

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Financial Position (Un-audited)

As at 31 December 2019

		Unaudited 31 December 2019	Audited 30 June 2019			Unaudited 31 December 2019	Audited 30 June 2019
--- (Rupees in thousand) ---				--- (Rupees in thousand) ---			
EQUITY AND LIABILITIES	<i>Note</i>			ASSETS	<i>Note</i>		
<u>Share capital and reserves</u>				<u>Non-current assets</u>			
Authorized capital 600,000,000 (30 June 2019: 600,000,000) ordinary shares of Rs 10 each		<u>6,000,000</u>	<u>6,000,000</u>	Property, plant and equipment	12	<u>576,584</u>	468,464
Issued, subscribed and paid-up capital	5	<u>2,788,766</u>	2,788,766	Intangible assets		<u>4,258</u>	4,519
Share premium	6	<u>273,265</u>	273,265	Investment property		<u>1,668,741</u>	1,668,741
Accumulated loss		<u>(2,095,840)</u>	(2,075,583)	Long term investments		<u>850,321</u>	850,321
		<u>966,191</u>	986,448	Long term advances and deposits		<u>13,619</u>	13,619
<u>Non-current liabilities</u>						<u>3,113,523</u>	3,005,664
Long term finances - secured	7	<u>43,183</u>	49,810	<u>Current assets</u>			
Redeemable capital - secured (non-participatory)	8	-	-	Stock-in-trade	13	<u>2,806,008</u>	2,790,226
Liability against right of use assets		<u>125,926</u>	-	Trade debts	14	<u>409,894</u>	424,753
Foreign currency convertible bonds - unsecured	9	-	-	Advances, deposits, prepayments and other receivables		<u>531,215</u>	477,659
Deferred liabilities		<u>51,661</u>	45,904	Income tax - net		<u>21,121</u>	14,962
		<u>220,770</u>	95,714	Cash and bank balances	15	<u>41,352</u>	165,393
<u>Current liabilities</u>						<u>3,809,590</u>	3,872,993
Contract liability		<u>274,759</u>	254,564			<u>6,923,113</u>	<u>6,878,657</u>
Current portion of non-current liabilities		<u>3,643,448</u>	3,786,553				
Creditors, accrued and other liabilities	10	<u>666,813</u>	677,555				
Accrued finance cost		<u>1,151,132</u>	1,077,823				
		<u>5,736,152</u>	5,796,495				
Contingencies and commitments	11	-	-				
		<u>6,923,113</u>	<u>6,878,657</u>				

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Lahore

Chief Executive

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)

For the six months ended 31 December 2019

	Note	For the half year ended		For the quarter ended	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		--- (Rupees in thousand) ---		--- (Rupees in thousand) ---	
Revenue	16	87,859	126,555	53,596	19,382
Cost of revenue	17	(70,124)	(100,803)	(16,043)	(9,427)
Gross profit		17,735	25,752	37,553	9,955
Administrative and selling expenses		(75,054)	(57,665)	(47,263)	(27,572)
Impairment loss on trade and other receivables		(44,188)	(35)	(44,188)	(35)
Other income	18	23,440	17,737	12,435	8,880
Exchange gain / (loss) on foreign currency convertible bonds		156,053	(310,380)	14,497	(264,757)
Profit/ (loss) from operations		77,986	(324,591)	(26,966)	(273,529)
Finance cost	19	(96,925)	(59,988)	(56,118)	(32,447)
Loss before taxation		(18,939)	(384,579)	(83,084)	(305,976)
Taxation	20	(1,318)	(2,394)	39,065	(1,054)
Loss for the period		(20,257)	(386,973)	(44,019)	(307,030)
Loss per share - basic and diluted		(0.07)	(1.39)	(0.16)	(1.10)

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive

Chief Financial Officer

Director

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Changes In Equity (Un-audited)

For the six months ended 31 December 2019

	Capital Reserve		Revenue reserve	Total	
	Issued, subscribed and paid-up capital	Share premium	Reserve for changes in fair values of investments		Accumulated loss
----- (Rupees in thousand) -----					
As at 01 July 2018 (audited)	2,788,766	273,265	-	(1,149,285)	1,912,746
<u>Total comprehensive loss for the half year ended 31 December 2018</u>					
Loss after taxation	-	-	-	(386,973)	(386,973)
Other comprehensive income	-	-	-	-	-
	-	-	-	(386,973)	(386,973)
Balance as at 31 December 2018 (un-audited)	2,788,766	273,265	-	(1,536,258)	1,525,773
Loss after taxation	-	-	-	(542,279)	(542,279)
Remeasurement of net defined benefit liability net of tax	-	-	-	2,954	2,954
	-	-	-	(539,325)	(539,325)
Balance as at 30 June 2019 (audited)	2,788,766	273,265	-	(2,075,583)	986,448
<u>Total comprehensive loss for the half year ended 31 December 2019</u>					
Loss after taxation	-	-	-	(20,257)	(20,257)
Other comprehensive income	-	-	-	-	-
	-	-	-	(20,257)	(20,257)
Balance as at 31 December 2019 (un-audited)	2,788,766	273,265	-	(2,095,840)	966,191

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Lahore

Chief Executive

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the six months ended 31 December 2019

	For the half year ended		For the quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	--- (Rupees in thousand) ---		--- (Rupees in thousand) ---	
Loss for the period	(20,257)	(386,973)	(44,019)	(307,030)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(20,257)	(386,973)	(44,019)	(307,030)

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Lahore

Chief Executive

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)

