

**PACE (PAKISTAN) LIMITED**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**30 SEPTEMBER 2022**

## **Pace (Pakistan) Limited**

### **Company Information**

#### **Board of Directors**

Shehryar Ali Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehrbano Taseer	Non-Executive
Mian Ehsan UI Haq	Non-Executive
Kanwar Latafat Ali Khan	Independent
Shavez Ahmad	Independent

#### **Chief Financial Officer**

Sarim Sohail

#### **Audit Committee**

Shavez Ahmad (Chairman)  
Mian Ehsan UI 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. Junaidy Shoaib and Asad  
Chartered Accountants

#### **Legal Advisers**

M/s. Ibrahim and Ibrahim  
Barristers and Corporate Consultants

#### **Bankers**

Allied Bank Limited  
Albaraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
Silkbank Limited  
Soneri Bank Limited  
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/Head Office**

First Capital House  
96-B/1, Lower Ground Floor  
M.M. Alam Road, Gulberg-III  
Lahore, Pakistan  
Tel: (042)-35778217-8

**Pace (Pakistan) Limited (“the Company” or “Pace”)  
Directors’ Report (Year Quarter Ended September 2022)**

**General Economic Overview**

Since imposing a widespread lockdown in response to the first COVID-19 wave, Pakistan has been effectively using localized lockdowns to curb the infection spread, allowing economic activity to largely continue. Expansion of the national cash transfer program, a mass vaccination campaign, accommodative macroeconomic policies, and supportive measures for the financial sector, all helped mitigate the adverse effects of the pandemic. As a result, growth of real GDP at constant factor 2015-16 prices rebounded to 5.6 percent in FY21, after contracting by 1.0 percent in FY20.

Nevertheless, long-standing structural weaknesses of the economy and low productivity growth pose risks to a sustained recovery. Strong aggregate demand pressures, in part due to previously accommodative fiscal and monetary policies, paired with the continued less conducive external environment for exports have contributed to a record-high trade deficit, weighing on the Rupee and the country’s limited external buffers.

During July-December 2021 (H1 FY22), indicators have mostly signaled positive economic momentum. With continued improvement in community mobility and still robust official remittance inflows, private consumption is estimated to have strengthened. Similarly, investment is also expected to have increased with strong growth of machinery imports and government development expenditure. Government consumption also grew strongly with vaccine procurement. On the production side, agricultural output, mainly rice and sugarcane increased, reflecting better weather conditions. Similarly, large-scale manufacturing growth rose to 7.5 percent y-o-y in H1 FY22, higher than the 1.5 percent for H1 FY21. In contrast, business and consumer confidence have fallen since June 2021, partly due to concerns about higher inflation and interest rates.

Headline inflation rose to an average of 9.8 percent y-o-y in H1 FY22 from 8.6 percent in H1 FY21, driven by surging global commodity prices and a weaker exchange rate. Similarly, core inflation has been increasing since September 2021. Accordingly, the State Bank of Pakistan has been unwinding its expansionary monetary stance since September 2021, raising the policy rate by a cumulative 275 basis points (bps) and banks’ cash reserve requirement by 100 bps.

The current account deficit (CAD) in H1 FY22 widened to US\$9.0 billion, from a surplus of US\$1.2 billion in H1 FY21, as imports values surged by 54.4 percent, doubling the 27.3 percent growth in exports values. Double-digit growth in remittances in H1 FY22 helped to finance the record-high trade deficit. The financial account recorded net inflows of US\$10.1 billion, supported by the new IMF SDR allocation, short-term Government deposits from Saudi Arabia, and a Eurobond issuance in July 2021. In January-February, the Government obtained US\$2.1 billion from International Sukuks and the IMF Extended Fund Facility (EFF). Despite these inflows, foreign exchange reserves had fallen to US\$13.5 billion by March 25, 2022, equivalent to 2.0 months of imports of goods and services. Meanwhile, the Rupee depreciated by 14.3 percent against the U.S. dollar from July 2021 to end-March 2022.

Despite the high tax revenue growth with the surge in imports, the fiscal deficit widened by 20.6 percent in H1 FY22 due to higher spending on vaccine procurement, settlement of power sector arrears, and development projects. Public debt, including guaranteed debt, reached

70.7 percent of GDP at end-December 2021, compared to 72.0 percent at end-December 2020. To complement the tighter monetary policy, the Government approved a Supplementary Finance Bill in January 2022, withdrew tax exemptions, and cut back on federal development spending, while protecting social sector spending.

With the economic recovery and improved labor market conditions, poverty measured at the lower middle-income class poverty line of \$3.20 PPP 2011 per day is estimated to have declined from 37.0 percent in FY20 to 34.0 percent in FY21. Rising food and energy inflation is expected to diminish the real purchasing power of households, disproportionately affecting poor and vulnerable households that spend a larger share of their budget on these items. In response, the Government introduced a targeted food subsidy program (Ehsaas Roshan Riyaat) in February 2022.

On the back of high base effect, recent macroeconomic adjustment measures and stronger inflation, real GDP growth is expected to slow to 4.3 percent in FY22 and to 4.0 percent in FY23. However thereafter, economic growth is projected to recover to 4.2 percent in FY24, supported by the implementation of structural reforms to support macroeconomic stability and dissipating global inflationary pressures. Inflation is estimated to rise to 10.7 percent in FY22 but moderate over the forecast horizon. Largely reflecting the imports surge in H1 FY22, the CAD is expected to widen to 4.4 percent of GDP in FY22. Macroeconomic adjustment measures and the weaker currency are expected to tame imports mostly in FY23. The CAD is expected to narrow to 3.0 percent of GDP in FY24, as reforms to reduce import tariffs and the anti-export bias of trade policy gain traction. The fiscal deficit (including grants) is projected to widen slightly to 6.2 percent of GDP in FY22, and gradually narrow over the medium term as revenue mobilization measures, particularly GST harmonization and personal income tax reform, take hold. Public debt as a share of GDP is projected to stay high, but to gradually decline over the medium term. The outlook is predicated on the IMF-EFF program remaining on-track.

Macroeconomic risks are strongly tilted to the downside. They include faster-than-expected tightening of global financing conditions, further increases in world energy prices, and the possible risk of a return of stringent COVID-19 related mobility restrictions. Domestically, political tensions and policy slippages can also lead to protracted macroeconomic imbalances.

