

PACE (PAKISTAN) LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2021

Pace (Pakistan) Limited

Company Information

Board of Directors

Shehryar Ali Taseer (Chairman)
Aamna Taseer (CEO)
Shahbaz Ali Taseer
Shehrbano Taseer
Mian Ehsan Ul Haq
Kanwar Latafat Ali Khan
Shavez Ahmad

Non-Executive
Executive
Executive
Non-Executive
Non-Executive
Independent
Independent

Chief Financial Officer

Sarim Sohail

Audit Committee

Shavez Ahmad (Chairman)
Mian Ehsan Ul Haq
Kanwar Latfat Ali Khan

Human Resource and Remuneration (HR&R) Committee

Shavez Ahmad (Chairman)
Aamna Taseer
Kanwar Latafat Ali Khan

Company Secretary

Sajjad Ahmad

Auditors

M/s Grant Thornton Anjum Rehman,
Chartered Accountants

Legal Advisers

M/s. Ibrahim and Ibrahim
Barristers and Corporate Consultants
Lahore

Bankers

Allied Bank Limited
Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silkbank Limited
Soneri Bank Limited
Pair Investment Company Limited
The Bank of Punjab
United Bank Limited

Registrar and Shares Transfer Office

Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial Model Town, Lahore
Tele: + 92-42-5839182

Registered Office

First Capital House
96-B/1, Lower Ground Floor
M.M. Alam Road, Gulberg-III
Lahore, Pakistan
Tele: + 92-42-35778217-18

**Pace (Pakistan) Limited (“the Company” or “Pace”)
Directors’ Report (Year Ended 30 September 2021)**

General Economic Overview

Pakistan’s economy posted GDP growth of 3.9 percent during FY21, which represented a recovery following the COVID-induced contraction a year earlier. The growth was broad-based, with the agriculture, industry and services sectors expanding by 2.8 percent, 3.6 percent, and 4.4 percent respectively. The economic turnaround was enabled by supportive policies of the government and central bank, which mitigated the health and economic fall-out of COVID on the economy.

The agriculture sector recorded growth of 2.8 percent during FY21, compared to 3.3 percent a year earlier. Almost all important crops performed better last year. Specifically, during Rabi FY21, Wheat Production grew by 8.1 percent compared to a year earlier, as subsidies on input and an increase in cultivated area of wheat. Moreover, after accounting for Rabi Season cultivation, the maize crop grew by 7.4 percent over the full year, driven primarily by an improvement in its yield. The latest estimates of crop production during the review period added on to the strong performance of rice and sugarcane during Kharif FY21. However, there was a notable decline in cotton, whose provisional estimates were revised further downward to around 7 million bales — i.e. a 22.8 percent decline in production compared to last year. This represents the lowest level of cotton production since FY85, attributed to a continuing fall in cultivated area and depressed yields due to exceptionally heavy monsoon rains and pest attacks.² Meanwhile, the livestock sector grew by 3.1 percent during FY21, compared to 2.1 percent a year earlier. This could mainly be traced to a recovery in the poultry sub- sector, which had been hit hard by the strict lockdowns from March 2020 onwards during the first wave of COVID, but gradually recovered in FY21 as the government shifted to smart lockdowns.

The industrial sector grew by 3.6 percent during FY21, compared to a decline of 3.8 percent last year. Within industry, Large Scale Manufacturing (LSM) rebounded sharply in the review period, growing by 9.0 percent during Jul-Mar FY21 compared to a contraction of 5.1 percent in the comparable period last year. LSM growth was driven by food, cement, textile and automobile sectors. Within the food group, better harvest of the sugarcane crop led to expansion in sugar output. The construction-allied industries of cement and steel performed well on the back of targeted fiscal and monetary incentives. Vibrancy in automobile sector was due to entry of new players, pent up demand of last year, subsidy on tractors, stability in exchange rate, low interest rates, and improved rural incomes, which contributed to a revival in demand for automobiles and led to output growth in the sector. The textile sector also grew notably during the review period, amid a rebound in the cotton textile segment. By contrast, the electricity and gas sub-sector posted a sharp decline during FY21 compared to last year, mainly on account of a reduced allocation of subsidies to DISCOs. It is worth highlighting that the quantum of electricity generation during Jul-Mar FY21 was, however, higher compared to Jul-Mar FY20.

The positive performance of the commodity-producing sectors provided the impetus for a 4.4 percent growth in the services sector, compared to a 0.6 percent contraction last year. Specifically, there was a notable turnaround in wholesale and retail trade growth due to an increase in overall economic activity and imports, whereas finance and insurance and general government settees also picked up the pace compared to a year earlier. Although, transport,

storage, and communication activities recorded marginally negative growth, the magnitude of contraction was smaller than the one observed in FY20.

Meanwhile, employment within the industrial sectors of Sindh and Punjab continued to recover during Jul-Feb FY21.⁶ The impetus mainly came from industries related to food-processing and cigarette manufacturing, while automobile and cotton textile also contributed positively to employment growth; these developments were broadly in line with the LSM growth observed for these sectors. The February 2021 wave of SBP’s Business Confidence Survey also showed an improvement in the current employment index for the industry and service sectors. However, future employment

expectations, as captured by the SBP's Consumer Confidence Survey, deteriorated in the march 2021, survey iteration, due to the beginning of the third COVID wave and subsequent restrictions to subdue it.

Board of Directors

There is no change in the composition of the Board of Directors since last printed report of the Company for the year ended 30 June 2019.

The Path Forward

Through the delivery of key development projects in 2020 - 2021 in form of Pace Towers and significant investment and share in pace Circle, we look forward to onboarding significant operating cash flows by successfully converting non-income producing assets to cash flowing operating assets.

While we will continue to focus on improving our capital structure over the coming years, we will also look to make diligent and sound investment decisions when compelling opportunities arise.

With best-in-class assets and properties in prime irreplaceable dense cluster locations and a great team, we hope that our investors continue to focus on our fundamentals as a high-quality, innovative company in real estate sector of Pakistan with a unique built-in platform for growth.

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

For and on behalf of Board of directors

October 29th, 2021

Director

Chief Executive Officer

Pace (Pakistan) Limited
Condensed Interim Balance Sheet
As at 30 September 2021

| | | Unaudited September 30, 2021 | Audited June 30, 2021 |
|--|-------------|------------------------------------|-----------------------------|
| | | --- (Rupees in thousand) --- | |
| EQUITY AND LIABILITIES | <i>Note</i> | | |
| <u>Share capital and reserves</u> | | | |
| Authorised capital | 7 | <u>6,000,000</u> | <u>6,000,000</u> |
| Issued, subscribed and paid-up capital | 7 | <u>2,788,766</u> | <u>2,788,766</u> |
| Share premium | 7 | <u>273,265</u> | <u>273,265</u> |
| Accumulated loss | | <u>(2,605,814)</u> | <u>(2,508,069)</u> |
| | | <u>456,217</u> | <u>553,962</u> |
| <u>Non-current liabilities</u> | | | |
| Long term finances - secured | 8 | - | - |
| Redeemable capital - secured (non-participatory) | 9 | - | - |
| Lease liability | 10 | <u>137,008</u> | <u>136,871</u> |
| Foreign currency convertible bonds - unsecured | 11 | - | - |
| Deferred liabilities | 12 | <u>47,036</u> | <u>44,532</u> |
| | | <u>184,044</u> | <u>181,403</u> |
| <u>Current liabilities</u> | | | |
| Contract liability | 13 | <u>342,811</u> | <u>346,255</u> |
| Current maturity of long term liabilities | 14 | <u>3,941,915</u> | <u>3,809,630</u> |
| Creditors, accrued and other liabilities | 15 | <u>814,708</u> | <u>730,790</u> |
| Accrued finance cost | 16 | <u>1,207,534</u> | <u>1,291,112</u> |
| | | <u>6,306,968</u> | <u>6,177,787</u> |
| Contingencies and commitments | 17 | <u></u> | <u></u> |
| | | <u>6,947,229</u> | <u>6,913,152</u> |

| | | Unaudited September 30, 2021 | Audited June 30, 2021 |
|---|-------------|------------------------------------|-----------------------------|
| | | --- (Rupees in thousand) --- | |
| ASSETS | <i>Note</i> | | |
| <u>Non-current assets</u> | | | |
| Property, plant and equipment | 18 | <u>566,917</u> | <u>570,607</u> |
| Intangible assets | 19 | <u>3,374</u> | <u>3,500</u> |
| Investment property | 20 | <u>1,463,675</u> | <u>1,467,614</u> |
| Lease Receivable | 21 | <u>106,585</u> | <u>104,095</u> |
| Long term investments | 21 | <u>850,321</u> | <u>850,321</u> |
| Long term advances and deposits | 22 | <u>13,619</u> | <u>13,619</u> |
| Deferred taxation | 23 | <u>-</u> | <u>-</u> |
| | | <u>3,004,491</u> | <u>3,009,756</u> |
| <u>Current assets</u> | | | |
| Stock-in-trade | 23 | <u>2,983,156</u> | <u>2,997,281</u> |
| Trade debts | 24 | <u>546,055</u> | <u>515,241</u> |
| Advances, deposits, prepayments and other receivables | 25 | <u>340,259</u> | <u>338,688</u> |
| Income tax refundable - net | 26 | <u>35,359</u> | <u>31,943</u> |
| Cash and bank balances | 27 | <u>37,909</u> | <u>20,243</u> |
| | | <u>3,942,738</u> | <u>3,903,396</u> |
| | | <u>6,947,229</u> | <u>6,913,152</u> |

