Closing inventory of shops		(549,753)	(422,991)
Closing inventory of land		(930,765)	(333,000)
		-	103,583

31.3 Stores operating expenses

	Note	2019	2018
Salaries, wages and benefits	*31.3.1*	43,196	47,174
Rent, rates and taxes		8,986	12,039
Depreciation on owned assets	*19.1.1*	13,527	13,351
Repairs and maintenance		10,503	12,319
Others		10,533	13,872
		86,745	98,755

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

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

32 Administrative and selling expenses

	Note	2019	2018
Salaries, wages and benefits	32.1	54,628	61,812
Travelling and conveyance		2,641	2,814
Rent, rates and taxes		205	520
Insurance		1,958	2,802
Printing and stationery		701	653
Repairs and maintenance		2,835	2,043
Motor vehicles running		4,289	4,148
Communications		2,982	2,871
Advertising and sales promotion		247	6,624
Depreciation on owned assets	19.1.1	12,527	10,272
Amortisation on intangible assets	20	516	520
Auditors' remuneration	32.2	3,200	2,855
Legal and professional		4,027	3,826
Commission on sales		44,113	55,701
Office expenses		14,528	7,080
Other expenses		12,604	6,087
		162,001	170,628

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

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

32.2 Auditors' remuneration

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

	2019	2018
Statutory audit	2,000	1,800
Half yearly review	700	600
Audit of consolidated financial statements,	200	200
Statutory certification	100	100
Out of pocket expenses	200	155
	3,200	2,855

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

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

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

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

36 Taxation

Current:		
- For the year	6,433	9,218
- Prior years	-	2,508
	6,433	11,726
Deferred tax for the year	-	-
	6,433	11,726

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

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

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

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

37 Loss per share - basic and diluted

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

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

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

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

	30 June 2019						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured	Accrued finance cost
	(Rupees in thousand)						
Balance as at 01 July 2018	2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357
Cash flows							
Long term loan paid during the year	-	-	(5,300)	-	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(5,300)		-	-	-
Non-cash changes							
Exchange loss	-	-	-	-	-	724,904	-
Finance cost/unwinding of interest expense	-	-	4,036	-	-	25,892	106,466
Total non-cash changes	-	-	4,036	-	-	750,796	106,466
Closing as at 30 June 2019	2,788,766	273,265	77,211	935,571	18,046	2,805,535	1,077,823

	30 June 2018						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured	Accrued finance cost
	(Rupees in thousand)						
Balance as at 01 July 2017	2,788,766	273,265	78,490	1,121,503	18,046	1,757,713	887,513
Cash flows							
Long term loan paid during the year	-	-	(3,079)	-	-	-	-
Settlements	-	-	-	(185,932)	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(3,079)	(185,932)	-	-	-
Non-cash changes							
Waiver of interest - Askari Bank	-	-	-	-	-	-	-
Exchange loss	-	-	-	-	-	277,886	83,844
Finance cost/unwinding of interest expense	-	-	3,064	-	-	19,140	-
Total non-cash changes	-	-	3,064	-	-	297,026	83,844
Closing as at 30 June 2018	2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357

39 **Transactions with related parties**

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

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

40 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

40.1 **Credit risk**

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

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

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

Trade receivables

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

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

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

Comparative information under IAS 39	2018
	(Rupees in thousand)
- Not past due	-
- Past due 0 - 365 days	41,289
- 1 - 2 years	12,739
- More than 2 years	440,553
	494,581

Bank balances

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

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

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

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

40.2 **Liquidity risk**

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

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

Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments.

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

	2018			
	Carrying amount	One year or less	One to five years	More than five years
	---------- Rupees ----------			
Long term finances - secured	78,475	24,343	47,936	6,196
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,054,739	2,054,739	-	-
Creditors, accrued and other liabilities	517,560	517,560	-	-
Accrued finance cost	971,357	971,357	-	-
	4,575,748	4,521,616	47,936	6,196

40.3 **Market risk**

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

40.4 **Currency risk**

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

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

	2019	2018
	--- (USD in thousand) ---	
Following is the Company's exposure to currency risk:		
Foreign Currency Convertible Bonds- USD	17,055	16,898

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

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

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

40.5 **Interest rate risk**

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

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

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

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

40.6 **Other price risk**

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

40.7 **Capital management**

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

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

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41 Fair value measurement of financial instruments

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

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

41.1 Fair value measurement of financial instruments

	Note	30 June 2018					
		Carrying amount			Fair value		
		Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
		(Rupees in thousand)					
Financial instruments							
30 June 2018							
Financial assets not measured at fair value							
Long term advances and deposits		13,619	-	13,619	-	-	-
Trade debts		494,581	-	494,581	-	-	-
Advances, deposits, prepayments and other receivables		596,437	-	596,437	-	-	-
Cash and bank balances		31,988	-	31,988	-	-	-
	41.2	1,136,625	-	1,136,625	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	78,475	78,475	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,054,739	2,054,739	-	-	-
Trade and other payables		-	517,560	517,560	-	-	-
Accrued finance cost		-	971,357	971,357	-	-	-
	41.2	-	4,575,748	4,575,748	-	-	-