For the six months ended 31 December 2019

	Note	Half year ended	
		31 December 2019	31 December 2018
--- (Rupees in thousand) ---			
<u>Cash flows from operating activities</u>			
Cash (used in) / generated from operations	21	(102,981)	25,774
Finance costs paid		-	(1,005)
Gratuity and leave encashment paid		(125)	(1,768)
Taxes paid		(7,477)	(9,334)
Net cash (used in) / generated from operating activities		(110,583)	13,667
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(4,659)	(42,000)
Proceeds from disposal of property, plant and equipment		1,900	-
Income on bank deposits received		37	636
Net cash used in investing activities		(2,722)	(41,364)
<u>Cash flow from financing activities</u>			
Long term loan paid during the period		(7,636)	(2,672)
Lease rentals paid		(3,100)	-
Net cash used in financing activities		(10,736)	(2,672)
Net decrease in cash and cash equivalents		(124,041)	(30,369)
Cash and cash equivalents - at beginning of the period		165,393	31,988
Cash and cash equivalents - at end of the period		41,352	1,619

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Pace (Pakistan) Limited

Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)

For the six months ended 31 December 2019

1 The Company and its operations

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

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

- 1.2** The Company has incurred a loss before tax of Rs. 18.94 million during the period. As at reporting date, its current liabilities have exceeded its current assets by Rs. 1,926.56 million, and accumulated losses of the Company stood at Rs. 2,095.84 million. Furthermore, the Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

During the period, the management has finalized the agreement to settle outstanding amount of Term Finance Certificate pertaining to Bank of Khyber against property situated on 13th floor of Pace Tower. The Company has also entered into sale agreement of Property measuring 04 Kanal, 01 Marla bearing Plot No. 41-N situated at industrial area, Gulberg Lahore and Rs. 20 million has been received by the Company. Furthermore, the Company also entered into a sale agreement with First Capital Equities Limited for the sale of 15th floor of Pace Tower measuring 9,900 Square Feet and Rs. 25 million have been received by the Company in advance.

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

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

2 Basis of preparation and statement of compliance

These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the notes forming part thereof.

These condensed interim unconsolidated financial statements of the Company for the six months ended 31 December 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual unconsolidated financial statements as at and for the year ended 30 June 2019. Comparative condensed interim unconsolidated statement of financial position is stated from annual audited financial statements as of 30 June 2019, whereas comparatives for condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows and related notes are extracted from condensed interim unconsolidated financial statements of the Company for the six months ended 31 December 2018.

These condensed interim unconsolidated financial statements are unaudited and being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited.

These condensed interim unconsolidated financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial statements presented has been rounded off to the nearest rupee, except otherwise stated.

3 Use of estimates and judgments

In preparing these condensed unconsolidated interim financial statements management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited unconsolidated financial statements for the year ended 30 June 2019.

4 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed interim unconsolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2019 except for the adoption of new standard effective as of 01 July 2019 as stated below:

4.1 Change in accounting policy

IFRS 16 'Leases'

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-17, evaluating the substance of transaction involving the legal form of a leases and lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance lease or operating leases.

During the period, the Company has adopted IFRS 16 'Leases' applicable on period starting on or after 01 January 2019 and has not restated comparatives for the 2019 reporting period, using modified retrospective approach.

On adoption of IFRS 16, the Company has recognized liabilities in respect of leases which had previously been classified as operating lease under IAS 17. These liabilities are now measured as the present value of the remaining lease payments, discounted using Company's incremental borrowing rate of 15.65% as of 01 July 2019. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments.

The lease liability is subsequently remeasured at amortized cost using the effective interest rate method. The right-of-use assets are depreciated on straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for the certain measurement of lease liability and right-use-assets as of 01 July 2019 was Rs. 120.18 millions with no adjustment to retained earnings. The assets is presented in 'Operating Fixed Assets' and liability is presented in liability against right of use assets. Also in relation to this lease under IFRS 16, The Company has recognised depreciation and interest cost, instead of operating lease expenses.

Impact of adoption

The change in accounting policy affected the following items in the balance sheet as on 31 December 2019:

- the Company recognised of right-of-use assets amounting to Rs. 120.18 million and Rs. 120.18 million of lease liabilities as at 01 July 2019.

Also in relation to such lease under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Company recognised Rs. 2.40 million of depreciation charges and Rs. 8.85 million of interest costs from this lease.

- 4.2 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Standard or interpretation	Effective date (accounting periods beginning on or after)
- IFRS 3, Business Combinations - (Amendments)	01 January 2020
- IAS 1, Presentation of Financial Statements (Amendments)	01 January 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2020
- Interest rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7	01 January 2020

- Amendments to References to Conceptual Framework in IFRS Standards

01 January 2020

5 Share capital

5.1 Issued, subscribed and paid-up capital

	Un-audited 31 December 2019	Audited 30 June 2019	Un-audited 31 December 2019	Audited 30 June 2019
	----- Number of shares -----		--- (Rupees in thousand) ---	
Ordinary shares of Rs. 10 each fully paid in cash	201,704,516	201,704,516	2,017,045	2,017,045
Ordinary shares of Rs. 10 each issued as bonus shares	77,172,088	77,172,088	771,721	771,721
	<u>278,876,604</u>	<u>278,876,604</u>	<u>2,788,766</u>	<u>2,788,766</u>

First Capital Securities Corporation Limited and First Capital Equity Limited are associated companies, holding 7,504,915 (30 June 2019: 7,504,915) and 7,600,00 (30 June 2019: 7,600,000) ordinary shares of Rs. 10 each respectively.

