



Annual Report 2019-20

We use architecture as a total concept,
combining valid principles to enforce
that concept throughout the structure.

An aesthetically pleasing space is
created only after achieving this
delicate equilibrium.

| | |
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S y m m e t r y

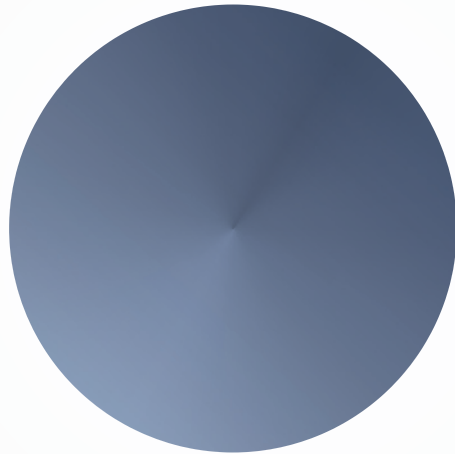
the quality of being made up of
exactly similar parts facing each
other or around an axis





H a r m o n y

the combination of separate but
related parts in a way that uses
their similarities to bring unity



S i m p l i c i t y

the discipline of minimizing,
refining or editing back a design

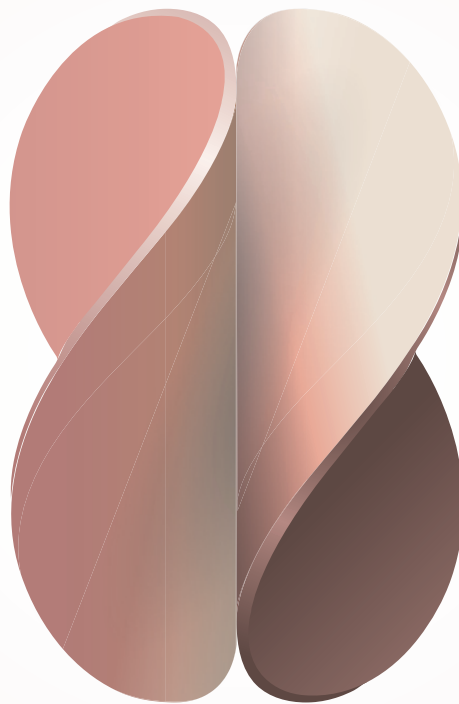
Hierarchy

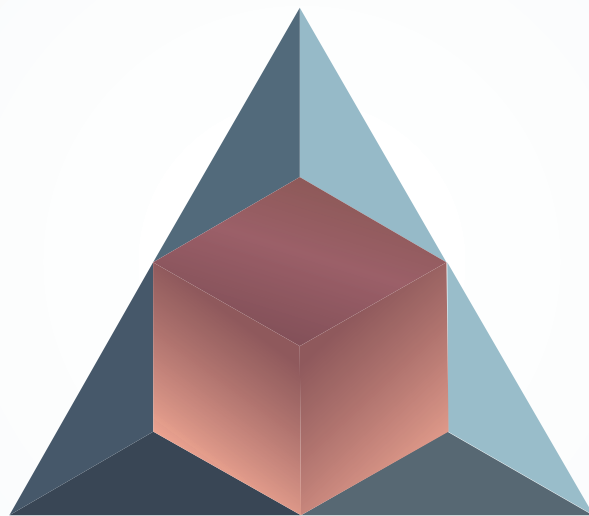
a system in which people or things
are put at various levels or ranks
according to their importance



Flexibility

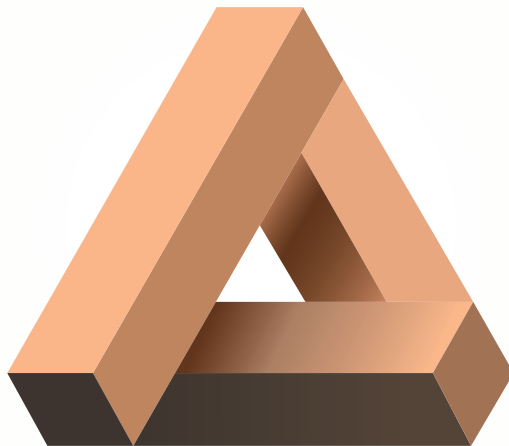
the quality of being able to
change or be changed easily





Transformation

a complete change in the appearance or
character of something or someone



I n t u i t i o n

understanding behaviour and effect
without the use of reason,
experimentation, assistance, or training

Vision

To be the region's premier property developers providing world-class spaces, supported by a leading team of professionals.

Mission

To set the benchmark for other developers to follow domestically and regionally.

Core Values

- Corporate Social Responsibility
- Innovation
- Equal Opportunity Employer
- Integrity
- Excellence
- Maximum Stakeholder Return
- Respect

TPL Properties

TPL Properties develops and invests in bespoke commercial and luxury residential spaces. We capitalize on growth opportunities, using our expertise to deliver value for our partners, customers and shareholders. Centrepont was TPL Properties' first project and is designed as an avant-garde commercial workplace. Adhering to high international standards of design and technology it is a unique addition to Karachi's skyline.

TPL Trakker

Established in 2001 as an Asset Tracking Company, TPL Trakker Ltd. has transformed into Pakistan's leading Telematics Company providing IoT, Tracking, Mapping, and Location Based Solutions. It is the only vehicle tracking company with a long-term financial status rating of A- by the Pakistan Credit Rating Agency Limited (PACRA) and, currently the only service provider of container tracking services for bonded cargo in Pakistan.

TPL Insurance

TPL Insurance is Pakistan's first digital insurance company to pioneer a call center and web-based services. With the promise to lodge claims in just 60 seconds and process them in 45 minutes, TPL Insurance upholds quality service standards through highly trained staff and innovative digital products and services.

TPL Life

TPL Life Insurance Limited aims to provide innovative insurance solutions catering to both the Life and Health insurance needs of Corporates and Individuals. Technology, digitization and ease are at the core of everything that TPL Life does, enabling us to deliver an unmatched customer experience.

Group Profile

TPL Security Services

Established in 2001 as a licensed security company, TPL Security Services is a progressive and innovative security solutions provider with unparalleled customer service. Our executive protection includes mobile squads, 24/7 operations, an IT-enabled control room and a host of other features that may be customized to suit your needs.

TPL e-Ventures

TPL e-Ventures aims to invest in multiple startups across tech-enabled companies at a pre-seed and seed level, with a vision to build a world class platform for catalyzing high potential entrepreneurs. As a first strategic investor, we play an active role at every stage of your company's development.

TPL Logistics

TPL Logistics was launched in 2018 and is Pakistan's first digital end-to-end logistics provider. The Company is committed to its vision of using technology to remove bottlenecks throughout the supply chain. Rider, the first initiative in the product offering, is a last mile delivery service that uses route optimization, GPS data and live tracking to deliver products with speed and accuracy.





TPL Corp

73.38%

TPLInsurance

29.62%

TPLProperties

100%

TPLTrakker

83.75%

TPLLife

100%

TPLSecurity Services

6.91%

TPLLogistics

50%

TPLTech

80%

HKC (Pvt.) Ltd.

100%

G-18 (Pvt.) Ltd.

100%

TPL REIT Management
Company Ltd.

100%

TPL Logistic Park
(Pvt.) Ltd.

100%

TPL Property Management
(Pvt.) Ltd.

29%

TME
TRAKKER MIDDLE EAST LLC

Company Information

Board of Directors

| | |
|--|----------|
| Jameel Yusuf S.St. | Chairman |
| Ali Jameel | Director |
| Ziad Bashir | Director |
| Sabiha Sultan | Director |
| Siraj Dadabhoy | Director |
| Fawad Anwar | Director |
| Abdul Wahab Al-Halabi | Director |
| Vice Admiral (R) Muhammad Shafi HI (M) | Director |

Chief Executive Officer

Ali Jameel

Chief Operating Officer

Ali Asgher

Chief Financial Officer

Rahim Badruddin Kazani

Company Secretary

Danish Qazi

Audit Committee

| | |
|--|-----------|
| Ziad Bashir | Chairman |
| Siraj Dadabhoy | Member |
| Vice Admiral (R) Muhammad Shafi HI (M) | Member |
| Yousuf Zohaib Ali | Secretary |

Human Resources &

Remuneration Committee

| | |
|-----------------------|-----------|
| Abdul Wahab Al-Halabi | Chairman |
| Fawad Anwar | Member |
| Ali Jameel | Member |
| Nader Nawaz | Secretary |

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Mohsin Tayebali & Co

Bankers

National Bank of Pakistan
Habib Metropolitan Bank Limited
United Bank Limited
Habib Bank Limited
JS Bank Limited
Al Baraka Bank Pakistan Limited
Summit Bank Limited
Bank Islami Pakistan Limited
The Bank of Punjab
Silk Bank Limited
Dubai Islamic Bank Limited

Share Registrar

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi 75530, Pakistan
Phone: +92 (21) 34168271
UAN: 111-000-322
Fax: +92 (21) 34168271
Email: secretariat@thk.com.pk

Registered Office

TPL Properties Limited
12th Floor, Centrepont,
Off Shaheed-e-Millat Expressway,
Adjacent KPT Interchange,
Karachi - 74900

Web Presence

www.tplproperty.com



Membership of Industry

| Sr. No. | Membership Certificate |
|---------|---|
| 1 | Pakistan Software Export Board (PSEB) |
| 2 | Pakistan Society for Training & Development (PSTD) |
| 3 | Pakistan Software Houses Association for IT & ITES (P@Sha) |
| 4 | Association of Chartered Accountants Approved Employer - Professional Development |
| 5 | Karachi Chamber of Commerce & Industry (KCCI) |
| 6 | Overseas Investors Chamber of Commerce & Industry (OICCI) |
| 7 | Association of Builders And Developers (ABAD) |
| 8 | Pakistan Business Council (PBC) |

Chairman's Review

I am honored to present the notable performance of the Board of Directors of TPL Properties Limited ("Company") to its shareholders which helped the Company in maintaining the growth momentum of the previous year, despite the challenging circumstances of the economy and the industry, in which the Company operates at the moment, due to pandemic outbreak of COVID-19. The Board remained committed ensuring the efficient functioning of the business of the Company and enhance stakeholders' value by discharging its obligations diligently.

The Board composition is well balanced and diversified in term of skills, knowledge and experience; endeavoring to thrive the business of the Company in all situations and to benefit the management from its thoughtful engagement and regular support.

The Board remained well focused to high standards of corporate governance and carried out a review, on a self-assessment basis, for the year to evaluate its processes and effectiveness with the aim of ensuring the more efficient and effective operations and its functions. The Committees ("the Audit Committee and the Human Resource Committee") of the Board also played crucial role in ensuring adherence to all regulatory requirements by the Management.

Given the COVID-19 has had a significant impact across the industries all over the world, it is commendable that the Company has, under the guidance of the Board of Directors, has continued to perform well. I am quite positive that we shall soon reap the

benefit of the overall development plan of the Government of Pakistan in the construction industry in years to come. I would like to appreciate the expertise and counsel that the Board and its committees have contributed to the progression of the Company throughout the year. Similarly, my thanks to our leadership team and employees, led by Management.

Significantly, on behalf of the Board, I would like to express our gratitude to the valued shareholders of the Company and pray that the Company continues to grow towards the profit trajectory in the years to come.



Jameel Yusuf S.St.

Chairman of the Board

As of June 30, 2020





CEO's Message

Despite the hurdles that the FY was peppered with, the Real Estate and Construction sector has been attractive due to a supply demand disparity in high-end commercial and residential spaces.

The Government's timely initiatives of policy rate reduction, payroll financing and the Special Incentive Package for the Construction Industry by the Prime Minister have been a tremendous support to the business. Construction activities look set to grow in the coming months with builders and developers looking at a year-end deadline by which to begin construction.

Our flagship project, Centrepont, has been one of the first office buildings in Karachi to enforce strict SOPs following the onset of COVID-19. We were quick to implement a Work From Home policy, with mandatory testing for those attending while observing a strict adherence to all SOPs. Masks and sanitizers were provided to all staff members, lift usage was restricted and seating arrangements were adjusted to accommodate the new protocols. Temperature taking and sanitization tunnels were available at entry points. In doing so, we mitigated the risk to both our employees and tenants without compromising on productivity levels.

We continue to maintain our unique approach to quality construction and management by engaging leading design firms, project management consultants and contractors. Our focus has always been on smart, technology-driven products and solutions that are sustainable and

environmentally friendly. The One Hoshang project is at the detail designing stage which will be followed by the tendering process. We are in the process of seeking authority approvals and registration of the project in the Prime Minister's Special Incentive Package for the Construction Industry. One Hoshang is a unique, premium residential tower which will offer futuristic amenities while retaining the façade of the architectural heritage of the location. One Hoshang will be Pakistan's first LEED gold project after launch. In addition, we are also looking at procuring sites to launch CP II and other residential developments.

At TPL Properties, we are prepared to capitalize on growth opportunities, using our expertise to deliver value for our partners, customers and shareholders. Our belief in innovation and excellence comes with an aspiration to be part of a future landscape that is smart and sustainable. We will soon begin a new chapter of property development with a mix of residential and commercial projects in the city of Karachi, starting with Centrepont II. Our aim is to set a benchmark by delivering on the excellence that has come to be our trademark.

Best,



Ali Jameel

Board of Directors



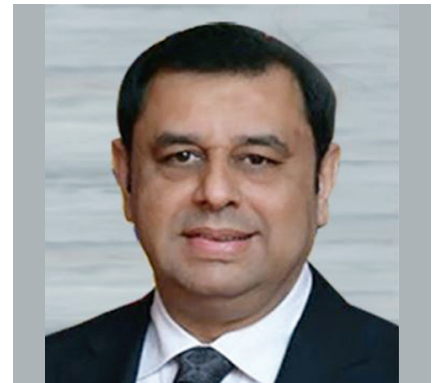
Jameel Yusuf S. St. Chairman



Ali Jameel CEO



Sabiha Sultan Ahmed Director



Fawad Anwar Director



Vice Admiral (R)
Muhammad Shafi HI(M) Director



Siraj Dadabhoy Director



Abdul Wahab Al-Halabi Director



Ziad Bashir Director



Sustainability

At TPL, we proactively integrate Sustainability into our routine decision making processes. Dedicated to driving positive change, we are aligned with the goals of the United Nation's 2030 Agenda for Sustainable Development.

Our Focus Areas



Health

105,794

Beneficiaries provided with good health and well-being



Education

6,189

Beneficiaries provided with quality education



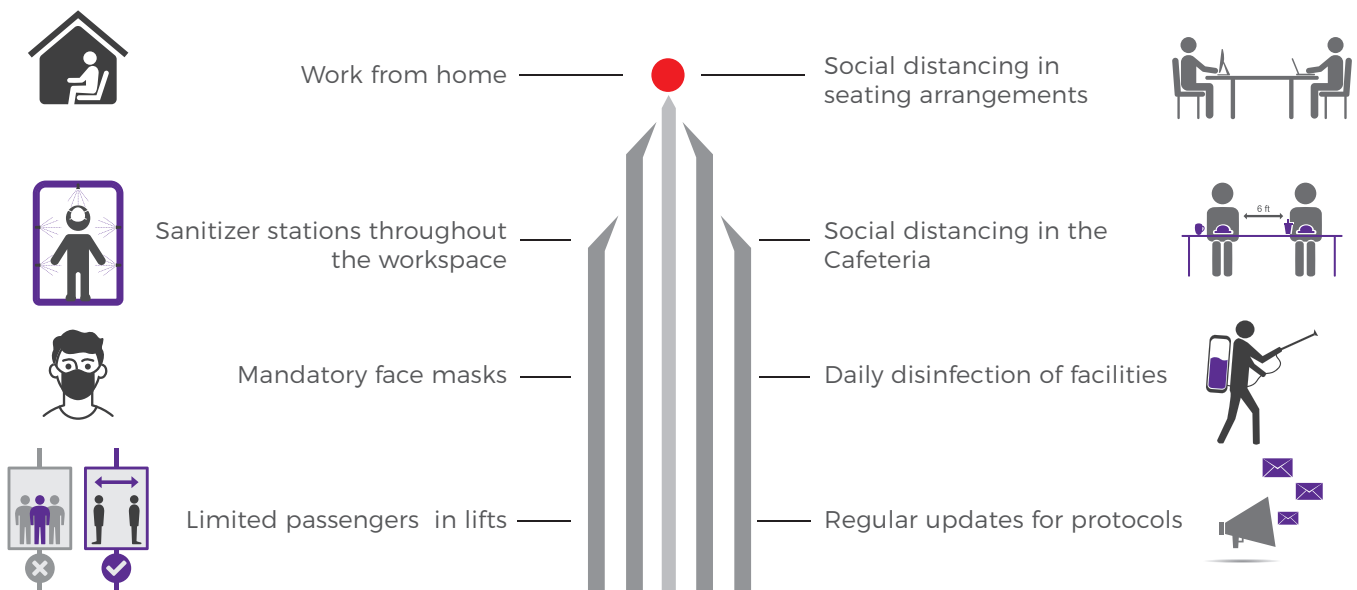
Environment

34,943

Agents of environmental change

COVID-19 Response at Centrepoint

In January 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 to be a Public Health Emergency of International Concern. In response, we minimized the risk faced by our people and implemented strict precautionary measures at our offices, in compliance with international guidelines for the workplace. We will continue to ensure the safety and well-being of our employees, suppliers, customers, and local communities in the battle against COVID-19.



Health



Agha Khan University Hospital

Financial aid was provided to AKUH, supporting them in the areas of diagnostics and PCR COVID tests.



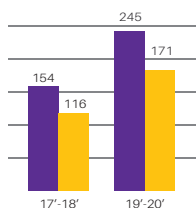
Rs. 500,000 Donated



63 Patients Served

Blood Donation Drive

TPL Partnered with The Indus Hospital and Pakistan Red Crescent Society to organize a Blood Donation Drive to help fulfill the nation's demand for blood.

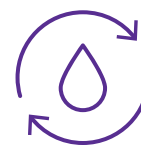


Number of blood units drawn in four years

■ Registrations ■ Blood units drawn

Sindh Institute of Urology & Transplantation (SIUT)

SIUT provides the best possible health care and treatment free of cost to eligible individuals. With the financial assistance provided by TPL in 2019-20, SIUT was able to provide dialysis services to multiple patients.



1,926 dialyses performed

The Lady Dufferin Hospital

TPL contributed towards the construction of Lady Dufferin Hospital's new OPD building which provides free of cost gynaecological surgeries and deliveries, ensuring low clinical charges for the needy.



Construction of the OPD building that will result in a 10% increase in capacity

Awareness Sessions

To encourage employees to be mentally and physically fit, we regularly arrange awareness programs.



Session on Mental Health Awareness held for 100+ female staff on International Women's Day



Session on Breast Cancer Awareness held in collaboration with Shaukat Khanum Memorial Cancer Hospital for 45+ female employees



Session on Good Health & Well-Being conducted by Dr. Kholod Shafi (MBBS & CFT) for 20+ employees

58th TPL Sindh Open Boys Swimming Championship 2019

TPL was the proud Sponsor of the 58th TPL Sindh Open Boys Swimming Championship 2019.

Organized by the Sindh Swimming Association (SSA), the three-day championship is one of the largest sporting events in the province.



400 contestants from schools, colleges and recreational clubs



Education



80+ employees successfully completed the sessions

Language Sessions

TPL held basic English Language sessions for lift operators, housekeeping, security, electricians and kitchen staff.



Environment



Number of plastic bottles saved: 32,643

Drinking Water

We have reduced our mineral water expense and mitigated plastic consumption by installing water purifying dispensers throughout Centrepont.



10 % reduction in meat consumption per month

No-Meat Monday

TPL introduced the concept of going meat-less on Mondays at the Centrepont cafeteria to increase awareness on adopting a healthier lifestyle.

Responsible Consumption and Waste Management

TPL launched a Company-wide water and energy conservation awareness campaign to reduce our carbon footprint. We also partnered with Davaam Waste to recycle the waste generated from Centrepont.



70 % waste recycled per month

Social Responsibility



CPR Training Workshop

TPL conducted a Cardiopulmonary Resuscitation (CPR) Training Session in collaboration with Indus Hospital for employees. By learning this life saving technique, our employees will be able to assist a person in need.



50+

Employees received basic CPR certification

Health and Safety in the Workplace

TPL strives to ensure the routine implementation of strict policies and targeted safety drills. We aim to provide a workplace environment where employees are physically and mentally safe.



0

Fatalities reported in 2019-20



2 Fire Drills

conducted in 2019-20

Training and Development

TPL is committed to creating a dynamic and inclusive workplace that fosters a healthy, highly engaged and skilled workforce where everyone can excel. We ensure that everyone working with us feels welcomed, supported and valued for their talents. To ensure the continuous growth of our employees in their professional endeavors, we regularly conduct training sessions which include both soft and technical trainings.



6

Employees trained in soft and technical skills

Diversity and Inclusion

TPL strives to operate with integrity, promoting diversity and inclusion in the workplace. As an equal opportunity employer, management teams ensure that people from diverse backgrounds are recruited. TPL implemented a Paternity Leave Policy with support and flexibility for fathers to help them transition to parenthood.



127

Total number of employees



1:17

Gender Diversity Ratio



Scaling for Impact

Over the years, TPL has supported more than 50 nonprofit organizations and charitable trusts across Pakistan, ranging from local charities to international NGOs and universities.

We aim to understand the challenges being faced by our communities to make collective change.



لال احمر پاکستان





Stakeholders' Information

Horizontal Analysis Balance Sheet

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Investment Property | 28,308,153 | 6,874,579,344 | 6,189,635,029 | 4,975,874,522 | 4,632,000,000 | 4,319,000,000 |
| Property, plant and equipment | 3,885,426 | 4,910,671 | 5,080,698 | 6,736,214 | 5,581,476 | 1,584,109 |
| Intangible Assets | 452,069 | 602,759 | 753,449 | | | |
| Long-term investments | 760,824,800 | 1,112,724,790 | 1,150,315,390 | 1,150,315,390 | 352,999,990 | 999,990 |
| Long term loan to subsidiaries | 1,076,874,088 | 712,505,944 | 432,506,875 | 56,750,452 | 10,770,709 | 197,835,432 |
| Long term deposits | 2,786,919 | 286,919 | 286,919 | 186,919 | 186,919 | 86,919 |
| Tools | 963,751 | | | | | |
| Receivable against rent from tenants | 120,040,829 | 24,386,706 | 45,419,372 | 26,555,792 | 20,966,759 | 10,776,706 |
| Advance, deposit and prepayment | 46,563,917 | 56,171,977 | 25,397,651 | 11,126,083 | 19,621,854 | 25,979,368 |
| Interest Accrued | 94,784,036 | 33,241,949 | 40,818,147 | 51,008,311 | 78,038,053 | 51,531,102 |
| Due from related parties | 1,039,600 | 215,194,817 | 331,983 | | - | - |
| Taxation- net | 118,504,976 | 133,456,751 | 93,258,132 | 94,021,444 | 97,864,137 | 55,764,427 |
| Short-Term Investment | 396,823 | 124,200 | 100,000,000 | | | |
| Cash and bank balances | 225,132,134 | 209,486,831 | 540,589,194 | 344,332,622 | 850,576,013 | 195,116,171 |
| Non Current Assets held for sale | 7,617,000,000 | | | | | |
| TOTAL ASSETS | 10,097,557,521 | 9,377,673,658 | 8,624,392,839 | 6,716,907,749 | 6,068,605,910 | 4,858,674,224 |
| Issued, subscribed and paid-up capital | | | | | | |
| Capital Reserve | 3,273,931,063 | 3,273,931,063 | 2,735,113,670 | 2,735,113,670 | 2,080,000,000 | 1,100,000,000 |
| Revenue reserve | (404,845,756) | 21,746,162 | 560,563,555 | 560,563,555 | 140,497,151 | - |
| Long term financing | 3,569,183,065 | 3,292,202,994 | 2,562,141,156 | 1,327,511,411 | 975,533,853 | 684,863,802 |
| Due to related parties | 2,582,437,440 | 1,998,762,771 | 2,101,651,829 | 1,660,693,975 | 1,948,861,362 | 2,034,000,000 |
| Deferred Tax liability | 22,206,298 | 10,385,612 | 8,076,706 | 11,912,538 | 275,645,979 | 566,187,587 |
| Accrued mark up | 15,808,675 | 17,188,200 | 27,567,486 | 38,236,796 | 39,005,393 | 23,947,008 |
| Trade and other payables | 104,486,276 | 89,955,997 | 57,473,950 | 44,760,103 | 74,446,634 | 158,835,696 |
| Short-term borrowing | 195,230,383 | 49,556,010 | 55,993,266 | 73,507,902 | 163,832,637 | 164,527,377 |
| Current portion of long term financing | 400,000,000 | 400,000,000 | 400,000,000 | - | 200,000,000 | - |
| Advance against rent from tenants | 191,117,792 | 110,000,000 | 44,000,000 | 204,750,000 | 126,000,000 | 63,295,831 |
| | 148,002,285 | 113,944,849 | 71,811,221 | 59,857,799 | 44,782,901 | 63,016,923 |
| TOTAL EQUITY AND LIABILITIES | 10,097,557,521 | 9,377,673,658 | 8,624,392,839 | 6,716,907,749 | 6,068,605,910 | 4,858,674,224 |

Vertical Analysis Balance Sheet

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|--------|
| Investment Property under construction | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Investment Property | 0.28% | 73.31% | 71.77% | 74.08% | 76.33% | 88.89% |
| Property, plant and equipment | 0.04% | 0.05% | 0.06% | 0.10% | 0.09% | 0.03% |
| Intangible Assets | 0.00% | 0.01% | 0.01% | 0.00% | 0.00% | 0.00% |
| Long-term investments | 7.53% | 11.87% | 13.34% | 17.13% | 5.82% | 0.02% |
| Long term subordinated loan | 10.66% | 7.60% | 5.01% | 0.84% | 0.18% | 4.07% |
| Long term deposits | 0.03% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Tools | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Receivable against rent from tenants | 1.19% | 0.26% | 0.53% | 0.40% | 0.35% | 0.22% |
| Advance, deposit and prepayment | 0.46% | 0.60% | 0.29% | 0.17% | 0.32% | 0.53% |
| Interest Accrued | 0.94% | 0.35% | 0.47% | 0.76% | 1.29% | 1.06% |
| Advance against subscription of shares | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Due from related parties | 0.01% | 2.29% | 0.00% | 0.00% | 0.00% | 0.00% |
| Taxation- net | 1.17% | 1.42% | 1.08% | 1.40% | 1.61% | 1.15% |
| Short-Term Investment | 0.00% | 0.00% | 1.16% | 0.00% | 0.00% | 0.00% |
| Cash and bank balances | 2.23% | 2.23% | 6.27% | 5.13% | 14.02% | 4.02% |
| Non Current Asset Held for sale | 75.43% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | 100% | 100% | 100% | 100% | 100% | 100% |
| Issued, subscribed and paid-up capital | 32.42% | 34.91% | 31.71% | 40.72% | 34.27% | 22.64% |
| Capital Reserve | -4.01% | 0.23% | 6.50% | 8.35% | 2.32% | 0.00% |
| Revenue reserve | 35.35% | 35.11% | 29.71% | 19.76% | 16.08% | 14.10% |
| Long term financing | 25.57% | 21.31% | 24.37% | 24.72% | 32.11% | 41.86% |
| Surplus on revaluation of Property and equipment | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Due to related parties | 0.22% | 0.11% | 0.09% | 0.18% | 4.54% | 11.65% |
| Deferred Tax liability | 0.16% | 0.18% | 0.32% | 0.57% | 0.64% | 0.49% |
| Accrued mark up | 1.03% | 0.96% | 0.67% | 0.67% | 1.23% | 3.27% |
| Trade and other payables | 1.93% | 0.53% | 0.65% | 1.09% | 2.70% | 3.39% |
| Short-term borrowing | 3.96% | 4.27% | 4.64% | 0.00% | 3.30% | 0.00% |
| Current portion of long term financing | 1.89% | 1.17% | 0.51% | 3.05% | 2.08% | 1.30% |
| Advance against rent from tenants | 1.47% | 1.22% | 0.83% | 0.89% | 0.74% | 1.30% |
| TOTAL EQUITY AND LIABILITIES | 100% | 100% | 100% | 100% | 100% | 100% |



Horizontal Analysis of Profit and Loss Account

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| Revenue | 678,368,219 | 402,594,669 | 366,350,433 | 362,784,829 | 364,056,604 | 231,904,092 |
| Direct operating cost | (216,976,812) | (11,609,104) | (9,602,513) | (9,908,777) | (12,414,128) | (11,569,484) |
| Gross profit | 461,391,407 | 390,985,565 | 356,747,920 | 352,876,052 | 351,642,476 | 220,334,608 |
| Administrative and general expenses | (137,620,939) | (104,823,797) | (107,534,438) | (105,812,141) | (53,055,880) | (47,738,642) |
| Other operating expenses | - | - | - | - | - | (3,613,431) |
| Operating profit | 323,770,468 | 286,161,769 | 249,213,482 | 247,063,911 | 298,586,596 | 168,982,535 |
| Finance costs | (419,071,628) | (267,247,691) | (207,664,482) | (176,487,486) | (236,618,104) | (254,204,115) |
| Other Income | 80,658,802 | 66,314,569 | 26,735,265 | 15,737,118 | 35,449,950 | 30,929,770 |
| Remeasurement of investment property at fair value | 292,165,699 | 666,992,964 | 1,180,808,607 | 288,765,209 | 274,217,887 | 317,506,439 |
| Exchange (loss)/gain | - | - | - | - | (57,400,000) | (59,449,530) |
| Profit before taxation | 277,523,341 | 752,221,611 | 1,249,092,872 | 375,078,752 | 314,236,329 | 203,765,099 |
| Taxation | (543,270) | (22,159,772) | (14,463,127) | (23,101,194) | (23,566,278) | (19,880,294) |
| Profit / (Loss) after taxation | 276,980,071 | 730,061,839 | 1,234,629,745 | 351,977,558 | 290,670,051 | 183,884,805 |

Vertical Analysis of Profit and Loss Account

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------|-------------|-------------|-------------|------------|------------|
| Revenue | 100% | 100% | 100% | 100% | 100% | 100% |
| Direct operating cost | -32% | -3% | -3% | -3% | -3% | -5% |
| Gross profit | 68% | 97% | 97% | 97% | 97% | 95% |
| Administrative and general expenses | -20% | -26% | -29% | -29% | -15% | -21% |
| Other operating expenses | 0% | 0% | 0% | 0% | 0% | -2% |
| Operating profit | 48% | 71% | 68% | 68% | 82% | 73% |
| Finance costs | -62% | -66% | -57% | -49% | -65% | -110% |
| Other Income | 12% | 16% | 7% | 4% | 10% | 13% |
| Remeasurement of investment property at fair value | 43% | 166% | 322% | 80% | 76% | 137% |
| Exchange (loss) / Gain - net | 0% | 0% | 0% | 0% | -16% | -26% |
| Profit before taxation | 41% | 187% | 341% | 103% | 87% | 88% |
| Taxation | 0% | -6% | -4% | -6% | -6% | -9% |
| Profit after taxation | 41% | 181% | 337% | 97% | 80% | 79% |