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

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42 **Remuneration of Chief Executive, Directors and Executives**

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

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

43 **Number of employees**

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

44 **Date of authorization for issue**

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

45 **Corresponding figures**

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

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

Lahore | Chief Executive Officer | Director | Chief Financial Officer

Pace (Pakistan) Limited

Consolidated Statement of Financial Position

As at 30 June 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 The Group and its operations

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

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

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

1.2 Pace Gujrat (Private) Limited

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

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1.3 Pace Supermall (Private) Limited

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

1.4 Pace Woodlands (Private) Limited

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

2 Going Concern Assumption

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

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

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

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

3 Basis of preparation

3.1 Consolidated financial statements

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

Subsidiary Companies

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

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

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

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

Non-Controlling Interests

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

Associates

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

3.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

3.3 Basis of measurement

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

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

3.4 Functional and presentation currency

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

4 Changes in significant accounting policies

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

4.1 IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

4.1.1 Gross versus net presentation

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

4.2 **IFRS 9 Financial Instruments**

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

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

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

4.2.1 **Classification and measurement of financial assets and financial liabilities**

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

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

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

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

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Impairment of financial assets

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

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

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

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

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

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

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analysing the potential impacts on adoption of this standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment to be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Group's financial statements.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's financial statements

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Group's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Group's financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

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

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

6 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

6.1 Satisfaction of performance obligations

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

6.2 Staff retirement benefits

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

6.3 **Provision for taxation**

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

6.4 **Property, plant and equipment**

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

6.5 **Intangibles**

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

6.6 **Stock-in-trade**

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

6.7 **Investment property valuation**

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

6.8 **Costs to complete the projects**

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

6.9 **Measurement of ECL allowance for trade receivables**

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

6.10 **Commitments and contingencies**

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

6.11 Recoverable amounts of assets / cash generating units and impairment

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

7 Significant accounting policies

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

7.1 Consolidation

Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

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

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transactions provide an evidence of impairment of the 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 statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

Associates

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

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

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

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

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

7.2 Taxation

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

Current

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

Deferred

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

7.3 Property, plant and equipment

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

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

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

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

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

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

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

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

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

7.4 Intangible assets

Computer Software

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

Optical Fiber

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

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

7.5 Investment property

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

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

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

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

7.6 Stock-in-trade

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

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

7.7 Trade debts

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

7.8 Loans and receivables

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

7.9 Cash and cash equivalents

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

7.10 Mark-up bearing borrowings

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

7.11 Foreign currency transactions and translation

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

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

7.12 Leases

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

7.12.1 Finance leases

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

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

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

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

7.12.2 Operating leases

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

7.13 Employee benefits

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

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

7.14 Creditors, accruals and other liabilities

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

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

7.15 Revenue recognition

7.15.1 Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

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

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

Development services

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

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

Sale of property

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

Display of advertisements

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

Service charges

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

7.15.2 Other revenue

Rental income from lease of investment property

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

7.16 Financial instruments

7.16.1 Recognition and initial measurement

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

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

7.16.2 Classification and subsequent measurement

Financial assets- Policy applicable from 1 July 2018

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

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

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

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

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

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

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

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

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

7.16.3 Derecognition

Financial assets

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

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

Financial liabilities

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

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

7.16.4 Offsetting

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

7.16.5 Impairment

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

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

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

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

7.17 Impairment of non-financial assets

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

7.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer and the Chief Financial Officer.

7.19 Dividend

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

7.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

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

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

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

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

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

8.5 Reserves	Note	2019	2018
		— (Rupees in thousand) —	
Share premium reserve	*8.5.1*	273,265	273,265
Share in reserves of associate		14,042	14,042
		287,307	287,307

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

9 Long term finances - secured	2019	2018
	--- (Rupees in thousand) ---	
Soneri Bank - demand finance	19,043	24,343
Pak Iran Joint Investment Company- markup	58,168	54,132
	77,211	78,475
Less:		
Current maturity presented under current liabilities	(27,401)	(24,343)
	49,810	54,132

9.1 Pak Iran Joint Investment Company

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

Terms of repayment

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

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

Security

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

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9.2 Soneri Bank - demand finance

Terms of repayment

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

Security

This facility is secured against a charge amounting to the sum of Rs 50 million created on the land and building on Plot no. 41 Block N, Gulberg II, Industrial Area Lahore measuring 4.086 kanals along with present and future construction thereon.