## Company Performance and Financial Overview

The comparison of the financial results for the year ended 30<sup>th</sup> September 2022, with previous financial year is as under:

	<b>Period Ended Sept 2022</b>	<b>Period Ended Sept 2021</b>
	Rupees in '000'	
Sales	<b>61,174</b>	61,549
Cost of Sales	<b>(17,389)</b>	(15,204)
Gross Profit	<b>43,785</b>	46,345
Admin & Selling Expenses	<b>(38,213)</b>	(45,492)
Other Income	<b>2,712</b>	174,982
Exchange Gain/(loss) on foreign currency convertible bond	<b>(348,086)</b>	(225,111)
Finance Cost	<b>(40,576)</b>	(43,324)
Other Operating expenses	-	-
Gain from change in FV of investment property	<b>(23,122)</b>	(3,928)
Net profit/(loss) before tax	<b>(409,499)</b>	(96,528)

Net profit/(loss) after tax	<b>(410,263)</b>	(97,745)
Earnings/(Loss) per share (PKR)	<b>(1.47)</b>	(0.35)

During period under review, the revenue of the Company amounted to Rs. 61.174 million as compared to Rs. 61.549 million of last corresponding period. Cost of Sales amounted to Rs. 17.389 million against Rs. 15.204 of last corresponding period. Administrative expenses were Rs 38.213 million against Rs 45.492 million. Other income of the company was Rs. 2.712 million. The company also incurred an exchange loss of Rs. 348.086 million on Foreign Currency Convertible Loan due to depreciation of Pak-Rupee against dollars. Finance costs during the period amounted to Rs. 40.576 million.

As a result of aforementioned factors, the loss for the period under consideration amounted to Rs. 410.263 million as compared to last corresponding period at Rs. 97.745 million, resulting in Loss Per Share (LPS) of Rs. 1.47 as compared to LPS of Rs. 0.35 in last year.

### **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 2022.

### **The Path Forward**

Through the delivery of key development projects in 2022 - 2023 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 25<sup>th</sup>, 2022

**Director**

**Chief Executive Officer**

# Pace (Pakistan) Limited

## Condensed Interim Unconsolidated Statement of Financial Position

As at 30th September 2022

		Unaudited September 30, 2022	Audited June 30, 2022			Unaudited September 30, 2022	Audited June 30, 2022
	Note	--- (Rupees in thousand) ---			Note	--- (Rupees in thousand) ---	
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<u><i>Share capital and reserves</i></u>				<u><i>Non-current assets</i></u>			
Authorised capital	7	<u>6,000,000</u>	<u>6,000,000</u>	Property, plant and equipment	18	<u>561,611</u>	568,813
Issued, subscribed and paid-up capital	7	<u>2,788,766</u>	2,788,766	Intangible assets	19	<u>2,869</u>	2,995
Share premium	7	<u>273,265</u>	273,265	Investment property	20	<u>1,774,117</u>	1,803,240
Revaluation Surplus		<u>47,037</u>	47,037	Lease Receivable	21	<u>105,441</u>	104,096
Accumulated loss		<u>(3,531,780)</u>	(3,121,517)	Contract Asset		<u>356,817</u>	356,817
		<u>(422,712)</u>	(12,449)	Long term investments	22	<u>850,321</u>	850,321
				Long term advances and deposits	23	<u>13,619</u>	13,619
				Deferred taxation		-	-
						<u>3,664,795</u>	3,699,900
<u><i>Non-current liabilities</i></u>				<u><i>Current assets</i></u>			
Long term finances - secured	8	-	-	Stock-in-trade	24	<u>2,320,699</u>	2,312,160
Redeemable capital - secured (non-participatory)	9	-	-	Trade debts	25	<u>723,473</u>	703,149
Lease liability	10	<u>149,059</u>	151,176	Advances, deposits, prepayments and other receivables	26	<u>90,306</u>	90,468
Foreign currency convertible bonds - unsecured	11	-	-	Lease Receivable	21	<u>5,069</u>	5,069
Deferred liabilities	12	<u>48,256</u>	46,424	Income tax refundable - net	27	<u>19,145</u>	19,910
		<u>197,315</u>	197,600	Cash and bank balances	28	<u>21,187</u>	22,433
						<u>3,179,880</u>	3,153,188
<u><i>Current liabilities</i></u>						<u>6,844,675</u>	6,853,088
Contract liability	13	<u>228,595</u>	218,730			<u>6,844,675</u>	6,853,088
Current maturity of long term liabilities	14	<u>4,882,627</u>	4,525,630				
Creditors, accrued and other liabilities	15	<u>729,736</u>	719,843				
Accrued finance cost	16	<u>1,229,114</u>	1,203,734				
		<u>7,070,072</u>	6,667,937				
<b>Contingencies and commitments</b>							
	17	<u>6,844,675</u>	6,853,088				

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

# Pace (Pakistan) Limited

## Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the quarter ended 30 September 2022

		<b>July to September</b>	
		<b>2022</b>	<b>2021</b>
		<b>--- (Rupees in thousand) ---</b>	
	<i>Note</i>		
Revenue	29	<b>61,174</b>	61,549
Cost of Revenue	30	<b>(17,389)</b>	(15,204)
<b>Gross Profit</b>		<b>43,785</b>	46,345
Administrative and selling expenses	31	<b>(38,213)</b>	(45,492)
Other income	32	<b>2,712</b>	174,982
<b>Profit/ (Loss) from operations</b>		<b>8,285</b>	175,835
Finance cost	33	<b>(40,576)</b>	(43,324)
Exchange (loss)/ gain on foreign currency convertible bonds	11.2	<b>(348,086)</b>	(225,111)
Gain from change in fair value of investment property		<b>(29,122)</b>	(3,928)
<b>Loss before Taxation</b>		<b>(409,499)</b>	(96,528)
Taxation	34	<b>(765)</b>	(1,217)
<b>Loss after Taxation</b>		<b>(410,263)</b>	(97,745)
<b>Loss per share - basic and diluted</b>	35	<b>(1.47)</b>	(0.35)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

# Pace (Pakistan) Limited

## Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the quarter ended 30 September 2022

	<u>July to September</u>	
	<u>2022</u>	<u>2021</u>
	<b>--- (Rupees in thousand) ---</b>	
	<i>Note</i>	
<b>Loss for the year</b>	<b>(410,263)</b>	<b>(97,745)</b>
<b><u>Other comprehensive income for the year</u></b>		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement of net defined benefit liability	-	-
Revaluation Surplus on transfer	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(410,263)</u></b>	<b><u>(97,745)</u></b>

*The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.*

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer



# Pace (Pakistan) Limited

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

For the quarter ended 30 September 2022

		<b>July to September</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>	
<b><u>Cash flows from operating activities</u></b>			
Cash generated/ (used in) operations	36	<b>8,413</b>	31,208
Taxes paid		<b>(3,013)</b>	(4,633)
<b>Net cash generated/ (used in) from operating activities</b>		<b>5,400</b>	26,575
<b><u>Cash flow from investing activities</u></b>			
Purchase of property, plant and equipment		-	(3,921)
Income on bank deposits received	32	<b>40</b>	39
<b>Net cash used in from investing activities</b>		<b>40</b>	(3,882)
<b><u>Cash flow from financing activities</u></b>			
Payments of lease liability		<b>(6,687)</b>	(5,027)
<b>Net cash used in financing activities</b>		<b>(6,687)</b>	(5,027)
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(1,246)</b>	17,666
<b>Cash and cash equivalents - at beginning of the period</b>		<b>22,433</b>	20,243
<b>Cash and cash equivalents - at end of the quarter</b>	37	<b>21,187</b>	37,909