Horizontal Analysis Cash Flow Statement

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Net profit before taxation | 277,523,341 | 752,221,610 | 1,249,092,872 | 375,078,752 | 314,236,329 | 203,765,099 |
| Adjustment for non cash charges and other items: | | | | | | |
| Depreciation | 3,611,320 | 2,534,302 | 2,341,814 | 2,459,696 | 2,325,011 | 1,028,042 |
| Fixed assets write-off | - | - | 10,000 | 38,565 | - | - |
| Amortisation of intangible assets | 150,690 | 150,690 | - | - | - | - |
| Finance cost | 419,071,628 | 267,247,691 | 207,664,482 | 176,487,486 | 236,618,104 | 254,204,115 |
| Remeasurement of investment property at fair value | (292,165,699) | (666,992,964) | (1,180,808,607) | (288,765,209) | (274,217,887) | (317,506,439) |
| Exchange loss / (gain) - net | - | - | - | - | 57,400,000 | 59,449,530 |
| Markup on long term loan | (61,292,126) | 7,576,198 | 10,190,164 | (6,386,284) | (26,506,951) | (23,973,444) |
| Allowance for expected credit losses | 165,022 | - | - | - | - | - |
| Unrealised gain on Investment in mutual funds | (370,021) | - | - | - | - | - |
| Gain on disposal of shares | (2,791,879) | (5,583,720) | - | - | - | - |
| Mark up on saving account | (12,098,997) | (33,252,580) | (20,261,045) | (3,814,384) | (3,576,768) | (6,956,326) |
| | 54,269,938 | (428,320,393) | (980,863,192) | (119,980,130) | (7,958,491) | (33,754,522) |
| Operating profit before working capital changes (Increase) / decrease in current assets | 331,793,279 | 323,901,217 | 268,229,680 | 255,098,622 | 306,277,838 | 170,010,577 |
| Advance, deposits and prepayments | 14,190,774 | 69,101,474 | (114,271,568) | 8,495,771 | 6,357,513 | (3,800,663) |
| Tools | 107,600 | - | - | - | - | - |
| Receivables against rent | (24,138,769) | 21,032,666 | (18,863,580) | (5,589,033) | (10,190,053) | (3,820,687) |
| Due from related parties | 217,662,632 | (214,862,834) | (331,983) | (9,131,238) | - | - |
| | 207,822,237 | (124,728,694) | (133,467,131) | (6,224,500) | (3,832,540) | (7,621,350) |
| Increase / (decrease) in current liabilities | | | | | | |
| Trade and other payables | 111,498,396 | (6,437,257) | (17,514,636) | (90,324,735) | (694,740) | 88,677,537 |
| Due to a related party - unsecured | 4,569,237 | - | - | - | - | - |
| Advance against rent | (4,527,150) | 42,133,628 | 11,953,422 | 15,074,898 | (18,234,022) | 25,470,095 |
| Cash generated from operations | 651,155,999 | 234,868,894 | 129,201,335 | 173,624,285 | 283,516,536 | 276,536,859 |
| Receipts / (payments) for : Finance cost | (404,541,349) | (234,765,644) | (194,950,635) | (207,426,462) | (437,591,635) | (162,735,043) |
| Mark up on saving account account received | 11,849,036 | 33,252,590 | 20,261,045 | 3,814,384 | 3,576,768 | 6,956,326 |
| Long term deposits | - | - | (100,000) | - | - | - |
| Income taxes | 27,007,635 | (72,737,677) | (24,369,124) | (20,027,105) | (50,607,603) | (38,983,452) |
| | (365,684,678) | (274,250,731) | (199,158,714) | (223,639,183) | (484,622,470) | (194,762,169) |
| Net cash flows (used in) / from operating activities | 285,471,321 | (38,381,837) | (69,957,379) | (50,014,898) | (201,105,934) | 81,774,690 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of - property and equipment | (1,559,029) | (2,364,274) | (696,299) | (3,652,999) | (6,322,378) | (278,000) |
| Expenditure - investment property under construction | - | - | - | - | - | - |
| - incurred on investment property | (87,836,349) | (13,916,864) | (16,868,937) | (46,918,610) | (38,782,113) | (23,493,561) |
| Addition to capital work-in-progress | - | (4,034,487) | (16,082,963) | (8,190,703) | - | - |
| Sale proceed from fixed assets | - | - | - | - | - | - |
| Long-term deposits | - | - | - | - | (100,000) | - |
| Purchase of Intangible asset | - | - | (753,449) | - | - | - |
| Long-term loan-net | (661,805,788) | (279,999,069) | (375,756,423) | (36,848,505) | 187,064,723 | (38,012,488) |
| Investments | - | - | - | - | (352,000,000) | - |
| Purchase of New Shares | (1,100,000) | (51,000,000) | - | - | - | - |
| Advance against subscription of shares | - | - | - | - | - | - |
| Purchase of Investment in mutual funds | (10,000,000) | - | - | - | - | - |
| Proceeds from disposal of Investment in mutual funds | 12,500,000 | - | - | - | - | - |
| Proceeds from disposal of Investment in subsidiary | - | 94,174,320 | - | - | - | - |
| Markup on loan received | - | - | - | 33,416,026 | - | - |
| Markup on saving account | - | - | - | - | - | - |
| | (749,801,166) | (257,140,374) | (410,158,071) | (62,194,791) | (210,139,768) | (61,784,049) |
| Net cash (used in) / generated from investing activities | | | | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Proceed from issuance of share capital | - | - | - | 300,000,004 | 1,197,181,000 | - |
| Share issue cost | - | - | - | (22,135,323) | (76,683,849) | - |
| Long-term loans - net | 477,543,239 | (36,889,058) | 280,207,854 | (208,164,942) | 36,750,000 | - |
| Loan from Director / related party | - | 2,308,906 | (3,835,832) | (263,733,441) | (290,541,608) | 80,328,784 |
| Long term Financing - net | - | - | - | - | - | - |
| Short-term borrowing | - | - | 400,000,000 | (200,000,000) | 200,000,000 | - |
| | 477,543,239 | (34,580,152) | 676,372,022 | (394,033,702) | 1,066,705,543 | 80,328,784 |
| Net cash generated (used in) / from financing activities | | | | | | |
| Net (decrease) / Increase in cash and cash equivalents | 13,213,394 | (331,102,363) | 196,256,572 | (506,243,391) | 655,459,841 | 100,319,425 |
| Cash and cash equivalents at the beginning of the year | 209,486,831 | 540,589,194 | 344,332,622 | 850,576,013 | 195,116,171 | 94,796,746 |
| Cash and cash equivalents transferred under the scheme | 2,431,909 | - | - | - | - | - |
| Cash and cash equivalents at the end of the year | 225,132,134 | 209,486,831 | 540,589,194 | 344,332,622 | 850,576,013 | 195,116,171 |

Ratio Analysis

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|------|------|------|------|------|------|
| Profitability Ratios | | | | | | |
| Gross Profit to Sales | 68% | 97% | 97% | 97% | 97% | 95% |
| Net Profit to Sales | 41% | 181% | 337% | 97% | 80% | 79% |
| EBITDA Margin to sales | 103% | 253% | 398% | 153% | 152% | 198% |
| Return on Equity | 4% | 12% | 27% | 11% | 16% | 11% |
| Return on Capital Employed | 3% | 9% | 20% | 6% | 6% | 5% |
| Liquidity Ratios | | | | | | |
| Current Ratio | 0.48 | 0.81 | 1.26 | 1.21 | 1.68 | 0.99 |
| Quick / Acid test ratio | 0.47 | 0.80 | 1.26 | 1.19 | 1.67 | 0.96 |
| Cash to Current Liabilities | 0.21 | 0.26 | 0.85 | 0.87 | 1.44 | 0.67 |
| Investment Valuation Ratios | | | | | | |
| Earning per Share | 0.85 | 2.23 | 4.51 | 1.29 | 1.40 | 1.67 |
| Capital structure Ratios | | | | | | |
| Financial leverage Ratio | 0.51 | 0.39 | 0.44 | 0.42 | 0.76 | 1.58 |
| Debt Equity Ratio | 0.45 | 0.33 | 0.38 | 0.41 | 0.67 | 1.26 |
| Interest cover Ratio | 1.66 | 3.81 | 7.01 | 3.13 | 2.33 | 1.80 |

Statement of Value Addition and its Distribution

WEALTH GENERATED

Total revenue inclusive of Other Income
Direct Operating cost and Administrative and
General expenses

WEALTH DISTRIBUTION

To Employees

Salaries, benefits and other costs

To Government

Income tax, sales tax, excise duty and others

To Society

Contribution towards education, health and environment

To Provider of Capital

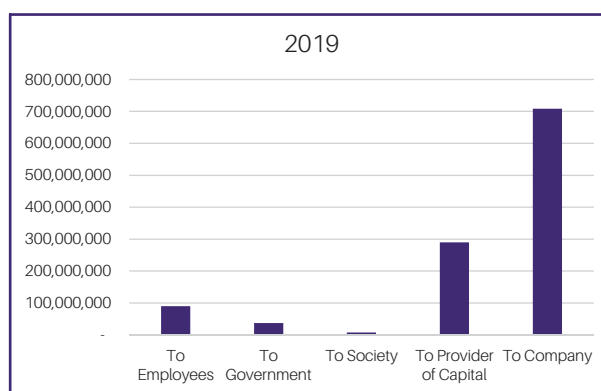
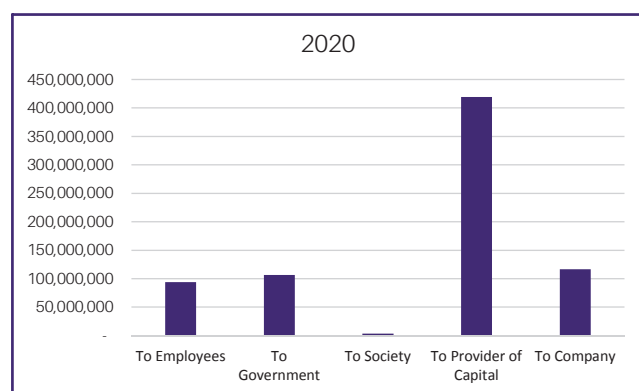
Dividend to shareholders

Markup / Interest expenses on borrowed funds

To Company

Depreciation, amortization & retained profit

| | 2020 Amount in Rs | % | 2019 Amount in Rs | % |
|---|----------------------|-------|----------------------|-------|
| Total revenue inclusive of Other Income | 995,856,099 | | 1,306,246,561 | |
| Direct Operating cost and Administrative and General expenses | (256,212,397) | | (172,782,894) | |
| | 739,643,702 | 100% | 1,133,463,667 | 100% |
| To Employees | | | | |
| Salaries, benefits and other costs | 94,081,821 | 13% | 89,661,366 | 8% |
| To Government | | | | |
| Income tax, sales tax, excise duty and others | 106,272,254 | 14% | 37,462,918 | 3% |
| To Society | | | | |
| Contribution towards education, health and environment | 3,400,000 | 0.46% | 7,500,000 | 0.66% |
| To Provider of Capital | | | | |
| Dividend to shareholders | - | | - | |
| Markup / Interest expenses on borrowed funds | 419,071,628 | 57% | 290,216,528 | 26% |
| To Company | | | | |
| Depreciation, amortization & retained profit | 116,817,999 | 16% | 708,622,855 | 63% |
| | 739,643,702 | 100% | 1,133,463,667 | 100% |



Directors' Report

For the year ended June 30, 2020

The Directors are pleased to present the audited financial information for the year ended June 30, 2020 and a brief review of the Company's operations.

ECONOMIC OUTLOOK

The year ending June 2020 proved eventful as well as challenging for the economy. The Government's decision to reduce fiscal deficit, rein in inflation helped stabilize the economy. However, this led to reducing the GDP growth rate, and the COVID-19 pandemic compounded the issue and reduced the growth rate even more.

The Government has remained active in providing relief to industry in these testing times. One of the key factors to help survive the economic effects of the pandemic has been the decision of the State Bank of Pakistan to slash key policy rate to 7% from 13.25 percent. The decision was made as inflation outlook improved and was recorded at 8.6% YoY in June 20. Whilst the domestic slowdown continued and risks to growth have increased, this step provided the much needed liquidity to the market and households.

The outlook for the construction and real estate sector looks promising on the back of steps undertaken by the government; such as the Introduction of a fixed tax regime on the basis of per square foot on saleable area. This coupled with a relaxation in the declaring of the source of funds should provide growth opportunities to the sector but also lead to documentation of the economy. Measures such as a 90% tax reduction on tax on the schemes under Naya Pakistan Housing Scheme should only benefit the economy and allied industries in general but would also create many employment opportunities.

The Government also took the initiative to create demand in the housing and construction sector activity with PKR 330 billion of mortgage financing by commercial banks in just 18 months. In this scheme, loans against the markup of 5%-7% will be provided to low and middle income households to build houses with this mortgage financing.

Projects under the China Pakistan Economic corridor (CPEC) are picking up pace as well. With 19 Projects completed, 28 under implementation and 41 in the pipeline, these projects would provide long term benefits to the economy.

It is expected now that all of these factors would lead to, bringing back much needed foreign direct investment in the country which has been gravely missing in the sector in the past year. In FY 20, Out of the total FDI of \$2,561 mn, Just \$20.7 mn was poured into the construction sector as opposed to 311\$mn in Oil and Gas, 764\$mn in Power and 622\$mn in IT & Telecom sector.

Looking ahead, the overall economic environment is expected to improve at a slow pace in FY 21. However, much is dependent on how the situation of the pandemic unfolds in the months to come.

COMPANY OUTLOOK

During the second half of the outgoing fiscal year we have seen a decline in the occupancy ratio and demand for office space including pressure on valuations due to COVID19 pandemic. Whilst at the same time it brought opportunity for the Company in the shape of a bid for the purchase of its leading commercial office tower, Centrepoint, from Bank Al Habib. We have capitalized on the same and decided to sell this asset as per our exit strategy at the right valuation. This has opened up various new avenues for us in terms of acquiring more real estate for development. We are actively exploring these new development avenues with a focus on the Karachi market.

Our One Hoshang premium mixed use development project is moving towards finalization of detailed designing followed by tender documentation. Regulatory approvals are still under process and our Heritage NOC expected by the end of September 2020. The project launch has been planned in January 2021.

As things are getting back to normal from the point of view of the pandemic impact, we are working closely with our JV partner at the Logistic Park project for transferring the project land into SPV. At the same time engagements with the design and project management team has been initiated to finalize their appointments.

Directors' Report

For the year ended June 30, 2020

FINANCIAL REVIEW

In the Board of Directors meeting held on 26th February 2020, it was decided that the operations of 100% owned subsidiary of TPL Properties, namely Centrepoint Management Services Pvt. Ltd. (CPMS), shall be merged into TPL Properties Limited with effect from 1st July 2019. As a result, the standalone financial performance of the company reported below for the year ended 30th June 2020 is inclusive of the financial results of CPMS.

STANDALONE PERFORMANCE

Comparisons of the audited Standalone results of the Company with the corresponding period are given below:

| Particulars | Period Ended 30-Jun-20 (audited) | Period Ended 30-Jun-19 (audited) |
|-------------------------------|--|--|
| Revenue | 678,368,219 | 402,594,669 |
| Gross Profit | 461,391,407 | 390,985,565 |
| Operating Profit | 323,770,468 | 286,161,768 |
| Profit before tax | 277,523,341 | 752,221,610 |
| Profit after tax | 276,980,071 | 730,061,838 |
| | | |
| Number of outstanding shares | 327,393,106 | 327,393,106 |
| Earnings per share - pre tax | 0.85 | 2.30 |
| Earnings per share - post tax | 0.85 | 2.23 |

Revenue increased 68% over last year, 52% due to CPMS Merger and 16% on account of contract renewals for five floors. Gross Profit increased 18% mainly due to contract renewals and reclassification of depreciation as certain plant and equipment moved to TPL Properties due to merger under the head Investment Property. Profit before tax (PBT) went down by PKR 171m (-23%) because of increase in finance costs and lesser gain on revaluation of Investment Property (down 56%). Finance Cost was high as State Bank increased KIBOR by 550 BPS during early part of the year. The revaluation gain on Investment Property is PKR 292m.

CONSOLIDATED PERFORMANCE

Comparisons of the audited consolidated results of the Company with the corresponding period are given below:

| Particulars | Period Ended 30-Jun-20 (audited) | Period Ended 30-Jun-19 (audited) |
|-------------------------------|--|--|
| Revenue | 678,368,219 | 597,206,250 |
| Gross Profit | 461,391,407 | 422,873,462 |
| Operating Profit | 320,031,053 | 283,482,143 |
| Profit before tax | 218,447,305 | 702,305,928 |
| Profit after tax | 113,206,679 | 676,253,924 |
| | | |
| Number of outstanding shares | 327,393,106 | 327,393,106 |
| Earnings per share - pre tax | 0.67 | 2.15 |
| Earnings per share - post tax | 0.35 | 2.07 |

Consolidated revenue was higher by 14% because of renewal of contracts with some of the tenants. Operating profit improved by 13% in line with revenue. However, Profit before tax (PBT) was under pressure and down by PKR 483m (-69%) on account of increased finance cost and lower revaluation gain compared to last year.

Directors' Report

For the year ended June 30, 2020

DIVIDEND

The Board of Directors has recommended holding the profit for the year as retained earnings to meet the Working Capital requirements and for investment in potential projects to enhance future profitability of the Company.

AUDITORS

The present auditors M/s EY Ford Rhodes, Chartered Accountants retired and being eligible, have offered themselves for reappointment for the new financial year. As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s EY Ford Rhodes Chartered Accountants as the statutory auditors of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

RELATED PARTIES TRANSACTIONS

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note 33 to unconsolidated financial statements attached therein.

COMPOSITION OF THE BOARD AND THE BOARD COMMITTEES

The total number of Directors are eight (08) as per the following:

| Male | Female |
|------|--------|
| 7 | 1 |

The composition of the Board is as follows:

| Category | Names |
|-------------------------|---|
| Independent Director | Mr. Ziad Bashir Mr. Abdul Wahab M. Halabi |
| Executive Directors | Mr. Ali Jameel Ms. Sabiha Sultan Ahmed |
| Non-Executive Directors | Mr. Jameel Yusuf Mr. Siraj Dadabhoy Vice Admiral (R) Mohammad Shafi, Hi(M) Mr. Fawad Anwar |

The Board has formed committees comprising of members given below:

| Category | Names |
|-------------------------------|--|
| Audit Committee | Mr. Ziad Bashir – Chairman Mr. Siraj Dadabhoy – Member Vice Admiral (R) Muhammad Shafi – Member Mr. Yousuf Zohaib Ali – Secretary |
| HR and Remuneration Committee | Mr. Abdul Wahab M. Halabi – Chairman Mr. Fawad Anwar Member Mr. Ali Jameel – Member Mr. Nader Nawaz – Secretary |

Directors' Report

For the year ended June 30, 2020

BOARD MEETINGS

The Board of Directors held 4 meetings during the financial year. Attendance of Directors is indicated below;

| Name of Director | Meetings Attended |
|---------------------------------|-------------------|
| Mr. Ali Jameel | 4 |
| Mr. Jameel Yusuf-S.St | 4 |
| Mr. Bilal Alibhai | 1 |
| Mr. Abdul Wahab M Al-Halabi | 2 |
| Vice Admiral (R) Muhammad Shafi | 3 |
| Mr. Fawad Anwar | 2 |
| Mr. Siraj Dadabhoy | 3 |
| Mr. Ziad Bashir | 3 |
| Ms. Sabiha Sultan | 3 |

DIRECTORS' REMUNERATION

A formal Director's Remuneration policy approved by the Board is in place. The policy includes transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. As per the said policy, Directors are paid a remuneration of PKR. 20,000 for attending each meeting of the Board or its sub-committees.

DIRECTOR'S TRAINING

The board has duly complied with the Director Training Program requirement and the Criteria as prescribed in the listed companies (Code of Corporate Governance) Regulations 2019.

KEY FINANCIAL DATA FOR THE LAST FIVE YEARS

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Amount in Rupees ('000) | | | | | |
| Investment Property | 28,308 | 6,874,579 | 6,189,635 | 4,975,875 | 4,632,000 |
| Property, plant and equipment | 3,885 | 4,911 | 5,081 | 6,736 | 5,581 |
| Intangible Assets | 452 | 603 | 753 | - | - |
| Long-term investments | 760,825 | 1,112,725 | 1,150,315 | 1,150,315 | 353,000 |
| Long Term to Loan to subsidiaries | 1,076,874 | 712,506 | 432,507 | 56,750 | 10,771 |
| Long term deposits | 2,787 | 287 | 287 | 187 | 187 |
| Receivable against rent from tenants | 120,041 | 24,387 | 45,419 | 26,556 | 20,967 |
| Advance, deposit and prepayment | 46,564 | 56,172 | 25,398 | 11,126 | 19,622 |
| Interest Accrued | 94,784 | 33,242 | 40,818 | 51,008 | 78,038 |

Directors' Report

For the year ended June 30, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Amount in Rupees('000) | | | | | |
| Tools | 964 | - | - | - | - |
| Due from related parties | 1,040 | 215,195 | 332 | - | - |
| Taxation- net | 118,505 | 133,457 | 93,258 | 94,021 | 97,864 |
| Short- Term Investment | 397 | 124 | 100,000 | - | - |
| Cash and bank balances | 225,132 | 209,487 | 540,589 | 344,333 | 850,576 |
| Non-current asset held for sale | 7,617,000 | - | - | - | - |
| TOTAL ASSETS | 10,097,558 | 9,377,674 | 8,624,393 | 6,716,908 | 6,068,606 |

| | | | | | |
|--|-------------------|------------------|------------------|------------------|------------------|
| Issued, subscribed and paid-up capital | 3,273,931 | 3,273,931 | 2,735,114 | 2,735,114 | 2,080,000 |
| Capital Reserve | (404,846) | 21,746 | 560,564 | 560,564 | 140,497 |
| Accumulated Profit | 3,569,183 | 3,292,203 | 2,562,141 | 1,327,511 | 975,534 |
| Long term financing | 2,582,437 | 1,998,763 | 2,101,652 | 1,660,694 | 1,948,861 |
| Due to related parties | 22,206 | 10,386 | 8,077 | 11,913 | 275,646 |
| Deferred Tax liability | 15,809 | 17,188 | 27,567 | 38,237 | 39,005 |
| Accrued mark up | 104,486 | 89,956 | 57,474 | 44,760 | 74,447 |
| Trade and other payables | 195,230 | 49,556 | 55,993 | 73,508 | 163,833 |
| Short-term borrowing | 400,000 | 400,000 | 400,000 | - | 200,000 |
| Current portion of long term financing | 191,118 | 110,000 | 44,000 | 204,750 | 126,000 |
| Advance against rent from tenants | 148,002 | 113,945 | 71,811 | 59,858 | 44,783 |
| TOTAL EQUITY AND LIABILITIES | 10,097,558 | 9,377,674 | 8,624,393 | 6,716,908 | 6,068,606 |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-----------|-----------|-----------|-----------|-----------|
| Amount in Rupees('000) | | | | | |
| Revenue | 678,369 | 402,595 | 366,350 | 362,785 | 364,057 |
| Direct operating cost | (216,977) | (11,609) | (9,603) | (9,909) | (12,414) |
| Gross profit | 461,392 | 390,986 | 356,748 | 352,876 | 351,642 |
| Administrative and general expenses | (137,621) | (104,824) | (107,534) | (105,812) | (53,056) |
| Operating profit | 323,771 | 286,162 | 249,213 | 247,064 | 298,587 |
| Finance costs | (419,072) | (267,248) | (207,664) | (176,487) | (236,618) |
| Other Income | 80,659 | 66,315 | 26,735 | 15,737 | 35,450 |
| Gain on Valuation of Investment Property | 292,166 | 666,993 | 1,180,809 | 288,765 | 274,218 |
| Exchange (loss)/gain | - | - | - | - | (57,400) |
| Profit before taxation | 277,524 | 752,222 | 1,249,093 | 375,079 | 314,236 |
| Taxation | (543) | (22,160) | (14,463) | (23,101) | (23,566) |
| Profit / (Loss) after taxation | 276,981 | 730,062 | 1,234,630 | 351,978 | 290,670 |
| Earning/(Loss) per share | 0.85 | 2.23 | 3.77 | 1.68 | 2.12 |

Directors' Report

For the year ended June 30, 2020

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

- The financial statements, prepared by the Company present its state of affairs fairly the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required under Companies Act, 2017.
- The Company has followed consistently appropriate accounting policies in the preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standard, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure there from have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Fundamentals of the Company are strong and there are no doubts about Company's ability to continue as a going concern.
- The company has followed best practices of the Code of Corporate Governance as laid down in the listing regulation
- Key operating and financial data for the last five years in summarized form, is included in this annual report.
- Outstanding levies and taxes are given in the respective notes to the financial statements.

PATTERN OF SHAREHOLDING

A statement of pattern of shareholding of the Company as at 30 June 2020 is as follows:

| Particulrs | No of Folio | Balance Share | Percentage |
|---------------------------------------|-------------|---------------|------------|
| SPONSORS, DIRECTORS, CEO AND CHILDREN | 7 | 40,697,995 | 12.4309 |
| ASSOCIATED COMPANIES | 10 | 157,445,720 | 48.0907 |
| BANKS, DFI AND NBF | 1 | 1,500,000 | 0.4582 |
| INSURANCE COMPANIES | 3 | 12,921,615 | 3.9468 |
| MODARABAS AND MUTUTAL FUNDS | 1 | 2,992,500 | 0.9140 |
| GENERAL PUBLIC (LOCAL) | 339 | 22,573,148 | 6.8948 |
| GENERAL PUBLIC (FOREIGN) | 23 | 1,479,216 | 0.4518 |
| OTHERS | 24 | 66,959,899 | 20.4524 |
| FOREIGN COMPANIES | 2 | 20,823,012 | 6.3602 |
| Company Total | 410 | 327,393,105 | 100 |

Directors' Report

For the year ended June 30, 2020

Pattern of holding shares held by the shareholders of the Company as at June 30, 2020:

| NO. OF SHAREHOLDERS | From | To | SHARES HELD | PERCENTAGE |
|---------------------|---------|---------|-------------|------------|
| 75 | 1 | 100 | 1,021 | 0.0003 |
| 39 | 101 | 500 | 17,133 | 0.0052 |
| 52 | 501 | 1,000 | 44,819 | 0.0137 |
| 83 | 1,001 | 5,000 | 241,980 | 0.0739 |
| 20 | 5,001 | 10,000 | 171,460 | 0.0524 |
| 10 | 10,001 | 15,000 | 128,680 | 0.0393 |
| 8 | 15,001 | 20,000 | 141,271 | 0.0432 |
| 5 | 20,001 | 25,000 | 117,935 | 0.0360 |
| 8 | 25,001 | 30,000 | 224,175 | 0.0685 |
| 4 | 30,001 | 35,000 | 136,000 | 0.0415 |
| 5 | 35,001 | 40,000 | 194,713 | 0.0595 |
| 4 | 45,001 | 50,000 | 194,767 | 0.0595 |
| 2 | 50,001 | 55,000 | 106,220 | 0.0324 |
| 3 | 55,001 | 60,000 | 177,450 | 0.0542 |
| 2 | 60,001 | 65,000 | 127,244 | 0.0389 |
| 3 | 65,001 | 70,000 | 199,168 | 0.0608 |
| 1 | 70,001 | 75,000 | 75,000 | 0.0229 |
| 2 | 75,001 | 80,000 | 153,000 | 0.0467 |
| 1 | 85,001 | 90,000 | 90,000 | 0.0275 |
| 3 | 90,001 | 95,000 | 278,477 | 0.0851 |
| 4 | 95,001 | 100,000 | 398,500 | 0.1217 |
| 2 | 100,001 | 105,000 | 206,407 | 0.0630 |
| 1 | 105,001 | 110,000 | 110,000 | 0.0336 |
| 12 | 115,001 | 120,000 | 1,436,626 | 0.4388 |
| 1 | 120,001 | 125,000 | 120,365 | 0.0368 |
| 1 | 130,001 | 135,000 | 133,380 | 0.0407 |
| 2 | 135,001 | 140,000 | 277,500 | 0.0848 |
| 1 | 145,001 | 150,000 | 150,000 | 0.0458 |
| 1 | 155,001 | 160,000 | 158,500 | 0.0484 |
| 1 | 160,001 | 165,000 | 160,500 | 0.0490 |
| 1 | 170,001 | 175,000 | 173,120 | 0.0529 |
| 1 | 175,001 | 180,000 | 177,800 | 0.0543 |
| 1 | 205,001 | 210,000 | 210,000 | 0.0641 |
| 1 | 210,001 | 215,000 | 211,000 | 0.0644 |
| 2 | 225,001 | 230,000 | 456,430 | 0.1394 |
| 3 | 235,001 | 240,000 | 717,201 | 0.2191 |
| 1 | 330,001 | 335,000 | 334,100 | 0.1020 |
| 1 | 340,001 | 345,000 | 345,000 | 0.1054 |
| 1 | 355,001 | 360,000 | 359,100 | 0.1097 |

Directors' Report

For the year ended June 30, 2020

| NO. OF SHAREHOLDERS | From | To | SHARES HELD | PERCENTAGE |
|---------------------|------------|--------------|--------------------|-----------------|
| 1 | 395,001 | 400,000 | 400,000 | 0.1222 |
| 1 | 475,001 | 480,000 | 478,800 | 0.1462 |
| 1 | 565,001 | 570,000 | 566,181 | 0.1729 |
| 1 | 570,001 | 575,000 | 571,300 | 0.1745 |
| 3 | 595,001 | 600,000 | 1,797,000 | 0.5489 |
| 1 | 690,001 | 695,000 | 690,965 | 0.2111 |
| 1 | 715,001 | 720,000 | 719,500 | 0.2198 |
| 1 | 790,001 | 795,000 | 790,600 | 0.2415 |
| 1 | 805,001 | 810,000 | 810,000 | 0.2474 |
| 1 | 895,001 | 900,000 | 900,000 | 0.2749 |
| 1 | 925,001 | 930,000 | 925,500 | 0.2827 |
| 1 | 950,001 | 955,000 | 952,660 | 0.2910 |
| 1 | 955,001 | 960,000 | 957,600 | 0.2925 |
| 1 | 1,105,001 | 1,110,000 | 1,107,225 | 0.3382 |
| 2 | 1,195,001 | 1,200,000 | 2,394,000 | 0.7312 |
| 1 | 1,470,001 | 1,475,000 | 1,473,954 | 0.4502 |
| 1 | 1,480,001 | 1,485,000 | 1,480,300 | 0.4521 |
| 1 | 1,495,001 | 1,500,000 | 1,500,000 | 0.4582 |
| 1 | 1,915,001 | 1,920,000 | 1,915,200 | 0.5850 |
| 1 | 2,250,001 | 2,255,000 | 2,250,710 | 0.6875 |
| 1 | 2,255,001 | 2,260,000 | 2,256,597 | 0.6893 |
| 2 | 2,390,001 | 2,395,000 | 4,788,000 | 1.4625 |
| 1 | 2,495,001 | 2,500,000 | 2,497,877 | 0.7630 |
| 1 | 2,890,001 | 2,895,000 | 2,891,952 | 0.8833 |
| 1 | 2,895,001 | 2,900,000 | 2,900,000 | 0.8858 |
| 1 | 2,990,001 | 2,995,000 | 2,992,500 | 0.9140 |
| 1 | 4,785,001 | 4,790,000 | 4,788,000 | 1.4625 |
| 1 | 5,495,001 | 5,500,000 | 5,500,000 | 1.6799 |
| 1 | 8,060,001 | 8,065,000 | 8,063,800 | 2.4630 |
| 1 | 9,330,001 | 9,335,000 | 9,330,615 | 2.8500 |
| 1 | 9,575,001 | 9,580,000 | 9,576,000 | 2.9249 |
| 1 | 15,460,001 | 15,465,000 | 15,464,890 | 4.7236 |
| 1 | 18,325,001 | 18,330,000 | 18,325,135 | 5.5973 |
| 1 | 19,760,001 | 19,765,000 | 19,761,488 | 6.0360 |
| 1 | 22,975,001 | 22,980,000 | 22,975,210 | 7.0176 |
| 1 | 47,480,001 | 47,485,000 | 47,481,715 | 14.5030 |
| 1 | 47,930,001 | 47,935,000 | 47,932,789 | 14.6407 |
| 1 | 68,225,001 | 68,230,000 | 68,229,000 | 20.8401 |
| 410 | | TOTAL | 327,393,105 | 100.0000 |

Directors' Report

For the year ended June 30, 2020

| Associated Companies, Undertaking and Related Parties (name wise details) | No of shares held (June 30, 2020) | Percentage |
|--|--------------------------------------|------------|
| TPL CORP LIMITED | 71,700,300 | 21.9004% |
| TPL HOLDINGS (PRIVATE) LIMITED | 28,176,781 | 8.6063% |
| TPL INSURANCE LIMITED | 9,576,000 | 2.9249% |
| TPL SECURITY SERVICES (PRIVATE) LTD | 59,850 | 0.0183% |
| Mutual Funds (name wise details) | | |
| CDC - TRUSTEE AKD OPPORTUNITY FUND | 2,992,500 | 0.914% |
| Directors, CEO and their Spouse and Minor Children (name wise details) | | |
| MR. MUHAMMAD ALI JAMEEL | 22,982,392 | 7.0198% |
| MR. JAMEEL YUSUF AHMED S.ST. | 17,715,600 | 5.4111% |
| Following director is nominee director of TPL Corp Limited | | |
| VICE ADMIRAL (R) MUHAMMAD SHAFI, HI(M) | 1 | 0% |
| Following director is the independent director of the Company | | |
| MR. ZIAD BASHIR | 1 | 0% |
| Executive | | |
| Mr. ALI ASGHER | 1 | 0% |
| Shareholders holding five percent or more voting Interest (name wise details) | | |
| ALPHA BETA CAPITAL MARKETS (PRIVATE) LIMITED | 47,932,789 | 14.6407% |
| HERITAGE CHAMBERS LIMITED | 47,481,715 | 14.503% |
| MR. JAMEEL YUSUF AHMED | 17,715,600 | 5.4111% |
| MR. MOHAMMAD ALI JAMEEL | 22,982,392 | 7.0198% |
| TPL CORP LIMITED | 71,700,300 | 21.9004% |
| TPL HOLDINGS (PRIVATE) LIMITED | 28,176,781 | 8.6063% |
| Details of trading in the shares by the directors, CEO, CFO, Company Secretary, and their Spouses and minor Children | | |
| NONE OF DIRECTORS, CEO, CFO, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN HAS TRADED IN THE SHARES OF THE COMPANY DURING THE YEAR. | | |

Directors' Report

For the year ended June 30, 2020

CREDIT RATING

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term entity ratings of TPL Properties Limited (TPL) at "A+" (Single A plus) and "A1" (A one) respectively with a stable outlook. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

ACKNOWLEDGMENT

We have been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all functional areas and the efficient utilization of all resources for sustainable growth. We place appreciation on the contributions made and committed services rendered by the employees of the Company at various levels. Above all we express gratitude for the continuous assistance and support received from the investors, tenants, bankers, Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange.