9.3 Syndicate term finance facility

In the preceding years, the company settled the principal and accrued mark up of the below mentioned facilities with properties at Pace Tower on following key terms:

9.3.1 National Bank of Pakistan

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

9.3.2 Habib Bank Limited

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

9.3.3 National Bank of Pakistan - term finance

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

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

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

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

10.1 Terms finance certificate

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

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

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

10.2 Settlement with Askari Bank Limited

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

11 Liabilities against assets subject to finance lease	Note	2019	2018
		--- (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% (2018: 9% to 15%) to arrive at their present value. The lessee has the option to purchase the assets after the expiry of the lease term. Taxes, repairs and insurance costs are to be borne by the lessee. The liability is partly secured by a deposit of Rs 11.500 million (2018: Rs 11.500 million).

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

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

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

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

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

13	Deferred liabilities	Note	2019	2018
			--- (Rupees in thousand) ---	
	Staff gratuity	*13.1*	42,871	41,359
	Leave encashment	*13.2*	3,033	3,420
			45,904	44,779

13.1 Staff gratuity

	2019	2018
Balance at 1 July	41,359	44,889
Included in statement of profit or loss:		
Service cost	6,269	8,216
Interest cost	3,479	3,092
	9,748	11,308
Included in statement of comprehensive income:		
Remeasurements:		
Actuarial loss from changes in financial assumptions	542	134
Experience adjustments	(3,382)	(4,994)
	(2,840)	(4,860)
Other:		
Benefits due but not paid (payable)	(4,941)	(9,978)
Benefits paid	(455)	-
	(5,396)	(9,978)
Balance at 30 June	42,871	41,359

Charge for the year has been allocated as follows:

	2019	2018
Cost of sales	3,899	1,470
Administrative and selling expenses	5,849	9,838
	9,748	11,308

Plan Assets

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

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

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

Plan Assets

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

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

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

13.5 **Sensitivity Analysis**

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

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

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

Salary risks

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

Mortality / withdrawal risks

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

14 Contract liability

This principally represents advances received from various parties against sale of apartments and houses in Pace Tower project, Lahore and its breakup at 30 June 2019 is as follows:

	2019	2018
	--- (Rupees in thousand) ---	
MCB Bank Limited	137,567	-
First Capital Investment Limited	16,020	16,020
First Capital Securities Corporation Limited	45,887	45,887
First Capital Equities Limited	3,086	38,931
Others	53,004	68,909
	255,564	169,747

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

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

15 Current maturity of long term liabilities

	2019	2018
Long term finances - secured	27,401	24,343
Redeemable capital - secured (non-participatory)	935,571	935,571
Liabilities against assets subject to finance lease	18,046	18,046
Foreign currency convertible bonds - unsecured	2,805,535	2,054,739
	3,786,553	3,032,699

16 Creditors, accrued and other liabilities

	Note	2019	2018
Trade creditors	*16.1*	344,334	229,005
Rentals against investment property received in advance		4,063	4,120
Accrued liabilities		179,186	163,602
Security deposits	*16.2*	50,399	52,920
Payable to contractors		2,699	2,699
Retention money		6,093	2,443
Payable to statutory bodies		80,433	69,630
Others	*16.3*	47,323	30,041
		714,530	554,460

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

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

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

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

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

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

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

17 Accrued finance cost

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

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

18 Contingencies and commitments

18.1 Contingencies

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

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

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

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

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

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

18.2 Commitments

18.2.1 Commitments made by the Parent Company in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited ('equity-accounted investee'), amounts to Rs. 115.690 million (2018: Rs. 206.743 million) and Capital Heights (Private) Limited, amounts to Rs. 74.505 million (2018: 149.927 million).

18.2.2 Corporate guarantee given by the Parent Company on behalf of Pace Barka Properties Limited ('equity-accounted investee'), in favor of The Bank of Punjab, amounting to Rs. 900 million (2018: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

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

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

19 Property, plant and equipment

	Note	2019	2018
Operating fixed assets	*19.1*	**439,657**	423,711
Capital work in process	*19.2*	**28,807**	28,448
		468,464	452,159

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19.1 Operating fixed assets

	Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
	(Rupees in thousand)										
Net carrying value basis											
Year ended 30 June 2019											
Opening net book value	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Additions (at cost)	-	-	-	-	-	42,000	-	-	-	-	42,000
Transfers from leased assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,132)	(5,428)	(2,262)	(9,630)	(261)	(351)	(104)	(2,886)	(26,054)
Closing net book value	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Gross carrying value basis											
As at June 2019											
Cost	155,152	-	179,470	179,122	85,795	167,588	11,683	11,801	10,087	57,390	858,088
Accumulated depreciation	-	-	(81,961)	(130,401)	(65,467)	(66,903)	(9,338)	(8,638)	(9,877)	(45,846)	(418,431)
Net book value	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended 30 June 2018											
Opening net book value	155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,807
Additions (at cost)	-	-	-	-	-	18,800	-	-	-	4,000	22,800
Transfers from leased assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	(273)	(273)
Depreciation charge	-	-	(5,403)	(5,428)	(2,510)	(5,876)	(289)	(390)	(155)	(3,572)	(23,623)
Closing net book value	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Gross carrying value basis											
As at June 2018											
Cost	155,152	-	179,470	179,122	85,795	125,588	11,683	11,801	10,087	57,390	816,088
Accumulated depreciation	-	-	(76,829)	(124,973)	(63,205)	(57,273)	(9,077)	(8,287)	(9,773)	(42,960)	(392,377)
Net book value	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	

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

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

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

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

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

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

* The covered area includes multi storey buildings.