6 Share premium

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

	Note	Un-audited 31 December 2019	Audited 30 June 2019
		--- (Rupees in thousand) ---	
7 Long term finances - secured			
Soneri Bank - demand finance	7.1	19,043	19,043
Mark up on Pak Iran Joint Investment Company	7.2	59,898	58,168
		<u>78,941</u>	<u>77,211</u>
Payments made during the period- Soneri Bank		<u>(7,635)</u>	<u>-</u>
		71,306	77,211
<i>Less:</i>			
Current maturity presented under current liabilities		(28,123)	(27,401)
		<u>43,183</u>	<u>49,810</u>

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

7.2 On 28 December 2016, the Company entered into a settlement agreement with Pak Iran Joint Investment Company in which outstanding mark-up of Rs. 66.860 million has been rescheduled and is payable over a period of 7 years with nil mark-up starting from 28 December 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments. Amortized cost has been determined using effective interest rate of 6% per annum.

	Un-audited 31 December 2019	Audited 30 June 2019
8 Redeemable capital - secured (non-participatory)	--- (Rupees in thousand) ---	
Term finance certificates	935,571	935,571
Redeemed during the year	<u>-</u>	<u>-</u>
	935,571	935,571
<i>Less:</i>		
Current maturity presented under current liabilities	(935,571)	(935,571)
	<u>-</u>	<u>-</u>

8.1 This represents term finance certificates (TFC's) listed on Lahore Stock Exchange before integration of Pakistan Stock Exchange issued for a period of 5 years. The TFC's carry a mark-up of 6 months KIBOR plus 2% (30 June 2019: 6 months KIBOR plus 2%) and is payable semi-annually in arrears. The Company could not repay on a timely basis, the instalments due as per the schedule of repayment and is not compliant with certain debt covenants which represents a breach of the respective agreement terms, therefore, the entire outstanding amount has been classified as a current liability under guidance contained in IAS 1 "Presentation of Financial Statements". The Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

		Un-audited 31 December 2019	Audited 30 June 2019
9 Foreign currency convertible bonds - unsecured	<i>Note</i>	--- (Rupees in thousand) ---	
Opening balance		2,805,535	2,054,739
Mark-up accrued during the period		12,226	25,892
		2,817,761	2,080,631
Exchange (gain)/ loss for the period	9.2	(156,053)	724,904
		2,661,708	2,805,535
<i>Less:</i>			
Current maturity presented under current liabilities		(2,661,708)	(2,805,535)
		<u>-</u>	<u>-</u>

9.1 On 27 December 2007, BNY Corporate Trustee Services Limited incorporated in United Kingdom with its registered office at One Canada Square, London E14 5AL and the Company entered into agreement that the Company issue 25,000 convertible bonds of USD 1,000 each amounting to USD 25 million. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till 28 December 2012) and cash interest of 1% per annum to be paid in arrears. In aggregate USD 13 million bonds have been converted into ordinary shares as at 30 June 2019. The Company could not convert or pay for remaining outstanding amount and is not compliant with certain debt covenants which represents a breach of the respective agreement terms, therefore, the entire outstanding amount has been classified as a current liability under guidance contained in IAS 1 "Presentation of Financial Statements"

9.2 This represents exchange gain arisen on translation of foreign currency convertible bonds.

		Un-audited 31 December 2019	Audited 30 June 2019
10 Creditors, accrued and other liabilities	<i>Note</i>	--- (Rupees in thousand) ---	
Trade creditors	<i>10.1</i>	278,743	311,440
Rentals against investment property received in advance		4,037	4,063
Accrued liabilities		190,479	179,036
Security deposits	<i>10.2</i>	51,658	50,399
Payable to contractors		2,699	2,699
Retention money		6,093	6,093
Payable to statutory bodies		82,758	80,424
Others		50,346	43,401
		666,813	677,555

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

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

11 Contingencies and commitments

There has been no change in status of contingencies and commitments since the annual audited financial statements as at 30 June 2019 .

		Un-audited 31 December 2019	Audited 30 June 2019
12 Property, plant and equipment	<i>Note</i>	--- (Rupees in thousand) ---	
Operating fixed assets	<i>12.1</i>	429,294	439,657
Capital work in process		29,516	28,807
Right of use assets	<i>12.2</i>	117,774	-
		576,584	468,464

12.1 Operating fixed assets

Net book value at beginning of the period	439,657	423,711
Additions during the period	3,950	42,000
Disposals during the period	(1,320)	-
Depreciation charged during the period	(12,993)	(26,054)
Net book value at end of the period	429,294	439,657

12.2 This has arisen due to adoption of IFRS 16 'Leases' as detailed in note 4.1. Movement in right of used assets is as follows:

Effect of initial application as at 01 July 2019	120,178
Additions	-
Depreciation	(2,404)
Net book value at end of the period	117,774

		Un-audited 31 December 2019	Audited 30 June 2019
		--- (Rupees in thousand) ---	
13 Stock-in-trade	<i>Note</i>		
Land not under development		21,600	21,600
Land purchased for resale		930,765	930,765
<i>Work in process</i>			
- Pace Tower		611,270	600,317
- Pace Circle		691,296	687,054
Completed units - shops and houses		549,752	549,753
		<u>2,804,683</u>	<u>2,789,489</u>
Stores inventory		1,325	737
		<u>2,806,008</u>	<u>2,790,226</u>
14 Trade debts			
<i>Secured</i>			
Considered good		409,894	424,753
<i>Unsecured</i>			
Considered doubtful		224,578	180,848
		<u>634,472</u>	<u>605,601</u>
Less: Impairment allowance		(224,578)	(180,848)
		<u>409,894</u>	<u>424,753</u>
15 Cash and bank balances			
Cash-in-hand		228	707
<i>Cash at bank</i>			
- Current accounts		40,967	164,467
- Saving accounts	<i>15.1</i>	157	219
		<u>41,124</u>	<u>164,686</u>
		<u>41,352</u>	<u>165,393</u>