Ali Jameel
Chief Executive Officer



Jameel Yusuf S.St
Chairman

ڈائریکٹر رپورٹ

برائے سال ختمہ 30 جون، 2020

ڈائریکٹر، سال ختمہ 30 جون، 2020 کے حوالے سے آڈٹ کردہ مالیاتی معلومات اور کمپنی کے عملی امور (آپریٹنجز) کا مختصر جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

جون 2020 میں ختم ہونے والا سال واقعات سے بھرپور اور معاشی اعتبار سے مسائل پر مبنی ثابت ہوا۔ مالیاتی خسارے میں کمی اور افراط زر کو لگام دینے کے سرکاری فیصلے سے ملک کی معیشت کو مستحکم کرنے میں مدد ملی۔ تاہم یہ فیصلہ جی ڈی پی کی شرح نمو میں کمی کا باعث بنایا COVID-19 کی عالمی وباء نے اس مسئلے کو اور زیادہ پیچیدہ بنادیا اور شرح نمو میں مزید کمی واقع ہوگئی۔ حکومت ان مشکل حالات میں صنعتی شعبے کو ہولیات کی فراہمی میں سرگرم عمل رہی۔ اسٹیٹ بینک آف پاکستان کی جانب سے بنیادی پالیسی کی شرح کو 13.25% سے کم کر کے 7% کرنے کا فیصلہ، اس عالمی وباء کے ملکی معیشت پر پڑنے والے منفی اثرات کی بحالی میں مدد فراہم کرنے کے حوالے سے سب سے اہم اقدام رہا۔ یہ فیصلہ افراط زر میں بہتری آتے ہی کیا گیا تھا، جس کی سطح جون 2020 میں 8.6% YoY ریکارڈ کی گئی تھی۔ جبکہ مقامی سطح پر سست روی برقرار رہی اور ترقیاتی عمل کو لاحق خدشات میں اضافہ ہوا ہے، اسٹیٹ بینک کے اس عمل نے مارکیٹ اور ہاؤس ہولڈرز کی ترسیل زرنفد (لیکویڈیٹی) کی ضرورت کو کافی حد تک پورا کیا۔

حکومت کی جانب سے کئے جانے والے اقدامات جیسے قابل فروخت رقبہ پر پی مربع فٹ کی بنیاد پر مقررہ محصول (ٹیکس) کے نظام کو متعارف کرانا، کے پیش نظر تعمیراتی اور رینیل اسٹیٹ کے شعبہ جات کے حوالے سے تجزیہ حوصلہ بخش اور پر امید دکھائی دیتا ہے۔ فنڈز کے ذرائع کے اظہار یا انہیں بتانے میں دی جانے والی رعایت سے نہ صرف اس شعبہ کو ترقی کے مواقع میسر آئے بلکہ یہ اقدامات ملک کے معاشی اعشاریوں میں بہتری کا باعث بھی بنے۔ نیا پاکستان ہاؤسنگ اسکیم کے تحت اسکیمز پر 90% ٹیکس میں کمی جیسے اقدامات سے نہ صرف معیشت کو فائدہ ہوگا بلکہ اس سے منسلک عام شعبہ جات بھی اس سے مستفید ہوں گے اور ساتھ ہی روزگار کے بے شمار مواقع بھی پیدا ہوں گے۔

حکومت نے صرف 18 ماہ کی مدت میں ہاؤسنگ اور تعمیراتی شعبہ جات کی سرگرمیوں کی طلب مانگ میں اضافے کے لیے تجارتی بینکوں کے ذریعے 330 بلین روپے کی مارگنٹ فنڈنگ جیسے اقدامات بھی اٹھائے۔ اس اسکیم کے تحت کم اور متوسط آمدنی رکھنے والے طبقات کو اس مارگنٹ فنڈنگ کے ذریعے گھر کی تعمیر کے لیے 5% سے 7% کی شرح سود پر قرضہ جات فراہم کئے جائیں گے۔ چنانچہ پاکستان اکنامک کوریڈر (CPEC) کے تحت جاری پراجیکٹس بھی تیز رفتاری سے تکمیل کی جانب گامزن ہیں۔ یہ پراجیکٹس، جن میں مکمل ہونے والے 28، 19 زیر تکمیل اور تیاری کے مراحل میں موجود 41 پراجیکٹس شامل ہیں، ملکی معیشت کے لیے طویل مدت تک سودمند ثابت ہوں گے۔

یہ امید کی جاتی ہے کہ یہ تمام اقدامات معیشت کی بحالی کے لیے لازم اور اشد ضروری، براہ راست غیر ملکی سرمایہ کاری کو ملک میں واپس لانے کا باعث بنیں گے، جو گزشتہ سال اس شعبہ میں نسبتاً غیر حاضر رہی ہے۔ مالی سال 2020 میں، 2,561 ملین امریکی ڈالر کے مجموعی ایف ڈی آئی میں سے، نیل اور گیس کے شعبہ کو دیئے جانے والے 311 ملین ڈالر، بجلی کے شعبہ کو دیئے جانے والے 764 ملین ڈالر نیز آئی ٹی اور ٹیلی کام کے شعبہ کو دیئے جانے والے 622 ملین ڈالر کے مقابلے میں تعمیراتی شعبہ کو صرف 20.7 ملین ڈالر دیئے گئے۔

مالی سال 2021 میں مجموعی معاشی حالات سست روی کے ساتھ بہتری کی جانب گامزن رہنے کی توقع ہے۔ تاہم، زیادہ انحصار اس بات پر ہے کہ آنے والے مہینوں میں اس عالمی وباء کی صورتحال کیسی رہتی ہے۔

کمپنی کا جائزہ

COVID-19 وباء کی وجہ سے گزشتہ مالی سال کی دوسری ششماہی کے دوران کرایہ داری اور دفتر کی جگہ کی طلب کی شرح میں کمی بشمول مالیت پر دباؤ ہمارے مشاہدے میں آیا۔ جبکہ اسی دوران، اس سے کمپنی کو اپنے کمرشل آفس ٹاور، سینٹر پوائنٹ کی خریداری کے لیے بینک الحیب کی جانب سے بڑی شکل میں وصولی کا ایک بہترین موقع میسر آیا۔ ہم نے اس اثاثہ پر سرمایہ کاری کی ہے اور اپنی خارجی حکمت عملی کے مطابق صحیح قیمت پر اس اثاثہ کو فروخت کرنے کا فیصلہ کیا ہے۔ اس سے ہمیں ترقیاتی امور کے حوالے سے مزید رینیل اسٹیٹ خریدنے کے مختلف مواقع میسر آئے ہیں۔ ہم تعمیرات کے لیے نئی جگہوں کی تلاش میں ہیں اور اسی مقصد کے لیے کراچی کی مارکیٹ پر اپنی توجہ مرکوز رکھے ہوئے ہیں۔

ہمارا ڈون ہوٹلک پراجیکٹ، جو کہ محلو استعمال کا ایک ترقیاتی پراجیکٹ ہے، اپنی مفصل ڈیزائننگ کی تکمیل کی جانب تیزی سے گامزن ہے، جس کے بعد ٹینڈر دستاویزات کی طلبی کا مرحلہ ہوگا۔ اس حوالے سے قواعد و ضوابط کی منظور یوں کا عمل جاری ہے۔ ہمیں وراثتی (ہیرٹج) عدم اعتراض کی سند ستمبر 2020 میں ملنے کی توقع ہے۔ اس پراجیکٹ کا افتتاح جنوری 2021 میں کرنے کا منصوبہ بنایا گیا ہے۔ جیسا کہ وباء کے حوالے سے حالات معمول پر آ رہے ہیں، ہم پراجیکٹ کی زمین کو ایس پی وی میں منتقل کرنے کے حوالے سے اپنے لاجسٹک پارک پراجیکٹ کے مشترکہ شراکت دار کے ساتھ مل کر کام کر رہے ہیں۔ عین اسی وقت تقرریوں کو حتمی شکل دینے کے لیے ڈیزائن اور پراجیکٹ مینجمنٹ کی ٹیم کے ساتھ ملاقاتوں کا آغاز بھی کر دیا گیا ہے۔

ڈائریکٹرز رپورٹ

مالی تجزیہ

مورخہ 26 فروری 2020 کو منعقد ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں یہ فیصلہ کیا گیا تھا کہ TPL پراپرٹیز کے 100% ملکیت کے حامل ذیلی ادارے، جس کا نام سینٹر پوائنٹ مینجمنٹ سروسز (CPMS) ہے، کے عملی امور (آپریٹنرز) کو یکم جولائی 2019 سے TPL پراپرٹیز لمیٹڈ میں ضم کر دیا جائے گا۔ جس کے نتیجے میں، سال ختمہ 30 جون 2020 کے لیے کمپنی کی آزادانہ خود مختار مالیاتی کارکردگی کے حوالے سے ذیل میں دی گئی رپورٹ میں سینٹر پوائنٹ مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ (CPMS) کے مالیاتی نتائج شامل ہیں۔

آزادانہ خود مختار کارکردگی

کمپنی کے آڈٹ شدہ آزادانہ خود مختار نتائج کا سابقہ اسی مدت سے مسابقتی جائزہ ذیل میں درج ہے:

| اختتامی مدت 30 جون 2019 (آڈٹ شدہ) | اختتامی مدت 30 جون 2020 (آڈٹ شدہ) | کوائف |
|---|---|--------------------------------------|
| 402,594,669 | 678,368,219 | آمدن |
| 390,985,565 | 461,391,407 | مجموعی منافع |
| 286,161,768 | 323,770,468 | آپریٹنگ منافع |
| 752,221,610 | 277,523,341 | قبل از محصول (ٹیکس) منافع |
| 730,061,838 | 276,980,071 | بعد از محصول (ٹیکس) منافع |
| 327,393,106 | 327,393,106 | بقیہ تخصیص کی تعداد |
| 2.30 | 0.85 | آمدنی فی تخصیص - قبل از محصول (ٹیکس) |
| 2.23 | 0.85 | آمدنی فی تخصیص - بعد از محصول (ٹیکس) |

گزشتہ سال آمدنی میں ہونے والا 68% اضافہ، 52% سینٹر پوائنٹ مینجمنٹ سروسز کے ضم ہونے اور 16% پانچ منزلوں کے تجدیدی معاہدوں کی وجہ سے ہوا۔ مجموعی منافع میں ہونے والا 18% اضافہ معاہدوں کی تجدید اور فرسودگی کی بحالی راز سرنو درجہ بندی کی وجہ سے ہوا، کیوں کہ ضم ہونے کی وجہ سے مخصوص پلانٹ اور ایکو پمنٹ انویسٹمنٹ پراپرٹی کی مد میں TPL پراپرٹیز میں منتقل کر دیے گئے۔ مالی قیوتوں میں اضافے اور انویسٹمنٹ پراپرٹی کی دوبارہ تشخیص ریمینیٹ (56% متزلی رکی) پر کم نفع کی وجہ سے قبل از محصول (ٹیکس) منافع (PBT) 171 ملین پاکستانی روپے (23%-) تک کم ہو گیا، کیوں کہ اسٹیٹ بینک آف پاکستان کی جانب سے سال کے ابتدائی حصے کے دوران BPS KIBOR 550 تک بڑھانے کی وجہ سے مالیاتی لاگت بلند سطح پر رہی۔ انویسٹمنٹ پراپرٹی پر دوبارہ تشخیص کا منافع 292 ملین روپے ہے۔

مجموعی کارکردگی

کمپنی کے آڈٹ شدہ مجموعی نتائج کا سابقہ اسی مدت سے مسابقتی جائزہ ذیل میں درج ہے:

ڈائریکٹرز رپورٹ

| اختتامی مدت 30 جون 2019 (آڈٹ شدہ) | اختتامی مدت 30 جون 2020 (آڈٹ شدہ) | کوائف |
|---|---|------------------------------------|
| 597,206,250 | 678,368,219 | آمدن |
| 422,873,462 | 461,391,407 | مجموعی منافع |
| 283,482,143 | 320,031,053 | آپریٹنگ منافع |
| 702,305,928 | 218,447,305 | قبل از محصول (ٹیکس) منافع |
| 676,253,924 | 113,206,679 | بعد از محصول (ٹیکس) منافع |
| 327,393,106 | 327,393,106 | بقیہ حصص کی تعداد |
| 2.15 | 0.67 | آمدنی فی حصص - قبل از محصول (ٹیکس) |
| 2.07 | 0.35 | آمدنی فی حصص - بعد از محصول (ٹیکس) |

چند کرایہ داروں کے ساتھ معاہدوں کی تجدید کی وجہ سے مجموعی آمدن میں 14% تک اضافہ ہوا۔ آمدن کے تسلسل میں آپریٹنگ منافع 13% تک بہتر ہوا۔ تاہم قبل از محصول (ٹیکس) منافع زبرد باؤر ہاؤس گزشتہ سال کے مقابلے میں مالی لاگت میں اضافے نیز دوبارہ تخصیص رخصتیت پر کم منافع کے سبب 483 ملین پاکستانی روپے (-69%) تک گر گیا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے ورکنگ کیپٹل کی ضروریات کو پورا کرنے اور کمپنی کے آئندہ ہونے والے منافع جات کو بڑھانے کی غرض سے مکمل پراجیکٹس میں سرمایہ کاری کے لیے اس سال کے حوالے سے منافع کو بچت کردہ آمدنی کے طور پر روکے رکھنے کی منظوری دی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس جو کہ ریٹائرڈ اور اہل ہیں، نے خود کو نئے مالی سال کے حوالے سے دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز، رٹوشیک کے مطابق، بورڈ آف ڈائریکٹرز نے میسرز EY Ford Rhodes چارٹرڈ اکاؤنٹنٹس کی کمپنی کے قانونی آڈیٹرز کے طور پر تقرری کی تجویز کی منظوری دے دی ہے، جو کہ کمپنی کے آئندہ ہونے والے سالانہ اجلاس عام میں حصص یافتگان (شیئرز ہولڈرز) کی منظوری سے مشروط ہے۔

متعلقہ فریقین کی ٹرانزیکشنز

کمپنی نے دوران سال اپنے متعلقہ فریقین کے ساتھ ٹرانزیکشنز انجام دی تھیں۔ ان ٹرانزیکشنز کی تفصیلات یہاں منسلک آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 33 میں ظاہر کی گئیں ہیں۔

بورڈ اور بورڈ کمیٹیوں کی تشکیل

مندرجہ ذیل کے مطابق ڈائریکٹرز کی مجموعی تعداد آٹھ (08) ہے:

| مرد | خاتون |
|-----|-------|
| 7 | 1 |

ڈائریکٹرز رپورٹ

بورڈ کی تشکیل درج ذیل کے مطابق ہے:

| قسم | نام |
|-----------------------|--|
| انڈپنڈنٹ ڈائریکٹر | جناب زیاد بشیر جناب عبدالوہاب ایم الہلانی |
| ایگزیکٹو ڈائریکٹر | جناب علی جمیل مسماۃ صبیحہ سلطان احمد |
| نان ایگزیکٹو ڈائریکٹر | جناب جمیل یوسف جناب سراج دادا بھائی وائس ایڈمرل (ریٹائرڈ) محمد شفیع، ایچ آئی (ایم) جناب فواد انور |

بورڈ نے مذکورہ ذیل اراکین پر مشتمل کمیٹیاں تشکیل دی ہیں:

| | |
|-------------------------------------|--|
| آڈٹ کمیٹی | جناب زیاد بشیر۔ چیئر مین جناب سراج دادا بھائی۔ رکن وائس ایڈمرل (ریٹائرڈ) محمد شفیع۔ رکن جناب یوسف زوہیب علی۔ سیکریٹری |
| افراد قوت (ایچ آر) اور مشاہرہ کمیٹی | جناب عبدالوہاب ایم الہلانی۔ چیئر مین جناب فواد انور۔ رکن جناب علی جمیل۔ رکن جناب نادر نواز۔ سیکریٹری |

بورڈ کے اجلاس (میٹنگز)

مالی سال کے دوران بورڈ نے 14 اجلاس منعقد کئے۔ ڈائریکٹرز کی حاضریاں ذیل میں مذکور ہیں:

| ڈائریکٹر کا نام | اجلاس میں حاضریاں شرکت |
|---------------------------------|------------------------|
| جناب علی جمیل | 4 |
| جناب جمیل یوسف۔ ایس۔ ایس۔ ٹی | 4 |
| جناب بلال علی بھائی | 1 |
| جناب عبدالوہاب ایم الہلانی | 2 |
| وائس ایڈمرل (ریٹائرڈ) محمد شفیع | 3 |
| جناب فواد انور | 2 |
| جناب سراج دادا بھائی | 3 |
| جناب زیاد بشیر | 3 |
| مسماۃ صبیحہ سلطان | 3 |



ڈائریکٹرز رپورٹ

ڈائریکٹرز کا مشاہرہ

بورڈ کی جانب سے دستور کے مطابق ڈائریکٹرز کے مشاہرہ کی پالیسی موجود ہے۔ اس پالیسی میں کمپنیز ایکٹ، 2017 اور لنڈیکینیٹز کوڈ آف کارپوریٹ گورننس 2019 کے مطابق ڈائریکٹرز کے مشاہرہ کے حوالے سے شفاف طریقہ کار شامل ہے۔ مذکورہ پالیسی کے مطابق، ڈائریکٹرز کو بورڈ یا اس کی ذیلی کمیٹیوں کے منعقد ہونے والے ہر اجلاس میں شرکت کے حوالے سے مبلغ 20,000 پاکستانی روپے کے مشاہرہ کی ادائیگی کی جاتی ہے۔

ڈائریکٹرز کی تربیت

ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈائریکٹرز کے لیے لازمی تربیتی پروگرام میں شرکت کی ہے۔

گزشتہ پانچ سالوں کے اہم مالیاتی کوائف

| 2016 رقم روپے میں ('000) | 2017 | 2018 | 2019 | 2020 | |
|-----------------------------|-----------|-----------|-----------|------------|--|
| 4,632,000 | 4,975,875 | 6,189,635 | 6,874,579 | 28,308 | جائیداد برائے سرمایہ کاری |
| 5,581 | 6,736 | 5,081 | 4,911 | 3,885 | جائیداد، پلانٹ، ساز و سامان |
| - | - | 753 | 603 | 452 | غیر منقولہ اثاثہ جات |
| 353,000 | 1,150,315 | 1,150,315 | 1,112,725 | 760,825 | طویل المدت سرمایہ کاری |
| 10,771 | 56,750 | 432,507 | 712,506 | 1,076,874 | ذیلی اداروں کے لیے طویل المدت قرض |
| 187 | 187 | 287 | 287 | 2,787 | طویل المدت ڈبائزس |
| 20,967 | 20,967 | 45,419 | 24,387 | 120,041 | کرایہ داروں سے کرایہ داری کے حوالے سے وصولیائی |
| 19,622 | 19,622 | 25,398 | 56,172 | 46,564 | ایڈوائس، ڈیپازٹ اور پیشگی ادائیگی |
| 78,038 | 78,038 | 40,818 | 33,242 | 94,784 | جمع شدہ سود |
| - | - | - | - | - | حصص کی رکنیت کے حوالے سے ایڈوائس |
| - | - | - | - | 964 | اوزار آلات (ٹولز) |
| - | - | 332 | 215,195 | 1,040 | متعلقہ فریقین کے واجبات |
| 97,864 | 94,021 | 93,258 | 133,457 | 118,505 | محصولات - صافی |
| - | - | 100,000 | 124 | 397 | قلیل المدت سرمایہ کاری |
| 850,576 | 344,333 | 540,589 | 209,487 | 225,132 | زر نقد اور بینک بیلنس |
| - | - | - | - | 7,617,000 | فروخت کے لیے موجود نان کرنٹ اثاثہ جات |
| 6,068,606 | 6,716,908 | 8,624,393 | 9,377,674 | 10,097,558 | مجموعی اثاثہ جات |

| | | | | | |
|-----------|-----------|-----------|-----------|-----------|---|
| 2,080,000 | 2,735,114 | 2,735,114 | 3,273,931 | 3,273,931 | جاری شدہ، رکنیت شدہ اور ادا شدہ سرمایہ |
| 140,497 | 560,564 | 560,564 | 21,746 | (404,846) | سرمایہ جاتی ذخیرہ |
| 975,534 | 1,327,511 | 2,562,141 | 3,292,203 | 3,569,183 | مجموعی منافع |
| 1,948,861 | 1,660,694 | 2,101,652 | 1,998,763 | 2,582,437 | طویل المدت فنانسنگ |
| - | - | - | - | - | جائیداد اور ساز و سامان کی دوبارہ تشخیص تخمینیت میں زائد از ضرورت (سرپلس) |
| 275,646 | 11,913 | 8,077 | 10,386 | 22,206 | متعلقہ فریقین کے واجبات |
| 39,005 | 38,237 | 27,567 | 17,188 | 15,809 | مؤخر ملتوی شدہ ٹیکس واجبات |
| 74,447 | 44,760 | 57,474 | 89,956 | 104,486 | جمع شدہ سود |

ڈائریکٹر رپورٹ

| | | | | | |
|-----------|-----------|-----------|-----------|------------|--|
| 163,833 | 73,508 | 55,993 | 49,556 | 195,230 | تجارتی و دیگر واجب الادا ادائیگیاں |
| 200,000 | - | 400,000 | 400,000 | 400,000 | فیکل المدت قرض |
| 126,000 | 204,750 | 44,000 | 110,000 | 191,118 | طویل المدت فنانسنگ کا حالیہ حصہ |
| 44,783 | 59,858 | 71,811 | 113,945 | 148,002 | کرایہ داروں سے کرایہ کے حوالے سے ایڈوانس |
| 6,068,606 | 6,716,908 | 8,624,393 | 9,377,674 | 10,097,558 | مجموعی ایکویٹی اور واجبات |

| 2016 رقم روپے میں ('000) | 2017 | 2018 | 2019 | 2020 | |
|-----------------------------|-----------|-----------|-----------|-----------|------------------------------------|
| 364,057 | 362,785 | 366,350 | 402,595 | 678,369 | آمدن |
| (12,414) | (9,909) | (9,603) | (11,609) | (216,977) | براہ راست آپرینٹنگ لاگت |
| 351,642 | 352,876 | 356,748 | 390,986 | 461,392 | مجموعی منافع |
| (53,056) | (105,812) | (107,534) | (104,824) | (137,621) | انتظامی و دیگر عمومی اخراجات |
| - | - | - | - | - | دیگر آپرینٹنگ اخراجات |
| 298,587 | 247,064 | 249,213 | 286,162 | 323,771 | آپرینٹنگ منافع |
| (236,618) | (176,487) | (207,664) | (267,248) | (419,072) | مالیاتی لاگت |
| 35,450 | 15,737 | 26,735 | 66,315 | 80,659 | دیگر آمدن |
| 274,218 | 288,765 | 1,180,809 | 666,993 | 292,166 | جائیداد برائے سرمایہ کاری پر منافع |
| (57,400) | - | - | - | - | تبادلہ (خسارہ) منافع |
| 314,236 | 375,079 | 1,249,093 | 752,222 | 277,524 | قبل از محصول (ٹیکس) منافع |
| (23,566) | (23,101) | (14,463) | (22,160) | (543) | محصولات |
| 290,670 | 351,978 | 1,234,630 | 730,062 | 276,981 | بعد از محصول (ٹیکس) منافع (خسارہ) |
| 2.12 | 1.68 | 3.77 | 2.23 | 0.85 | آمدنی (خسارہ) فی حصص |

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان

بورڈ آف ڈائریکٹرز، سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان کی جانب سے مجوزہ کوڈ آف کارپوریٹ گورننس کے تحت متوقع اپنی تمام کارپوریٹ ذمہ داریوں سے بخوبی واقف ہے اور بخوشی واضح کرتا ہے کہ:

- کمپنی کی طرف سے تیار کردہ مالی گوشوارے اس کے امور، اس کے آپریشنز، زرفند کی ترسیل اور ایکویٹی میں ہونے والی تبدیلیوں کے نتائج کو بہتر طریقے سے ظاہر کرتی ہیں۔
- کمپنی نے، کمپنیز ایکٹ، 2017 کے تحت کھاتوں کی کتب درست طریقے سے تیار کی ہیں۔
- کمپنی نے مالی گوشواروں کی تیاری میں مسلسل مخصوص اکاؤنٹنگ پالیسیز پر عمل کیا ہے اور اکاؤنٹنگ کے تخمینہ جات موزوں اور محتاط فیصلے کی بنیاد پر لیے گئے ہیں۔
- مالی گوشواروں کی تیاری میں، پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ کے معیارات پر عمل کیا گیا ہے اور کسی بھی قسم کے اخراج کو موزوں طریقے سے بتایا اور واضح کیا گیا ہے۔
- ڈیزائن کے لحاظ سے داخلی نگرانی کا نظام مستحکم اور موثر طریقے سے لاگو ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے بنیادی اصول قوی اور مضبوط ہیں اور کمپنی کی اس طرح کام جاری رکھنے کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔
- کمپنی نے اندراج (لسٹنگ) کے قواعد میں درج شدہ کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں پر عمل کیا ہے۔
- اس سالانہ رپورٹ میں گزشتہ پانچ سالوں کے اہم آپرینٹنگ اور مالی کوائف خلاصہ کی شکل میں شامل کئے گئے ہیں۔
- واجب الادا ٹیکسز اور محصولات، مالی گوشواروں کے متعلقہ نوٹس میں درج کئے گئے ہیں۔

ڈائریکٹرز رپورٹ

شیر ہولڈنگ کا نمونہ (پیٹرن)

30 جون 2020 کو کمپنی کی شیر ہولڈنگ کا نمونہ جاتی گوشوارہ نیچے دیا گیا ہے:

| کوائف | فولیو نمبر | بقیہ حصص (شیر) | فیصد |
|--|------------|----------------|---------|
| اسپانسرز، ڈائریکٹرز، سی ای او اور نیچے | 7 | 40,697,995 | 12.4309 |
| منسلک کمپنیز | 10 | 157,445,720 | 48.0907 |
| بینک، ڈی ایف آئی اور این بی ایف آئی | 1 | 1,500,000 | 0.4582 |
| انسٹورس کمپنیز | 3 | 12,921,615 | 3.9468 |
| مضاربہ اور میوچل فنڈز | 1 | 2,992,500 | 0.9140 |
| عوام الناس (مقامی) | 339 | 22,573,148 | 6.8948 |
| عوام الناس (غیر ملکی) | 23 | 1,479,216 | 0.4518 |
| دیگر | 24 | 66,959,899 | 20.4524 |
| غیر ملکی کمپنیز | 2 | 20,823,012 | 6.3602 |
| کمپنی کا مجموعہ | 410 | 327,393,105 | 100 |

30 جون 2020 کو کمپنی کے حصص یافتگان (شیر ہولڈرز) کے پاس رکھے ہوئے حصص کا نمونہ/خاکہ

| حصص یافتگان (شیر ہولڈرز) کی تعداد | اس نمبر سے | اس نمبر تک | ملکیت میں موجود شیرز | فیصد |
|-----------------------------------|------------|------------|----------------------|--------|
| 75 | 1 | 100 | 1,021 | 0.0003 |
| 39 | 101 | 500 | 17,133 | 0.0052 |
| 52 | 501 | 1,000 | 44,819 | 0.0137 |
| 83 | 1,001 | 5,000 | 241,980 | 0.0739 |
| 20 | 5,001 | 10,000 | 171,460 | 0.0524 |
| 10 | 10,001 | 15,000 | 128,680 | 0.0393 |
| 8 | 15,001 | 20,000 | 141,271 | 0.0432 |
| 5 | 20,001 | 25,000 | 117,935 | 0.0360 |
| 8 | 25,001 | 30,000 | 224,175 | 0.0685 |
| 4 | 30,001 | 35,000 | 136,000 | 0.0415 |
| 5 | 35,001 | 40,000 | 194,713 | 0.0595 |
| 4 | 45,001 | 50,000 | 194,767 | 0.0595 |
| 2 | 50,001 | 55,000 | 106,220 | 0.0324 |
| 3 | 55,001 | 60,000 | 177,450 | 0.0542 |
| 2 | 60,001 | 65,000 | 127,244 | 0.0389 |
| 3 | 65,001 | 70,000 | 199,168 | 0.0608 |
| 1 | 70,001 | 75,000 | 75,000 | 0.0229 |
| 2 | 75,001 | 80,000 | 153,000 | 0.0467 |
| 1 | 85,001 | 90,000 | 90,000 | 0.0275 |
| 3 | 90,001 | 95,000 | 278,477 | 0.0851 |
| 4 | 95,001 | 100,000 | 398,500 | 0.1217 |
| 2 | 100,001 | 105,000 | 206,407 | 0.0630 |
| 1 | 105,001 | 110,000 | 110,000 | 0.0336 |

ڈائریکٹرز رپورٹ

| | | | | |
|--------|-----------|---------|---------|----|
| 0.4388 | 1,436,626 | 120,000 | 115,001 | 12 |
| 0.0368 | 120,365 | 125,000 | 120,001 | 1 |
| 0.0407 | 133,380 | 135,000 | 130,001 | 1 |
| 0.0848 | 277,500 | 140,000 | 135,001 | 2 |
| 0.0458 | 150,000 | 150,000 | 145,001 | 1 |
| 0.0484 | 158,500 | 160,000 | 155,001 | 1 |
| 0.0490 | 160,500 | 165,000 | 160,001 | 1 |
| 0.0529 | 173,120 | 175,000 | 170,001 | 1 |
| 0.0543 | 177,800 | 180,000 | 175,001 | 1 |
| 0.0641 | 210,000 | 210,000 | 205,001 | 1 |
| 0.0644 | 211,000 | 215,000 | 210,001 | 1 |
| 0.1394 | 456,430 | 230,000 | 225,001 | 2 |
| 0.2191 | 717,201 | 240,000 | 235,001 | 3 |
| 0.1020 | 334,100 | 335,000 | 330,001 | 1 |
| 0.1054 | 345,000 | 345,000 | 340,001 | 1 |
| 0.1097 | 359,100 | 360,000 | 355,001 | 1 |
| 0.1222 | 400,000 | 400,000 | 395,001 | 1 |
| 0.1462 | 478,800 | 480,000 | 475,001 | 1 |
| 0.1729 | 566,181 | 570,000 | 565,001 | 1 |
| 0.1745 | 571,300 | 575,000 | 570,001 | 1 |
| 0.5489 | 1,797,000 | 600,000 | 595,001 | 3 |
| 0.2111 | 690,965 | 695,000 | 690,001 | 1 |
| 0.2198 | 719,500 | 720,000 | 715,001 | 1 |
| 0.2415 | 790,600 | 795,000 | 790,001 | 1 |
| 0.2474 | 810,000 | 810,000 | 805,001 | 1 |
| 0.2749 | 900,000 | 900,000 | 895,001 | 1 |
| 0.2827 | 925,500 | 930,000 | 925,001 | 1 |



ڈائریکٹرز رپورٹ

| | | | | |
|-----------------|--------------------|------------|------------|------------|
| 0.2910 | 952,660 | 955,000 | 950,001 | 1 |
| 0.2925 | 957,600 | 960,000 | 955,001 | 1 |
| 0.3382 | 1,107,225 | 1,110,000 | 1,105,001 | 1 |
| 0.7312 | 2,394,000 | 1,200,000 | 1,195,001 | 2 |
| 0.4502 | 1,473,954 | 1,475,000 | 1,470,001 | 1 |
| 0.4521 | 1,480,300 | 1,485,000 | 1,480,001 | 1 |
| 0.4582 | 1,500,000 | 1,500,000 | 1,495,001 | 1 |
| 0.5850 | 1,915,200 | 1,920,000 | 1,915,001 | 1 |
| 0.6875 | 2,250,710 | 2,255,000 | 2,250,001 | 1 |
| 0.6893 | 2,256,597 | 2,260,000 | 2,255,001 | 1 |
| 1.4625 | 4,788,000 | 2,395,000 | 2,390,001 | 2 |
| 0.7630 | 2,497,877 | 2,500,000 | 2,495,001 | 1 |
| 0.8833 | 2,891,952 | 2,895,000 | 2,890,001 | 1 |
| 0.8858 | 2,900,000 | 2,900,000 | 2,895,001 | 1 |
| 0.9140 | 2,992,500 | 2,995,000 | 2,990,001 | 1 |
| 1.4625 | 4,788,000 | 4,790,000 | 4,785,001 | 1 |
| 1.6799 | 5,500,000 | 5,500,000 | 5,495,001 | 1 |
| 2.4630 | 8,063,800 | 8,065,000 | 8,060,001 | 1 |
| 2.8500 | 9,330,615 | 9,335,000 | 9,330,001 | 1 |
| 2.9249 | 9,576,000 | 9,580,000 | 9,575,001 | 1 |
| 4.7236 | 15,464,890 | 15,465,000 | 15,460,001 | 1 |
| 5.5973 | 18,325,135 | 18,330,000 | 18,325,001 | 1 |
| 6.0360 | 19,761,488 | 19,765,000 | 19,760,001 | 1 |
| 7.0176 | 22,975,210 | 22,980,000 | 22,975,001 | 1 |
| 14.5030 | 47,481,715 | 47,485,000 | 47,480,001 | 1 |
| 14.6407 | 47,932,789 | 47,935,000 | 47,930,001 | 1 |
| 20.8401 | 68,229,000 | 68,230,000 | 68,225,001 | 1 |
| 100.0000 | 327,393,105 | کل | | 410 |

ڈائریکٹرز رپورٹ

اضافی معلومات:

| نسک کمپنیز، معاہدے/حلف نامے اور متعلقہ فریقین (نام کے لحاظ سے تفصیلات) | قسطوں میں موجود حصص (شیرز) کی تعداد (30 جون 2020) | فیصد |
|--|--|----------|
| TPL کارپ لمیٹڈ | 71,700,300 | 21.9004% |
| TPL ہولڈنگز (پرائیویٹ) لمیٹڈ | 28,176,781 | 8.6063% |
| TPL انشورنس لمیٹڈ | 9,576,000 | 2.9249% |
| TPL سیکیورٹی سروسز (پرائیویٹ) لمیٹڈ | 59,850 | 0.0183% |
| میو جی فنڈز (نام کے لحاظ سے تفصیلات) | | |
| سی ڈی سی سٹریٹیجی اور مواقع جاتی فنڈ | 2,992,500 | 0.914% |
| ڈائریکٹرز سی ای او اور ان کی ر کے شریک حیات نیز چھوٹے بچے (نام کے لحاظ سے تفصیلات) | | |
| جناب محمد علی جمیل | 22,982,392 | 7.0198% |
| جناب جمیل یوسف احمد ایس۔ ایس۔ ٹی | 17,715,600 | 5.4111% |
| مندرجہ ذیل ڈائریکٹر TPL کارپ لمیٹڈ کا نامزد ڈائریکٹر ہے | | |
| وائس ایڈمرل (ریٹائرڈ) محمد شفیع، ایچ آئی (ایم) | 1 | 0% |
| مندرجہ ذیل ڈائریکٹر کمپنی کا انڈیپنڈنٹ ڈائریکٹر ہے | | |
| جناب زیاد بشیر | 1 | 0% |
| ایگزیکٹو | | |
| جناب علی اصغر | 1 | 0% |
| پانچ فیصد یا زائد ووٹنگ میں دلچسپی کے حامل حصص یافتگان (نام کے لحاظ سے تفصیلات) | | |
| الفا بینا لمیٹڈ مارکیٹس (پرائیویٹ) لمیٹڈ | 47,932,789 | 14.6407% |
| ہیرنچ چیمبرز لمیٹڈ | 47,481,715 | 14.503% |
| جناب جمیل یوسف احمد | 17,715,600 | 5.4111% |
| TPL کارپ لمیٹڈ | 22,982,392 | 7.0198% |
| TPL ہولڈنگز (پرائیویٹ) لمیٹڈ | 71,700,300 | 21.9004% |
| | 28,176,781 | 8.6063% |
| ڈائریکٹرز سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے ر کے شریک حیات نیز چھوٹے بچوں کی جانب سے حصص کے کاروبار تجارت کی تفصیلات | | |
| دوران سال کسی بھی ڈائریکٹرز سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے ر کے شریک حیات نیز چھوٹے بچوں نے کمپنی کے حصص میں کاروبار نہیں کیا ہے۔ | | |



ڈائریکٹر رپورٹ

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مستحکم تجزیہ (آؤٹ لک) کے ساتھ TPL پراپرٹیز لمیٹڈ (TPL) کی طویل المدت اور قلیل المدت ادارہ جاتی ریٹنگ بالترتیب "A+" (سنگل اے پلس) اور "A1" (اے ون) برقرار رکھی ہے۔ یہ ریٹنگز مالیاتی ذمہ داریوں کی بروقت ادائیگی کے لیے مستحکم صلاحیت سے ظاہر ہونے والے کریڈٹ رسک کی کم توقعات کی جانب اشارہ کرتی ہیں۔

اظہار تشکر:

ہم پیشہ ورانہ تہذیب، تخلیقی صلاحیت، تمام شعبہ جات میں مربوط اور مسلسل بہتری نیز مستحکم نمونے کے لیے تمام وسائل کے مؤثر استعمال کی وجہ سے مستعد اور مؤثر طریقے سے کام کرنے کے قابل ہونے ہیں۔ ہم مختلف سطحوں پر کام کرنے والے کمپنی کے ملازمین کی جانب سے کئے گئے تعاون اور ان کی پر خلوص خدمات کو تہ دل سے سراہتے ہیں۔ سب سے بڑھ کر ہم اپنے سرمایہ کاروں، کرایہ داروں، بینکرز، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی جانب سے ملنے والی مسلسل معاونت اور رہنمائی پر ان کا بے حد شکریہ ادا کرتے ہیں۔



جیل یوسف ایس۔ ایس۔ ٹی
چیرمین



علی جمیل
چیف ایگزیکٹو آفیسر

Independent Auditors' Review Report

To the members of TPL Properties Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.