		2019	2018
		--- (Rupees in thousand) ---	
Depreciation charge for the year has been allocated as follows:			
Cost of sales	*31.3*	**13,527**	13,351
Admin and Selling Expenses	*32*	**12,527**	10,272
		26,054	23,623

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

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

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20 Intangible assets

	Note	2019	2018
		--- (Rupees in thousand) ---	
Optical fiber	20.1	**4,161**	4,637
Computer software	20.2	**358**	398
		4,519	5,035

20.1 Optical fiber

	2019	2018
Cost	**9,508**	9,508
Accumulated amortisation		
As at 01 July	**4,637**	5,113
Amortisation for the year	**(476)**	(476)
Net book value as at 30 June	**4,161**	4,637
Rate of amortisation	**5%**	5%

20.2 Computer software

	2019	2018
Cost	**2,878**	2,878
Accumulated amortisation		
As at 01 July	**398**	442
Amortisation for the year	**(40)**	(44)
Net book value as at 30 June	**358**	398
Rate of amortisation	**10%**	10%

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

21 Investment property

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

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

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

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

21.1.1 Fair value

Fair value hierarchy

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

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

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

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

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

Valuation inputs and relationship to fair value

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

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

22 Investment in equity-accounted investee

	Note	2019	2018
		--- (Rupees in thousand) ---	
Associate - unquoted (accounted for under equity method)			
Pace Barka Properties Limited			
75,875,000 (2018: 75,875,000) fully paid ordinary shares of Rs 10 each			
Equity held 24.86% (2018: 24.86%)	22.1	**1,098,948**	1,126,446
At Fair Value through OCI	22.2	**-**	-
		1,098,948	1,126,446

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22.1 Associate - unquoted	2019	2018
	--- (Rupees in thousand) ---	
Cost	**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	**367,795**	354,921
	1,126,446	1,113,572
Share of movement in reserves during the year	-	54
Share of profit for the year		
- before taxation	**(14,212)**	27,113
- provision for taxation	**(13,286)**	(14,293)
	(27,498)	12,820
Balance as on June 30	**1,098,948**	1,126,446

22.1.1 PACE Barka Properties Limited ("PBPL") was incorporated in Pakistan on 22 November 2005 as an unlisted public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of PBPL is to acquire, construct, develop, sell, rent out and manage shopping malls, appartments, villas, commercial buildings, etc. and to carry on the business of hospitality. The following table summarizes the financial information of PBPL as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in its associate.

	2019	2018
	--- (Rupees in thousand) ---	
Non-current assets (adjusted for revaluation surplus)	**3,439,086**	3,454,165
Current assets	**2,633,717**	2,682,790
Non-current liabilities	**249,064**	307,756
Current liabilities	**1,403,192**	1,298,040
Net assets (100%)	**4,420,547**	4,531,159
Company's share of net assets / carrying amount of interest	**1,098,948**	1,126,446
Revenue	**195,763**	592,415
Profit from operations	**(110,613)**	73,771
Other comprehensive income	-	219
Total comprehensive income (100%)	**(110,613)**	73,990
Company's share of total comprehensive income	**(27,498)**	18,394

The financial year end of PBPL is also 30 June and above figures (adjusted with the effect of inconsistencies between Group and PBPL accounting policies) are based on audited financial statements as of the same period.

22.2 At Fair Value through OCI	2019	2018
	--- (Rupees in thousand) ---	
As at 30 June	-	-
22.2.1 As at 1 July	-	1,023
Transferred to statement of profit or loss on derecognition of investment	-	(1,023)
As at June 30	-	-

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23 Long term advances and deposits

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

24 Deferred taxation

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

	2019	2018
	--- (Rupees in thousand) ---	
Accelerated tax depreciation	**201,885**	170,844
Employee retirement benefits	**(13,312)**	(16,144)
Provision for net realisable value	**(6,718)**	-
Provision for doubtful receivables	**(55,695)**	(55,684)
Deferred cost	**(75)**	(89)
Unused tax losses	**(126,085)**	(98,927)
Investment in associate	**51,045**	65,180
	51,045	65,180