15.1 This carries profit at the rates ranging from 8% to 10% (June 2019: 3% to 10%) per annum.

		Un-audited 31 December 2019	Un-audited 31 December 2018
		--- (Rupees in thousand) ---	
16 Revenue	<i>Note</i>		
Development services	<i>16.1</i>	47,583	35,845
Sale of property		-	32,200
Display of advertisements		15,166	14,219
Service charges - net	<i>16.2</i>	6,998	24,939
Revenue from contract with customers		<u>69,747</u>	<u>107,203</u>
Other revenue			
Rental income from lease of investment property		18,112	19,352
Total revenue		<u>87,859</u>	<u>126,555</u>

16.1 Development services recognised at percentage of completion basis

	Un-audited 31 December 2019	Un-audited 31 December 2018
	--- (Rupees in thousand) ---	
Revenue recognised to date	1,627,415	1,276,270
Aggregate cost incurred to date	<u>(1,384,549)</u>	<u>(1,155,318)</u>
Recognised profit to date	<u>242,866</u>	<u>120,952</u>

The revenue arising from agreements, that meet the criteria for revenue recognition on the basis of percentage of completion method, during the period is Rs. 47.58 million (2018: Rs 35.85 million).

16.2 Services charges - net

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

	Un-audited 31 December 2019	Un-audited 31 December 2018
	--- (Rupees in thousand) ---	
Insurance	798	1,596
Fuel and power	67,506	56,841
Janitorial and security charges	<u>4,959</u>	<u>6,495</u>
	<u>73,263</u>	<u>64,932</u>

16.3 Disaggregation of revenue by:

Timing of revenue recognition		
At point in time	-	32,200
Over time	<u>69,747</u>	<u>107,203</u>
	<u>69,747</u>	<u>139,403</u>

17 Cost of revenue

Shops and commercial buildings sold		
- at completion of project basis	-	30,240
- at percentage of completion basis	<u>27,492</u>	<u>34,825</u>
Stores and operating expenses	<u>42,632</u>	<u>35,773</u>
	<u>70,124</u>	<u>100,838</u>

18 Other income

This includes commission income on guarantee, income from parking and storage and gain on sale of property, plant and equipment.

	Un-audited 31 December 2019	Un-audited 31 December 2018
	--- (Rupees in thousand) ---	
19 Finance cost		
<i>Interest and mark-up on:</i>		
- Long term finances - secured	1,279	-
- Foreign currency convertible bonds - unsecured	12,226	10,947
- Redeemable capital - secured (non-participatory)	72,030	45,513
- Interest expense on unwinding of Pak Iran Loan	1,731	1,577
- Notional interest on lease liability	<u>8,848</u>	<u>946</u>
	<u>96,114</u>	<u>58,983</u>
Bank charges and commission	<u>811</u>	<u>1,005</u>
	<u>96,925</u>	<u>59,988</u>

		Un-audited 31 December 2019	Un-audited 31 December 2018
	<i>Note</i>	--- (Rupees in thousand) ---	
20 Taxation			
<i>Current:</i>			
- For the period	20.1	<u>1,318</u>	<u>2,394</u>
		1,318	2,394
Deferred tax for the period		<u>-</u>	<u>-</u>
		1,318	2,394

20.1 In view of available tax losses under normal tax regime, the provision for current tax represents tax under "Minimum Tax" scheme under section 113, of Income Tax Ordinance, 2001.

		Un-audited 31 December 2019	Un-audited 31 December 2018
	<i>Note</i>	--- (Rupees in thousand) ---	
21 Cash flows from operating activities			
Loss before taxation		(18,939)	(384,579)
<i>Adjustments for non-cash items:</i>			
Depreciation on property, plant and equipment	12	15,397	12,327
Amortization of intangible assets		261	258
Impairment loss on trade and other receivables		44,188	35
Profit on bank deposits		(37)	(636)
Gain on sale of Property, Plant and Equipment		(580)	-
Finance cost		96,114	59,988
Exchange (gain) / loss on foreign currency convertible bonds		(156,053)	295,707
Provision for gratuity and leave encashment		5,882	5,018
Loss before working capital changes		(13,767)	(11,882)
Effect on cash flow due to working capital changes			
<i>(Increase) / decrease in current assets:</i>			
Stock-in-trade		(15,782)	(247,219)
Trade debts		(28,871)	(14,422)
Advances, deposits, prepayments and other receivables		(54,014)	334,205
<i>Increase / (decrease) in current liabilities:</i>			
Contract liability		20,195	-
Trade and other payables		(10,742)	(34,908)
		(89,214)	37,656
Cash (used in) / generated from operations		(102,981)	25,774

Transactions with related parties

The related parties comprise of subsidiary companies, associated company, other related companies, directors of the Company and entities under common directorship and post employment benefit plans. All transactions with related parties have been carried out on mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of Company	Relationship	Nature of transactions	2019 --- (Rupees in thousand) ---	2018
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	619	619
		Rental income	2,232	1,933
		Shared expenses charged by Company	919	1,224
First Capital Securities Corporation Limited	Common Directorship	Sale of investment property	-	900
First Capital Investment Limited	Common Directorship	Advances against sale of property	-	16,020
		Rent Income	336	336
		Shared expenses charged by the Company	551	509
Ever Green Water Valley (Private) Limited	Common Directorship	Advance paid against purchase of Shadman plot	22,422	-
		Purchase of Property Plant & Equipment	-	42,000
		Advance against Construction of Pace Towers	59,872	44,902
		Shared Expenses charged by the company	551	551
First Capital Equities Limited	Common Directorship	Rent Income	321	321
		Rent Received on behalf of FCEL	90	100
		Shared Expenses charged by the company	551	551
Media Times Limited	Common Directorship	Rental Income	7,781	7,074
		Advertisement expenses	334	60
Rema and Shehrbano	Common Directorship	Service charges	1,511	1,363
Conatural	Common Directorship	Service charges	685	685
Post Employment Benefit Plans		Gratuity and leave encashment	5,725	4,790