Chartered Accountants
Place: Karachi
Date: October 5, 2020

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company TPL Properties Limited

Year ended: June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are eight (08) as per the following:

| Male | Female |
|------|--------|
| 7 | 1 |

2. The composition of the Board is as follows:

| Category | Names |
|-------------------------|---|
| Independent Director | Mr. Ziad Bashir Mr. Abdul Wahab M. Halabi |
| Executive Directors | Mr. Ali Jameel Ms. Sabiha Sultan Ahmed |
| Non-Executive Directors | Mr. Jameel Yusuf Mr. Siraj Dadabhoy Vice Admiral (R) Mohammad Shafi, Hi(M) Mr. Fawad Anwar |

NOTE: For the purposes of the rounding up of fraction, the Company has not rounded up the fraction as one since as it currently stands, the Board has adequate Independent Directors. If we compare the number of Non-Executive Directors i.e. 6 Directors, as compared to Executive Directors i.e. 2 Directors, the Company is of the view that the Board under the current composition is adequately independent. Moreover, the same fraction application has been done to determine the ratio of Executive Directors to ensure consistency.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("Act") and the Listed Companies (Code of Corporate Governance), 2019 ("Regulations").
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Non-Executive Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board of Directors.
8. The Board of Directors has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
9. The Board has duly complied with the Directors' Training Program requirement and the criteria as prescribed in the Listed Companies Corporate Governance Regulations, 2019.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The Chief Financial Officer and Chief Executive Officer have duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

| | |
|-------------------------------|--|
| Audit Committee | Mr. Ziad Bashir – Chairman Mr. Siraj Dadabhoy – Member Vice Admiral (R) Muhammad Shafi - Member Mr. Yousuf Zohaib Ali – Secretary |
| HR and Remuneration Committee | Mr. Abdul Wahab M. Halabi– Member Mr. Fawad Anwar - Member Mr. Ali Jameel – Member Mr. Nader Nawaz – Secretary |

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

| Name of Committee | Frequency of Meeting |
|-------------------------------|---|
| Audit Committee | 4 meetings were held during the Year. The meetings of the Audit Committee are held on quarterly basis |
| HR and Remuneration Committee | 2 meetings were held during the Year. The meeting of the HR and Remuneration Committee is held on yearly basis. |

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parents, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.



Jameel Yusuf S.St
Chairman



Independent Auditors' Report

To the members of TPL Properties Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of TPL Properties Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2020, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| 1. Valuation of investment property held for sale | |
| <p>The Company's investment property ("IP") held for sale constitutes the Centerpoint Project which is located in Karachi, principally comprising rented office premises. As disclosed in note 7.1 (to be read with note 7.5) to the accompanying unconsolidated financial statements the IP amounts to Rs. 7,617 million and constitutes 75% of the total assets of the Company. The IP is recorded as non-current asset held for sale under fair value model in accordance with applicable financial reporting framework, and accordingly, a fair value gain of Rs. 292 million has been recorded by the Company during the year on account of its fair valuation which was performed by an independent external property valuer.</p> <p>We identified valuation of the IP held for sale as a key audit matter because of the significance of IP held for sale to the total assets of the Company and because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology, market projections and market rents.</p> | <p>Our audit procedures amongst others comprised of:</p> <ul style="list-style-type: none"> - We assessed the competence of the management independent external valuer and reviewed the valuation report prepared by them to understand the basis and methodology of the valuation; - Involved EY's external valuer to assess the appropriateness of assumptions and estimates used by management's independent valuer in terms of estimated selling price, occupancy, condition, market projections and currency valuation; - Reviewed underlying evidences including but not limited to Board of Directors approval, sale agreement etc. related to decision for sale of Centerpoint project to an independent third party; - We evaluated the conditions as per International Financial Reporting Standard (IFRS) 5 - '<i>Non-current Assets Held for Sale and Discontinued Operations</i>', for classifying the investment property as non-current assets held for sale; and - Assessed the adequacy of the presentation and disclosures in the accompanying unconsolidated financial statements in respect of the investment property held for sale in accordance with approved financial and reporting standards. |
| 2. Scheme of Amalgamation | |
| <p>(Refer note 1.5 to the accompanying unconsolidated financial statements)</p> <p>The principal activity of the Company is to invest, purchase, develop and build real estate and to sell, rent out or otherwise dispose-off in any manner the real estate including commercial and residential buildings, houses, shops, plots or other premises. On 26 February 2020, the Scheme of Amalgamation was approved to merge the Company and the building maintenance services business of wholly owned subsidiary CenterPoint Management Services (Private) Limited (CPMS) along with all its associated assets, liabilities and obligation of CPMS on the effective date i.e. 01 July 2019.</p> <p>Due to significance of this event and its impact on the Company's financial position and performance, we considered this a key audit matter.</p> | <p>Our audit procedures amongst others included:</p> <ul style="list-style-type: none"> - reviewed the Scheme of Amalgamation and checked its approval by the Board of Directors (the Board) of each amalgamating Company; - obtained the certified true copy of the Board's resolution approving the Scheme. - considered the accounting implications of implementing the Scheme, in particular, the basis of determining the assets and liabilities transferred to the Company; and - reviewed the adequacy of related disclosures in the financial statements in accordance with the financial reporting standards. |

Information Other than the unconsolidated financial statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the unconsolidated financial statements

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the unconsolidated financial statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Shariq Ali Zaidi.



Chartered Accountants

Place: Karachi

Date: October 05, 2020

Unconsolidated Statement of Financial Position

As at June 30, 2020

| | Note | 2020 | 2019 |
|---|------|-----------------------|----------------------|
| | | Rupees | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Operating fixed assets | 5 | 3,885,426 | 4,910,671 |
| Intangible assets | 6 | 452,069 | 602,759 |
| Investment property | 7 | 28,308,153 | 6,874,579,344 |
| Long-term investments | 8 | 760,824,800 | 1,112,724,790 |
| Long-term loans to subsidiaries | 9 | 1,076,874,088 | 712,505,944 |
| Long-term deposits | 10 | 2,786,919 | 286,919 |
| Interest accrued | | 94,784,036 | 33,241,949 |
| | | <u>1,967,915,491</u> | <u>8,738,852,376</u> |
| CURRENT ASSETS | | | |
| Tools | | 963,751 | - |
| Receivables from tenants | 11 | 120,040,829 | 24,386,706 |
| Loans, advances, prepayments and other receivables | 12 | 46,563,917 | 56,171,977 |
| Due from a related parties | 13 | 1,039,600 | 215,194,817 |
| Taxation - net | | 118,504,976 | 133,456,751 |
| Short-term investment | 14 | 396,823 | 124,200 |
| Cash and bank balances | 15 | 225,132,134 | 209,486,831 |
| | | <u>512,642,030</u> | <u>638,821,282</u> |
| <i>Non-current asset held for sale</i> | 7.5 | 7,617,000,000 | - |
| TOTAL ASSETS | | <u>10,097,557,521</u> | <u>9,377,673,658</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL | | | |
| Authorised capital | | | |
| 400,000,000 (2019: 400,000,000) ordinary shares of Rs.10/- each | | <u>4,000,000,000</u> | <u>4,000,000,000</u> |
| Issued, subscribed and paid-up capital | 16 | 3,273,931,063 | 3,273,931,063 |
| Capital reserve | | (404,845,756) | 21,746,162 |
| Revenue reserve | | <u>3,569,183,065</u> | <u>3,292,202,994</u> |
| | | <u>6,438,268,372</u> | <u>6,587,880,219</u> |
| NON-CURRENT LIABILITIES | | | |
| Long-term financings | 17 | 2,582,437,440 | 1,998,762,771 |
| Deferred tax liability - net | 18 | 15,808,675 | 17,188,200 |
| | | <u>2,598,246,115</u> | <u>2,015,950,971</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 19 | 165,707,150 | 43,508,589 |
| Accrued expenses | | 29,523,233 | 6,047,421 |
| Due to related parties | 20 | 22,206,298 | 10,385,612 |
| Accrued mark-up | 21 | 104,486,276 | 89,955,997 |
| Short-term borrowings | 22 | 400,000,000 | 400,000,000 |
| Current portion of long-term financings | 17 | 191,117,792 | 110,000,000 |
| Advances from tenants | 23 | 148,002,285 | 113,944,849 |
| | | <u>1,061,043,034</u> | <u>773,842,468</u> |
| CONTINGENCIES AND COMMITMENTS | 24 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>10,097,557,521</u> | <u>9,377,673,658</u> |

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director



Unconsolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended June 30, 2020

| | | 2020 | 2019 |
|--|------|--------------------|--------------------|
| | Note | Rupees | |
| Income | 25 | 678,368,219 | 402,594,669 |
| Direct operating costs | 26 | (216,976,812) | (11,609,104) |
| Gross profit | | 461,391,407 | 390,985,565 |
| Administrative and general expenses | 27 | (137,620,939) | (104,823,797) |
| Finance costs | 28 | (419,071,628) | (267,247,691) |
| Other income | 29 | 372,824,501 | 733,307,533 |
| Profit before taxation | | 277,523,341 | 752,221,610 |
| Taxation | 30 | (543,270) | (22,159,772) |
| Profit for the year | | 276,980,071 | 730,061,838 |
| Other comprehensive income for the year - net of tax | | - | - |
| Total comprehensive income for the year | | 276,980,071 | 730,061,838 |
| Basic and diluted earnings per share | 31 | 0.85 | 2.23 |

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2020

| | Capital reserves | | Revenue reserve | |
|---|--|-----------------------|---|----------------------|
| | Issued, subscribed and paid up capital | Share premium account | Reserve under scheme of amalgamation (Rupees) | Accumulated profits |
| | | | | Total |
| Balance at June 30, 2018 | 2,735,113,670 | 560,563,555 | - | 2,562,141,156 |
| Issuance of bonus shares @ Rs.10 per share | 538,817,393 | (538,817,393) | - | - |
| Profit for the year | - | - | - | 730,061,838 |
| Other comprehensive income for the year - net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 730,061,838 |
| Balance at June 30, 2019 | 3,273,931,063 | 21,746,162 | - | 3,292,202,994 |
| Reserve created under scheme of amalgamation (note 1.5) | - | - | (426,591,918) | - |
| Profit for the year | - | - | - | 276,980,071 |
| Other comprehensive income for the year - net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 276,980,071 |
| Balance at June 30, 2020 | 3,273,931,063 | 21,746,162 | (426,591,918) | 3,569,183,065 |

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2020

| | | 2020 | 2019 |
|---|-------------|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | Note | Rupees | |
| Profit before taxation | | 277,523,341 | 752,221,610 |
| Adjustments for non-cash items: | | | |
| Depreciation | 27 | 3,611,320 | 2,534,302 |
| Amortization | 27 | 150,690 | 150,690 |
| Finance costs | 28 | 419,071,628 | 267,247,691 |
| Mark-up on savings accounts | 29 | (12,098,997) | (33,252,590) |
| Mark-up on long-term loan to subsidiaries | 29 | (61,292,126) | 7,576,198 |
| Allowance for expected credit losses | | 155,022 | - |
| Unrealised gain on investment in mutual funds | 29 | (370,021) | - |
| Gain on disposal of investment in mutual funds | 29 | (2,791,879) | (5,583,720) |
| Fair value gain on investment property | 29 | (292,165,699) | (666,992,964) |
| | | 54,269,938 | (428,320,393) |
| Working capital changes | | | |
| (Increase) / decrease in current assets | | | |
| Tools | | 107,600 | - |
| Receivables from tenants | | (24,138,769) | 21,032,666 |
| Loans, advances, prepayments and other receivables | | 13,801,497 | (30,774,326) |
| Short-term investments | | 389,277 | 99,875,800 |
| Due from a related parties | | 217,662,632 | (214,862,834) |
| | | 207,822,237 | (124,728,694) |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables | | 96,732,402 | (2,638,017) |
| Accrued expenses | | 14,765,994 | (3,799,240) |
| Due to related parties | | 4,569,237 | 2,308,906 |
| Advance from tenants | | (4,527,150) | 42,133,628 |
| | | 111,540,483 | 38,005,277 |
| Cash flows generated from operations | | 651,155,999 | 237,177,800 |
| Finance cost paid | | (404,541,349) | (234,765,644) |
| Markup on saving accounts received | | 11,849,036 | 33,252,590 |
| Income tax paid - <i>net of refund</i> | | 27,007,635 | (72,737,677) |
| Net cash flows generated from / (used in) operating activities | | 285,471,321 | (37,072,931) |
| CASH FLOWS FROM INVESTING ACTIVITIES* | | | |
| Additions to operating fixed assets | 5 | (1,559,029) | (2,364,274) |
| Additions to capital work-in-progress | 7 | - | (4,034,487) |
| Additions to investment property | 7 | (87,836,349) | (13,916,864) |
| Long-term loan to subsidiaries - net | | (661,805,788) | (279,999,069) |
| Investment in subsidiaries | | (1,100,000) | (51,000,000) |
| Purchase of investments in mutual funds | | (10,000) | - |
| Proceeds from disposal of investment in mutual funds | | 12,500,000 | - |
| Proceeds from disposal of investment in subsidiary | | - | 94,174,320 |
| Net cash flows used in investing activities | | (749,801,166) | (257,140,374) |
| CASH FLOWS FROM FINANCING ACTIVITIES* | | | |
| Long-term financings - net | | 477,543,239 | (36,889,058) |
| Net cash flows generated from / (used in) financing activities | | 477,543,239 | (36,889,058) |
| Net increase / (decrease) in cash and cash equivalents | | 13,213,394 | (331,102,363) |
| Cash and cash equivalents at the beginning of the year | | 209,486,831 | 540,589,194 |
| Cash and cash equivalents transferred under the Scheme | 1.5 | 2,431,909 | - |
| Cash and cash equivalents at the end of the year | 15 | 225,132,134 | 209,486,831 |

*No non-cash items are included in investing and financing activities

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

1. LEGAL STATUS AND OPERATIONS

- 1.1 TPL Properties Limited (the Company) was incorporated in Pakistan as a private limited company on February 14, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). In 2016, the Company had changed its status from private limited company to public company and was listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to invest, purchase, develop and build real estate and to sell, rent out or otherwise dispose off in any manner the real estate including commercial and residential buildings, houses, shops, plots or other premises. The registered office of the Company is situated at Centrepont Building, Off Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi. TPL Corp Limited and TPL Holdings (Private) Limited are the Parent and Ultimate Parent Company respectively, as of reporting date.

- 1.2 Geographical location and address of the business premises

Address

Shaheed-e-Millat Expressway, near KPT Interchange, Karachi.

Purpose

Head office and rented premises

- 1.3 The Company has had transactions or had agreements and / or arrangements in place during the reporting period with the following related parties:

| Name | Relationship | Common Directorship | Percentage of Shareholding |
|--|-------------------------|---------------------|----------------------------|
| TPL Corp Limited [TCL] | Parent company | Yes | 21.90% |
| TPL Holdings (Private) Limited [THL] | Ultimate Parent company | Yes | 8.61% |
| TPL Trakker Limited [TTL] | Associated company | Yes | - |
| TPL Insurance Limited [TIL] | Associated company | Yes | 2.92% |
| TPL Security Services (Private) Limited [TPLS] | Associated company | Yes | 0.018% |
| TPL Maps (Private) Limited [TMP] | Associated company | Yes | - |
| TPL Rupiya (Private) Limited [TPLR] | Associated company | Yes | - |
| TPL Life Insurance Limited [TLI] | Associated company | Yes | - |
| TPL Property Management (Private) Limited [TPLPM] | Subsidiary company | Yes | 99.99% |
| TPL Logistic Park (Private) Limited [TPLLP] | Subsidiary company | Yes | 99.99% |
| HKC (Private) Limited [HKC] | Subsidiary company | Yes | 80.00% |
| G-18 (Private) Limited [G-18] | Subsidiary company | Yes | 99.99% |
| TPL REIT Management Company Limited | Subsidiary company | Yes | 99.99% |
| Mr. Jameel Yusuf | Chairman | N/A | 5.40% |
| Mr. Muhammad Ali Jameel | Chief Executive Officer | N/A | 7.01% |
| Mr. Ali Asgher | Chief Operating Officer | N/A | - |
| Mr. Rahim Badruddin Kazani | Chief Financial Officer | N/A | - |
| TPL Properties Limited - Employees' Provident Fund | Retirement Benefit Fund | N/A | - |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

- 1.4** These unconsolidated financial statements are the separate financial statements of the Company, in which investment in the subsidiary companies namely G-18 (Private) Limited, TPL REIT Management Company Limited, HKC (Private) Limited, TPL Logistic Park (Private) Limited and TPL Property Management (Private) Limited have been accounted for at cost less accumulated impairment losses, if any. In addition, the Company also prepares consolidated financial statements.
- 1.5** The Board of Directors (the Board) of the Company in a meeting held on February 26, 2020 approved, in principle, the merger of the Company and its wholly owned subsidiary Centerpoint Management Services (Private) Limited (CPMS) in accordance with the terms of a Scheme of Arrangement approved by SECP under the provisions of Section 284 sub-section (1) clause (5) of the Companies Act 2017. Pursuant to the merger, the entire undertaking comprising all the assets, liabilities and obligations of CPMS, as at July 01, 2019, stood merged with, transferred to, vested in, and assumed by TPLP against no consideration and accordingly, CPMS ceased to exist as a separate legal entity. The merger was accounted for in the books using 'pooling of interest' method as it was a business combination of entities under common control and therefore, scoped out of IFRS 3 'Business Combinations'. The net assets of CPMS has been acquired after certain adjustments as of July 01, 2019, and has been accounted for in the financial statements with corresponding impact directly in equity under 'Reserve under scheme of amalgamation'.

Details of the identifiable assets acquired and liabilities assumed as at 01 July 2019 are as under:

| | Note | 2019 Rupees |
|--|------|-----------------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | | 391,753,823 |
| Long-term deposits | | 2,500,000 |
| Deferred tax asset - net | | 114,024,864 |
| | | <u>508,278,687</u> |
| CURRENT ASSETS | | |
| Tools | | 1,071,351 |
| Receivable against maintenance and other services | | 71,670,376 |
| Advances and prepayments | | 4,193,437 |
| Due from related party | | 3,507,415 |
| Taxation - net | | 22,992,008 |
| Cash and bank balances | | 2,431,909 |
| | | <u>105,866,496</u> |
| TOTAL ASSETS | | <u><u>614,145,183</u></u> |
| NON-CURRENT LIABILITIES | | |
| Long-term loan | | 297,437,644 |
| Long-term financing | | 132,249,222 |
| | | <u>429,686,866</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | | 25,466,159 |
| Accrued expenses | | 8,709,834 |
| Accrued mark-up | | 7,251,449 |
| Current portion of long-term financing | | 55,000,000 |
| Advance against maintenance and other services | | 38,584,586 |
| | | <u>135,012,028</u> |
| TOTAL LIABILITIES | | <u>564,698,894</u> |
| NET ASSETS MERGED AS OF 01 JULY 2019 | | <u>49,446,289</u> |
| ADJUSTMENTS: | | |
| - Cost of investment held in CPMS as of 01 July 2019 | | (353,000,000) |
| - Current and deferred tax related adjustments | | (123,038,207) |
| | | <u>(476,038,207)</u> |
| RESERVE UNDER SCHEME OF AMALGAMATION | | <u><u>(426,591,918)</u></u> |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of the Novel Coronavirus (COVID-19) has disrupted commercial and economic activities all around the world and has impacted almost every organization and industry. The operations and results of the Company mainly impacted in the later part of financial year due to lockdown situation around the region. The outbreak still continues to progress and evolve, therefore, it is challenging now to predict the full extent and duration of its business and economic impact. However, up to the date of authorisation of these financial statements, the operations and results of the company have not been materially impacted by COVID -19 pandemic.

3 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and provisions of and directives issued under the Act, and Islamic Financial and Accounting Standards (IFAS). Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

4.2 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as described below:

New and Amended Standards

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

| | |
|----------|---|
| IFRS-9 | Prepayment Features with Negative Compensation (Amendments) |
| IFRS-14 | Regulatory Deferral Accounts |
| IFRS-16 | Leases |
| IFRS-16 | COVID 19 Related Rent Concessions (Amendments) |
| IAS-19 | Plan Amendment, Curtailment or Settlement (Amendments) |
| IAS-28 | Long-term Interests in Associates and Joint Ventures (Amendments) |
| IFRIC-23 | Uncertainty over income tax treatments |

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

| | |
|---------|--|
| IFRS-3 | Business Combinations - Previously held Interests in a joint operation |
| IFRS-11 | Joint Arrangements - Previously held Interests in a joint operation |
| IAS-12 | Income Taxes - Income tax consequences of payments on financial instruments classified as equity |
| IAS-23 | Borrowing Costs - Borrowing costs eligible for capitalisation |

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have any impact for leases where the Company is lessor. Whereas, for lessees all leases will be classified as finance leases only.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 as of 01 July 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). As at 01 July 2019, the Company do not have significant impact of adoption of IFRS 16, as the Company is acting as lessor in all its lease arrangements.

4.3 Significant accounting judgements, estimates and assumptions

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Judgments, estimates and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions which are significant to these unconsolidated financial statements:

a) Fair value of investment property

The Company carries its investment properties at fair value, with changes in fair value being recognised in the unconsolidated statement of profit or loss and other comprehensive income. An independent valuation specialist is engaged by the Company to assess fair value of investment property based on values with reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

b) Recognition of tax and deferred tax

The provision for taxation is accounted for by the Company after taking into account the relevant laws and decisions taken by appellate authorities. Instances, where the Company's view differs from the view taken by the tax authorities at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities / assets.

Other areas where judgments, estimates and assumptions involved are disclosed in respective notes to the unconsolidated financial statements.

4.4 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognised in unconsolidated statement of profit or loss and other comprehensive income applying the straight-line method. Depreciation on additions during the year is charged from the month of addition, whereas, depreciation on disposals is charged upto the month in which the disposal takes place.

Rates of depreciation which are disclosed in note 5 to these unconsolidated financial statements are designed to write-off the cost over the estimated useful lives of the assets.

Major renewals and improvements for assets are capitalized, if recognition criteria is met and the assets so replaced, if any, are retired. Maintenance and normal repairs are recognised in unconsolidated statement of profit or loss and other comprehensive income.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

Assets residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of an asset represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised in unconsolidated statement of profit or loss and other comprehensive income

4.5 Intangible assets

Intangible assets other than goodwill, customers related intangible assets and marketing related intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Goodwill, customers related intangible assets and marketing related intangible assets are stated at cost less accumulated impairment losses, if any, as their useful life is indefinite and are tested for impairment annually. For other intangibles, amortisation is charged to the statement of profit or loss and other comprehensive income applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The amortisation rate of the intangible assets are stated in note 6.1 to these financial statements. Full month's amortisation is charged in the month of addition when the asset is available for use, whereas, amortisation on disposals is charged upto the month in which the disposal takes place.

Intangible assets under development are stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred in respect of intangible assets under development in the course of their acquisition, erection, development and installation. The assets are transferred to relevant category of intangible assets when they are available for use.

4.6 Investment property

Investment property comprises completed property and property under construction that is held to earn rentals or for capital appreciation or both.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria is met.

Subsequent to initial recognition, investment property is stated at fair value which reflects market condition at reporting date. Gains or losses arising from changes in the fair values are included in the unconsolidated statement of profit or loss and other comprehensive income in the year in which they arise, including the corresponding tax effect, if any. Fair values are determined based on an annual valuation performed by an accredited independent valuer.

Investment property under construction is measured at cost less accumulated impairment losses, if any. Cost includes the cost of land acquired for the development of project and other purchase cost, related government taxes, construction cost, borrowing cost and other overheads necessary to bring the premises for capital appreciation or rental earnings.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the derecognition of investment property are recognised in the unconsolidated statement of profit or loss and other comprehensive income in the year of retirement or disposal. Gain or loss on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to or from the investment property only when there is a change in use. For a transfer from investment property to owner-occupied, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss and other comprehensive income, as and when incurred. Major renewals and improvements, if any, are capitalized, if recognition criteria is met.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

4.7 Non-current assets held for sale

The Company classifies non-current assets (principally investment property) as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value (note 7.5). Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

4.8 Leases - Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.9 Investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses, if any.

4.10 Impairment of non-financial assets and investments in subsidiaries

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the unconsolidated statement of profit or loss and other comprehensive income.

Impairment losses relating to goodwill are not reversed in future periods.

4.11 Tools

Tools are valued at lower of weighted average cost and net realisable value, except items in transit, which are stated at cost. Tools are charged to cost of goods sold on an estimated consumption pattern.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessarily to be incurred to make the sale.

4.12 Cash and cash equivalents

Cash and cash equivalents are stated at cost and are defined as cash in hand, cash at banks and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and bank balances.

4.13 Foreign currency translations

The unconsolidated financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are translated at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the reporting date. Any resulting gain or loss arising from changes in exchange rates is taken to the unconsolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4.14 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund (defined contribution scheme) for its permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made, both by the Company and the employees at the rate of 8.33 percent of the basic salary.

4.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.15.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i) Financial assets at amortised cost (debt instruments)
- ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- iv) Financial assets at fair value through profit or loss

i) Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the unconsolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

ii) Financial assets designated at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the unconsolidated statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to unconsolidated statement of profit or loss.

The Company does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

Gains and losses on these financial assets are never recycled to unconsolidated statement of profit or loss. Dividends are recognised as other income in the unconsolidated statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity instruments at fair value through OCI investments during the current and last year and as of reporting date.

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss and other comprehensive income.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

For trade debts, rent and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term financing short term borrowings, due to related parties, accrued mark-up and trade and other payables.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

iii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss and other comprehensive income.

f) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the unconsolidated statement of profit or loss and other comprehensive income.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Taxation

Current

Provision for current taxation is computed on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

Provision for current taxation is computed on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognised using the balance sheet method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. Deferred tax is charged or credited to the unconsolidated statement of profit or loss and other comprehensive income.

Deferred tax relating to items recognised directly in the other comprehensive income is recognised in the other comprehensive income and not in statement of profit or loss and other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.17 Provisions

Provisions are recognised when:

- a) the Company has a present obligation (legal or constructive) as a result of past events;
- b) it is probable that an outflow of resources will be required to settle the obligation; and
- c) a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.18 Borrowing costs

Borrowing and other related 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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period, in which these are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, they are disclosed in the notes to the unconsolidated financial statements.

4.20 Revenue recognition

- a) Revenue from operating lease arrangements

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

i) Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

ii) Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets as disclosed in note 4.15.1 to these unconsolidated financial statements.

iii) Advance from tenants

Advance from tenants against rent is charged to unconsolidated statement of profit and loss and other comprehensive income based on contractual arrangements with the tenants.

b) Revenue from contracts with tenants

i) Revenue from services to tenants

The Company is providing building management services to tenants such services include maintenance services, electricity and conditioning service and other IT services. Revenue from contracts with customers is recognised over the period when the services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of services.

Revenue from the rendering of services is recognised over the time when the services are rendered to the customers, generally over the contract. These services are specified in a separate service arrangement with the tenants and invoiced separately.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Company. The Company applies the time elapsed method to measure progress. The consideration charged to tenants for these services is based on an agreed rates specified in the services arrangements. The variable consideration only relates to the non-lease component and is allocated to each distinct period of service (i.e., each day) as it meets the variable consideration allocation exception criteria.

ii) Receivable against services

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets as disclosed in note 4.15.1 to these unconsolidated financial statements.

iii) Contractual liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

c) Other revenue

Interest income is recognised as it accrues using the effective interest rate method and other revenues are recorded on accrual basis.

4.21 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.23 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| Standard or Interpretation | | Effective date (annual periods beginning on or after) |
|----------------------------|---|---|
| IFRS 3 | Definition of a Business (Amendments) | January 01, 2022 |
| IFRS 3 | Reference to the Conceptual Framework (Amendments) | January 01, 2022 |
| IFRS 9/ IAS 39 / IFRS 7 | Prepayment Features with Negative Compensation (Amendments) | January 01, 2020 |
| IFRS 10 / IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized |
| IAS 1/ IAS 8 | Definition of Material (Amendments) | January 01, 2020 |
| IAS 1 | Classification of Liabilities as Current or Non-current (Amendments) | January 01, 2022 |
| IAS 16 | Proceeds before Intended Use (Amendments) | January 01, 2022 |
| IAS 37 | Onerous Contracts – Costs of Fulfilling a Contract (Amendments) | January 01, 2022 |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

Improvements to Accounting Standards Issued by the IASB (2018-20 20 cycle)

| | | |
|--------|--|------------------|
| IFRS 9 | Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities | January 01, 2022 |
| IAS 41 | Agriculture – Taxation in fair value measurements | January 01, 2022 |

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Company expects that below new standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| Standard | IASB Effective date (annual periods beginning on or after) |
|-------------------------------|--|
| IFRS 17 – Insurance Contracts | January 01, 2023 |

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

5 OPERATING FIXED ASSETS

| | COST | | ACCUMULATED DEPRECIATION | | | | WRITTEN DOWN VALUE | |
|--------------------------|---------------------|--|--------------------------|---------------------------------|---|---------------------|---------------------|---------------------|
| | As at July 01, 2019 | Additions / *transfer on amalgamation | As at June 30, 2020 | As at July 01, 2019 (Rupees) | Charge for the year / *transfer on amalgamation | As at June 30, 2020 | As at June 30, 2020 | Depreciation Rate % |
| Furniture | 5,838,600 | - | 5,838,600 | 4,678,278 | 1,160,320 | 5,838,598 | 2 | 20 |
| Equipment | 1,174,000 | 160,529 | 1,334,529 | 19,567 | 533,888 | 553,455 | 781,074 | 20 |
| Vehicles | 6,270,932 | - | 6,270,932 | 5,167,505 | 569,789 | 5,737,294 | 533,638 | 20 |
| Computer and accessories | 3,498,060 | 1,326,500 5,132,804 * | 9,957,364 | 2,166,006 | 1,202,104 4,105,758 * | 7,473,868 | 2,483,496 | 33.33 |
| Mobile phones | 463,646 | 72,000 | 535,646 | 303,211 | 145,219 | 448,430 | 87,216 | 50 |
| 2020 | 17,245,238 | 1,559,029 5,132,804 * | 23,937,071 | 12,334,567 | 3,611,320 4,105,758 * | 20,051,645 | 3,885,426 | |

* Represents assets transferred under scheme of amalgamation (note 1.5)

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| | COST | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE | | Depreciation Rate % |
|--------------------------|---------------------|------------------------|--------------------------|------------------------------|----------------------------------|---------------------|---------------------|---------------------|
| | As at July 01, 2018 | Additions / (disposal) | As at June 30, 2019 | As at July 01, 2018 (Rupees) | Charge for the year / (disposal) | As at June 30, 2019 | As at June 30, 2019 | |
| Furniture | 5,838,600 | - | 5,838,600 | 3,517,958 | 1,160,320 | 4,678,278 | 1,160,322 | 20 |
| Equipment | - | 1,174,000 | 1,174,000 | - | 19,567 | 19,567 | 1,154,433 | 20 |
| Vehicles | 6,270,932 | - | 6,270,932 | 4,632,875 | 534,630 | 5,167,505 | 1,103,427 | 20 |
| Computer and accessories | 2,529,432 | 968,628 | 3,498,060 | 1,475,745 | 690,261 | 2,166,006 | 1,332,054 | 33.33 |
| Mobile phones | 242,000 | 221,646 | 463,646 | 173,687 | 129,524 | 303,211 | 160,435 | 50 |
| 2019 | 14,880,964 | 2,364,274 | 17,245,238 | 9,800,265 | 2,534,302 | 12,334,567 | 4,910,671 | |

- 5.1 Depreciation for the year has been charged to administrative and general expenses in unconsolidated statement of comprehensive income (note 27).

6 INTANGIBLE ASSET

| | COST | | ACCUMULATED AMORTISATION | | | NET BOOK VALUE | | Amortisation rate % |
|-------------------|-----------------|--------------------|--------------------------|-----------------|------------------------------|-----------------|-----------------|---------------------|
| | At 01 July 2019 | Additions (Rupees) | At 30 June 2020 | At 01 July 2019 | Charge for the year (Rupees) | At 30 June 2020 | At 30 June 2019 | |
| Computer software | 753,449 | - | 753,449 | 150,690 | 150,690 | 301,380 | 452,069 | 20 |

| | COST | | ACCUMULATED AMORTISATION | | | NET BOOK VALUE | | Amortisation rate % |
|-------------------|-----------------|--------------------|--------------------------|-----------------|------------------------------|-----------------|-----------------|---------------------|
| | At 01 July 2018 | Additions (Rupees) | At 30 June 2019 | At 01 July 2018 | Charge for the year (Rupees) | At 30 June 2019 | At 30 June 2019 | |
| Computer software | 753,449 | - | 753,449 | - | 150,690 | 150,690 | 602,759 | 20 |

7 INVESTMENT PROPERTY

Investment property
Investment property under construction

Note
7.1 & 7.2
7.6

| | 2020 | 2019 |
|---|----------------------|----------------------|
| | Rupees | |
| Investment property | - | 6,846,271,191 |
| Investment property under construction | 28,308,153 | 28,308,153 |
| | <u>28,308,153</u> | <u>6,874,579,344</u> |
| As at July 01 | 6,846,271,191 | 6,165,361,363 |
| Add: Additions during the year | 87,836,349 | 13,916,864 |
| WDV of assets acquired under scheme of arrangement | 390,726,761 | - |
| | <u>7,324,834,301</u> | <u>6,179,278,227</u> |
| Gain from fair value adjustment | 292,165,699 | 666,992,964 |
| | <u>7,617,000,000</u> | <u>6,846,271,191</u> |
| Less: Non-current assets held for sale (refer note 7.5) | (7,617,000,000) | - |
| Investment property as at June 30 | <u>-</u> | <u>6,846,271,191</u> |

- 7.1 The movement in investment property during the year is as follows:

As at July 01
Add: Additions during the year
WDV of assets acquired under scheme of arrangement
Gain from fair value adjustment
Less: Non-current assets held for sale (refer note 7.5)
Investment property as at June 30

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

- 7.2** Investment property comprises of leasehold land having area of 2,914 square yards and building thereon, situated at 66/3-2, Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi, hereinafter referred to as Centrepoint Project.
- 7.3** A valuation of Centrepoint Project was carried out by an independent professional valuer on June 30, 2020 and the fair value was determined with reference to market based evidence, active market prices and relevant information. The fair value of investment property fall under level 2 of fair value hierarchy (i.e. significant observable inputs).
- 7.4** Forced sale value of the investment property as at June 30, 2020 is Rs. 6,855,300,000/- (2019: Rs. 6,514,222,500/-).
- 7.5** Subsequent to year end, the Company in its Board of Directors meeting held on August 19, 2020, after giving due consideration, has approved the sale of the Company's flagship project "Centrepoint" located off Shaheed-e-Millat Expressway Near KPT Interchange, Karachi to Bank Al-Habib Limited (an independent third party). The transaction is subject to execution of appropriate legal agreements, completion of necessary formalities and obtaining of all necessary approvals and consents. The decision was taken keeping in mind the best interest of the shareholders. The transaction is expected to close by March 2021. The Company plans to use sale proceed to invest in development of high end office tower, hotel/service apartments and low income housing projects. Accordingly, the same has been transferred to non-current assets held for sale on the face of the unconsolidated statement of financial position.
- 7.6** Represents expenses incurred on various projects of the Company related to the construction of investment property.