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited
Condensed Interim Profit and Loss Account (Un-Audited)
For the Quarter Ended 30 September 2021

| | | July to September | |
|--|-------------|-------------------------------------|-------------|
| | | 2021 | 2020 |
| | | --- (Rupees in thousand) --- | |
| | <i>Note</i> | | |
| Revenue | 28 | 61,549 | 58,749 |
| Cost of Revenue | 29 | (15,204) | (32,940) |
| Gross Profit | | 46,345 | 25,809 |
| Administrative and selling expenses | 30 | (45,492) | (32,214) |
| Other income | 31 | 174,982 | 2,034 |
| Other expenses | | - | - |
| Loss from operations | | 175,835 | (4,371) |
| Finance cost | 32 | (43,324) | (39,210) |
| Exchange (loss) / gain on foreign currency convertible bonds | 11.2 | (225,111) | 36,250 |
| Loss from change in fair value of investment property | | (3,928) | - |
| Profit/ (Loss) before Taxation | | (96,528) | (7,331) |
| Taxation | 33 | (1,217) | (1,120) |
| Loss after Taxation | | (97,745) | (8,451) |
| Loss per share - basic and diluted | 34 | (0.35) | (0.03) |

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter Ended 30 September 2021

| | <u>July to September</u> | |
|---|-------------------------------------|-----------------------|
| | <u>2021</u> | <u>2020</u> |
| <i>Note</i> | --- (Rupees in thousand) --- | |
| Loss for the period | (97,745) | (8,451) |
| <u>Other comprehensive income for the period</u> | | |
| Items that will not be reclassified to statement of profit or loss: | | |
| Remeasurement of net defined benefit liability | - | - |
| Total comprehensive loss for the period | <u>(97,745)</u> | <u>(8,451)</u> |

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Statement of Changes In Equity

For the Quarter Ended 30 September 2021

| | | <u>Capital reserve</u> | <u>Revenue reserve</u> | |
|--|---|--------------------------|-----------------------------|----------------|
| | Issued, subscribed and paid-up capital | Share premium | Accumulated loss | Total |
| | --- (Rupees in thousand) --- | | | |
| Balance as at 30 June 2020 | 2,788,766 | 273,265 | (2,464,550) | 597,481 |
| <i>Total comprehensive loss for the year ended 30 June 2021</i> | | | | |
| Loss after taxation | - | - | (46,322) | (46,322) |
| Other comprehensive income | - | - | 2,803 | 2,803 |
| | - | - | (43,519) | (43,519) |
| Balance as at 30 June 2021 (Audited) | 2,788,766 | 273,265 | (2,508,069) | 553,962 |
| <i>Total comprehensive loss for the year ended 30 September 2021</i> | | | | |
| Loss after taxation | - | - | (97,745) | (97,745) |
| Other comprehensive income | - | - | - | - |
| | - | - | (97,745) | (97,745) |
| Balance as at 30 September 2021 (Un-Audited) | 2,788,766 | 273,265 | (2,605,814) | 456,217 |

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited
Condensed Interim Cash Flow Statement (Un-Audited)
For the Quarter Ended 30 September 2021

| | | July to September | |
|--|------|------------------------------|---------|
| | | 2021 | 2020 |
| | Note | --- (Rupees in thousand) --- | |
| <u>Cash flows from operating activities</u> | | | |
| Cash generated from / (used in) operations | 35 | 31,208 | (3,704) |
| Finance cost paid | | - | (38) |
| Taxes paid | | (4,633) | (2,247) |
| Net cash generated from / (used in) operating activities | | 26,575 | (5,989) |
| <u>Cash flow from investing activities</u> | | | |
| Purchase of property, plant and equipment | | (3,921) | - |
| Income on bank deposits received | 31 | 39 | 25 |
| Net cash (used in) / generated from investing activities | | (3,882) | 25 |
| <u>Cash flow from financing activities</u> | | | |
| Payments of lease liability | | (5,027) | (620) |
| Net cash used in financing activities | | (5,027) | (620) |
| Net increase / (decrease) in cash and cash equivalents | | 17,666 | (6,584) |
| Cash and cash equivalents - at beginning of the period | | 20,243 | 23,125 |
| Cash and cash equivalents - at end of the period | 36 | 37,909 | 16,541 |

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

1 The Company and its operations

1.1 Pace (Pakistan) Limited ('the Company') is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company is engaged to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies, plot and other properties and to carry out commercial, industrial and other related activities in and out of Pakistan. The registered office of the Company is situated at First Capital House, 96-B/1, Lower Ground Floor, M.M. Alam Road, Gulberg-III, Lahore. Furthermore, the Company is managing the following plazas:

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

2 Going Concern Assumption

The Company has incurred loss before tax of Rs. (96.53) million (30 September 2020: Rs. (8.45)). Increase in loss is mainly driven by exchange loss of Rs. (225.11) million in 2021 versus Rs. 36.25 million gain in 2020 on the foreign currency convertible bonds issued by the Company.

At the reporting date, current liabilities of the Company have exceeded its current assets by Rs. 2,364.23 million (30 June 2021: Rs. 2,274.39 million), and accumulated losses of the Company stand at Rs. 2,605.81 million (30 June 2021: Rs. 2,508.07 million). Due to liquidity issues the Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. The construction activity on the project has also been very slow due to unavailability of enough financial resources causing a delay in the completion of Pace Tower, total estimated cost of completion of Pace Tower is Rs. 321.06 million. These conditions indicate the existence of a material uncertainty related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has prepared an assessment which covers at least twelve months from the reporting date and believes that the following measures, if implemented effectively, will generate sufficient financial resources for the continuing operations:

The management is continuously engaged with its lenders for settlements of Company's borrowings. As per various settlement agreements entered into with the term finance certificates (TFC) holders, management expects a waiver of markup amounting to Rs. 198.33 million. Moreover, the Company has entered into a settlement agreement with Bank of Khyber against 13th floor of Pace Tower measuring 8,000 square feet".

As explained in note 43, construction of Pace Tower was delayed due to lockdown imposed during the strain of COVID-19, however the management is confident that it will complete Pace Tower Project by the end of 2022 and is actively engaged to find buyers for the sale of remaining floors/ apartments in Pace Tower. Management is also taking necessary steps for the completion and sale of Pace Circle.

Company has saleable inventory in the form of different properties for which the management is actively looking for the buyers and has devised a strategy for sale of the inventory, management is expected to generate Rs. 3,039 million over the period of three year. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

Accordingly, these condensed interim financial statements have been prepared on a going concern basis and do not include any adjustments relating to the realization of assets and liquidation/ settlement of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 Basis of preparation

3.1 Separate financial statements

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

The Company has following investments:

| <u>Subsidiaries</u> | Country of incorporation | Shareholding |
|-----------------------------------|--------------------------|--------------|
| Pace Gujrat (Private) Limited | Pakistan | 100% |
| Pace Super Mall (Private) Limited | Pakistan | 56.79% |
| Pace Woodland (Private) Limited | Pakistan | 52% |

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

| <u>Associate</u> | Country of incorporation | Shareholding |
|-------------------------------|--------------------------|--------------|
| Pace Barka Properties Limited | Pakistan | 24.86% |

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

3.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan

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

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

3.3 Basis of measurement

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

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

3.4 Functional and presentation currency

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

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

4 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

4.1 Standards that are not yet effective

There are certain new standards, amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. At present, the Company is in process of determining the impacts of application of these new standards on future financial statements of the Company.

4.2 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

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

- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

5 Use of estimates and judgments

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

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

6 Significant accounting policies

The significant accounting policies adopted in the preparation of these condensed interim financial statements are same as presented in latest annual audit. These policies have been consistently applied to all the years presented, unless otherwise stated.