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Changes In Equity

For the quarter ended 30 September 2022

	Capital reserve		Revenue reserve	Total	
	Issued, subscribed and paid-up capital	Share premium	Revaluation Surplus		Accumulated loss
--- (Rupees in thousand) ---					
Balance as at 30 June 2021	2,788,766	273,265	-	(2,508,069)	553,962
<i>Total comprehensive loss for the year ended 30 June 2022</i>					
Loss after taxation	-	-	-	(618,439)	(618,439)
Other comprehensive income	-	-	47,037	4,991	52,028
	-	-	-	(613,448)	(566,411)
<b>Balance as at 30 June 2022 (Audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>(3,121,517)</b>	<b>(12,449)</b>
<i>Total comprehensive loss for the year ended 30 June 2022</i>					
Loss after taxation	-	-	-	(410,263)	(410,263)
Other comprehensive income	-	-	-	-	-
	-	-	-	(410,263)	(410,263)
<b>Balance as at 30 September 2022 (Unaudited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>(3,531,780)</b>	<b>(422,712)</b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

### 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:

<b>Sr. No.</b>	<b>Business Unit</b>	<b>Geographical Location</b>
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. -409.50 million (September 30, 2021: Rs. -96.52 million). Increase/ Decrease in loss is mainly driven by exchange loss of Rs. -348.09 million in 2022 versus loss of Rs. 225.11 million in 2021 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. 3,890.19 million (June 30, 2022: Rs. 3,514.749 million), and accumulated losses of the Company stand at Rs. 3,531.78 million (June 30, 2022: Rs. 3,121.517 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 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. 272 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. Moreover, the Company has settled its dues with Bank of Khyber against 13th floor of Pace Tower measuring 8,000 square feet during the year, as explained in note 9.3

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 2024 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 sale of its inventory in 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. 3,322 million over the period of three years. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

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.

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

### 3 Basis of preparation

#### 3.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and 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 financial statements of the Company are prepared separately.

The Company has following investments:

<u>Subsidiaries</u>	<b>Country of incorporation</b>	<b>Shareholding</b>
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>	<b>Country of incorporation</b>	<b>Shareholding</b>
Pace Barka Properties Limited	Pakistan	24.86%

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

#### 3.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 unconsolidated financial statements have been prepared under the historical cost convention except for the following:

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

#### 3.4 Functional and presentation currency

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

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

#### 4.1 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

January 1, 2023

IAS 8 - Definition of Accounting Estimates

January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the 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)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**Effective Date**  
**(Annual periods beginning on or after)**

IFRS 17 Insurance Contracts

January 1, 2023

## 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.

	Un-Audited 30 September 2022	Audited 30 June 2022	Un-Audited 30 September 2022	Audited 30 June 2022
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--- (Rupees in thousand) ---      --- (Number of Shares) ---

## 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>
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### 7.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10 each fully paid in cash	<u>2,017,045</u>	<u>2,017,045</u>	<u>201,704,516</u>	<u>201,704,516</u>
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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>

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

<b>Un-Audited</b>	Audited
<b>30 September</b>	30 June
<b>2022</b>	2022
<b>--- (Rupees in thousand) ---</b>	

### 7.3 Share premium

Share premium reserve

<b>273,265</b>	273,265
----------------	---------

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

<b>2022</b>	2022
<b>--- (Rupees in thousand) ---</b>	

### 8 Long term finances - secured

Pak Iran Joint Investment Company

<b>66,860</b>	66,860
---------------	--------

Less: Current maturity presented under current liabilities

<b>(66,860)</b>	(66,860)
-----------------	----------

Non Current portion

<b>-</b>	-
----------	---

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

	Un-Audited 30 September	Audited 30 June
	2022	2022
	--- (Rupees in thousand) ---	
<b>9 Redeemable capital - secured (non-participatory)</b>		
Term finance certificates	815,691	935,571
Settlement during the year	-	(119,880)
	<u>815,691</u>	<u>815,691</u>
Less: Current maturity presented under current liabilities	<u>(815,691)</u>	<u>(815,691)</u>
Non Current portion	<u>-</u>	<u>-</u>
<b>10 Lease liability</b>		
Present value of lease payments	181,551	183,668
Less: Current portion shown under current liabilities	<u>(32,492)</u>	<u>(32,492)</u>
	<u>149,059</u>	<u>151,176</u>
<b>11 Foreign currency convertible bonds - unsecured</b>		
Opening balance	3,610,587	2,764,027
Mark-up accrued during the year	8,910	27,667
	<u>3,619,497</u>	<u>2,791,694</u>
Exchange loss/ (gain) for the year	<u>348,086</u>	<u>818,893</u>
	<u>3,967,583</u>	<u>3,610,587</u>
Less: Current portion shown under current liabilities	<u>(3,967,583)</u>	<u>(3,610,587)</u>
Non Current portion	<u>-</u>	<u>-</u>
<b>12 Deferred liabilities</b>		
Staff gratuity	46,370	44,726
Leave encashment	1,886	1,698
	<u>48,256</u>	<u>46,424</u>
<b>13 Contract liability</b>		
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	17,000	17,000
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	5,019	5,019
Others	144,668	134,803
	<u>228,595</u>	<u>218,730</u>
<b>14 Current maturity of long term liabilities</b>		
Long term finances - secured	66,860	66,860
Redeemable capital - secured (non-participatory)	815,691	815,691
Lease liability	32,492	32,492
Foreign currency convertible bonds - unsecured	3,967,583	3,610,587
	<u>4,882,627</u>	<u>4,525,630</u>

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

	Unaudited September 30, 2022	Audited June 30, 2022
	--- (Rupees in thousand) ---	
<b>15 Creditors, accrued and other liabilities</b>		
Trade creditors	165,470	154,830
Provisions and accrued liabilities	286,676	281,321
Payable to statutory bodies	100,100	101,693
Security deposits	58,042	58,042
Rentals against investment property received in advance	23,098	23,098
Retention money	5,461	5,461
Payable to contractors	2,699	2,699
Others	88,190	92,699
	<b>729,736</b>	<b>719,843</b>
<b>16 Accrued finance cost</b>		
Long term finances - secured	18,281	18,281
Redeemable capital - secured (non-participatory)	1,210,833	1,185,453
Lease liability	-	-
	<b>1,229,114</b>	<b>1,203,734</b>

### 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 2022: 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.

#### 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 2022: 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

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

Punjab, amounting to Rs. 900 million (30 June 2022: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

		<b>Unaudited September 30, 2022</b>	Audited June 30, 2022
	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>	
<b>18 Property, plant and equipment</b>			
Operating fixed assets	<i>18.1</i>	<b>396,739</b>	401,468
Capital work in progress		<b>58,847</b>	58,847
Right-of-use assets	<i>18.2</i>	<b>106,025</b>	108,498
		<b>561,611</b>	568,813

