VISION

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

OUR PRINCIPALS

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

MISSION STATEMENT

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

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

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FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Company Information

Board of Directors

Shehryar Ali Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehrbano Taseer	Non-Executive
Rema Husain Qureshi	Non-Executive
Kanwar Latafat Ali Khan	Non-Executive
Malik Farhan Hasan	Independent
Chief Financial Officer	Usman Ali Tariq
Audit Committee	Malik Farhan Hasan (Chairman) Shehryar Ali Taseer Shehrbano Taseer
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer (Chairman) Aamna Taseer Malik Farhan Hasan
Company Secretary	Sajjad Ahmad
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisers	M/s. Imtiaz Siddiqui & Associates
Bankers	Allied Bank Limited Albaraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited National Bank of Pakistan Silkbank Limited Soneri Bank Limited Pair Investment Company Limited The Bank of Punjab United Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6 P.E.C.H.S. Karqchi-75400 (021) 111-000-322
Registered Office/Head Office	2nd Floor, Pace Shopping Mall Fortress Stadium, Lahore Cantt Lahore, Pakistan (042)-36623005/6/8 Fax: (042) 36623121, 36623122

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of Pace (Pakistan) Limited ("the Company" or "PACE") will be held on Saturday, 28 October 2017 at 11:00 a.m. at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, the Registered Office of the Company, to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on 02 May 2017;

2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2017 together with the Chairman's Review, Directors' and Auditors' reports thereon;

3. To appoint the Auditors of the Company for the year ending 30 June 2018 and to fix their remuneration;

By order of the Board

Sajjad Ahmad
Company Secretary

Lahore:
06 October 2017

Notes:

1) The Members Register will remain closed from 21 October 2017 to 28 October 2017 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S Karachi-75400, the Registrar and Shares Transfer Office of the Company, by the close of business on 20 October 2017 will be considered in time for the purpose of Annual General Meeting.

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

3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Head Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting. Pursuant to SECP Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution officer by the intermediary as Proxy.

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

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

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

6) In accordance with S.R.O. 831(I)2012 dated 5 July 2012 issued by the Securities and Exchange Commission of Pakistan, dividend warrants should bear CNIC number of the registered member or the authorized person. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same with members folio no. mentioned thereon to the Company or directly to our Independent Share Registrar, THK Associates (Pvt.) Limited;

7) In compliance with SECP notification no. 634/(I)/2014 dated 10 July 2014, the Company has placed the Audited Annual Financial Statements for the ended 30 June 2017 along with Auditors and Directors Reports thereon on its Group's website www.pacepakistan.com;

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

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

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

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ پیس (پاکستان) لمیٹڈ (''کمپنی'' یا''PACE'') کے شیئر ہولڈرز کا 26 واں سالانہ اجلاس عام بروز ہفتہ 28 اکتوبر 2017ء بوقت 11:00 بجے صبح بمقام دوسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم، کینٹ، لاہور میں مندرجہ ذیل امور پر غور وخوض کے لئے منعقد ہوگا:

عمومی امور

1. 02 مئی 2017ء کو منعقدہ غیر معمولی اجلاس عام کی کارروائیوں کی توثیق کرنا۔
2. 30 جون 2017ء کو اختتام پذیر سال کے لئے چیئرمین، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ہمراہ کمپنی کی مالیاتی اسٹیٹمنٹس کو وصول کرنا، مدنظر رکھنا اور منظوری دینا۔
3. 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین کرنا۔

بجانب بورڈ

سجاد احمد

کمپنی سیکریٹری

لاہور

06 اکتوبر 2017ء

نوٹس:

1) اراکین کا رجسٹر 21 اکتوبر 2017ء سے 28 اکتوبر 2017ء (بشمول دونوں ایام) تک بند رہے گا۔ THK ایسوسی ایٹس، پہلی منزل، 40-C، بلاک 6، PECHS کراچی-75400، کمپنی کے رجسٹرار اور شیئر ٹرانسفر آفس کو 20 اکتوبر 2017ء کو دفتری اوقات کے اختتام تک موصول تمام منتقلیاں سالانہ اجلاس عام کے مقصد کے لئے بروقت تصور کی جائیں گی۔

2) اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن کسی دوسرے رکن کو اپنی جگہ اجلاس میں شرکت اور ووٹ کرنے کے لئے پراکسی مقرر کرسکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے رجسٹرڈ آفس میں کمپنی کو پراکسیز موصول ہوجانی چاہئیں۔

3) جائز ہونے کی غرض سے پراکسی کا انسٹرومنٹ اور مختارنامہ یا دیگر اتھارٹی (اگر کوئی ہے) جس کے ماتحت یہ سائن کیا گیا ہے، یا نوٹری سے ایسے مختارنامہ کی مصدقہ نقل کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیس شاپنگ مال، فورٹریس سٹیڈیم لاہور کینٹ، لاہر میں اجلاس کے انعقاد سے 48 گھنٹے پہلے پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین پراکسی کے طور پر ثالث کے ذریعے ایگزیکیوشن آفیسر کی تقرری کے بعد اجلاس کے انعقاد سے کم از کم 10 دن پہلے تحریری رضامندی کے ذریعے اپنے ووٹ کا حق بذریعہ برقی ووٹنگ کرسکتے ہیں۔

4) a) CDC کے واحد بینی فیشل اونرز جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں۔ ان کو شراکت کا شناختی نمبر اور اکاؤنٹ/ ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ ہمراہ لانا ہوگا تاکہ وہ اپنی شناخت کرواسکیں۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ جس پر نمائندگان کے نمونہ کے دستخط موجود ہوں کو اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔ (اگر یہ پہلے فراہم نہ کئے گئے ہوں)

b) پراکسی کے تقرر کے لئے CDC کا فرد واحد بینی فیشل اونرز مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کروائے گا۔ جس میں شراکت کا شناختی نمبر اور اکاؤنٹ/ ذیلی اکاؤنٹ نمبر اور CNIC یا پاسپورٹ کی مصدقہ نقول بھی شامل ہیں۔ پراکسی فارم پر دو گواہان اپنے نام، پتے اور CNIC کے ہمراہ دستخط کریں گے۔ پراکسی اجلاس کے انعقاد کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ ظاہر کرے گا/گی۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز/ مختار نامہ بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔

5) اراکین کو درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتا میں تبدیلی کی صورت میں فوری طور پر آگاہ کریں۔

6) سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 5 جولائی 2012 کے سرکلر نمبری SRO831(I)2012 کی ہدایات کے مطابق منافع منقسمہ کے وارنٹس پر رجسٹرڈ رکن یا مجاز شخص کا CNIC نمبر درج ہونا چاہئے۔ اسی طرح سے، اراکین جنہوں نے ابھی تک جائز CNIC یا NTN (کاروباری ادارہ ہونے کی صورت میں) کی نقل جمع نہیں کرائی ہے کو درخواست کی جاتی وہ انہیں رکن کے فولیو نمبر کے ہمراہ کمپنی کو یا براہ راست ہمارے آزاد شیئر رجسٹرار، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو جمع کرادیں۔

7) 10 جولائی 2014 کے SECP نوٹیفکیشن نمبر 634(I)/2014 کی تعمیل میں کمپنی 30 جون 2017ء کو اختتام پذیر سال کے لئے سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس بمع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کے اپنے گروپ کی ویب سائٹ www.pacepakistan.com پر شائع کردی ہے۔

8) SECP کے مؤرخہ 8 ستمبر 2014ء کے نوٹیفکیشن نمبر SRO 787(I)/2014 پر عمل درآمد کرتے ہوئے کمپنیوں کو اجازت دی گئی ہے کہ وہ اپنی سالانہ بیلنس شیٹ اور پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹرز اور ڈائریکٹرز کی رپورٹ (سالانہ مالیاتی اسٹیٹمنٹس) بمع سالانہ اجلاس عام کی اطلاع (نوٹس) برقی خط کے ذریعے کمپنی کے اراکین کو فراہم کرسکیں۔ اس سہولت کے حصول کے خواہش مند اراکین کمپنی کو مطلوب اپنی معلومات کمپنی کو فراہم کریں اس تناظر میں کمپنی کی ویب سائٹ ہمارے گروپ کی ویب سائٹ www.pacepakistan.com پر سے فارم ڈاؤن لوڈ کیا جاسکتا ہے۔

9) اگر کمپنی جغرافیائی مقام پر رہائش پذیر 10 فی صد یا زائد شیئر ہولڈنگ کے حامل اراکین کی جانب سے اجلاس میں ویڈیو کانفرنس کے ذریعے شمولیت کی غرض سے اجلاس کے انعقاد سے 10 روز قبل رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کی صورت میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی۔

10) SECP کے مؤرخہ 31 مئی 2016 کے نوٹیفکیشن نمبر SRO#470(I)/2016 پر عمل درآمد کرتے ہوئے کمپنی نے اپنے سالانہ آڈیٹڈ اکاؤنٹس کی معلومات شیئر ہولڈرز کو سی ڈی کی صورت میں بھیج دی ہیں۔ تاہم، کمپنی سالانہ آڈیٹڈ اکاؤنٹس کی ہارڈ کاپی بھی شیئر ہولڈر کے مطالبہ کی صورت میں اُن کے رجسٹرڈ پتا پر ایسے مطالبہ کے ایک ہفتہ کے اندر بالکل مفت فراہم کرے گی۔ کمپنی نے اپنی ویب سائٹ پر معیاری درخواست فارم شائع کیا ہوا ہے تاکہ وہ سافٹ کاپی کی بجائے ہارڈ کاپی کی صورت میں معلومات حاصل کرسکیں۔

Chairman's Review Report

Review Report by the Chairman on Board's overall performance

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

The Board has recently completed its annual self-evaluation for the year ended 30th June 2017, and on behalf of Board I am pleased to report that:

- The Board of Directors ("the Board") of Pace (Pakistan) Limited (Pace) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.

- The Board of Pace is highly professional and experienced people. They bring a vast experience from different businesses including the independent directors. All board members are well aware of their responsibilities and fulfilling these diligently.

- The Board has adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;

- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the three directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;

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

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

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

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

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

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

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

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

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

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

Lahore
Dated: 05 October 2017

Shehryar Ali Taseer
Chairman

نظر ثانی رپورٹ منجانب چیئرمین

مجموعی کارکردگی پر چیئرمین کی نظر ثانی رپورٹ

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

میں 30 جون، 2017ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کر رہا ہوں!

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

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

لاہور

05 اکتوبر 2017ء

شہریار علی تاثیر

چیئرمین

Directors' Report (Year Ended June-2017)

General Economic Overview:

GDP growth has maintained its upward movement and increased to a decade-high of 5.3% in FY17. Other macroeconomic indicators, such as subdued inflation, investment growth and rising private sector credit, also showed an encouraging picture. However, exports continued to decline in the fourth consecutive year, by 1.6% over last year, whereas imports increased by 18.7% on account of power & infrastructure development, expansion in a number of industries and increase in manufacturing activities. Remittances recorded first annual decrease in last thirteen years and reduced by 3.1%, at US$ 19.3 billion for financial year ended June 30, 2017. Resultantly, the current account deficit widened to US$ 13.2 billion for the year ended June 2017 - a matter of concern for the economy. SBP maintained its policy rate at 5.75%, which partially continued to ease the cost of doing business The revival in agriculture sector during FY17 is especially notable. The agriculture sector primarily grew through five major crops i.e. rice, cotton, sugarcane, wheat, and maize, which posted a growth of 3.5%, after declining 5.0% of last year. This was supported by favorable policy measures, including subsidy on fertilizer, reduction in sales tax on tractors and increased access to finance. The bumper crops of sugarcane, maize and cotton compensated for low growth in rice and wheat production. Better agriculture had, in turn, positive spillover for trade and manufacturing sectors. The large-scale manufacturing sector (LSM), grew by 5.58 percent during first ten months of FY17, compared to 2.9 percent last year. Further, Public Sector Development Program (PSDP) and CPEC-related activities also continued to boost industries, such as cement and steel. The higher growth in agriculture and industry also had a positive impact on the performance of the services sector, which grew by 6.0% for FY17. Inflation increased slightly to 4.1 %, however it was well below the full year target of 6.0% for FY17.

Due to the improved economic situation, as well as improved political and law and order situation in the last 3 years Pakistan's equity market has performed extremely well. Pakistan has seen a historic decline in inflation and interest rates driven by decline in oil prices from mid-2014 onwards. The PSX 100 has consistently been ranked among the top 10 equity markets in the world. However, the recent political uncertainty has severely impacted the Pakistan capital markets and the PSX 100 has lost over 10,000 points. Despite the political uncertainty, the fundamentals of the economy are strong and in the long term we continue to have positive outlook for the country's economic performance.

Real Estate overview:

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

Pakistan's property market has been on an upward trend for the past decade. With a population in excess of 200 million the concentration of economic activity is limited to three major cities: Karachi, Lahore and Islamabad, and if the country is to evolve into a major economic player it needs to decentralize more of its economic activity. It has been a year of significant change in the Pakistani real estate sector. Changes to the Income Tax Ordinance 2001 through the Finance Act 2016 sought to rectify the disparity between the value of property and tax collections. Currently, the housing shortage is estimated to be over nine million units with demand growing at a rate of 0.7 million new units per year. One of the main bottlenecks is the underdeveloped mortgage sector which accounts for meagre 0.5 percent of GDP. With a more accessible home loan market many more individuals and families could find the capital for their -first time home. By 2025, the shortfall is predicted to swell to 20 million residential units. In order to catch up, Pakistan needs to construct one million new units each year, but the current building rate is just 150,000 per annum. For lower income families there is no option for a mortgage hence the overall housing shortage is expected to grow in the future. A World Bank report noted that the housing to finance ratio in Pakistan was one of the world's lowest at just one percent compared to 50 percent in developed nations.

Future Outlook of the Real Estate Sector

Pakistan is now primed for foreign investment in real estate. Work has already begun on the $51.5 billion China-Pakistan Economic Corridor and the benefits will flow to the real estate industry. One of the main bottlenecks in the sector is an inadequate transport infrastructure, so this substantial investment will make decent strides in improving the situation. The improving security situation was picked up by the Wall Street Journal who described Pakistan as a 'pleasant surprise,' and The Economist noted that the country is 'experiencing a rare period of optimism'. The country offers a high potential return on investment for foreign investors looking to diversify. As the new tax laws make the real estate market more transparent and regulated, overseas investors will continue to pay close attention.

Company Performance and Financial Overview:

An extract of the audited results of the Company's financial performance for the year ended June 30, 2017 as against June 30, 2016 is as follows:

	2017	2016
	Year Ended June 30 (Rupees in '000')	
Net Sales	425,574	416,931
Cost of Sales	(409,780)	(368,731)
Gross profit/(loss)	15,794	48,200
Admin & Selling Expenses	(173,426)	(177,857)
Other income	414,456	673,038
Finance cost	(132,409)	(169,256)
Fair value gain	120,000	29,410
Profit before tax	239,441	354,259
Taxation	(15,306)	(60,224)
Profit for the year	224,135	294,035
Earnings per share	0.80	1.05

During the financial year ended 30th June 2017 (FY-2017), the sales of the Company marginally improved by 2.07%. The Company recorded the net sales of Rs 425.6 million as compared to Rs 416.9 million during last year, with an increase of Rs 8.64 million.

On the cost front, the Company implemented stringent measures to curb its Admin and Selling Expenses which reduced from Rs 177.8 million during last year, to Rs 173.4 million during FY-2017 i.e. there is a net decrease of 2.49% as compared with last year.

During the year, Other Income of the Company was arrived at Rs 414.46 million as compared to Rs 673.04 million last year. Other Income comprised mainly of gain on loans settlements and gain due to waiver of markup. During the year, the Company continued its strive to settle its outstanding obligations with its Lenders, and resultantly, gain on settlement of Company's loans during the year totaled Rs 358.6 million, out of which Rs 94.3 million pertained to gain on exchange of properties, while Rs 249.4 million pertained to waiver of markup.

Finance Cost of Company showed a significant reduction of 21.77% as compared with last year, and reduced from Rs 169.2 million during last year to Rs 132.4 million in current year i.e. there is the net decrease of Rs. 36.8 million. The primary reason for reduction in Finance Cost is settlement of outstanding loans of the Company, during the year, to the tune of Rs 472 million (including approximately Rs. 376 million pertaining to various TFC holders, while approximately Rs. 96 million pertaining to short term finance obtained from PAIR).

Moreover, during the year, the Company witnessed a significant revaluation gain on its investment property which rose from Rs. 29.4 million during last year to Rs. 120 million during the current year.

Net Profit After Tax (NPAT) of the Company arrived at Rs 224.13 million during FY-2017, as compared with the NPAT of Rs 294.03 million during last year, which translated into EPS of Rs 0.80 per share for the year ended June 2017 (FY-2016: Rs 1.05 per share).

Status of Financial obligations:

The current portion of long term loans has decreased from Rs 3,282.6 million as at last year end, to Rs 2,924.7 million as at 30th June 2017, due to the fact that during the year Company settled its outstanding liability in respect of TFCs, with the various TFC holders, as explained in foregoing section.

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

Moreover, subsequent to the year end, due to settlement of loans, the Lenders of the Company released its various properties which were previously held as charge against its outstanding liabilities. Release of these properties, which were previously pledged, would help in boosting the sale of Company in coming years, and would enable the Company to settle its outstanding financial obligations.

Company's ability to continue as a Going Concern:

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,243.402 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.
However, as discussed in foregoing section, during the year ended June-2017, Company entered into settlement agreement with its various TFC holders and other lenders, and settled its outstanding liabilities and obtained waiver on outstanding markup. Management is also striving to enter into settlement agreements with other Lenders of the Company, in order to improve the financial position and cash flow of the Company.

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

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

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

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

Risk management:

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

Internal controls:

The directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for year ended 2017.

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

Our commitment to diversity:

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

Health and Safety measures:

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

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

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

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

The Company is committed to:

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

People and Human Resource Development:

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

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

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

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

Appropriations:

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

Election of Directors / Changes in Board of Directors:

New Board of Directors was elected for the term of next three years in the Extraordinary General Meeting of the Shareholders of the Company held on 02 May 2017 consisting the following directors:

Aamna Taseer, Shahbaz Ali Taseer, Shehryar Ali Taseer, Shehrbano Taseer, Rema Husain Qureshi, Kanwar Latafat Ali Khan and Malik Farhan Hasan;

Muhammad Imran Chaudhry retired from the board.

Auditors:

The present auditors M/s A.F Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. The Board of directors has recommended their appointment as auditors of the company for the year ending June 30, 2018, at a fee to be mutually agreed.

Human Resource Committee:

Keeping in view the requirements of the code of the corporate governance of Pakistan, applicable to the listed companies, the Board of Directors of the Company has formed an HR and Remuneration Committee. It comprises 3 members, two of whom are non-executive directors and the Chairman of the committee is a non-executive director. The names of the members of the committee are mentioned below.

Shehryar Ali Taseer (Chairman)
AamnaTaseer (Member)
Malik Farhan Hasan (Member)

Board Meetings during the year

Four meetings of the Board of Directors were held during the year Attendance by each director is as under:

Directors	**Meetings Attended**
Aamna Taseer*	3
Shahbaz Ali Taseer*	4
Shehryar Ali Taseer*	4
Shehrbano Taseer *	4
Rema Husain Qureshi*	2
Kanwar Latafat Ali Khan*	3
Malik Farhan Hasan*	-
Suleman Ahmad Saeed Al-Hoqani(Deceased)	-
Syed Abid Raza**	-
Muhammad Imran Chaudhry***	-

*These members were either re-elected/elected on 2-May-2017
**Syed Abid Raza resigned on 25-March-2017
***Muhammad Imran Chaudhry Retired on 02-May-2017

The Directors who could not attend the meeting were duly granted leave by the Board.

Trading of Directors

Details of trading in shares of the Company during the financial year, by the Directors CEO, CFO, Company Secretary and their spouses and any minor children is given in Annexure-1.

Audit Committee

The Board of directors in compliance with the Code of Corporate Governance has established an Audit Committee. Six meeting of the Audit committee were held during the year. Attendance by each member is as under:

Audit Committee Member	**Meetings Attended**
Muhammad Imran Chaudhry	-
Mr. Shehryar Ali Taseer (Member)	6
Miss. Shehrbano Taseer (Member)	6

Mohammad Imran Ch. (Independent Director) has not attended any meetings during the year and was granted leave by the committee. Furthermore, he did not participate in Elections for Board of Directors.

The Board of directors have re-constituted the Audit committee consisting the following Directors:

Malik Farhan Hasan	(Chairman)
Shehryar Ali Taseer	(Member)
Shehrbano Taseer	(Member)

Integrity and compliance

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

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

Compliance with Laws, Rules & Regulations

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

Pattern of Shareholding:

The pattern of shareholding as required under Section 236(2)(d) of the Companies Ordinance 1984 and Listing regulations is enclosed.

Corporate and Financial Reporting Framework:

The Board of Directors of the company, for the purpose of establishing a framework of good corporate governance has fully adopted the Code of Corporate Governance, as per listing regulations of stock exchanges.

1. The financial statements together with the notes thereon present fairly the company's state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts have been maintained by the company and all transactions enetered into were for the purpose of business of the company.

3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

4. The international accounting standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure (if any) is adequately disclosed.

5. The key operating and financial data for the last six years is Annexed.

6. The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the three directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;

7. Information about outstanding taxes and levies is given in the Notes to the Financial Statements and the same will cleared in due course.

The Path Forward

Through the delivery of key development projects in 2018 in form of Pace Towers and significant investment and share in pace Circle, we look forward to onboarding significant operating cash flows by successfully converting non-income-producing assets to cash flowing operating assets.

While we will continue to focus on improving our capital structure over the coming years, we will also look to make diligent and sound investment decisions when compelling opportunities arise.
With best-in-class assets and properties in prime irreplaceable dense cluster locations and a great team, we hope that our investors continue to focus on our fundamentals as a high-quality, innovative company in real estate sector of Pakistan with a unique built-in platform for growth.

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

For and on behalf of Board of directors

Lahore
05 October 2017

Aamna Taseer
CEO

پیس (پاکستان) لمیٹڈ

ڈائریکٹرز کی رپورٹ (جون 2017ء کو اختتام پذیر سال)

عمومی اقتصادی جائزہ

مجموعی قومی آمدنی اونچی سطح کو برقرار رکھا ہے اور مالی سال 2017ء میں دہائی میں سب سے زیادہ 5.3 فی صد اضافہ ہوا۔ دیگر معاشی اشارے، جیسا کہ غالب افراط زر، سرمایہ داری میں نمو اور پرائیویٹ سیکٹر کریڈٹ میں اضافہ نے ایک حوصلہ افزا تصویر پیش کی ہے۔ تاہم، برآمد میں گذشتہ چار مسلسل سالوں میں پچھلے سال 1.6 فی صد سے زائد کمی جاری رہی۔ جب کہ توانائی اور بنیادی ڈھانچہ، متعدد انڈسٹریز میں وسعت اور پیداواری سرگرمیوں میں اضافہ کی وجہ سے درآمد میں 18.7 فی صد اضافہ دیکھا گیا۔ گذشتہ 13 سالوں میں ترسیل زر میں پہلی سالانہ کمی ریکارڈ کی گئی اور 3.1 فی صد تک کم ہوئی۔ جو کہ 30 جون 2017ء کو اختتام پذیر مالی سال کے لئے 19.3 بلین ڈالر تھی۔ نیتجتاً، 30 جون 2017ء کو اختتام پذیر سال کے لئے جاری کھاتوں کے خسارہ میں 19.3 بلین امریکی ڈالر کا اضافہ ہوا۔ جو کہ معیشت کے لئے بہت بڑا خطرہ ہے۔ بنک دولت پاکستان نے 5.75 فی صد کی شرح سے پالیسی کو برقرار رکھا ہے جس سے جزوی طور پر کاروبار کرنے کی لاگت میں آسانی پیدا ہوئی۔ مالی سال 2017ء میں زرعی شعبہ کی ازسرنو بحالی خاص طور پر قابل ذکر ہے۔ زرعی شعبہ ابتدائی طور پر پانچ بڑی فصلوں پر منحصر ہے جس میں چاول، کپاس، گنا، گندم اور مکئی شامل ہیں۔ جس میں گذشتہ سال کے 5.0 فی صد زوال یا جھکاؤ کے مقابلہ میں 3.5 فی صد نمو دیکھی گئی۔ مساعد پالیسی اقدامات کی وجہ سے یہ ممکن ہوا جس میں کھادوں پر سبسڈی، ٹریکٹرز پر سیلز ٹیکس میں کمی اور مالی معاونت پر بڑھتی ہوئی رسائی شامل ہیں۔ چاول اور گندم کی کم پیداوار کو گنے، مکئی اور کپاس کی وافر فصلوں سے پورا کیا گیا۔ بہتر زراعت نے تجارت اور صنعتکار کے شعبہ کے لئے مثبت راہ ہموار کی۔ بڑے پیمانے پر صنعتی شعبہ (LSM) میں گذشتہ سال کے 2.9 فی صد اضافہ کے مقابلہ میں مالی سال 2017ء کے پہلے دس ماہ کے دوران 5.58 فی صد کا اضافہ ہوا۔ مزید برآں، عوامی شعبہ کے ترقیاتی پروگرام (PSDP) اور CPEC سے متعلقہ سرگرمیاں سیمنٹ اور سٹیل جیسی انڈسٹری میں ترقی کا باعث بنیں۔ زراعت اور صنعت میں بہترین نمو نے خدمات کے شعبہ کی کارکردگی پر مثبت اثرات ڈالے ہیں جو مالی سال 2017ء کے لئے 6.0 فی صد بڑھے ہیں۔ افراط زر میں 4.1 فی صد کا خفیف اضافہ ہوا ہے تاہم مالی سال 2017ء کے 6.0 فی صد کے ہدف سے انتہائی کم ہے۔

گذشتہ 3 سال کے دوران بہتر سیاسی اور حفاظتی صورت حال کے ساتھ ساتھ بہتر اقتصادی حالت کی وجہ سے پاکستان کی ایکویٹی مارکیٹ نے بہترین کارکردگی کا مظاہرہ کیا ہے۔ سال 2014ء کے وسط سے تیل کی قیمتوں کی وجہ سے پاکستان میں افراط زر اور سود کی شرح میں تاریخی کمی دیکھی گئی۔ PSX100 انڈیکس کا دنیا کی دس بڑی ایکویٹی مارکیٹس میں سب سے اعلیٰ درجہ ہے۔ تاہم حالیہ سیاسی غیر یقینی کی صورت حال نے پاکستان کیپٹل مارکیٹ پر برے اثرات مرتب کئے ہیں اور PSX100 میں 10,000 پوائنٹس کا خسارہ دیکھا گیا۔ سیاسی غیر یقینی کی صورت حال کے باوجود معیشت کی بنیاد مضبوط ہے اور وسیع تناظر میں ہم ملک کی اقتصادی کارکردگی پر مثبت رجحان دیکھ رہے ہیں۔

رئیل اسٹیٹ کا تجزیہ

پاکستان کا رئیل اسٹیٹ کا شعبہ ملک کی مجموعی قومی آمدنی کا تقریباً 2 فی صد حصہ ڈال رہا ہے۔ یہ شعبہ وسیع معیشت کے لئے اپنا کردار ادا کر رہا ہے اور مجموعی قومی پیداوار کے لئے مضبوط بنیاد فراہم کر رہا ہے۔