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | Un-Audited 30 September 2021 --- (Rupees in thousand) --- | Audited 30 June 2021 | Un-Audited 30 September 2021 --- (Number of Shares) --- | Audited 30 June 2021 |
|--|--|----------------------------|--|----------------------------|
| 7 Share capital and reserves | | | | |
| 7.1 Authorised capital | | | | |
| Ordinary shares of Rs. 10 each | <u>6,000,000</u> | <u>6,000,000</u> | <u>600,000,000</u> | <u>600,000,000</u> |
| 7.2 Issued, subscribed and paid-up capital | | | | |
| Ordinary shares of Rs. 10 each fully paid in cash | 2,017,045 | 2,017,045 | 201,704,516 | 201,704,516 |
| Ordinary shares of Rs. 10 each issued as bonus shares | <u>771,721</u> | <u>771,721</u> | <u>77,172,088</u> | <u>77,172,088</u> |
| | <u>2,788,766</u> | <u>2,788,766</u> | <u>278,876,604</u> | <u>278,876,604</u> |
| | | | Un-Audited 30 September 2021 --- (Rupees in thousand) --- | Audited 30 June 2021 |
| 7.3 Share premium | | | | |
| Share premium reserve | | | <u>273,265</u> | <u>273,265</u> |
| This reserve can only be utilized by the Company for the purpose specified in Section 81 (2) of the Companies Act, 2017. | | | | |
| 8 Long term finances - secured | Note | | Un-Audited 30 September 2021 --- (Rupees in thousand) --- | Audited 30 June 2021 |
| Pak Iran Joint Investment Company | 8.1 | | 66,860 | 66,860 |
| Less: Current maturity presented under current liabilities | | | <u>(66,860)</u> | <u>(66,860)</u> |
| | | | <u>-</u> | <u>-</u> |
| 9 Redeemable capital - secured (non-participatory) | | | | |
| Term finance certificates | | | 835,691 | 935,571 |
| Less: Current maturity presented under current liabilities | | | <u>(835,691)</u> | <u>(935,571)</u> |
| | | | <u>-</u> | <u>-</u> |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|---|------------------------------------|----------------------------|
| | --- (Rupees in thousand) --- | |
| 10 Lease liability | | |
| Present value of lease payments | 180,478 | 180,043 |
| Less: Current portion shown under current liabilities | (43,470) | (43,172) |
| | <u>137,008</u> | <u>136,871</u> |
| 11 Foreign currency convertible bonds - unsecured | | |
| Opening balance | 2,764,027 | 2,895,217 |
| Mark-up accrued during the year | 6,756 | 24,822 |
| | <u>2,770,783</u> | <u>2,920,039</u> |
| Exchange (gain)/ loss for the year | 225,111 | (156,012) |
| | <u>2,995,894</u> | <u>2,764,027</u> |
| Less: Current portion shown under current liabilities | (2,995,894) | (2,764,027) |
| | <u>-</u> | <u>-</u> |
| 12 Deferred liabilities | | |
| Staff gratuity | 45,428 | 42,924 |
| Leave encashment | 1,608 | 1,608 |
| | <u>47,036</u> | <u>44,532</u> |
| 13 Contract liability | | |
| This principally represents advances received from various parties against sale of apartments and houses in Pace Tower project, Lahore and its breakup is as follows: | | |
| MCB Bank Limited | 31,269 | 31,269 |
| First Capital Investment Limited - related party | 16,020 | 16,020 |
| First Capital Securities Corporation Limited - related party | 45,887 | 45,887 |
| First Capital Equities Limited - related party | 61,969 | 61,969 |
| Pace Barka Properties Limited - related party | 84,375 | 84,375 |
| Others | 103,291 | 106,735 |
| | <u>342,811</u> | <u>346,255</u> |
| 14 Current maturity of long term liabilities | | |
| Long term finances - secured | 66,860 | 66,860 |
| Redeemable capital - secured (non-participatory) | 835,691 | 935,571 |
| Lease liability | 43,470 | 43,172 |
| Foreign currency convertible bonds - unsecured | 2,995,894 | 2,764,027 |
| | <u>3,941,915</u> | <u>3,809,630</u> |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

15 Creditors, accrued and other liabilities

| | | |
|---|----------------|----------------|
| Trade creditors | 285,093 | 212,706 |
| Provisions and accrued liabilities | 256,889 | 243,249 |
| Payable to statutory bodies | 102,143 | 102,071 |
| Security deposits | 57,065 | 57,065 |
| Rentals against investment property received in advance | 18,316 | 18,816 |
| Retention money | 5,461 | 5,461 |
| Payable to contractors | 2,699 | 2,699 |
| Others | 87,042 | 88,723 |
| | 814,708 | 730,790 |

16 Accrued finance cost

| | | |
|--|------------------|------------------|
| Long term finances - secured | 7,715 | 6,172 |
| Redeemable capital - secured (non-participatory) | 1,153,089 | 1,243,588 |
| Lease liability | 46,730 | 41,352 |
| | 1,207,534 | 1,291,112 |

17 Contingencies and commitments

17.1 Contingencies

17.1.1 Claims against the Company not acknowledged as debts amounting to Rs.21.64 million (30 June 2021: Rs.21.64 million).

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

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

17.1.3 On 29 November 2012, Shaheen Insurance Company Limited and First Capital Securities Corporation Limited (on behalf of First Capital Group) entered into an agreement whereby, it was agreed that liability pertaining to reverse repo transaction amounting to Rs. 99.89 million along with insurance premium payable amounting to Rs. 88.86 million from First Capital Group shall be settled vide sale of 4.70 million shares of First Capital Equities Limited to Shaheen Insurance Company Limited at a price of Rs. 40. Included in the insurance payable is Rs. 57.96 million pertaining to Pace (Pakistan) Limited. It was agreed that Shaheen Insurance Company Limited will be allowed to sell the share after two years, however, the first right to refusal shall be given to the First Capital Group. Further, First Capital Group guaranteed to buy back the shares at Rs. 40 in case the shares are not saleable in open market. The agreement was subsequently amended on 07 March 2013 to remove restriction of holding period of two years. In addition to that, the guarantee to buy back was also revoked.

On 24 April 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs. 188.75 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Company is of Rs. 57.96 million. As per legal advisors of the Company there are meritorious grounds to defend the Company's claim and consequently no provision has been made in these financial statements.

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

17.2 Commitments

17.2.1 Commitments in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited (related party), amounts to Rs. Rs. 26.27 million (30 June 2021: Rs. 26.27 million).

17.2.2 Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favor of The Bank of Punjab, amounting to Rs. 900 million (30 June 2020: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

| | | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|---|------|------------------------------------|----------------------------|
| | Note | --- (Rupees in thousand) --- | |
| 18 Property, plant and equipment | | | |
| Operating fixed assets | 18.1 | 412,212 | 417,352 |
| Capital work in progress | | 38,794 | 34,873 |
| Right-of-use assets | 18.2 | 115,911 | 118,382 |
| | | <u>566,917</u> | <u>570,607</u> |