Pace (Pakistan) Limited

Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

18.1 Operating fixed assets

	Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
(Rupees in thousand)											
Net carrying value basis											
Period ended 30 September 2022											
Opening net book value	155,152	-	125,018	(0)	11,331	84,528	2,059	2,182	225	20,972	401,468
Additions (at cost)	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(1,651)	-	(295)	(2,396)	(52)	(58)	(19)	(259)	(4,729)
Impairment charge	-	-	-	-	-	-	-	-	-	-	-
Closing net book value	155,152	-	123,367	-	11,036	82,133	2,008	2,124	206	20,713	396,739
Gross carrying value basis											
Period ended 30 September 2022											
Cost	155,152	-	221,948	-	78,794	195,955	12,060	11,801	10,280	67,732	753,722
Accumulated depreciation	-	-	(98,581)	-	(67,283)	(102,517)	(10,043)	(9,553)	(10,074)	(47,019)	(345,070)
Accumulated impairment	-	-	-	-	(475)	(11,305)	(8)	(124)	(0)	-	(11,912)
Net book value	155,152	-	123,367	-	11,036	82,133	2,008	2,124	206	20,713	396,739
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended 30 June 2022											
Opening net book value	155,152	-	88,001	41,139	16,466	102,929	1,899	2,562	94	9,110	417,352
Additions (at cost)	-	-	42,479	1,441	-	3,367	377	-	193	17,311	65,168
Disposals	-	-	-	-	(3,265)	-	-	-	-	(3,823)	(7,087)
Transfers	-	-	-	(37,130)	-	-	-	-	-	-	(37,130)
Depreciation charge	-	-	(5,462)	(5,450)	(1,395)	(10,463)	(208)	(256)	(61)	(1,626)	(24,921)
Impairment charge	-	-	-	-	(475)	(11,305)	(8)	(124)	(0)	-	(11,912)
Closing net book value	155,152	-	125,018	(0)	11,331	84,528	2,059	2,182	225	20,972	401,468
Gross carrying value basis											
As at June 2022											
Cost	155,152	-	221,948	-	78,794	195,955	12,060	11,801	10,280	67,732	753,722
Accumulated depreciation	-	-	(96,930)	-	(66,988)	(100,121)	(9,992)	(9,495)	(10,055)	(46,760)	(340,341)
Accumulated impairment	-	-	-	-	(475)	(11,305)	(8)	(124)	(0)	-	(11,912)
Net book value	155,152	-	125,018	-	11,331	84,528	2,059	2,182	225	20,972	401,468
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	

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

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

\*\*\* Building on leasehold land represents 8,227 square feet (2021: 8,227 square feet) relating to 2nd and 3rd floors of Fortress Project, Lahore the right of which had been acquired for 33 years in 2011 from Fortress Stadium management, Lahore Cantt. During the current year the said property was transferred to investment property because it was no longer used by the Company and it was decided that the building would be leased to the third party. Immediately before the transfer, the building was remeasured at the fair value and a revaluation surplus of Rs. 47.037 million was recognized in OCI. The valuation techniques and significant input used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at reporting date.

Pace (Pakistan) Limited  
Notes to the Condensed Interim Unconsolidated Financial Statements  
For the quarter ended 30 September 2022

	Un-Audited 30 September 2022 --- (Rupees in thousand) ---	Audited 30 June 2022
<b>18.2 Right-of-use assets</b>		
<b>Land</b>		
<i>Cost</i>		
Balance as at 01 July	119,496	119,496
Additions / (deletions) during the year	-	-
Balance as at 30 June	<u>119,496</u>	<u>119,496</u>
<i>Accumulated depreciation</i>		
Balance as at 01 July	(14,320)	(9,550)
Depreciation charge during the year	(1,195)	(4,770)
Balance as at 30 June	<u>(15,515)</u>	<u>(14,320)</u>
<b>Closing net book value</b>	<u>103,981</u>	<u>105,176</u>
<b>Rate of depreciation</b>	<u>4%</u>	<u>4%</u>
<b>Electrical equipment</b>		
<i>Cost</i>		
Balance as at 01 July	15,339	15,339
Additions / (deletions) during the year	-	-
Balance as at 30 June	<u>15,339</u>	<u>15,339</u>
<i>Accumulated depreciation</i>		
Balance as at 01 July	(12,017)	(6,903)
Depreciation charge during the year	(1,279)	(5,114)
Balance as at 30 June	<u>(13,296)</u>	<u>(12,017)</u>
<b>Closing net book value</b>	<u>2,043</u>	<u>3,322</u>
<b>Rate of depreciation</b>	<u>#####</u>	<u>40%</u>
<b>19 Intangible assets</b>		
Optical fiber	2,614	2,733
Computer software	255	262
	<u>2,869</u>	<u>2,995</u>
<b>19.1 Optical fiber - Royalty</b>		
Cost	9,508	9,508
<i>Accumulated amortisation</i>		
As at 01 July	(6,775)	(6,299)
Amortisation for the year	(119)	(476)
Balance as at 30 June	<u>(6,894)</u>	<u>(6,775)</u>
Book value as at 30 June	<u>2,614</u>	<u>2,733</u>
<b>Rate of amortisation</b>	<u>5%</u>	<u>5%</u>
<b>19.2 Computer software</b>		
Cost	2,878	2,878
<i>Accumulated amortisation</i>		
As at 01 July	(2,616)	(2,587)
Amortisation for the year	(7)	(29)
Balance as at 30 June	<u>(2,623)</u>	<u>(2,616)</u>
Book value as at 30 June	<u>255</u>	<u>262</u>
<b>Rate of amortisation</b>	<u>#####</u>	<u>10%</u>





## Pace (Pakistan) Limited

### Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

#### 23 Long term advances and deposits

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

#### 24 Stock-in-trade

		Unaudited September 30, 2022	Audited June 30, 2022
	Note	--- (Rupees in thousand) ---	
Land not under development	24.1	21,600	21,600
Land purchased for resale	24.2	900,000	900,000
Work in progress			
- Pace Tower	24.3	550,806	542,267
- Pace Circle	24.4	670,650	670,650
Completed units - shops		<u>177,200</u>	177,200
		<u>2,320,256</u>	2,311,717
Stores inventory		<u>443</u>	443
		<u><u>2,320,699</u></u>	<u>2,312,160</u>

**24.1** 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.

**24.2** This represents plot purchased for resale purposes amounting to Rs. 900 million (June 30, 2022: Rs. 900 million).