پاکستان کی پراپرٹی مارکیٹ گذشتہ دہائی کے لئے ایک مثبت رجحان بن چکا ہے۔ 200 ملین سے زائد کی آبادی کے پیش نظر معاشی سرگرمی تین بڑے شہروں کراچی، لاہور اور اسلام آباد تک محدود ہے۔ اگر ملک کو بڑے معیشتوں کا حصہ بننا ہے تو اسے اپنی معاشی سرگرمی کو مزید توجہ دینا ہوگی۔ پاکستانی رئیل اسٹیٹ شعبہ میں یہ نمایاں تبدیلی کا سال بن چکا ہے۔ فائنس ایکٹ 2016ء کے ذریعے انکم ٹیکس آرڈیننس 2001 میں تبدیلیاں پراپرٹی کی قدر اور ٹیکس کولیکشنز کے درمیان اختلاف کو ختم کرنے کے لئے کی گئی ہیں۔ حال ہی میں، گھروں میں تقریباً نو ملین یونٹس کی کمی ہے اور ہر سال 0.7 ملین نئے یونٹس کی مانگ بڑھ رہی ہے۔ بنیادی مسائل میں سے ایک مورگیج کا پسماندہ شعبہ ہے جو مجموعی قومی پیداوار کا قلیل 0.5 فیصد حصہ ہے۔ گھر پر قرض کی مارکیٹ پر زیادہ رسائی کے ذریعے بہت سے افراد اور خاندان اپنے ذاتی گھر کے لئے سرمایہ حاصل کر سکتے ہیں۔ 2025ء تک یہ کمی 20 ملین رہائشی یونٹس تک پہنچ جائے گی۔ اس سے نبرد آزما ہونے کے لئے پاکستان میں ہر سال 20 ملین گھر تعمیر کرنے کی ضرورت ہے۔ لیکن اس وقت ہر سال 150,000 یونٹس تعمیر کئے جا رہے ہیں۔ کم آمدنی والے خاندانوں کے لئے مورگیج کے علاوہ کوئی راستہ نہیں اس لئے مجموعی طور پر مستقبل میں گھر کی مزید کمی متوقع ہے۔ ورلڈ بنک کی رپورٹ کے مطابق پاکستان میں ہاؤسنگ کی مالی معاونت پوری دنیا میں سب سے کم ہے جو ترقی یافتہ ممالک کے 50 فی صد کے مقابلہ میں صرف 1 فی صد ہے۔

رئیل اسٹیٹ شعبہ کا مستقبل کا منظر نامہ

اب پاکستان رئیل اسٹیٹ کے شعبہ میں غیر ملکی سرمایہ داری کی جانب نظر گاڑے ہوئے ہے۔ اس سلسلہ میں کام کا آغاز چین پاکستان اقتصادی راہداری کے توسط سے 5.15 بلین روپے سے شروع ہو چکا ہے۔ اور اس کے فوائد رئیل اسٹیٹ شعبہ میں نظر آئیں گے۔ اس شعبہ کا سب سے بڑا مسئلہ ٹرانسپورٹ غیر موزوں ڈھانچہ ہے، اس لئے یہ خاطر خواہ سرمایہ داری حالات کو بدلنے میں اہم کردار ادا کرے گی۔ وال سٹریٹ جرنل نے بہتری سیکیورٹی کے حالات پاکستان کو ایک خوش گوار حیرانگی کے طورر پر بیان کر کے ظاہر کئے ہیں۔ اور اقتصادی ماہرین نے بیان کیا ہے کہ ملک پر اُمیدی کے سنہرے دور سے گذر رہا ہے۔ ملک غیر ملکی سرمایہ داروں ان کی سرمایہ داری پر خاطر خواہ ریٹرن دے رہا ہے۔ چونکہ نئے ٹیکس قوانین نے رئیل اسٹیٹ کے شعبہ مزید شفاف اور منظّم کر دیا ہے اور نیتجتاً سمندر پار سرمایہ دار اس پر بھرپور توجہ دیں گے۔

کمپنی کی کارکردگی اور مالیاتی جائزہ

30 جون 2016ء کے مقابلہ میں 30 جون 2017ء کواختتام پذیر سال کے لئے گروپ کی مالی کارکردگی کے مختصر آڈیٹڈ نتائج درج ذیل ہیں:

	30 جون 2017ء	30 جون 2016
	('000'روپوں میں)	
خالص سیلز	425,574	416,931
سیلز پر لاگت	(409,780)	(368,731)
مجموعی منافع/ (نقصان)	15,794	48,200
انتظامی اور فروختگی اخراجات	(173,426)	(177,857)
دیگر آمدنی	414,456	673,038
مالی معاونت پر لاگت	(132,409)	(169,256)
فیر ویلیو آمدنی	120,000	29,410
نفع ماسوائے ٹیکس	239,441	354,259
ٹیکسیشن	(15,306)	(60,224)
سال میں منافع	224,135	294,035
فی حصص آمدنی	0.80روپے	1.05روپے

30 جون 2017ءکواختتام پذیر مالی سال کے دوران گروپ کی سیلز میں 2.07 فی صد نسبتاً اضافہ ہوا۔ گروپ نے گذشتہ سال کی مجموعی سیلز میں 416.9 ملین روپے کے مقابلہ میں 425.6 ملین روپے کا اضافہ ریکارڈ کیا۔ یہ اضافہ 8.64 ملین روپے بنتا ہے۔

لاگت کی مد میں، گروپ نے انتظامی اور فروخت کے اخراجات سے نبرد آزما ہونے کے لئے مستحکم اقدامات کئے جو کہ گذشتہ سال کے 177.8 ملین روپے کے مقابلہ میں مالی سال 2017ء کے دوران 173.40 ملین روپے کم ہوئے۔ گذشتہ سال کے مقابلہ میں 2.49 فی صد کی مجموعی کمی دیکھی گئی۔

سال کے دوران، گذشتہ سال کی 673.04 ملین روپے کی آمدنی کے مقابلہ میں گروپ نے 414.46 ملین روپے کی آمدنی حاصل کی۔ دیگر آمدنی میں قرضوں کی سیٹلمنٹ سے حاصل کی گئی آمدنی بشمول پراپرٹی کے تبادلہ سے آمدنی اور مارک اپ کی چھوٹ سے حاصل کی گئی آمدنی شامل ہیں۔ سال کے دوران گروپ نے قرض خواہان سے اپنے واجب الادا ادائیگیاں مکمل کر لی ہیں اور نتیجتاً گروپ کے قرضوں کی سیٹلمنٹ پر آمدنی 358.6 ملین روپے ہوگئی جس میں سے 94.3 ملین روپے پراپرٹیز کے تبادلہ کی وجہ سے حاصل ہوئے جب کہ 249.4 ملین روپے مارک اپ کی چھوٹ کی وجہ سے حصے میں آئے۔

کمپنی کی مالی لاگت میں گذشتہ سال کے مقابلہ میں 21.77 فی صد کمی دیکھی گئی۔ اور گذشتہ سال کے 169.2 ملین روپے کے مقابلہ میں اس سال 132.4 ملین روپے رہی۔ اور 36.8 ملین روپے مجموعی کمی واقع ہوئی۔ مالی لاگت میں کمی کی بنیادی وجہ سال کے دوران گروپ کے 472 ملین روپے کے واجب الادا قرضوں کی ادائیگی ہے۔ (جس میں 376 ملین روپے متعدد TFC ہولڈرز جب کہ 96 ملین روپے PAIR سے حاصل کئے گئے قلیل مدتی قرضے شامل ہیں)

مزید برآں، سال کے دوران، گروپ نے اپنی سرمایہ داری کی پراپرٹی سے ری ویلیوایشن آمدنی حاصل کی جو گذشتہ سال کی 29.4 ملین روپے کی آمدنی کے مقابلہ میں 120 ملین روپے رہی۔

کمپنی کا خالص منافع ماسوائے ٹیکس گذشتہ سال کے 294.03 ملین روپے کے NPAT کے مقابلہ میں مالی سال 2017ء کے دوران 224.13 ملین روپے رہا۔ جس کی وجہ سے جون 2017ءکواختتام پذیر مسالی سال کے لئے فی حصص آمدنی 0.80 روپے ہوئی (مالی سال 2016: 1.05 فی حصص)

مالیاتی فرائض کی حیثیت

طویل مدتی قرضوں کا حالیہ رجحان گذشتہ سال کے 3,282.6 ملین روپے کے مقابلہ میں 30 جون 2017ء کو 2,924.7 روپے کم ہوا۔ کیونکہ گروپ نے TFCs کی مد میں متعدد TFC ہولڈرز کو واجبات ادا کر دیئے۔

مزید برآں، مالیاتی اداروں اور قرض خواہان کو گروپ کی جانب سے قابل ادا رقوم اور ڈیو حیثیت میں ہیں جس کی وجہ قرضوں کی عدم ادائیگی اور اس پر بننے والے مارک اپ اور گروپ کو دستیاب محدود کیش فلوز ہیں۔ تاہم ہم مستقبل قریب میں اپنے قرض خواہان کی طرف اپنے وعدوں کی پاس داری اور فرائض کی ادائیگی کے لئے کوشاں ہیں کیونکہ پیس ٹاور کی مد میں سیلز اور تعمیر کا آغاز ہو چکا ہے۔

مزید برآں، سال کے اختتام پر، قرضوں کی ادائیگی کی وجہ سے، گروپ کے قرض خواہان نے متعدد پراپرٹیز کو چھوڑ دیا ہے جو کہ غیر اداشدہ واجبات کی مد میں رکھی گئی تھیں۔ ان پراپرٹیز کی چھوٹ، جو کہ گروی رکھی گئی تھیں، آئندہ سالوں میں گروپ کی سیل میں اضافہ کریں گی۔ اور گروپ کو واجب الادا مالی فرائض کو ادائیگی کے قابل بنائیں گی۔

گروپ کی کاروبار جاری رکھنے کی صلاحیت

رپورٹنگ تاریخ تک، گروپ کے موجودہ واجبات اپنے موجودہ اثاثہ جات سے 2,243.402 ملین روپے زائد ہیں۔ اور گروپ کے ذخائر نمایاں طور پر کم ہوئے ہیں۔ گروپ اپنے قرض خواہان سے متعلق کافی فرائض سرانجام دینے کے قابل نہ رہا جس میں قرض کی مد میں بنیادی اور مارک اپ ادائیگیاں شامل ہیں۔ نتیجہ کے طور پر، گروپ کسٹمرز سے اپنے موجودہ قابل وصول رقوم کو حاصل نہ کر سکا اور اپنی انوینٹری کی سیل میں مشکلات کا سامنا کرنا پڑا۔ جو کہ اپنے قرضوں کے لئے زیر بار کئے گئے۔ ان حالات میں کمپنی کی اپنا کاروباری جاری رکھنے کی صلاحیت میں نمایاں شکوک سامنے آتے ہیں۔

تاہم، مذکورہ بالا سیکشن میں جیسا کہ بحث کی گئی ہے، جون 2017ء کو اختتام پذیر سال کے دوران، گروپ نے متعدد TFC ہولڈرز اور دیگر قرض خواہان کے ساتھ معاہدے طے کئے ہیں اور اپنے واجبات ادا کئے ہیں اور واجب الادا مارک اپ پر چھوٹ بھی حاصل کی ہے۔ انتظامیہ گروپ کے دیگر قرض خواہان کے ساتھ بھی سیٹلمنٹ معاہدے کرنے کے لئے کوشاں ہے۔ تا کہ گروپ کی مالی حالت اور کیش فلو میں بہتری آئے۔

گروپ کی انتظامیہ پرامید ہے کہ مذکورہ بالا اقدامات گروپ کو موجودہ قابل وصول رقوم حاصل کرنے میں مدد دیں گے اور تکمیل شدہ پراجیکٹس کی انوینٹری کی سیل میں مددگار ثابت ہوں گے۔ اور حاصل کی گئی لیکویڈیٹی سے پیس ٹاور پراجیکٹ کو فروخت اور مکمل کیا جائے گا۔

مالیاتی اسٹیٹمنٹس چلتے ہوئے کاروبار کی بنیاد پر تیار کی گئی ہیں جو کہ انتظامیہ کی توقعات پر مبنی ہیں۔

گروپ اپنی پراپرٹیز کی مد میں قرض ادا کرنے کے قابل ہو جائے گا۔
گروپ اپنی قابل وصول آمدنی اور انوینٹری کو حاصل کرنے کے قابل ہو جائے گا اور حاصل کی گئی لیکویڈٹی پیس ٹاور پراجیکٹ کی سیل اور تکمیل کے لئے استعمال ہو گی۔

مالیاتی اسٹیٹمنٹس میں نتیجتاً، اپنے اثاثوں اور واجبات کی لیکویڈیشن سے متعلقہ کوئی ایڈجسٹمنٹ شامل نہیں جو گروپ کی کاروبار جاری رکھنے کی صلاحیت کے لئے ضروری ہوں۔

رسک مینجمنٹ

بورڈ سمجھتا ہے کہ رسک کاروباری کا ایک اہم جزو ہوتا ہے اور اس میں خوف اور موقع دونوں قسم کی خصوصیات پائی جاتی ہیں۔ پیس پاکستان فیصلہ سازی کے تمام افعال میں خطرات سے آگاہ کارپوریٹ کلچر کو پروان چڑھاتا ہے۔ اور قابل رسک مینجمنٹ کے ذریعے مؤثر انداز میں رسک سے نبرد آزما ہونے کے لئے پرعزم ہے۔ اس عزم کی پاس داری کے لئے، رسک کو جانچا جاتا ہے تا کہ ادارہ میں تمام سطحوں پر انتظامی فیصلہ سازی میں انہیں ملحوظ خاطر رکھا جائے۔ رسک مینجمنٹ کی کسی بھی قسم میں قید و بند کی وجہ سے بنیادی کاروباری رسک کی شناخت، جانچنے اور انتظام کو عمل میں لایا جاتا ہے تا کہ رسک کو ٹھیک کیا جائے نہ کہ ختم کیا جائے۔ جس سے نہ غلط بیانی اور نقصان سے متعلق نہ صرف مناسب بلکہ مکمل یقینی دہانی ہوتی ہے۔ قدرتی آفات جیسے خطرات سے انٹرنل کنٹرول کے ذریعے قابل قبول حد تک نہیں نپٹا جا سکتا۔ ایسے بڑے خطرات مقامی انشورنس مارکیٹ میں تیسرے فریقین کو سونپے جاتے ہیں۔

انٹرنل کنٹرول

ڈائریکٹرز اور انتظامیہ کمپنی کے انٹرنل کنٹرول سسٹم اور اس کی سالانہ جانچ پڑتال کے ذمہ دار ہیں تا کہ شیئر ہولڈرز کو ان کی سرمایہ داری پر خاطر خواہ ریٹرنز فراہم کئے جائیں۔ جو کہ ذمہ داری جانچ پڑتال اور خطرات کے انتظام سے مشروط ہے۔ اس میں مالیاتی، آپریشنل اور تعمیلی کنٹرول اور رسک مینجمنٹ طریقہ کار اور ان کی تاثیر شامل ہیں۔ ڈائریکٹرز نے سال 2017ء کے لئے سالانہ جائزہ اور تخمینہ مکمل کر لیا ہے۔

بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلقہ انٹرنل آڈٹ فنکشن کی جائزہ رپورٹس کا مسلسل جائزہ لیتے ہیں تا کہ انٹرنل کنٹرول کی ضروریات کو پورا کیا جا سکے۔ کمپنی کا انٹرنل آڈٹ فنکشن کنٹرول سرگرمیوں کی تاثیر اور استحکام کا جائزہ لیتا ہے اور آڈٹ کمیٹی اور بورڈ کو مسلسل رپورٹ کرتا رہتا ہے۔

اختلاف سے متعلق ہمارا عزم

ہم پیس پاکستان لمیٹڈ میں اختلاف رائے پر یقین رکھتے ہیں، جہاں بھی ہم کام کریں اور ہمارے کاروبار کے ہر شعبہ میں ہر ایک ایسا کلچر متعارف کرانا چاہ رہے ہیں جس میں اختلافات کو سمجھا جائے اور ان کی قدر کی جائے۔ برے پس منظر سے تعلق رکھنے والے مرد و خواتین کو اکٹھا کر کے اور ہر فرد کو اپنی مہارتوں، تجربے اور توقعات کے ذریعے اپنا کردار ادا کرنے کا مساوی موقع دیا جاتا ہے۔ ہم یقین رکھتے ہیں کہ چیلنجز کا بہت حل نکالا جائے اور اپنے سٹیک ہولڈرز کے لئے موزوں مواقع پیدا کئے جائیں۔

حفظان صحت سے متعلق اقدامات

ہم صفر نقصان کے اپنے ہدف کو حاصل کرنے کے لئے پر عزم ہیں۔ اس میں ہمارا مینجمنٹ سسٹم ہماری مدد کرتا ہے جو خطرات کی شناخت، رسک کا تعین اور کام کے ہر شعبہ میں رسک پر قابو پانے کے لئے ایک نظام فراہم کرتا ہے۔ محفوظ آپریشنز جو ہمارے لوگوں اور اثاثوں کی حفاظت کرتے ہیں ہماری پہلی ترجیح ہیں اور ہم منظّم انداز میں خطرات سے نپٹتے ہیں جو محفوظ کام کرتے ہوئے بہت اہم ہیں۔

ہم حفاظتی خطرات سے متعلق رہنماؤں کی بہتر دلچسپی پر زور دیتے ہیں اور صحت کے انتظام سے متعلق اپنے افعال کو بہتر کرنے کے لئے اپنے کام کی جگہ پر کام کرنے کی صلاحیت اور صحت مندی کو بخوبی جانتے ہیں۔

پیشہ ورانہ صحت اور حفاظت کمپنی کی پہلی ترجیح ہے۔ ہم کام کے دوران محفوظ حالات، سامان اور محفوظ مقام کو یقینی بناتے ہیں۔ کمپنی ملازمین کی دلچسپی اور احتساب کو اہمیت دیتی ہے تاکہ وہ خطرناک حالات کی شناخت، بچاؤ اور روک تھام کر سکیں اور ملازمین کو جسمانی نقصان کے خطرات سے بچا کر سکیں۔

کام کے ماحول میں صحت اور حفاظت، مصنوعات کا معیار اور آپریٹنگ کارکردگی بلا تفریق ہیں۔ کمپنی انتظامیہ، ملازمین اور یونینز کے مکمل تعاون کے ذریعے صحت مند اور بحفاظت کارکردگی میں مسلسل بہتری کو یقینی بنائے گی۔ جو ملازمین کی صحت اور حفاظت اور ادارہ کی ترقی میں اہم کردار ادا کرے گی۔

کمپنی پر عزم ہے کہ:

انتظامی امور کے ہر شعبہ میں ملازمین کی صحت اور حفاظت کو اولین ترجیح دینا۔

ملازمین کی مداخلت، کام کے مقام کے مخصوص اصول اور کام کے محفوظ طریقہ کار کو قائم، آگاہ اور نافذ کرے گی۔

مسلسل بہتری کے عمل کے ذریعے صحت اور حفاظت میں ملازمین کی آگاہی، رہنمائی اور احتساب کو پروان چڑھائے گی۔

قائم معیارات کے عین مطابق صحت اور حفاظت کی کارکردگی کو جانچے گی اور اس کے نتائج سے ملازمین کو آگاہ کرے گی۔

افراد اور انسانی وسائل میں ترقی

ہماری افراد سے متعلق حکمت عملی بشمول ملازمین کا عزم، ایسا فریم ورک تیار کرتا ہے جو رہنمائی دیتا کہ کہ ہم اپنی کاروباری حکمت عملی کو یقینی بنا کر کیسے قابل لوگوں کو متاثر، بہتر، مربوط اور حاصل کرتے ہیں۔ اپنی ملازمت کی پالیسی کی روشنی میں ہم گروپ تمام سطحوں پر محفوظ اور مؤثر طور پر کام کے تعلقات کو بہتر بنانے کے لئے کوشاں ہیں۔

ہم ملازمت کی ضروریات کے مطابق تقرری کرتے ہیں اور عمر، سماجی ماخذ، جنس، سیاست، مذہب یا معذوری کی بنیاد پر غیر امتیازی قوانین پر عمل درآمد کرتے ہیں۔

ہمارے ملازمین کی مہارت، خیالات اور تجربات کی فراوانی یہ یقینی بنانے میں مدد دیتی ہے کہ ہم کمپنی کو لاحق چیلنجز سے جدت اور مہارت کے ساتھ نبرد آزما ہوں۔ کمپنی کی انسانی وسائل کی بہتری مستحکم اقدار کے ذریعے حاصل کی جاتی ہے۔ یہ پالیسیاں ملازمین کے مابین بھروسہ، شفافیت اور احترام کو پروان چڑھاتی ہیں اور مسلسل نمو میں حصہ ڈالتی ہیں۔

ہمارا مکمل HR ڈیپارٹمنٹ ہے جو ہمیں ان تمام امور کو سرانجام دینے کے قابل بناتا ہے۔ ہم اپنے ملازمین کو مکمل ریوارڈ پیکج دیتے ہیں جس کے تحت تمام اصول ہر سطح پر مستقل ہیں۔ جو ہمیں تمام لاگو قوانین و ضوابط اور متوازن مقابلہ کے قابل بناتے ہیں۔

سپردگی

مالی حدود اور کمپنی کی ضروریات کو مدنظر رکھتے ہوئے بورڈ نے زیر جائزہ سال کے لئے کسی بھی قسم کا منافع منقسمہ کی سفارش نہ کی ہے۔

ڈائریکٹرز کا انتخاب/ بورڈ آف ڈائریکٹرز میں تبدیلیاں

2 مئی 2017ء کومنعقدہ کمپنی کے شیئر ہولڈرز کے غیر معمولی اجلاس عام میں آئندہ تین سال کے لئے نیا بورڈ آف ڈائریکٹرز منتخب کیا گیا۔جس میں مندرجہ ذیل ڈائریکٹرز شامل ہیں:

محترمہ آمنہ تاثیر، جناب شہباز علی تاثیر، جناب شہر یار علی تاثیر،محترمہ شہر بانو تاثیر،محترمہ ریما حسین قریشی، جناب کنور لطافت علی خان اور ملک فرحان حسن

جناب محمد عمران چوہدری بورڈ سے ریٹائر ہو گئے۔

آڈیٹرز

حالیہ آڈیٹرز میسرز AF فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اپنی دوبارہ تقرری کے خواہش مند ہیں۔ بورڈ آف ڈائریکٹرز نے کمپنی کے آڈیٹرز کے طور پر 30 جون 2018ء کو اختتام پذیر سال کے لئے تقرری کی سفارش کی ہے۔جس کی فیس باہمی رضامندی سے طے کی جائے گی۔

انسانی وسائل کی کمیٹی

لسٹڈ کمپنیز پر لاگو کوڈ آف کارپوریٹ گورننس کے ضروریات کو مدنظر رکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے HR اور مشاہرہ کمیٹی تشکیل دی ہے۔ یہ تین اراکین پر مشتمل ہے جس میں سے دو غیر انتظامی ڈائریکٹرز ہیں اور کمیٹی کا چیئرمین غیر انتظامی ڈائریکٹر ہے۔کمیٹی کے اراکین کے نام ذیل میں بیان کئے گئے ہیں:

شہر یار علی تاثیر (چیئرمین)

آمنہ تاثیر (رکن)

ملک فرحان حسن (رکن)

سال کے دوران بورڈ کے اجلاس

سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹرز	اجلاس میں حاضری
آمنہ تاثیر *	3
شہباز علی تاثیر *	4
شہر یار علی تاثیر *	4
شہر بانو تاثیر *	4
ریما حسین قریشی *	2
کنور لطافت علی خان *	3
ملک فرحان حسن *	-
سلیمان احمد سعید الحقانی (مرحوم)	-
سید عابد رضا * *	-
محمد عمران چوہدری * * *	-

* یہ ارکان 2 مئی 2017 کو غیر معمولی عام اجلاس میں دوبارہ منتخب / منتخب ہوئے تھے

** سید عابد رضا نے 25 مارچ 2017 کو استعفیٰ دے دیا

*** محمد عمران چوہدری نے 2 مئی 2017 کو ریٹائیرمنٹ لی

جو ڈائریکٹرز اجلاس میں شرکت نہ کر سکے انہیں بورڈ کی جانب سے رخصت عنایت کی گئی۔

ڈائریکٹرز کی تجارت

ڈائریکٹرز CFO,CEO، کمپنی کے سیکریٹری اور ان کے خاوند/بیوی اور ان کے نابالغ بچوں کی ٹریڈنگ Annexure-1 کے طور پر منسلک ہے۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کو مدنظر رکھتے ہوئے آڈٹ کمیٹی تشکیل دی ہے۔سال کے دوران آڈٹ کمیٹی کے چھ اجلاس منعقد ہوئے۔ ہر رکن کی حاضری درج ذیل ہے۔

آڈٹ کمیٹی کے اراکین	اجلاس میں حاضری
محمد عمران چوہدری (سابق چیئرمین)	–
جناب شہریار علی تاثیر (رکن)	6
محترمہ شہر بانو تاثیر (رکن)	6

محمد عمران چوہدری (آزاد ڈائریکٹر) نے سال کے دوران کسی بھی میٹنگ میں شرکت نہیں کی اور کمیٹی کی طرف سے چھوڑ دیا گیا اس کے علاوہ انہوں نے بورڈ آف ڈائریکٹرز کے لئے انتخابات میں حصہ نہیں لیا

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل ڈائریکٹرز پر مشتمل آڈٹ کمیٹی کی دوبارہ تشکیل کی ہے:

ملک فرحان حسن	چیئرمین
شہریار علی تاثیر	رکن
شہر بانو تاثیر	رکن

سالمیت اور تعمیل

پیس پاکستان لمیٹڈ میں کام کرتے ہوئے مستحکم اخلاقی کلچر کو برقرار رکھنا اس کی بنیادی اکائی ہے۔ ہم اپنے کاروبار کو دیانت داری جو ہماری بنیادی قدر ہے کے ذریعے چلانے کے لئے پرعزم ہیں۔ اور یقینی رکھتے ہیں کہ ہماری اقدار اور اچھے اخلاقی معیارات ہماری حکمت عملی کے نفاذ کی بنیاد ہیں۔

ہم بہتر گورننس اور تجارتی راز داری کے ذریعے اصولوں اور عمل میں شفافیت کے لئے پرعزم ہیں۔ ہم گروپ کے آپریشنل، مالیاتی اور موزوں ترقی سے متعلق بروقت معلومات جاری کرتے ہیں۔

قوانین، اصول وضوابط کی تعمیل

ملازمین قوانین، اصولوں اور جوابط پر مکمل طور پر عمل کرتے ہیں تاکہ وہ کمپنی کاروبار اور اس کے کاروباری امور میں بہتری لاسکیں۔ یہ کمپنی کی بنیادی پالیسی ہے کو وہ قومی اور مقامی قوانین کی پاس داری کریں۔ قانونی عوامل کی شمولیت کے ساتھ ساتھ ملازمین سے ہمہ وقت ایمان داری سے کام کرنے کی توقع رکھی جاتی ہے۔ اور اخلاقی اور کاروباری امور کے اعلیٰ معیار کو برقرار رکھا جاتا ہے۔ جو کہ کمپنی کی پیشہ ورانہ ساکھ کی عکاسی کرتا ہے۔

شیئر ہولڈنگ کی وضع

لسٹنگ ریگولیشنز اور کمپنیز آرڈیننس 1984ء کے سیکشن (d)(2)236 کے تحت شیئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

کاروباری اور مالیاتی رپورٹنگ فریم ورک

اچھی کارپوریٹ گورننس کے فریم ورک کے قیام کے سلسلہ میں کمپنی کے بورڈ آف ڈائریکٹرز نے سٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے تحت کوڈ آف کارپوریٹ گورننس کو مکمل طور پر اپنایا ہے۔