The gross movement in deferred tax liability during the year is as follows:		
Opening balance	**65,180**	62,421
(Income) / expense for the year	**(14,135)**	2,759
Closing balance	**51,045**	65,180

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward under section 113 of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Parent Company has not recognised deferred tax assets of Rs 281.153 million (2018: Rs 317.712 million) in respect of tax losses and Rs 93.879 million (2018: 92.505 million) in respect of minimum tax paid available for carry forward under section 113 and 113C of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid under section 113 of Income Tax Ordinance, 2001 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million, Rs 4.255 million and Rs 9.218 million will lapse in the year 2019, 2020, 2021, 2022 and 2023 respectively. Minimum tax paid under section 113 C of Income Tax Ordinance, 2001 aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 535.643 million, Rs 271.825 million and Rs 304.691 million will expire in year 2019, 2020 and 2021 respectively.

25 Stock-in-trade

	Note	2019	2018
		--- (Rupees in thousand) ---	
Land purchased for resale	*25.1*	**930,765**	333,000
Work in progress			
Pace Tower	*25.2*	**600,317**	603,998
Pace Circle	*25.3*	**687,054**	595,966
Pace Supermall		**354,600**	354,600
Completed units- shops and houses		**549,753**	422,991
		3,122,489	2,310,555
Stores inventory		**737**	934
		3,123,226	2,311,489

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

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

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

		Note	2019	2018
			--- (Rupees in thousand) ---	
26	**Trade debts**			
	Secured			
	Considered good		**424,753**	494,883
	Unsecured			
	Considered doubtful		**181,150**	192,015
			605,903	686,898
	Less: Impairment allowance	*40.1*	**(181,150)**	(192,015)
			424,753	494,883

26.1 This includes the following amounts due from related parties:

	2019	2018
Rema & Shehrbano	**185**	50
First Capital Investment Limited & First Capital Mutual Fund	**504**	504
First Capital Equities Limited	**1,596**	1,079
First Capital Securities Corporation Limited	**6,881**	6,681
Pace Barka Properties Limited	-	302
Conatural cosmetics	**181**	-
	9,347	8,616

26.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 10.629 million (2018: Rs. 9.150 million).

		Note	2019	2018
			--- (Rupees in thousand) ---	
27	**Advances, deposits, prepayments and other receivables**			
	Advances - considered good			
	- to employees	*27.1*	**16,124**	14,951
	- to suppliers	*27.2*	**118,460**	70,132
	Advance against purchase of property	*27.3*	**221,567**	542,000
	Security deposits	*27.4*	**12,285**	12,275
	Receivable against sale of investment property		**99,979**	545,124
	Others - considered good	*27.5*	**9,244**	25,158
			477,659	1,209,640

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

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27.2 This includes the following amounts due from related parties:

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

27.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 80.302 million (2018: 53.075 million)

27.3 The amount reflects advance paid against the purchase of 4.9 kanal plot at Shadman, Lahore from a related party Evergreen Water Valley (Private) Limited. The maximum aggregate advance given to this related party at the end of any month was Rs. 221.567 million (2018: Nil).

27.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.5 million against assets acquired under finance lease. The amount is under dispute and management expects to recover the amount in full.

27.5 This includes rent receivable from a related party 'Media Times Pvt. Limited' amounting to Rs. 7.8 million. The amount also includes impairment allowance of Rs. 19.418 million recognised in the current year.

28 Income tax refundable

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
29 Cash and bank balances			
Cash in hand		707	203
Cash at banks			
- Current accounts	*29.1*	**164,579**	31,631
- Saving accounts	*29.2*	**219**	266
Impairment allowance for expected credit loss		**(89)**	-
		164,709	31,897
		165,416	32,100

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

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

29.3 This includes impairment allowace of Rs.0.089 million (2018:Nil)

	Note	2019	2018
		--- (Rupees in thousand) ---	
30 Revenue			
Development services	*30.1*	**339,407**	386,580
Sale of property		**-**	130,439
Display of advertisements		**33,494**	29,280
Service charges - net	*30.2*	**30,562**	50,559
Revenue from contract with customers		**403,463**	596,858
Other revenue			
Rental income from lease of investment property		**36,882**	43,106
Total revenue		**440,345**	639,964

30.1 Development services recognised at percentage of completion basis

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

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

30.2 Services charges - net

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

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

30.3 Disaggregation of revenue by:

Timing of revenue recognition		
At point in time	**-**	130,439
Over time	**403,463**	466,419
	403,463	596,858

30.4 Contract balances

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
Receivables, which are included in trade debts	*26*	**605,903**	686,898
Contract liabilities	*30.4.1 & 14*	**255,564**	169,747

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
31 Cost of revenue			
Shops and commercial buildings sold			
- at percentage of completion basis	*31.1*	**236,564**	364,829
- at completion of project basis	*31.2*	**-**	103,583
Write down value to inventory to net realisable value		**23,166**	80,935
Stores operating expenses	*31.3*	**86,745**	98,755
		346,475	648,102