**24.3** Included in work in progress are borrowing costs of Rs. 101 million (June 30, 2022: Rs. 101 million).

**24.4** 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.

#### 25 Trade debts

##### Secured

Considered good	25.1	701,176	701,176
Unsecured		<u>360,110</u>	339,786
		<u>1,061,286</u>	1,040,962
Less: Impairment allowance		<u>(337,813)</u>	(337,813)
		<u><u>723,473</u></u>	<u>703,149</u>

**25.1** This includes the following amounts due from related parties:

Remy Apparel (Formerly Rema and Shehrbano)	4,738	4,738
First Capital Investment Limited & First Capital Mutual Fund	4,580	4,580
First Capital Equities Limited	118,441	118,441
First Capital Securities Corporation Limited	6,681	6,681
Connatural Cosmetics	<u>1,450</u>	1,450
	<u><u>135,890</u></u>	<u>135,890</u>

#### 26 Advances, deposits, prepayments and other receivables

Advances - considered good:

- to employees	26.1	17,263	17,263
- to suppliers		16,949	17,391
Security deposits		785	785
Others - considered good	26.3	<u>55,309</u>	55,029
	26.2	<u><u>90,306</u></u>	<u>90,468</u>

**26.1** Advances to employees include advances against salary and gratuity, repayable within one year and at the time of final settlement, respectively. This includes Rs. 4.34 million (June 30, 2022: Rs. 4.34 million) advance given to executive employee of the Company.

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

**26.2** The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 16.91 million (June 30, 2022: Rs. 16.91 million)

**26.3** This includes rent receivable from a related party 'Media Times Pvt. Limited' amounting to Rs. 10.61 million (June 30, 2022: Rs. 10.84 million). The amount also includes impairment allowance of Nil (June 30, 2022: Nil) recognised in the current year.

		<b>Unaudited September 30, 2022</b>	Audited June 30, 2022
	<i>Note</i>	--- (Rupees in thousand) ---	
<b>27 Income tax refundable - net</b>			
Income tax refundable	27.1	42,365	42,365
Provision for taxation - current		<u>(23,220)</u>	<u>(22,456)</u>
		<b>19,145</b>	<b>19,910</b>

**27.1** 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.

## 28 Cash and bank balances

Cash in hand		7	18
Cash at banks			
- Current accounts	28.1	20,861	22,096
- Saving accounts	28.2	319	319
		<u>21,180</u>	<u>22,415</u>
		<b>21,187</b>	<b>22,433</b>

**28.1** This includes Rs. 17 million (June 30, 2022: Rs. 17 million) on which lien is marked against sale of property to MCB for further development charges at Pace Tower.

**28.2** This carries profit at the rates ranging from 12.25% to 13.5% (June 30, 2022: 5.5% to 12.25%) per annum.

		Un-Audited	
		<b>30 September 2022</b>	30 September 2021
	<i>Note</i>	--- (Rupees in thousand) ---	
<b>29 Revenue</b>			
Sale of Pace Tower units		-	-
Sale of Completed Units - Others		-	-
Sale of Land		-	-
Display of advertisements		17,278	9,670
Service charges - net	29.1	25,652	43,969
<b>Revenue from contract with customers</b>		<u>42,931</u>	<u>53,639</u>
<b>Other revenue</b>			
Rental income from lease of investment property		18,244	7,910
<b>Total revenue</b>		<u>61,174</u>	<u>61,549</u>

## 29.1 Services charges - net

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

	2022	2021
	--- (Rupees in thousand) ---	
Insurance	659	-
Fuel and power	34,873	18,313
Janitorial and security charges	845	1,271
	<u>36,377</u>	<u>19,584</u>

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

		Un-Audited	
		30 September 2022	30 September 2021
		--- (Rupees in thousand) ---	
<b>30</b>	<b>Cost of revenue</b>		
	Shops and commercial buildings sold		
	- at percentage of completion basis	-	-
	- at completion of project basis	-	-
	Stores operating expenses	17,389	15,204
		<b>17,389</b>	<b>15,204</b>
<b>30.1</b>	<b>Stores operating expenses</b>		
	Salaries, wages and benefits	7,306	6,131
	Rent, rates and taxes	1,825	-
	Depreciation on owned assets	2,695	3,791
	Depreciation on right-of-use assets	2,473	2,471
	Repairs and maintenance	2,492	2,776
	Others	598	35
		<b>17,389</b>	<b>15,204</b>
<b>31</b>	<b>Administrative and selling expenses</b>		
	Salaries, wages and benefits	13,908	17,649
	Travelling and conveyance	276	390
	Rent, rates and taxes	-	653
	Printing and stationery	45	80
	Repairs and maintenance	9,259	5,783
	Motor vehicles running	56	44
	Communications	85	120
	Advertising and sales promotion	1,500	3,000
	Depreciation on owned assets	2,035	1,408
	Amortisation on intangible assets	126	126
	Legal and professional	350	651
	Commission	1,581	601
	Office expenses	8,779	14,669
	Other expenses	213	318
		<b>38,213</b>	<b>45,492</b>
<b>32</b>	<b>Other income</b>		
	<b><u>Income from financial assets</u></b>		
	Mark-up on bank accounts	40	39
	Commission on guarantee	-	309
	Finance Income from Lease Receivable	2,612	2,490
	<b><u>Others</u></b>		
	Income from parking and storage	60	1,683
	Others	-	170,461
		<b>2,712</b>	<b>174,982</b>

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

	Un-Audited	
	30 September 2022	30 September 2021
	--- (Rupees in thousand) ---	
<b>33 Finance cost</b>		
Interest and mark-up on:		
- Long term finances - secured	-	1,543
- Foreign currency convertible bonds - unsecured	8,910	6,756
- Redeemable capital - secured (non-participatory)	25,380	29,159
- Notional interest on lease liability	6,237	5,814
	<b>40,527</b>	<b>43,272</b>
Bank charges and processing fee	49	52
	<b>40,576</b>	<b>43,324</b>
<b>34 Taxation</b>		
Income Tax		
- Current Year	765	1,217
	<b>765</b>	<b>1,217</b>

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 2021: Minimum Tax Regime under section Section 113 of Income Tax Ordinance, 2001).

### 35 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 2022 (30 September 2021: Nil).

	Un-Audited	
	30 September 2022	30 September 2021
	--- (Rupees in thousand) ---	
Loss for the year	<b>(410,263)</b>	<b>(97,745)</b>
Weighted average number of ordinary shares outstanding during the year	<b>278,877</b>	<b>278,877</b>

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

	Note	July to September	
		2022	2021
		--- (Rupees in thousand) ---	
<b>36 Cash generated/ (used in) from operations</b>			
Loss before tax		(409,499)	(96,528)
Adjustment for:			
Exchange (gain)/ loss on foreign currency convertible bonds	11.2	348,086	225,111
Provision for gratuity and leave encashment	12.1 & 12.2	1,832	2,504
Depreciation on owned assets	18.3	4,730	5,199
Depreciation on right-of-use assets	18.3	2,473	2,471
Amortisation on intangible assets	19	126	126
Changes in fair value of investment property	20	29,122	3,939
Rental income		-	2,490
Finance costs	33	40,527	43,272
Mark-up income	32	(40)	(39)
Gain on loan settlement	32	-	(170,461)
<b>(Loss) / Gain before working capital changes</b>		<b>17,357</b>	<b>18,084</b>
<i>Effect on cash flow due to working capital changes:</i>			
(Increase)/ Decrease in stock-in-trade		(8,539)	14,125
(Increase)/ Decrease in trade debts		(20,324)	(30,814)
(Increase)/ Decrease in advances, deposits and other receivables		162	(1,571)
Increase/ (Decrease) in contract liability		9,865	1,321
Increase/ (Decrease) in creditors, accrued and other liabilities		9,893	30,063
		(8,944)	13,124
		<b>8,413</b>	<b>31,208</b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>September 30,</b>	<b>June 30,</b>
		<b>2022</b>	<b>2022</b>
		<b>--- (Rupees in thousand) ---</b>	
<b>37 Cash and cash equivalents</b>			
Cash and bank balances	28	<b>21,187</b>	<b>22,433</b>