23 Fair value measurement of financial instruments

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

		31 December 2019 (Un-audited)				
		Carrying amount		Fair value		
	Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
<i>Note</i>		----- (Rupees in thousand) -----				
Financial instruments						
<u>31 December 2019</u>						
<u>Financial assets not measured at fair value</u>						
	Long term advances and deposits	13,619	-	13,619	-	-
	Trade debts	409,894	-	409,894	-	-
	Advances, deposits, prepayments and other receivables	165,563	-	165,563	-	-
	Cash and bank balances	41,352	-	41,352	-	-
23.2		589,076	-	589,076	-	-
<u>Financial liabilities not measured at fair value</u>						
	Long term finances - secured	-	71,306	71,306	-	-
	Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-
	Liability against right of use assets	-	125,926	125,926	-	-
	Foreign currency convertible bonds - unsecured	-	2,661,708	2,661,708	-	-
	Trade and other payables	-	666,813	666,813	-	-
	Accrued finance cost	-	1,151,132	1,151,132	-	-
23.2		-	5,612,456	5,612,456	-	-

23.1 Fair value measurement of financial instruments

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

Note

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

24 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended 30 June 2019.

25 Date of authorization

These condensed unconsolidated interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on _____.

26 General

Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of comparison and better presentation as per reporting framework.

Chief Executive

Director

Chief Financial Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019		Note	December 31, 2019	June 30, 2019
		Un-audited	Audited			Un-audited	Audited
		(Rupees in thousand)				(Rupees in thousand)	
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorised capital		6,000,000	6,000,000	Property, plant and equipment	11	576,584	468,464
600,000,000 (June 30, 2019: 600,000,000) ordinary shares of Rs 10 each				Intangible assets		4,258	4,519
Issued, subscribed and paid up capital				Investment property		1,668,741	1,668,741
278,876,604 (June 30, 2019: 278,876,604) ordinary shares of Rs 10 each		2,788,766	2,788,766	Investments		1,099,689	1,098,948
Reserves		287,307	287,307	Long term advances and deposits		15,248	15,248
Accumulated loss		(1,701,970)	(1,682,343)			3,364,520	3,255,920
		1,374,103	1,393,730				
NON-CONTROLLING INTEREST		87,030	87,030				
		1,461,133	1,480,760				
NON-CURRENT LIABILITIES							
Long term finances - secured	6	43,183	49,810				
Redeemable capital - secured (non-participatory)	7	-	-				
Liabilities against assets subject to finance lease		125,926	-				
Foreign currency convertible bonds - unsecured	8	-	-				
Deferred liabilities		51,661	45,904				
Deferred Taxation		51,156	51,045				
		271,926	146,759				
CURRENT LIABILITIES				CURRENT ASSETS			
Contract Liability		275,759	255,564	Stock-in-trade	12	3,139,008	3,123,226
Current portion of long term liabilities		3,643,448	3,786,553	Trade debts - unsecured		409,894	424,753
Trade and other payables	9	703,788	714,530	Advances, deposits, prepayments and other receivables		531,215	477,659
Accrued finance cost		1,151,132	1,077,823	Income tax recoverable		21,174	15,015
		5,774,127	5,834,470	Cash and bank balances		41,375	165,416
						4,142,666	4,206,069
CONTINGENCIES AND COMMITMENTS	10	-	-			7,507,186	7,461,989
		7,507,186	7,461,989				

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

Chief Executive

Chief Financial Officer

Director

Pace (Pakistan) Limited
Consolidated Statement of Changes In Equity
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	Capital reserve			Revenue reserve		Total equity attributable to owners of the Parent Company	Non-controlling Interests	Total equity
	Issued, subscribed and paid-up capital	Share premium	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated loss			
----- (Rupees in thousand) -----								
Balance as at 30 June 2018	2,788,766	273,265	-	14,042	(742,390)	2,333,683	87,224	2,420,907
<i>Total comprehensive loss for the year ended 30 June 2019</i>								
Loss after taxation	-	-	-	-	(942,907)	(942,907)	(194)	(943,101)
Other comprehensive income	-	-	-	-	2,954	2,954	-	2,954
	-	-	-	-	(939,953)	(939,953)	(194)	(940,147)
Balance as at 30 June 2019	2,788,766	273,265	-	14,042	(1,682,343)	1,393,730	87,030	1,480,760
<i>Total comprehensive loss for the year ended 30 June 2019</i>								
Loss after taxation	-	-	-	-	(19,627)	(19,627)	-	(19,627)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	(19,627)	(19,627)	-	(19,627)
Balance as at 31 December 2019	2,788,766	273,265	-	14,042	(1,701,970)	1,374,103	87,030	1,461,133