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

	2019	2018
Opening work in progress	**603,998**	437,420
Purchase of inventory	**171,485**	640,831
Project development costs	**76,431**	59,840
Property disposed / settled against loans	**(15,033)**	(169,264)
Closing work in progress	**(600,317)**	(603,998)
Cost of shops / apartments and commercial buildings sold during the year	**236,564**	364,829

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

	Note	2019	2018
		--- (Rupees in thousand) ---	
Opening inventory of shops and houses		**755,991**	304,201
Purchased during the year		**155,693**	636,308
Transfer from advances and prepayments		**592,000**	-
Write down of inventory to net realisable value		**(23,166)**	(80,935)
Closing inventory of shops		**(549,753)**	(422,991)
Closing inventory of land		**(930,765)**	(333,000)
		-	103,583

31.3 Stores operating expenses

	Note	2019	2018
Salaries, wages and benefits	*31.3.1*	**43,196**	47,174
Rent, rates and taxes		**8,986**	12,039
Depreciation on owned assets	*19.1.1*	**13,527**	13,351
Repairs and maintenance		**10,503**	12,319
Others		**10,533**	13,872
		86,745	98,755

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

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

32 Administrative and selling expenses

	Note	2019	2018
Salaries, wages and benefits	*32.1*	**54,628**	61,812
Travelling and conveyance		**2,641**	2,814
Rent, rates and taxes		**205**	520
Insurance		**1,958**	2,802
Printing and stationery		**701**	653
Repairs and maintenance		**2,835**	2,043
Motor vehicles running		**4,289**	4,148
Communications		**2,982**	2,871
Advertising and sales promotion		**247**	6,624
Depreciation on owned assets	*19.1.1*	**12,527**	10,272
Amortisation on intangible assets	*20*	**516**	520
Auditors' remuneration	*32.2*	**3,275**	3,150
Legal and professional		**4,027**	3,826
Commission on sales		**44,113**	55,701
Office expenses		**14,528**	7,080
Other expenses		**12,604**	6,087
		162,076	170,923

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

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

32.2 Auditors' remuneration

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

	2019	2018
Statutory audit	**2,075**	2,075
Half yearly review	**700**	600
Audit of consolidated financial statements,	**200**	200
Statutory certification	**100**	100
Out of pocket expenses	**200**	175
	3,275	3,150

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

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

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

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

36 **Taxation**

Current:		
- For the year	6,433	3,684
- Prior years	-	2,508
	6,433	6,192
Deferred tax for the year	(14,135)	2,759
	(7,702)	8,951

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

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

	2019	2018
	%	%
Applicable tax rate	29.00	30.00
Tax effect of amounts that are:	-	-
Non deductible expenses	(0.31)	-
Income not chargeable to tax	(1.26)	(4.21)
Minimum tax u/s 113 for the year	0.68	0.72
Share of loss / (profit) of equity-accounted investee	-	0.49
Current year losses for which no deferred tax asset is recognised	(28.92)	(25.25)
	(29.81)	(28.25)
Average effective tax rate	(0.81)	1.75

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

37 **Loss per share - basic and diluted**

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

	2019	2018
	--- (Rupees in thousand) ---	
Loss for the year attributable to owners of the Parent Company	(942,907)	(521,664)
Weighted average number of ordinary shares outstanding during the year	278,877	278,877

	Note	2019	2018
		--- (Rupees in thousand) ---	
38 Cash generated from / (used in) operations			
Loss before tax		**(950,803)**	(512,800)
Adjustment for:			
Exchange loss on foreign currency convertible bonds	*12.2*	**724,904**	277,886
Provision for gratuity and leave encashment	*13.1 & 13.2*	**10,062**	11,764
Depreciation on owned assets	*19.1.1*	**26,054**	23,623
Amortisation on intangible assets	*20*	**516**	520
Changes in fair value of investment property	*21*	**(5,799)**	69,830
Share of (loss)/ profit from equity-accounted investee - net of tax		**27,498**	(12,820)
Impairment loss on trade receivables		**8,661**	47,331
Loss on sale of investments	*34*	**-**	1,026
Write down of inventory to net realisable value	*31.2*	**23,166**	80,935
Finance costs	*35*	**136,394**	112,498
Mark-up income	*33*	**(720)**	(45)
Gain on sale of property, plant and equipment		**-**	(727)
Gain on sale of investment property		**-**	(122,176)
Gain on settlement of loans		**-**	(23,119)
Loss before working capital changes		**(67)**	(46,274)
Effect on cash flow due to working capital changes:			
(Increase) in stock-in-trade		**(223,410)**	(864,034)
Decrease / (increase) in trade debts		**25,424**	113,484
(Decrease) in advances, deposits and other receivables		**120,563**	(565,128)
Increase in contract liability		**121,787**	18,204
Increase in creditors, accrued and other liabilities		**154,542**	109,570
		198,906	(1,187,904)
Cash and cash equivalents		**198,839**	(1,234,178)
Cash and bank balances		**165,416**	32,100