The movement in capital work-in-progress during the year is as follows:

As at July 01

Additions during the year

As at June 30

Note

| | 2020 | 2019 |
|--|------------|------------|
| | Rupees | |
| | 28,308,153 | 24,273,666 |
| | - | 4,034,487 |
| | 28,308,153 | 28,308,153 |

8 LONG-TERM INVESTMENTS

Investments in subsidiary companies - at cost

| | | | |
|---|-----|-------------|---------------|
| HKC (Private) Limited | 8.1 | 708,724,800 | 708,724,800 |
| Centerpoint Management Services (Private) Limited | 1.5 | - | 352,999,990 |
| G-18 (Private) Limited | 8.2 | 1,000,000 | 1,000,000 |
| TPL REIT Management Company Limited | 8.3 | 50,000,000 | 50,000,000 |
| TPL Property Management (Private) Limited | 8.4 | 1,000,000 | - |
| TPL Logistic Park (Private) Limited | 8.5 | 100,000 | - |
| | | 760,824,800 | 1,112,724,790 |

- 8.1** The Company holds 7,584,000 (2019: 7,584,000) ordinary shares of Rs. 10/- each, representing 80 percent (2019: 80 percent) of the share capital of HKC which was incorporated in Pakistan as of the reporting date. HKC is engaged in the acquisition and development of real estates and renovation of buildings and letting out. As of reporting date, HKC has not generated revenue as it is in the process of initiation of developing the property.
- 8.2** The Company holds 100,000 (2019: 100,000) ordinary shares of Rs. 10/- each, representing 99.99 percent (2019: 99.99 percent) of the share capital of the G-18 (Private) Limited, wholly owned subsidiary. G-18 is engaged in the acquisition and take on lease of any area, house, land, building, structures and development, maintenance and disposal of the same. As of reporting date, G-18 has not generated revenue as it is in the process of initiation of its operations.
- 8.3** The Company holds 5,000,000 (2019: 5,000,000) ordinary shares of Rs. 10/- each, representing 99.99 percent (2019: 99.99 percent) of the share capital of the TPL REIT Management Company Limited, wholly owned subsidiary. TPL REIT is engaged in carrying on all or any business permitted to be carried out by a 'REIT management company' in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. As of reporting date, TPL REIT has not generated revenue as it is in the process of initiation of its operations.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

8.4 During the year, the Company has established a wholly owned subsidiary, TPL Property Management (Private) Limited, by virtue of 99.99% shareholding in the said company. TPL Property Management is engaged the business of providing all types of facilities management, maintenance and execution of contracts of all kinds and structure. As of reporting date, TPL Property Management has not generated revenue as it is in the process of initiation of its operations.

8.5 During the year, the Company has established a wholly owned subsidiary, TPL Logistic Park (Private) Limited, by virtue of 99.99% shareholding in the said company. TPL Logistic Park is engaged in the business of holding/parent company and to coordinate and regulate the administration, finances, activities and business of the subsidiaries, shareholding interests in other Companies and to carry out all such services in connection within. As of reporting date, TPL Logistic Park (Private) Limited has not generated revenue as it is in the process of initiation of its operations.

| | | 2020 | 2019 |
|--|---|----------------------|--------------------|
| 9 | LONG-TERM LOANS TO SUBSIDIARIES – unsecured, considered good | | |
| | Note | | Rupees |
| Centrepont Management Services (Private) Limited | 1.5 | - | 297,437,644 |
| HKC (Private) Limited | 9.1 | 476,874,088 | 415,068,300 |
| TPL Logistic Park (Private) Limited | 9.2 | 600,000,000 | - |
| | | <u>1,076,874,088</u> | <u>712,505,944</u> |

9.1 The Company had entered into an agreement with HKC (Private) Limited under the agreement dated November 11, 2012, for granting loan to the associated company from time to time with unsecured facility amount of up to Rs. 1.5 billion at average borrowing cost of the 6 months KIBOR plus 1.75% repayable after a period of 4 years, expiring on June 30, 2021 with pre-payment and extension option. The purpose of the loan to the associated company is to finance the construction of new mixed-use project requiring construction, development and design expenses. The maximum amount outstanding at any time during the year calculated by reference to month end balances was Rs. 476,874,088 (2019: Rs. 415,068,300).

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | | Rupees |
| The movement in loan balance during the year is as follows: | | |
| As at July 01 | 415,068,300 | 191,081,553 |
| Disbursements during the year | 61,805,788 | 223,986,747 |
| As at June 30 | <u>476,874,088</u> | <u>415,068,300</u> |

9.2 During the year, the Company had entered into an agreement dated February 26, 2020, with TPL Logistics Park (Private) Limited whereby a loan was granted of Rs. 600 million to be availed by subsidiary company from time to time on or before February 26, 2027 for an equity investment in Security Packers (Private) Limited. It is repayable on or before February 26, 2027, including mark up at average borrowing rate of 3 months KIBOR plus 1.65% per annum and has an equity conversion option at discretion of TPL Properties Limited. As of 30 June, 2020, the said facility is fully utilised by the subsidiary. The Company, subsequent to year end, has signed an addendum with the TPL Logistic Park (Private) Limited - wholly owned subsidiary, whereby, the interest amount on loan has been waived by the Company with effect from February 26, 2020. As at reporting date, these have not been discounted as the effect of discounting would be immaterial to these unconsolidated financial statements.

The maximum amount outstanding at any time during the year calculated by reference to month end balances was Rs. 600,000,000 (2019: Nil).

| | | 2020 | 2019 |
|--|--|------------------|----------------|
| 10 | LONG-TERM DEPOSITS – unsecured, considered good | | |
| | Note | | Rupees |
| Security deposits: | | | |
| - City District Government Karachi | | 86,919 | 86,919 |
| - Central Depository Company of Pakistan Limited | | 200,000 | 200,000 |
| - Total PARCO Pakistan Limited - fuel cards | | 2,500,000 | - |
| | 10.1 | <u>2,786,919</u> | <u>286,919</u> |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

10.1 These deposits are non-interest bearing.

| 11 | RECEIVABLES FROM TENANTS – unsecured, considered good | Note | 2020 | 2019 |
|----|---|------|-------------|------------|
| | | | Rupees | |
| | Receivables against rent | 11.1 | 74,078,762 | 24,386,706 |
| | Receivables against services | | | |
| | Receivables against maintenance | 11.2 | 16,794,438 | - |
| | Receivables against other services | 11.3 | 26,088,143 | - |
| | Receivables against electricity and air conditioning services | 11.4 | 3,234,508 | - |
| | | | 46,117,089 | - |
| | Less: Allowance for expected credit losses | 11.5 | (155,022) | - |
| | | 11.6 | 45,962,067 | - |
| | | | 120,040,829 | 24,386,706 |

11.1 This includes receivable from TPL trakker Limited amounting to Rs. Nil (2019: Rs. 7.85 million) and TPL Insurance Limited amounting to Rs. Nil (2019: Rs. 15.35 million). This amount is neither past due nor impaired.

11.2 This includes receivable from TPL trakker Limited amounting to Rs. 4.23 million (2019: Nil) . This amount is neither past due nor impaired.

11.3 This includes receivable from TPL trakker Limited amounting to Rs. 17.18 milion (2019: Nil) and TPL Insurance Limited amounting to Rs. 1.12 million (2019: Nil). This amount is neither past due nor impaired.

11.4 This includes receivable from TPL trakker Limited amounting to Rs. 1.35 milion (2019: Nil), TPL Insurance Limited amounting to Rs. 0.15 million (2019: Nil), TPL Life Insurance Limited amounting to Rs. 0.065 million (2019: Nil), TPL Security Services (Private) Limited Rs. 0.001 million (2019: Nil), and TPL Logistics (Private) Limited amounting to Rs. 0.003 million (2019: Nil). This amount is neither past due nor impaired.

| 11.5 | Movement of allowance for expected credit loss on receivables is as follows: | Note | 2020 | 2019 |
|------|---|------|-----------|------|
| | | | Rupees | |
| | Transfer under scheme of amalgamation | 1.5 | 806,623 | - |
| | Reversal for the year | | (651,601) | - |
| | Closing balance | | 155,022 | - |

11.6 This includes receivables from parties other than related parties amounting to Rs. 21.99 million (2019: Rs Nil) which is past due but impaired.

11.7 The maximum amount outstanding receivable from the related parties at any time during the year calculated by reference to month end balances was as follows:

| | 2020 | 2019 |
|-------------------------------------|------------|-------------|
| | Rupees | |
| TPL Trakker Limited | 83,703,104 | 127,283,049 |
| TPL Insurance Limited | 17,809,590 | 6,026,877 |
| TPL Life Insurance Limited | 65,410 | 12,300 |
| TPL Security Services (Pvt) Limited | 1,130 | - |
| TPL Logsitics Private Limited | 3,390 | - |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| | | | 2020 | 2019 |
|----|---|------|------------|------------|
| | | | Rupees | |
| 12 | LOAN, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES | Note | | |
| | Loans | | | |
| | Loan to employees | | 808,568 | - |
| | Advances – unsecured, considered good | | | |
| | Suppliers and contractors | 12.1 | 21,109,918 | 40,414,474 |
| | Others | 12.2 | 15,000,000 | 10,000,000 |
| | | | 36,109,918 | 50,414,474 |
| | Prepayments | | | |
| | Insurance | | 2,871,860 | 5,757,503 |
| | Others - sales tax receivable | | 6,773,571 | - |
| | | | 46,563,917 | 56,171,977 |

12.1 These advances are non-interest bearing and generally on an average term of 1 to 12 months.

12.2 This represents funds placed with Pearl Securities Limited for the purpose of investments, which carries markup at the rate of 10% per annum and is receivable on demand.

| | | | | |
|----|---|------|------------------|--------------------|
| 13 | DUE FROM RELATED PARTIES – unsecured, considered good | Note | 2020 | 2019 |
| | | | Rupees | |
| | Subsidiary companies | | | |
| | G-18 (Private) Limited | | 718,985 | 215,194,817 |
| | TPL Property Management (Private) Limited | | 116,770 | - |
| | | | 835,755 | 215,194,817 |
| | Associated companies | | | |
| | TPL Life Insurance Limited | | 203,845 | - |
| | | 13.1 | 1,039,600 | 215,194,817 |

13.1 These amounts are non-interest bearing and are receivable on demand. The maximum amount outstanding at any time during the year calculated by reference to month end balances was as follows:

| | 2020 | 2019 |
|---|---------|-------------|
| | Rupees | |
| G-18 (Private) Limited | 718,985 | 215,194,817 |
| TPL Property Management (Private) Limited | 116,770 | - |
| TPL Life Insurance Limited | 203,845 | - |

| 14 | SHORT-TERM INVESTMENTS | Note | 2020 | 2019 |
|----|---|------|---------|---------|
| | | | Rupees | |
| | Investments in mutual funds (designated at fair value through profit or loss) | 14.1 | 396,823 | 124,200 |
| | | | 396,823 | 124,200 |

14.1 Investment in mutual funds - at fair value through profit or loss

| 2020 | 2019 | Name of mutual funds | 2020 | | 2019 | |
|-----------------|-------|------------------------|----------------|------------|----------------|------------|
| Number of units | | | Carrying value | Fair value | Carrying value | Fair value |
| 5,578 | - | AKD Securities Limited | 300,654 | 374,818 | - | - |
| 203 | 1,158 | Pak Oman investment | 10,639 | 10,673 | 60,691 | 61,456 |
| 1,147 | 6,077 | NBP Monet Market Fund | 11,319 | 11,332 | 59,972 | 62,744 |
| 6,928 | 7,235 | | 322,612 | 396,823 | 120,663 | 124,200 |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| 15 | CASH AND BANK BALANCES | Note | 2020 | 2019 |
|----|--|------|-------------|-------------|
| | | | Rupees | |
| | Cash in hand | | 243,623 | 476,068 |
| | Cash at banks in local currency: | | | |
| | - current accounts | | 2,014,359 | 32,424,807 |
| | - savings accounts | 15.1 | 224,073,689 | 176,585,956 |
| | | | 226,088,048 | 209,010,763 |
| | Less: Allowance for expected credit losses | 15.2 | (1,199,537) | - |
| | | | 225,132,134 | 209,486,831 |

15.1 Included herein a cash deposit of Rs. 16,854 million under lien (note 24.2.1) and Rs. 100 million in a saving account placed with a commercial bank carrying mark-up ranging 6 percent to 7 percent and 10.25 percent respectively. Other balances carry mark-up ranging from 5.5 percent to 6.5 percent (2019: 3.75 percent to 5.8 percent) per annum.

15.2 The represents allowance for expected credit loss on cash at bank balances, as a charge for the year amounting to Rs. 1,119,537 (2019: Nil).

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2020 | 2019 | | Note | 2020 | 2019 |
|-----------------|-------------|--|-------------------------|---------------|---------------|
| (No. of shares) | | | | (Rupees) | |
| 175,920,448 | 175,920,448 | Ordinary shares of Rs.10/- each | | | |
| 151,472,658 | 151,472,658 | - Issued for cash consideration | 16.1 & 16.2 | 1,759,204,483 | 1,759,204,483 |
| | | - Issued for consideration other than cash | 16.3, 16.4, 16.5 & 16.6 | 1,514,726,580 | 1,514,726,580 |
| 327,393,106 | 327,393,106 | | | 3,273,931,063 | 3,273,931,063 |

16.1 158,010,000 ordinary shares were issued against acquisition of the business of A&A Associates, an unregistered partnership firm under an agreement dated June 28, 2010 on net assets basis at their carrying value which approximates its fair value at the date of acquisition i.e. May 31, 2010.

16.2 17,910,448 ordinary shares were issued to Alpha Beta Capital Markets (Private) Limited on 21 Jun 2017 against cash at premium of Rs. 6.75 per share.

16.3 49,990,000 ordinary shares issued were against acquisition of the business of A&A Associates, an unregistered partnership firm under an agreement dated June 28, 2010 on net assets basis at their carrying value which approximates its fair value at the date of acquisition i.e. May 31, 2010.

16.4 47,600,919 ordinary shares issued against purchase of 8,532,000 ordinary shares of HKC, constituting 90 percent of the issued, subscribed and paid-up share capital of the subsidiary company under a share purchase arrangement dated: June 19, 2017 through issuance of 47,600,919 shares of TPL Properties Limited at face value of Rs. 10 per share and premium of Rs. 6.75 per share on net asset basis at their fair value determined on the date of acquisition i.e. March 30 2017.

16.5 13,675,568 bonus shares were issued of Rs. 10 each as fully paid bonus shares to the members in proportion of 0.5 shares for every 10 shares held (i.e. 5%) on August 16, 2018.

16.6 40,206,171 bonus shares were issued of Rs. 10 each as fully paid bonus shares to the members in proportion of 1.4 shares for every 10 shares held (i.e. 14%) on October 12, 2018.

16.7 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

17 LONG-TERM FINANCING

Term finance certificates
Long-term finance
Musharaka finance for CMS
JS Bank Limited - payroll financing
Diminishing Musharakah Arrangements

Less: current portion shown under current liabilities

| | | 2020 | 2019 |
|------|-------------------------------------|----------------------|----------------------|
| Note | | Rupees | |
| 17.1 | Term finance certificates | 2,006,134,027 | 2,108,762,771 |
| 17.2 | Long-term finance | 576,270,000 | - |
| 17.3 | Musharaka finance for CMS | 132,249,222 | - |
| 17.4 | JS Bank Limited - payroll financing | 19,847,680 | - |
| 17.5 | Diminishing Musharakah Arrangements | 39,054,303 | - |
| | | <u>2,773,555,232</u> | <u>2,108,762,771</u> |
| | | <u>(191,117,792)</u> | <u>(110,000,000)</u> |
| | | <u>2,582,437,440</u> | <u>1,998,762,771</u> |

17.1 The Company entered into an agreement with a financial institution, dated March 14, 2018, for the issuance of redeemable capital in the amount of Rs. 3.5 billion in the form of Term Finance Certificates (TFCs) of the face value of Rs. 5,000/- each. Out of the total proposed issuance, the TFCs issued and TFCs proposed to be issued, are detailed as follows:

- sum equal to Rs. 2,200,000,000 as a first tranche (Series A TFC Issue) comprising of 440,000 TFCs, issued during the previous year for the purpose of prepaying the outstanding Musharaka Facility in the amount of Rs. 1,796,000,000 availed by the Company; and for financing of the construction project of HKC (Private) Limited (a Subsidiary Company). The amount received against issuance of Series A TFCs is repayable in semi-annual installments for a period of 10 years at the rate of 6 months KIBOR plus 125 basis points. This facility was fully drawn during last year and has been secured against the following:
 - First pari passu charge on present and future fixed assets (plant, machinery, fixtures and fittings, etc.);
 - First pari passu charge over land and building with 25% margin; and
 - Assignment over rental agreement; and
- sum equal to Rs. 1,300,000,000 as a second tranche (Series B TFC Issue), proposed to be issued for the purpose of making an equity investment in upcoming new project/development.

17.2 The Company has availed the facility of Rs. 600 million from a commercial bank through an agreement dated January 15, 2020. The purpose of availing the facility is to financing of equity instrument in TPL Logistic Park (Private) Limited (wholly owned subsidiary). The amount received is repayable in 20 equal quarterly installments for a period of 7 years (inclusive of 2 years grace period) at the rate of 3 months KIBOR plus 165 basis points. The facility has been secured against the following:

- First pari passu charge on present and future fixed assets (plant, machinery, fixtures and fittings, etc.);
- First pari passu mortgage over land and building with 25% margin;
- A pari passu assignment over existing rental agreements;
- A pari passu assignment over existing contracts;
- A pari passu assignment over existing dividend income of the company (from HKC (Private) Limited);
- Exclusive assignment of existing dividend income of the company (from TPL Logistic Park (Private) Limited); and
- Lien over collection account Debt Payment Account and Debt Service Reserve Account

17.3 This facility was initially availed by Centrepoint Management Services (Private) Limited (CMSP) (wholly owned subsidiary) [as at 01 July 2019, merged with the Company (note 1.5)]. CMSP entered into the Musharaka facility agreement of Rs. 275 million with a commercial bank dated December 06, 2016. The purpose of the loan is to repay loan from a director and loan from financial institutions. The amount received against the facility is repayable in semi-annual installments for a period of 6 years at the rate of 6 months KIBOR plus 200 basis points. The facility has been secured against the following:

- First hypo charge on present and future plant and machinery of CMS with 25% margin;
- Assignment over maintenance agreements including utilities, general maintenance and IT services; and
- Corporate guarantees of TPL Properties upto Rs. 367 million.

17.4 The Company has availed the refinance scheme of Rs. 29.803 million from a commercial bank through an agreement dated January 14, 2020. The purpose of availing the facility is to finance 3 months salaries of the workers and employees

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

business concerns for combating impact of COVID-19 under the SBP refinance scheme. The amount received is repayable in 8 equal quarterly installments for a period of 2 years and 6 months (inclusive of 6 months grace period) at the rate of SBR plus 3%. The facility has been secured against the following:

- First pari pasu charge on present and future fixed assets;
- First pari pasu charge on present and future current assets;
- Corporate guarantee of TPL Trakker Limited; and
- Assignment of receivables from TPL Insurance Limited.

As at reporting date, these have not been discounted as the effect of discounting would be immaterial to these unconsolidated financial statements.

- 17.5** The Company has entered into the Musharaka facility agreement of Rs. 45,353,383 with a commercial modaraba company dated December 29, 2019. The purpose of the loan is to purchase HPE Proliant DL 380 Generation 10 server & core switches, access switches and transceivers. The amount received against the facility is repayable in monthly installments for a period of 3 years at the rate of 6 months KIBOR plus 350 basis points. The facility has been secured against the following:

- Title of the assets in the name of Modaraba Company for the entire facility tenor; and
- Post dated cheques for the entire facility tenor.

| 18 | DEFERRED TAX LIABILITY | Note | 2020 | 2019 |
|-----------|--|------|-------------|------------|
| | | | Rupees | |
| | Deferred tax liability on taxable temporary differences: | | | |
| | Advance from tenants (net of receivables) | | 15,808,675 | 17,188,200 |
| 19 | TRADE AND OTHER PAYABLES | | | |
| | Creditors | | 81,056,599 | 27,169,032 |
| | Provision for Gas Infrastructure Development Cess (GIDC) | 19.1 | 76,391,813 | - |
| | Retention money | | 5,809,251 | 5,018,090 |
| | Workers' Welfare Fund (WWF) | | - | 9,290,946 |
| | Payable to provident fund | 19.2 | 1,107,183 | 541,654 |
| | Withholding income tax payable | | 1,342,304 | 1,488,867 |
| | | 19.3 | 165,707,150 | 43,508,589 |

- 19.1** In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011.

Subsequently, on 13 August 2020, Supreme Court of Pakistan has announced a judgement, "As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers / clients therefore all arrears of 'Cess' that have become due upto 31 July 2020 and have not been recovered so far shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their consumers. However, as a concession, the same be recovered in twenty four equal monthly installments starting from 01 August 2020 without the component of late payment surcharge". Accordingly, the Company has recognised a provision in these unconsolidated financial statements and intends to pay the amount within next 12 months

- 19.2** Investments out of provident fund have been made in accordance with the provisions of the Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

- 19.3** These payables are non-interest bearing and generally on an average term of 1 to 12 months.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| 20 | DUE TO RELATED PARTIES – unsecured | Note | 2020 | 2019 |
|----|---|------|-------------------|-------------------|
| | | | Rupees | |
| | Parent company | | | |
| | TPL Corp Limited | | 4,531,886 | - |
| | Subsidiary companies | | | |
| | TPL REIT Management Company Limited | | 7,899 | - |
| | TPL Logistic Park (Private) Limited | | 426,180 | - |
| | Associated companies | | | |
| | TPL Insurance Limited | | - | 6,097,824 |
| | TPL Trakker Limited | | 5,700,233 | 4,287,788 |
| | TPL Security Services (Private) Limited | | 11,540,100 | - |
| | | 20.1 | <u>22,206,298</u> | <u>10,385,612</u> |

20.1 Represents the amount payable to related parties on account of expenses incurred and services acquired by the Company.

| 21 | ACCRUED MARK-UP | Note | 2020 | 2019 |
|----|--|------|--------------------|-------------------|
| | | | Rupees | |
| | Long-term financings | 17 | 90,185,499 | 76,175,246 |
| | Markup on Diminishing Musharaka Arrangements | 17 | 552,944 | - |
| | Short-term borrowings | 22 | 13,747,833 | 13,780,751 |
| | | | <u>104,486,276</u> | <u>89,955,997</u> |

22 SHORT-TERM BORROWINGS - secured

During the year, the Company has entered into a musharakah agreement with an islamic bank of Rs. 400 million to create joint ownership in the Centrepont Project against bank's share of 6.49%. The amount is repayable through quarterly payments at the rate of 2.5% plus 3 months KIBOR, as consideration for use of bank's share by the Company. The said periodic payments are secured against equitable interest over the Centrepont Project.

| 23 | ADVANCES FROM TENANTS - Unsecured | Note | 2020 | 2019 |
|----|--|------|--------------------|--------------------|
| | | | Rupees | |
| | Advance against rent | | | |
| | Related Parties (associated companies) | | | |
| | TPL Trakker Limited | | 13,270,395 | - |
| | TPL Insurance Limited | | 8,756,681 | - |
| | | | <u>22,027,076</u> | <u>-</u> |
| | Others | 23.1 | 97,549,710 | 113,944,849 |
| | | | <u>119,576,786</u> | <u>113,944,849</u> |
| | Advances against maintenance services (contractual liabilities) | | | |
| | Related Parties (an associated company) | | | |
| | TPL Insurance Limited | | 6,254,375 | - |
| | Others | | 22,171,124 | - |
| | | | <u>28,425,499</u> | <u>-</u> |
| | | | <u>148,002,285</u> | <u>113,944,849</u> |

23.1 Represents non-interest bearing advances received from tenants on account of premises taken on rent in Centrepont Project.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Company has filed a petition before the Honorable Sindh High Court challenging the vires of Section 5A of Income Tax Ordinance, 2001 introduced through Finance Act, 2017, whereby the Company is required to make payment of additional amount of 7.5% of the accounting profit after tax. The Court passed an interim order that no coercive action would be taken against the petitioner under the garb of the impugned Section, as has been passed in similar other petitions pending adjudication. The matter is still at hearing stage and management is confident of a favorable outcome, accordingly, no provision has been recorded in the financial statements.

24.1.2 The Company does not charge SST on its rental income on the ground that lending property on rent is not a service. The Company had challenged the above levy before the Court. The Honorable High Court of Sindh held, vide its judgment dated 18 August 2017, that the renting of immovable properties shall not be services on the premise that such activity is not covered in the definition of economic activity as provided in the Sindh Sales Tax on Services Act, 2011. The said order of High Court of Sindh has been challenged by the Sindh Revenue Board (SRB) before the Honorable Supreme Court of Pakistan (SCP) simultaneously the Sindh Legislature has amended the definition of economic activity to neutralize effect of the said judgment of the Sindh High Court. Certain taxpayers have again challenged the levy of Sindh sales tax on renting of immovable property on the basis that it does not involve any element of service and that the judgement of SHC is still in-tact. SHC has also granted stay to the said taxpayers. The management is also of the view that the judgement of SHC is still intact and, therefore, currently no SST is being charged by the Company while invoicing rentals and no provision has been made in the financial statements in this respect.

24.2 Commitments

24.2.1 Bank Guarantee

Outstanding amount
Utilised amount

| 2020 | 2019 |
|------------|------------|
| Rupees | |
| 16,854,000 | 16,854,000 |
| - | - |

24.2.2 The Company's material contractual commitments in respect of Centrepont Project at year end are as follows:

Dimensions

- Total contract value
- Paid upto last year by the Company
Balance commitment

| 2020 | 2019 |
|---|------|
| Rupees | |
| 2,383,393 | - |
| (1,000,000) | - |
| 1,383,393 | - |
| Greaves Pakistan (Private) Limited | |
| - Total contract value | - |
| - Paid during the year by the Company | - |
| 498,187 | - |

24.2.3 The Company had entered into commercial property leases on its investment property with TTL and TIL and other tenants. These non-cancellable leases have terms of five years. Future minimum rentals receivable under non-cancellable operating leases as at year end are as follows:

Not later than one year
Later than one year but not later than five years

| Note | 2020 | 2019 |
|--------|---------------|---------------|
| Rupees | | |
| | 402,923,769 | 361,821,710 |
| | 1,166,516,404 | 1,245,649,621 |
| | 1,569,440,173 | 1,607,471,331 |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| | Note | 2020 | 2019 |
|---|------|---------------------|--------------------|
| | | Rupees | |
| 25 INCOME | | | |
| Rental Income | | | |
| Related parties (associated companies): | | | |
| TPL Trakker Limited | | 68,446,879 | 48,035,046 |
| TPL Insurance Limited | | 69,821,333 | 51,002,892 |
| | | <u>138,268,212</u> | <u>99,037,938</u> |
| Others | | 337,925,891 | 303,556,731 |
| Less: discounts | | (9,729,529) | - |
| | | <u>328,196,362</u> | <u>303,556,731</u> |
| | | <u>466,464,574</u> | <u>402,594,669</u> |
| Revenue from services to tenants | | | |
| Revenue from maintenance and other related services | | | |
| Related parties (associated companies): | | | |
| TPL Trakker Limited | | 12,202,920 | - |
| TPL Insurance Limited | | 12,431,210 | - |
| | | <u>24,634,130</u> | <u>-</u> |
| Others | | 70,905,646 | - |
| | | <u>95,539,776</u> | <u>-</u> |
| Revenue from electricity and air conditioning services | | | |
| Related parties (associated companies): | | | |
| TPL Trakker Limited | | 27,630,607 | - |
| TPL Insurance Limited | | 10,084,961 | - |
| | | <u>37,715,568</u> | <u>-</u> |
| Others | | 76,415,981 | - |
| | | <u>114,131,549</u> | <u>-</u> |
| Revenue from IT services | | | |
| TPL Trakker Limited (an associate company) | | 29,779,794 | - |
| | | <u>(27,547,474)</u> | <u>-</u> |
| | | <u>678,368,219</u> | <u>402,594,669</u> |
| 26 DIRECT OPERATING COSTS | | | |
| Salaries, wages and other benefits | | 49,980,297 | - |
| Oil, gas and diesel | 26.1 | 129,589,961 | - |
| Housekeeping and cleaning | | 14,027,532 | - |
| Insurance | | 7,978,628 | 6,949,077 |
| Repairs and maintenance | | 7,807,000 | 3,628,399 |
| Landscaping and plantation | | 3,765,000 | - |
| Water expenses - net | | 2,796,766 | - |
| Duties and taxes | | 1,031,628 | 1,031,628 |
| | | <u>216,976,812</u> | <u>11,609,104</u> |

26.1 This includes provision for GIDC Cess as disclosed in note 19.1 to these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| 27 | ADMINISTRATIVE AND GENERAL EXPENSES | Note | 2020 | 2019 |
|----|--|------|--------------------|--------------------|
| | | | Rupees | |
| | Salaries, wages and other benefits | 27.1 | 44,101,524 | 28,486,615 |
| | Legal and professional | | 21,723,357 | 17,019,038 |
| | Repairs and maintenance | | 29,206,454 | 13,011,439 |
| | Rent | | 11,737,841 | 9,358,833 |
| | Donations | 27.3 | 3,400,000 | 7,500,000 |
| | Gym running expenses | | 3,650,034 | 3,600,000 |
| | Entertainment and recreation | | 1,872,822 | 3,754,956 |
| | Fuel and mobile | | 1,689,978 | 3,094,270 |
| | Advertisement | | 1,428,695 | 2,715,014 |
| | Depreciation | 5 | 3,611,320 | 2,534,302 |
| | Amortization | 6 | 150,690 | 150,690 |
| | Travelling | | 1,321,715 | 2,459,306 |
| | Auditors' remuneration | 27.2 | 2,812,206 | 2,000,000 |
| | Printing and stationery | | 1,269,967 | 1,901,481 |
| | Insurance | | 2,916,543 | 1,713,816 |
| | IT related expenses | | 1,115,927 | 1,589,833 |
| | Provision for expected credit losses | | 547,936 | - |
| | Subscriptions | | 226,950 | 900,098 |
| | Utilities | | 714,588 | 808,808 |
| | Staff welfare | | 309,980 | 352,277 |
| | Training and development | | 40,460 | 338,759 |
| | Courier and telecommunication | | 311,478 | 491,672 |
| | Reversal for Workers' Welfare Fund (WWF) | | (9,290,946) | - |
| | Others | | 12,751,420 | 1,042,590 |
| | | | 137,620,939 | 104,823,797 |

27.1 These include Rs.3.865 million (2019: Rs. 0.929 million) in respect of staff retirement benefits (provident fund contribution).

| 27.2 | Auditors' remuneration | 2020 | 2019 |
|------|------------------------|------------------|------------------|
| | | Rupees | |
| | Audit fees | | |
| | Statutory | | |
| | - standalone | 1,458,000 | 800,000 |
| | - consolidation | 275,000 | 250,000 |
| | | 1,733,000 | 1,050,000 |
| | Half yearly review fee | 534,600 | 486,000 |
| | Certifications | 423,500 | 385,000 |
| | Out of pocket | 121,106 | 79,000 |
| | | 2,812,206 | 2,000,000 |

| 27.3 | Represents donations made to the following parties: | Note | 2020 | 2019 |
|------|--|--------|------------------|------------------|
| | Sindh Institute of Urology and Transplantation (SIUT) Trust | | 2,500,000 | 2,500,000 |
| | The Aga Khan University Hospital (The Patient's Behbud Society for AKUH) | | 500,000 | - |
| | IBA-Event Hall | | - | 1,950,000 |
| | World Wide Fund for Nature Pakistan | | - | 350,000 |
| | Friends of Pink Ribbon Karachi Chapter | | 200,000 | 200,000 |
| | The Indus Hospital | | - | 2,500,000 |
| | Pakistan Institute of Labor Education & Research | | 200,000 | - |
| | | 27.3.1 | 3,400,000 | 7,500,000 |

27.3.1 The recipients of donations do not include any donee in which a director or spouse had any interest.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

28 FINANCE COSTS

- Markup on
 - long-term financing
 - assets under Diminshing Musharaka Arrangement
 - short-term borrowings

Bank charges

29 OTHER INCOME

Income from financial assets

- Profit on savings account
- Markup on long-term loans to subsidiaries
- Un-realised gain on investments in mutual funds
- Gain on disposal of investments in mutual funds
- Gain on disposal of investments in subsidiary
- Markup on loan to a company
- Exchange gain - net

Income from non-financial assets

- Fair value gain on investment property
- Others

30 TAXATION

- Current
- Prior
- Deferred

30.1 Relationship between accounting profit and tax expense

Profit before taxation

Applicable tax rate

Tax at the above rate

- Effect of non-taxable income for tax purpose
- Effect of over claim deductions for tax purpose
- Non-deductible expense for tax purpose - net
- Effect of tax credit
- Others

Tax expense for the year

Effective tax rate

| | 2020 | 2019 |
|--|---------------|---------------|
| | Rupees | |
| | 351,657,830 | 220,727,502 |
| | 5,029,255 | - |
| | 61,760,110 | 46,078,572 |
| | 418,447,195 | 266,806,074 |
| | 624,433 | 441,617 |
| | 419,071,628 | 267,247,691 |
| | | |
| | 12,098,997 | 33,252,590 |
| | 61,292,126 | 26,535,421 |
| | 370,021 | - |
| | 2,791,879 | - |
| | - | 5,583,720 |
| | 744,384 | - |
| | 8,032 | - |
| | 77,305,439 | 65,371,731 |
| | | |
| | 292,165,699 | 666,992,964 |
| | 3,353,363 | 942,838 |
| | 295,519,062 | 667,935,802 |
| | 372,824,501 | 733,307,533 |
| | | |
| | 15,913,091 | 32,539,058 |
| | (13,990,296) | - |
| | (1,379,525) | (10,379,286) |
| | 543,270 | 22,159,772 |
| | | |
| | 277,523,341 | 752,221,610 |
| | 29% | 29% |
| | 80,481,769 | 218,144,267 |
| | (105,582,815) | (193,701,383) |
| | - | (1,364,197) |
| | 205,222,756 | - |
| | - | - |
| | (179,578,440) | (918,915) |
| | 543,270 | 22,159,772 |
| | 0.20% | 2.95% |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

- 30.2** The proceedings for amendment of assessment for the tax year 2018 have been initiated by the Additional Commissioner under Section 122(9) read with section 122(5A) of the Ordinance.