- ✓ تیار شدہ مالیاتی اسٹیٹمنٹس بمع نوٹس اپنے کاروبار کی نوعیت، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کو نمایاں طور پر بیان کرتی ہیں۔
- ✓ کی جانب سے مناسب اکاونٹس کی کتابیں مرتب کی ہیں۔ اور اس میں بیان کی گئی تمام کارروائیاں صرف کمپنی کے کاروبار کے مقصد کے لئے ہیں۔
- ✓ مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاونٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاونٹنگ تخمینے مناسب اور معقول ججمنٹ کی بنیاد پر لگائے گئے ہیں۔
- ✓ پاکستان میں لاگو انٹرنیشنل فائنشل رپورٹنگ سٹینڈرڈز کے مطابق مالیاتی اسٹیٹمنٹس تیار کی گئی ہیں۔ اس میں سے حذف شدہ مواد کو مناسب طور پر ظاہر کیا گیا ہے۔
- ✓ گذشتہ چھے سال کا مالیاتی اور آپریٹنگ ڈیٹا ساتھ منسلک ہے۔
- ✓ بورڈ نے یقینی بنایا ہے کہ بورڈ نے ڈائریکٹرز کو اورینٹیشن کورس فراہم کئے ہیں تاکہ وہ اپنے فرائض موثر انداز میں ادا کرسکیں۔ اور یہ کہ تین ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت سند حاصل کرلی ہے اور دیگر ڈائریکٹرز کوڈ کے تجربہ کے معیار اور اہلیت پر پورا اترتے ہیں۔
- ✓ واجب الادا ٹیکسز اور لیویز کے بارے میں معلومات مالیاتی اسٹیٹمنٹس کے نوٹس میں فراہم کی گئی ہیں اور ان کو مقررہ مدت میں ادا کردیا جائے گا۔

مستقبل کا لائحہ عمل

پیس ٹاورز اور نمایاں انویسٹمنٹ اور پیس سرکل میں حصہ کی صورت میں سال 2018ء میں بنیادی ترقیاتی منصوبوں کی تکمیل کے ذریعے ہم غیر آمدنی کے پیداواری اثاثے کو کیش فلوئنگ آپریٹنگ اثاثوں میں تبدیل کرکے نمایاں کیش فلو کے حصول کے لئے پرعزم ہیں۔

ہم آئندہ سالوں کے دوران اپنے سرمایہ کے ڈھانچہ میں بہتری کے لئے مسلسل کوشش کریں گے اور جب موزوں مواقع ملیں گے ہم مستحکم اور موزوں سرمایہ داری کے فیصلے کریں گے۔

گنجان آباد علاقوں کے بنیادی مقامات پر بہتر ان کلاس اثاثوں اور پراپرٹیز اور بہترین ٹیم کے ساتھ ہم امید رکھتے ہیں کہ ہمارے سرمایہ دار ہماری بنیادوں پر پاکستان کے ریئل اسٹیٹ شعبہ میں ہمارے اعلیٰ معیار اور جدت کو مدنظر رکھتے ہوئے کمپنی پر بھرپور توجہ دیں گے۔ جو کہ نمو کے لئے نایاب پلیٹ فارم ہے۔

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

منجانب بورڈ آف ڈائریکٹرز (کے لئے)

لاہور
05 اکتوبر 2017ء

آمنہ تاثیر
CEO

PACE (PAKISTAN) LIMITED
Annexure I

TRADING BY BOARD MEMBERS, COMPANY SECRETARY, CFO AND THEIR SPOUSE & MINOR CHILDREN

Directors	Opening balance as on 01-07-2016	Purchase	Bonus	Sale	Closing balance as on 30-06-2017
Aamna Taseer	587	-	-	-	587
Shehryar Ali Taseer	500	27,500	-	-	28,000
Shehrbano Taseer	500	-	-	-	500
Sulaiman Ahmed Saeed Al-Hoqani (Died)	15,644,048	-	-	4,223,000	11,421,048
Kanwar Latafat Ali Khan	587	-	-	-	587
Syed Abid Raza (Resigned)	1,087	-	-	-	1,087
Shahbaz Ali Taseer	987	-	-	-	987
Mohammad Imran Chaudhry (Retired)	500	-	-	-	500
Rema Husain Qureshi	-	500	-	-	500
Malik Farhan Hasan	-	500	-	-	500
Spouces	-		-	-	-
Minor Children	-		-	-	-
Chief Financial Officer					
Usman Ali Tariq	-		-	-	-
Company Secretary					
Sajjad Ahmad	-		-	-	-

Form-34

The Companies Ordinance 1984
(Section 236(2)(d) Pattern of Shareholding)
AS AT 30 JUNE 2017

1 **Incorporation Number: (0028954 OF 21-11-1992)**
2 Name of the Company Pace (Pakistan) Limited
3 Pattern of holding of the shares held by the shareholders as at 30 June 2017

NO. OF SHAREHOLDERS	SHAREHOLDINGS			SHARES HELD
	FROM		TO	
1901	1	-	100	139,587
1049	101	-	500	446,428
3556	501	-	1000	2,480,883
2622	1001	-	5000	7,853,853
1023	5001	-	10000	8,661,566
375	10001	-	15000	4,982,512
288	15001	-	20000	5,418,407
216	20001	-	25000	5,124,102
137	25001	-	30000	3,944,501
67	30001	-	35000	2,255,664
73	35001	-	40000	2,846,792
41	40001	-	45000	1,792,000
136	45001	-	50000	6,750,601
36	50001	-	55000	1,932,780
34	55001	-	60000	1,999,000
18	60001	-	65000	1,130,405
25	65001	-	70000	1,730,000
32	70001	-	75000	2,367,900
23	75001	-	80000	1,817,001
15	80001	-	85000	1,248,275
12	85001	-	90000	1,058,500
10	90001	-	95000	938,000
97	95001	-	100000	9,684,500
13	100001	-	105000	1,335,842
5	105001	-	110000	547,500
2	110001	-	115000	228,000
9	115001	-	120000	1,070,000
9	120001	-	125000	1,121,500
9	125001	-	130000	1,151,011
5	130001	-	135000	667,000
6	135001	-	140000	835,000
4	140001	-	145000	576,500
15	145001	-	150000	2,247,500
2	150001	-	155000	303,500
4	155001	-	160000	633,500
2	160001	-	165000	330,000
3	165001	-	170000	507,000
4	170001	-	175000	695,500
3	175001	-	180000	533,000
4	180001	-	185000	733,000

NO. OF SHAREHOLDERS	SHAREHOLDINGS FROM		SHAREHOLDINGS TO	SHARES HELD
2	185001	-	190000	380,000
5	190001	-	195000	972,000
24	195001	-	200000	4,799,000
4	200001	-	205000	812,500
2	215001	-	220000	440,000
2	220001	-	225000	450,000
1	230001	-	235000	234,000
1	235001	-	240000	235,500
1	240001	-	245000	244,500
5	245001	-	250000	1,246,500
2	250001	-	255000	506,000
2	255001	-	260000	517,000
3	260001	-	265000	783,500
3	275001	-	280000	835,500
2	280001	-	285000	563,500
1	285001	-	290000	289,500
1	290001	-	295000	293,500
12	295001	-	300000	3,600,000
1	300001	-	305000	302,000
1	305001	-	310000	310,000
1	315001	-	320000	320,000
2	320001	-	325000	646,000
1	325001	-	330000	327,500
1	335001	-	340000	336,000
1	340001	-	345000	343,000
2	345001	-	350000	700,000
2	350001	-	355000	702,000
1	355001	-	360000	356,500
1	360001	-	365000	361,000
1	370001	-	375000	371,500
2	375001	-	380000	754,211
1	385001	-	390000	390,000
1	390001	-	395000	393,500
7	395001	-	400000	2,799,000
1	405001	-	410000	410,000
3	420001	-	425000	1,275,000
1	435001	-	440000	437,583
1	445001	-	450000	446,000
1	455001	-	460000	456,000
1	460001	-	465000	463,838
2	470001	-	475000	945,500
1	485001	-	490000	487,100
1	490001	-	495000	492,000
11	495001	-	500000	5,500,000
1	520001	-	525000	522,000
1	525001	-	530000	525,716
1	535001	-	540000	539,387
1	640001	-	645000	545,000
1	585001	-	590000	589,000
1	590001	-	595000	591,500
3	595001	-	600000	1,797,500
1	645001	-	650000	650,000
1	655001	-	660000	659,000
1	665001	-	670000	668,500
1	700001	-	705000	704,582
1	705001	-	710000	710,000
1	710001	-	715000	715,000
1	720001	-	725000	725,000

NO. OF SHAREHOLDERS	SHAREHOLDINGS FROM		SHAREHOLDINGS TO	SHARES HELD
2	725001	-	730000	1,455,500
1	745001	-	750000	750,000
2	795001	-	800000	1,600,000
1	800001	-	805000	801,500
1	805001	-	810000	808,000
1	870001	-	875000	871,500
1	950001	-	955000	952,000
1	995001	-	1000000	1,000,000
2	1010001	-	1015000	2,026,500
2	1020001	-	1025000	2,050,000
1	1145001	-	1150000	1,150,000
1	1165001	-	1170000	1,170,000
1	1210001	-	1215000	1,214,500
1	1230001	-	1235000	1,234,000
2	1245001	-	1250000	2,500,000
1	1405001	-	1410000	1,405,500
1	1495001	-	1500000	1,500,000
1	1565001	-	1570000	1,570,000
1	1700001	-	1705000	1,702,500
1	1745001	-	1750000	1,750,000
1	1760001	-	1765000	1,763,000
1	1845001	-	1850000	1,846,000
1	1995001	-	2000000	2,000,000
1	2085001	-	2090000	2,087,500
1	2290001	-	2295000	2,290,268
1	2980001	-	2985000	2,982,695
1	3295001	-	3300000	3,300,000
1	3745001	-	3750000	3,750,000
1	4295001	-	4300000	4,300,000
1	4425001	-	4430000	4,426,200
1	4970001	-	4975000	4,971,117
1	6445001	-	6450000	6,449,931
1	6955001	-	6960000	6,959,290
1	7330001	-	7335000	7,334,915
1	10410001	-	10415000	10,412,000
1	21800001	-	21805000	21,803,661
1	27095001	-	27100000	27,100,000
12065				**278,876,604**

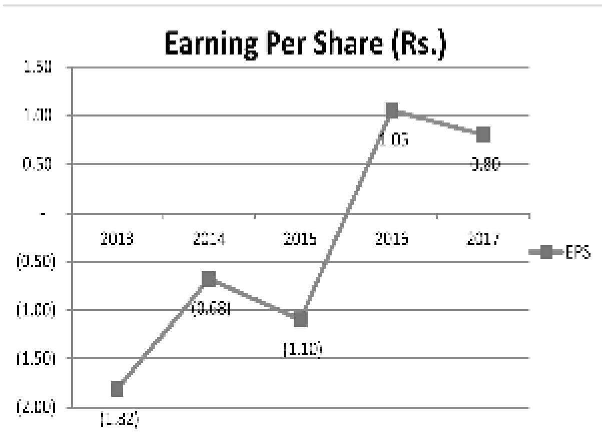
5	Categories of shareholders	Shares held	Percentage
5.1(a)	**Directors, CEO and their Spouse and Minor Children**		
	Aamna Taseer	587	0.00
	Shehryar Ali Taseer	28,000	0.01
	Shehrbano Taseer	500	0.00
	Shahbaz Ali Taseer	987	0.00
	Rema Husain Quresha	500	0.00
	Kanwar Latafat Ali Khan	587	0.00
	Malik Farhan Hasan	500	0.00
5.1 (b)	**Chief Executive Officer**		
	(587 Shares of Aamna Taseer, has been included in the Executive holdings)	-	-
5.1(c)	**Directors spouse & minor children**	-	-
5.1.1	**Executive / Executives' spouse**	-	-
5.2	**Associated Companies, undertaking and related parties**		
a)	First Capital Securities Corporation Limited	7,504,915	2.69
b)	First Capital Equities Limited	7,600,000	2.73
5.3	NIT and ICP	525,716	0.19
5.4	Banks, DFIs and NBFIs	1,275,587	0.46
5.5	Insurance	425,711	0.15
5.6	Modarabas and Mutual Funds	50,500	0.02
5.7	**Share holders holding 5% or more voting intrest**		
a)	Pioneer Services Limited	21,803,661	7.82
b)	Sisley Group Company Limited	27,546,000	9.88
5.8	General Public		
	a) Local	161,783,875	58.01
	b) Foreign Companies/Orginzations/Individual / (repatriable bases)	26,338,664	9.44
	Refer 5.7(a) above	-	-
	Refer 5.7 (b)bove	-	-
5.9	**Others**		
a)	Joint Stock Companies	23,990,314	8.60
b)	Pension fund Provident Fund etc.	-	-
		278,876,604	**100.00**

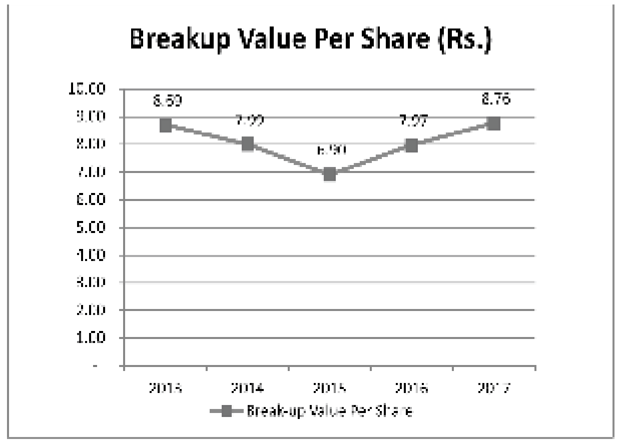
KEY OPERATING AND FINANCIAL INDICATORS

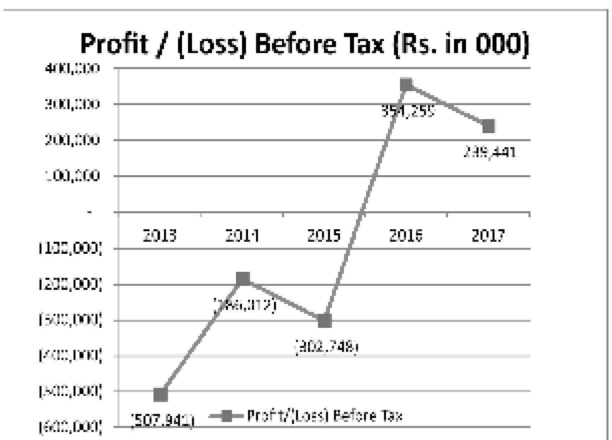
KEY INDICATORS — **Rupees in thousands**

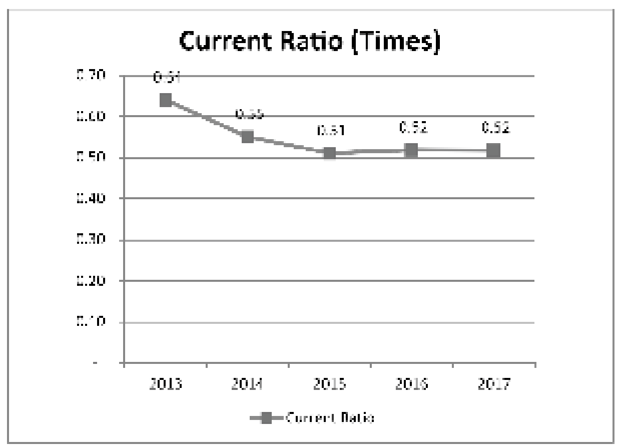
		2012	2013	2014	2015	2016	2017
Operating result							
Net Sales		218,747	392,294	362,621	413,204	416,931	425,574
Cost of Sales		(374,064)	(422,713)	(268,725)	(407,893)	(368,731)	(409,780)
Gross profit/(loss)		(155,317)	(30,419)	93,896	5,311	48,200	15,794
Profit / (loss) from operation		(1,006,475)	(137,365)	88,156	(72,397)	523,515	371,850
Profit / (loss) before tax		(1,471,043)	(507,941)	(186,012)	(302,748)	354,259	239,441
Profit /(loss)after tax		(1,471,916)	(508,877)	(189,638)	(306,880)	294,035	224,135
Financial Position							
Shareholder's equity		2,932,538	2,425,276	2,230,643	1,925,276	2,222,358	2,443,800
Property,plant & Equipment		577,075	465,635	455,206	431,957	425,438	452,471
Net current assets		(1,639,203)	(2,292,835)	(2,569,572)	(2,791,693)	(2,433,232)	(2,243,402)
Profitability							
Gross profit /(loss)	%	(71.00)	(7.75)	25.89	1.29	11.56	3.71
Operating profit /(loss)	%	(460.11)	(35.02)	24.31	(17.52)	125.56	87.38
Profit /(loss) before tax	%	(672.49)	(129.48)	(51.30)	(73.27)	84.97	56.26
Profit /(loss) after tax	%	(672.89)	(129.72)	(52.30)	(74.27)	70.52	52.67
Performance							
Fixed assets turnover	Times	0.38	0.84	0.80	0.96	0.98	0.94
Return on equity	%	(40.12)	(18.96)	(8.15)	(14.77)	14.18	9.61
Return on capital employed	%	(28.02)	(19.22)	(8.27)	(14.52)	13.93	9.33
Liquidity							
Current Ratio	Times	0.64	0.55	0.51	0.52	0.52	0.49
Quick	Times	0.20	0.16	0.14	0.14	0.16	0.17
Valuation							
Earning / (Loss) per share	Rs	(5.28)	(1.82)	(0.68)	(1.10)	1.05	0.80
Break up vale per share	Rs	10.52	8.69	7.99	6.90	7.97	8.76

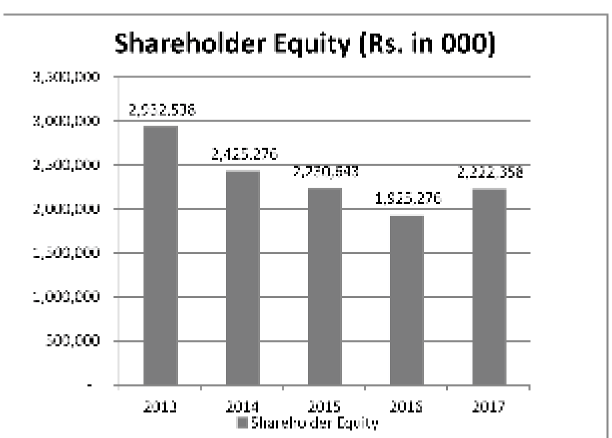
PERFORMANCE AT A GLANCE

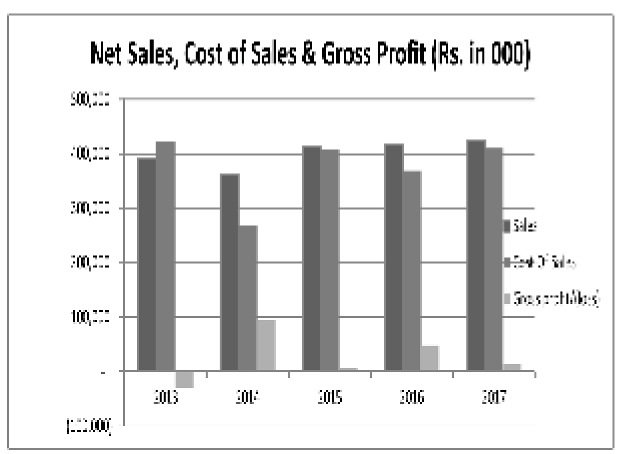












STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

PACE (PAKISTAN) LIMITED ("THE COMPANY") FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the "CCG") contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1) The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Malik Farhan Hasan
Executive Directors	Aamna Taseer Shahbaz Ali Taseer
Non-Executive Directors	Shehryar Ali Taseer Shehrbano Taseer Rema Husain Qureshi Kanwar Latafat Ali Khan

The independent director meet the criteria of independence under clause 5.19.1. (b) of the CCG.

2) The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4) A casual vacancy arising on 09 January 2017 upon the demise of Mr. Sulaiman Ahmed Saeed Al-Hoqani and was filled up by the board of directors on 14 January 2017. Thereafter new board of directors was elected in EOGM held on 02 May 2017 for the term of next three years.

5) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the Board / shareholders.

8) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. Board had previously arranged Corporate Governance Leadership Skills (CGLS) training programs for its directors. Three directors have obtained certification of CGLS as required under the clause 5.19.7 of the CCG and are familiarized themselves on their responsibilities with the CCG.

10) The Board has approved the appointment of the CFO and Head of Internal Auditor including their remuneration and terms and conditions of employment and there were no new appointments of the Company Secretary during the year.

11) The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully

describes the salient matters required to be disclosed.

12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14) The Company has complied with all the corporate and financial reporting requirements of the CCG.

15) The Board has formed an Audit Committee. It comprises three members who are non-executive directors and the Chairman of the Committee is an independent director.

16) The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17) The Board of the Company has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18) The Board has set up an effective internal audit function that is considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23) The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer on a timely manner and maintained proper record including basis for inclusion or exclusion of names of person from the said list.

24) The Board has developed a mechanism for the annual evaluation of the Board's own performance.

25) We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore
05 October 2017

Aamna Taseer
CEO

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Pace (Pakistan) Limited ("the Company") for the year ended June 30, 2017 to comply with the Listing Regulation No. 5.19 of the Pakistan Stock Exchange, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee and upon the recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Chartered Accountants

Engagement Partner: Amer Raza Mir

Lahore
Date: October 05, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pace (Pakistan) Limited as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, comprehensive income, changes in equity and its cash flows for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of Matter Paragraph

We draw attention to note 2.2 to the financial statements which indicates the company could not meet its obligations in respect of principal and markup repayments on borrowings from lenders. The current liabilities of the Company have exceeded its current assets by Rs 2,243.402 million and the reserves of the Company have been significantly depleted. These factors, along with other matters as set forth in note 2.2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Chartered Accountants

Lahore
Date: October 05, 2017

Engagement partner: Amer Raza Mir

Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (2016: 600,000,000)			
ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2016: 278,876,604)			
ordinary shares of Rs 10 each	5	**2,788,766**	2,788,766
Reserves		**272,242**	272,035
Accumulated loss		**(617,208)**	(838,443)
		2,443,800	2,222,358
NON-CURRENT LIABILITIES			
Long term finances - secured	6	**51,068**	-
Redeemable capital - secured (non-participatory)	7	**-**	-
Liabilities against assets subject to finance lease	8	**-**	-
Foreign currency convertible bonds - unsecured	9	**-**	-
Deferred liabilities	10	**48,890**	38,278
		99,958	38,278
CURRENT LIABILITIES			
Advances against sale of property	11	**150,542**	107,532
Current portion of long term liabilities	12	**2,924,684**	3,282,580
Short term finance - secured	13	**-**	96,443
Creditors, accrued and other liabilities	14	**398,395**	455,901
Accrued finance cost	15	**887,513**	1,099,911
		4,361,134	5,042,367
CONTINGENCIES AND COMMITMENTS	16	**-**	-
		6,904,892	7,303,003

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Balance Sheet

As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	**452,471**	453,363
Intangible assets	18	**5,555**	6,079
Investment property	19	**3,464,202**	3,369,702
Long term investments	20	**851,313**	851,105
Long term advances and deposits	21	**13,619**	13,619
Deferred taxation	22	**-**	-
		4,787,160	4,693,868
CURRENT ASSETS			
Stock-in-trade	23	**1,358,397**	1,802,137
Trade debts - unsecured	24	**655,396**	647,490
Advances, deposits, prepayments and other receivables	25	**98,314**	150,918
Income tax recoverable		**4,146**	7,961
Cash and bank balances	26	**1,479**	629
		2,117,732	2,609,135
		6,904,892	7,303,003

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Profit and Loss Account

For the year ended June 30, 2017

		Note	**2017**	2016
			(Rupees in thousand)	
Sales		27	**425,574**	520,541
Less:	Sales return	27.1	**-**	(103,610)
			425,574	416,931
Cost of sales		28	**(409,780)**	(368,731)
Gross profit			**15,794**	48,200
Administrative and selling expenses		29	**(173,426)**	(177,857)
Other income		30	**414,456**	673,038
Other operating expenses		31	**(4,974)**	(49,276)
			251,850	494,105
Finance costs		32	**(132,409)**	(169,256)
Changes in fair value of investment property		19	**120,000**	29,410
Profit before tax			**239,441**	354,259
Taxation		33	**(15,306)**	(60,224)
Profit for the year			**224,135**	294,035
Earnings per share attributable to ordinary shareholders				
- basic earnings per share	Rupees	39.1	**0.80**	1.05
- diluted earnings per share	Rupees	39.2	**0.80**	0.89

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Statement of Comprehensive Income
For the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
Profit for the year	**224,135**	294,035
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit liability - net of tax	**(2,900)**	3,270
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of available for sale investments	**207**	(223)
Other comprehensive (loss)/ income for the year - net of tax	**(2,693)**	3,047
Total comprehensive income for the year	**221,442**	297,082

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Statement of Changes in Equity
For the year ended June 30, 2017

	Share Capital	Reserves: Share Premium Reserve	Reserves: Reserve for changes in fair value of investments	Accumulated Loss	Total
	Rupees in Thousand				
Balance as on June 30, 2015	2,788,766	273,265	(1,007)	(1,135,748)	1,925,276
Total comprehensive loss for the year					
Profit for the year	-	-	-	294,035	294,035
Other comprehensive income / (loss) for the year:					
Remeasurement of net defined benefit liability net of tax	-	-	-	3,270	3,270
Changes in fair value of available for sale investments	-	-	(223)	-	(223)
	-	-	(223)	297,305	297,082
Balance as on June 30, 2016	2,788,766	273,265	(1,230)	(838,443)	2,222,358
Total comprehensive income for the year					
Profit for the year	-	-	-	224,135	224,135
Other comprehensive income / (loss) for the year:					
Remeasurement of net defined benefit liability net of tax	-	-	-	(2,900)	(2,900)
Changes in fair value of available for sale investments	-	-	207	-	207
	-	-	207	221,235	221,442
Balance as on June 30, 2017	2,788,766	273,265	(1,023)	(617,208)	2,443,800

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	**2017**	2016
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from/ (used in) operations	35	**133,478**	(15,731)
Finance costs paid		**(151)**	-
Gratuity and leave encashment paid		**(76)**	(1,050)
Taxes paid		**(11,491)**	(12,629)
Net cash generated from / (used in) operating activities		**121,760**	(29,410)
Cash flow from investing activities			
Purchase of property, plant and equipment		**(21,831)**	(17,208)
Proceeds from sale of property, plant and equipment		**-**	6,406
Proceeds from sale of investment property		**-**	42,061
Interest received		**64**	493
Net cash (used in)/ generated from investing activities		**(21,767)**	31,752
Cash flow from financing activities			
Repayment of finance lease liabilities		**(2,700)**	(2,868)
Net cash used in financing activities		**(2,700)**	(2,868)
Net increase in cash and cash equivalents		**97,293**	(526)
Cash and cash equivalents at the beginning of the year		**(95,814)**	(95,288)
Cash and cash equivalents at the end of the year	36	**1,479**	(95,814)

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Legal status and activities

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

2. Statement of Compliance

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the said directives shall prevail.

2.2 Going concern assumption

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,243.402 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The management of the Company however, is continuously engaged with its lenders for settlements of its borrowings. During the current year the management has settled the outstanding amount of TFCs towards Pak Oman Investment Company and Wireless and Cable Limited against property situated at Pace Towers and Pace Woodlands as mentioned in notes 13 and 7 respectively. Similarly, the company has also settled the outstanding amount of its short term running finance facility due towards Pair Investment Company Limited against property at Pace Towers.

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

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

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

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

2.3 Standards, amendments and interpretations to published approved accounting standards

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

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

- IAS 1 (Amendment), 'Presentation of financial statements' on disclosure initiative. The application of these amendments has no material impact on the Company's financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016.