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

	30 June 2019						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured	Accrued finance cost
	(Rupees in thousand)						
Balance as at 01 July 2018	2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357
Cash flows							
Long term loan paid during the year	-	-	(5,300)	-	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(5,300)		-	-	-
Non-cash changes							
Exchange loss	-	-	-	-	-	724,904	-
Finance cost/unwinding of interest expense	-	-	4,036	-	-	25,892	106,466
Total non-cash changes	-	-	4,036	-	-	750,796	106,466
Closing as at 30 June 2019	2,788,766	273,265	77,211	935,571	18,046	2,805,535	1,077,823

	30 June 2018						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured	Accrued finance cost
	(Rupees in thousand)						
Balance as at 01 July 2017	2,788,766	273,265	78,490	1,121,503	18,046	1,757,713	887,513
Cash flows							
Long term loan paid during the year	-	-	(3,079)	-	-	-	-
Settlements	-	-	-	(185,932)	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(3,079)	(185,932)	-	-	-
Non-cash changes							
Waiver of interest - Askari Bank	-	-	-	-	-	-	-
Exchange loss	-	-	-	-	-	277,886	83,844
Finance cost/unwinding of interest expense	-	-	3,064	-	-	19,140	-
Total non-cash changes	-	-	3,064	-	-	297,026	83,844
Closing as at 30 June 2018	2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357

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39 Transactions with related parties

The related parties comprise of associated company, other related companies, directors of the Group under common directorship and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these financial statements and remuneration of key management personnel is disclosed in note 43. Other significant transactions with related parties except those disclosed elsewhere are as follows:

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

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40 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

40.1 Credit risk

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

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

		2019	2018
		--- (Rupees in thousand) ---	
Long term advances and deposits		**15,248**	14,250
Trade debts	26	**605,903**	686,898
Advances, deposits, prepayments and other receivables		**137,632**	597,508
Bank balance	29	**164,709**	31,897
		923,492	1,330,553

Trade receivables

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

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

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

Comparative information under IAS 39	2018
	(Rupees in thousand)
- Not past due	-
- Past due 0 - 365 days	41,289
- 1 - 2 years	12,739
- More than 2 years	440,855
	494,883

Bank balances

The Group held cash and cash equivalents of Rs. 165.416 million at 30 June 2019 (2018: Rs. 32.100 million).

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial application of IFRS 9 no impairment was determined as at 1 July 2018, however impairment losss in respect of bank balances amounting to Rs. 0.089 million (2018: Nil) has been recognised in the statement of profit or loss for the year ended 30 June 2019.

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

	Rating		Rating		
	Short term	Long term	Agency	2019	2018
				--- (Rupees in thousand) ---	
Bank Islamic Pakistan Limited	A1	A+	PACRA	9	10
Allied Bank Limited	A1+	AAA	PACRA	42	17,860
Soneri Bank Limited	A1+	AA-	PACRA	7	7
Silk Bank Limited	A-	A-2	JCR-VIS	72	72
Bank Alfalah Limited	A1+	AA+	PACRA	744	229
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	7	6
Askari Bank Limited	A1+	AA+	JCR-VIS	5	5
Faysal Bank Limited	A1+	AA	PACRA	590	31
United Bank Limited	A-1+	AAA	JCR-VIS	6	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	2
MCB Bank Limited	A1+	AAA	PACRA	163,932	780
Bank of Punjab	A1+	AAA	PACRA	-	92
Dubai Islamic Bank Pakistan Limited	A-1+	AA-	JCR-VIS	-	13,000
				165,416	32,100

40.2 Liquidity risk

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

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

Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments.

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

	2018			
	Carrying amount	One year or less	One to five years	More than five years
	Rupees			
Long term finances - secured	78,475	24,343	47,936	6,196
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,054,739	2,054,739	-	-
Creditors, accrued and other liabilities	554,460	554,460	-	-
Accrued finance cost	971,357	971,357	-	-
	4,612,648	4,558,516	47,936	6,196

40.3 Market risk

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

40.4 Currency risk

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

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

	2019	2018
Following is the Group's exposure to currency risk:	--- (USD in thousand) ---	
Foreign Currency Convertible Bonds- USD	**17,055**	16,898

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

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

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

40.5 Interest rate risk

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

		2019		2018	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial - instruments	*Note*	--- (Rupees in thousand) ---			
Fixed rate instruments					
Long term finances - *secured*	*9.2*	-	**19,043**	-	24,343
Foreign currency convertible bonds	*12*	-	**2,805,535**	-	2,054,739
Cash at bank		**219**	-	266	-
Variable rate instruments					
Redeemable capital - *secured*	*10*	-	**935,571**	-	935,571
Liabilities against assets subject to finance lease	*11*	-	**18,046**	-	18,046
		219	**3,778,195**	266	3,032,699