In response to the same, the Company has submitted relevant information along with all necessary evidences. There has been no further correspondence from the department since then and the proceeding is yet to be finalised. Accordingly, no provision has been recorded in the financial statements in this respect

- 30.3** The Deputy Commissioner Inland Revenue (DCIR) has amended the assessment of the Group by passing an Order under Section 122(1) of the Income Tax Ordinance, 2001 for tax year 2017 thereby creating a tax demand of Rs.7,931,385/- however out of Rs 34 million, Rs 33 million has been received against the refund for tax year 2017 on June 30, 2020. Management is confident about receiving the remaining amount and therefore no provision for the above demand has been made in these consolidated financial statements.

31 BASIC AND DILUTED EARNINGS PER SHARE

Profit attributable to ordinary shareholders

| 2020 | 2019 |
|-------------|-------------|
| Rupees | |
| 276,980,071 | 730,061,838 |

Number of shares

Weighted average number of ordinary shares outstanding during the year

| | |
|-------------|-------------|
| 327,393,106 | 327,393,106 |
|-------------|-------------|

Earnings per share - basic and diluted

| | |
|------|------|
| 0.85 | 2.23 |
|------|------|

There is no dilutive effect on basic earnings per share of the Company.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

- 32.1** The aggregate amounts charged in these unconsolidated financial statements for the year are as follows:

| | Chief Executive | | Director | | Other Executives | |
|---|------------------|------------------|----------------|----------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Rupees | | | | | | |
| - Director's fee (Note 32.3) | - | - | 200,000 | 380,000 | - | - |
| - Managerial remuneration, utilities, housing perquisites, etc. | 7,409,032 | 7,409,032 | - | - | 15,104,608 | 9,057,395 |
| - Retirement benefit | - | - | - | - | 773,835 | 471,420 |
| - Medical | 510,968 | 510,968 | - | - | 928,112 | 565,405 |
| Total | 7,920,000 | 7,920,000 | 200,000 | 380,000 | 16,806,555 | 10,094,220 |
| Number of persons | 1 | 1 | 2 | 3 | 7 | 3 |

- 32.2** In addition, the Chief Executive has also been provided with free use of Company owned and maintained car and other benefits in accordance with their entitlements as per the rules of the Company.

- 32.3** Represents aggregate of meeting fees paid / payable to non-executive directors.

- 32.4** As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

- 32.5** The total number of directors as at the reporting date were 8 (2019: 8).

33 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of the ultimate parent company, parent company, subsidiaries, associated companies, major shareholders, suppliers, directors, key management personnel and staff retirement benefit fund. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. The transactions with related parties other than those disclosed elsewhere in the unconsolidated financial statements are as follows:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| | 2020 | 2019 |
|--|---------------|-------------|
| | Rupees | |
| Subsidiary Companies | | |
| TPL Corp Limited | | |
| Expenses paid on behalf of the Company | 4,531,886 | - |
| Subsidiary Companies | | |
| HKC (Private) Limited | | |
| Mark-up on long-term loan | 61,292,126 | 26,535,421 |
| Payment received by the Company | 74,499,374 | - |
| Expenses incurred / paid by the Company | 136,305,163 | 223,986,747 |
| TPL REIT Management Company Limited [TPLRMC] | | |
| Expenses incurred / paid by the Company | 35,601 | - |
| Payment received from by the Company | 43,500 | - |
| TPL Property Management (Private) Limited [TPLPM] | | |
| Expenses incurred / paid by the Company | 116,770 | - |
| TPL Logistic Park (Private) Limited [TPLLP] | | |
| Expenses incurred / paid by the Company | 172,820 | - |
| Loan given by the Company | 600,000,000 | - |
| Payment received by the Company | 599,000 | - |
| G-18 (Private) Limited | | |
| Funds transferred (to) / by the Company | (214,662,834) | 214,662,834 |
| Expenses incurred / paid by the Company | 187,002 | 200,000 |
| Common Directorship | | |
| TPL Insurance Limited | | |
| Expenses incurred / paid by TIL | - | 3,625,204 |
| Payment made by the Company | 6,097,828 | - |
| Amount received by the Company | 120,085,898 | 33,900,912 |
| Services acquired by the Company | 89,747,148 | 51,002,892 |
| TPL Life Insurance Limited [TLIL] | | |
| Expenses paid by the Company on behalf of TLIL | 4,578,101 | 5,088,933 |
| Expenses incurred/paid by TLIL on behalf the Company | 2,551,329 | - |
| Amount received from TLIL | 4,800,000 | 3,259,440 |
| TPL Security Services (Private) Limited [TSS] | | |
| Services acquired by the Company | 12,320,880 | 10,652,400 |
| Amount paid against services | - | 8,805,984 |
| TPL Trakker Limited [TTL] | | |
| Payment made by the Company | 28,498,000 | 20,759,440 |
| Expenses paid by the Company | 8,014,673 | - |
| Expenses incurred/paid by TTL | 38,390,049 | 17,697,413 |
| Amount received by the Company on account of rent and other services | 180,965,630 | 71,331,154 |
| Services acquired by the Company | 128,792,776 | 48,035,046 |
| Staff retirement benefit fund | | |
| TPL Properties Limited - Provident fund | | |
| Employer contribution | 6,420,588 | 2,600,177 |



Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

33.1 The related parties status of outstanding receivables and payables, if any, as at June 30, 2020 and 30 June 2019 are disclosed in respective notes to these unconsolidated financial statements.

33.2 The related parties transactions with key management personnel has been disclosed in note 32 to the unconsolidated financial statements.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors review and agree policies for managing each of the risk which are summarised below and accordingly, no change was made in the objectives, policies or procedures and assumptions during the year ended June 30, 2020.

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk.

34.1.1 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As at reporting date, the Company is not materially exposed to currency risk and accordingly, the sensitivity to a reasonably possible change in the exchange rate with all other variables held constant is not reported

34.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. As of the reporting date, the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term financing and short-term borrowings at floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings).

| | Increase / decrease in basis points | (Decrease) / increase in profit before tax (Rupees) |
|------|---|--|
| 2020 | +100 -100 | <u>(15,152,656)</u> <u>15,152,656</u> |
| 2019 | +100 -100 | <u>(13,429,709)</u> <u>13,429,709</u> |

34.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. As of the reporting date, the Company is not exposed to other price risk.

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As of the reporting date, the Company is not materially exposed to credit risk except for receivable against rent from tenants, loans, advances, deposits and bank balances. The Company manages credit risk by obtaining advance from tenants and the credit risk on liquid assets is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk before any credit enhancement is given below:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

| | 2020 | | 2019 | |
|---------------------------------------|--|----------------------|--|----------------------|
| | Unconsolidated-statement of financial position | Maximum exposure | Unconsolidated-statement of financial position | Maximum exposure |
| | Rupees | | Rupees | |
| Receivables against rent from tenants | 120,040,829 | 120,040,829 | 24,386,706 | 24,386,706 |
| Long-term loans to subsidiaries | 1,076,874,088 | 1,076,874,088 | 712,505,944 | 712,505,944 |
| Long-term deposits | 2,786,919 | 2,786,919 | 286,919 | 286,919 |
| Due from a related party | 1,039,600 | 1,039,600 | 215,194,817 | 215,194,817 |
| Bank balances | 224,888,511 | 224,888,511 | 209,010,763 | 209,010,763 |
| | <u>1,425,629,947</u> | <u>1,425,629,947</u> | <u>1,161,385,149</u> | <u>1,161,385,149</u> |

As of reporting date, the credit quality of Company's bank balances with reference to external credit rating is as follows:

| Bank Balances by short-term rating category | | Rating Agency | 2020 | 2019 |
|---|--|---------------|--------------------|--------------------|
| | | | Rupees | |
| A1+ | | PACRA | 5,522,383 | 2,274,318 |
| A-1+ | | JCR-VIS | 3,754,891 | 30,311,473 |
| A1 | | PACRA | 315,623 | 33,984,242 |
| A2 | | JCR-VIS | 14,740,463 | 17,512,250 |
| A3 | | JCR-VIS | 201,754,688 | 124,928,480 |
| | | | <u>226,088,048</u> | <u>209,010,763</u> |

34.3 Liquidity risk

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company's objective is to maintain a balance working capital management. As of the reporting date, the Company is exposed to liquidity risk in respect of long-term financing, short-term borrowings, trade and other payables and due to related parties.

The table below summarises the maturity profile of the Company's financial liabilities at June 30, 2020 and June, 30 2019 based on contractual undiscounted payment dates and present market interest rates:

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | Total |
|--------------------------|-----------|--------------------|--------------------|----------------------|----------------------|----------------------|
| June 30, 2020 | Rupees | | | | | |
| Long-term financing | - | 88,000,000 | 88,000,000 | 1,407,500,000 | 1,200,000,000 | 2,783,500,000 |
| Short term borrowings | - | - | 400,000,000 | - | - | 400,000,000 |
| Trade and other payables | - | - | 195,230,383 | - | - | 195,230,383 |
| Due to related parties | - | - | 22,206,298 | - | - | 22,206,298 |
| Accrued mark-up | - | 104,486,276 | - | - | - | 104,486,276 |
| | <u>-</u> | <u>192,486,276</u> | <u>705,436,681</u> | <u>1,407,500,000</u> | <u>1,200,000,000</u> | <u>3,505,422,957</u> |
| June 30, 2019 | Rupees | | | | | |
| Long-term financing | - | 55,000,000 | 55,000,000 | 1,056,000,000 | 990,000,000 | 2,156,000,000 |
| Short term borrowings | - | - | 400,000,000 | - | - | 400,000,000 |
| Trade and other payables | - | - | 49,556,010 | - | - | 49,556,010 |
| Due to related parties | - | - | 10,385,612 | - | - | 10,385,612 |
| Accrued mark-up | - | 89,955,997 | - | - | - | 89,955,997 |
| | <u>-</u> | <u>144,955,997</u> | <u>514,941,622</u> | <u>1,056,000,000</u> | <u>990,000,000</u> | <u>2,705,897,619</u> |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

34.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these unconsolidated financial statements approximate to their fair value.

Fair value hierarchy

Financial instruments carried at fair value are categorized as follows:

Level 1: Quoted market price.

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non-market observables)

The Company held the following financial instruments measured at fair value:

| | Total | Level 1 | Level 2 | Level 3 |
|----------------------------------|--------------------|---------|---------------|---------|
| | ----- Rupees ----- | | | |
| June 30, 2020 | | | | |
| Investment property (note 7.1) | 7,617,000,000 | - | 7,617,000,000 | - |
| Short-term investments (note 14) | 396,823 | 396,823 | - | - |
| June 30, 2019 | | | | |
| Investment property (note 7.1) | 6,846,271,191 | - | 6,846,271,191 | - |
| Short-term investments (note 14) | 124,200 | 124,200 | - | - |

34.5 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support and sustain future development of its business operations and maximize shareholders' value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total equity. Equity comprises of share capital, capital reserve and revenue reserve. The gearing ratio as at June 30, 2020 and June 30, 2019 are as follows:

| | Note | 2020 | 2019 |
|------------------------------|------|----------------------|----------------------|
| | | Rupees | |
| Long-term financings | 17 | 2,773,555,232 | 2,108,762,771 |
| Trade and other payables | 19 | 165,707,150 | 43,508,589 |
| Due to related parties | 20 | 22,206,298 | 10,385,612 |
| Accrued mark-up | 21 | 104,486,276 | 89,955,997 |
| Short-term borrowings | 22 | 400,000,000 | 400,000,000 |
| Advances from tenants | 23 | 148,002,285 | 113,944,849 |
| Total debts | | 3,613,957,241 | 2,766,557,818 |
| Less: Cash and bank balances | | 225,528,957 | 209,611,031 |
| Net debt | | 3,388,428,284 | 2,556,946,787 |
| Total equity | | 6,438,268,372 | 6,587,880,219 |
| Total capital | | 9,826,696,656 | 9,144,827,006 |
| Gearing ratio | | 34% | 28% |

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2020

35 DATE OF AUTHORIZATION OF ISSUE

These unconsolidated financial statements were authorised for issue on 9th September, 2020 by the Board of Directors of the Company.

36 GENERAL

36.1 These unconsolidated financial statements reflect the effect of amalgamation, as disclosed in note 1.5. Accordingly, the corresponding figures are not comparable.

36.2 Figures have been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

36.3 Number of employees as at June 30, 2020 was 24 (June 30, 2019: 21) and average number of employees during the year was 22 (June 30, 2019: 17).

36.4 Figures have been rounded off to the nearest rupee, unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director



Independent Auditors' Report

To the members of TPL Properties Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter:

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>1. Valuation of investment property held for sale</p> <p>The Group's investment property ("IP") held for sale constitutes the Centerpoint Project which is located in Karachi, principally comprising rented office premises. As disclosed in note 7.1 (to be read with note 7.5) to the accompanying unconsolidated financial statements the IP amounts to Rs. 7,596 million and constitutes 75% of the total assets of the Group. The IP is recorded as non-current asset held for sale under fair value model in accordance with applicable financial reporting framework, and accordingly, a fair value gain of Rs. 292 million has been recorded by the Group during the year on account of its fair valuation which was performed by an independent external property valuer.</p> <p>We identified valuation of the IP held for sale as a key audit matter because of the significance of IP held for sale to the total assets of the Group and because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology, market projections and market rents.</p> | <p>Our audit procedures amongst others comprised of:</p> <ul style="list-style-type: none"> - We assessed the competence of the management independent external valuer and reviewed the valuation report prepared by them to understand the basis and methodology of the valuation. - Involved EY's external valuer to assess the appropriateness of assumptions and estimates used by management's independent valuer in terms of estimated selling price, occupancy, condition, market projections and currency valuation. - Reviewed underlying evidences including but not limited to Board of Directors approval, sale agreement etc. related to decision for sale of Centerpoint project to an independent third party. - We have evaluated the conditions as per the International Financial Reporting Standard (IFRS) 5 - "Non-Current Assets Held for Sale and Discontinued Operations" for classifying the investment property as non-current assets held for sale; and - Assessed the adequacy of the presentation and disclosures in the accompanying unconsolidated financial statements in respect of the investment property held for sale in accordance with approved financial and reporting standards. |

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Shariq Ali Zaidi.



Chartered Accountants
Place: Karachi
Date: October 05, 2020

Consolidated Statement of Financial Position

As at June 30, 2020

| | Note | 2020 | 2019 |
|---|------|----------------|---------------|
| | | Rupees | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Operating fixed assets | 5 | 3,885,426 | 376,056,976 |
| Intangible asset | 6 | 750,389 | 1,000,519 |
| Investment property | 7 | 28,308,153 | 6,874,579,344 |
| Development property | 8 | 1,437,387,784 | 1,265,142,970 |
| Advance against future issuance of shares | | 600,000,000 | - |
| Long-term deposits | 9 | 2,786,919 | 2,786,919 |
| Deferred tax asset - net | 10 | - | 96,836,664 |
| | | 2,073,118,671 | 8,616,403,392 |
| CURRENT ASSETS | | | |
| Tools | | 963,747 | 1,070,706 |
| Receivables from tenants | 11 | 120,040,829 | 96,863,705 |
| Loans, advances, prepay ments and other receivables | | 46,572,917 | 308,068,498 |
| Due from related parties | 13 | 203,845 | 3,507,415 |
| Taxation - net | 12 | 118,512,286 | 156,594,058 |
| Short-term investment | 14 | 49,857,359 | 45,898,517 |
| Interest accrued | | 1,422,963 | 1,163,133 |
| Cash and bank balances | 15 | 231,668,157 | 217,035,018 |
| | | 569,242,103 | 830,201,050 |
| Non-current asset held for sale | 7.5 | 7,596,392,498 | - |
| TOTAL ASSETS | | 10,238,753,272 | 9,446,604,442 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL | | | |
| Authorised capital | | | |
| 400,000,000 (2019: 400,000,000) ordinary shares of Rs.10/- each | | 4,000,000,000 | 4,000,000,000 |
| Issued, subscribed and paid-up capital | 16 | 3,273,931,060 | 3,273,931,060 |
| Capital reserve | | 21,746,165 | 21,746,165 |
| Revenue reserve | | 3,039,225,919 | 2,925,593,603 |
| | | 6,334,903,144 | 6,221,270,828 |
| Non-controlling interest | | 175,481,861 | 175,907,498 |
| | | 6,510,385,005 | 6,397,178,326 |
| NON-CURRENT LIABILITY | | | |
| Long-term financings | 17 | 2,657,437,440 | 2,131,011,993 |
| Deferred tax liability - net | 10 | 15,808,675 | - |
| | | 2,673,246,115 | 2,131,011,993 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 18 | 173,818,830 | 77,934,374 |
| Accrued expenses | | 11,239,140 | 15,357,256 |
| Due to related parties | 19 | 23,488,219 | 10,385,612 |
| Accrued mark-up | 20 | 107,455,886 | 97,207,446 |
| Short-term borrowings | 21 | 400,000,000 | 400,000,000 |
| Current portion of long-term financings | 17 | 191,117,792 | 165,000,000 |
| Advances from tenants | 22 | 148,002,285 | 152,529,435 |
| | | 1,055,122,152 | 918,414,123 |
| CONTINGENCIES AND COMMITMENTS | | | |
| 23 | | | |
| TOTAL EQUITY AND LIABILITIES | | 10,238,753,272 | 9,446,604,442 |

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended June 30, 2020

| | Note | 2020 | 2019 |
|---|------|--------------------|--------------------|
| | | Rupees | |
| Income | 24 | 678,368,219 | 597,206,250 |
| Direct operating costs | 25 | (216,976,812) | (174,332,788) |
| Gross profit | | 461,391,407 | 422,873,462 |
| Administrative and general expenses | 26 | (141,360,354) | (139,391,319) |
| Finance costs | 27 | (419,071,628) | (290,216,526) |
| Other income | 28 | 317,487,880 | 709,040,311 |
| Profit before taxation | | 218,447,305 | 702,305,928 |
| Taxation | 29 | (105,240,626) | (26,052,004) |
| Profit for the year | | 113,206,679 | 676,253,924 |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | 113,206,679 | 676,253,924 |
| Attributable to: | | | |
| Owners of the Holding Company | | 113,632,316 | 676,473,573 |
| Non-controlling interest | | (425,637) | (219,651) |
| | | 113,206,679 | 676,253,922 |
| Earnings per share - basic and diluted | 30 | 0.35 | 2.07 |

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director



Consolidated Statement of Changes in Equity

For the year ended June 30, 2020

| | Issued, subscribed and paid up capital | Capital reserve Share premium account | Revenue reserve Accumulated profits | Total | Non-controlling interest | Total equity |
|---|--|---|---|----------------------|-----------------------------|----------------------|
| | (Rupees) | | | | | |
| Balance at June 30, 2018 | 2,735,113,670 | 560,563,555 | 2,249,120,030 | 5,544,797,255 | 87,536,549 | 5,632,333,804 |
| Profit for the year | - | - | 676,473,573 | 676,473,573 | - | 676,473,573 |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | 676,473,573 | 676,473,573 | - | 676,473,573 |
| Loss attributable to non-controlling interest for the year | - | - | - | - | (219,651) | (219,651) |
| Shares sold to non-controlling interest | - | - | - | - | 88,590,600 | 88,590,600 |
| Bonus shares issued | 538,817,390 | (538,817,390) | - | - | - | - |
| Balance at June 30, 2019 | 3,273,931,060 | 21,746,165 | 2,925,593,603 | 6,221,270,828 | 175,907,498 | 6,397,178,326 |
| Profit for the year | - | - | 113,632,316 | 113,632,316 | - | 113,632,316 |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | 113,632,316 | 113,632,316 | - | 113,632,316 |
| Loss attributable to non-controlling interest for the year | - | - | - | - | (425,637) | (425,637) |
| Balance at June 30, 2020 | 3,273,931,060 | 21,746,165 | 3,039,225,919 | 6,334,903,144 | 175,481,861 | 6,510,385,005 |

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for non-cash items

Depreciation

Ammortization

Gain on disposal of investment in mutual funds

Finance costs

Un-realised gain on investments in mutual funds

Markup on investments

Exchange loss - net

Mark-up on savings account

Fair value gain on investment property

Working capital changes

Decrease / (increase) in current assets

Receivables against rent, maintenance and other services

Tools

Loans, advances, prepayments and other receivables

Short-term investment

Due from related parties

(Decrease) / increase in current liabilities

Trade and other payables

Accrued expenses

Advances from tenants

Cash flows generated from operations

Finance cost paid

Markup on savings account received

Income tax paid - *net of refund*

Net cash flows generated from / (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of operating fixed assets

Additions to development properties

Additions to investment property

Proceeds from disposal of investment in mutual funds

Proceeds from disposal of investment in subsidiary

Long-term investments

Net cash flows used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES*

Long-term financings - net

Due to related parties

Net cash flow generated from / (used in) from financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

*No non-cash items are included in these activities

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.

Note

2020

2019

Rupees

218,447,305

702,305,926

3,611,320

42,748,219

250,130

250,130

(2,791,879)

(5,583,720)

419,071,628

290,216,526

(383,601)

-

(744,384)

-

64,898

-

(12,995,439)

(33,389,000)

(292,165,699)

(666,992,964)

113,916,974

(372,750,809)

(23,177,124)

56,842,104

106,959

(216,777)

261,495,581

(258,287,087)

(12,538,978)

54,101,483

3,303,570

(2,220,329)

229,190,008

(149,780,606)

95,811,526

(31,635,851)

4,353,676

(792,654)

(4,527,150)

40,598,457

95,638,052

8,169,952

657,192,339

187,944,463

(408,823,188)

(256,562,206)

12,735,609

32,868,858

37,022,725

(83,711,250)

298,127,485

(119,460,135)

(1,559,029)

(31,701,919)

(172,244,814)

(176,878,109)

(87,836,349)

(17,951,351)

12,500,000

-

-

94,174,320

(600,000,000)

-

(849,140,192)

(132,357,059)

552,543,239

(91,889,058)

13,102,607

1,954,676

565,645,846

(89,934,382)

14,633,139

(341,751,576)

217,035,018

558,786,594

231,668,157

217,035,018

Chief Executive Officer

Chief Financial Officer

Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

1. LEGAL STATUS AND OPERATIONS OF THE GROUP

- 1.1 The Group comprises of TPL Properties Limited [TPLP], its subsidiary companies i.e. HKC (Private) Limited [HKC], G-18 (Private) Limited [G-18], TPL REIT Management Company Limited [REIT], TPL Logistics Park (Private) Limited [TPLLP] & TPL Property Management (Private) Limited [TPLPM] that have been consolidated in these consolidated financial statements.

1.2 Holding Company

TPL Properties Limited [the Holding Company]

TPL Properties Limited (the Holding Company) was incorporated in Pakistan as a private limited company on February 14, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently in 2016, the Holding Company had changed its status from private limited company to public company and was listed on the Pakistan Stock Exchange Limited. The principal activity of the Holding Company is to invest, purchase, develop and build real estate and to sell, rent out or otherwise dispose off in any manner the real estate including commercial and residential buildings, houses, shops, plots or other premises. TPL Corp Limited and TPL Holdings (Private) Limited are the Parent Company and Ultimate Holding Company respectively, as of the reporting date.

Geographical location and address of the business premises:

Address

Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi.

Purpose

Head office and rented premises

1.3 Subsidiary Companies

1.3.1 HKC (Private) Limited [HKC]

HKC was incorporated in Pakistan on September 13, 2005 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is principally engaged in the acquisition and development of real states and renovation of buildings and letting out.

Geographical location and address of the business premises:

Address

Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi.
Plot No 22/7, Street CL-9, Civil Lines Quarter, Karachi

Purpose

Registered office
Development property site

1.3.2 G-18 (Private) Limited [G-18]

G-18 (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on April 12, 2018 under the Companies Act, 2017 for the purpose of property development. However, as of the reporting date, G-18 has not commenced its operations.

Geographical location and address of the business premises:

Address

Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi.

Purpose

Registered office

1.3.3 TPL REIT Management Company Limited [TPL REIT]

TPL REIT Management Company Limited (the Company) was incorporated in Pakistan as a public limited company on October 12, 2018 under the Companies Act, 2017. The principal activity of the Company is to carry on all or any business permitted to be carried out by a 'REIT management company' including but not limited to providing 'REIT Management Services' in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. However, as of the reporting date, TPL REIT has not commenced its operations.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Geographical location and address of the business premises:

Address

Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi.

Purpose

Registered office

1.3.4 TPL Property Management (Private) Limited [TPL PM]

TPL Property Management (Private) Limited (the Company) was incorporated in Pakistan on April 10, 2020 as a private company, limited by shares under the Companies Act, 2017 (the Act). The principal business of the entity is to carry on the business of providing all types of facilities management, maintenance and execution of contracts of all kinds and of structure including but not limited to residential, commercial, mixed use, hotel or any other real estate developments. However, as of the reporting date, TPL PM has not commenced its operations.

Geographical location and address of the business premises:

Address

Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi.

Purpose

Registered office

1.3.5 TPL Logistic Park (Private) Limited [TPL LP]

TPL Logistic Park (Private) Limited (the Company) was incorporated in Pakistan on December 11, 2019 as a private company, limited by shares under the Companies Act, 2017 (the Act). The principal business of the entity is to carry on the business of the Holding Company and to coordinate and regulate the administration, finances, activities and business of the subsidiaries, shareholding interests in other Companies and to undertake and carry out all such services in connection therewith. However, as of the reporting date, TPL LP has not commenced its operations.

Geographical location and address of the business premises:

Address

Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi.

Purpose

Registered office

1.4 The Group has entered into transactions or had agreements and / or arrangements in place during the reporting period with the following related parties:

| Name | Relationship | Common Directorship | Percentage of Shareholding |
|---|---------------------------|---------------------|----------------------------|
| TPL Holdings (Private) Limited [THL] | Ultimate Parent Company | Yes | 8.61% |
| TPL Corp Limited [TCL] | Parent Company | Yes | 21.90% |
| HKC (Private) Limited | Subsidiary Company | Yes | 80.00% |
| G-18 (Private) Limited | Subsidiary Company | Yes | 99.99% |
| TPL REIT Management Company Limited | Subsidiary Company | Yes | 99.99% |
| TPL Logistic Park (Private) Limited [TPL LP] | Subsidiary Company | Yes | 99.99% |
| TPL Property Management (Private) Limited [TP PM] | Subsidiary Company | Yes | 99.99% |
| TPL Trakker Limited [TTL] | Associated Company | Yes | - |
| TPL Insurance Limited [TIL] | Associated Company | Yes | 2.92% |
| TPL Security Services (Private) Limited [TPS] | Associated Company | Yes | 0.018% |
| TPL Life Insurance Limited [TLI] | Associated Company | Yes | - |
| Mr. Jameel Yusuf | Chairman | N/A | 5.40% |
| Mr. Muhammad Ali Jameel | Chief Executive Officer | N/A | 7.01% |
| Mr. Ali Asgher | Chief Operating Officer | N/A | - |
| Mr. Rahim Baddaruddin Kazani | Chief Financial Officer | N/A | - |
| TPL Properties Limited - Employees' Provident Fund | Employees' Provident Fund | N/A | - |
| Centrepoint Management Services (Private) Limited - Employees' Provident Fund | Employees' Provident Fund | N/A | - |

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of the Novel Coronavirus (COVID-19) has disrupted commercial and economic activities all around the world and has impacted almost every organization and industry. The operations and results of the Company mainly impacted in the later part of financial year due to lockdown situation around the region. The outbreak still continues to progress and evolve, therefore, it is challenging now to predict the full extent and duration of its business and economic impact. However, up to the date of authorisation of these financial statements, the operations and results of the company have not been materially impacted by COVID -19 pandemic

3 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and provisions of and directives issued under the Act and Islamic Financial and Accounting Standards (IFAS). Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

4.2 Basis of consolidation

These consolidated financial statements comprise of the financial statements of the Holding Company and its subsidiary companies, HKC, G-18, TPL Property Management, TPL Logistic Park and TPL REIT as at June 30, 2020, here-in-after referred to as 'the Group'.

4.2.1 Subsidiaries

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

When the ownership of a subsidiary is less than 100 percent, and therefore, a non-controlling interest (NCI) exists, accordingly, the components of profit or loss and other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in statement of profit or loss and other comprehensive income and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

HKC, G-18, TPL PM, TPL LP and TPL REIT have the same reporting period as that of the Holding Company. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Group, wherever needed.

4.3 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as described below:

New and Amended Standards

The Group has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

| | |
|----------|---|
| IFRS-9 | Prepayment Features with Negative Compensation (Amendments) |
| IFRS-14 | Regulatory Deferral Accounts |
| IFRS-16 | Leases |
| IFRS-16 | COVID 19 Related Rent Concessions (Amendments) |
| IAS-19 | Plan Amendment, Curtailment or Settlement (Amendments) |
| IAS-28 | Long-term Interests in Associates and Joint Ventures (Amendments) |
| IFRIC-23 | Uncertainty over income tax treatments |

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

| | |
|---------|--|
| IFRS-3 | Business Combinations - Previously held Interests in a joint operation |
| IFRS-11 | Joint Arrangements - Previously held Interests in a joint operation |
| IAS-12 | Income Taxes - Income tax consequences of payments on financial instruments classified as equity |
| IAS-23 | Borrowing Costs - Borrowing costs eligible for capitalisation |

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Group's financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have any impact for leases where the Group is lessor. Whereas, for lessees all leases will be classified as finance leases only.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 as of 01 July 2019. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). As at 01 July 2019, the Group does not have significant impact of adoption of IFRS 16, as the Group is acting as lessor in all its lease arrangements.

4.4 Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments, estimates and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which are significant to these consolidated financial statements:

a) Fair value of investment property

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss and other comprehensive income. An independent valuation specialist is engaged by the Group to assess fair value of investment property based on values with reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

b) Recognition of tax and deferred tax

The provision for taxation is accounted for by the Group after taking into account the relevant laws and decisions taken by appellate authorities. Instances, where the Group's view differs from the view taken by the tax authorities at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities / assets.

Other areas where judgments, estimates and assumptions involved are disclosed in respective notes to these consolidated financial statements.

4.5 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognised in consolidated statement of profit or loss and other comprehensive income applying the straight-line method. Depreciation on additions during the year is charged from the month of addition, whereas, depreciation on disposals is charged up to the month in which the disposal takes place.

Rates of depreciation which are disclosed in note 5 to these consolidated financial statements are designed to write-off the cost over the estimated useful lives of the assets.

Notes to the Consolidated Financial Statements

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Major renewals and improvements for assets are capitalized, if recognition criteria is met and the assets so replaced, if any, are retired. Maintenance and normal repairs are recognised in consolidated statement of profit or loss and other comprehensive income.

Assets residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of an asset represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised in the consolidated statement of profit or loss and other comprehensive income.

4.6 Intangible asset

Intangible assets other than goodwill, customers related intangible assets and marketing related intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Goodwill, customers related intangible assets and marketing related intangible assets are stated at cost less accumulated impairment losses, if any, as their useful life is indefinite and are tested for impairment annually. For other intangibles, amortisation is charged to the consolidated statement of profit or loss and other comprehensive income applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The amortisation rate of the intangible assets are stated in note 6 to these financial statements. Full month's amortisation is charged in the month of addition when the asset is available for use, whereas, amortisation on disposals is charged upto the month in which the disposal takes place.

Intangible assets under development are stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred in respect of intangible assets under development in the course of their acquisition, erection, development and installation. The assets are transferred to relevant category of intangible assets when they are available for use.

4.7 Investment property

Investment property comprises completed property and property under construction that is held to earn rentals or for capital appreciation or both.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria is met.

Subsequent to initial recognition, investment property is stated at fair value which reflects market condition at reporting date. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise, including the corresponding tax effect, if any. Fair values are determined based on an annual valuation performed by an accredited independent valuer.

Investment property under construction is measured at cost less accumulated impairment losses, if any. Cost includes the cost of land acquired for the development of project and other purchase cost, related government taxes, construction cost, borrowing cost and other overheads necessary to bring the premises for capital appreciation or rental earnings.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the derecognition of investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of retirement or disposal. Gain or loss on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to or from the investment property only when there is a change in use. For a transfer from investment property to owner-occupied, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Maintenance and normal repairs are charged to consolidated statement of profit or loss and other comprehensive income, as and when incurred. Major renewals and improvements, if any, are capitalised, if recognition criteria is met.

4.8 Non-current assets held for sale

The Group classifies non-current assets (principally investment property) as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification

4.9 Development property

Property acquired, constructed or in the course of construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties. The Group will sell the completed housing units and not providing any construction services as a contractor engaged by the buyer. In addition, the buyer of housing units does not have an ability to specify the major structural elements of the design or major structural changes before construction and / or construction is in progress. All project costs incurred or to be incurred till the completion of project are capitalised as development properties and is stated in lower of cost and net realisable value. Accordingly, the cost of development properties under construction includes:

- a) cost of leasehold land;
- b) amounts paid to contractors for construction;
- c) planning and design costs, cost of site preparation, professional fee for legal services, property transfer taxes, development charges, construction overheads and other related costs necessary to bring the premises in saleable condition; and
- d) contractors for developing inner perimeter, including but not limited to road development, amenities and utilities and other infrastructure.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices less costs to completion and the estimated costs of sale.