Pace (Pakistan) Limited

Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

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

	30 September 2022 (Un-audited)							
	Equity			Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Revaluation Surplus	Long term finances - secured	Redeemable capital - secured (non-participatory)	Lease liability	Foreign currency convertible bonds - unsecured	Accrued finance cost
	--- (Rupees in thousand) ---							
<b>Balance as at 01 July 2022</b>	<b>2,788,766</b>	<b>273,265</b>	<b>47,037</b>	<b>66,860</b>	<b>813,558</b>	<b>183,668</b>	<b>3,610,587</b>	<b>1,203,734</b>
<b><u>Cash flows</u></b>								
Long term loan paid during the year	-	-	-	-	-	-	-	-
Repayment of lease rentals	-	-	-	-	-	(6,687)	-	-
Finance cost paid	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,687)</b>	<b>-</b>	<b>-</b>
<b><u>Non-cash changes</u></b>								
Exchange (gain)/ loss	-	-	-	-	-	-	348,086	-
Recognized during the year	-	-	-	-	-	-	-	-
Waiver of interest	-	-	-	-	-	-	-	-
Debt Asset Swap	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-
Lease Liability recognized during the year	-	-	-	-	-	-	-	-
Reclassified to accrued liabilities	-	-	-	-	-	(1,667)	-	-
Finance cost/unwinding of interest expense	-	-	-	-	-	6,237	8,910	25,380
<b>Total non-cash changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,570</b>	<b>356,996</b>	<b>25,380</b>
<b>Balance as at 30 September 2022</b>	<b>2,788,766</b>	<b>273,265</b>	<b>47,037</b>	<b>66,860</b>	<b>813,558</b>	<b>181,551</b>	<b>3,967,583</b>	<b>1,229,114</b>

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

	30 June 2022 (Audited)							
	Equity			Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Revaluation Surplus	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	1,291,112
<i>Cash flows</i>								
Long term loan paid during the year	-	-	-	-	(22,133)	-	-	-
Repayment of lease rentals	-	-	-	-	-	(24,796)	-	-
Finance cost paid	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	-	-	(22,133)	(24,796)	-	-
<i>Non-cash changes</i>								
Exchange (gain)/ loss	-	-	-	-	-	-	818,893	-
Recognized during the year	-	-	47,037	-	-	-	-	-
Waiver of interest	-	-	-	-	-	-	-	(149,715)
Debt Asset Swap	-	-	-	-	(99,880)	-	-	-
Settlement	-	-	-	-	-	(6,046)	-	(41,352)
Lease Liability recognized during the year	-	-	-	-	-	13,663	-	-
Reclassified to accrued liabilities	-	-	-	-	-	(3,813)	-	-
Finance cost/unwinding of interest expense	-	-	-	-	-	24,617	27,667	103,689
Total non-cash changes	-	-	47,037	-	(99,880)	28,421	846,560	(87,378)
Balance as at 30 June 2022	2,788,766	273,265	47,037	66,860	813,558	183,668	3,610,587	1,203,734

## Pace (Pakistan) Limited

### Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

#### 39 Transactions with related parties

The related parties comprise of subsidiary companies, associated company, other related companies, directors of the Company and entities under common directorship and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these unconsolidated financial statements. 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	Un-Audited
			30 September 2022	30 September 2021
			--- (Rupees in thousand) ---	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	-	309
Ever Green Water Valley (Private) Limited	Common Directorship	Purchase of goods and services	8,539	1,456
Media Times Limited	Common Directorship	Rental income	1,267	2,490
		Advertisement expense on behalf of Pace	1,500	-

# Pace (Pakistan) Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

### 40 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

#### Risk management framework

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

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

#### 40.1 Credit risk

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

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

		Un-Audited 30 September 2022	Audited 30 June 2022
	Note	--- (Rupees in thousand) ---	
Long term advances and deposits		13,619	13,619
Trade debts	25	723,473	703,149
Advances, deposits, prepayments and other receivables	26	73,357	73,077
Bank balance	28	21,180	22,415
Lease Receivable	21	110,510	109,165
Contract asset		356,817	356,817
		<u>1,298,957</u>	<u>1,278,241</u>

#### 40.2 Liquidity risk

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

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

#### 40.3 Market risk

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

## Pace (Pakistan) Limited

### Notes to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

#### 40.4 Currency risk

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

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

	Un-Audited 30 September 2022	Audited 30 June 2022
	--- (USD in thousand) ---	
Foreign Currency Convertible Bonds - USD	<u>17,522</u>	<u>17,483</u>

The exchange rate applicable at the reporting date is 226.43 (June 30, 2022: 206.52)

#### 40.5 Interest rate risk

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

	Note	Un-Audited		Audited	
		30-Sep-22		20-Jun-22	
		Financial asset	Financial liability	Financial asset	Financial liability
		--- (Rupees in thousand) ---			
<b><u>Non-derivative financial - instruments</u></b>					
<b>Fixed rate instruments</b>					
Long term finances - secured	8	-	66,860	-	66,860
Foreign currency convertible bonds	11	-	3,967,583	-	3,610,587
Lease liability	10	-	181,551	-	183,668
Cash at bank	28	319	-	319	-
<b>Variable rate instruments</b>					
Redeemable capital - secured	9	-	815,691	-	815,691
		<u>319</u>	<u>5,031,685</u>	<u>319</u>	<u>4,676,807</u>

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.