- IAS 16 and 38 (Amendment), 'Property, plant and equipment' and 'Intangibles' on acceptable methods of depreciation and amortization. The application of these amendments has no material impact on the Company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 27 (Amendment), 'Separate financial statements' on application of equity method in separate financial statements The application of these amendments has no material impact on the Company's financial statements.

- IFRS 10, 12 and IAS 28 (Amendment), on exception to consolidation for investment entities The application of these amendments has no material impact on the Company's financial statements.

- IFRS 10 and IAS 28 (Amendment), on sale or contribution of assets between an Investor and its associate or joint venture. The application of these amendments has no material impact on the Company's financial statements.

- Annual improvements 2014; IFRS:5, 'Non-current assets held for sale and discontinued operations' IFRS 7, 'Financial instruments: disclosures'. IAS 19, 'Employee benefits'. IAS 34, 'Interim financial reporting'. The application of these amendments has no material impact on the Company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

2.3.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the Company's operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
IAS 41 (Amendment), 'Agriculture' on bearer plants	January 1, 2016
IFRS 11 (Amendment), 'Joint arrangements' on acquisition of interest in joint operations	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

2.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and not applicable / relevant to the Company's operations

Standards or Interpretations	Effective date (annual periods beginning on or after)
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017

IAS 12, (Amendments), 'Income taxes' on recognition of deferred tax assets for unrealized losses	January 1, 2017
IAS 40, (Amendments), 'Investment Property'	January 1, 2018
IAS 28, 'Investments in Associates and Joint Ventures'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts'	January 1, 2018
IFRS 2 (Amendments), 'Shared-based payment' classification and measurement	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 22, 'Foreign Currency Transactions and Advance Considerations'	January 1, 2018
Annual improvements 2014-2016 cycle	January 1, 2018
IFRS 4 (Amendments), Insurance Contracts	January 1, 2018
IFRS 17, Insurance Contracts	January 1, 2021

3. Basis of measurement

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

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

a) Staff retirement benefits

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

b) Provision for taxation

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

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

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

d) Stock-in-trade

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

e) Investment property valuation

The Company normally uses the valuation performed by independent valuers as the fair value of its investment properties. The valuers make reference to market evidence of transaction prices for similar properties.

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

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

g) Costs to complete the projects

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

h) Provision for doubtful receivables

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

4. Significant accounting policies

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

4.1 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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

4.2 Property, plant and equipment

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

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

Depreciation on owned assets is charged to profit on the reducing balance method except for building on lease hold land which is being depreciated using straight line method, so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 17.1.

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 at the annual rates given in note 17.2.

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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 for the month in which the asset is disposed off.

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

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

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

4.3 Intangible assets

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

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

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

4.4 Leases

The Company is the lessee:

Finance leases

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

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

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

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

Operating leases

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

4.5 Staff retirement benefits

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

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

cover obligations under the scheme for all employees eligible to gratuity benefits.
The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2017. Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

- Discount rate 7.25 percent per annum (2016: 9.75 percent per annum)
- Expected rate of increase in salary level 6.25 percent per annum (2016: 8.75 percent per annum)
- Expected mortality rate as per SLIC (2001-2005) mortality table with one year setback
- Average duration of defined benefit obligation 6 years (2016: 6 years)

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

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

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

The latest actuarial valuation was carried out as at June 30, 2017. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences:

- Discount rate	7.75% (2016: 7.25%)
- Expected increase in salary	6.75% (2016: 6.25%)
- Expected mortality rate	As per SLIC (2001-2005) mortality table with one year setback
- Expected withdrawal and early retirement rate	Based on age
- Average number of leaves accumulated per annum by employees	days (2016: 5 days)
- Average number of leaves utilized per annum by employees	15 days (2016: 15 days)

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

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

4.6 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at fair value.

The investment property of the Company has been valued by independent professionally qualified valuers as at June 30, 2017. The fair value of the investment property is based on active market prices.

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

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

4.7 Investments

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

Investments in equity instruments of subsidiaries and associates

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

4.8 Financial instruments

4.8.1 Financial assets

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

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

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

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

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

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

4.8.2 Financial liabilities

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

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

4.8.3 Offsetting of financial assets and financial liabilities

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

4.9 Stock-in-trade

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

4.10 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.11 Revenue recognition

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

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

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

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

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

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

4.12 Borrowing costs

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

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

4.13 Trade debts

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

4.14 Creditors, accruals and provisions

Creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services whether or not billed to the company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Provisions are 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 balance sheet date and adjusted to reflect the current best estimate.

4.15 Borrowings

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

4.16 Foreign currency convertible bonds

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

4.17 Cash and cash equivalents

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

5. Issued, subscribed and paid up capital

2017	2016		2017	2016
(Number of Shares)			(Rupees in thousand)	
201,704,516	201,704,516	Ordinary shares of Rs 10 each fully paid in cash	**2,017,045**	2,017,045
77,172,088	77,172,088	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**771,721**	771,721
278,876,604	278,876,604		**2,788,766**	2,788,766

5.1 Ordinary shares of the company held by associated undertakings are as follows:

	2017	2016
	(Number of Shares)	
First Capital Securities Corporation Limited	**7,504,915**	7,504,915
First Capital Equities Limited	**7,600,000**	-
Al-Hoqani Securities & Investment Corporation (Private) Limited	**-**	70,000
	15,104,915	7,574,915

5.2 There has been no movement in ordinary share capital during the year.

	Note	2017	2016
		(Rupees in thousand)	
6. Long term finances - secured			
Pak Iran Loan	6.1	**51,068**	-
Syndicate term finance facility	6.2	**-**	-
National Bank of Pakistan - term finance	6.3	**-**	-
Al Baraka Bank (Pakistan) Limited - musharika based agreement	6.4	**-**	-
Soneri Bank - demand finance	6.5	**27,422**	27,422
		78,490	27,422
Less: Current portion shown under current liabilities	12	**(27,422)**	(27,422)
		51,068	-

6.1 Pak Iran Loan

In accordance with the settlement agreement mentioned in note 13 the remaining outstanding markup of Rs. 66.860 million has been rescheduled and has been recognized under long term finances as it is payable over a period of 7 years. The rescheduled loan has been stated at amortized cost using effective yield method.

6.2 Syndicate term finance facility

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

National Bank of Pakistan

On December 04, 2015 National Bank of Pakistan ('NBP') and the Company entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of NBP's portion of Syndicate Term Finance Facility ('STFF') and Term finance as referred in note 6.3 along with their accrued markup aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Towers measuring 18,525 square feet. According to clause F of the SA, NBP purchased the aforementioned properties of Rs 332.113 million and waived accrued markup of Rs 66.598 million. Pursuant to the SA, on December 30, 2015 the Company and NBP executed sale deed, wherein the area was enhanced to 20,800 square feet against relaxation of certain condition under SA and possession of the property was handed over to NBP. The Company and NBP also agreed that NBP will continue to hold its charge on Pace Towers except for the podium level and later it will take over charge being vacated by PAIR Investment Company Limited as a result of settlements.

Habib Bank Limited

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

6.3 National Bank of Pakistan - term finance

During the preceding year NBP and the Company settled the entire principal and accrued markup together with its portion of STFF against property situated at Pace Towers as referred to in Note 6.2.

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

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

As a result of settlements in the preceding year as referred to in note 6.2, 6.3 and 6.4, the Company recognized net gain of Rs 599.225 million in the preceding year, as referred to in note 30 in accordance with guidance contained in IAS 39 "Recognition and measurement".

6.5 Soneri Bank - demand finance

Terms of repayment

This loan is part of total term finance facility limit of Rs 44.688 Million (2016: Rs 44.688 Million) and carries markup @ 6 months KIBOR + 3% (2016: 6 months KIBOR + 3%). The loan was originally repayable in 8 equal quarterly installments ending on June 30, 2012.

Security

This facility is secured against a charge created on the land and building on Plot no. 41, Gulberg III, Industrial Area Lahore.

In the preceding year the Company initiated negotiations with the bank to settle the loan and markup through debt to asset swap. However, the negotiations have not yet materialized.

7. Redeemable capital secured (non-participatory)

	Note	2017	2016
		(Rupees in Thousand)	
Term finance certificates		**1,121,503**	1,498,200
Less: Current portion shown under current liabilities	12	**(1,121,503)**	(1,498,200)
		-	-

7.1 Terms of repayment

This represents term finance certificates (TFC's) listed on Pakistan Stock Exchange issued for a period of 5 years. On September 27, 2010, the Company completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holders, addendum to the trust deed was executed between the Company and trustee 'IGI Investment Bank Limited' 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 five and a half years effective from August 15, 2010. The TFC's carry a markup of 6 months KIBOR plus 2% (2016: 6 months KIBOR plus 2%) and is payable semi-annually in arrears.

7.2 Security

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

7.3 Settlement with Pak Oman Investment Company Limited

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

7.4 Settlement with Wireless and Cable Limited

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

As a result of the settlements the company has recognized net gain as reffered in note 30 in accordance with guidence contained in IAS-39.

8. Liabilities against assets subject to finance lease

	Note	2017	2016
		(Rupees in Thousand)	
Present value of minimum lease payments		**18,046**	20,746
Less: Current portion shown under current liabilities	12	**(18,046)**	(20,746)
		-	-

The minimum lease payments have been discounted at an implicit interest rate ranging from 9% to 15% (2016: 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 (2016: Rs 11.500 million).

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

	Minimum lease payments	Future finance charge	Present value of lease liability	
	(Rupees in Thousand)		2017	2016
Not later than one year	20,343	2,297	18,046	20,746
Later than one year and not later than five years	-	-	-	-
	20,343	2,297	18,046	20,746

9. Foreign currency convertible bonds - unsecured

	Note	2017	2016
		(Rupees in Thousand)	
Opening balance		**1,736,212**	1,670,456
Markup accrued during the year		**16,527**	16,480
		1,752,739	1,686,936
Exchange loss for the year		**4,974**	49,276
		1,757,713	1,736,212
Less: Current portion shown under current liabilities	12	**(1,757,713)**	(1,736,212)
		-	-

The Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a markup of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2017.

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

10. Deferred liabilities

	Note	2017	2016
		(Rupees in Thousand)	
Staff gratuity	10.1	**44,889**	35,376
Leave encashment	10.2	**4,001**	2,902
		48,890	38,278

10.1 Staff gratuity

	Note	2017	2016
		(Rupees in Thousand)	
Opening balance		**35,376**	32,958
Charge to profit and loss account	10.1.1	**9,477**	10,122
Benefits due during the year		**(2,489)**	(4,487)
Remeasurement chargeable in Other comprehensive income		**2,525**	(3,217)
Liability as at June 30		**44,889**	35,376

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

	2017	2016
Opening balance	**35,376**	32,958
Service cost	**7,002**	7,127
Interest cost	**2,475**	2,995
Benefits due during the year	**(2,489)**	(4,487)
Remeasurement chargeable in Other comprehensive income	**2,525**	(3,217)
Present value of defined benefit obligation as at June 30	**44,889**	35,376

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

	2017	2016
Service cost	**7,002**	7,127
Interest cost	**2,475**	2,995
Charge to profit and loss account	**9,477**	10,122

10.1.1 Charge for the year has been allocated as follows:

	2017	2016
Cost of sales	**6,613**	1,316
Administrative, general and other expenses	**2,864**	8,806
	9,477	10,122

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

	2017	2016	2015	2014	2013
			(Rupees in Thousand)		
Present value of defined benefit obligation	**44,889**	35,376	32,958	32,041	23,183
Fair value of plan assets	**-**	-	-	-	-
Deficit	**44,889**	35,376	32,958	32,041	23,183
Experience adjustment on obligation	**6%**	9%	6%	-15%	-20%

10.2 Leave encashment

The amounts recognised in the balance sheet are as follows:

	2017	2016
	(Rupees in Thousand)	
Opening balance	**2,902**	2,637
Charge to profit and loss account	**725**	318
Benefits due during the year	**-**	-
Remeasurement chargeable in Other comprehensive income	**374**	(53)
Liability as at June 30	**4,001**	2,902

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

	2017	2016	2015	2014	2013
	(Rupees in Thousand)				
Present value of defined benefit obligation	**4,001**	2,902	2,637	2,613	1,421
Fair value of plan assets	**-**	-	-	-	-
Deficit	**4,001**	2,902	2,637	2,613	1,421
Experience adjustment on obligation	**9%**	-2%	24%	32%	0%

Year end sensitivity on defined benefit obligation:	2017 (Rupees in Thousand) Gratuity	Leave encashment
Discount rate + 100 bps	**41,751**	3,793
Discount rate - 100 bps	**46,940**	4,236
Salary increase + 100 bps	**47,050**	4,225
Salary increase - 100 bps	**41,605**	3,800

11. Advances against sale of property

This principally represents advances received from various parties against sale of apartments and houses in Pace Towers project, Lahore and its breakup at June 30, 2017 is as follows:

	2017	2016
	(Rupees in Thousand)	
First Capital Investment Limited - related party	**17,656**	16,783
First Capital Securities Corporation Limited - related party	**50,591**	48,080
Others	**82,295**	42,669
	150,542	107,532

12. Current portion of long term liabilities	*Note*	2017	2016
		(Rupees in Thousand)	
Current portion of long term finances - secured	6	**27,422**	27,422
Current portion of redeemable capital - secured (non-participatory)	7	**1,121,503**	1,498,200
Current portion of liabilities against assets subject to finance lease	8	**18,046**	20,746
Current portion of foreign currency convertible bonds - unsecured	9	**1,757,713**	1,736,212
		2,924,684	3,282,580

12.1 Overdue principal included in current maturity as at June 30, 2017 are as follows:

Long term finances - secured:	**2017**	2016
	(Rupees in Thousand)	
- Soneri Bank - demand finance	**27,422**	27,422
Redeemable capital - secured (non-participatory)	**1,121,503**	1,198,660
Foreign currency convertible bonds - unsecured	**1,757,713**	1,736,212
Liabilities against assets subject to finance lease	**6,546**	9,246
	2,913,184	2,971,540

13. Short term finance - secured

On December 28, 2016 Pak Iran Joint Investment Company ('PAIR') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with a portion of accrued markup aggregating to Rs 105.45 million against property situated at mezzanine floor of Pace Towers measuring 5,700 square feet along with car parking area rights on second floor. In accordance with the SA, PAIR purchased the aforementioned properties from the Company for a consideration of Rs 105.45 million. Pursuant to the SA, on December 28, 2016, the Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Company and PAIR also agreed that PAIR will continue to hold its charge over Pace MM Alam uptill repayment of the balance outstanding amount.

In accordance with the SA, the remaining outstanding markup of Rs 66.860 million has been rescheduled and is payable over a period of 7 years starting from December 28, 2016 including a moratorium period of 3 years, with nil markup.

14. Creditors, accrued and other liabilities	*Note*	**2017**	2016
		(Rupees in Thousand)	
Trade creditors	14.1	**109,331**	125,197
Payable against return of properties sold		**-**	131,000
Advances from customers		**14,164**	8,412
Licensee fee received in advance		**4,140**	4,133
Accrued liabilities	14.2	**128,651**	88,334
Licensee security deposits		**52,991**	31,459
Payable to contractors		**2,699**	2,699
Retention money		**2,329**	2,136
Payable to statutory bodies	14.3	**58,777**	36,428
Others		**25,313**	26,103
		398,395	455,901

14.1 This includes amounts of Rs Nil (2016: Rs 0.035 million) payable to Pace Barka Properties Limited, First Capital Investment Limited of Rs 0.256 million (2016: Nil) and Ever Green Water Valley Limited of Rs. 0.0479 million (2016: Nil), related parties. These are under normal course of business and interest free.

15. Accrued finance cost	*Note*	**2017**	2016
		(Rupees in Thousand)	
Long term finances - secured	15.1	**22,635**	20,179
Short term finance - secured	15.2	**-**	71,134
Redeemable capital - secured (non-participatory)	15.3	**828,991**	976,487
Liabilities against assets subject to finance lease	15.4	**35,887**	32,111
		887,513	1,099,911

15.1 This includes overdue markup of Rs 22.635 million (2016: Rs 19.529 million).

15.2 This includes overdue markup of Nil (2016: Rs 70.723 million). The company has settled the outstanding markup amounting to Rs 9.006 million and the remaining outstanding amount of Rs 66.860 million has been rescheduled in accordance with settlement agreement mentioned in note 13.

15.3 This includes overdue markup of Rs 828.991 million (2016: Rs 929.819 million).

15.4 This includes overdue markup of Rs 2.310 million (2016: Rs 2.310 million) and late payment charges of Rs 33.590 million (2016: Rs 29.815 million).

16. Contingencies and commitments

16.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs 21.644 million (2016: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

16.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 208.508 million (2016: Rs 211.218 million).

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

	2017	2016
	(Rupees in Thousand)	
Not later than one year	**9,844**	7,875
Later than one year and not later than five years	**44,297**	41,836
Later than five years	**707,834**	720,139
	761,975	769,850

17. Property, plant and equipment	*Note*	**2017**	2016
		(Rupees in Thousand)	
Operating fixed assets			
- owned assets	17.1	**424,807**	425,438
- assets subject to finance lease	17.2	**-**	381
Capital work in progress	17.3	**27,664**	27,544
		452,471	453,363

17.1 Owned assets

	Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
	(Rupees in Thousand)										
Net carrying value basis											
Year ended June 30, 2017											
Opening net book value (NBV)	155,152	-	113,730	65,005	20,144	48,194	3,217	4,321	544	15,130	425,437
Additions (at cost)	-	-	-	-	7,100	12,200	-	17	147	2,369	21,833
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,686)	(5,428)	(2,144)	(5,003)	(322)	(434)	(222)	(3,224)	(22,463)
Closing net book value (NBV)	155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,807
Gross carrying value basis											
As at June 2017											
Cost	155,152	-	179,470	179,122	85,795	106,788	11,683	11,801	10,087	55,100	794,998
Accumulated depreciation	-	-	(71,427)	(119,545)	(60,695)	(51,397)	(8,788)	(7,896)	(9,618)	(40,825)	(370,191)
Net book value NBV	155,152	-	108,043	59,577	25,100	55,391	2,895	3,905	469	14,275	424,807
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended June 30, 2016											
Opening net book value (NBV)	155,152	-	119,716	69,175	23,599	36,238	3,574	4,801	703	18,998	431,956
Additions (at cost)	-	-	-	-	-	16,706	-	-	104	-	16,810
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	(2,476)	-	-	-	-	(472)	(2,948)
Depreciation charge			(5,986)	(4,170)	(979)	(4,751)	(357)	(480)	(263)	(3,395)	(20,381)
Closing net book value (NBV)	155,152	-	113,730	65,005	20,144	48,193	3,217	4,321	544	15,131	425,437

	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)										
Gross carrying value basis											
As at June 2016											
Cost	155,152	-	179,470	179,122	78,695	94,588	11,683	11,784	9,940	52,731	773,165
Accumulated depreciation	-	-	(65,740)	(114,117)	(58,551)	(46,394)	(8,466)	(7,463)	(9,396)	(37,601)	(347,728)
Net book value NBV	155,152	-	113,730	65,005	20,144	48,194	3,217	4,321	544	15,130	425,437
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 (2016: 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.

		Note	2017	2016
			(Rupees in Thousand)	
17.1.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	- note 28.3	**12,360**	12,495
	Administrative and selling expenses	- note 29	**10,483**	9,656
			22,843	22,151

17.1.2 Disposal of propery plant and equipment of book value exceeding Rs. 50,000 include:

2017
There are no disposals during the year.

2016

Particular of Assets	Sold to	Cost	Accumulated depreciation	Sales proceeds	Mode of Disposal
Plant & Machinery	**Related Party**				
	Pace Barka Properties Limited	2,476	1,371	6,000	-Negotiation -
Vehicles	**Related Party**				
	Pace Barka Properties Limited	472	399	406	-Negotiation -
		2,948	1,770	6,406	

17.2 Assets subject to finance lease

	Vehicles Rupees in (000)
Net carrying value basis	
Year ended June 30, 2017	
Opening net book value (NBV)	381
Additions (at cost)	-
Transfers from leased asset at NBV	-
Disposals (at NBV)	-
Depreciation charge	(381)
Closing net book value (NBV)	-
Gross carrying value basis	
As at June 30, 2017	
Cost	1,394
Accumulated depreciation	(1,394)
Net book value NBV	-
Depreciation % per annum	20%
Net carrying value basis	
Year ended June 30, 2016	
Opening net book value (NBV)	475
Additions (at cost)	-
Transfers from leased asset at NBV	-
Disposals (at NBV)	-
Depreciation charge	(94)
Closing net book value (NBV)	381
Gross carrying value basis	
As at June 30, 2016	
Cost	1,394
Accumulated depreciation	(1,013)
Net book value NBV	381
Depreciation % per annum	10%

17.2.1 The depreciation charge for the year has been allocated to administrative and selling expenses.

17.3 Capital work in progress

	2017	2016
	(Rupees in Thousand)	
Opening cost	27,544	27,146
Project development costs	120	398
	27,664	27,544

18. Intangible assets

	Computer Software	Dark Fiber
	(Rupees in Thousand)	
Net carrying value basis		
Year ended June 30, 2017		
Opening net book value (NBV)	492	5,587
Additions (at cost)	-	-
Transfers from leased asset at NBV	-	-
Disposals (at NBV)	-	-
Depreciation charge	(50)	(474)
Closing net book value (NBV)	442	5,113
Gross carrying value basis		
As at June 2017		
Cost	2,878	9,508
Accumulated depreciation	(2,436)	(4,395)
Net book value NBV	442	5,113
Depreciation % per annum	10%	5%
Net carrying value basis		
Year ended June 30, 2016		
Opening net book value (NBV)	546	6,063
Additions (at cost)	-	-
Transfers from leased asset at NBV	-	-
Disposals (at NBV)	(55)	(475)
Depreciation charge		
Closing net book value (NBV)	491	5,588
Gross carrying value basis		
As at June 2016		
Cost	2,879	9,508
Accumulated depreciation	(2,388)	(3,920)
Net book value NBV	491	5,588
Depreciation % per annum	10%	5%

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

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

19. Investment property	Cost as at June 30, 2017	Cost as at June 30, 2016	Fair Value as at June 30, 2017	Fair Value as at June 30, 2016
	(Rupees in Thousand)			
Opening value	1,603,634	1,701,343	3,369,702	3,421,430
- Settlement against loan	(20,400)	(5,376)	(25,500)	(7,328)
- Disposal of investment property	-	(92,333)	-	(73,810)
Closing value before revaluation as at June 30	1,583,234	1,603,634	3,344,202	3,340,292
Change in fair value gain recognised in profit and loss account	-	-	120,000	29,410
Fair value as at June 30	1,583,234	1,603,634	3,464,202	3,369,702

19.1 Disposal

The Company has settled the outstanding amount of TFCs due to Wireless and Cable Limited, as mentioned in note 7, against 3 houses at Pace Woodlands classified as investment property.

20. Long term investments	*Note*	**2017**	2016
		(Rupees in Thouand)	
Equity instruments of:			
- subsidiaries - unquoted	20.1	**91,670**	91,670
- associate - unquoted	20.2	**758,651**	758,651
Available for sale - quoted	20.3	**992**	784
		851,313	851,105

20.1 Subsidiaries - unquoted

	2017	2016
Pace Woodlands (Private) Limited 3,000 (2016: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (2016: 52%)	**30**	30
Pace Super Mall (Private) Limited 9,161,528 (2016: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (2016: 57%)	**91,615**	91,615
Pace Gujrat (Private) Limited 2,450 (2016: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (2016: 100%)	**25**	25
	91,670	91,670

20.2 Associate - Unquoted	**2017**	2016
	(Rupees in Thouand)	
Pace Barka Properties Limited 75,875,000 (2016: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (2016: 24.9%)	**758,651**	758,651

		2017	2016
		(Rupees in Thousand)	
20.3 Available for sale - quoted			
Worldcall Telecom Limited			
912 (2016: 912) fully paid ordinary shares of Rs 10 each		6	6
Shaheen Insurance Company Limited			
158,037 (2016: 158,037) fully paid ordinary shares of Rs 10 each		**2,008**	2,008
		2,014	2,014
Less: Cumulative fair value loss	20.3.1	**(1,022)**	(1,230)
		992	784

20.3.1 Cumulative fair value loss

	2017	2016
Opening balance	**1,230**	1,007
Fair value (gain) / loss over Worldcall telecom limited	**(1)**	1
Fair value (gain) / loss over Shaheen insurance company limited	**(207)**	222
Transferred to profit and loss account on derecognition of investment	**-**	-
	1,022	1,230

20.3.2 The unrealized gain on investments have been earned from arrangements Shariah non-compliant arrangements.

21. Long term advances and deposits

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

22. Deferred taxation

The deferred taxation comprises of following temporary differences relating to:

	2017	2016
	(Rupees in Thouand)	
Accelerated tax depreciation	**218,613**	229,947
Employee retirement benefits	**(21,702)**	(20,996)
Provision for doubtful receivables	**(43,406)**	(41,748)
Deferred cost	**(108)**	(131)
Unused tax losses	**(153,397)**	(167,072)
	-	-

22.1 Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 and 113C of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Company has not recognised deferred tax assets of Rs 851,477 million (2016: Rs 945.529 million) in respect of tax losses and Rs 83,287 million (2016: Rs 62.982 million) in respect of minimum tax paid and available for carry forward u/s 113 and 113C of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million and Rs 4.255 million will lapse in the year 2019, 2020, 2021 and 2022 respectively. Minimum tax paid u/s 113 C aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 788.658 million, Rs 535.643 million, Rs 271.825 million and Rs 304.691 million will expire in year 2018, 2019, 2020 and 2021 respectively.

	Note	2017	2016
		(Rupees in Thousand)	
23. Stock-in-trade			
Work in process - Pace Towers	23.1 & 23.2	**437,420**	838,872
Shops and houses		**304,201**	315,961
Pace Barka Properties Limited - Pace Circle		**594,201**	624,123
Pace Super Mall (Private) Limited		**21,600**	21,600
	23.3	**1,357,422**	1,800,556
Stores inventory		**975**	1,581
		1,358,397	1,802,137

23.1 Included in work in process are borrowing costs of Rs 101.000 million (2016: Rs 201.321 million). During the year borrowing cost capitalized was Nil (2016: Nil).

23.2 The charge amounting to Rs 1,200.175 million (2016: Rs 1,200.5 million) has been registered against work in process with lenders as security against long term loan and redeemable capital as referred to in note 6 and note 7 respectively.

23.3 During the year the company settled the short term running finance, outstanding amount due to Pak Oman Investment Company Limited and Wireless and Cable Limited against properties situated at Pace Tower and Pace Woodlands Private Limited costing Rs 52.544 million, Rs 252.067 million and Rs 3.6 million, respectively, as mentioned in notes 6.1, 7.3 and 7.4

		Note	2017	2016
24. Trade debts - unsecured			(Rupees in Thousand)	
Considered good		24.1	**655,298**	647,490
Considered doubtful			**144,783**	130,463
			800,081	777,953
Less:	Provision for doubtful debts	24.2	**(144,685)**	(130,463)
			655,396	647,490

24.1 This includes Rs 6.681 million (2016: Rs 6.681 million) interest free amount due from First Capital Securities Corporation Limited, a related party.

	Note	2017	2016
24.2 Provision for doubtful debts		(Rupees in Thousand)	
Opening balance		**130,463**	130,513
Provision for the year		**14,221**	(50)
Balance as at June 30		**144,684**	130,463
25. Advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees		**15,515**	11,328
- to suppliers	25.1	**17,466**	13,606
Security deposits		**19,775**	19,775
Advances to contractors		**921**	921
Receivable against sale of investment property	25.2	**23,038**	73,935
Others - considered good	25.3	**21,599**	31,353
		98,314	150,918

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

	2017	2016
	(Rupees in Thousand)	
Media Times Limited	**-**	-
World Press (Private) Limited	**447**	429
	447	429

25.2 This includes Rs 20.679 million (2016: Rs 71.479) interest free amount due from Ever Green Water Valley (Private) Limited, a related party.