18.1 Movement during the period / year:

| | | | |
|-------|--|----------------|----------------|
| | Book value at beginning of the period / year | 417,352 | 440,226 |
| Add: | Addition during the period / year | - | - |
| Less: | Disposal during the period / year | - | - |
| | Depreciation during the period / year | (5,140) | (22,874) |
| | Book value at end of period / year | <u>412,212</u> | <u>417,352</u> |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|--|------------------------------------|----------------------------|
| Note | --- (Rupees in thousand) --- | |
| 18.2 Right-of-use assets | | |
| Land | | |
| <i>Cost</i> | | |
| Balance as at 01 July | 119,496 | 119,496 |
| Adjustment on initial application of IFRS 16 | - | - |
| Adjusted balance at 01 July | 119,496 | 119,496 |
| Additions / (deletions) during the year | - | - |
| Balance as at 30 June | 119,496 | 119,496 |
| <i>Accumulated depreciation</i> | | |
| Balance as at 01 July | (9,550) | (4,770) |
| Depreciation charge during the year | (1,206) | (4,780) |
| Balance as at 30 June | (10,756) | (9,550) |
| Closing net book value | 108,740 | 109,946 |
| Rate of depreciation | 4% | 4% |
| Electrical equipment | | |
| <i>Cost</i> | | |
| Balance as at 01 July | 15,339 | 15,339 |
| Additions / (deletions) during the year | - | - |
| Balance as at 30 June | 15,339 | 15,339 |
| <i>Accumulated depreciation</i> | | |
| Balance as at 01 July | (6,903) | (767) |
| Depreciation charge during the year | (1,265) | (6,136) |
| Balance as at 30 June | (8,168) | (6,903) |
| Closing net book value | 7,171 | 8,436 |
| Rate of depreciation | 33% | 33% |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|-------------------------------------|------------------------------------|----------------------------|
| Note | --- (Rupees in thousand) --- | |
| 19 Intangible assets | | |
| Optical fiber | 3,090 | 3,209 |
| Computer software | 284 | 291 |
| | 3,374 | 3,500 |
| 19.1 Optical fiber - Royalty | | |
| Cost | 9,508 | 9,508 |
| <i>Accumulated amortisation</i> | | |
| As at 01 July | 6,299 | 5,823 |
| Amortisation for the year | 119 | 476 |
| Balance as at 30 June | 6,418 | 6,299 |
| Book value as at 30 June | 3,090 | 3,209 |
| <i>Rate of amortisation</i> | 5% | 5% |
| 19.2 Computer software | | |
| Cost | 2,878 | 2,878 |
| <i>Accumulated amortisation</i> | | |
| As at 01 July | 2,587 | 2,555 |
| Amortisation for the year | 7 | 32 |
| Balance as at 30 June | 2,594 | 2,587 |
| Book value as at 30 June | 284 | 291 |
| <i>Rate of amortisation</i> | 10% | 10% |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | Cost | | Fair value | |
|--|-------------------------------------|----------------|---------------------|------------------|
| | Un-Audited | Audited | Un-Audited | Audited |
| | 30 September | 30 June | 30 September | 30 June |
| | 2021 | 2021 | 2021 | 2021 |
| | --- (Rupees in thousand) --- | | | |
| Balance as at 01 July | 557,911 | 757,368 | 1,467,614 | 1,745,251 |
| Recognition of right-of-use assets on initial application of IFRS 16 | - | - | - | - |
| Fair value gain on initial recognition of right-of-use assets | - | - | - | - |
| Adjusted balance as at 01 July | 557,911 | 757,368 | 1,467,614 | 1,745,251 |
| Fair value loss recorded in statement of profit or loss | - | - | (3,939) | 5,913 |
| Disposal during the year | - | (199,457) | - | (283,550) |
| As at 30 June | 557,911 | 557,911 | 1,463,675 | 1,467,614 |

20 Investment property

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|--------------------------------------|------|------------------------------------|----------------------------|
| | Note | --- (Rupees in thousand) --- | |
| 21 Long term investments | | | |
| Equity instruments of: | | | |
| - subsidiaries - unquoted | 21.1 | 91,670 | 91,670 |
| - associated undertakings - unquoted | 21.2 | 758,651 | 758,651 |
| Total revenue | | 850,321 | 850,321 |

21.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited

3,000 (30 June 2021: 3,000) fully paid ordinary shares of Rs.10 each

30 30

Equity held 52% (30 June 2021: 52%)

Pace Super Mall (Private) Limited

9,161,528 (30 June 2021: 9,161,528) fully paid ordinary shares of Rs.10 each

91,615 91,615

Equity held 57% (30 June 2021: 57%)

Pace Gujrat (Private) Limited

2,450 (2020: 30 June 2021) fully paid ordinary shares of Rs.10 each

25 25

Equity held 100% (30 June 2021: 100%)

91,670 91,670

21.2 Associate Undertakings- unquoted

Pace Barka Properties Limited

75,875,000 (30 June 2021: 75,875,000) fully paid ordinary shares of Rs. 10 each

758,651 758,651

Equity held: 24.86% (30 June 2021: 24.86%)

22 Long term advances and deposits

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

| | | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|----------------------------|------|------------------------------------|----------------------------|
| | Note | --- (Rupees in thousand) --- | |
| 23 Stock-in-trade | | | |
| Land not under development | 23.1 | 21,600 | 21,600 |
| Land purchased for resale | 23.2 | 930,765 | 930,765 |
| Work in progress | | | |
| Pace Tower | 23.3 | 710,696 | 725,051 |
| Pace Circle | 23.4 | 776,187 | 776,187 |
| Completed units - shops | | 542,244 | 542,244 |
| | | 2,981,492 | 2,995,847 |
| Stores inventory | | 1,664 | 1,434 |
| | | 2,983,156 | 2,997,281 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

- 23.1** This represents the space purchased at Pace Supermall by the Company from its subsidiary for the purpose of resale and thus it is classified under stock.
- 23.2** This represents plot purchased for resale purposes amounting to Rs. 930.77 (30 June 2021: Rs. 930.77 million).
- 23.3** Included in work in progress are borrowing costs of Rs. 101 million (30 June 2021: Rs. 101 million).
- 23.4** Pace Circle is a project carried by Pace Barka (Private) Limited (an associated company). The project is under construction as at year end and the Company has realized the cumulative payments made till the year end as its inventory while remaining amount is shown in commitments note.

| | | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|----------------------------|------|------------------------------------|----------------------------|
| | Note | --- (Rupees in thousand) --- | |
| 24 Trade debts | | | |
| <i>Secured</i> | | | |
| Considered good | 24.1 | 535,398 | 530,062 |
| Unsecured | | 334,272 | 280,888 |
| | | <u>869,670</u> | <u>810,950</u> |
| Less: Impairment allowance | | (323,615) | (295,709) |
| | | <u>546,055</u> | <u>515,241</u> |

- 24.1** This includes the following amounts due from related parties:

| | | |
|--|---------------|---------------|
| Rema & Shehrbano | 4,401 | 4,401 |
| First Capital Investment Limited & First Capital Mutual Fund | 4,580 | 4,580 |
| First Capital Equities Limited | 3,619 | 3,619 |
| First Capital Securities Corporation Limited | 6,681 | 6,681 |
| Connatural Cosmetics | 127 | 127 |
| | <u>19,408</u> | <u>19,408</u> |

- 24.2** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 19.41 million (30 June 2021: Rs. 19.41 million).

| | | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|---|------|------------------------------------|----------------------------|
| | Note | --- (Rupees in thousand) --- | |
| 25 Advances, deposits, prepayments and other receivables | | | |
| Advances - considered good: | | | |
| - to employees | 25.1 | 16,137 | 15,528 |
| - to suppliers | 25.2 | 15,372 | 12,493 |
| Advance against purchase of property | 25.3 | 255,784 | 255,784 |
| Security deposits | 25.4 | 12,285 | 12,285 |
| Others - considered good | 25.5 | 40,681 | 42,598 |
| | | <u>340,259</u> | <u>338,688</u> |

- 25.1** Advances to employees include advances against salary and gratuity, repayable within one year and at the time of final settlement, respectively. This includes Rs. 3.84 million (30 June 2021: Rs. 3.84 million) advance given to executive employee of the Company.

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

25.2 This includes the following amounts due from related parties:

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|---|------------------------------------|----------------------------|
| Note | --- (Rupees in thousand) --- | |
| Ever Green Water Valley (Private) Limited | 1,456 | - |
| World Press (Private) Limited | 447 | 447 |
| | <u>1,903</u> | <u>447</u> |

25.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 80.79 million (30 June 2021: Rs. 80.79 million)

25.3 The amount reflects advance paid against the purchase of 4.9 kanal plot at Shadman, Lahore from a related party Evergreen Water Valley (Private) Limited. The maximum aggregate advance given to this related party at the end of any month was Rs. 1.46 million (30 June 2021: Rs. 255.78 million).

25.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.50 million against assets acquired under lease. The amount is under dispute and management expects to recover the amount in full.

25.5 This includes rent receivable from a related party 'Media Times Pvt. Limited' amounting to Rs. 11.77 million (30 June 2021: Rs. 12.24 million).

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|------|------------------------------------|----------------------------|
| Note | --- (Rupees in thousand) --- | |

26 Income tax refundable - net

| | | | |
|----------------------------------|------|----------------|----------------|
| Income tax refundable | 26.1 | 36,576 | 35,005 |
| Provision for taxation - current | | <u>(1,217)</u> | <u>(3,062)</u> |
| | | <u>35,359</u> | <u>31,943</u> |

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

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|------|------------------------------------|----------------------------|
| Note | --- (Rupees in thousand) --- | |

27 Cash and bank balances

| | | | |
|--------------------|------|---------------|---------------|
| Cash in hand | | 220 | 179 |
| Cash at banks | | | |
| - Current accounts | 27.1 | 37,576 | 18,484 |
| - Saving accounts | 27.2 | 113 | 1,580 |
| | | <u>37,689</u> | <u>20,064</u> |
| | | <u>37,909</u> | <u>20,243</u> |

27.1 This includes Rs. 17 million (30 June 2021: Rs. 17 million) on which lien is marked against sale of property to MCB for further development charges at Pace Tower.