#### 40.6 Other price risk

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

#### 40.7 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. 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 to the Condensed Interim Unconsolidated Financial Statements

For the quarter ended 30 September 2022

	<b>Un-Audited</b>	Audited
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	--- (Rupees in thousand) ---	
Total liabilities	7,267,387	6,865,537
Less: cash and cash equivalents	<u>(21,187)</u>	<u>(22,433)</u>
<b>Net debt</b>	<b><u>7,246,199</u></b>	<b><u>6,843,104</u></b>
Total equity	<u>(422,712)</u>	<u>(12,449)</u>
<b>Net debt to equity ratio</b>	<b><u>(17.14)</u></b>	<b><u>(549.69)</u></b>

### 41 Date of authorization for issue

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

### 42 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 2022**

**PACE (PAKISTAN) GROUP**

Consolidated Condensed Interim Statement of Financial Position

As at 30 September 2022

Note	Unaudited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 600,000,000 (30 June 2022: 600,000,000) ordinary shares of Rs 10 each	<b>6,000,000</b>	6,000,000
Issued, subscribed and paid up capital 278,876,604 (30 June 2022: 278,876,604) ordinary shares of Rs 10 each	<b>2,788,766</b>	2,788,766
Share premium	<b>287,307</b>	287,307
Revaluation Surplus	<b>47,037</b>	47,037
Accumulated loss	<b>(3,064,710)</b>	(2,661,298)
	<b>58,400</b>	461,812
<b>NON-CONTROLLING INTEREST</b>	<b>87,030</b>	87,030
	<b>145,430</b>	548,842

**NON-CURRENT LIABILITIES**

Long term finances - secured	7	-	-
Redeemable capital - secured (non-participatory)	8	-	-
Liabilities against assets subject to finance lease		<b>149,059</b>	151,176
Foreign currency convertible bonds - unsecured	9	-	-
Deferred liabilities		<b>48,256</b>	46,424
Deferred taxation		<b>50,888</b>	62,904
		<b>248,203</b>	260,504

**CURRENT LIABILITIES**

Contract liability	<b>229,595</b>	219,730
Current portion of long term liabilities	<b>4,882,626</b>	4,525,630
Creditors, accrued and other liabilities	<b>766,860</b>	757,042
Accrued finance cost	<b>1,229,114</b>	1,203,734
	<b>7,108,195</b>	6,706,136

**CONTINGENCIES AND COMMITMENTS**

10	-	-
	<b>7,501,828</b>	7,515,482

**ASSETS**

**NON-CURRENT ASSETS**

Note	Unaudited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022	
Property, plant and equipment	11	561,611	568,813
Intangible assets		<b>2,869</b>	2,995
Investment property	12	<b>1,774,117</b>	1,803,240
Lease Receivable		<b>105,441</b>	104,096
Contract Asset		<b>356,817</b>	356,817
Investment in equity-accounted investee	13	<b>1,172,926</b>	1,178,011
Long term advances and deposits		<b>15,248</b>	15,248
		<b>3,989,029</b>	4,029,220

**CURRENT ASSETS**

Stock-in-trade	15	2,653,699	2,645,160
Trade debts - unsecured		<b>723,473</b>	703,149
Advances, deposits, prepayments and other receivables		<b>90,306</b>	90,469
Lease Receivable		<b>5,069</b>	5,069
Income tax recoverable		<b>19,045</b>	19,962
Cash and bank balances		<b>21,207</b>	22,453
		<b>3,512,799</b>	3,486,262
		<b>7,501,828</b>	7,515,482

The annexed notes from 1 to 20 form an integral part of these consolidated 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 2022**

	<b>July to September</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Rupees in thousand)</b>	
Sales	<b>61,174</b>	61,549
Cost of sales	<b>(17,389)</b>	(15,204)
<b>Gross profit</b>	<b>43,785</b>	46,345
Administrative and selling expenses	<b>(38,213)</b>	(45,492)
Other income	<b>2,712</b>	174,982
<b>Profit/ (loss) from operations</b>	<b>8,284</b>	175,835
Finance costs	<b>(40,576)</b>	(43,324)
Share of loss from associate - net of tax	<b>(5,085)</b>	(7,260)
Exchange (loss) / gain on foreign currency convertible bond	<b>(348,086)</b>	(225,111)
Loss from change in fair value of investment property	<b>(29,122)</b>	(3,928)
<b>Loss before tax</b>	<b>(414,585)</b>	(103,788)
Taxation	<b>11,173</b>	10,799
<b>Loss for the period</b>	<b>(403,412)</b>	(92,989)
<b>Total comprehensive loss for the period</b>	<b>(403,412)</b>	(92,989)
Attributable to:		
Equity holders of the parent	<b>(403,412)</b>	(92,989)
Non-controlling interest	<b>-</b>	-
	<b>(403,412)</b>	(92,989)
Loss per share attributable to ordinary shareholders		
- basic loss per share	<b>(1.45)</b>	(0.33)

The annexed notes from 1 to 20 form an integral part of these consolidated 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 2022**

		<b>September 30,</b>	
	<b>Note</b>	<b>2022</b>	<b>2020</b>
		<b>(Rupees in thousand)</b>	
<b>Cash flow from operating activities</b>			
Cash generated from / (used in) operations	15	<b>8,414</b>	31,208
Finance costs paid		-	-
Taxes paid		<b>(3,013)</b>	(4,633)
<b>Net cash generated from / (used in) operating activities</b>		<b>5,401</b>	26,575
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		-	(3,921)
Markup received		<b>40</b>	39
<b>Net cash (used in) / generated from investing activities</b>		<b>40</b>	(3,882)
<b>Net cash used in financing activities</b>		<b>(6,687)</b>	(5,027)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,246)</b>	17,666
Cash and cash equivalents at the beginning of the period		<b>22,453</b>	20,243
<b>Cash and cash equivalents at the end of the period</b>		<b>21,207</b>	37,909

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

**Chief Executive**

**Chief Financial Officer**

**Director**

Pace (Pakistan) Limited  
Consolidated Statement of Changes In Equity  
For the quarter ended September 30, 2022

	Capital reserve			Revenue reserve		Total equity attributable to owners of the Parent Company	Non-controlling Interests	Total Equity
	Issued, subscribed and paid-up capital	Share premium	Revaluation Surplus	Share in reserves of associates	Accumulated loss			
	--- (Rupees in thousand) ---							
<b>Balance as at 30 June 2021</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>14,042</b>	<b>(2,195,964)</b>	<b>880,109</b>	<b>87,030</b>	<b>967,139</b>
<i>Total comprehensive loss for the year ended 30 June 2022</i>								
Profit/ (Loss) after taxation	-	-	-	-	(725,482)	(725,482)	-	(725,482)
Other comprehensive income	-	-	47,037	-	260,148	307,186	-	307,186
	-	-	<b>47,037</b>	-	<b>(465,334)</b>	<b>(418,296)</b>	-	<b>(418,296)</b>
<b>Balance as at 30 June 2022 (Audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>47,037</b>	<b>14,042</b>	<b>(2,661,298)</b>	<b>461,813</b>	<b>87,030</b>	<b>548,843</b>
<i>Total comprehensive loss for the year ended 30 September 2022</i>								
Profit/ (Loss) after taxation	-	-	-	-	(403,412)	(403,412)	-	(403,412)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	<b>(403,412)</b>	<b>(403,412)</b>	-	<b>(403,412)</b>
<b>Balance as at 30 September 2022 (Un-audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>47,037</b>	<b>14,042</b>	<b>(3,064,710)</b>	<b>58,401</b>	<b>87,030</b>	<b>145,431</b>

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

## **PACE (PAKISTAN) GROUP**

### **Notes Forming Part of the Consolidated Condensed Interim consolidated condensed interim financial statement for the Quarter Ended 30 September 2022**

#### **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 comprise of:

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

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

## **3. Going concern assumption**

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 3,595.4 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. 272 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. Moreover, the Company has settled its dues with Bank of Khyber against 13th floor of Pace Tower measuring 8,000 square feet during the year.