25.3 This includes Rs Nil (2016: Rs 10.684 million) interest free amount due from Media Times Limited, a related party.

26. Cash and bank balances

	Note	2017	2016
		(Rupees in Thousand)	
At banks			
- in saving accounts	26.1	**1,036**	536
- in current accounts		**34**	93
		1,070	629
Cash in hand		**409**	-
		1,479	629

26.1 The balances in saving accounts are placed under markup arrangements and bear markup ranging from 3% to 5% per annum (2016: 3% to 6%).

27. Sales

	2017	2016
	(Rupees in Thousand)	
Shops / apartments and commercial buildings		
- at percentage of completion basis	**116,534**	101,551
- at completion of project basis		
- Owned	**9,684**	108,440
- Pace Circle	**56,488**	65,901
Licensee fee	**35,854**	41,951
Display advertisements and miscellaneous income	**16,178**	16,952
Service charges	**190,836**	185,746
	425,574	520,541

27.1 Sales return

This represents reversal of sales of commercial floor recognized on percentage of completion basis, against which sale agreement has been cancelled as per mutual understanding of the buyer and the Company.

27.2 Sales recognised at percentage of completion basis

	2017	2016
	(Rupees in Thousand)	
Revenue recognised to date	**837,074**	720,540
Aggregate cost incurred to date	**(746,794)**	(632,483)
Recognised profit to date	**90,280**	88,057

27.2.1 The revenue arising from agreements, that meet the criteria for revenue recognition on the basis of percentage of completion method, during the year is Rs 221.448 million (2016: Rs 101.551 million). Amount received against these agreements amounts to Rs 88.445 million (2016: Rs 96.296 million).

28. Cost of sales	Note	2017	2016
		(Rupees in Thousand)	
Shops / apartments and commercial buildings sold			
- at percentage of completion basis	28.1	**118,021**	7,980
- at completion of project basis			
-- Owned	28.2	**8,160**	64,375
-- Pace circle		**32,632**	39,064
Stores operating expenses	28.3	**250,967**	257,312
		409,780	368,731

28.1 Shops / apartments and commercial buildings sold at percentage of completion basis	Note	2017	2016
		(Rupees in Thousand)	
Opening work in process		**838,872**	1,243,560
Transfer from capital work in progress	17.3	**-**	-
Project development costs		**21,180**	67,780
Property sold on completion basis	28.1.1	**-**	(64,375)
Property settled against loans	28.1.2	**(304,611)**	(400,113)
Closing work in process	23	**(437,420)**	(838,872)
Cost of shops / apartments and commercial buildings sold during the year	28.1.3	**118,021**	7,980

28.1.1 This represents cost of completed property sold from Pace Towers project to Silkbank Limited in the preceding year. No further costs are to be incurred in respect of this property.

28.1.2 This represents aggregate cost of completed properties in Pace Towers project which have been transferred to the lenders against settlement of loans as referred to in notes 7 and 13. No further costs are to be incurred in respect of these properties.

28.1.3 Cost of shops / apartments and commercial buildings sold during the year	Note	2017	2016
		(Rupees in Thousand)	
Cost of shops / apartments and commercial buildings sold during the year		**118,021**	105,507
Cost of shops / apartments and commercial buildings returned during the year		**-**	(97,527)
		118,021	7,980
28.2 Shops / apartments and commercial buildings sold at completion of project basis			
Opening inventory of shops and houses		**315,961**	315,961
Repurchased / swapped during the year		**-**	-
Swapped with Wireless and Cable Limited		**(3,600)**	-
Property sold on completion basis from Pace Towers	28.1.2	**-**	64,375
Closing inventory of shops and houses	23	**(304,201)**	(315,961)
		8,160	64,375

28.3 Stores operating expenses	Note	2017 (Rupees in Thousand)	2016
Salaries, wages and benefits	28.3.1	**55,200**	54,135
Rent, rates and taxes		**12,396**	10,552
Insurance		**7,405**	7,932
Fuel and power		**120,334**	126,149
Depreciation on owned assets	17.1.1	**12,360**	12,495
Repairs and maintenance		**10,855**	8,913
Janitorial and security charges		**16,523**	18,893
Others		**15,894**	18,243
		250,967	257,312

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

Current service cost	**910**	927
Interest cost	**322**	389
	1,232	1,316

29. Administrative and selling expenses	Note	2017 (Rupees in Thousand)	2016
Salaries, wages and benefits	29.1	**56,036**	54,003
Travelling and conveyance		**3,163**	3,114
Rent, rates and taxes		**222**	667
Insurance		**3,666**	2,424
Printing and stationery		**839**	1,388
Repairs and maintenance		**3,602**	8,058
Motor vehicles running		**4,414**	5,582
Communications		**3,398**	3,771
Advertising and sales promotion		**29,614**	21,541
Depreciation and impairment on:			
- owned assets	17.1.1	**10,102**	9,656
- assets subject to finance lease	17.2	**380**	94
Amortisation on intangible assets	18	**525**	530
Auditors' remuneration	29.2	**2,955**	3,225
Legal and professional		**5,040**	19,123
Commission on sales		**10,585**	30,310
Office expenses		**5,899**	5,615
Other expenses		**18,766**	8,756
Provision for doubtful debts		**14,220**	-
		173,426	177,857

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

Current service cost	**6,119**	6,261
Past service cost	**489**	-
Interest cost	**2,363**	2,862
	8,971	9,123

29.2 Auditors' remuneration	Note	2017	2016
		(Rupees in Thousand)	
The charges for auditors' remuneration includes the following in respect of auditors' services for:			
Statutory audit		**1,700**	1,700
Half yearly review		**600**	600
Audit of consolidated financial statements, certification and sundry services		**200**	500
Out of pocket expenses		**2,955**	3,225

30. Other income

	Note	2017	2016
Income from financial assets			
Markup on bank accounts		**64**	493
Commission on guarantee	30.1	**1,238**	1,238
Income from non-financial assets			
Gain on sale of property, plant and equipment		**-**	5,228
Rental income		**12,559**	10,636
Scrap sales		**5,103**	808
Gain on disposal of investment property		**12,000**	39,730
Others			
Gain on settlement of loans		**358,557**	599,225
Income from parking and storage		**6,647**	6,799
Liabilities no longer required written back		**41**	6,519
Provision for doubtful debts	24.2	**-**	50
Income from counters and stalls		**-**	2,312
Gain on initial discounting of Pak Iran loan		**17,392**	-
Service charges		**855**	
		414,456	673,038

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

31. Other operating expenses	Note	2017	2016
		(Rupees in Thousand)	
Exchange loss on foreign currency convertible bonds	9	**4,974**	49,276
		4,974	49,276

32. Finance costs

	Note	2017	2016
Markup on			
- Long term finances - secured		**2,497**	2,688
- Foreign currency convertible bonds - unsecured		**16,527**	16,480
- Redeemable capital - secured (non-participatory)		**101,949**	134,750
- Short term finance -secured		**4,733**	9,748
- Interest expense on unwinding of Pak Iran Loan		**1,488**	-
- Liabilities against assets subject to finance lease		**3,776**	3,831
		130,970	167,497
Bank charges and processing fee		**1,439**	1,759
		132,409	169,256

33. Taxation

	2017	2016
	(Rupees in Thousand)	
Current tax		
- Current year	**20,305**	60,224
- Prior year	**(4,999)**	-
	15,306	60,224
Deferred tax	**-**	-
	15,306	60,224

33.1 The provision for current taxation for the year represents the tax liability under section 113C of the Income Tax Ordinance, 2001.

33.2 Tax charge reconciliation

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

	2017	2016
	%	%
Applicable tax rate	**31.00**	32.00
Tax effect of amounts that are:		
Income not chargeable to tax	**(15.24)**	(0.22)
Minimum tax u/s 113C for the year	**8.48**	17.00
Reversal of prior period charge	**(2.09)**	-
Others	**(0.63)**	-
Effect of deferred tax asset not recognised on taxable loss	**(15.13)**	(31.78)
	(24.61)	(15.00)
Average effective tax rate charged to profit and loss account	**6.39**	17.00

For the purposes of current taxation, the tax losses available for carry forward as at June 30, 2016 are estimated approximately at Rs 2,127.763 million (2016: Rs 3,489.24 million).

34. Remuneration of Chief Executive, Directors and Executives

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

Short term employee benefits	**Chief Executive**		**Directors**		**Executives**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	(Rupees in thousand)		**(Rupees in thousand)**		**(Rupees in thousand)**	
Managerial remuneration	**4,100**	3,400	**2,851**	1,600	**7,711**	6,350
Housing	**1,640**	1,360	**1,140**	640	**3,085**	2,540
Utilities	**410**	340	**285**	160	**771**	635
	6,150	5,100	**4,276**	2,400	**11,567**	9,525

	Chief Executive		**Directors**		**Executives**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Persons	1	1	1	2	8	8

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

35. Cash generated from operations

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
Profit before tax		**239,441**	354,259
Adjustment for:			
Exchange loss on foreign currency convertible bonds	9	**4,974**	49,276
Provision for gratuity and leave encashment	10.1	**10,202**	10,440
Depreciation on:			
- owned assets	17.1	**22,525**	22,151
- assets subject to finance lease	17.2	**381**	94
Amortisation on intangible assets		**525**	530
Changes in fair value of investment property	19	**(120,000)**	(29,410)
Provision for doubtful debts	30	**14,221**	(50)
Markup income	30	**(64)**	(493)
Gain on sale of property, plant and equipment	30	**-**	(5,228)
Gain on sale of investment property	30	**(12,000)**	(39,730)
Liabilities no longer required written back	30	**(41)**	(6,519)
Gain on initial discounting of loan		**(17,280)**	-
Gain on settlement of loans		**(262,114)**	(599,225)
Finance costs		**132,408**	167,497
Profit before working capital changes		**13,178**	(76,408)
Effect on cash flow due to working capital changes:			
Decrease / (increase) in stock-in-trade		**138,954**	(17,828)
(Increase) / decrease in trade debts		**(53,035)**	28,741
Decrease in advances, deposits and other receivables		**52,604**	6,301
Net increase / (decrease) in advances against sale of property		**42,985**	(124,401)
(Decrease) / increase in creditors, accrued and other liabilities		**(61,208)**	167,864
		120,300	60,677
		133,478	(15,731)

36. Cash and cash equivalents

	Note	2017	2016
Short term finance - secured	13	**-**	(96,443)
Cash and bank balances	26	**1,479**	629
		1,479	(95,814)

37. Financial risk management

37.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2017	**2016**
Foreign currency convertible bonds - USD	**16,740,128**	16,582,729

The following significant exchange rates were applied during the year:

Rupees per USD		
Average rate	**104.70**	104.30
Reporting date rate	**105.00**	104.70

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since the investments in listed equity securities are immaterial.

(iii) Interest rate risk

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

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

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

FIXED RATE INSTRUMENTS	**2017**	2016
	(Rupees in Thousand)	
Financial assets		
Bank balances - savings accounts	**(1,036)**	(536)
Financial liabilities		
Foreign currency convertible bonds - unsecured	**1,757,713**	1,736,212
Net interest rate risk	**1,756,677**	1,735,676

FLOATING RATE INSTRUMENTS

Financial liabilities		
Redeemable capital - secured (non-participatory)	**1,121,503**	1,498,200
Liabilities against assets subject to finance lease	**18,046**	20,746
Short term finance - secured	**-**	96,443
Long term finances - secured	**27,422**	27,422
Net interest rate risk	**1,166,971**	1,642,811

Cash flow sensitivity analysis for fixed rate instruments

No interest rate risk arises on fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on redeemable capital, liabilities against assets subject to finance lease, and long term finances, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, post tax loss for the year would have been Rs 8.866 million (2016: Rs 9.567 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

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

(i) Exposure to credit risk

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

	2017	2016
	(Rupees in Thousand)	
Long term advances and deposits	**13,619**	13,619
Trade debts - unsecured	**655,396**	647,490
Advances, deposits, prepayments and other receivables		
- Advances to employees - considered good	**15,515**	11,328
- Security deposits	**19,775**	19,775
- Receivable against sale of investment property	**23,038**	73,935
- Others - considered good	**21,599**	31,353
Bank balance	**1,070**	629
	750,012	798,129

The age of trade debts at balance sheet date is as follows:

- Not past due	**-**	-
- Past due 0 - 365 days	**221,401**	118,685
- 1 - 2 years	**151,868**	353,164
- More than 2 years	**282,127**	306,104
	655,396	777,953

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

First Capital Securities Corporation Limited	2017	2016
	(Rupees in Thousand)	
- More than 2 years	**6,681**	6,681

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

(ii) Credit quality of major financial assets

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

Under markup arrangements	Rating Short term	Long term	Rating Agency	2017	2016
				(Rupees in Thousand)	
Bank Islami Pakistan Limited formerly known as KASB Bank	A1	A+	PACRA	**9**	10
Allied Bank Limited	A1+	AA+	PACRA	**316**	34
Soneri Bank Limited	A1+	AA-	PACRA	**6**	6
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**-**	-
Silk Bank Limited	A-2	A-	JCR-VIS	**71**	71
Burj Bank Limited	A-2	A-	JCR-VIS	**-**	-
NIB Bank limited	A1+	AA-	PACRA	**529**	1
Bank Alfalah Limited	A1+	AA+	PACRA	**93**	45
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	**4**	275
Askari Bank Limited	A-1+	AA	JCR-VIS	**6**	6
Without markup arrangements					
Faysal Bank Limited	A1+	AA	PACRA	**27**	65
United Bank Limited	A-1+	AAA	JCR-VIS	**6**	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	**2**	-
National Bank of Pakistan	A1+	AAA	PACRA	**-**	81
MCB Bank Limited	A1+	AAA	PACRA	**1**	29
				1,070	629

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

(c) Liquidity risk

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

The Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 2.2.

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

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

The following are the contractual maturities of financial liabilities as at June 30, 2016:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances - secured	27,422	27,422	-	-
Redeemable capital - secured (non-participatory)	1,498,200	1,498,200	-	-
Liabilities against assets subject to finance lease	20,746	20,746	-	-
Foreign currency convertible bonds - unsecured	1,736,212	1,736,212	-	-
Short term finance - secured	96,443	96,443	-	-
Creditors, accrued and other liabilities	455,901	455,901	-	-
Accrued finance cost	1,099,911	1,099,911	-	-
	4,934,835	4,934,835	-	-

37.2 Financial instruments by categories

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

	2017			2016
	Available for sale	Loans and receivables	Total	Total
	(Rupees in thousand)			
Assets as per balance sheet				
Long term advances and deposits	-	13,619	13,619	13,619
Trade debts - unsecured	-	655,396	655,396	647,490
Investments	992	-	992	784
Advances, deposits, prepayments and other receivables				
- Advances to employees - considered good	-	15,515	15,515	11,328
- Security deposits	-	19,775	19,775	19,775
- Others - considered good	-	21,599	21,599	31,353
- Receivable against sale of investment property	-	23,038	23,038	73,935
Bank balances	-	1,070	1,070	629
	992	750,012	751,004	798,913

Liabilities are per balance sheet	Financial liabilities at amortised cost 2017	2016
	(Rupees in thousand)	
Long term finances - secured	**78,490**	27,422
Redeemable capital - secured (non-participatory)	**1,121,503**	1,498,200
Liabilities against assets subject to finance lease	**18,046**	20,746
Foreign currency convertible bonds - unsecured	**1,757,713**	1,736,212
Short term finance - secured	**-**	96,443
Creditors, accrued and other liabilities	**398,395**	455,901
Accrued finance cost	**887,513**	1,099,911
	4,261,660	4,934,835

37.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 6, 7, 9 and 12. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at year ended June 30, 2017 and June 30, 2016 are as follows:

	2017	2016
	(Rupees in Thousand)	
Borrowings	**2,957,706**	3,261,834
Total equity	**2,443,800**	2,222,373
Total capital	**5,401,506**	5,484,207
Gearing ratio	**55%**	59%

38 Fair value estimation

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

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

The following is categorization of assets measured at fair value at June 30, 2017:

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

The following is categorization of assets measured at fair value at June 30, 2016:

	Level 1	Level 2	Level 3	Total
		(Rupees in Thousand)		
Assets:				
Recurring fair value measurement of Available for sale financial assets	784	-	-	784
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,155,202	2,155,202
	784	1,214,500	2,155,202	3,370,486

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 and 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2017. 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.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended June 30, 2017 and June 30, 2016 for recurring fair value measurements:

	2017	2016
	(Rupees in Thousand)	
Opening fair value	**2,155,202**	2,255,510
Disposal of investment property	**-**	(73,810)
Settlement against loan	**(25,500)**	(7,328)
	2,129,702	2,174,372
Fair value gain (loss) recognised during the year	**(59,146)**	(19,170)
Closing value after revaluation	**2,070,556**	2,155,202

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

Valuation inputs and relationship to fair value

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

Description	Fair Value at		Significant Unobserv-able inputs	Quantitative Data / Range and relationship to the fair value
	2017	**2016**		
	(Rupees in Thousand)			
Buildings	2,070,556	2,155,202	Cost of construction of a new similar building Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation factor of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

39. Earnings per share

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

39.1 Basic earnings per share	**2017**	2016
	(Rupees in Thousand)	
Profit for the year	**224,135**	294,035
Weighted average number of ordinary shares outstanding during the year	**278,877**	278,877
Basic earnings per share	**0.80**	1.05

39.2 Diluted earnings per share

The effect of diluation on conversion of FCCB and interest thereon to ordinary shares has not been taken while computing diluted earnings per share since the management now believes that the conversion may not take place. Accordingly, diluted earnings per share is same as earnings per share for the year ended June 30, 2017 as computed below:

		2017	**2016**
Profit for the year for calculation of basic earnings per share	Rupees in thousand	**224,135**	294,035
Interest on FCCB	Rupees in thousand	**-**	13,678
Exchange loss on FCCB during the year	Rupees in thousand	**-**	40,899
Profit used to determine diluted earnings per share	Rupees in thousand	**224,135**	348,612

		2017	2016
Weighted average number of ordinary shares outstanding during the year	In thousand	**278,877**	278,877
Assumed conversion of FCCB into ordinary shares	In thousand	**-**	114,802
Weighted average number of ordinary shares for earnings per share	In thousand	**278,877**	393,679
Diluted earnings per share	Rupees	**0.80**	0.89

40. Transactions with related parties

The related parties comprise associates, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in notes 24, 14 and 34. Other significant transactions with related parties are as follows:

Relationship with the Company	**Nature of transactions**	**2017**	2016
		(Rupees in Thousand)	
i. Associate	Guarantee commission income	**1,238**	1,238
	Purchase of inventory	**2,710**	60,728
	Receipts against Pace circle sales	**29,481**	36,878
	Shared expense charged by the company	**3,434**	3,122
	Sale of property, plant and equipment	**-**	6,406
ii. Others	Purchase of goods & services	**16,698**	15,239
	Sale of services	**-**	1,314
	Rental income	**12,741**	10,636
	Sale of property	**9,684**	-
	Sale of investment property	**-**	113,540
	Post retirement benefit charged to profit and loss	**10,203**	10,121

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

41. Number of employees	**2017**	**2016**
Total number of employees as at June 30	**286**	314
Average number of employees during the year	**297**	314

42. Date of authorisation

These financial statements were authorised for issue on October 05, 2017 by the board of directors of the Company.

43. Corresponding figures

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Directors' Report on Consolidated Accounts (Year Ended June-2017)

General Economic Overview:

GDP growth has maintained its upward movement and increased to a decade-high of 5.3% in FY17. Other macroeconomic indicators, such as subdued inflation, investment growth and rising private sector credit, also showed an encouraging picture. However, exports continued to decline in the fourth consecutive year, by 1.6% over last year, whereas imports increased by 18.7% on account of power & infrastructure development, expansion in a number of industries and increase in manufacturing activities. Remittances recorded first annual decrease in last thirteen years and reduced by 3.1%, at US$ 19.3 billion for financial year ended June 30, 2017. Resultantly, the current account deficit widened to US$ 13.2 billion for the year ended June 2017 - a matter of concern for the economy. SBP maintained its policy rate at 5.75%, which partially continued to ease the cost of doing business The revival in agriculture sector during FY17 is especially notable. The agriculture sector primarily grew through five major crops i.e. rice, cotton, sugarcane, wheat, and maize, which posted a growth of 3.5%, after declining 5.0% of last year. This was supported by favorable policy measures, including subsidy on fertilizer, reduction in sales tax on tractors and increased access to finance. The bumper crops of sugarcane, maize and cotton compensated for low growth in rice and wheat production. Better agriculture had, in turn, positive spillover for trade and manufacturing sectors. The large-scale manufacturing sector (LSM), grew by 5.58 percent during first ten months of FY17, compared to 2.9 percent last year. Further, Public Sector Development Program (PSDP) and CPEC-related activities also continued to boost industries, such as cement and steel. The higher growth in agriculture and industry also had a positive impact on the performance of the services sector, which grew by 6.0% for FY17. Inflation increased slightly to 4.1 %, however it was well below the full year target of 6.0% for FY17.

Due to the improved economic situation, as well as improved political and law and order situation in the last 3 years Pakistan's equity market has performed extremely well. Pakistan has seen a historic decline in inflation and interest rates driven by decline in oil prices from mid-2014 onwards. The PSX 100 has consistently been ranked among the top 10 equity markets in the world. However, the recent political uncertainty has severely impacted the Pakistan capital markets and the PSX 100 has lost over 10,000 points. Despite the political uncertainty, the fundamentals of the economy are strong and in the long term we continue to have positive outlook for the country's economic performance.

Real Estate overview:

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

Pakistan's property market has been on an upward trend for the past decade. With a population in excess of 200 million the concentration of economic activity is limited to three major cities: Karachi, Lahore and Islamabad, and if the country is to evolve into a major economic player it needs to decentralize more of its economic activity. It has been a year of significant change in the Pakistani real estate sector. Changes to the Income Tax Ordinance 2001 through the Finance Act 2016 sought to rectify the disparity between the value of property and tax collections. Currently, the housing shortage is estimated to be over nine million units with demand growing at a rate of 0.7 million new units per year. One of the main bottlenecks is the underdeveloped mortgage sector which accounts for meagre 0.5 percent of GDP. With a more accessible home loan market many more individuals and families could find the capital for their first time home. By 2025, the shortfall is predicted to swell to 20 million residential units. In order to catch up, Pakistan needs to construct one million new units each year, but the current building rate is just 150,000 per annum. For lower income families there is no option for a mortgage hence the overall housing shortage is expected to grow in the future. A World Bank report noted that the housing to finance ratio in Pakistan was one of the world's lowest at just one percent compared to 50 percent in developed nations.

Future Outlook of the Real Estate Sector

Pakistan is now primed for foreign investment in real estate. Work has already begun on the $51.5 billion China-Pakistan Economic Corridor and the benefits will flow to the real estate industry. One of the main bottlenecks in the sector is an inadequate transport infrastructure, so this substantial investment will make decent strides in improving the situation. The improving security situation was picked up by the Wall Street Journal who described Pakistan as a 'pleasant surprise,' and The Economist noted that the country is 'experiencing a rare period of optimism'. The country offers a high potential return on investment for foreign investors looking to diversify. As the new tax laws make the real estate market more transparent and regulated, overseas investors will continue to pay close attention.

Group's Performance and Financial Overview:

An extract of the audited results of the Group's financial performance for the year ended June 30, 2017 as against June 30, 2016 is as follows:

	2017	2016
	Year Ended June 30 (Rupees in '000')	
Net Sales	425,574	416,931
Cost of Sales	(410,794)	(368,731)
Gross profit/(loss)	14,780	48,200
Admin & Selling Expenses	(173,721)	(178,152)
Other income	414,456	673,038
Finance cost	(132,409)	(169,256)
Fair value gain	120,000	29,410
Share of loss from associate	(41,316)	(53,123)
profit before tax	196,816	300,841

Taxation	(20,610)	(72,400)
Profit for the year	176,206	228,441
Earnings per Share	0.63	0.82

During the financial year ended 30th June 2017 (FY-2017), the sales of the Group marginally improved by 2.07%. The Group recorded the net sales of Rs 425.6 million as compared to Rs 416.9 million during last year, with an increase of Rs 8.64 million.

On the cost front, the Group implemented stringent measures to curb its Admin and Selling Expenses which reduced from Rs 178.15 million during last year, to Rs. 173.72 million during FY-2017 i.e. there is a net decrease of 2.49% as compared with last year.

During the year, Other Income of the Group was arrived at Rs 414.45 million as compared to Rs 673.04 million last year. Other Income comprised mainly of gain on loans settlements including gain on exchange of property and gain due to waiver of markup. During the year, the Group continued its strive to settle its outstanding obligations with its Lenders, and resultantly, gain on settlement of Group's loans during the year totaled Rs 358.6 million, out of which Rs 94.3 million pertained to gain on exchange of properties, while Rs 249.4 million pertained to waiver of markup.

Finance Cost of Group showed a significant reduction of 21.77% as compared with last year, and reduced from Rs 169.2 million during last year to Rs 132.4 million in current year i.e. there is the net decrease of Rs 36.8 million. The primary reason for reduction in Finance Cost is settlement of outstanding loans of the Group, during the year, to the tune of Rs 472 million (including approximately Rs 376 million pertaining to various TFC holders, while approximately Rs 96 million pertaining to short term finance obtained from PAIR).

Moreover, during the year, the Group witnessed a significant revaluation gain on its investment property which rose from Rs 29.4 million during last year to Rs 120 million during the current year. Share of loss from the associated company reduced from Rs. 53.12 million during last year to Rs 41.31 million during FY-2017.

Net Profit After Tax (NPAT) of the Group arrived at Rs 176.20 million during FY-2017, as compared with the NPAT of Rs 228.44 million during last year, which translated into EPS of Rs 0.63 per share for the year ended June 2017 (FY-2016: Rs 0.82 per share).

Status of Financial obligations:

The current portion of long term loans has decreased from Rs 3,282.6 million as at last year end, to Rs 2,924.7 million as at 30th June 2017, due to the fact that during the year Group settled its outstanding liability in respect of TFCs, with the various TFC holders, as explained in foregoing section.

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

Moreover, subsequent to the year end, due to settlement of loans, the Lenders of the Group released its various properties which were previously held as charge against its outstanding liabilities. Release of these properties, which were previously pledged, would help in boosting the sale of Group in coming years, and would enable the Group to settle its outstanding financial obligations.