27.2 This carries profit at the rates ranging from 3% to 6% (30 June 2021: 4% to 8%) per annum.

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | | Un-Audited | |
|---|------|------------------------------|----------------------|
| | | 30 September 2021 | 30 September 2020 |
| | | --- (Rupees in thousand) --- | |
| | | <i>Note</i> | |
| 28 Revenue | | | |
| Development services | | - | 20,517 |
| Display of advertisements | | 9,670 | 6,763 |
| Service charges - <i>net</i> | 28.1 | 43,969 | 21,657 |
| Revenue from contract with customers | | 53,639 | 48,937 |
| Other revenue | | | |
| Rental income from lease of investment property | | 7,910 | 9,812 |
| Total revenue | | 61,549 | 58,749 |

28.1 Services charges - *net*

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

| | | Un-Audited | |
|---------------------------------|--|------------------------------|----------------------|
| | | 30 September 2021 | 30 September 2020 |
| | | --- (Rupees in thousand) --- | |
| | | <i>Note</i> | |
| Insurance | | - | 456 |
| Fuel and power | | 18,313 | 35,106 |
| Janitorial and security charges | | 1,271 | 2,255 |
| | | 19,584 | 37,817 |

29 Cost of revenue

| | | | |
|---|------|---------------|---------------|
| Shops and commercial buildings sold | | | |
| - <i>at percentage of completion basis</i> | | - | 16,132 |
| - <i>at completion of project basis</i> | | - | - |
| Write down value to inventory to net realisable value | | - | - |
| Stores operating expenses | 29.1 | 15,204 | 16,808 |
| | | 15,204 | 32,940 |

29.1 Stores operating expenses

| | | | |
|-------------------------------------|--|---------------|---------------|
| Salaries, wages and benefits | | 6,131 | 9,497 |
| Rent, rates and taxes | | - | 225 |
| Depreciation on owned assets | | 3,791 | 4,141 |
| Depreciation on right-of-use assets | | 2,471 | - |
| Repairs and maintenance | | 2,776 | 2,892 |
| Others | | 35 | 53 |
| | | 15,204 | 16,808 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

Un-Audited

30 Administrative and selling expenses

| | | |
|--|---------------|---------------|
| Salaries, wages and benefits | 17,649 | 14,238 |
| Travelling and conveyance | 390 | 447 |
| Rent, rates and taxes | 653 | - |
| Printing and stationery | 80 | 65 |
| Repairs and maintenance | 5,783 | 2,391 |
| Motor vehicles running | 44 | 92 |
| Communications | 120 | 183 |
| Advertising and sales promotion | 3,000 | - |
| Depreciation on owned assets | 1,408 | 2,388 |
| Amortisation on intangible assets | 126 | 127 |
| Auditors' remuneration | - | - |
| Legal and professional | 651 | 1,181 |
| Commission on sales | 601 | 2,052 |
| Office expenses | 14,669 | 8,741 |
| Impairment loss on trade and other receivables | - | - |
| Other expenses | 318 | 309 |
| | 45,492 | 32,214 |

31 Other income

Income from financial assets

| | | |
|--------------------------------------|-------|-----|
| Mark-up on bank accounts | 39 | 25 |
| Commission on guarantee | 309 | 309 |
| Finance Income from Lease Receivable | 2,490 | - |

Income from non-financial assets

| | | |
|---|---|---|
| Gain on sale of property, plant and equipment | - | - |
|---|---|---|

Others

| | | |
|---------------------------------|----------------|--------------|
| Gain on settlement of loans | - | - |
| Income from parking and storage | 1,683 | 1,637 |
| Miscellaneous Income | - | - |
| Others | 170,461 | 63 |
| Liabilities Written-back | - | - |
| | 174,982 | 2,034 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | | Un-Audited | |
|--|-------------|------------------------------|----------------------|
| | | Un-Audited | |
| | | 30 September 2021 | 30 September 2020 |
| | | --- (Rupees in thousand) --- | |
| 32 Finance cost | <i>Note</i> | | |
| Interest and mark-up on: | | | |
| - Long term finances - secured | | 1,543 | - |
| - Foreign currency convertible bonds - unsecured | | 6,756 | 6,536 |
| - Redeemable capital - secured (non-participatory) | | 29,159 | 29,159 |
| - Interest expense on unwinding of Pak Iran Joint Investment Company | | - | - |
| - Notional interest on lease liability | | 5,814 | 3,476 |
| | | <u>43,272</u> | <u>39,171</u> |
| Liquidated damages due to default of Pak Iran loan | | - | - |
| Bank charges and processing fee | | 52 | 39 |
| | | <u>43,324</u> | <u>39,210</u> |

33 Taxation

| | | | |
|----------------|--|-------|-------|
| Income Tax | | | |
| - Current Year | | 1,217 | 3,062 |

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (30 September 2020: Minimum Tax Regime under section Section 113 of Income Tax Ordinance, 2001).

34 Loss per share - basic and diluted

The calculation of basic and diluted loss per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. There are no dilutive potential ordinary shares outstanding as at 30 September 2021 (30 September 2020: Nil).

| | | Un-Audited | |
|--|-------------|------------------------------|----------------------|
| | | 30 September 2021 | 30 September 2020 |
| | | --- (Rupees in thousand) --- | |
| Loss for the year | <i>Note</i> | (97,745) | (8,451) |
| Weighted average number of ordinary shares outstanding during the year | | 278,877 | 278,877 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| | | Un-Audited | |
|-----------|--|------------------------------|----------------|
| | | 30 September 2021 | 30 Sep 2020 |
| | | --- (Rupees in thousand) --- | |
| Note | | | |
| 35 | Cash used in operations | | |
| | Loss before tax | (96,528) | (7,331) |
| | Adjustment for: | | |
| | Exchange loss / (gain) on foreign currency convertible bonds | 11 225,111 | (36,250) |
| | Provision for gratuity and leave encashment | 2,504 | 2,493 |
| | Depreciation on owned assets | 5,199 | 6,529 |
| | Depreciation on right-of-use assets | 29.1 2,471 | 1,245 |
| | Amortisation on intangible assets | 30 126 | 127 |
| | Changes in fair value of investment property | 3,939 | - |
| | Rental income | 31 2,490 | - |
| | Gain on loan settlement | 31 (170,461) | - |
| | Finance costs | 32 43,272 | 39,210 |
| | Mark-up income | 31 (39) | (25) |
| | Gain before working capital changes | 18,084 | 5,998 |
| | <i>Effect on cash flow due to working capital changes:</i> | | |
| | Decrease in stock-in-trade | 14,125 | (123) |
| | Increase in trade debts | (30,814) | (30,633) |
| | Increase in advances, deposits and other receivables | (1,571) | (16,578) |
| | Increase in contract liability | 1,321 | 245 |
| | Increase in creditors, accrued and other liabilities | 30,063 | 37,387 |
| | | 13,124 | (9,702) |
| | | 31,208 | (3,704) |
| | | Un-Audited | Audited |
| | | 30 September | 30 June |
| | | 2021 | 2021 |
| 36 | Cash and cash equivalents | | |
| | Cash and bank balances | 27 37,909 | 20,243 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

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

| | 30 September 2021 (Un-Audited) | | | | | | |
|--|--|----------------|---------------------------------|--|-----------------|--|-------------------------|
| | Equity | | Liabilities | | | | |
| | Issued, subscribed and paid-up capital | Share premium | Long term finances - secured | Redeemable capital - secured (non- participatory) | Lease liability | Foreign currency convertible bonds - unsecured | Accrued finance cost |
| | --- (Rupees in thousand) --- | | | | | | |
| Balance as at 01 July 2021 | 2,788,766 | 273,265 | 66,860 | 935,571 | 180,043 | 2,764,027 | 1,290,399 |
| <u>Cash flows</u> | | | | | | | |
| Long term loan paid during the year | - | - | - | - | - | - | - |
| Repayment of lease rentals | - | - | - | - | (5,027) | - | - |
| Finance cost paid | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - |
| Total changes from financing cash flows | - | - | - | - | (5,027) | - | - |
| <u>Non-cash changes</u> | | | | | | | |
| Exchange (gain)/ loss | - | - | - | - | - | 225,111 | - |
| Settlement of loan / accrued markup | - | - | - | (99,880) | - | - | (119,658) |
| Reclassified to accrued liabilities | - | - | - | - | (352) | - | - |
| Finance cost/unwinding of interest expense | - | - | - | - | 5,814 | 6,756 | 36,793 |
| Total non-cash changes | - | - | - | (99,880) | 5,462 | 231,867 | (82,865) |
| Balance as at 30 September 2021 | 2,788,766 | 273,265 | 66,860 | 835,691 | 180,478 | 2,995,894 | 1,207,534 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