4.10 Leases - Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.11 Impairment of non-financial assets and investments in subsidiaries

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Impairment losses relating to goodwill are not reversed in future periods.

4.12 Tools

Tools are valued at lower of weighted average cost and net realisable value, except items in transit, which are stated at cost. Tools are charged to cost of goods sold on an estimated consumption pattern.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessarily to be incurred to make the sale.

4.13 Cash and cash equivalents

Cash and cash equivalents are stated at cost and are defined as cash in hand, cash at banks and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, cheques in hand and bank balances.

4.14 Provisions

Provisions are recognised when:

- a) the Group has a present obligation (legal or constructive) as a result of past events;
- b) it is probable that an outflow of resources will be required to settle the obligation; and
- c) a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Revenue recognition

a) Revenue from operating lease arrangements

i) Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of profit or loss and other comprehensive income when the right to receive them arises.

ii) Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets as disclosed in note 4.21 to these consolidated financial statements.

iii) Advance from tenants

Advance from tenants against rent is charged to consolidated statement of profit and loss and other comprehensive income based on contractual arrangements with the tenants.

b) Revenue from contracts with tenants

i) Revenue from services to tenants

The Group is providing building management services to tenants such services include maintenance services, electricity and conditioning service and other IT services. Revenue from contracts with customers is recognised over the period when the services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of services.

Revenue from the rendering of services is recognised over the time when the services are rendered to the customers, generally over the contract. These services are specified in a separate service arrangement with the tenants and invoiced separately.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress. The consideration charged to tenants for these services is based on an agreed rates specified in the services arrangements. The variable consideration only relates to the non-lease component and is allocated to each distinct period of service (i.e., each day) as it meets the variable consideration allocation exception criteria.

ii) Receivable against services

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets as disclosed in note 4.21 to these consolidated financial statements.

iii) Contractual liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

c) Other revenue

Interest income is recognised as it accrues using the effective interest rate method and other revenues are recorded on accrual basis.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

4.16 Taxation

Current

Provision for current taxation is computed on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognised using the balance sheet method on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is recognised or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss and other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.17 Foreign currency translations

These consolidated financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency. Foreign currency transactions during the year are translated at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the reporting date. Any resulting gain or loss arising from changes in exchange rates is taken to the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4.18 Staff retirement benefits

Defined contribution plan

The Group operates a recognised provident fund (defined contribution scheme) for its permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made, both by the Group and the employees at the rate of 8.33 percent of the basic salary.

4.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.19.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other profit or loss and other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's

Notes to the Consolidated Financial Statements

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business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

i) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

ii) Financial assets designated at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to consolidated statement of profit or loss.

The Group does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment

iv) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income.

c) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) **Impairment**

The Group recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

For trade rent and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include long term financing, due to related parties, short term borrowings and trade and other payables.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

iii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

f) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.20 Borrowing costs

Borrowing and other related 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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

4.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in these consolidated financial statements in the period, in which these are approved. However, if these are approved after the reporting period but before these consolidated financial statements are authorised for issue, they are disclosed in the notes to these consolidated financial statements.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.23 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

| Standard or Interpretation | | Effective date (annual periods beginning on or after) |
|----------------------------|---|---|
| IFRS 3 | Definition of a Business (Amendments) | January 01, 2022 |
| IFRS 3 | Reference to the Conceptual Framework (Amendments) | January 01, 2022 |
| IFRS 9/IAS 39/ IFRS 7 | Prepayment Features with Negative Compensation (Amendments) | January 01, 2020 |
| IFRS 10 / IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized |
| IAS 1/ IAS 8 | Definition of Material (Amendments) | January 01, 2020 |
| IAS 1 | Classification of Liabilities as Current or Non-current (Amendments) | January 01, 2022 |
| IAS 16 | Proceeds before Intended Use (Amendments) | January 01, 2022 |
| IAS 37 | Onerous Contracts – Costs of Fulfilling a Contract (Amendments) | January 01, 2022 |

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

| | | |
|--------|--|------------------|
| IFRS 9 | Financial Instruments – Fees in the ‘10 percent’ test for derecognition of financial liabilities | January 01, 2022 |
| IAS 41 | Agriculture – Taxation in fair value measurements | January 01, 2022 |

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Group expects that below new standards will not have any material impact on the Group's financial statements in the period of initial application.

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For the year ended June 30, 2020

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard

IFRS 17 – Insurance Contracts

IASB Effective date
(annual periods
beginning on or after)

January 01, 2023

The Group expects that above new standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

5 OPERATING FIXED ASSETS

| | COST | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE | |
|--------------------------|---------------------|------------------------|---------------------|--------------------------|----------------------------------|---------------------|---------------------|----------------------|
| | As at July 01, 2019 | Additions / *Transfers | As at June 30, 2020 | As at July 01, 2019 | Charge for the year / *Transfers | As at June 30, 2020 | As at June 30, 2020 | Depre-ciation Rate % |
| Owned | (Rupees) | | | | | | | |
| Power generation | 165,213,461 | - | - | 40,032,653 | - | - | - | 3.33 & 5 |
| | | * (165,213,461) | | | * (40,032,653) | | | |
| Furniture and fixtures | 24,566,862 | - | 5,838,600 | 10,650,520 | 1,160,320 | 5,838,598 | 2 | 20 |
| | | * (18,728,262) | | | * (5,972,242) | | | |
| Vehicles | 6,270,932 | - | 6,270,932 | 5,167,505 | 569,789 | 5,737,294 | 533,638 | 20 |
| Electrical equipment | 318,386,004 | 160,529 | 1,334,529 | 99,790,226 | 533,888 | 553,455 | 781,074 | 20 |
| | | * (317,212,004) | | | * (99,770,659) | | | |
| IT equipment | 38,788,800 | - | - | 38,113,705 | - | - | - | 20 |
| | | * (38,788,800) | | | * (38,113,705) | | | |
| Computer and accessories | 8,791,333 | 1,326,500 | 9,957,364 | 6,364,819 | 1,202,104 | 7,473,868 | 2,483,496 | 33.33 |
| | | * (160,469) | | | * (93,065) | | | |
| Mobile phones | 303,146 | 72,000 | 535,646 | 210,711 | 145,219 | 448,430 | 87,216 | 50 |
| | | * 160,500 | | | * 92,500 | | | |
| Gym equipment | 17,175,024 | - | - | 3,108,447 | - | - | - | 33.33 |
| | | * (17,175,024) | | | * (3,108,447) | | | |
| 2020 | 579,495,562 | 1,559,029 | 23,937,071 | 203,438,586 | 3,611,320 | 20,051,645 | 3,885,426 | |
| | | (557,117,520) | | | (186,998,261) | | | |

* Represents transfers from operating fixed assets to investment property (note 7).

| | COST | | | | | | ACCUMULATED DEPRECIATION | | WRITTEN DOWN VALUE | |
|--------------------------|---------------------|------------------------|---------------------|---------------------|----------------------------------|---------------------|--------------------------|----------------------|--------------------|--|
| | | | | | | | | | | |
| | As at July 01, 2018 | Additions / (disposal) | As at June 30, 2019 | As at July 01, 2018 | Charge for the year / (disposal) | As at June 30, 2019 | As at June 30, 2019 | Depre-ciation Rate % | | |
| (Rupees) | | | | | | | | | | |
| Owned | | | | | | | | | | |
| Power generation | 164,123,461 | 1,090,000 | 165,213,461 | 32,282,270 | 7,750,383 | 40,032,653 | 125,180,808 | 3.33 & 5 | | |
| Furniture and fixtures | 24,566,594 | 268 | 24,566,862 | 4,870,707 | 5,779,813 | 10,650,520 | 13,916,342 | 20 | | |
| Vehicles | 6,270,932 | - | 6,270,932 | 4,632,875 | 534,630 | 5,167,505 | 1,103,427 | 20 | | |
| Electrical equipment | 292,876,887 | 25,509,117 | 318,386,004 | 79,236,712 | 20,553,514 | 99,790,226 | 218,595,778 | 3.33 - 10 | | |
| IT equipment | 38,788,800 | - | 38,788,800 | 33,472,922 | 4,640,783 | 38,113,705 | 675,095 | 20 | | |
| Computer and accessories | 6,906,811 | 1,884,522 | 8,791,333 | 4,612,702 | 1,752,117 | 6,364,819 | 2,426,514 | 33.33 | | |
| Mobile phones | 81,500 | 221,646 | 303,146 | 81,187 | 129,524 | 210,711 | 92,435 | 50 | | |
| Gym equipment | 14,178,658 | 2,996,366 | 17,175,024 | 1,500,992 | 1,607,455 | 3,108,447 | 14,066,577 | 33.33 | | |
| 2019 | 547,793,643 | 31,701,919 | 579,495,562 | 160,690,367 | 42,748,219 | 203,438,586 | 376,056,976 | | | |

5.1 The depreciation charge for the year:

Direct operating costs
Administrative and general expenses

| Note | 2020 | 2019 |
|------|------------------|-------------------|
| | Rupees | |
| 25 | - | 39,152,646 |
| 26 | 3,611,320 | 3,595,573 |
| | 3,611,320 | 42,748,219 |

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

6 INTANGIBLE ASSET

| | COST | | | ACCUMULATED AMORTISATION | | | NET BOOK VALUE | Amortisation Rate % |
|-------------------|---------------------|-----------|---------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | As at July 01, 2019 | Additions | As at June 30, 2020 | As at July 01, 2019 | Charge for the year | As at June 30, 2020 | As at June 30, 2020 | |
| | | | (Rupees) | | | | | |
| Computer software | 1,250,649 | - | 1,250,649 | 250,130 | 250,130 | 500,260 | 750,389 | 20 |
| | COST | | | ACCUMULATED AMORTISATION | | | NET BOOK VALUE | Amortisation Rate % |
| | As at July 01, 2018 | Additions | As at June 30, 2019 | As at July 01, 2018 | Charge for the year | As at June 30, 2019 | As at June 30, 2019 | |
| | | | (Rupees) | | | | | |
| Computer software | - | 1,250,649 | 1,250,649 | - | 250,130 | 250,130 | 1,000,519 | 20 |

| | | | 2020 | 2019 |
|---|--|------|------------------------|----------------------|
| 7 INVESTMENT PROPERTY | | Note | Rupees | |
| Investment property | 7.1 & 7.2 | | - | 6,846,271,191 |
| Investment property under construction | 7.6 | | 28,308,153 | 28,308,153 |
| | | | 28,308,153 | 6,874,579,344 |
| 7.1 | The movement in investment property during the year is as follows: | | | |
| | | | 6,846,271,191 | 6,165,361,363 |
| As at July 01 | | | 87,836,349 | 13,916,864 |
| Additions | | | 370,119,259 | - |
| Transfer from operating fixed asset at WDV | 5 | | 7,304,226,799 | 6,179,278,227 |
| Gain from fair value adjustment | 7.3 | | 292,165,699 | 666,992,964 |
| | | | 7,596,392,498 | 6,846,271,191 |
| Less: Non-current assets held for sale (refer note 7.5) | | | (7,596,392,498) | - |
| As at June 30 | | | - | 6,846,271,191 |
| 7.2 | Investment property comprises of leasehold land having area of 2,914 square yards and building thereon, situated at 66/3-2, Shaheed-e-Millat Expressway, near KPT Interchange Flyover, Karachi, hereinafter referred to as Centrepoint Project. | | | |
| 7.3 | A valuation of Centrepoint Project was carried out by an independent professional valuer on June 30, 2020 and the fair value was determined with reference to market based evidence, active market prices and relevant information. The fair value of investment property fall under level 2 of fair value hierarchy (i.e. significant observable inputs). | | | |
| 7.4 | Forced sale value of the investment property as at June 30, 2020 is Rs. 6,855,300,000/- (2019: Rs. 6,514,222,500/-). | | | |
| 7.5 | Subsequent to year end, the Holding Company in its Board of Directors meeting held on August 19, 2020, after giving due consideration, has approved the sale of the Holding Company's flagship project "Centrepoint" located off Shaheed-e-Millat Expressway Near KPT Interchange, Karachi to Bank Al-Habib Limited (an independent third party). The transaction is subject to execution of appropriate legal agreements, completion of necessary formalities and obtaining of all necessary approvals and consents. The decision was taken keeping in mind the best interest of the shareholders. The transaction is expected to close by March 2021. The Holding Company plans to use sale proceed to invest in development of high end office tower, hotel/service apartments and low income housing projects. Accordingly, the same has been transferred to non-current assets held for sale on the face of the consolidated statement of financial position. | | | |



Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

7.6 Represents expenses incurred on various projects of the Company related to the construction of investment property.

The movement in capital work-in-progress during the year is as follows:

As at July 01

Additions during the year

As at June 30

| 2020 | 2019 |
|-------------------|-------------------|
| Rupees | |
| 28,308,153 | 24,273,666 |
| - | 4,034,487 |
| 28,308,153 | 28,308,153 |

8 DEVELOPMENT PROPERTY

Represents project under construction at Plot No 22/7, Street CL-9, Civil Lines Quarter, Karachi. The project is currently in the initial design stages of the project with construction due to commence after approval of design.

| | 2020 | 2019 |
|--|----------------------|----------------------|
| | Rupees | |
| Land | 801,225,879 | 801,225,879 |
| Design and consultancy | 176,769,050 | 129,251,534 |
| Project management and ancillary costs | 330,225,183 | 280,391,870 |
| Other project costs | 129,167,672 | 54,273,687 |
| | 1,437,387,784 | 1,265,142,970 |

9 LONG-TERM DEPOSITS – unsecured, considered good

Note

Security deposits:

- Total PARCO Pakistan Limited

- Central Depository Company of Pakistan Limited

- City District Government Karachi

9.1

| | | |
|--|------------------|------------------|
| | 2,500,000 | 2,500,000 |
| | 200,000 | 200,000 |
| | 86,919 | 86,919 |
| | 2,786,919 | 2,786,919 |

9.1 These deposits are non-interest bearing.

10 DEFERRED TAX ASSET - net

Deferred tax assets on deductible temporary differences:

- Unused tax losses

Deferred tax liability on taxable temporary differences:

- Operating fixed assets

- Advance against rent, maintenance and other services (net of receivables)

| | | |
|--|---------------------|---------------------|
| | - | 152,905,734 |
| | - | (38,880,870) |
| | (15,808,675) | (17,188,200) |
| | (15,808,675) | (56,069,070) |
| | (15,808,675) | 96,836,664 |

11 RECEIVABLE AGAINST RENT, MAINTENANCE AND OTHER SERVICES

Receivables against rent

11.1

Receivables against services

Receivables against maintenance

11.2

Receivables against other services

11.3

Receivables against electricity and air conditioning services

11.4

Less: Allowance for expected credit losses

11.5

11.6

| | | |
|--|--------------------|-------------------|
| | 74,078,762 | 24,386,706 |
| | 16,794,438 | 7,854,183 |
| | 26,088,143 | 32,605,301 |
| | 3,234,508 | 32,824,138 |
| | 46,117,089 | 73,283,622 |
| | (155,022) | (806,623) |
| | 120,040,829 | 96,863,705 |

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

- 11.1** This includes receivable from TPL trakker Limited amounting to Rs. Nil (2019: Rs. 7.85 million) and TPL Insurance Limited amounting to Rs. Nil (2019: Rs. 15.35 million). This amount is neither past due nor impaired.
- 11.2** This includes receivable from TPL trakker Limited amounting to Rs. 4.23 million (2019: Nil) . This amount is neither past due nor impaired.
- 11.3** This includes receivable from TPL trakker Limited amounting to Rs. 17.18 milion (2019: Nil) and TPL Insurance Limited amounting to Rs. 1.12 million (2019: Nil). This amount is neither past due nor impaired.
- 11.4** This includes receivable from TPL trakker Limited amounting to Rs. 1.35 milion (2019: Nil), TPL Insurance Limited amounting to Rs. 0.15 million (2019: Nil), TPL Life Insurance Limited amounting to Rs. 0.065 million (2019: Nil), TPL Security Services (Private) Limited Rs. 0.001 million (2019: Nil), and TPL Logistics (Private) Limited amounting to Rs. 0.003 million (2019: Nil). This amount is neither past due nor impaired.

- 11.5** Movement of allowance for expected credit loss on receivables is as follows:

| | 2020 | 2019 |
|----------------------------------|-----------|---------|
| | Rupees | |
| Opening balance | 806,623 | - |
| (Reversal) / charge for the year | (651,601) | 806,623 |
| Closing balance | 155,022 | 806,623 |

- 11.6** This includes receivables from parties other than related parties amounting to Rs. 21.99 million (2019: Rs Nil) which is past due but impaired.
- 11.7** The maximum amount outstanding receivable from the related parties at any time during the year calculated by reference to month end balances was as follows:

| | 2020 | 2019 |
|-------------------------------------|------------|-------------|
| | Rupees | |
| TPL Trakker Limited | 83,703,104 | 142,634,729 |
| TPL Insurance Limited | 17,809,590 | 47,948,555 |
| TPL Life Insurance Limited | 65,410 | 12,300 |
| TPL Security Services (Pvt) Limited | 1,130 | - |
| TPL Logsitics Private Limited | 3,390 | - |

12 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note

Loans

Loan to employees

| | | |
|--|---------|---------|
| | 808,568 | 703,667 |
| | 808,568 | 703,667 |

Advances - unsecured, considered good

Suppliers and contractors

Advance against development property

Others

12.1

12.2

| | | |
|--|------------|-------------|
| | 21,109,918 | 76,386,077 |
| | - | 214,675,336 |
| | 15,000,000 | 10,000,000 |
| | 36,109,918 | 301,061,413 |

Prepayments

Insurance

| | | |
|--|-----------|-----------|
| | 2,880,860 | 6,303,418 |
|--|-----------|-----------|

Others - sales tax receivable

| | | |
|--|------------|-------------|
| | 6,773,571 | - |
| | 46,572,917 | 308,068,498 |

- 12.1** These advances are non-interest bearing and generally on an average term of 1 to 12 months.
- 12.2** This represents financing provided to Pearl Securities Limited for the purpose of investment which carries markup at the rate of 10% per annum and is receivable on demand.

13 DUE FROM RELATED PARTIES

Note

| | 2020 | 2019 |
|--|---------|-----------|
| | Rupees | |
| TPL Holdings (Private) Limited - Ultimate Parent Company | - | 464,932 |
| TPL Life Insurance - an associated company | 203,845 | 3,042,483 |
| | 203,845 | 3,507,415 |

13.1

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

- 13.1** These amounts are non-interest bearing and are receivable on demand. The maximum amount outstanding at any time during the year calculated by reference to month end balances was as follows:

| | Note | 2020 | 2019 |
|--|-------------------------------|-------------------|-------------------|
| | | Rupees | |
| TPL Holdings (Private) Limited | | - | 464,932 |
| TPL Life Insurance Limited | | 203,845 | 3,042,483 |
| 14 | SHORT-TERM INVESTMENTS | | |
| Investments in mutual funds (designated at fair value through profit or loss) | 14.1 | 49,857,359 | 45,898,517 |
| | | <u>49,857,359</u> | <u>45,898,517</u> |

- 14.1** Investment in mutual funds - at fair value through profit or loss

| 2020 | 2019 | Name of Mutual Fund | 2020 | 2019 |
|------------------|------------------|----------------------------|-------------------|-------------------|
| Number of units | | | Rupees | Rupees |
| | | | Carrying Value | Carrying Value |
| | | | Fair value | Fair value |
| 2,867,492 | 2,591,261 | NBP Money Market Fund | 28,298,487 | 25,580,801 |
| 203 | 386,803 | Pak Oman investment | 10,639 | 20,432,162 |
| 413,914 | - | AKD Aggressive Income Fund | 21,357,807 | - |
| 5,578 | - | AKD Securities Limited | 300,654 | - |
| <u>3,287,187</u> | <u>2,978,064</u> | | <u>49,967,587</u> | <u>46,012,963</u> |
| | | | <u>49,857,359</u> | <u>45,898,517</u> |

- 15** CASH AND BANK BALANCES

| | Note | 2020 | 2019 |
|--|------|--------------------|--------------------|
| | | Rupees | |
| Cash in hand | | 243,623 | 525,537 |
| Cash at banks in local currency | | | |
| current accounts | | 8,524,817 | 34,845,868 |
| savings accounts | 15.1 | 224,099,254 | 181,663,613 |
| | | <u>232,624,071</u> | <u>216,509,481</u> |
| Less: Allowance for expected credit losses | 15.2 | (1,199,537) | - |
| | | <u>231,668,157</u> | <u>217,035,018</u> |

- 15.1** Included herein a cash deposit of Rs. 16.854 million under lien (note 23.2.1) and Rs. 100 million in a saving account placed with a commercial bank carrying mark-up ranging 6 percent to 7 percent and 10.25 percent respectively. Other balances carry mark-up ranging from 5.5 percent to 6.5 percent (2019: 3.75 percent to 5.8 percent) per annum.

- 15.2** This represents allowance for expected credit loss on cash at bank balances, as a charge for the year amounting to Rs. 1,119,537 (2019: Nil).

- 16** ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2020 | 2019 | | Note | 2020 | 2019 |
|--------------------|--------------------|--|-------------------|----------------------|----------------------|
| (No. of shares) | | | | (Rupees) | |
| 175,920,448 | 175,920,448 | Ordinary shares of Rs.10/- each | | | |
| | | - Issued for cash consideration | 16.1 & 16.2 | 1,759,204,480 | 1,759,204,480 |
| 151,472,658 | 151,472,658 | - Issued for consideration other than cash | 16.3, 16.4 & 16.5 | 1,514,726,580 | 1,514,726,580 |
| <u>327,393,106</u> | <u>327,393,106</u> | | | <u>3,273,931,060</u> | <u>3,273,931,060</u> |

- 16.1** 158,010,000 ordinary shares were issued against acquisition of the business of A&A Associates, an unregistered partnership firm under an agreement dated June 28, 2010 on net assets basis at their carrying value which approximates its fair value at the date of acquisition i.e. May 31, 2010.

- 16.2** 17,910,448 ordinary shares were issued to Alpha Beta Capital Markets (Private) Limited on 21 Jun 2017 against cash at premium of Rs. 6.75 per share.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

- 16.3** 49,990,000 ordinary shares issued were against acquisition of the business of A&A Associates, an unregistered partnership firm under an agreement dated June 28, 2010 on net assets basis at their carrying value which approximates its fair value at the date of acquisition i.e. May 31, 2010.
- 16.4** 47,600,919 ordinary shares issued against purchase of 8,532,000 ordinary shares of HKC Limited, constituting 90 percent of the issued, subscribed and paid-up share capital of the subsidiary company under a share purchase arrangement dated: June 19, 2017 through issuance of 47,600,919 shares of TPL Properties Limited at face value of Rs. 10 per share and premium of Rs. 6.75 per share on net asset basis at their fair value determined on the date of acquisition i.e. March 30, 2017.
- 16.5** 13,675,568 bonus shares were issued of Rs. 10 each as fully paid bonus shares to the members in proportion of 0.5 shares for every 10 shares held (i.e. 5%) on 16 August 2018.
- 16.6** 40,206,171 bonus shares were issued of Rs. 10 each as fully paid bonus shares to the members in proportion of 1.4 shares for every 10 shares held (i.e. 14%) on October 12, 2018.
- 16.7** Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

| 17 LONG-TERM FINANCINGS | Note | 2020 | 2019 |
|-------------------------------------|------|----------------------|----------------------|
| | | Rupees | |
| Term finance certificates | 17.1 | 2,006,134,027 | 2,108,762,771 |
| Long-term financings | 17.2 | 576,270,000 | - |
| Musharika finance facility | 17.3 | 132,249,222 | 187,249,222 |
| JS Bank Limited - payroll financing | 17.4 | 19,847,680 | - |
| Diminishing Musharika arrangements | 17.5 | 39,054,303 | - |
| JS Bank Limited - project financing | 17.6 | 75,000,000 | - |
| | | 2,848,555,232 | 2,296,011,993 |
| | | (191,117,792) | (165,000,000) |
| | | 2,657,437,440 | 2,131,011,993 |
| Less : Current maturity | | | |

- 17.1** The Holding Company entered into an agreement with a financial institution, dated March 14, 2018, for the issuance of redeemable capital in the amount of Rs. 3.5 billion in the form of Term Finance Certificates (TFCs) of the face value of Rs. 5,000/- each. Out of the total proposed issuance, the TFCs issued and TFCs proposed to be issued, are detailed as follows:

- sum equal to Rs. 2,200,000,000 as a first tranche (Series A TFC Issue) comprising of 440,000 TFCs, issued during the previous year for the purpose of prepaying the outstanding Musharaka Facility in the amount of Rs. 1,796,000,000 availed by the Company; and for financing of the construction project of HKC (Private) Limited (Subsidiary Company). The amount received against issuance of Series A TFCs is repayable in semi-annual installments for a period of 10 years at the rate of 6 months KIBOR plus 125 basis points. This facility was fully drawn during last year and has been secured against the following:
 - First pari passu charge on present and future fixed assets (plant, machinery, fixtures and fittings, etc.);
 - First pari passu charge over land and building with 25% margin; and
 - Assignment over rental agreements; and
- sum equal to Rs. 1,300,000,000 as a second tranche (Series B TFC Issue), proposed to be issued for the purpose of making an equity investment upcoming new project/development.

- 17.2** During the year, the Holding Company has availed the facility of Rs. 600 million from a commercial bank through an agreement dated January 2020. The purpose of availing the facility is financing of equity instrument in TPL Logistic Park (Private) Limited (Subsidiary Company). The amount received is repayable in 20 equal quarterly installments for a period of 7 years (inclusive of 2 years grace period) at the rate of 3 months KIBOR plus 165 basis points. The facility has been secured against the following:

- First pari passu charge on present and future fixed assets (plant, machinery, fixtures and fittings, etc.)
- First pari passu mortgage over land and building with 25% margin;
- A pari passu assignment over existing rental agreements;
- A pari passu assignment over existing contracts;
- A pari passu assignment over existing dividend income of the company (from HKC (Private) Limited);
- Exclusive assignment of existing dividend income of the company (from TPL Logistic Park (Private) Limited); and
- Lien over collection account Debt Payment Account and Debt Service Reserve Account

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

17.3 The Group entered into the Musharika facility agreement of Rs. 275 million with a commercial bank dated December 06, 2016. The purpose of the loan is to repay loan from a director and loan from financial institutions. The amount received against the facility is repayable in semi-annual installments for a period of 6 years at the rate of 6 months KIBOR plus 200 basis points. The facility has been secured against the following:

- First hypo charge on present and future plant and machinery of CMS with 25% margin;
- Assignment over maintainance agreements including utilities, general maintainance and IT services; and
- Corporate guarantees of TPL Properties upto Rs. 367 million.

17.4 The Holding Company has availed the refinance scheme of Rs. 29.803 million from a commercial bank through an agreement dated January 14, 2020. The purpose of availing the facility is to finance 3 months salaries of the workers and employees of business concerns for combating impact of COVID-19 under the SBP Refinance Scheme. The amount received is repayable in 8 equal quarterly installments for a period of 2 years and 6 months (inclusive of 6 months grace period) at the rate of SBR plus 3%. The facility has been secured against the following:

- First pari pasu charge on present and future fixed assets;
- First pari pasu charge on present and future current assets;
- Corporate guarantee of TPL Trakker Limited; and
- Assignment of receivables from TPL Insurance Limited

17.5 The Holding Company has entered into the Musharaka facility agreement of Rs. 45,353,383 with a commercial modaraba company dated December 29, 2019. The purpose of the loan is to purchase HPE Proliant DL 380 Generation 10 server & core switches, access switches and transceivers. The amount received against the facility is repayable in monthly installments for a period of 3 years at the rate of 6 months KIBOR plus 350 basis points. The facility has been secured against the following:

- Title of the assets in the name of Modaraba Company for the entire facility tenor; and
- Post dated cheques for the entire facility tenor

17.6 The Group has availed the facility of Rs. 75 million from a commercial bank through an agreement dated December 27, 2019. The purpose of availing the facility is to finance HKC (Private) Limited residential/commercial building project. The amount received is repayable in 10 equal quarterly installments for a period of 2.5 years at the rate of 3 months KIBOR plus 300 basis points. The facility has been secured against the following:

- Equitable mortgage charge to the extent of PKR 100M over fixed asset of the company; and
- Corporate Gurantee of M/s. TPL Properties Limited.

| 18 | TRADE AND OTHER PAYABLES | Note | 2020 | 2019 |
|----|--|------|--------------------|-------------------|
| | | | Rupees | |
| | Creditors | | 88,269,529 | 35,021,628 |
| | Provision for Gas Infrastructure Development Cess (GIDC) | 18.1 | 76,391,813 | - |
| | Payable to contractors | | - | 21,157,183 |
| | Retention money | | 5,809,251 | 5,809,251 |
| | Sales tax payable | | - | 3,118,599 |
| | Workers' Welfare Fund (WWF) | | - | 9,290,946 |
| | Payable to employees | 18.2 | 1,107,183 | 541,654 |
| | Withholding income tax payable | | 1,342,304 | 2,096,363 |
| | Others | | 898,750 | 898,750 |
| | | 18.3 | <u>173,818,830</u> | <u>77,934,374</u> |

18.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Holding Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

Subsequently, on 13 August 2020, Supreme Court of Pakistan has announced a judgement, "As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers / clients therefore all arrears of 'Cess' that have become due upto 31 July 2020 and have not been recovered so far shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their consumers. However, as a concession, the same be recovered in twenty four equal monthly installments starting from 01 August 2020 without the component of late payment surcharge". Accordingly, the Holding Company has recognised a provision in these consolidated financial statements and the Holding Company intends to pay the amount within next 12 months.

18.2 Investments out of provident fund have been made in accordance with the provisions of the Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

18.3 These payables are non-interest bearing and generally on an average term of 1 to 12 months.

| | | 2020 | 2019 |
|-----------|---|-------------------|-------------------|
| 19 | DUE TO RELATED PARTIES - unsecured | | |
| | Note | Rupees | |
| | Parent Company | | |
| | TPL Corp Limited | 4,531,886 | - |
| | Associated Companies | | |
| | TPL Insurance Limited | - | 6,097,824 |
| | TPL Trakker Limited | 5,700,233 | 4,287,788 |
| | TPL Security Services (Private) Limited | 13,256,100 | - |
| | 19.1 | <u>23,488,219</u> | <u>10,385,612</u> |

19.1 Represents the amount payable to related parties on account of expenses incurred and services acquired by the Group.

| | | 2020 | 2019 |
|-----------|--|--------------------|-------------------|
| 20 | ACCRUED MARK-UP | | |
| | Note | Rupees | |
| | Accrued mark-up on: | | |
| | Long-term financings | 93,155,109 | 83,426,695 |
| | Markup on Diminishing Musharaka Arrangements | 552,944 | - |
| | Short term borrowings - secured | 13,747,833 | 13,780,751 |
| | 21 | <u>107,455,886</u> | <u>97,207,446</u> |

21 SHORT-TERM BORROWINGS

During the year, the Holding Company has entered into a musharakah agreement with an islamic bank of Rs. 400 million to create joint ownership in the Centrepoint Project against bank's share of 6.49%. The amount is repayable through quarterly payments at the rate of 2.5% plus 3 months KIBOR, as consideration for use of bank's share by the Holding Company. The said periodic payments are secured against equitable interest over the Centrepoint Project.

| | | 2020 | 2019 |
|-----------|---|--------------------|--------------------|
| 22 | ADVANCES FROM TENANTS - Unsecured | | |
| | Note | Rupees | |
| | Advance against rent | | |
| | Related Parties (associated companies) | | |
| | TPL Trakker Limited | 13,270,395 | - |
| | TPL Insurance Limited | 8,756,681 | - |
| | | <u>22,027,076</u> | <u>-</u> |
| | Others | 97,549,710 | 113,944,849 |
| | | <u>119,576,786</u> | <u>113,944,849</u> |
| | Advances against maintenance services (contractual liabilities) | | |
| | Related Parties (an associated company) | | |
| | TPL Insurance Limited | 6,254,375 | 7,900,983 |
| | Others | 22,171,124 | 30,683,603 |
| | | <u>28,425,499</u> | <u>38,584,586</u> |
| | 22.1 | <u>148,002,285</u> | <u>152,529,435</u> |



Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

22.1 Represents non-interest bearing advances received from tenants on account of premises taken on rent in Centrepoint Project and related services thereon.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1. The Group has filed a petition before the Honorable Sindh High Court challenging the vires of Section 5A of Income Tax Ordinance, 2001 introduced through Finance Act, 2017, whereby the Group is required to make payment of additional amount of 7.5% of the accounting profit after tax. The Court passed an interim order that no coercive action would be taken against the petitioner under the garb of the impugned Section, as has been passed in similar other petitions pending adjudication. The matter is still at hearing stage and management is confident of a favorable outcome, accordingly, no provision has been recorded in the consolidated financial statements in this regard.

23.1.2. The Group does not charge SST on its rental income on the ground that lending property on rent is not a service. The Group had challenged the above levy before the Honorable High Court of Sindh (SHC). The SHC held, vide its judgment dated August 18, 2017, that the renting of immovable properties shall not be services on the premise that such activity is not covered in the definition of economic activity as provided in the Sindh Sales Tax on Services Act, 2011. The said order of High Court of Sindh has been challenged by the Sindh Revenue Board (SRB) before the Honorable Supreme Court of Pakistan (SCP) simultaneously the Sindh Legislature has amended the definition of economic activity to neutralize effect of the said judgment of the Court. Certain taxpayers have again challenged the levy of sindh sales tax on renting of immovable property on the basis that it does not involve any element of service and that the judgement of SHC is still in-tact. SHC has also granted stay to the said taxpayers. The management is also of the view that the judgement of SHC is still intact and, therefore, currently no SST is being charged by the Group while invoicing rentals, Accordingly, no provision has been made in the consolidated financial statements in this respect.