Group's ability to continue as a Going Concern:

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,952.067 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

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

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

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

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

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

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

Lahore
05 October 2017

Aamna Taseer
CEO

پیس (پاکستان) لمیٹڈ

منجمد کھاتوں پر ڈائریکٹرز کی رپورٹ (جون 2017ء کو اختتام پذیر سال)

عمومی اقتصادی جائزہ

مجموعی قومی آمدنی اونچی سطح کو برقرار رکھا ہے اور مالی سال 2017ء میں دہائی میں سب سے زیادہ 5.3فی صد اضافہ ہوا۔ دیگر معاشی اشاے، جیسا کہ غالب افراط زر، سرمایہ داری میں نمو اور پرائیویٹ سیکٹر کریڈٹ میں اضافہ نے ایک حوصلہ افزا تصویر پیش کی ہے۔ تاہم، برآمد میں گذشتہ چار مسلسل سالوں میں پچھلے سال 1.6فی صد سے زائد کمی جاری رہی۔ جب کہ توانائی اور بنیادی ڈھانچہ، متعدد انڈسٹریز میں وسعت اور پیداواری سرگرمیوں میں اضافہ کی وجہ سے درآمد میں 18.7فی صد اضافہ دیکھا گیا۔ گذشتہ 13 سالوں میں ترسیل زر میں پہلی سالانہ کمی ریکارڈ کی گئی اور 3.1فی صد تک کم ہوئی۔ جو کہ 30 جون 2017ء کو اختتام پذیر مالی سال کے لئے 19.3 بلین ڈالر تھی۔ نتیجتاً، 30 جون 2017ء کو اختتام پذیر سال کے لئے جاری کھاتوں کے خسارہ میں 19.3 بلین امریکی ڈالر کا اضافہ ہوا۔ جو کہ معیشت کے لئے بہت بڑا خطرہ ہے۔ بنک دولت پاکستان نے 5.75فی صد کی شرح سے پالیسی کو برقرار رکھا ہے جس سے جزوی طور پر کاروبار کرنے کی لاگت میں آسانی پیدا ہوئی۔ مالی سال 2017ء میں زرعی شعبہ کی از سر نو بحالی خاص طور پر قابل ذکر ہے۔ زرعی شعبہ ابتدائی طور پر پانچ بڑی فصلوں پر منحصر ہے جس میں چاول، کپاس، گنا، گندم اور مکئی شامل ہیں۔ جس میں گذشتہ سال کے 5.0فی صد زوال یا جھکاؤ کے مقابلہ میں 3.5فی صد نمو دیکھی گئی۔ مساعد پالیسی اقدامات کی وجہ سے یہ ممکن ہوا جس میں کھادوں پر سبسڈی، ٹریکٹرز پر سیلز ٹیکس میں کمی اور مالی معاونت پر بڑھتی ہوئی رسائی شامل ہیں۔ چاول اور گندم کی کم پیداوار کو گنے، مکئی اور کپاس کی وافر فصلوں سے پورا کیا گیا۔ بہتر زراعت نے تجارت اور صنعتکار کے شعبہ کے لئے مثبت راہ ہموار کی۔ بڑے پیمانے پر صنعتی شعبہ (LSM) میں گذشتہ سال کے 2.9فی صد اضافہ کے مقابلہ میں مالی سال 2017ء کے پہلے دس ماہ کے دوران 5.58فی صد کا اضافہ ہوا۔ مزید برآں، عوامی شعبہ کے ترقیاتی پروگرام (PSDP) اور CPEC سے متعلقہ سرگرمیاں سیمنٹ اور سٹیل جیسی انڈسٹری میں ترقی کا باعث بنیں۔ زراعت اور صنعت میں بہترین نمونے خدمات کے شعبہ کی کارکردگی پر مثبت اثرات ڈالے ہیں جو مالی سال 2017ء کے لئے 6.0فی صد بڑھے ہیں۔ افراط زر میں 4.1فی صد کا خفیف اضافہ ہوا ہے تاہم مالی سال 2017ء کے 6.0فی صد کے ہدف سے انتہائی کم ہے۔

گذشتہ 3 سال کے دوران بہتر سیاسی اور حفاظتی صورت حال کے ساتھ ساتھ بہتر اقتصادی حالت کی وجہ سے پاکستان کی ایکویٹی مارکیٹ نے بہترین کارکردگی کا مظاہرہ کیا ہے۔ سال 2014ء کے وسط سے تیل کی قیمتوں کی وجہ سے پاکستان میں افراط زر اور سود کی شرح میں تاریخی کمی دیکھی گئی۔ PSX100 انڈیکس کا دنیا کی دس بڑی ایکویٹی مارکیٹس میں سب سے اعلیٰ درجہ ہے۔ تاہم حالیہ سیاسی غیر یقینی کی صورت حال نے پاکستان کیپٹل مارکیٹ پر برے اثرات مرتب کئے ہیں اور PSX100 میں 10,000 پوائنٹس کا خسارہ دیکھا گیا۔ سیاسی غیر یقینی کی صورت حال کے باوجود معیشت کی بنیاد مضبوط ہے اور وسیع تناظر میں ہم ملک کی اقتصادی کارکردگی پر مثبت رجحان دیکھ رہے ہیں۔

رئیل اسٹیٹ کا تجزیہ

پاکستان کا رئیل اسٹیٹ کا شعبہ ملک کی مجموعی قومی آمدنی کا تقریباً 2فی صد حصہ ڈال رہا ہے۔ یہ شعبہ وسیع معیشت کے لئے اپنا کردار ادا کر رہا ہے اور مجموعی قومی پیداوار کے لئے مضبوط بنیاد فراہم کر رہا ہے۔

پاکستان کی پراپرٹی مارکیٹ گذشتہ دہائی کے لئے ایک مثبت رجحان بن چکا ہے۔ 200 ملین سے زائد کی آبادی کے پیش نظر معاشی سرگرمی تین بڑے شہروں کراچی، لاہور اور اسلام آباد تک محدود ہے۔ اگر ملک کو بڑے معیشتوں کا حصہ بننا ہے تو اسے اپنی معاشی سرگرمی کو مزید توجہ دینا ہوگی۔ پاکستانی رئیل اسٹیٹ شعبہ میں یہ نمایاں تبدیلی کا سال بن چکا ہے۔ فائنس ایکٹ 2016ء کے ذریعے انکم ٹیکس آرڈیننس 2001 میں تبدیلیاں پراپرٹی کی قدر اور ٹیکس کو لیکشنز کے درمیان اختلاف کو ختم کرنے کے لئے کی گئی ہیں۔ حال ہی میں، گھروں میں تقریباً نو ملین یونٹس کی کمی ہے اور ہر سال 0.7 ملین نئے یونٹس کی مانگ بڑھ رہی ہے۔ بنیادی مسائل میں سے ایک مورٹگیج کا پسماندہ شعبہ ہے جو مجموعی قومی پیداوار کا قلیل 0.5 فیصد حصہ ہے۔ گھر پر قرض کی مارکیٹ پر زیادہ رسائی کے ذریعے بہت سے افراد اور خاندان اپنے ذاتی گھر کے لئے سرمایہ حاصل کر سکتے ہیں۔ 2025ء تک یہ کمی 20 ملین رہائشی یونٹس تک پہنچ جائے گی۔ اس سے نبرد آزما ہونے کے لئے پاکستان میں ہر سال 20 ملین گھر تعمیر کرنے کی ضرورت ہے۔ لیکن اس وقت ہر سال 150,000 یونٹس تعمیر کئے جا رہے ہیں۔ کم آمدنی والے خاندانوں کے لئے مورٹگیج کے علاوہ کوئی راستہ نہیں اس لئے مجموعی طور پر مستقبل میں گھر کی مزید کمی متوقع ہے۔ ورلڈ بنک کی رپورٹ کے مطابق پاکستان میں ہاؤسنگ کی مالی معاونت پوری دنیا میں سب سے کم ہے جو ترقی یافتہ ممالک کے 50فی صد کے مقابلہ میں صرف 1فی صد ہے۔

رئیل اسٹیٹ شعبہ کا مستقبل کا منظر نامہ

اب پاکستان رئیل اسٹیٹ کے شعبہ میں غیر ملکی سرمایہ داری کی جانب نظر گاڑے ہوئے ہے۔ اس سلسلہ میں کام کا آغاز چین پاکستان اقتصادی راہداری کے توسط سے 5.15 بلین روپے سے شروع ہو چکا ہے۔ اور اس کے فوائد رئیل اسٹیٹ شعبہ میں نظر آئیں گے۔ اس شعبہ کا سب سے بڑا مسئلہ ٹرانسپورٹ غیر موزوں ڈھانچہ ہے، اس لئے یہ خاطر خواہ سرمایہ داری حالات کو بدلنے میں اہم کردار ادا کرے گی۔ وال سٹریٹ جرنل نے بہتری سیکیورٹی کے حالات پاکستان کو ایک خوش گوار حیرانگی کے طور پر بیان کر کے ظاہر کئے ہیں۔ اور اقتصادی ماہرین نے بیان کیا ہے کہ ملک پر اُمیدی کے سنہرے دور سے گذر رہا ہے۔ ملک غیر ملکی سرمایہ داروں ان کی سرمایہ داری پر خاطر خواہ ریٹرن دے رہا ہے۔ چونکہ نئے ٹیکس قوانین نے رئیل اسٹیٹ کے شعبہ مزید شفاف اور منظّم کر دیا ہے اور نتیجتاً سمندر پار سرمایہ دار اس پر بھرپور توجہ دیں گے۔

گروپ کی کارکردگی اور مالیاتی جائزہ

30 جون 2016ء کے مقابلہ میں 30 جون 2017ء کو اختتام پذیر سال کے لئے گروپ کی مالی کارکردگی کے مختصر آڈیٹڈ نتائج درج ذیل ہیں:

	30 جون 2017ء	30 جون 2016
	('000' روپوں میں)	
خالص سیلز	425,574	416,931
سیلز پر لاگت	(410,794)	(348,731)
مجموعی منافع/ (نقصان)	14,780	48,200
انتظامی اور فروختگی اخراجات	(173,721)	(178,152)
دیگر آمدنی	414,456	673,038
مالی معاونت پر لاگت	(132,409)	(169,256)
معاونین کی جانب سے نقصان میں حصہ	(41,316)	(53,123)
نفع ماسوائے ٹیکس	196,816	300,841
ٹیکسیشن	(20,610)	(72,400)
سال میں منافع	176,206	228,441
فی حصص آمدنی	0.63 روپے	0.82 روپے

30 جون 2017ء کو اختتام پذیر مالی سال کے دوران گروپ کی سیلز میں 2.07 فی صد نسبتاً اضافہ ہو۔ گروپ نے گذشتہ سال کی مجموعی سیلز میں 416.9 ملین کے مقابلہ میں 425.6 ملین روپے کا اضافہ ریکارڈ کیا۔ یہ اضافہ 8.64 ملین روپے بنتا ہے۔

لاگت کی مد میں، گروپ نے انتظامی اور فروخت کے اخراجات سے نبرد آزما ہونے کے لئے مستحکم اقدامات کئے جو کہ گذشتہ سال کے 178.15 ملین روپے کے مقابلہ میں مالی سال 2017ء کے دوران 173.72 ملین روپے کم ہوئے۔ گذشتہ سال کے مقابلہ میں 2.49 فی صد کی مجموعی کمی دیکھی گئی۔

رواں سال کے دوران، گذشتہ سال کی 673.04 ملین روپے کی آمدنی کے مقابلہ میں گروپ نے 414.45 ملین روپے کی آمدنی حاصل کی۔ دیگر آمدنی میں قرضوں سیٹلمنٹ سے حاصل کی گئی آمدنی بشمول پراپرٹی کے تبادلہ سے آمدنی اور مارک اپ کی چھوٹ سے حاصل کی گئی آمدنی شامل ہیں۔ سال کے دوران گروپ نے قرض خواہان سے اپنے واجب الادا ادائیگیاں مکمل کر لی ہیں اور نتیجتاً گروپ کے قرضوں کی سیٹلمنٹ پر آمدنی 358.6 ملین روپے ہوگئی جس میں سے 94.3 ملین روپے پراپرٹیز کے تبادلہ کی وجہ سے حاصل ہوئے جب کہ 249.4 ملین روپے مارک اپ کی چھوٹ کی وجہ سے حصے میں آئے۔

گروپ کی مالی لاگت میں گذشتہ سال کے مقابلہ میں 21.77 فی صد کمی دیکھی گئی۔ اور گذشتہ سال کے 169.2 ملین روپے کے مقابلہ میں اس سال 132.4 ملین روپے رہی۔ اور 36.8 ملین روپے مجموعی کمی واقع ہوئی۔ مالی لاگت میں کمی کی بنیادی وجہ سال کے دوران گروپ کے 472 ملین روپے کے واجب الادا قرضوں کی ادائیگی ہے۔ (جس میں 376 ملین روپے متعدد TFC ہولڈرز جب کہ 96 ملین روپے PAIR سے حاصل کئے قلیل مدتی قرضے شامل ہیں)

مزید برآں، سال کے دوران، گروپ نے اپنی سرمایہ داری کی پراپرٹی سے ری ویلیوایشن آمدنی حاصل کی جو گذشتہ سال کی 29.4 ملین روپے کی آمدنی کے مقابلہ میں 120 ملین روپے رہی۔ معاون کمپنیوں سے نقصان کا حصہ گذشتہ سال کے 53.12 ملین روپے کے مقابلہ میں مالی سال 2017ء میں 41.31 ملین روپے رہا۔
گروپ کا خالص منافع ماسوائے ٹیکس گذشتہ سال کے 228.44 ملین روپے کے NPAT کے مقابلہ میں مالی سال 2017ء کے دوران 176.20 ملین روپے رہا۔ جس کی وجہ سے جون 2017ء کو اختتام پذیر مالی سال کے لئے فی حصص آمدنی 0.63 روپے ہوئی (مالی سال 2016: 0.82 فی حصص)

مالیاتی فرائض کی حیثیت

طویل مدتی قرضوں کا حالیہ رجحان گذشتہ سال کے 3,282.6 ملین روپے کے مقابلہ میں 30 جون 2017ء کو 2,924.7 روپے کم ہوا۔ کیونکہ گروپ نے TFCs کی مد متعدد TFC ہولڈرز کو واجبات ادا کر دیئے۔

مزید برآں، مالیاتی اداروں اور قرض خواہان کو گروپ کی جانب سے قابل ادا رقوم اوورڈیو حیثیت میں ہیں جس کی وجہ قرضوں کی عدم ادائیگی اور اس پر بننے والے مارک اپ اور گروپ کو دستیاب محدود کیش فلوز ہیں۔ تاہم ہم مستقبل قریب میں اپنے قرض خواہان کی طرف اپنے وعدوں کی پاس داری اور فرائض کی ادائیگی کے لئے کوشاں ہیں کیونکہ پیس ٹاور کی مد میں سیلز اور تعمیر کا آغاز ہو چکا ہے۔

مزید برآں، سال کے اختتام پر، قرضوں کی ادائیگی کی وجہ سے، گروپ کے قرض خواہان نے متعدد پراپرٹیز کو چھوڑ دیا ہے جو کہ غیر ادا شدہ واجبات کی مد میں رکھی گئی تھیں۔ ان پراپرٹیز کی چھوٹ، جو کہ گروی رکھی گئی تھیں، آئندہ سالوں میں گروپ کی سیل میں اضافہ کریں گی۔ اور گروپ کو واجب الادا مالی فرائض کو ادائیگی کے قابل بنائیں گی۔

گروپ کی کاروبار جاری رکھنے کی صلاحیت

رپورٹنگ تاریخ تک، گروپ کے موجودہ واجبات اپنے موجودہ اثاثہ جات سے 1,952.067 ملین روپے زائد ہیں۔ اور گروپ کے ذخائر نمایاں طور پر کم ہوئے ہیں۔ گروپ اپنے قرض خواہان سے متعلق کافی فرائض سرانجام دینے کے قابل نہ رہا جس میں قرض کی مد میں بنیادی اور مارک اپ ادائیگیاں شامل ہیں۔ نتیجہ کے طور پر، گروپ کسٹمرز سے اپنے موجودہ قابل وصول رقوم کو حاصل نہ کر سکا اور اپنی انوینٹری کی سیل میں مشکلات کا سامنا کرنا پڑا۔ جو کہ اپنے قرضوں کے لئے زیر بار کئے گئے۔ ان حالات میں کمپنی کی اپنا کاروباری جاری رکھنے کی صلاحیت میں نمایاں شکوک سامنے آتے ہیں۔

تاہم، مذکورہ بالا سیکشن میں جیسا کہ بحث کی گئی ہے، جون 2017ء کو اختتام پذیر سال کے دوران، گروپ نے متعدد TFC ہولڈرز اور دیگر قرض خواہان کے ساتھ معاہدے طے کئے ہیں اور اپنے واجبات ادا کئے ہیں اور واجب الادا مارک اپ پر چھوٹ بھی حاصل کی ہے۔ انتظامیہ گروپ کے دیگر قرض خواہان کے ساتھ بھی سیٹلمنٹ معاہدے کرنے کے لئے کوشاں ہے۔ تا کہ گروپ کی مالی حالت اور کیش فلو میں بہتری آئے۔

گروپ کی انتظامیہ پر امید ہے کہ مذکورہ بالا اقدامات گروپ کو موجودہ قابل وصول رقوم حاصل کرنے میں مدد دیں گے اور تکمیل شدہ پراجیکٹس کی انوینٹری کی سیل میں مددگار ثابت ہوں گے۔ اور حاصل کی گئی لیکویڈیٹی سے پیس ٹاور پراجیکٹ کو فروخت اور مکمل کیا جائے گا۔

مجمد مالیاتی اسٹیٹمنٹس چلتے ہوئے کاروبار کی بنیاد پر تیار کی گئی ہیں جو کہ انتظامیہ کی توقعات پر مبنی ہیں۔

گروپ اپنی پراپرٹیز کی مد میں قرض ادا کرنے کے قابل ہو جائے گا۔
گروپ اپنی قابل وصول آمدنی اور انوینٹری کو حاصل کرنے کے قابل ہو جائے گا اور حاصل کی گئی لیکویڈٹی پیس ٹاور پراجیکٹ کی سیل اور تکمیل کے لئے استعمال ہو گی۔

مجمد مالیاتی اسٹیٹمنٹس میں نتیجتاً، اپنے اثاثوں اور واجبات کی لیکویڈیشن سے متعلقہ کوئی ایڈجسٹمنٹ شامل نہیں جو گروپ کی کاروبار جاری رکھنے کی صلاحیت کے لئے ضروری ہوں۔

آمنہ تاثیر
CEO

لاہور
05 اکتوبر 2017ء

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pace (Pakistan) Limited (the Holding Company) and its subsidiary companies (hereinafter referred to as the 'the Group') as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Pace (Pakistan) Limited. Its subsidiary companies, Pace Woodlands (Private) Limited, Pace Gujrat (Private) Limited and Pace Supermall (Private) Limited which were audited by other firms of auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Pace (Pakistan) Limited and its subsidiary companies (the Group) as at June 30, 2017 and the results of their operations for the year then ended.

We draw attention to note 2.2 to the consolidated financial statements which indicates the Group could not meet its obligations in respect of principal and markup repayments on borrowings from lenders. The current liabilities of the Group have exceeded its current assets by Rs 1,952.067 million and the reserves of the Group have been significantly depleted. These factors, along with other matters as set forth in note 2.2 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Chartered Accountants

Engagement partner: Amer Raza Mir

Lahore
Date: October 05, 2017

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in Thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (2016: 600,000,000)			
ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2016: 78,876,604)			
ordinary shares of Rs 10 each	5	**2,788,766**	2,788,766
Reserves		**286,230**	286,023
Accumulated loss		**(225,711)**	(399,105)
		2,849,285	2,675,684
NON-CONTROLLING INTEREST		**87,311**	87,398
		2,936,596	2,763,082
NON-CURRENT LIABILITIES			
Long term finances - secured	6	**51,068**	-
Redeemable capital - secured (non-participatory)	7	**-**	-
Liabilities against assets subject to finance lease	8	**-**	-
Foreign currency convertible bonds - unsecured	9	**-**	-
Deferred liabilities	10	**48,890**	38,278
Deferred taxation	11	**62,421**	57,117
		162,379	95,395
CURRENT LIABILITIES			
Advances against sale of property	12	**151,542**	108,532
Current portion of long term liabilities	13	**2,924,684**	3,282,580
Short term finance - secured	14	**-**	96,443
Creditors, accrued and other liabilities	15	**434,999**	492,209
Accrued finance cost	16	**887,513**	1,099,911
Provision for income tax		**5,534**	5,534
		4,404,272	5,085,209
CONTINGENCIES AND COMMITMENTS	17	**-**	-
		7,503,247	7,943,686

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

ASSETS	Note	2017 Rupees	2016 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	18	452,471	453,363
Intangible assets	19	5,555	6,079
Investment property	20	3,464,202	3,369,702
Long term investments	21	1,114,564	1,155,672
Long term advances and deposits	22	14,250	14,250
		5,051,042	4,999,066
CURRENT ASSETS			
Stock-in-trade	23	1,691,397	2,136,149
Trade debts - unsecured	24	655,698	647,792
Advances, deposits, prepayments and other receivables	25	99,386	151,937
Income tax recoverable		4,146	8,014
Cash and bank balances	26	1,578	728
		2,452,205	2,944,620
		7,503,247	7,943,686

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Consolidated Profit And Loss Account

For the Year Ended June 30, 2017

		Note	2017	2016
			(Rupees in Thousand)	
Sales		27	**425,574**	520,541
Less:	Sales return	27.1	**-**	(103,610)
			425,574	416,931
Cost of sales		28	**(410,794)**	(368,731)
Gross profit			**14,780**	48,200
Administrative and selling expenses		29	**(173,721)**	(178,152)
Other income		30	**414,456**	673,038
Other operating expenses		31	**(4,974)**	(49,276)
			250,541	493,810
Finance costs		32	**(132,409)**	(169,256)
Changes in fair value of investment property		20	**120,000**	29,410
Share of loss from associate - net of tax		21.1	**(41,316)**	(53,123)
Profit before tax			**196,816**	300,841
Taxation		33	**(20,610)**	(72,400)
Profit for the year			**176,206**	228,441
Attributable to:				
Equity holders of the parent			**176,293**	228,528
Non-controlling interest			**(87)**	(87)
			176,206	228,441
Earnings per share attributable to ordinary shareholders				
- basic earnings per share	Rupees	40.1	**0.63**	0.82
- diluted earnings per share	Rupees	40.2	**0.63**	0.72

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit for the year	176,206	288,665
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit liability - net of tax	(2,900)	3,270
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of available for sale investments	208	(223)
Share in associate's changes in fair value of available for sale investments - net of tax	-	907
	208	684
Total comprehensive income for the year	173,514	292,619
Attributable to:		
Equity holders of the parent	173,601	292,706
Non-controlling interest	(87)	(87)
	173,514	292,619

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Consolidated Statement Of Changes In Equity
For the year ended June 30, 2017

	Attributable to equity holders of the parent						Non-Controlling Interest	Total Equity
		Reserves						
	Share Capital	Share Premium Reserve	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated Loss	Total		
	(Rupees in Thousand)							
Balance as on June 30, 2015	2,788,766	273,265	(1,007)	(2,894)	(630,903)	2,427,227	87,485	2,514,712
Total comprehensive income for the year								
Profit for the year	-	-	-	-	228,528	228,528	(87)	228,441
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	3,270	3,270	-	3,270
Changes in fair value of available for sale investments - net of tax	-	-	(223)	-	-	(223)	-	(223)
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	16,882	-	16,882	-	16,882
	-	-	(223)	16,882	231,798	248,457	(87)	248,370
Balance as on June 30, 2016	2,788,766	273,265	(1,230)	13,988	(399,105)	2,675,684	87,398	2,763,082
Total comprehensive income for the year								
Profit for the year	-	-	-	-	176,294	176,294	(87)	176,207
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	(2,900)	(2,900)	-	(2,900)
Changes in fair value of available for sale investments - net of tax		-	207	-	-	-	-	207
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	-	-	-	-	-
	-	-	207	-	173,394	173,601	(87)	173,514
Balance as on June 30, 2017	2,788,766	273,265	(1,023)	13,988	(225,711)	2,849,285	87,311	2,936,596

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended June 30, 2017

	Note	2017	2016
		(Rupees in Thousand)	
Cash flow from operating activities			
Cash generated / (used in) from operations	35	**133,425**	(15,101)
Finance costs paid		**(151)**	-
Gratuity and leave encashment paid		**(76)**	(1,050)
Taxes paid		**(11,438)**	(12,629)
Net cash generated from /(used) in operating activities		**121,760**	(28,780)
Cash flow from investing activities			
Purchase of property, plant and equipment		**(21,831)**	(17,208)
Proceeds from sale of property, plant and equipment		**-**	6,406
Proceeds from sale of investment property		**-**	42,061
Increase in long term loans and deposits		**-**	(631)
Markup received		**64**	493
Net cash (used in)/ generated from investing activities		**(21,767)**	31,121
Cash flow from financing activities			
Repayment of finance lease liabilities		**(2,700)**	(2,868)
Net cash used in financing activities		**(2,700)**	(2,868)
Net increase/ (decrease) in cash and cash equivalents		**97,293**	(527)
Cash and cash equivalents at the beginning of the year		**(95,715)**	(95,188)
Cash and cash equivalents at the end of the year	36	**1,578**	(95,715)

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Legal status and activities

1.1 Constitution and ownership

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

Pace (Pakistan) Limited

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

Pace Gujrat (Private) Limited

Pace Gujrat (Private) Limited (a subsidiary) was incorporated on July 8, 2005 as a private limited Company under Companies Ordinance, 1984. The object of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc. It is a wholly owned Company of Pace (Pakistan) Limited.

Pace Woodlands (Private) Limited

Pace Woodlands (Private) Limited (a subsidiary) was incorporated on July 27, 2004 as a private limited Company under Companies Ordinance, 1984. The object of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc.

Pace Supermall (Private) Limited

Pace Supermall (Private) Limited (a subsidiary) was incorporated on March 27, 2003 as a private limited Company under Companies Ordinance 1984. The object of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc.

1.2 Activities of the Group

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

2 Statement of Compliance

2.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the reqiuirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the said directives shall prevail.

2.2 Going concern assumption

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,952.067 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The management of the holding Company however, is continuously engaged with its lenders for settlements of its borrowings. During the current year the management has settled the outstanding amount of TFCs towards Pak Oman Investment Company and Wireless and Cable Limited against property situated at Pace Towers and Pace Woodlands as mentioned in notes 13 and 7 respectively. Similarly, the management has also settled the outstanding amount of its short term running finance facility due towards Pair Investment Company Limited against property at Pace Towers.

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

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

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

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

2.3 Initial application of standards, amendments or an interpretation to existing standards

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

2.3.1 Standards, amendments to published standards and interpretations that are effective in the current year and are applicable to the Group

- IAS 1 (Amendment), 'Presentation of financial statements' on disclosure initiative. The application of these amendments has no material impact on the Group financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016.

- IAS 16 and 38 (Amendment), 'Property, plant and equipment' and 'Intangibles' on acceptable methods of depreciation and amortization. The application of these amendments has no material impact on the Group financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 27 (Amendment), 'Separate financial statements' on application of equity method in separate financial statements. The application of these amendments has no material impact on the Group financial statements.

- IFRS 10, 12 and IAS 28 (Amendment), on exception to consolidation for investment entities. The application of these amendments has no material impact on the Group financial statements.

- IFRS 10 and IAS 28 (Amendment), on sale or contribution of assets between an Investor and its associate or joint venture. The application of these amendments has no material impact on the Group financial statements.

- Annual improvements 2014; IFRS 5, 'Non-current assets held for sale and discontinued operations', IFRS 7, 'Financial instruments: disclosures'. IAS 19, 'Employee benefits'. IAS 34, 'Interim financial reporting'. The application of these amendments has no material impact on the Group financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

2.3.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the Group operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
IAS 41 (Amendment), 'Agriculture' on bearer plants	January 1, 2016
IFRS 11 (Amendment), 'Joint arrangements' on acquisition of interest in joint operations	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

2.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and not applicable / relevant to the Group operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
IAS 12, (Amendments), 'Income taxes' on recognition of deferred tax assets for unrealized losses'	January 1, 2017
IAS 40, (Amendments), 'Investment Property'	January 1, 2018
IAS 28, 'Investments in Associates and Joint Ventures'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts'	January 1, 2018
IFRS 2 (Amendments), 'Shared-based payment' classification and measurement'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 22, 'Foreign Currency Transactions and Advance Considerations'	January 1, 2018
Annual improvements 2014-2016 cycle	January 1, 2018
IFRS 4 (Amendments), Insurance Contracts	January 1, 2018
IFRS 17, Insurance Contracts	January 1, 2021

3. Basis of measurement

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

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

a) Staff retirement benefits

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

b) Provision for taxation

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

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

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

d) Stock-in-trade

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

e) Investment property valuation

The Group normally uses the valuation performed by independent valuers as the fair value of its investment properties. The valuers make reference to market evidence of transaction prices for similar properties.