For the Quarter Ended 30 September 2021

| 30 June 2021 (Audited) | | | | | | | |
|--|---------------|------------------------------|--|-----------------|--|----------------------|-----------|
| Equity | | Liabilities | | | | | |
| Issued, subscribed and paid-up capital | Share premium | Long term finances - secured | Redeemable capital - secured (non-participatory) | Lease liability | Foreign currency convertible bonds - unsecured | Accrued finance cost | |
| --- (Rupees in thousand) --- | | | | | | | |
| Balance as at 01 July 2020 | 2,788,766 | 273,265 | 66,860 | 935,571 | 179,330 | 2,895,217 | 1,189,058 |
| <u>Cash flows</u> | | | | | | | |
| Long term loan paid during the year | - | - | - | - | - | - | - |
| Repayment of lease rentals | - | - | - | (15,249) | - | - | - |
| Finance cost paid | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - |
| Total changes from financing cash flows | - | - | - | (15,249) | - | - | - |
| <u>Non-cash changes</u> | | | | | | | |
| Exchange loss | - | - | - | - | (156,012) | - | - |
| Reclassified to accrued liabilities | - | - | - | (7,513) | - | - | - |
| Finance cost/unwinding of interest expense | - | - | - | 23,475 | 24,822 | 101,341 | |
| Total non-cash changes | - | - | - | 15,962 | (131,190) | 101,341 | |
| Balance as at 30 June 2021 | 2,788,766 | 273,265 | 66,860 | 935,571 | 180,043 | 2,764,027 | 1,290,399 |

Pace (Pakistan) Limited

Notes Forming Part of the Condensed Interim Financial Information

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38 Transactions with related parties

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

| Name of Company | Relationship | Nature of Transactions | Un-Audited | |
|---|--|--------------------------------|------------------------------|--------|
| | | | 30-Sep | 30-Sep |
| | | | 2021 | 2020 |
| | | | --- (Rupees in thousand) --- | |
| Pace Barka Properties Limited | Associated Company (equity held 24.86%) | Guarantee commission income | 309 | 309 |
| | | Purchase of inventory | - | 11,849 |
| Ever Green Water Valley (Private) Limited | Common Directorship | Purchase of goods and services | 1,456 | 5,107 |
| Media Times Limited | Common Directorship | Rental income | 2,490 | - |

Pace (Pakistan) Limited
Notes Forming Part of the Condensed Interim Financial Information
For the Quarter Ended 30 September 2021

39 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

39.1 Credit risk

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

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

| | | Un-Audited 30 September 2021 | Audited 30 June 2020 |
|---|-------------|---|-------------------------------------|
| | <i>Note</i> | --- (Rupees in thousand) --- | |
| Long term advances and deposits | | 13,619 | 13,619 |
| Trade debts | 24 | 546,055 | 515,241 |
| Advances, deposits, prepayments and other receivables | | 69,103 | 70,411 |
| Bank balance | 27 | 37,689 | 20,064 |
| | | 666,466 | 619,335 |

39.2 Liquidity risk

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

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

39.3 Market risk

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

Pace (Pakistan) Limited
Notes Forming Part of the Condensed Interim Financial Information
For the Quarter Ended 30 September 2021

39.4 Currency risk

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

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

| | Un-Audited 30 September 2021 | Audited 30 June 2021 |
|--|---|---|
| | --- (USD in thousand) --- | |
| Foreign Currency Convertible Bonds - USD | 17,448 | 17,527 |

Following is the Company's exposure to currency risk:

The exchange rate applicable at the reporting date is 171.7 (30 June 2021: 157.7)

39.5 Interest rate risk

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

| | | Un-Audited | | Audited | |
|--|--------------------|-------------------------------------|------------------|------------------|------------------|
| | | 30-Sep-21 | | 20-Jun-21 | |
| | | Financial | Financial | Financial | Financial |
| | | asset | liability | asset | liability |
| <u>Non-derivative financial - instruments</u> | <u>Note</u> | --- (Rupees in thousand) --- | | | |
| Fixed rate instruments | | | | | |
| Long term finances - secured | 8 | - | 66,860 | - | 66,860 |
| Foreign currency convertible bonds | 11 | - | 2,995,894 | - | 2,764,027 |
| Lease liability | 10 | - | 180,478 | - | 180,043 |
| Cash at bank | 27 | 113 | - | 1,580 | - |
| Variable rate instruments | | | | | |
| Redeemable capital - secured | 9 | - | 835,691 | - | 935,571 |
| | | 113 | 4,078,923 | 1,580 | 3,946,501 |

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

39.6 Other price risk

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

39.7 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. The Company monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.

Pace (Pakistan) Limited
Notes Forming Part of the Condensed Interim Financial Information
For the Quarter Ended 30 September 2021

| | Un-Audited 30 September 2021 --- (Rupees in thousand) --- | Audited 30 June 2021 |
|---------------------------------|--|----------------------------|
| Total liabilities | 6,491,012 | 6,359,190 |
| Less: cash and cash equivalents | (37,909) | (20,243) |
| Net debt | 6,453,103 | 6,338,947 |
| Total equity | 456,217 | 553,962 |
| Net debt to equity ratio | 14.14 | 11.44 |

40 Date of authorization for issue

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

41 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

Chief Executive Officer

Director

Chief Financial Officer

PACE GROUP LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2021

PACE (PAKISTAN) GROUP
Consolidated Condensed Interim Balance Sheet
As at 30 September 2021

| | | Unaudited September 30, 2021 (Rupees in thousand) | Audited June 30, 2021 |
|---|----|--|-----------------------------|
| Note | | | |
| EQUITY AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| 600,000,000 (30 June 2021: 600,000,000) | | | |
| ordinary shares of Rs 10 each | | 6,000,000 | 6,000,000 |
| Issued, subscribed and paid up capital | | | |
| 278,876,604 (30 June 2021: 278,876,604) | | | |
| ordinary shares of Rs 10 each | | 2,788,766 | 2,788,766 |
| Reserves | | 287,307 | 287,307 |
| Accumulated loss | | (2,315,103) | (2,195,964) |
| | | 760,970 | 880,109 |
| NON-CONTROLLING INTEREST | | 87,027 | 87,027 |
| | | 847,997 | 967,136 |
| NON-CURRENT LIABILITIES | | | |
| Long term finances - secured | 7 | - | - |
| Redeemable capital - secured (non-participatory) | 8 | - | - |
| Liabilities against assets subject to finance lease | | 137,008 | 136,871 |
| Foreign currency convertible bonds - unsecured | 9 | - | - |
| Deferred liabilities | | 47,036 | 44,532 |
| Deferred taxation | | 50,888 | 36,753 |
| | | 234,932 | 218,156 |
| CURRENT LIABILITIES | | | |
| Contract liability | | 343,811 | 347,255 |
| Current portion of long term liabilities | | 3,941,915 | 3,809,630 |
| Creditors, accrued and other liabilities | | 851,832 | 767,915 |
| Accrued finance cost | | 1,207,534 | 1,291,112 |
| | | 6,345,092 | 6,215,912 |
| CONTINGENCIES AND COMMITMENTS | 10 | - | - |
| | | 7,428,021 | 7,401,204 |

| | | Unaudited September 30, 2021 (Rupees in thousand) | Audited June 30, 2021 |
|---|----|--|-----------------------------|
| Note | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 566,917 | 570,608 |
| Intangible assets | | 3,374 | 3,500 |
| Investment property | 12 | 1,463,675 | 1,467,614 |
| Lease Receivable | | 106,585 | 104,095 |
| Investment in equity-accounted investee | 13 | 996,411 | 1,003,671 |
| Long term advances and deposits | | 15,248 | 15,248 |
| | | 3,152,210 | 3,164,736 |
| CURRENT ASSETS | | | |
| Stock-in-trade | 15 | 3,316,156 | 3,330,280 |
| Trade debts - unsecured | | 546,055 | 515,241 |
| Advances, deposits, prepayments and other receivables | | 340,259 | 338,688 |
| Income tax recoverable | | 35,412 | 31,996 |
| Cash and bank balances | | 37,929 | 20,263 |
| | | 4,275,811 | 4,236,468 |
| | | 7,428,021 | 7,401,204 |