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

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

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

40.6 Other price risk

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

40.7 Capital management

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

	2019	2018
	--- (Rupees in thousand) ---	
Borrowings	**3,818,317**	3,068,785
Total equity	**1,480,760**	2,420,907
Total capital	**5,299,077**	5,489,692
Gearing Ratio	**72%**	56%

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41 **Fair value measurement of financial instruments**

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

		30 June 2019					
		Carrying amount			Fair value		
	Note	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
		(Rupees in thousand)					
Financial instruments							
30 June 2019							
Financial assets not measured at fair value							
Long term advances and deposits		15,248	-	15,248	-	-	-
Trade debts		424,753	-	424,753	-	-	-
Advances, deposits, prepayments and other receivables		137,632	-	137,632	-	-	-
Cash and bank balances		165,416	-	165,416	-	-	-
	41.2	743,049	-	743,049	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	77,211	77,211	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,805,535	2,805,535	-	-	-
Trade and other payables		-	714,530	714,530	-	-	-
Accrued finance cost		-	1,077,823	1,077,823	-	-	-
	41.2	-	5,628,716	5,628,716	-	-	-

41.1 **Fair value measurement of financial instruments**

	Note	Carrying amount: Financial assets at amortised cost	Carrying amount: Financial liabilities at amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3
		30 June 2018					
		(Rupees in thousand)					
Financial instruments							
30 June 2018							
Financial assets not measured at fair value							
Long term advances and deposits		13,619	-	13,619	-	-	-
Trade debts		494,581	-	494,581	-	-	-
Advances, deposits, prepayments and other receivables		597,508	-	597,508	-	-	-
Cash and bank balances		32,100	-	32,100	-	-	-
	41.2	1,137,808	-	1,137,808	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	78,475	78,475	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,054,739	2,054,739	-	-	-
Trade and other payables		-	554,460	554,460	-	-	-
Accrued finance cost		-	971,357	971,357	-	-	-
	41.2	-	4,612,648	4,612,648	-	-	-

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

42 Segment information

		Real estate sales		Investment properties		Others		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
		(Rupees in thousand)							
42.1	Segment revenue	**339,407**	386,580	**36,882**	43,106	**64,056**	210,278	**440,345**	639,964
	Segment expenses - Cost of sales	**236,564**	364,829	**31,696**	16,800	**78,215**	266,473	**346,475**	648,102
	Gross (loss) / profit	**102,843**	21,751	**5,186**	26,306	**(14,159)**	(56,195)	**93,870**	(8,138)
	Changes in fair value of investment property	-	-	**5,799**	(69,830)	-	-	**5,799**	(69,830)
	Segment results	**102,843**	21,751	**10,985**	(43,524)	**(14,159)**	(56,195)	**99,669**	(77,968)
	Administrative and selling expenses							**(162,076)**	(170,923)
	Impairment loss on trade and other receivables							**(8,661)**	(47,331)
	Other income							**10,978**	163,565
	Finance costs							**(138,311)**	(114,051)
	Exchange loss on foreign currency convertible bonds							**(724,904)**	(277,886)
	Other operating expenses							**(27,498)**	(1,026)
	Share of profit from associate - net of tax								12,820
	(Loss) / profit before tax							**(950,803)**	(512,800)
	Taxation							**7,702**	(8,951)
	(Loss) / profit for the year							**(943,101)**	(521,751)
42.2	**Segment assets**	**3,387,163**	2,807,292	**1,787,797**	1,662,942	-	-	**5,174,960**	4,470,234
	Unallocated assets							**2,287,029**	2,843,027
								7,461,989	7,313,261
42.3	**Segment liabilities**	**4,005,462**	3,138,241	**54,462**	52,920	-	-	**4,059,924**	3,191,161
	Unallocated liabilities							**1,921,305**	4,122,100
								5,981,229	7,313,261
42.4	**Capital expenditure**	-	-	-	-	-	-	-	-
	Unallocated							**42,000**	22,800
								42,000	22,800
42.5	**Depreciation/amortisation**	-	-	-	-	-	-	-	-
	Unallocated							**26,570**	24,143
								26,570	24,143

43 **Remuneration of Chief Executive, Directors and Executives**

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

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

44 **Number of employees**

	2019	2018
Total number of employees as at June 30	231	236
Average number of employees during the year	234	265

45 **Date of authorization for issue**

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

46 **Corresponding figures**

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

- Finance charge on foreign currency convertible bonds as disclosed in note 31 previously, has been reclassified to finance cost.

Lahore | Chief Executive Officer | Director | Chief Financial Officer