Chief Executive Officer

Director

Chief Financial Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)					
Sales		53,596	19,382	87,859	126,555
Cost of sales	13	<u>(16,043)</u>	<u>(9,427)</u>	<u>(70,124)</u>	<u>(100,803)</u>
Gross Profit		37,553	9,955	17,735	25,752
Administrative and selling expenses		(47,262)	(27,572)	(75,054)	(57,665)
Other income		12,435	8,880	23,440	17,737
Exchange loss on foreign currency convertible bonds		14,497	(264,757)	156,053	(310,380)
Impairment loss on trade and other receivables □		(44,188)	(35)	(44,188)	(35)
Finance costs	14	(56,118)	(32,448)	(96,925)	(59,988)
Share of profit / (loss) for associate - net of tax		<u>(3,526)</u>	<u>(9,948)</u>	<u>741</u>	<u>(17,191)</u>
Loss before tax		(86,609)	(315,925)	(18,198)	(401,770)
Taxation		<u>39,065</u>	<u>(1,054)</u>	<u>(1,429)</u>	<u>(21,640)</u>
Loss for the period		(47,544)	(316,979)	(19,627)	(423,410)
Other comprehensive income / (loss)					
Total comprehensive profit / (loss) for the period		<u>(47,544)</u>	<u>(316,979)</u>	<u>(19,627)</u>	<u>(423,410)</u>
Attributable to:					
Equity holders of the parent		(47,544)	(316,979)	(19,627)	(423,410)
Non-controlling interest		-	-	-	-
		<u>(47,544)</u>	<u>(316,979)</u>	<u>(19,627)</u>	<u>(423,410)</u>
Loss per share attributable to ordinary shareholders					
- basic		<u>(0.17)</u>	<u>(1.14)</u>	<u>(0.07)</u>	<u>(1.52)</u>

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

Chief Executive

Chief Financial Officer

Director

PACE (PAKISTAN) GROUP
COSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended	
		December 31, 2019	December 31, 2018
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	15	(102,982)	25,774
Gratuity and leave encashment paid		(125)	(1,768)
Finance cost paid		-	(1,005)
Taxes paid		(7,477)	(9,334)
Net cash generated from operating activities		(110,584)	13,667
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,659)	(42,000)
Receipts of sale of investment property		1,900	-
Markup received		37	636
Net cash used in investing activities		(2,722)	(41,364)
Cash flows from financing activities			
Long term loan paid during the period		(7,635)	(2,672)
Lease rentals paid		(3,100)	-
Net (decrease) / increase in cash and cash equivalents		(124,041)	(30,369)
Cash and cash equivalents at beginning of the period		165,416	32,100
Cash and cash equivalents at the end of the period		41,375	1,731

Chief Executive

Chief Financial Officer

Director

PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

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.

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.

1.2 Going concern assumption

The Company has incurred a loss before tax of Rs. 18.19 million during the period. As at reporting date, its current liabilities have exceeded its current assets by Rs. 1,631.461 million, and accumulated losses of the Company stood at Rs. 1,701.97 million. Furthermore, the Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

During the period, the management has finalized the agreement to settle outstanding amount of Term Finance Certificate pertaining to Bank of Khyber against property situated on 13th floor of Pace Tower. The Company has also entered into sale agreement of Property measuring 04 Kanal, 01 Marla bearing Plot No. 41-N situated at industrial area, Gulberg Lahore and Rs. 20 million has been received by the Company. Furthermore, the Company also entered into a sale agreement with First Capital Equities Limited for the sale of 15th floor of Pace Tower measuring 9,900 Square Feet and Rs. 25 million have been received by the Company in advance.

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

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

2 Statement of compliance

These condensed interim unconsolidated financial statements of the Company for the six months ended 31 December 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual unconsolidated financial statements as at and for the year ended 30 June 2019. Comparative condensed interim unconsolidated statement of financial position is stated from annual audited financial statements as of 30 June 2019, whereas comparatives for condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows and related notes are extracted from condensed interim unconsolidated financial statements of the Company for the six months ended 31 December 2018.

These condensed interim unconsolidated financial statements are unaudited and being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited.

These condensed interim unconsolidated financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial statements presented has been rounded off to the nearest rupee, except otherwise stated.

3 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed interim unconsolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2019 except for the adoption of new standard effective as of 01 July 2019 as stated below:

3.1 Change in accounting policy

IFRS 16 'Leases'

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-17, evaluating the substance of transaction involving the legal form of a leases and lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance lease or operating leases.

During the period, the Company has adopted IFRS 16 'Leases' applicable on period starting on or after 01 January 2019 and has not restated comparatives for the 2019 reporting period, using modified retrospective approach.

During the period, the Company has adopted IFRS 16 'Leases' applicable on period starting on or after 01 January 2019 and has not restated comparatives for the 2019 reporting period, using modified retrospective approach.

The lease liability is subsequently remeasured at amortized cost using the effective interest rate method. The right-of-use assets are depreciated on straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for the certain measurement of lease liability and right-use-assets as of 01 July 2019 was Rs. 120.18 millions with no adjustment to retained earnings. The assets is presented in 'Operating Fixed Assets' and liability is presented in liability against right of use assets. Also in relation to this lease under IFRS 16, The Company has recognised depreciation and interest cost, instead of operating lease expenses.

Impact of adoption

The change in accounting policy affected the following items in the balance sheet as on 31 December 2019:

- the Company recognised of right-of-use assets amounting to Rs. 120.18 million and Rs. 120.18 million of lease liabilities as at 01 July 2019.

Also in relation to such lease under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Company recognised Rs. 2.40 million of depreciation charges and Rs. 8.85 million of interest costs from this lease.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Standard or interpretation	Effective date (accounting periods beginning on or after)
- IFRS 3, Business Combinations - (Amendments)	01 January 2020
- IAS 1, Presentation of Financial Statements (Amendments)	01 January 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2020
- Interest rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7	01 January 2020
- Amendments to References to Conceptual Framework in IFRS Standards	01 January 2020

4 Taxation

The provision for taxation for the quarter ended and half year ended December 31, 2019 has been recognized based on minimum tax.