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

Chief Executive

Chief Financial Officer

Director

PACE (PAKISTAN) GROUP
Consolidated Statement of Changes in Equity for the Period Ended 30 September 2021

| | Attributable to equity holders of the parent | | | | | Non-Controlling Interest | Total Equity |
|--|--|-----------------------|--|--------------------------------|--------------------|--------------------------|-----------------------------------|
| | Share capital | Share premium Reserve | Reserve for changes in fair value of investments | Share in reserves of associate | Accumulated loss | Total | |
| | (Rupees in thousand) | | | | | | |
| Balance as on 30 June 2020 | 2,788,766 | 273,265 | - | 14,042 | (2,102,467) | 973,606 | 87,030 1,060,636 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | (98,406) | (98,406) | - (98,406) |
| Other comprehensive income / (loss) for the year: | | | | | | | |
| Remeasurement of net defined benefit liability - net of tax | - | - | - | - | 4,909 | 4,909 | - 4,909 |
| Changes in fair value of available for sale investments - net of tax | - | - | - | - | - | - | - - |
| Share of other comprehensive income / reserves of associate - net of tax | - | - | - | - | - | - | - - |
| | - | - | - | - | (93,497) | (93,497) | - (93,497) |
| Balance as on 30 June 2021 (Audited) | 2,788,766 | 273,265 | - | 14,042 | (2,195,964) | 880,109 | 87,030 967,139 |
| Total comprehensive income for the period | | | | | | | |
| Loss for the period | - | - | - | - | (119,140) | (119,140) | - (119,140) |
| Other comprehensive income for the period: | | | | | | | |
| Remeasurement of net defined benefit liability - net of tax | - | - | - | - | - | - | - - |
| Changes in fair value of available for sale investments - net of tax | - | - | - | - | - | - | - - |
| Share of other comprehensive income / reserves of associate - net of tax | - | - | - | - | - | - | - - |
| | - | - | - | - | (119,140) | (119,140) | - (119,140) |
| Balance as on 30 September 2021 (Un-Audited) | 2,788,766 | 273,265 | - | 14,042 | (2,315,103) | 760,969 | 87,030 847,999 |

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

Chief Executive

Chief Financial Officer

Director

PACE (PAKISTAN) GROUP**Consolidated Condensed Interim Profit and Loss Account (Un-Audited)****For the Quarter Ended 30 September 2021**

| | July to September | |
|---|-----------------------------|-------------|
| | 2021 | 2020 |
| | (Rupees in thousand) | |
| Sales | 61,549 | 89,570 |
| Cost of sales | (15,204) | (70,757) |
| Gross profit | 46,345 | 18,813 |
| Administrative and selling expenses | (45,492) | (32,214) |
| Other income | 174,982 | 9,030 |
| Profit/ (loss) from operations | 175,835 | (4,371) |
| Finance costs | (43,324) | (39,209) |
| Share of loss from associate - net of tax | (7,260) | (10,257) |
| Exchange (loss) / gain on foreign currency convertible bond | (225,111) | 36,250 |
| Loss from change in fair value of investment property | (3,928) | - |
| Loss before tax | (103,788) | (17,587) |
| Taxation | (15,352) | 419 |
| Loss for the period | (119,140) | (17,168) |
| Total comprehensive loss for the period | (119,140) | (17,168) |
| Attributable to: | | |
| Equity holders of the parent | (119,140) | (17,168) |
| Non-controlling interest | - | - |
| | (119,140) | (17,168) |
| Loss per share attributable to ordinary shareholders | | |
| - basic loss per share | (0.43) | (0.06) |
| | Rupees | |

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

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

PACE (PAKISTAN) GROUP**Consolidated Condensed Interim Cash Flow Statement (Un-Audited)****For the Quarter Ended 30 September 2021**

| | | September 30, | |
|---|------|----------------------|---------|
| | Note | 2021 | 2020 |
| | | (Rupees in thousand) | |
| Cash flow from operating activities | | | |
| Cash generated from / (used in) operations | 15 | 31,208 | (3,703) |
| Finance costs paid | | - | (38) |
| Taxes paid | | (4,633) | (2,247) |
| Net cash generated from / (used in) operating activities | | 26,575 | (5,988) |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | | (3,921) | - |
| Proceeds from sale of property, plant and equipment | | - | - |
| Proceeds from sale of investment property | | - | - |
| Markup received | | 39 | 25 |
| Net cash (used in) / generated from investing activities | | (3,882) | 25 |
| Net cash used in financing activities | | (5,027) | (620) |
| Net decrease in cash and cash equivalents | | 17,666 | (6,583) |
| Cash and cash equivalents at the beginning of the period | | 20,263 | 23,148 |
| Cash and cash equivalents at the end of the period | | 37,929 | 16,565 |

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

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

PACE (PAKISTAN) GROUP

Notes Forming Part of the Consolidated Condensed Interim consolidated condensed interim financial statement for the Quarter Ended 30 September 2021

1 Legal status and activities

1.1 Constitution and ownership

The consolidated condensed interim consolidated condensed interim financial statement of Pace (Pakistan) Group comprise of the consolidated condensed interim financial statement of:

Pace (Pakistan) Limited

Pace (Pakistan) Limited (the "Holding Company") is a public limited Company incorporated in Pakistan and listed on Pakistan stock exchange. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan. The registered office of the Company is situated at First Capital House, 96-B/1, Lower Ground Floor, M.M. Alam Road, Gulberg-III, Lahore.

Pace Gujrat (Private) Limited

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

Pace Woodlands (Private) Limited

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

Pace Supermall (Private) Limited

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

1.2 Activities of the Group

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

2 Statement of Compliance

These consolidated condensed interim consolidated condensed interim financial statement have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan

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

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

3. Going concern assumption

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,069.28 million and the reserves of the Company have been significantly depleted. Due to liquidity issues the Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. The construction activity on the project has also been very slow due to unavailability of enough financial resources causing a delay in the completion of Pace Tower, total estimated cost of completion of Pace Tower is Rs. 321.06 million. These conditions indicated the existence of a material uncertainty related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has prepared an assessment which covers at least twelve months from the reporting date and believes that the following measures, if implemented effectively, will generate sufficient financial resources for the continuing operations:

The management is continuously engaged with its lenders for settlements of Company's borrowings. As per various settlement agreements entered into with the term finance certificates (TFC) holders, management expects a waiver of markup amounting to Rs. 198.33 million. Moreover, the Company has entered into a settlement agreement with Bank of Khyber against 13th floor of Pace Tower measuring 8,000 square feet.

Construction of Pace Tower was delayed due to lockdown imposed during the strain of COVID-19, however the management is confident that it will complete Pace Tower Project by the end of 2022 and is actively engaged to find buyers for the sale of remaining floors/ apartments in Pace Tower. Management is also taking necessary steps for the completion and sale of Pace Circle.

Company has saleable inventory in the form of different properties for which the management is actively looking for the buyers and has devised a strategy for sale of the inventory, management is expected to generate Rs. 3,039 million over the period of three year. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

Accordingly, these consolidated condensed interim financial statement have been prepared on a going concern basis and do not include any adjustments relating to the realization of assets and liquidation/ settlement of any liabilities that might be necessary should the Company be unable to continue as a going concern.

4 Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated condensed interim financial statements are same as presented in latest annual audit. These policies have been consistently applied to all the years presented, unless otherwise stated.

5 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

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

- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

6 Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to consolidated condensed interim financial statement for the period ended 30 June 2021.

| | | Un-Audited September 30, 2021 | Audited June 30, 2021 |
|---|------|-------------------------------------|-----------------------------|
| | | (Rupees in thousand) | |
| | Note | | |
| 7 Long term finances - secured | | | |
| Pak Iran Loan | 7.1 | 66,860 | 66,860 |
| | | 66,860 | 66,860 |
| Less: Current portion shown under current liabilities | | (66,860) | (66,860) |
| | | - | - |

7.1 Mark-up on Pak Iran

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

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

| | Un-Audited September 30, 2021 --- (Rupees in thousand) --- | Audited June 30, 2021 |
|----------------------------------|---|--------------------------------------|
| As at beginning | 66,860 | 66,860 |
| Add: Amortized during the period | - | - |
| Adjustment on account of default | | |
| As at end | 66,860 | 66,860 |

Security

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

Default

The moratorium period as per the rescheduling agreement ended on 31 December 2019 and the first quarterly installment was due on 01 January 2020. Company made a default in repayment of the installment and no repayment was made till 30 June 2021. Pace, through its letter dated 17 July 2020, requested PAIR to defer the repayment plan for 24 months. However, no response from PAIR is received yet. Accordingly, we have classified the total balance outstanding as current liability as per the requirements of IAS 1 "Presentation of Financial Statement".