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

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

g) Costs to complete the projects

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

h) Provision for doubtful receivables

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

4. Significant accounting policies

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

4.1 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Details of subsidiaries is given in note 43.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the 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 measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 profit and loss account.

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

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

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

b) Associates

Associates are all entities over which the Goup has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes negetive goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the investee in the consolidated profit and loss account, and the Group's share of movements in other comprehensive income of the investee in consolidated other comprehensive income. Dividends recieved or recievable 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 recievables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates 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 income statement.

Dilution gains and losses arising in investments in associate are recognised in the income statement.

4.2 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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

4.3 Property, plant and equipment

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

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

Depreciation on owned assets is charged to profit on the reducing balance method except for building on lease hold land which is being depreciated using straight line method, so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 18.1.

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

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

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 for the month in which the asset is disposed of.

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

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

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

4.4 Intangible assets

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

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

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

4.5 Leases

The Group is the lessee:

Finance leases

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

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

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

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

Operating leases

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

4.6 Staff retirement benefits

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

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

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2017. Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

- Discount rate 7.25 percent per annum (2016: 9.75 percent per annum)
- Expected rate of increase in salary level 6.25 percent per annum (2016:8.75 percent per annum)
- Expected mortality rate as per SLIC (2001-2005) mortality table with one year setback
- Average duration of defined benefit obligation 6 years (2016: 6 years)

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

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

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

The latest actuarial valuation was carried out as at June 30, 2017. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences:

- Discount rate	7.75% (2016: 7.25%)
- Expected increase in salary	6.75% (2016: 6.25%)
- Expected mortality rate	As per SLIC (2001-2005) mortality table with one year setback
- Expected withdrawal and early retirement rate	Based on age

- Average number of leaves accumulated per annum by employees	5 days (2016: 5 days)
- Average number of leaves utilized per annum by employees	15 days (2016: 15 days)

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

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

4.7 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at fair value.

The investment property of the Group has been valued by independent professionally qualified valuers as at June 30, 2017. The fair value of the investment property is based on active market prices.

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

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

4.8 Investments

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

Investments in equity instruments of associates

Investments in equity instruments of associates and joint ventures are accounted for using the equity method of accounting as referred to in note 4.1 (b).

4.9 Financial instruments

4.9.1 Financial assets

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

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

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

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

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

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

4.9.2 Financial liabilities

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

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

4.9.3 Offsetting of financial assets and financial liabilities

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

4.10 Stock-in-trade

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

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

4.11 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.12 Revenue recognition

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

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

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

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

- the buyers investment, to the date of the consolidated financial statements, is adequate to demonstrate a commitment to pay for the property;

- construction is beyond a preliminary stage;

- the buyer is committed. Buyer is unable to require a refund except, for non delivery of the unit. Management believes that the likelihood of the Group being unable to fulfill its contractual obligations for this reason is remote; and

- the buyer has the right to dispose off the property.

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

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

4.13 Borrowing costs

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

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

4.14 Segment reporting

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

4.15 Trade debts

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

4.16 Creditors, accruals and provisions

Creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services whether or not billed to the company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Provisions are 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 balance sheet date and adjusted to reflect the current best estimate.

4.17 Non-current assets held for disposal

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

4.18 Borrowings

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

4.19 Foreign currency convertible bonds

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

4.20 Cash and cash equivalents

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

5. Issued, subscribed and paid up capital

2017	2016		2017	2016
(Number of Shares)			(Rupees in thousand)	
201,704,516	201,704,516	Ordinary shares of Rs 10 each fully paid in cash	**2,017,045**	2,017,045
77,172,088	77,172,088	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**771,721**	771,721
278,876,604	278,876,604		**2,788,766**	2,788,766

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

	2017	2016
	(Number of shares)	
First Capital Securities Corporation Limited	**7,504,915**	7,504,915
First Capital Equities Limited	**7,600,000**	-
Al-Hoqani Securities & Investment Corporation (Private) Limited	**-**	70,000
	15,104,915	7,574,915

5.2 There has been no movement in ordinary share capital during the year.

	Note	2017	2016
		(Rupees in Thousand)	
6. Long term finances - secured			
Pak Iran Loan	6.1	**51,068**	-
Syndicate term finance facility	6.2	**-**	-
National Bank of Pakistan - term finance	6.3	**-**	-
Al Baraka Bank (Pakistan) Limited - musharika based agreement	6.4	**-**	-
Soneri Bank - demand finance	6.5	**27,422**	27,422
		78,490	27,422
Less: Current portion shown under current liabilities	13	**(27,422)**	(27,422)
		51,068	-

6.1 Pak Iran Loan

In accordance with the settlement agreement mentioned in note 14 the remaining outstanding markup of Rs. 66.860 million has been rescheduled and has been recognized under long term finances as it is payable over a period of 7 years. The rescheduled loan has been stated at amortized cost using effective yield method.

6.2 Syndicate term finance facility

In the preceding year, the Holding Company has settled their principal and accrued mark up with properties at Pace Towers on following key terms:

National Bank of Pakistan

On December 04, 2015 National Bank of Pakistan ('NBP') and the Holding Company entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of NBP's portion of Syndicate Term Finance Facility ('STFF') and Term finance as referred in note 6.3 along with their accrued markup aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Towers measuring 18,525 square feet. According to clause F of the SA, NBP purchased the aforementioned properties of Rs 332.113 million and waived accrued markup of Rs 66.598 million. Pursuant to the SA, on December 30, 2015 the Holding Company and NBP executed sale deed, wherein the area was enhanced to 20,800 square feet against relaxation of certain condition under SA and possession of the property was handed over to NBP. The Holding Company and NBP also agreed that NBP will continue to hold its charge on Pace Towers except for the podium level and later it will take over charge being vacated by PAIR Investment Company Limited as a result of settlements.

Habib Bank Limited

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

6.3 National Bank of Pakistan - term finance

During the preceding year NBP and the Holding Company settled the entire principal and accrued markup together with its portion of STFF against property situated at Pace Towers as referred to in Note 6.2.

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

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

As a result of settlements in the preceding year as referred to in note 6.2, 6.3 and 6.4, the Holding Company recognized net gain of Rs 599.225 million in the preceding year, as referred to in note 30 in accordance with guidance contained in IAS 39 "Recognition and measurement".

6.5 Soneri Bank - demand finance

Terms of repayment

This loan is part of total demand finance facility limit of Rs 44.688 Million (2016: Rs 44.688 Million) and carries markup @ 6 months KIBOR + 3% (2016: 6 months KIBOR + 3%). The loan was originally repayable in 8 equal quarterly installments ending on June 30, 2012.

Security

This facility is secured against a charge created on the land and building on Plot no. 41, Gulberg III, Industrial Area Lahore.

The Holding Company is currently negotiating with the bank to settle the loan and markup through debt to asset swap. The proposal is in early stage and formal plan of the properties for settlement is to be decided by both the Holding Company and the bank.

	Note	**2017**	2016
		(Rupees in Thousand)	
7.Redeemable capital - secured (non-participatory)			
Term finance certificates		**1,121,503**	1,498,200
Less: Current portion shown under current liabilities	13	**(1,121,503)**	(1,498,200)
		-	-

7.1 Terms of repayment

This represents term finance certificates (TFC's) listed on Pakistan Stock Exchange issued for a period of 5 years. On September 27, 2010, the Holding Company completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holders, addendum to the trust deed was executed between the Holding Company and trustee 'IGI Investment Bank Limited' under which the Holding Company was allowed one and a half year grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be five and a half years effective from August 15, 2010. The TFC's carry a markup of 6 months KIBOR plus 2% (2016: 6 months KIBOR plus 2%) and is payable semi-annually in arrears.

7.2 Security

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

7.3 Settlement with Pak Oman Investment Company Limited

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

7.4 Settlement with Wireless and Cable Limited

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

8. Liabilities against assets subject to finance lease	Note	2017	2016
		(Rupees in Thousand)	
Present value of minimum lease payments		**18,046**	20,746
Less: Current portion shown under current liabilities	13	**(18,046)**	(20,746)
		-	-

The minimum lease payments have been discounted at an implicit interest rate ranging from 9% to 15% (2016: 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 (2016: Rs 11.500 million).

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

	(Rupees in Thousand)			
	Minimum lease payments	**Future finance charge**	**Present value of lease liability**	
			2017	**2016**
Not later than one year	20,343	2,297	18,046	20,746
Later than one year and not later than five years	-	-	-	-
	20,343	2,297	18,046	20,746

9. Foreign currency convertible bonds - unsecured	Note	2017	2016
		(Rupees in Thousand)	
Opening balance		**1,736,212**	1,670,456
Markup accrued during the year		**16,527**	16,480
		1,752,739	1,686,936
Exchange loss for the year		**4,974**	49,276
		1,757,713	1,736,212
Less: Current portion shown under current liabilities	13	**(1,757,713)**	(1,736,212)
		-	-

The Holding Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a markup of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Holding Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond has been converted into ordinary shares till June 30, 2017.

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

	Note	2017	2016
		(Rupees in Thousand)	
10. Deferred liabilities			
Staff gratuity	10.1	**44,889**	35,376
Leave encashment	10.2	**4,001**	2,902
		48,890	38,278

	Note	2017	2016
		(Rupees in Thousand)	
10.1 Staff gratuity			
Opening balance		**35,376**	32,958
Charge to profit and loss account	10.1.1	**9,477**	10,122
Benefits due during the year		**(2,489)**	(4,487)
Remeasurement chargeable in Other comprehensive income		**2,525**	(3,217)
Liability as at June 30		**44,889**	35,376

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

	2017	2016
Opening balance	**35,376**	32,958
Service cost	**7,002**	7,127
Interest cost	**2,475**	2,995
Benefits due during the year	**(2,489)**	(4,487)
Remeasurement chargeable in Other comprehensive income	**2,525**	(3,217)
Present value of defined benefit obligation as at June 30	**44,889**	35,376

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

	2017	2016
Service cost	**7,002**	7,127
Interest cost	**2,475**	2,995
Charge to profit and loss account	**9,477**	10,122

10.1.1 Charge for the year has been allocated as follows:

	2017	2016
Cost of sales	**6,613**	1,316
Administrative and selling expenses	**2,864**	8,806
	9,477	10,122

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

	2017	2016	2015	2014	2013
			(Rupees in thousand)		
Present value of defined benefit obligation	44,889	35,376	32,958	32,041	23,183
Fair value of plan assets	-	-	-	-	-
Deficit	44,889	35,376	32,958	32,041	23,183
Experience adjustment on obligation	6%	9%	6%	-15%	-20%

	Note	2017	2016
		(Rupees in Thousand)	

10.2 Leave encashment

The amounts recognised in the balance sheet are as follows:		
Opening balance	**2,902**	2,637
Charge to profit and loss account	**725**	318
Benefits due during the year	**-**	-
Remeasurement chargeable in Other comprehensive income	**374**	(53)
Liability as at June 30	**4,001**	2,902

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

	2017	2016	2015	2014	2013
			(Rupees in thousand)		
Present value of defined benefit obligation	4,001	2,902	2,637	2,613	1,421
Fair value of plan assets	-	-	-	-	-
Deficit	4,001	2,902	2,637	2,613	1,421
Experience adjustment on obligation	9%	-2%	24%	32%	0%

	2017 (Rupees in Thousand)	
Year end sensitivity on defined benefit obligation:	**Gratuity**	**Leaves encashment**
Discount rate + 100 bps	41,751	3,793
Discount rate - 100 bps	46,940	4,236
Salary increase + 100 bps	47,050	4,225
Salary increase - 100 bps	41,605	3,800

	Note	2017	2016
		(Rupees in Thousand)	

11. Deferred taxation

	Note	2017	2016
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		**218,613**	229,947
Employee retirement benefits		**(21,702)**	(20,996)
Provision for doubtful receivables		**(43,406)**	(41,748)
Deferred cost		**(108)**	(131)
Unused tax losses		**(153,397)**	(167,072)
Investment in associate		**62,421**	57,117
		62,421	57,117
The gross movement in deferred tax liability during the year is as follows:			
Opening balance		**57,117**	44,941
Provision for the year	33	**5,304**	12,176
Closing balance		**62,421**	57,117

11.1 Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 and 113C of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Company has not recognised deferred tax assets of Rs 851,477 million (2016: Rs 945.529 million) in respect of tax losses and Rs 83,287 million (2016: Rs 62.982 million) in respect of minimum tax paid and available for carry forward u/s 113 and 113C of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million and Rs 4.255 million will lapse in the year 2019, 2020, 2021 and 2022 respectively. Minimum tax paid u/s 113 C aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 788.658 million, Rs 535.643 million Rs 271.029 million and Rs 304.987 million will expire in year 2018, 2019, 2020 and 2021 respectively.

12. Advances against sale of property

This principally represents advances received from various parties against sale of apartments and houses in Pace Towers project, Lahore and its breakup at June 30, 2017 is as follows:

	Note	**2017**	2016
		(Rupees in Thousand)	
First Capital Investment Limited - related party		**17,656**	16,783
First Capital Securities Corporation Limited - related party		**50,591**	48,080
Others		**82,295**	43,669
		150,542	108,532

13. Current portion of long term liabilities

Current portion of long term finances -secured	6	**27,422**	27,422
Current portion of redeemable capital - secured (non-participatory)	7	**1,121,503**	1,498,200
Current portion of liabilities against assets subject to finance lease	8	**18,046**	20,746
Current portion of foreign currency convertible bonds - unsecured	9	**1,757,713**	1,736,212
		2,924,684	3,282,580

13.1 Overdue principal included in current maturity as at June 30, 2017 are as follows:

	2017	2016
	(Rupees in Thousand)	
Long term finances - secured:		
- Soneri Bank - demand finance	**27,422**	27,422
- Al Baraka Bank (Pakistan) Limited - musharika based agreement	**-**	-
Redeemable capital - secured (non-participatory)	**1,121,503**	1,198,660
Foreign currency convertible bonds - unsecured	**1,757,713**	1,736,212
Liabilities against assets subject to finance lease	**6,546**	9,246
	2,913,184	2,971,540

14. Short term finance - Secured

During the year, Pak Iran Joint Investment Company ('PAIR') and the Holding Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with a portion of accrued markup aggregating to Rs 105.45 million against property situated at mezzanine floor of Pace Towers measuring 5,700 square feet along with car parking area rights on second floor. In accordance with the SA, PAIR purchased the aforementioned properties from the Company for a consideration of Rs 105.45 million. Pursuant to the SA, on December 28, 2016, the Holding Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Company and PAIR also agreed that PAIR will continue to hold its charge over Pace MM Alam uptil repayment of the balance outstanding amount.

In accordance with the SA, the remaining outstanding markup of Rs 66.860 million has been rescheduled and is payable over a period of 7 years starting from December 28, 2016 including a moratorium period of 3 years, with nil markup.

15. Creditors, accrued and other liabilities	Note	2017	2016
		(Rupees in Thousand)	
Trade creditors	15.1	**142,225**	158,091
Payable against return of properties sold		**-**	131,000
Advances from customers		**14,164**	8,412
Licensee fee received in advance		**4,140**	4,133
Accrued liabilities		**128,945**	88,628
Licensee security deposits		**52,991**	31,459
Payable to contractors		**2,699**	2,699
Retention money		**2,329**	2,136
Payable to statutory bodies		**58,786**	36,437
Others		**28,720**	29,214
		434,999	492,209

15.1 This includes amounts of Nil (2016: Rs 0.035 million) payable to Pace Barka Properties Limited, First Capital Investment Limited of Rs 0.256 million (2016: Nil) and Ever Green Water Valley Limited of Rs 0.0479 million (2016: Nil), related parties. These are under normal course of business and interest free.

16. Accrued finance cost	Note	2017	2016
		(Rupees in Thousand)	
Long term finances - secured	16.1	**22,635**	20,179
Short term finance - secured	16.2	**-**	71,134
Redeemable capital - secured (non-participatory)	16.3	**828,991**	976,487
Liabilities against assets subject to finance lease	16.4	**35,887**	32,111
		887,513	1,099,911

16.1 This includes overdue markup of Rs 22.635 million (2016: Rs 19.529 million).

16.2 This includes overdue markup of Nil (2016: Rs 70.723 million). The Holding Company has settled the outstanding markup amounting to Rs 9.006 million and the remaining outstanding amount of Rs 66.860 million has been rescheduled in accordance with settlement agreement mentioned in note 13.

16.3 This includes overdue markup of Rs 828.991 million (2016: Rs 929.819 million).

16.4 This includes overdue markup of Rs 2.310 million (2016: Rs 2.310 million) and late payment charges of Rs 33.590 million (2016: Rs 29.815 million).

17. Contingencies and commitments

17.1 Contingencies

(i) Claims against the Holding Company not acknowledged as debts Rs 21.644 million (2016: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

17.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 208.508 million (2016: Rs 211.218 million).

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

	2017	2016
	(Rupees in Thousand)	
Not later than one year	**9,844**	7,875
Later than one year and not later than five years	**44,297**	41,836
Later than five years	**707,834**	720,139
	761,975	769,850

18. Property, plant and equipment

	Note	2017	2016
		(Rupees in Thousand)	
Operating fixed assets			
- owned assets	18.1	**424,807**	425,438
- assets subject to finance lease	18.2	**-**	381
Capital work in progress	18.3	**27,664**	27,544
		452,471	453,363

18.1 Owned assets	Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
	(Rupees in Thousand)										
Net carrying value basis											
Year ended June 30, 2017											
Opening net book value (NBV)	155,152	-	113,730	65,005	20,144	48,194	3,217	4,321	544	15,130	425,437
Additions (at cost)	-	-	-	-	7,100	12,200	-	17	147	2,369	21,833
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,686)	(5,428)	(2,144)	(5,003)	(322)	(434)	(222)	(3,224)	(22,463)
Closing net book value (NBV)	155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,807
Gross carrying value basis											
As at June 2017											
Cost	155,152	-	179,470	179,122	85,795	106,788	11,683	11,801	10,087	55,100	794,998
Accumulated depreciation	-	-	(71,427)	(119,545)	(60,695)	(51,397)	(8,788)	(7,896)	(9,618)	(40,825)	(370,191)
Net book value NBV	155,152	-	108,043	59,577	25,100	55,391	2,895	3,905	469	14,275	424,807
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended June 30, 2016											
Opening net book value (NBV)	155,152	-	119,716	69,175	23,599	36,238	3,574	4,801	703	18,998	431,956
Additions (at cost)	-	-	-	-	-	16,706	-	-	104	-	16,810
Transfers from leased asset at NBV	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	(2,476)	-	-	-	-	(472)	(2,948)
Depreciation charge			(5,986)	(4,170)	(979)	(4,751)	(357)	(480)	(263)	(3,395)	(20,381)
Closing net book value (NBV)	155,152	-	113,730	65,005	20,144	48,193	3,217	4,321	544	15,131	425,437

	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)										
Gross carrying value basis											
As at June 2016											
Cost	155,152	-	179,470	179,122	78,695	94,588	11,683	11,784	9,940	52,731	773,165
Accumulated depreciation	-	-	(65,740)	(114,117)	(58,551)	(46,394)	(8,466)	(7,463)	(9,396)	(37,601)	(347,728)
Net book value NBV	155,152	-	113,730	65,005	20,144	48,194	3,217	4,321	544	15,130	425,437
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	

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

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

*** Building on leasehold land represents 8,227 square feet (2016: 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.

	Note	2017	2016
		(Rupees in Thousand)	
18.1.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	- note 28.3	**12,360**	12,495
Administrative and selling expenses	- note 29	**10,483**	9,656
		22,843	22,151

18.1.2 Disposal of propery plant and equipment of book value exceeding Rs. 50,000 include:

2017
There are no disposals during the year.

2016

Particular of Assets	Sold to	Cost	Accumulated depreciation	Sales proceeds	Mode of Disposal
Plant & Machinery	**Related Party**				
	Pace Barka Properties Limited	2,476	1,371	6,000	- Negotiation -
Vehicles	**Related Party**				
	Pace Barka Properties Limited	472	399	406	- Negotiation -
		2,948	1,770	6,406	

18.2 Assets subject to finance lease

	Vehicles Rupees in (000)
Net carrying value basis	
Year ended June 30, 2017	
Opening net book value (NBV)	381
Additions (at cost)	-
Transfers from leased asset at NBV	-
Disposals (at NBV)	-
Depreciation charge	(381)
Closing net book value (NBV)	-
Gross carrying value basis	
As at June 30, 2017	
Cost	1,394
Accumulated depreciation	(1,394)
Net book value NBV	-
Depreciation % per annum	20%
Net carrying value basis	
Year ended June 30, 2016	
Opening net book value (NBV)	475
Additions (at cost)	-
Transfers from leased asset at NBV	-
Disposals (at NBV)	-
Depreciation charge	(94)
Closing net book value (NBV)	381
Gross carrying value basis	
As at June 30, 2016	
Cost	1,394
Accumulated depreciation	(1,013)
Net book value NBV	381
Depreciation % per annum	10%

18.2.1 The depreciation charge for the year has been allocated to administrative and selling expenses.

18.3 Capital Work in progress

	2017	2016
	(Rupees in Thousand)	
Opening cost	**27,544**	27,146
Project development costs	**120**	398
	27,664	27,544

		Computer Software	Dark Fiber
19	**Intangible assets**	(Rupees in Thousand)	
	Net carrying value basis		
	Year ended June 30, 2017		
	Opening net book value (NBV)	492	5,587
	Additions (at cost)	-	-
	Transfers from leased asset at NBV	-	-
	Disposals (at NBV)	-	-
	Depreciation charge	(50)	(474)
	Closing net book value (NBV)	442	5,113
	Gross carrying value basis		
	As at June 2017		
	Cost	2,878	9,508
	Accumulated depreciation	(2,436)	(4,395)
	Net book value NBV	442	5,113
	Depreciation % per annum	10%	5%
	Net carrying value basis		
	Year ended June 30, 2016		
	Opening net book value (NBV)	546	6,063
	Additions (at cost)	-	-
	Transfers from leased asset at NBV	-	-
	Disposals (at NBV)	(55)	(475)
	Depreciation charge		
	Closing net book value (NBV)	491	5,588
	Gross carrying value basis		
	As at June 2016		
	Cost	2,879	9,508
	Accumulated depreciation	(2,388)	(3,920)
	Net book value NBV	491	5,588
	Depreciation % per annum	10%	5%

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

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

20. Investment property

	Cost as at June 30, 2017	Cost as at June 30, 2016	Fair Value as at June 30, 2017	Fair Value as at June 30, 2016
	(Rupees in thousand)			
Opening value	1,603,634	1,701,343	3,369,702	3,421,430
- Settlement against loan	(20,400)	(5,376)	(25,500)	(7,328)
- Disposal of investment property	-	(92,333)	-	(73,810)
Closing value before revaluation as at June 30	1,583,234	1,603,634	3,344,202	3,340,292
Fair value gain recognised in profit and loss account	-	-	120,000	29,410
Fair value as at June 30	1,583,234	1,603,634	3,464,202	3,369,702

21. Long term investments

	Note	2017	2016
Associate - unquoted (accounted for under equity method)		Rupees in Thousand	
Pace Barka Properties Limited			
75,875,000 (2016: 75,875,000) fully paid			
ordinary shares of Rs 10 each			
Equity held 24.9% (2016: 24.9%)	21.1	**1,113,572**	1,154,888
Available for sale - quoted	21.2	**992**	784
		1,114,564	1,155,672

21.1 Associate - unquoted

	2017	2016
Cost	**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	**396,237**	432,478
	1,154,888	1,191,129
Share of movement in reserves during the year	**-**	16,882
Share of loss for the year		
- before taxation	**(20,670)**	(55,387)
- provision for taxation	**(20,646)**	2,264
	(41,316)	(53,123)
Balance as on June 30	**1,113,572**	1,154,888

21.1.1 The Group's share of the assets, liabilities and result of its associate, incorporated in Pakistan is as follows:

	Percentage Interest held	Assets	Liabilities	Revenues	(Loss)
		(Rupees in thousands)			
June 2017					
Pace Barka Properties Limited	24.86%	1,570,961	399,557	76,624	(41,316)
June 2016					
Pace Barka Properties Limited	24.86%	1,558,718	342,961	79,389	(53,123)

21.2 Available for sale - quoted

	Note	2017	2016
		(Rupees in Thousand)	
Worldcall Telecom Limited			
912 (2016: 912) fully paid ordinary shares of Rs 10 each		**6**	6
Shaheen Insurance Company Limited			
158,037 (2016: 158,037) fully paid ordinary shares of Rs 10 each		**2,008**	2,008
		2,014	2,014
Less: Cumulative fair value loss	21.2.1	**(1,022)**	(1,230)
		992	784

21.2.1 Cumulative fair value loss

	2017	2016
Opening balance	**1,230**	1,007
Fair value (gain) / loss over Worldcall telecom limited	**(1)**	223
Fair value (gain) / loss over Shaheen insurance company limited	**(207)**	-
As at June 30	**1,022**	1,230

22. Long term advances and deposits

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

23. Stock-in-trade

	Note	2017	2016
Work in process - Pace Towers	23.1 & 23.2	**621,455**	838,872
Shops and houses		**304,201**	316,973
Pace Barka Properties Limited - Pace Circle		**594,201**	624,123
Pace Supermall (Private) Limited		**170,565**	354,600
	23.3	**1,690,422**	2,134,568
Stores inventory		**975**	1,581
		1,691,397	2,136,149

23.1 Included in work in process are borrowing costs of Rs 101.000 million (2016: Rs 201.321 million). During the year borrowing cost capitalized was Nil (2016: Nil).

23.2 The charge amounting to Rs 1,200.175 million (2016: Rs 1,200.5 million) has been registered against work in process with lenders as security against long term loan and redeemable capital as referred to in note 6 and note 7 respectively.

23.3 During the year the Holding Company settled the short term running finance, outstanding amount due to Pak Iran Investment Company Limited, Pak Oman Investment Company Limited and Wireless and Cable Limited against properties situated at Pace Tower and Pace Woodlands Private Limited costing Rs 52.544 million, Rs 252.067 million and Rs 3.6 million, respectively, as mentioned in notes 6.1, 7.3 and 7.4.

24. Trade debts - unsecured

	Note	2017	2016
		(Rupees in Thousand)	
Considered good	24.1	**655,698**	647,792
Considered doubtful		**144,684**	130,463
		800,382	778,255
Less: Provision for doubtful debts	24.2	**(144,684)**	(130,463)
		655,698	647,792

24.1 This includes amount of Rs 6.681 million (2016: Rs 6.681 million) receivable from First Capital Securities Corporation Limited, a related party.

24.2 Provision for doubtful debts

	Note	2017	2016
		(Rupees in Thousand)	
Opening balance		**130,463**	130,513
Provision/ (Reversal) during the year	30	**14,221**	(50)
Balance as at June 30		**144,684**	130,463

25. Advances, deposits, prepayments and other receivables

	Note	2017	2016
		(Rupees in Thousand)	
Advances - considered good			
- to employees		**15,535**	11,348
- to suppliers	25.1	**17,466**	13,606
Security deposits		**19,775**	19,775
Advances to contractors		**920**	921
Receivable against sale of investment property	25.2	**23,038**	73,935
Others - considered good	25.3	**22,598**	32,352
		99,332	151,937

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

Media Times Limited	**-**	-
World Press (Private) Limited	**447**	429
	447	429

25.2 This includes Rs 20.679 million (2016: Rs 71.479) interest free amount due from Ever Green Water Valley (Private) Limited, a related party.