5 Use of estimates and judgments

In preparing these condensed unconsolidated interim financial statements management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited unconsolidated financial statements for the year ended

	<i>Note</i>	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
6 Long term finances - secured			
Soneri Bank Demand Finance	6.1	11,408	19,043
Markup on Pak Iran Loan	6.2	<u>59,898</u>	<u>58,168</u>
		71,306	77,211
Less: Current portion shown under current liabilities		<u>(28,123)</u>	<u>(27,401)</u>
		<u><u>43,183</u></u>	<u><u>49,810</u></u>

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

6.2 On 28 December 2016, the Company entered into a settlement agreement with Pak Iran Joint Investment Company in which outstanding mark-up of Rs. 66.860 million has been rescheduled and is payable over a period of 7 years with nil mark-up starting from 28 December 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments. Amortized cost has been determined using effective interest rate of 6% per annum.

		Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
7 Redeemable capital - secured (non-participatory)			
Term Finance certificates		935,571	935,571
Less: Current portion shown under current liabilities	- note 7.1	<u>(935,571)</u>	<u>(935,571)</u>
		<u><u>-</u></u>	<u><u>-</u></u>

7.1 This represents term finance certificates (TFC's) listed on Lahore Stock Exchange before integration of Pakistan Stock Exchange issued for a period of 5 years. The TFC's carry a mark-up of 6 months KIBOR plus 2% (30 June 2019: 6 months KIBOR plus 2%) and is payable semi-annually in arrears. The Company could not repay on a timely basis, the instalments due as per the schedule of repayment and is not compliant with certain debt covenants which represents a breach of the respective agreement terms, therefore, the entire outstanding amount has been classified as a current liability under guidance contained in IAS 1 "Presentation of Financial Statements". The Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

		Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
8.	Foreign currency convertible bonds - unsecured		
	Opening balance	2,805,535	2,054,739
	Markup accrued for the period / year	<u>12,226</u>	<u>25,892</u>
		2,817,761	2,080,631
	Exchange loss / (gain) for the period / year	<u>(156,053)</u>	<u>724,904</u>
		2,661,708	2,805,535
Less:	Current portion shown under current liabilities	<u>(2,661,708)</u>	<u>(2,805,535)</u>
		<u>-</u>	<u>-</u>

9 Trade and other payables

Trade creditors	9.1	311,637	311,440
Rentals against investment property received in advance		4,037	4,063
Accrued liabilities		190,629	179,036
Security deposits	9.2	51,658	50,399
Payable to contractors		2,699	2,699
Retention money		6,093	6,093
Payable to statutory bodies		82,767	80,424
Others		<u>54,268</u>	<u>43,401</u>
		<u>703,788</u>	<u>677,555</u>

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

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

10 Contingencies and commitments

There has been no change in status of contingencies and commitments since the annual audited financial statements as at 30 June 2019 .

11. Property, plant and equipment

Operating fixed assets	11.1	429,294	439,657
Capital work-in-progress		29,516	28,807
Right of use assets	11.2	<u>117,774</u>	<u>-</u>
		<u>576,584</u>	<u>468,464</u>
11.1 Operating fixed assets			
Net book value at beginning of the period		439,657	423,711
Additions during the period		3,950	42,000
Disposals during the period		(1,320)	-
Depreciation charged during the period		<u>(12,993)</u>	<u>(26,054)</u>
		<u>429,294</u>	<u>439,657</u>

11.2 Right of use assets

This has arisen due to adoption of IFRS 16 'Leases' as detailed in note 4.1. Movement in right of used assets is as follows:

Effect of initial application as at 01 July 2019	120,178
Additions	-
Depreciation	<u>(2,404)</u>
	<u>(2,404)</u>
Closing book value	<u><u>117,774</u></u>

	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
12 Stock-in-trade		
Land not under development	21,600	21,600
Land purchased for resale	930,765	930,765
Work in process		
- Pace Tower	611,270	600,317
- Pace Circle	691,296	687,054
Completed units - shops and houses	<u>549,752</u>	<u>549,753</u>
	2,804,683	2,789,489
Stores inventory	<u>1,325</u>	<u>737</u>
	<u><u>2,806,008</u></u>	<u><u>2,790,226</u></u>
	Un-audited 31 December 2019	Un-audited 31 December 2018
	(Rupees in thousand)	
13 Cost of sales		
Shops and commercial buildings sold		
- at completion of project basis	27,492	30,240
- at percentage of completion basis	-	34,825
Stores operating expenses	<u>42,632</u>	<u>100,705</u>
	<u><u>70,124</u></u>	<u><u>165,770</u></u>
14 Finance costs		
Markup on		
- Long term finances - secured	1,279	-
- Foreign currency convertible bonds - unsecured	12,226	10,947
- Redeemable capital - secured (non-participatory)	72,030	45,513
- Short term finance - secured		
- Interest expense on unwinding of pak iran loan	1,731	1,577
- Liabilities against assets subject to finance lease	<u>8,848</u>	<u>946</u>
	96,114	58,983
Bank charges and processing fee	<u>811</u>	<u>1,005</u>
	<u><u>96,925</u></u>	<u><u>59,988</u></u>
15 Cash generated from operations		
Profit/(loss) before tax	(18,198)	(401,770)
Adjustments for:		
- Depreciation on property, plant and equipment	15,397	12,327
- Amortisation on intangible assets	261	258
- Gain on sale of property	(580)	-
- Share of Loss / profit of associate	(741)	17,191
- Markup income	(37)	(636)
- Finance cost	96,925	59,988
- Impairment loss trade debts	44,188	35
- Change in FV of investment property	-	-
- Exchange loss on foreign currency convertible bonds	(156,053)	295,707
- Impairment of inventory (write down)	-	-
- Provision for gratuity and leave encashment	<u>5,882</u>	<u>5,018</u>
Loss before working capital changes	(12,956)	(11,882)
Effect on cash flow due to working capital changes		
- Decrease/(Increase) in stock-in-trade	(15,782)	(247,219)
- (Increase)/Decrease in trade debts	(30,141)	(14,422)
- Decrease/(Increase) in advances, deposits prepayments and other receivables	(53,556)	334,205
- Increase/ (Decrease) in advances against sale of property	20,195	-
- (Decrease)/ Increase in creditors, accrued and other liabilities	<u>(10,742)</u>	<u>(34,908)</u>
	(90,026)	37,656
Cash generated from operations	<u><u>(102,982)</u></u>	<u><u>25,774</u></u>