8 Redeemable capital - secured (non-participatory)

| | | | |
|---|-----|------------------|-----------|
| Term finance certificates | | 835,691 | 935,571 |
| Less: Current portion shown under current liabilities | 8.1 | (835,691) | (935,571) |
| | | - | - |

8.1 Terms of repayment

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

During the year, Pakistan Stock Exchange through its letter (Ref No. PSX/Gen-5683) dated 19 November 2019 instructed the company to appraise them regarding measures taken for removal of default of payment of principal amount, markup and restructuring of the TFCs by 25 November 2019. Consequently, the Parent Company has submitted its reply to the Pakistan Stock Exchange on 25 November 2019 has intimated the Exchange that it is currently negotiating with the TFC holders for settlement of outstanding liabilities and for relaxation in payment terms and that a settlement proposal shared in the meeting held on 18 March 2018 with the TFC holders. However, despite the three reminders sent by the Trustee, response of the TFC holders is still pending.

The TFCs are still in the defaulter segment due to non-compliance which could result in delisting of TFCs under Pakistan Stock Exchange Regulations.

8.2 Security

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

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

8.4 Settlement with Bank of Khyber

On 20 December 2019, Bank of Khyber ('Bank') and the Company entered into Debt Asset Swap Agreement for full and final settlement of outstanding amount of TFCs along with their accrued mark-up against 13th floor of Pace Tower measuring 8,000 square feet. In accordance with the terms of the agreement, the Bank purchased the aforementioned floor for Rs. 116.80 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark- up along with future mark-up upon completion of certain terms and conditions. However, as at the reporting date, the Company has not handed over possession of the underlying floor and accordingly, reported balance of TFCs include principal amount along with accrued mark-up.

| | Note | Un-Audited September 30, 2021 | Audited June 30, 2021 |
|---|-------------|--|--------------------------------------|
| 9 Foreign currency convertible bonds - unsecured | | (Rupees in thousand) | |
| Opening balance | | 2,764,027 | 2,895,217 |
| Markup accrued during the year | | 6,536 | 24,822 |
| | | 2,770,563 | 2,920,039 |
| Exchange loss for the year | | 225,111 | (156,012) |
| | | 2,995,674 | 2,764,027 |
| Less: Current portion shown under current liabilities | 9.1 | (2,995,674) | (2,764,027) |
| | | - | - |

9.1 The Holding Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a markup of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds have an option to convert the bonds into equity shares of the Holding Company at any time following the issue date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2019.

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

10 Contingencies and commitments

10.1 Contingencies

10.1.1 Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (30 June 2021: Rs 21.644 million).

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

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

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

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

10.2 Commitments

10.2.1 Commitments in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited, amounts to Rs. 26.27 million (30 2021: Rs. 26.27 million)

10.2.2 Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favor of The Bank of Punjab, amounting to Rs. 900 million (30 June 2021: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

| | | Un-Audited September 30, 2021 (Rupees in thousand) | Audited June 30, 2021 |
|-------------|--|---|--------------------------------------|
| 11 | Property, plant and equipment | | |
| | Operating fixed assets | 412,212 | 417,352 |
| | Capital work-in-progress | 38,794 | 34,874 |
| | Assets subject to finance lease | 115,911 | 118,382 |
| | | 566,917 | 570,608 |
| 11.1 | Operating fixed assets | | |
| | Book value at beginning of the period / year | 417,352 | 440,226 |
| | Add: | | |
| | - Additions during the period / year | - | - |
| | | 417,352 | 440,226 |
| | Less: | | |
| | - Disposals during the period / year - at book value | - | - |
| | - Depreciation charged during the period / year | (5,140) | (22,874) |
| | | (5,140) | (22,874) |
| | Book value at end of the period / year | 412,212 | 417,352 |

12 Investment property

| | | |
|--|------------------|-----------|
| Opening value | 1,467,614 | 1,745,251 |
| - Settlement against loan | - | - |
| - Disposal of investment property | - | (283,550) |
| Closing value before revaluation as at June 30 | 1,467,614 | 1,461,701 |
| Fair value gain recognised in profit and loss account | (3,939) | 5,913 |
| Fair value as at September 30 | 1,463,675 | 1,467,614 |

13 Long term investments

| | | |
|---|----------------|------------------|
| Associate - unquoted | 996,411 | 1,003,671 |
| Pace Barka Properties Limited | | |
| 75,875,000 (June 2021: 75,875,000) fully paid | | |
| ordinary shares of Rs 10 each | | |
| Equity held 24.9% (30 June 2021: 24.9%) | | |
| | 996,411 | 1,003,671 |

| | Un-Audited September 30, 2021 (Rupees in thousand) | Audited June 30, 2021 |
|---|---|-----------------------------|
| 13.1 Associate - unquoted | | |
| Cost | 758,651 | 758,651 |
| Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account | 245,020 | 303,730 |
| | 1,003,671 | 1,062,381 |
| Share of (Loss) / profit for the year | | |
| - before taxation | (7,260) | (63,964) |
| - provision for taxation | - | 3,148 |
| | (7,260) | (60,816) |
| Share of other comprehensive loss | - | 2,106 |
| Balance as on September 30 | 996,411 | 1,003,671 |

| | Un-Audited September 30, 2021 (Rupees in thousand) | Audited June 30, 2021 |
|---|---|-----------------------------|
| 14 Stock-in-trade | | |
| Work in process - Pace Towers | 710,696 | 725,051 |
| Shops and houses | 1,473,009 | 1,473,008 |
| Pace Barka Properties Limited - Pace Circle | 776,187 | 776,187 |
| Pace Super Mall (Private) Limited | 354,600 | 354,600 |
| | 3,314,492 | 3,328,846 |
| Stores inventory | 1,664 | 1,434 |
| | 3,316,156 | 3,330,280 |

| | Note | Un-Audited September 30, 2021 | September 30, 2020 |
|--|------|-------------------------------------|-----------------------|
| 15 Cash generated from operations | | | |
| Loss before tax | | (103,788) | (17,587) |
| Adjustment for: | | | |
| Exchange gain on foreign currency convertible bonds | 10 | 225,111 | (36,250) |
| Provision for gratuity and leave encashment | | 2,504 | 2,493 |
| Depreciation on: | | | |
| - owned assets | 12 | 5,199 | 6,529 |
| - right of use assets | | 2,471 | 1,245 |
| Amortisation on intangible assets | | 126 | 127 |
| Gain on loan settlement | | (170,461) | - |
| Rental income | | 2,490 | - |
| Share of loss from associate | | 7,260 | 10,257 |
| Changes in fair value of investment property | | 3,939 | - |
| Markup income | | (39) | (25) |
| Finance costs | | 43,272 | 39,210 |
| Loss before working capital changes | | 18,084 | 5,999 |
| Effect on cash flow due to working capital changes: | | | |
| Decrease in stock-in-trade | | 14,125 | (123) |
| Increase in trade debts | | (30,814) | (30,633) |
| Decrease in advances, deposits and other receivables | | (1,571) | (16,578) |
| Increase in contract liability | | 1,321 | 245 |
| Increase in creditors, accrued and other liabilities | | 30,063 | 37,387 |
| | | 13,124 | (9,702) |
| | | 31,208 | (3,703) |

| | Accounting year end | Percentage of holding | Country of Incorporation |
|--|------------------------|--------------------------|-----------------------------|
| Quarter ended 30 September 2021 | | | |
| Pace Woodlands (Private) Limited | 30-Sep-21 | 52% | Pakistan |
| Pace Gujrat (Private) Limited | 30-Sep-21 | 100% | Pakistan |
| Pace Supermall (Private) Limited | 30-Sep-21 | 57% | Pakistan |
| Year ended 30 June 2021 | | | |
| Pace Woodlands (Private) Limited | 30-Jun-21 | 52% | Pakistan |
| Pace Gujrat (Private) Limited | 30-Jun-21 | 100% | Pakistan |
| Pace Supermall (Private) Limited | 30-Jun-21 | 57% | Pakistan |

17 Financial risk management

17.1 Financial risk factors

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

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

17.2 Liquidity risk

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

Management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 3.

18 Transactions with related parties

| Relationship with the Company | Nature of transactions | Un-Audited | |
|----------------------------------|---|----------------------|-----------|
| | | September | September |
| | | 30, 2021 | 30, 2020 |
| | | (Rupees in thousand) | |
| i. Associate | Guarantee commission income | 309 | 309 |
| | Purchase of inventory (PBPL) | - | 11,849 |
| ii. Others | Rental income - Media Times Limited | 2,490 | - |
| | Advance against Construction of Pace Towers- Evergreen | 1,456 | 5,107 |

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

19 Date of authorisation

These consolidated condensed interim financial statement were authorised for issue on _____, 2021 by the board of directors of the Holding Company.

20 Corresponding figures

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

Chief Executive

Chief Financial Officer

Director