23.2 Commitments

23.2.1 Bank Guarantee

Outstanding amount
Unutilised amount

| 2020 | 2019 |
|------------|------------|
| Rupees | |
| 16,854,000 | 16,854,000 |
| - | - |

23.2.2 The Group's material contractual commitments in respect of the construction of Centrepoint Project at year end are as follows:

Dimensions

- Total contract value
- Paid upto last year by the Group
Balance commitment

| 2020 | 2019 |
|-------------|------|
| Rupees | |
| 2,383,393 | - |
| (1,000,000) | - |
| 1,383,393 | - |

Greaves Pakistan (Private) Limited

- Total contract value
- Paid during the year by the Group
Balance commitment

| | |
|-----------|---|
| 996,373 | - |
| (498,186) | - |
| 498,187 | - |

23.2.3 The Group had entered into commercial property leases on its investment property with TTL and TLI and other tenants. These non-cancellable leases have terms of five years. Future minimum rentals receivable under non-cancellable operating leases as at year end are as follows:

Note

Not later than one year
Later than one year but not later than five years

| 2020 | 2019 |
|---------------|---------------|
| Rupees | |
| 402,923,769 | 361,821,710 |
| 1,166,516,404 | 1,245,649,621 |
| 1,569,440,173 | 1,607,471,331 |

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

| | Note | 2020 | 2019 |
|---|---|--------------|--------------|
| | | Rupees | |
| 24 INCOME | | | |
| Rental Income | | | |
| Related parties (associated companies): | | | |
| TPL Trakker Limited | | 68,446,879 | 48,035,046 |
| TPL Insurance Limited | | 69,821,333 | 51,002,892 |
| | | 138,268,212 | 99,037,938 |
| Others | | 337,925,891 | 303,556,731 |
| Less: Discounts | | (9,729,529) | - |
| | | 328,196,362 | 303,556,731 |
| Revenue for services to tenants | | 466,464,574 | 402,594,669 |
| Revenue from maintenance and other related services | | | |
| Related parties (associated companies): | | | |
| TPL Trakker Limited | | 12,202,920 | 9,972,587 |
| TPL Insurance Limited | | 12,431,210 | 10,193,348 |
| | | 24,634,130 | 20,165,935 |
| Others | | 70,905,646 | 69,448,820 |
| | | 95,539,776 | 89,614,755 |
| Revenue from electricity and air conditioning services | | | |
| Related parties (associated companies): | | | |
| TPL Trakker Limited | | 27,630,607 | 23,455,577 |
| TPL Insurance Limited | | 10,084,961 | 8,090,108 |
| | | 37,715,568 | 31,545,685 |
| Others | | 76,415,981 | 74,993,101 |
| | | 114,131,549 | 106,538,786 |
| Revenue from IT services | | | |
| TPL Trakker Limited (an associated company) | | 29,779,794 | 27,537,931 |
| | | 705,915,693 | 626,286,141 |
| Less: Sales tax on services | | (27,547,474) | (29,079,891) |
| | | 678,368,219 | 597,206,250 |
| 25 DIRECT OPERATING COSTS | | | |
| Salaries and wages | | 49,980,297 | 50,473,548 |
| Oil, gas and diesel | 25.1 | 129,589,961 | 46,089,707 |
| Depreciation | | - | 39,152,646 |
| Housekeeping and cleaning | | 14,027,532 | 14,444,400 |
| Insurance | | 7,978,628 | 8,107,485 |
| Repairs and maintenance | | 7,807,000 | 10,546,900 |
| Landscaping and plantation | | 3,765,000 | 4,223,000 |
| Water expenses - net | 25.2 | 2,796,766 | 919,956 |
| Duties and taxes | | 1,031,628 | 375,146 |
| | | 216,976,812 | 174,332,788 |
| 25.1 | This includes provision for GIDC Cess amounting to Rs. 65,292,148 (2019: NIL) as disclosed in note 18.1 to these consolidated financial statements. | | |
| 25.2 | These include water expenses net of reimbursement from tenants. | | |

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

| 26 ADMINISTRATIVE AND GENERAL EXPENSES | Note | 2020 | 2019 |
|--|------|--------------------|--------------------|
| | | Rupees | |
| Salaries, wages and other benefits | 26.1 | 44,101,524 | 39,187,818 |
| Legal and professional | | 22,198,610 | 20,881,518 |
| Repairs and maintenance | | 29,206,454 | 14,770,540 |
| Insurance | | 2,916,543 | 12,380,216 |
| Rent | | 11,737,841 | 9,358,833 |
| Donations | 26.3 | 3,400,000 | 7,500,000 |
| Fuel and mobile | | 1,689,978 | 4,252,307 |
| Gym running expenses | | 3,650,034 | 3,600,000 |
| Entertainment and recreation | | 1,872,822 | 4,280,304 |
| Depreciation | 5.1 | 3,611,320 | 3,595,573 |
| Amortization | 6 | 250,130 | 250,130 |
| Auditors' remuneration | 26.2 | 4,362,206 | 3,050,207 |
| Advertisement | | 1,428,695 | 2,715,014 |
| Printing and stationery | | 1,269,967 | 2,759,963 |
| Travelling | | 1,321,715 | 2,459,306 |
| IT related expenses | | 1,115,927 | 1,626,783 |
| Provision for expected credit losses | | 547,936 | - |
| Subscriptions | | 226,950 | 900,098 |
| Staff welfare | | 309,980 | 352,277 |
| Utilities | | 714,588 | 2,188,742 |
| Training and development | | 40,460 | 338,759 |
| Courier and telecommunication | | 311,478 | 777,979 |
| Reversal for Workers' Welfare Fund (WWF) | | (9,290,946) | - |
| Others | | 14,366,142 | 2,164,952 |
| | | 141,360,354 | 139,391,319 |

26.1 These include Rs. 3.865 (2019: Rs. 0.929) million in respect of staff retirement benefits (provident fund contribution).

26.2 Auditors' remuneration

Audit fees
Statutory

- standalone
- consolidation

Half yearly review, code of corporate governance review and certifications
Out of pocket

| | 2020 | 2019 |
|--|------------------|------------------|
| | Rupees | |
| | 2,758,000 | 1,845,700 |
| | 275,000 | 250,000 |
| | 3,033,000 | 2,095,700 |
| | 958,100 | 871,000 |
| | 371,106 | 83,507 |
| | 1,329,206 | 954,507 |
| | 4,362,206 | 3,050,207 |
| | 2,500,000 | 2,500,000 |
| | 500,000 | - |
| | - | 350,000 |
| | 200,000 | 200,000 |
| | - | 1,950,000 |
| | - | 2,500,000 |
| | 200,000 | - |
| | 3,400,000 | 7,500,000 |

26.3 Represents donations made to the following parties:

Sindh Institute of Urology and Transplantation (SIUT) Trust
The Aga Khan University Hospital (The Patient's Behbud Society for AKUH)
World Wide Fund for Nature Pakistan
Friends of Pink Ribbon Karachi Chapter
IBA-Event Hall
The Indus Hospital
Pakistan Institute of Labor Education & Research

26.3.1 The recipients of donations do not include any donee in which a director or spouse had any interest.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

| | | 2020 | 2019 |
|--|------|---------------|---------------|
| | Note | Rupees | |
| 27 FINANCE COSTS | | | |
| Markup on | | | |
| - long-term financings | | 351,657,830 | 243,575,079 |
| - assets under Diminishing Musharaka Arrangement | | 5,029,255 | - |
| - short-term borrowings | | 61,760,110 | 46,078,572 |
| | | 418,447,195 | 289,653,651 |
| Bank charges | | 624,433 | 562,875 |
| | | 419,071,628 | 290,216,526 |
| 28 OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on savings accounts | | 12,995,439 | 33,389,000 |
| Exchange gain | | (64,898) | 42,026 |
| Dividend income | | 4,570,351 | 1,045,606 |
| Unrealized gain on investment in mutual funds | | 383,601 | 99,157 |
| Gain on disposal of investments in mutual funds | | 3,339,941 | - |
| Gain on disposal of investments in subsidiary | | - | 5,583,720 |
| Mark-up on investments | | 744,384 | - |
| | | 21,968,818 | 40,159,509 |
| Income from non-financial assets | | | |
| Fair value gain on investment property | 7 | 292,165,699 | 666,992,964 |
| Income from ancillary services | | - | 945,000 |
| Others | | 3,353,363 | 942,838 |
| | | 295,519,062 | 668,880,802 |
| | | 317,487,880 | 709,040,311 |
| 29 TAXATION | | | |
| Current | | 7,954,306 | 36,431,290 |
| Prior | | (13,990,296) | - |
| Deferred | | 111,276,616 | (10,379,286) |
| | | 105,240,626 | 26,052,004 |
| 29.1 Relationship between accounting profit and tax expense | | | |
| Profit before taxation | | 218,447,305 | 702,305,928 |
| Applicable tax rate | | 29% | 29% |
| Tax at the above rate | | 63,349,718 | 203,668,719 |
| Effect of non-taxable income for tax purpose | | (105,582,815) | (193,701,383) |
| Effect of over claim deductions for tax purpose | | - | (1,364,197) |
| Non-deductible expense for tax purpose - net | | 205,222,756 | - |
| Others | | (268,230,285) | (34,655,143) |
| Tax expense for the year | | (105,240,626) | (26,052,004) |
| Effective tax rate | | 48.18% | 3.71% |

29.2 The proceedings for amendment of assessment for the tax year 2018 have been initiated by the Additional Commissioner under Section 122(9) read with section 122(5A) of the Ordinance.

In response to the same, the Group has submitted relevant information along with all necessary evidences. There has been no further correspondence from the department since then and the proceeding is yet to be finalised. Accordingly, no provision has been recorded in the consolidated financial statements in this respect.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

- 29.3** The Deputy Commissioner Inland Revenue (DCIR) has amended the assessment of the Group by passing an Order under Section 122(1) of the Income Tax Ordinance, 2001 for tax year 2017 thereby creating a tax demand of Rs.7,931,385/- however out of Rs 34 million, Rs 33 million has been received against the refund for tax year 2017 on June 30, 2020. Management is confident about receiving the remaining amount and therefore no provision for the above demand has been made in these consolidated financial statements.

30 EARNINGS PER SHARE - BASIC AND DILUTED

Profit attributable to ordinary shareholders

Weighted average number of ordinary shares outstanding during the year

Earnings per share – basic and diluted

There is no dilutive effect on basic earnings per share of the Group.

| | 2020 | 2019 |
|--|------------------|-------------|
| | Rupees | |
| | 113,206,679 | 676,253,922 |
| | Number of shares | |
| | 327,393,106 | 327,393,106 |
| | 0.35 | 2.07 |

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

- 31.1** The aggregate amounts charged in these consolidated financial statements for the year are as follows:

| | Chief Executive | | Directors | | Other Executives | |
|---|-------------------|-------------------|----------------|----------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | Rupees | | | | | |
| - Director's fee (Note 31.3) | - | - | 200,000 | 380,000 | - | - |
| - Managerial remuneration, utilities, housing perquisites, etc. | 22,451,613 | 22,451,613 | - | - | 37,030,852 | 28,373,244 |
| - Bonus | - | - | - | - | - | - |
| - Retirement benefit | - | - | - | - | 1,920,010 | 1,457,359 |
| - Medical | 1,548,387 | 1,548,387 | - | - | 2,302,793 | 1,745,861 |
| Total | 24,000,000 | 24,000,000 | 200,000 | 380,000 | 41,253,655 | 31,576,464 |
| Number of persons | 1 | 1 | 3 | 3 | 7 | 6 |

- 31.2** In addition, the Chief Executive has also been provided with free use of Company owned and maintained car and other benefits in accordance with their entitlements as per the rules of the Group.

- 31.3** Represents aggregate of meeting fees paid / payable to non-executive directors.

- 31.4** As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

- 31.5** The total number of directors as at the reporting date were 8 (2019: 8).

32 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise of the Ultimate Parent Company, Parent Company, subsidiaries, associated companies, major shareholders, suppliers, directors, key management personnel and staff retirement benefit fund. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. The transactions with related parties other than those disclosed elsewhere in these consolidated financial statements are as follows:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

| | 2020 | 2019 |
|---|-------------|-------------|
| | Rupees | |
| Parent Company | | |
| TPL Corp Limited | | |
| Expenses paid on behalf of the Holding Company | 4,531,886 | - |
| Common Directorship | | |
| TPL Trakker Limited | | |
| Amount received from TTL | - | - |
| Payment made to TTL on account of accrued markup | - | - |
| Payment made by the Group | 28,498,000 | 20,759,440 |
| Mark-up on current account | - | - |
| Expenses incurred/paid by TTL on behalf of the Group | 38,390,049 | 17,697,413 |
| Expenses paid by the Group | 8,014,673 | - |
| Amount received from TTL on account of rent and other services | 180,965,630 | 122,452,842 |
| Services rendered by the Group | 128,792,776 | 92,977,576 |
| TPL Insurance Limited | | |
| Amount against rent received during the year by the Holding Company | 120,085,898 | 33,900,912 |
| Services acquired by the Group | 89,747,148 | 51,002,892 |
| Expenses incurred / paid by TIL on behalf of the Group | - | 3,625,204 |
| Payment made by the Holding Company | 6,097,828 | - |
| Services rendered by the Group | 17,705,335 | 17,705,335 |
| Amount received against maintenance and other services by the Group | 4,800,000 | 23,732,177 |
| TPL Life Insurance Limited [TLIL] | | |
| Expenses paid by the Holding Company on behalf of TLIL | 4,578,101 | 5,088,933 |
| Expenses incurred/paid by TLIL on behalf the Holding Company | 2,551,329 | - |
| Amount received from TLIL | 4,800,000 | 3,259,440 |
| TPL Security Services (Private) Limited | | |
| Services acquired by the Group | 12,320,880 | 10,652,400 |
| Amount paid against services | - | 8,805,984 |
| Staff retirement benefit fund | | |
| Group - Provident fund | | |
| Employer contribution | 6,420,588 | 5,349,244 |

- 32.1 The related parties status of outstanding receivables and payables, if any, as at June 30, 2020 and 30 June 2019 are disclosed in respective notes to these consolidated financial statements.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors review and agree policies for managing each of the risk which are summarised below and accordingly, no change was made in the objectives, policies or procedures and assumptions during the year ended June 30, 2020.

33.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk.

33.1.1 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As at reporting date, the Group is not materially exposed to currency risk and accordingly, the sensitivity to a reasonably possible change in the exchange rate with all other variables held constant is not reported.



Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. As of the reporting date, the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term financing and short-term borrowings at floating interest rates. The Group manages its interest rate risk by placing its excess funds in saving accounts in banks.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax (through impact on floating rate borrowings).

| | Increase / decrease in basis points | (Decrease) / increase in profit before tax (Rupees) |
|------|---|--|
| 2020 | +100 | (27,634,704) |
| | -100 | 27,634,704 |
| 2019 | +100 | (23,518,112) |
| | -100 | 23,518,112 |

33.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. As of the reporting date, the Group is not exposed to other price risk.

33.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As of the reporting date, the Group is exposed to credit risk on receivable against rent from tenants, and bank balances. The Group manages credit risk by obtaining advance from tenants and the credit risk on liquid assets is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk before any credit enhancement is given below:

| | 2020 | | 2019 | |
|--|---------------------------------------|---------------------|---------------------------------------|---------------------|
| | Statement of financial position | Maximum exposure | Statement of financial position | Maximum exposure |
| | Rupees | | Rupees | |
| Receivables against rent, maintenance and other services | 120,040,829 | 120,040,829 | 96,863,705 | 96,863,705 |
| Due from related parties | 203,845 | 203,845 | 3,507,415 | 3,507,415 |
| Bank balances | 231,424,534 | 231,424,534 | 216,509,481 | 216,509,481 |
| | <u>351,669,208</u> | <u>351,669,208</u> | <u>316,880,601</u> | <u>316,880,601</u> |

As of reporting date, the credit quality of Group's bank balances with reference to external credit rating is as follows:

| Bank Balances by short-term rating category | | Rating Agency | 2020 | 2019 |
|---|---------|---------------|-------------|------|
| | | | Rupees | |
| A1+ | PACRA | 5,658,261 | 3,853,516 | |
| A-1+ | JCR-VIS | 4,754,891 | 30,892,548 | |
| A1 | PACRA | 5,715,768 | 85,211,451 | |
| A2 | JCR-VIS | 14,740,463 | 17,512,250 | |
| A3 | JCR-VIS | 201,754,688 | 79,039,716 | |
| | | 232,624,071 | 216,509,481 | |

33.3 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations with the financial liabilities. The Group's objective is to maintain a balance working capital management. As of the reporting date, the Group is exposed to liquidity risk in respect of long-term financings, short-term borrowings, trade and other payables and due to related parties.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2020

The table below summarises the maturity profile of the Group's financial liabilities at June 30, 2020 and June, 30 2019 based on contractual undiscounted payment dates and present market interest rates:

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 Years | More than 5 years | Total |
|--------------------------|-----------|--------------------|----------------|---------------|-------------------|---------------|
| June 30, 2020 | | | | | | |
| | | | | | | Rupees |
| Long-term financings | - | 88,000,000 | 88,000,000 | 1,482,500,000 | 1,200,000,000 | 2,858,500,000 |
| Short-term borrowings | - | - | 400,000,000 | - | - | 400,000,000 |
| Trade and other payables | - | - | 195,230,383 | - | - | 195,230,383 |
| Due to related parties | - | - | 22,206,298 | - | - | 22,206,298 |
| Accrued mark-up | - | 104,486,276 | - | - | - | 104,486,276 |
| | - | 192,486,276 | 705,436,681 | 1,482,500,000 | 1,200,000,000 | 3,580,422,957 |
| June 30, 2019 | | | | | | |
| | | | | | | Rupees |
| Long-term financings | - | 82,500,000 | 82,500,000 | 1,188,249,222 | 941,250,829 | 2,294,500,051 |
| Short-term borrowings | - | - | 400,000,000 | - | - | 400,000,000 |
| Trade and other payables | - | 5,214,962 | 62,529,716 | 10,189,696 | - | 77,934,374 |
| Due to related parties | - | - | 10,385,612 | - | - | 10,385,612 |
| Accrued mark-up | - | 97,207,446 | - | - | - | 97,207,446 |
| | - | 184,922,408 | 555,415,328 | 1,198,438,918 | 941,250,829 | 2,880,027,483 |

33.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these consolidated financial statements approximate to their fair value.

Fair value hierarchy

Financial instruments carried at fair value are categorized as follows:

- Level 1: Quoted market price.
- Level 2: Valuation techniques (market observable)
- Level 3: Valuation techniques (non- market observables)

The Group held the following financial instruments measured at fair value:

| | Total | Level 1 | Level 2 | Level 3 |
|--------------------------------------|---------------|------------|---------------|---------|
| June 30, 2020 | | | | |
| | | | | Rupees |
| Investment property (note 7) | 28,308,153 | - | 28,308,153 | - |
| Investment in mutual funds (note 14) | 49,857,359 | 49,857,359 | - | - |
| | 78,165,512 | 49,857,359 | 28,308,153 | - |
| June 30, 2019 | | | | |
| Investment property (note 7) | 6,874,579,344 | - | 6,874,579,344 | - |
| Investment in mutual funds (note 14) | 45,898,517 | 45,898,517 | - | - |
| | 6,920,477,861 | 45,898,517 | 6,874,579,344 | - |

33.4.1 Valuation techniques used in determination of fair values within level 2:

Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.

Notes to the Consolidated Financial Statements

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33.5 Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support and sustain future development of its business operations and maximize shareholders' value. The Group closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Group monitors capital using a debt equity ratio, which is net debt divided by total equity. Equity comprises of share capital, capital reserve and revenue reserve. The gearing ratio as at June 30, 2020 and June 30, 2019 are as follows:

| | Note | 2020 | 2019 |
|-----------------------------------|------|----------------------|----------------------|
| | | Rupees | |
| Long-term financings | 17 | 2,848,555,232 | 2,296,011,993 |
| Trade and other payables | 18 | 173,818,830 | 77,934,374 |
| Due to related parties | 19 | 23,488,219 | 10,385,612 |
| Accrued mark-up | 20 | 107,455,886 | 97,207,446 |
| Short-term borrowings | 21 | 400,000,000 | 400,000,000 |
| Advance against rent from tenants | 22 | 148,002,285 | 152,529,435 |
| Total debts | | 3,701,320,452 | 3,034,068,860 |
| Less: Cash and bank balances | | 281,525,516 | 262,933,535 |
| Net debt | | 3,419,794,936 | 2,771,135,325 |
| Total equity | | 6,510,385,005 | 6,397,178,326 |
| Total capital | | 9,930,179,941 | 9,168,313,651 |
| Gearing ratio | | 34% | 30% |

34 DATE OF AUTHORIZATION OF ISSUE

These consolidated financial statements were authorised for issue on 9th September, 2020 by the Board of Directors of the Group.

35 GENERAL

35.1 Number of employees as at June 30, 2020 was 146 (June 30, 2019: 146) and average number of employees during the year was 143 (June 30, 2019: 142).

35.2 Figures have been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

35.3 Certain prior year's figures have been rearranged for better presentation, wherever necessary.


Chief Executive Officer


Chief Financial Officer


Director

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of TPL Properties Limited ("Company") will be held on Tuesday, 27th October, 2020 at 12:15 p.m. to transact the following business:

(Members are requested to attend and participate in the AGM through video link facility as there will be no venue to prevent pandemic outbreak of COVID-19 (Corona Virus)).

ORDINARY BUSINESS:

1. To approve the minutes of the Annual General Meeting held on October 22, 2019.
"RESOLVED THAT the minutes of Annual General Meeting of TPL Properties Limited held on October 22, 2019 at 12:00 noon be and are hereby approved."
2. To receive, consider and adopt the Annual Standalone and Consolidated Audited Financial Statements of the Company together with the Directors' and Auditors' and Chairman Review Report thereon for the year ended June 30, 2020.
"RESOLVED THAT the Annual Standalone and Consolidated Audited Financial Statements of TPL Properties Limited, together with the Directors', Auditors' and Chairman's Review Report thereon for the year ended 30 June 2020 be and are hereby approved."
3. To appoint Auditors for the year ending June 30, 2021 and fix their remuneration. M/s. EY Ford Rhodes, Chartered Accountants retire and being eligible, have offered themselves for re-appointment.
"RESOLVED THAT M/s EY Ford Rhodes, Chartered Accountants be and are hereby appointed as Auditors of M/s. TPL Properties Limited on the basis of consent received from them, at a fee mutually agreed for the period ending June 30, 2021."

SPECIAL BUSINESS

4. To consider and, if thought fit, amend the Articles of Association of the Company, to conform with the requirements of the applicable regulations/rules in respect of further issue of share capital, and pass the following resolution as a special resolution, with or without modification:
"RESOLVED THAT the Article of Association of the Company, be and is hereby amended, subject to any modifications as may be required by the Securities and Exchange Commission of Pakistan and the fulfilment of all formalities / procedures required under the applicable regulations/rules by adding the following new sub-article (iv) in Article 25:

(iv) reserve certain percentage of further issue for its employees under Employees Stock Option Scheme.

(v) issue share of different classes and kinds with differential rights."
5. To consider and if thought fit, to pass with or without modification, special resolution for enhancement in the remuneration of non-executive directors from PKR 20,000/- per meeting (including sub-committee meetings) to PKR 100,000/- per meeting (including sub-committee meetings):
"RESOLVED THAT the enhancement in the remuneration of non-executive directors from PKR 20,000/- per meeting (including sub-committee meetings) to PKR 100,000/- per meeting (including sub-committee meetings) be and is hereby approved."

Notice of Annual General Meeting

6. To consider and if thought fit to pass with or without modification(s), the following resolutions as special resolutions to create, offer, issue and allot shares under TPL Properties Limited Employee Stock Option Scheme 2020 (the ESOP Scheme) under Companies (Further Issue of Capital) Regulations, 2020.

“RESOLVED THAT pursuant to section 83 of the Companies Act, 2017(the Act) read along with regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020 and Memorandum and Articles of Association of the Company, approval of the members be and is hereby accorded to the Board of Directors of the Company, for setting aside of 10% of the shareholders Equity/Paid-Up Capital as Stock Options to be awarded to the Key Managerial Personnel and other key employees, from time to time, as a mechanism to attract, retain and motive them to realize the stated business goals.”

“RESOLVED FURTHER THAT pursuant to section 82 and 83 of the Companies Act, 2017(the Act) read along with regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020 and Memorandum and Articles of Association of the Company, approval of the members be and is hereby accorded to the Board of Directors of the Company, subject to any amendments that may be required by the Securities and Exchange Commission of Pakistan (the SECP), to issue, offer and allot to eligible employees of the Company, options exercisable into equity shares of the Company of nominal value of Rs.10 each up to 9,000,000 shares under TPL Properties Limited Employee Stock Option Scheme 2020 (the ESOP scheme), at discounted exercise price with restrspective effect from July 01, 2020.”

“RESOLVED FURTHER THAT pursuant to sub sec (1)(b) of sec 83 of the Act read along with regulation 5 of the Companies (Further Issue of Capital) Regulations, 2020, the Company be and is hereby authorized to raise further capital and allot and issue, up to 2.75% of the existing paid-up Capital, 9,000,000 further ordinary shares of PKR.10/- each, without issue of right shares, to its employees under the ESOP Scheme at the price mentioned in above resolution.”

“RESOLVED FURTHER THAT pursuant to provision under regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020, the grant of options equal to or exceeding one percent of the issued or paid up capital of the company at the time of grant of options, within one year, to any employee be and is hereby approved.”

“RESOLVED FURTHER THAT pursuant to provision under regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020, the grant of options to any employee of subsidiary or holding Company, subject to the approval of the members at the General Meeting, be and is hereby approved.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications in the Scheme including in any ancillary documents thereto, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act, the memorandum of association and articles of association of the Company and any other applicable laws.”

Statement of Material Facts under Section 134(3) of the Companies Act, 2017 relating to the said Special Business:

To amend the Articles of Association of the Company in respect of requirements of the applicable Regulations/Rules pertaining to further issue of share capital.

The Company is desirable, to amend its Articles of Association to meet the requirements of the applicable regulations/rules in respect of further issue of share capital by inserting the given sub-article (iv) and (v) of Article 25 as recommended for the approval of shareholders by the Board of Directors of the Company in its meeting held on September 09, 2020:

Notice of Annual General Meeting

| Existing Article 25 of the Articles of Association of the Company | Proposed Article 25 of the Articles of Association of the Company |
|--|--|
| <p>18. The company may, by special resolution-</p> <p>(i) consolidate and divide its share capital into shares of larger amount than its existing shares;</p> <p>(ii) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum of association, subject,;</p> <p>(iii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.</p> | <p>18. The company may, by special resolution-</p> <p>(i) consolidate and divide its share capital into shares of larger amount than its existing shares;</p> <p>(ii) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum of association, subject,;</p> <p>(iii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.</p> <p>(iv) reserve certain percentage of further issue for its employees under Employees Stock Option Scheme.</p> <p>(v) issue share of different classes and kinds with differential rights.</p> |

To enhance remuneration of non-executive directors from PKR 20,000/- per meeting (including sub-committee meetings) to PKR 100,000/- per meeting (including sub-committee meetings):

The Board of Directors of the Company is its meeting held on September 09, 2020 has approved to enhance the Directors' remuneration for attending Board and Committees' meeting as follows:

From PKR 20,000/- per meeting (including sub-committee meetings) to PKR 100,000/- per meeting (including sub-committee meetings)

To create, offer, issue and allot shares under TPL Properties Limited Employee Stock Option Scheme 2020 (the Scheme) under Companies (Further Issue of Capital) Regulations, 2020.

With an objective to attract, retain and motivate the best talent, the Board of Directors (the Board) of the Company has proposed to reserve certain percentage of further issue, not exceeding 10% of the shareholders Equity/Paid-Up Capital of the Company, for its employees under Employee Stock Option Scheme. The Board also proposed to issue, offer, and allot options exercisable into equity shares of the Company of nominal value of Rs.10 each up to 9,000,000 shares under TPL Properties Limited Employee Stock Option Scheme 2020 (the ESOP scheme), to the employees, duly determined by the Board and its Human Resource & Remuneration/Compensation Committee for the vesting period of 2 years at discounted exercise price within exercise period of 1 year.

ANY OTHER BUSINESS

- To transact any other business with the permission of the Chairman.

By Order of the Board

Danish Qazi
Company Secretary

Karachi, October 06, 2020



Notice of Annual General Meeting

Notes:

Coronavirus Contingency Planning

In view of the pandemic outbreak of COVID-19 (Corona Virus) and directives of the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 05 of 2020 dated March 17, 2020, and extension of the applicability thereof vide Circular No. 25 of 2020 dated August 31, 2020, requiring listed companies to modify their usual planning for annual general meetings to protect the wellbeing of shareholders, the Company requests its members to attend and participate in the AGM through video link facility only to avoid large gathering at one place and prevent pandemic outbreak of COVID-19 (Corona Virus).

Therefore, to attend and participate in the AGM through video link facility, members are requested to register their particulars (Name, Folio/CDS Account Number, CNIC Number and Cell Phone Number) with the Company Secretary by emailing to company.secretary@tplholdings.com at least 24 hours before the time of AGM.

The member can also provide comments/suggestions for the propose agenda items of the Annual General Meeting by emailing the same to company.secretary@tplholdings.com

1. Closure of Share Transfer Books:

The Share Transfer Book of the Company will remain closed from October 21, 2020 to October 27, 2020 (both days inclusive). Share Transfers received at M/s THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400 by the close of business hours (5:00 PM) on Tuesday, October 20, 2020, will be treated as being in time for the purpose of above entitlement to the transferees.

2. Participation in the Meeting:

As per directives of Securities and Exchange Commission of Pakistan to convene the annual general meeting with minimum members ensuring quorum of the meeting, the members are requested to consolidate their attendance and voting at the Annual General Meeting through proxies.

All members of the Company are entitled to attend the meeting and vote there at through Proxy. A proxy duly appointed shall have such rights as respect to the speaking and voting at the meeting as are available to a member. Duly filled and signed Proxy Form must be received at the Registrar of the Company M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400, not less than 48 hours before the Meeting.

3. For Attending the Meeting:

- i. In case of individual, the Account holder and/or Sub-account holder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by providing copy of his/her valid CNIC or passport along with other particulars (Name, Folio/CDS Account Number, Cell Phone Number) via email to aforementioned id and in case of proxy must enclose copy of his/her CNIC or passport.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provided via email to aforementioned id.

4. Change of Address:

Members are requested to immediately notify the change, if any, in their registered address to the Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400.

5. Accounts of the Company for the year ended June 30, 2020 have been placed on the website of the Company, <http://tplproperty.com/>.

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Form of Proxy

Annual General Meeting of TPL Properties Limited

I/We _____ S/o / D/o / W/o _____

resident of (full address) _____

being a member(s) of TPL Properties Limited, holding _____ ordinary shares,

hereby appoint _____ S/o / D/o / W/o _____

resident of (full address) _____ or failing him / her

_____ S/o / D/o / W/o _____

resident of (full address) _____

as my / our proxy in my / our absence to attend and vote for me / us on my / our behalf at Annual General Meeting of the Company to be held on Tuesday, 27 October, 2020 and/or adjournment thereof.

As witness my / our hand (s) seal this on the _____ day of _____ 2020.

Signed by the said:

Folio No. / CDC Account No.

In presence of:

1. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

2. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

Signature on
Revenue Stamp of
Appropriate Value.

The signature should agree with the specimen registered with the Company.

Important Instructions:

1. The Proxy form, duly completed and signed, must be received at the Registrar's Office of the Company not less than forty eight (48) hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. In case of a proxy for an individual CDC shareholder, attested copies of CNIC or the passport, account and participant's ID number of the beneficial owner and along with the proxy is required to be furnished with the proxy form.
4. In case of a corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Company.

(نیابت) پراکسی فارم

میں / ہم _____ جس کا / جن کا / مکمل پتہ _____

_____ ہے، ٹی بی ایل پراپرٹیز لمیٹڈ کا ممبر ہوں / ہیں۔

اور میرے / ہمارے پاس _____ نمبر کے آرڈری شیٹرز ہیں

_____ بذریعہ تقرر _____

_____ جس کا مکمل پتہ _____

_____ یا اسکی عدم موجودگی میں _____ مکمل پتہ _____

میری / ہماری جانب سے کمپنی کی سالانہ جنرل میٹنگ میں، جو کہ منگل ۱۷ اکتوبر ۲۰۲۰ کی میٹنگ، یا اس کے التواء کی صورت میں اس کے بعد جب بھی میٹنگ ہو، میری / ہماری نیابت (پراکسی) میں میری / ہماری طرف سے ووٹ دیئے کا حق رکھتا / رکھتی ہے۔

زیر دستخطی _____ دن _____ ۲۰۲۰

دستخط کنندہ

فولیو نمبر / سی ڈی سی آ کاؤنٹ نمبر

برائے مہربانی یہاں ریونیوسٹمپ
چسپاں کریں

(دستخط کمپنی کے پاس جمع کرائے گئے، دستخط

کے نمونے سے ملنا ضروری ہے)

1- دستخط: _____

نام: _____

پتہ: _____

شناختی کارڈ یا پاسپورٹ نمبر _____

2- دستخط: _____

نام: _____

پتہ: _____

شناختی کارڈ یا پاسپورٹ نمبر _____

ہدایات:

- I- نیابت (پراکسی) صرف اسی صورت میں موثر سمجھی جائے گی جب یہ کمپنی کو مینٹنگ سے کم از کم 48 گھنٹے پہلے موصول ہو۔
- II- سی ڈی سی شیئر ہولڈرز اور ان کے نیابت کاروں کے لئے لازم ہے کہ وہ اس نیابت (پراکسی) کو کمپنی میں جمع کروانے سے پہلے اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کا اس کے ساتھ منسلک کر دیں۔
- III- نیابت کار کو مینٹنگ کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ دکھانا ہوگا۔
- IV- کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ دستخطوں کے نمونے کے ساتھ نیابت (پراکسی) فارم کے ساتھ کمپنی میں جمع کروانے ہونگے (سوائے اس کے کہ وہ پہلے ہی فراہم کئے جا چکے ہوں)
- V- ان شرائط و ضوابط کی تشریح اور تفصیل کے لئے یا مبالغے کی صورت میں انگریزی میں لکھی ہوئی شرائط و ضوابط کو حتمی حیثیت حاصل ہوگی۔

Corporate Office

12th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Adjacent KPT Interchange, Karachi-74900

 (+92)-21-34390300  info@tplproperty.com  www.tplproperty.com

 [tplproperties](https://www.facebook.com/tplproperties)

 [tpl-properties-ltd](https://www.linkedin.com/company/tpl-properties-ltd)