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 2024 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 sale of its inventory in 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. 3,322 million over the period of three years. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

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.

#### 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 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 2022.

		Un-Audited September 30, 2022	Audited June 30, 2022
		(Rupees in thousand)	
	Note		
<b>7 Long term finances - secured</b>			
Pak Iran Loan	7.1	<u>66,860</u>	<u>66,860</u>
		<b>66,860</b>	66,860
Less: Current portion shown under current liabilities		<u>(66,860)</u>	<u>(66,860)</u>
		<u>-</u>	<u>-</u>

#### 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:

	<b>Un-Audited September 30, 2022</b>	<b>Audited June 30, 2022</b>
	--- (Rupees in thousand) ---	
As at beginning	66,860	66,860
Add: Amortized during the period	-	-
Adjustment on account of default		
As at end	<u><u>66,860</u></u>	<u><u>66,860</u></u>

### 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		<b>815,691</b>	815,691
Less: Current portion shown under current liabilities	8.1	<b>(815,691)</b>	(815,691)
		<u>-</u>	<u>-</u>

### 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.

<b>9</b>	<b>Note</b>	<b>Un-Audited September 30, 2022</b>	<b>Audited June 30, 2022</b>
<b>Foreign currency convertible bonds - unsecured</b>		<b>(Rupees in thousand)</b>	
Opening balance		<b>3,610,587</b>	2,764,027
Markup accrued during the year		<b>8,910</b>	27,667
		<b>3,619,497</b>	2,791,694
Exchange loss for the year		<b>348,086</b>	818,893
		<b>3,967,583</b>	3,610,587
Less: Current portion shown under current liabilities		<b>(3,967,583)</b>	(3,610,587)
		<b>-</b>	-

#### **10 Contingencies and commitments**

##### **10.1 Contingencies**

**10.1.1** Claims against the Company not acknowledged as debts amounting to Rs.21.64 million (30 June 2022: Rs.21.64 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 (related party), amounts to Rs. Rs. 26.27 million (30 June 2022: 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 2022: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

		<b>Un-Audited September 30, 2022</b>	<b>Audited June 30, 2022</b>
<b>(Rupees in thousand)</b>			
<b>11</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	396,739	401,468
	Capital work-in-progress	58,847	58,847
	Assets subject to finance lease	106,025	108,498
		<b>561,611</b>	<b>568,813</b>
<b>11.1</b>	<b>Operating fixed assets</b>		
	Book value at beginning of the period / year	<b>401,468</b>	417,352
	Add:		
	- Additions during the period / year	-	65,168
		-	65,168
		<b>401,468</b>	<b>482,520</b>
	Less:		
	- Disposals during the period / year - at book value	-	(44,217)
	- Depreciation charged during the period / year	<b>(4,729)</b>	(36,835)
		<b>(4,729)</b>	(81,052)
	Book value at end of the period / year	<b>396,739</b>	<b>401,468</b>
<b>12</b>	<b>Investment property</b>		
	Opening value	<b>1,803,239</b>	1,467,614
	Initial Recognition of ROU	-	13,663
	Fair value gain/ (loss) on recognition of ROU	-	(3,777)
	Transfer from Inventory at cost	-	228,190
	Transfer from PPE at cost	-	84,167
	Closing value before revaluation as at September 30	<b>1,803,239</b>	1,789,857
	Fair value gain recognised in profit and loss account	<b>(29,122)</b>	13,382
	Fair value as at September 30	<b>1,774,117</b>	1,803,239
<b>13</b>	<b>Long term investments</b>		
	<b>Associate - unquoted</b>	1,172,926	1,178,011
	Pace Barka Properties Limited		
	75,875,000 (June 2022: 75,875,000) fully paid		
	ordinary shares of Rs 10 each		
	Equity held 24.9% (30 June 2022: 24.9%)	<b>1,172,926</b>	<b>1,178,011</b>

	<b>Un-Audited September 30, 2022</b>	Audited June 30, 2022
	<b>(Rupees in thousand)</b>	
<b>13.1 Associate - unquoted</b>		
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	419,360	245,020
	<u>1,178,011</u>	<u>1,003,671</u>
Share of (Loss) / profit for the year		
- before taxation	(5,085)	(65,302)
- provision for taxation	-	(15,515)
	(5,085)	(80,817)
Share of other comprehensive loss	-	255,157
Balance as on September 30	<u>1,172,926</u>	<u>1,178,011</u>

	<b>Un-Audited September 30, 2022</b>	Audited June 30, 2022
	<b>(Rupees in thousand)</b>	
<b>14 Stock-in-trade</b>		
Work in process - Pace Towers	550,806	542,267
Shops and houses	1,077,200	1,077,200
Pace Barka Properties Limited - Pace Circle	670,650	670,650
Pace Super Mall (Private) Limited	354,600	354,600
	<u>2,653,256</u>	<u>2,644,717</u>
Stores inventory	443	443
	<u><b>2,653,699</b></u>	<u><b>2,645,160</b></u>

	<b>Note</b>	<b>Un-Audited September 30, 2022</b>	September 30, 2021
<b>15 Cash generated from operations</b>			
Loss before tax		(414,585)	(103,788)
Adjustment for:			
Exchange gain on foreign currency convertible bonds	10	348,086	225,111
Provision for gratuity and leave encashment		1,832	2,504
Depreciation on:			
- owned assets	12	4,730	5,199
- right of use assets		2,473	2,471
Amortisation on intangible assets		126	126
Gain on loan settlement		-	(170,461)
Rental income		-	2,490
Share of loss from associate		5,085	7,260
Changes in fair value of investment property		29,123	3,939
Markup income		(40)	(39)
Finance costs		40,527	43,272
Loss before working capital changes		<u>17,357</u>	<u>18,084</u>
Effect on cash flow due to working capital changes:			
Decrease in stock-in-trade		(8,539)	14,125
Increase in trade debts		(20,324)	(30,814)
Decrease in advances, deposits and other receivables		162	(1,571)
Increase in contract liability		9,865	1,321
Increase in creditors, accrued and other liabilities		9,893	30,063
		<u>(8,943)</u>	<u>13,124</u>
		<u><b>8,414</b></u>	<u><b>31,208</b></u>

16		Accounting year end	Percentage of holding	Country of Incorporation
	<b>Quarter ended 30 September 2021</b>			
	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
	<b>Year ended 30 June 2021</b>			
	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 30, 2022	September 30, 2021
		(Rupees in thousand)	
i. Associate	Guarantee commission income	309	309
ii. Others	Rental income - Media Times Limited	1,267	2,490
	Advance against Construction of Pace Towers-Evergreen	-	1,456

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 \_\_\_\_\_, 2022 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