16 **Transactions with related parties**

Relationship with the Company	Nature of transaction		
i. Associate	Guarantee commission income	619	619
	Shared expenses charged by the Company	919	1,224
	Rental Income	2,232	1,933
ii. Others	Purchase of goods & services	-	60
	Rental income	7,781	7,074
	Purchase of property, plant and equipment	-	42,000
	Advance received for the sale of inventory	-	8,065
	Shared expenses charged by the Company	1,653	1,224
	Payment made on account of construction at Pace Towers	59,872	44,902
	Funds Received against Sale of Property	-	399,100
	Advance against Purchase of property	22,422	50,000
iii. Directors and key management personnel	Salaries and other employee benefits	15,301	8,652
iv. Post employment benefit plan	Expense charged in respect of benefit plans	5,725	5,018

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

This condensed interim financial information was authorised for issue on February __, 2020 by the Board of Directors of the Group.

Chief Executive

Chief Financial Officer

Director

17 Fair value measurement of financial instruments

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

31 December 2019 (Un-audited)					
Carrying amount			Fair value		
Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
<i>Note</i>			----- Rupees -----		
Financial instruments					
<i>Financial assets not measured at fair value</i>					
Long term advances and deposits	15,248	-	15,248	-	-
Trade debts - unsecured	409,894	-	409,894	-	-
Advances, deposits, prepayments and other receivables	531,215	-	531,215	-	-
Cash and bank balances	41,375	-	41,375	-	-
	997,732	-	997,732	-	-
<i>Financial liabilities not measured at fair value</i>					
Long term finances - secured	-	43,183	43,183	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-
Liabilities against assets subject to finance lease	-	143,972	143,972	-	-
Foreign currency convertible bonds - unsecured	-	2,661,708	2,661,708	-	-
Trade and other payables	-	703,788	703,788	-	-
Accrued finance cost	-	1,151,132	1,151,132	-	-
	-	5,639,354	5,639,354	-	-

17.2 Fair value measurement of financial instruments

		30 June 2019 (Audited)					
		Carrying amount		Fair value			
	<i>Note</i>	Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
		----- Rupees -----					
Financial instruments							
<u>Financial assets not measured at fair value</u>							
Long term advances and deposits		15,248	-	15,248	-	-	-
Trade debts - unsecured		424,753	-	424,753	-	-	-
Advances, deposits, prepayments and other receivables		477,659	-	477,659	-	-	-
Cash and bank balances		165,416	-	165,416	-	-	-
	<i>17.3</i>	<u>1,083,076</u>	<u>-</u>	<u>1,083,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities not measured at fair value</u>							
Long term finances - secured		-	49,810	49,810	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,805,535	2,805,535	-	-	-
Trade and other payables		-	714,530	714,530	-	-	-
Accrued finance cost		-	1,077,823	1,077,823	-	-	-
	<i>17.3</i>	<u>-</u>	<u>5,601,315</u>	<u>5,601,315</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

19 Segment information

	Real estate sales				Investment Properties				Others				Total			
	Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees in thousands															
Segment revenue	30,764	5,490	47,583	35,845	8,051	2,964	18,112	19,352	14,781	10,929	22,164	71,358	53,596	19,382	87,859	126,555
Segment expenses																
- Cost of sales	(4,467)	(2,670)	(27,492)	(28,551)	(4,082)	(1,442)	(19,171)	(15,414)	(7,494)	(5,315)	(23,461)	(56,838)	(16,043)	(9,427)	(70,124)	(100,803)
Gross (loss) / profit	26,297	2,820	20,091	7,294	3,969	1,522	(1,059)	3,938	7,287	5,613	(1,297)	14,520	37,553	9,955	17,735	25,752
Segment results	26,297	2,820	20,091	7,294	3,969	1,522	(1,059)	3,938	7,287	5,613	(1,297)	14,520	37,553	9,955	17,735	25,752
Administrative and selling expenses													(47,262)	(27,572)	(75,054)	(57,665)
Other operating income													12,435	8,880	23,440	17,737
Finance costs													(56,118)	(32,448)	(96,925)	(59,988)
Other operating expenses													14,497	(264,757)	156,053	(310,380)
Impairment Loss on trade debts													(44,188)	(35)	(44,188)	(35)
Share of Profit of associates													(3,526)	(9,948)	741	(17,191)
Profit/Loss before tax													(86,609)	(315,925)	(18,198)	(401,770)
Taxation																
- Group													39,065	(1,054)	(1,429)	(21,640)
Profit/Loss for the period													(47,544)	(316,979)	(19,627)	(423,410)