25.3 This includes Nil (2016: Rs 10.684 million) interest free amount due from Media Times Limited, a related party.

26. Cash and bank balances

	Note	2017	2016
		(Rupees in Thousand)	
At banks			
- in saving accounts	26.1	**1,044**	544
- in current accounts		**125**	184
		1,169	728
Cash in hand		**409**	-
		1,578	728

26.1 The balances in saving accounts are placed under markup arrangements and bear markup ranging from 3% to 5% per annum (2016: 3% to 6%).

27. Sales

	2017	2016
	(Rupees in Thousand)	
Shops / apartments and commercial buildings		
- at percentage of completion basis	**116,534**	101,551
- at completion of project basis		
--Owned	**9,684**	108,440
--Pace Circle	**56,488**	65,901
Licensee fee	**35,854**	41,951
Display advertisements and miscellaneous income	**16,178**	16,952
Service charges	**190,836**	185,746
	425,574	520,541

27.1 Sales return

This represents reversal of sales of commercial floor recognized on percentage of completion basis, against which sale agreement has been cancelled as per mutual understanding of the buyer and the Holding Company.

27.2 Sales recognised at percentage of completion basis	**2017**	2016
	(Rupees in Thousand)	
Revenue recognised to date	**837,074**	720,540
Aggregate cost incurred to date	**(746,794)**	(632,483)
Recognised profit to date	**90,280**	88,057

27.2.1 The revenue arising from agreements, that meet the criteria for revenue recognition on the basis of percentage of completion method, during the year is Rs 221.448 million (2016: Rs 108.440 million). Amount received against these agreements amounts to Rs 88.445 million (2016: Rs 96.296 million).

28. Cost of sales		**2017**	2016
		(Rupees in Thousand)	
Shops / apartments and commercial buildings sold			
- at percentage of completion basis	28.1	**118,021**	7,980
- at completion of project basis			
-- Owned	28.2	**9,172**	64,375
-- Pace circle		**32,632**	39,064
Stores operating expenses	28.3	**250,967**	257,312
		410,792	368,731

28.1 Shops / apartments and commercial buildings sold at percentage of completion basis		**2017**	2016
		(Rupees in Thousand)	
Opening work in process		**838,872**	1,243,560
Project development costs	***Note***	**21,180**	67,780
Property sold on completion basis	28.1.1	**-**	(64,375)
Property settled against loans	28.1.2	**(304,611)**	(400,113)
Closing work in process	23	**(437,420)**	(838,872)
Cost of shops / apartments and commercial buildings sold during the year	28.1.3	**118,021**	7,980

28.1.1 This represents cost of completed property sold from Pace Towers project to Silkbank Limited in the preceding year. No further costs are to be incurred in respect of this property.

28.1.2 This represents aggregate cost of completed properties in Pace Towers project which have been transferred to the lenders against settlement of loans as referred to in notes 7 and 13. No further costs are to be incurred in respect of these properties.

28.1.3 Cost of shops / apartments and commercial buildings sold during the year	***Note***	**2017**	2016
		(Rupees in Thousand)	
Cost of shops / apartments and commercial buildings sold during the year		**118,021**	105,507
Cost of shops / apartments and commercial buildings returned during the year		**-**	(97,527)
		118,021	7,980

28.2 Shops / apartments and commercial buildings sold at completion of project basis	Note	2017	2016
		(Rupees in Thousand)	
Opening inventory of shops and houses		**316,973**	316,973
Swapped with Wireless and Cable Limited		**(3,600)**	
Property sold on completion basis from Pace Towers	28.1.2	**-**	64,375
Closing inventory of shops and houses	23	**(304,201)**	(316,973)
		9,172	64,375

28.3 Stores operating expenses

Salaries, wages and benefits	28.3.1	**55,200**	54,135
Rent, rates and taxes		**12,396**	10,552
Insurance		**7,405**	7,932
Fuel and power		**120,334**	126,149
Depreciation on owned assets	18.1.1	**12,360**	12,495
Repairs and maintenance		**10,855**	8,913
Janitorial and security charges		**16,523**	18,893
Others		**15,894**	18,243
		250,967	257,312

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

Current service cost	**910**	927
Interest cost	**322**	389
	1,232	1,316

29. Administrative and selling expenses

Salaries, wages and benefits	29.1	**56,036**	54,003
Travelling and conveyance		**3,163**	3,114
Rent, rates and taxes		**222**	667
Insurance		**3,666**	2,424
Printing and stationery		**839**	1,388
Repairs and maintenance		**3,602**	8,058
Motor vehicles running		**4,414**	5,582
Communications		**3,398**	3,771
Advertising and sales promotion		**29,614**	21,541
Depreciation on:			
- property, plant and equipment	18.1.1	**10,102**	9,656
- assets subject to finance lease	18.2.1	**380**	94
Amortisation on intangible assets	19.1	**525**	530
Auditors' remuneration	29.2	**3,250**	3,520
Legal and professional		**5,040**	19,123
Provision for doubtful debts		**14,220**	-
Commission on sales		**10,585**	30,310
Office expenses		**5,899**	5,615
Other expenses		**18,766**	8,756
		173,721	178,152

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

	2017	2016
	(Rupees in Thousand)	
Current service cost	**6,119**	6,200
Past service cost	**489**	-
Interest cost	**2,363**	2,605
	8,971	8,805

29.2 Auditors' remuneration

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

The charges for auditors' remuneration includes the following in respect of auditors' services for:	**2017**	2016
	(Rupees in Thousand)	
Statutory audit		
- Parent	**1,700**	1,700
- Subsidiaries	**275**	275
Half yearly review	**600**	600
Audit of consolidated financial statements, certification and sundry services	**200**	500
Out of pocket expenses		
- Parent	**455**	425
- Subsidiaries	**20**	20
	3,250	3,520

30. Other income

	Note	**2017**	2016
Income from financial assets		**(Rupees in Thousand)**	
Markup on bank accounts		**64**	493
Commission on guarantee	30.1	**1,238**	1,238
Income from non-financial assets			
Gain on sale of property, plant and equipment		**5,228**	-
Rental income		**12,559**	10,636
Scrap sales		**5,103**	808
Gain on disposal of investment property		**12,000**	39,730
Others			
Gain on settlement of loans	6	**358,557**	599,225
Income from parking and storage		**6,647**	6,799
Liabilities no longer required written back		**41**	6,519
Gain on initial discounting of Pak Iran loan		**17,392**	-
Reversal of provision for doubtful debts	24.2	**855**	50
Income from counters and stalls		**-**	2,312
		414,456	673,038

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

31. Other operating expenses

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
Exchange loss on foreign currency convertible bonds	9	**4,974**	49,276
		4,974	49,276

32. Finance costs

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
Markup on			
- Long term finances - secured		**2,497**	2,688
- Foreign currency convertible bonds - unsecured		**16,527**	16,480
- Redeemable capital - secured (non-participatory)		**101,949**	134,750
- Short term finance -secured		**4,733**	9,748
- Interest expense on unwinding of Pak Iran Loan		**1,488**	-
- Liabilities against assets subject to finance lease		**3,776**	3,831
		130,970	167,497
Bank charges and processing fee		**1,439**	1,759
		132,409	169,256

33. Taxation

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
Current tax			
- Current year	33.1	**20,305**	60,224
- Prior year		**(4,999)**	-
		15,306	60,224
Deferred tax		**5,304**	12,176
		20,610	72,400

33.1 The provision for current taxation for the year represents the tax liability under section 113C of the Income Tax Ordinance, 2001.

33.2 Tax charge reconciliation

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

	2017 %	2016 %
Applicable tax rate	**31.00**	32.00
Tax effect of amounts that are:		
Income not chargeable to tax	**(18.54)**	(0.23)
Minimum tax for the year	**10.32**	17.48
Associate results reported net of tax	**9.34**	3.95
Effect of deferred tax asset not recognised on taxable loss	**-**	-
Others	**(21.65)**	(32.19)
	(20.53)	(10.99)
Average effective tax rate charged to profit and loss account	**10.47**	21.01

For the purposes of current taxation, the tax losses available for carry forward as at June 30, 2017 are estimated approximately at Rs 2,160.359 million (2016: Rs 3,517.791 million).

34. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Short term employee benefits						
Managerial remuneration	4,100	3,400	2,851	1,600	7,711	6,350
Housing	1,640	1,360	1,140	640	3,085	2,540
Utilities	410	340	285	160	771	635
	6,150	5,100	4,276	2,400	11,567	9,525

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
Number of persons	1	1	1	2	8	8

The Group also provides its executives and some of its directors with free transport.

	Note	**2017**	2016
		(Rupees in Thousand)	
35. Cash generated from operations			
Profit before tax		**196,816**	300,841
Adjustment for:			
Exchange loss on foreign currency convertible bonds	9	**4,974**	49,276
Provision for gratuity and leave encashment	10	**10,202**	10,440
Depreciation and impairment on:			
- owned assets	18.1	**22,462**	22,151
- assets subject to finance lease	18.2	**381**	94
Amortisation on intangible assets		**525**	530
Changes in fair value of investment property	20	**(120,000)**	(29,410)
Share of loss from associate	21	**41,316**	53,123
Provision for doubtful debts	24.2	**14,221**	(50)
Gain on sale of property, plant and equipment	30	**-**	(5,228)
Gain on sale of investment property	30	**(12,000)**	(39,730)
Markup income	30	**(64)**	(493)
Liabilities no longer required written back	30	**(41)**	(6,519)
Gain on initial discounting of loan	31	**(17,280)**	-
Gain on settlement of loans	30	**(262,114)**	(599,225)
Finance costs	32	**132,409**	167,497
Profit / (loss) before working capital changes		**11,807**	(76,703)
Effect on cash flow due to working capital changes:			
Decrease/ (increase) in stock-in-trade		**140,003**	(17,828)
(Increase) / decrease in trade debts		**(53,035)**	28,741
Decrease in advances, deposits and other receivables		**52,553**	6,935
Increase / (decrease) in advances against sale of property		**43,009**	(124,402)
(Decrease) / increase in creditors, accrued and other liabilities		**(60,912)**	168,156
		121,618	61,602
		133,425	(15,101)

36. Cash and cash equivalents	*Note*	**2017**	2016
		(Rupees in Thousand)	
Short term finance - secured	14	**-**	(96,443)
Cash and bank balances	26	**1,578**	728
		1,578	(95,715)

37. Operating Segments

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit/loss and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit/loss and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

37.1 For management purposes, the activities of the Group are organised into business units based on the nature of activities:

(a) Real estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Towers on percentage of completion basis.

(b) Investment properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments".

37.2 Segment information

	Real estate sales		Investment properties		Others		Total	
	(Rupees in thousand)							
	2017	2016	2017	2016	2017	2016	2017	2016
Segment revenue	182,706	172,282	35,854	41,951	207,014	202,698	425,574	416,931
Segment expenses - Cost of sales	159,825	111,419	37,050	44,122	213,917	213,190	410,792	368,731
Gross profit / (loss)	22,881	60,863	(1,196)	(2,171)	(6,903)	(10,492)	14,782	48,200
Changes in fair value of investment property	-	-	120,000	29,410	-	-	120,000	29,410
Segment results	22,881	60,863	118,804	27,239	(6,903)	(10,492)	134,782	77,610
Administrative and selling expenses							(173,721)	(178,152)
Other income							414,456	673,038
Finance costs							(132,409)	(169,256)
Other operating expenses							(4,974)	(49,276)
Share of profit from associate - net of tax							(41,316)	(53,123)
Profit before tax							196,818	300,841
Taxation							(20,610)	(72,400)
Profit for the year							176,208	228,441
37.2.1 Segment assets	2,348,015	2,784,862	3,464,202	3,369,702	-	-	5,812,217	6,154,564
Unallocated assets							1,691,030	1,789,122
							7,503,247	7,943,686
37.2.2 Segment liabilities	3,035,786	3,347,779	52,991	31,459	-	-	3,088,777	3,379,238
Unallocated liabilities							1,477,874	1,801,366
							4,566,651	5,180,604
37.2.3 Capital expenditure	-	-	-	-	-	-	-	-
Unallocated							21,831	17,208
							21,831	17,208
37.2.4 Depreciation/amortisation	-	-	-	-	-	-	-	-
Unallocated							23,368	22,775
							23,368	22,775

38. Financial risk management

38.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2017	2016
Foreign currency convertible bonds - USD	**16,740,128**	16,582,729

The following significant exchange rates were applied during the year:
Rupees per USD

Average rate	**104.70**	104.30
Reporting date rate	**105.00**	104.70

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since the investments in listed equity securities are immaterial.

(iii) Interest rate risk

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

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

At the balance sheet date, the interest rate profile of the Group's interest bearing financial instruments was.

FIXED RATE INSTRUMENTS	2017	2016
	(Rupees in Thousand)	
Financial Assets		
Bank balances - savings accounts	**1,169**	544
Financial liabilities		
Foreign currency convertible bonds - unsecured	**1,757,713**	1,736,212
Net interest rate risk	**1,758,882**	1,736,756

FLOATING RATE INSTRUMENTS

Financial liabilities		
Redeemable capital - secured (non-participatory)	**1,121,503**	1,498,200
Liabilities against assets subject to finance lease	**18,046**	20,746
Short term finance - secured	**-**	96,443
Long term finances - secured	**27,422**	27,422
Net interest rate risk	**1,166,971**	1,642,811

Cash flow sensitivity analysis for fixed rate instruments

No interest rate risk arises on fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on redeemable capital, liabilities against assets subject to finance lease, and long term finances, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, post tax loss for the year would have been Rs 8.866 million (2016: Rs 9.567 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group's credit risk is primarily attributable to its trade debts, advances against purchase of property and its balances at banks.

(i) Exposure to credit risk

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

	2017	2016
	(Rupees in Thousand)	
Long term advances and deposits	**14,250**	14,250
Trade debts - unsecured	**655,698**	778,255
Advances, deposits, prepayments and other receivables		
- Advances to employees - considered good	**15,535**	11,348
- Security deposits	**19,775**	19,775
- Others - considered good	**22,598**	32,352
Bank balance	**1,169**	728
	729,025	856,708

	Note	2017	2016
		(Rupees in Thousand)	
The age of trade debts at balance sheet date is as follows:			
- Not past due		**-**	-
- Past due 0 - 365 days		**221,401**	118,685
- 1 - 2 years		**151,868**	353,164
- More than 2 years		**282,429**	306,406
		655,698	778,255

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

	2017	2016
First Capital Securities Corporation Limited		
- More than 2 years	**6,681**	6,681

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Furthermore, the Group transfers the legal title of sold properties only after complete settlement of debt. Accordingly, the credit risk is minimal.

(ii) Credit quality of major financial assets

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

	Rating				
	Short term	Long term	Agency	2017	2016
				(Rupees in thousand)	
Under markup arrangements					
Bank Islami Pakistan Limited formerly known as KASB Bank	A1	A+	PACRA	**9**	10
Allied Bank Limited	A1+	AA+	PACRA	**316**	34
Soneri Bank Limited	A1+	AA-	PACRA	**6**	6
Silk Bank Limited	A-2	A-	JCR-VIS	**71**	71
NIB Bank limited	A1+	AA-	PACRA	**529**	1
Bank Alfalah Limited	A1+	AA+	PACRA	**93**	53
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	**4**	275
Askari Bank Limited	A-1+	AA	JCR-VIS	**6**	6
Without markup arrangements					
Faysal Bank Limited	A1+	AA	PACRA	**27**	65
United Bank Limited	A-1+	AAA	JCR-VIS	**6**	6
Habib Bank Limited	A-1+	AAA	JCR-VIS		
National Bank of Pakistan	A1+	AAA	PACRA	**2**	81
MCB Bank Limited	A1+	AAA	PACRA	**1**	29
Bank of Punjab	A1+	AA-	PACRA	**99**	91
				1,169	728

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

(c) Liquidity risk

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

The Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 2.2.

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

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances - secured	78,490	27,422	33,430	17,638
Redeemable capital - secured (non-participatory)	1,121,503	1,121,503	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	1,757,713	1,757,713	-	-
Creditors, accrued and other liabilities	434,999	434,999	-	-
Accrued finance cost	887,513	887,513	-	-
	4,298,264	4,247,196	33,430	17,638

The following are the contractual maturities of financial liabilities as at June 30, 2016:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances - secured	27,422	27,422	-	-
Redeemable capital - secured (non-participatory)	1,498,200	1,498,200	-	-
Liabilities against assets subject to finance lease	20,746	20,746	-	-
Foreign currency convertible bonds - unsecured	1,736,212	1,736,212	-	-
Short term finance - secured	96,443	96,443	-	-
Creditors, accrued and other liabilities	492,209	492,209	-	-
Accrued finance cost	1,099,911	1,099,911	-	-
	4,971,143	4,971,143	-	-

38.2 Financial instruments by categories

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

	2017	(Rupees in Thousand)		2016
Assets as per balance sheet	Available for sale	Loans and receivables	Total	Total
Long term advances and deposits	-	14,250	14,250	14,250
Trade debts - unsecured	-	655,698	655,698	647,792
Investments	992	-	992	784
Advances, deposits, prepayments and other receivables				
- Advances to employees - considered good	-	15,535	15,535	11,348
- Security deposits	-	19,775	19,775	19,775
- Others - considered good	-	22,598	22,598	32,352
Cash and bank balances	-	1,578	1,578	728
	992	729,434	730,426	727,029

	Financial liabilities at amortised cost 2017	2016
	(Rupees in Thousand)	
Liabilities as per balance sheet		
Long term finances - secured	**78,490**	27,422
Redeemable capital - secured (non-participatory)	**1,121,503**	1,498,200
Liabilities against assets subject to finance lease	**18,046**	20,746
Foreign currency convertible bonds - unsecured	**1,757,713**	1,736,212
Short term finance - secured	**-**	96,443
Creditors, accrued and other liabilities	**434,999**	492,209
Accrued finance cost	**887,513**	1,099,911
	4,298,264	4,971,143

38.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 6, 7, 9 and 12. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at year ended June 30, 2017 and June 30, 2016 are as follows:

	2017 Rupees	2016 Rupees
Borrowings	**2,957,706**	3,261,834
Total equity	**2,849,285**	2,675,684
Total capital	**5,806,991**	5,937,518
Gearing ratio	**51%**	55%

39 Fair value estimation

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following is categorization of assets measured at fair value at June 30, 2017:

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

The following is categorization of assets measured at fair value at June 30, 2016:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets:				
Recurring fair value measurement of Available for sale financial assets	784	-	-	784
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,155,202	2,155,202
	784	1,214,500	2,155,202	3,370,486

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 and 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2017. The level 2 fair value of freehold land has been derived using the sales comparison approach. The most significant input into this valuation approach is price per square yard. Level 3 fair value of Buildings has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended June 30, 2017 and June 30, 2016 for recurring fair value measurements:

	2017	2016
	(Rupees in Thousand)	
Opening fair value	**2,155,202**	2,255,510
Disposal of investment property	**-**	(73,810)
Settlement against loan	**(25,500)**	(7,328)
	2,129,702	2,174,372
Fair value loss recognised during year	**(59,146)**	(19,170)
Closing value after revaluation	**2,070,556**	2,155,202

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

Valuation inputs and relationship to fair value

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

Description	Fair Value at		Significant Unobserveable inputs	Quantitative Data / Range and relationship to the fair value
	2017	**2016**		
	Rs'000	**Rs'000**		
Buildings	**2,070,556**	2,155,202	Cost of construction of a new similar building. Suitable depreciation to arrive at depreciated replacement value.	The market value has been determined by using a depreciation factor of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the

40. Earnings per share

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

40.1 Basic earnings per share

		2017	2016
Profit for the year	Rupees in thousand	**176,294**	228,528
Weighted average number of ordinary shares outstanding during the year	In thousand	**278,877**	278,877
Basic earnings per share	Rupees	**0.63**	0.82

40.2 Diluted earnings per share

The effect of diluation on conversion of FCCB and interest thereon to ordinary shares has not been taken while computing diluted earnings per share since the management now believes that the conversion may not take place. Accordingly, diluted earnings per share is same as earnings per share for the year ended June 30, 2017 as computed below:

		2017	2016
Profit for the year for calculation of basic earnings per share	Rupees in thousand	**176,294**	228,528
Interest on FCCB	Rupees in thousand	**-**	13,678
Exchange loss on FCCB during the year	Rupees in thousand	**-**	40,899
Profit used to determine diluted earnings per share	Rupees in thousand	**176,294**	283,105
Weighted average number of ordinary shares outstanding during the year	In thousand	**278,877**	278,877
Assumed conversion of FCCB into ordinary shares	In thousand	**-**	114,802
Weighted average number of ordinary shares for earnings per share	In thousand	**278,877**	393,679
Diluted earnings per share	Rupees	**0.63**	0.72

The effect of the conversion of the foreign currency convertible bonds into ordinary shares is anti-dilutive for the current year, accordingly the diluted loss per share is restricted to the basic loss per share.

41. Transactions with related parties

The related parties comprise associates, other related companies and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 34. Other significant transactions with related parties are as follows:

		2017	2016
		(Rupees in thousand)	
	Nature of transactions		
i. Associate	Guarantee commission income	**1,238**	1,238
	Purchase of inventory	**2,710**	60,728
	Receipts against Pace circle sales	**29,481**	36,878
	Shared expense charged by the Group	**3,434**	3,122
	Sale of property, plant and equipment	**-**	6,406
ii. Others	Purchase of goods & services	**16,698**	15,239
	Sale of services	**-**	1,314
	Rental income	**12,741**	10,636
	Sale of property	**9,684**	-
	Sale of investment property	**-**	113,540
	Post retirement benefit charged to Profit and loss	**10,203**	10,121

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

42. Number of employees

	2017	2016
Total number of employees as at June 30	**286**	314
Average number of employees during the year	**297**	314

43. Detail of subsidiaries

	Accounting year end	Percentage of holding	Country of Incorporation
Year ended June 30, 2017			
Pace Woodlands (Private) Limited	30-Jun-17	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-17	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-17	69%	Pakistan
Year ended June 30, 2016			
Pace Woodlands (Private) Limited	30-Jun-16	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-16	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-16	69%	Pakistan

44. Date of authorisation

These consolidated financial statements were authorised for issue on October 05, 2017 by the Board of Directors of the Holding Company.

45. Corresponding figures

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

Aamna Taseer
Chief Executive

Shehryar Ali Taseer
Director

Pace (Pakistan) Limited

FORM OF PROXY

The Company Secretary
Pace (Pakistan) Limited
2nd Floor, Pace Shopping Mall
Fortress Stadium, Lahore Cantt
Lahore

Folio No./CDC A/c No.: ___________

Shares Held: ____________________

Option 1
Appointing other person as Proxy

I/We____ S/o D/o W/o ____________________________________CNIC _________________________being the member(s) of Pace (Pakistan) Limited hereby appoint Mr./Mrs./Ms./ ______________________________S/o D/o W/o _______________________CNIC ______________________ or failing him / her Mr. / Mrs. Miss _________________________ S/o. D/o. W/o. ____________________________ CNIC _________________________as my/our proxy to vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on 28 October 2017 at 11:00 a.m. and at any adjournment thereof.

Signed under my/our hands on this _________________day of____________, 2017

Affix Revenue Stamp of
Rupees Five

____
Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

___________________ ___________________
Signature of Witness 1 Signature of Witness 2

Option 2
E-voting as per the Companies (E-voting) Regulations, 2016

I/we_____________________ S/o D/o W/o _________________CNIC _________being a member of Pace (Pakistan) Limited holder of ________ Class____ Ordinary share(s) as per Registered Folio No. _____________ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer _________________________ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is _____________________, please send login details, password and electronic signature through email.

____

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

___________________ ___________________
Signature of Witness 1 Signature of Witness 2
(Please See Notes on reverse)

Notes

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

2. In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Head Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting. Pursuant to SECP Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution officer by the intermediary as Proxy.

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

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

Pace (Pakistan) Limited

پراکسی فارم

فولیونمبر/CDC اکاؤنٹ نمبر: ....

موجود حصص: ....

کمپنی سیکریٹری

پیس (پاکستان) لمیٹڈ

دوسری منزل، پیس شاپنگ مال،

فورٹریس سٹیڈیم، لاہور کینٹ، لاہور

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

میں/ہم..................................ولد/ زوجہ/ بنت..................................شناختی کارڈ

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

.... ولد/ بنت/ زوجہ .... شناختی کارڈ نمبر

.... کو اس کی ناکامی کی صورت میں ....

ولد/ بنت/ زوجہ..................................شناختی کارڈ نمبر..................................28 اکتوبر 2017ء کو صبح 11:00 بجے

منعقد ہونے والے سالانہ اجلاس یا اس کے کسی بھی وقفہ میں عام میں اپنی/ ہماری جگہ شرکت اور ووٹ کرنے کے لئے اپنا/ ہمارا پراکسی مقرر کرتے ہیں۔

بتاریخ..................................

زیر دستخطی..................................

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے عین مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے

....

گواہ 1 کے دستخط گواہ 2 کے دستخط

دوسری وضع

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

میں/ہم .... ولد/ زوجہ/ بنت .... ، شناختی کارڈ

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

..................................کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ کرنا چاہتے ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز

2016ء کے تحت ایگزیکیوشن آفیسر..................................کی پراکسی کے طور پر تقرری پر رضامندی کا اظہار کرتے ہیں۔ اس لئے ہم

قراردادوں پر پولنگ میں ووٹ کا مطالبہ کرتے ہیں۔ میرا محفوظ ای میل ایڈریس.................................. ہے برائے مہربانی لاگ ان کی تفصیلات،

پاس ورڈ اور برقی دستخط اس ای میل پر بھیج دیں۔

بتاریخ..................................

زیر دستخطی..................................

کی موجودگی میں دستخط کئے گئے

....

گواہ 1 کے دستخط گواہ 2 کے دستخط

(برائے مہربانی پشت پر نوٹس دیکھیں)

نوٹس:

1. سالانہ اجلاس میں شرکت اور ووٹ کا اہل کسی دوسرے رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے پراکسی مقرر کرسکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے پراکسیز کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔

2. جائز ہونے کی غرض سے، پراکسی کا دستاویز اور مختار نامہ یا اتھارٹی (اگر کوئی ہے) جسے کے ماتحت اس پر دستخط کئے گئے ہیں، یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیش شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین ثالث بطور پراکسی کی جانب سے ایگزیکیوشن آفیسر کی تعیناتی پر کمپنی کے اجلاس کے انعقاد سے 10 دن پہلے اپنی تحریری رضامندی سے مشروط برقی ووٹنگ کے ذریعے اپنا حق رائے دہی استعمال کرسکتے ہیں۔

a) CDC کے واحد بینیفیشئل مالک جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں، اپنی شراکت کی شناخت، اکاؤنٹ اور ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ دکھا کر اپنی شناخت کروائیں گے۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ بمع نامزدگان کے نمونہ کے دستخط (اگر یہ قبل ازیں فراہم نہ کیا گیا ہے) اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔

b) پراکسی کے تقرر کے لئے CDC کے انفرادی بینیفیشئل مالکان شراکت کے آئی ڈی، اکاؤنٹ/ ذیلی اکاؤنٹ نمبر بمع CNIC یا پاسپورٹ کی مصدقہ نقول کے مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرائیں گے۔ دو گواہان اپنے نام، پتا اور CNIC نمبر کے ہمراہ پراکسی فارم کی توثیق کریں گے۔ اجلاس کے انعقاد کے وقت پراکسی اپنا اصلی CNIC یا پاسپورٹ پیش کریں گے۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز/ پاور آف اٹارنی بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانے ہوں گے۔