

**PACE (PAKISTAN) LIMITED**

HALF YEAR ACCOUNTS (Un-Audited)

DECEMBER 31, 2022

## **Pace (Pakistan) Limited**

### **Company Information**

#### **Board of Directors**

Shehryar Ali Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehribano Taseer	Non-Executive
Umair Fakhar Alam	Non-Executive
Kanwar Latafat Ali Khan	Independent
Shavez Ahmad	Independent

#### **Chief Financial Officer**

Sarim Sohail

#### **Audit Committee**

Shavez Ahmad (Chairman)  
Umair Fakhar Alam  
Kanwar Latafat Ali Khan

#### **Human Resource and Remuneration (HR&R) Committee**

Shavez Ahmad (Chairman)  
Aamna Taseer  
Kanwar Latafat Ali Khan

#### **Company Secretary**

Sajjad Ahmad

#### **Auditors**

Junaidy Shoaib Asad  
Chartered Accountants

#### **Legal Advisers**

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

#### **Bankers**

Allied Bank Limited  
Albaraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
Silkbank Limited

#### **Registrar and Shares Transfer Office**

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

#### **Registered Office**

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

## **Pace (Pakistan) Limited (“the Company” or “Pace”) Directors’ Report (Period Ended Dec-2022)**

### **General Economic Overview**

In early FY23, Pakistan's economy was undergoing an overdue adjustment, as it recovered from the impacts of COVID-19. Supported by accommodative macroeconomic policies, the economy expanded by 6.0 percent in FY22. Strong domestic demand, coupled with low productivity growth, high world commodity prices, and the global economic slowdown contributed to severe external imbalances. To stabilize the economy, the Government began implementing a range of policies to constrain aggregate demand, including a contractionary budget and increases in administered energy prices. As a result of stabilization measures, growth was expected to slow, the exchange rate was expected to stabilize, total public debt was expected to decline gradually from current high levels, while foreign exchange reserves were expected to slowly accumulate.

Recent floods have had enormous human and economic impacts. Pakistan has been experiencing heavy monsoon rains since June 2022 leading to catastrophic and unprecedented flooding. Economic impacts are concentrated in the agricultural sector, with over 9.4 million acres of cultivated land destroyed, resulting in significant losses to cotton, date, wheat, and rice crops. Lower agriculture output is expected to negatively impact industrial and services sector activity, especially given textile sector reliance on cotton (textiles account for around 25 percent of industrial output). Flooding will impose a lingering drag on output through infrastructure damage, disruption to crop cycles, possible financial sector impacts (microfinance institutions report major solvency problems), and loss of human capital. Preliminary estimates suggest that as a direct consequence of the flood, the national poverty rate will increase by 2.5 to 4.0 percentage points, pushing between 5.8 and 9.0 million people into poverty.

The economic impacts of flooding is likely to delay much-needed economic adjustment. Growth is now expected to reach only around 2 percent in FY23. Due to higher energy prices, the weaker Rupee, and flood-related disruptions to agricultural production, inflation is projected to rise to around 23 percent in FY23. With disruptions to exports (especially textiles) and higher import needs (food and cotton), the current account deficit is expected to narrow only slightly to around 4.3 percent of GDP in FY23 (from 4.6 percent in FY22). The fiscal deficit (including grants) is projected to narrow only modestly to around 6.9 percent of GDP in FY23 (relative to a budgeted deficit of 4.7 percent), reflecting both negative revenue impacts from flooding and increased expenditure needs.

The Government faces a difficult policy challenge in supporting relief and recovery while maintaining progress towards macroeconomic stabilization. Significant downside risks include: i) unexpected damages from the floods as on-the-ground damage assessments continue ii) political instability which may undermine a coherent and timely policy response; iii) worsening external conditions, including unforeseen increases in global commodity prices and interest rates; and iv) risks associated with large domestic and external financing needs, especially in the context banking sector liquidity constraints. To manage these risks, it will be critical to adhere to sound overall economic management and buttress market sentiment, including through articulating and effectively implementing a clear strategy for economic recovery; constraining fiscal expenditures to the extent possible and carefully targeting any new expenditures; maintaining a tight monetary stance and flexible exchange rate; and remaining on-track with critical structural reforms, including in the energy sector.



## Company Performance and Financial Overview

The comparison of the financial results for the year ended 31<sup>st</sup> December 2022, with previous financial year is as under:

	Period End Dec 31 2022	Period End Dec 31 2021
	Rupees in '000'	
Sales	141,334	712,232
Cost of Sales	(31,516)	(537,573)
Gross Profit	109,818	174,659
Admin & Selling Expenses	(124,942)	(92,531)
Other Income	65,717	188,034
Exchange Gain/(loss) on foreign currency convertible bond	(360,186)	(353,482)
Finance Cost	(100,225)	(70,610)
Gain from change in FV of investment property	(5,140)	(10,641)
Net profit/(loss) before tax	(418,567)	(167,342)
Net profit/(loss) after tax	(421,009)	(178,569)
Earnings/(Loss) per share (PKR)	(1.51)	(0.64)

During the period under review, revenue of the Company amounted to Rs. 141.334 million as compared to Rs. 712.232 million of the last corresponding period. Cost of Sales also decreased from Rs. 537.573 million last year to Rs. 31.516 in current year. Administrative expenses were Rs 124.942 million against Rs 92.531 million. Other income of the company was Rs. 65.717 million. The company incurred an exchange loss of Rs. 360.818 million on Foreign Currency Convertible Loan due to depreciation of Pak-Rupee against dollars. Finance costs during the period was Rs. 70.610 million as compared to Rs. 100.225 million in the last corresponding period, due to a higher KIBOR rate.

As a result of aforementioned factors, the loss for the period under consideration amounted to Rs. 421.009 million as compared to last corresponding period's loss at Rs. 178.569 million, resulting in Loss Per Share (LPS) of Rs. 1.51 as compared to LPS of Rs. 0.64 in last year for the same period.

### Change in Board of Directors

Due to demise of Mian Ehsan Ul Haq on 06 January 2023, Mr. Umair Fakhra Alam appointed as Director of the Company to fill the casual vacancy.

### 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

February 24<sup>th</sup>, 2023

Director

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the word "Director".A handwritten signature in blue ink, appearing to read "Amna Iqbal", positioned above the title "Chief Executive Officer".

Chief Executive Officer



**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Pace (Pakistan) Limited**

**Review report on Unconsolidated Condensed Interim Financial Statements**

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pace (Pakistan) Limited** ( the "Company" ) as at **December 31, 2022** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Emphasis of Matter**

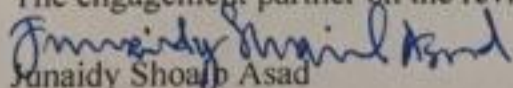
We draw attention to note 2 to the accompanying unconsolidated condensed interim financial statements which describes that the Company has incurred a loss before tax of Rs. 418.57 million during the period ended 31 December 2022 and, as of date, the Company's current liabilities exceeded its current assets by Rs. 3,992.95 million. The Company's equity has eroded and the accumulated losses exceed the total equity by Rs. 433.458 million as at 31 December 2022. The Company has also defaulted in payments of its loan and lease liabilities. There is a material uncertainty related to these events which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of above stated matter.

**Other Matter**

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of other comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

The unconsolidated financial statements of the company for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion with material uncertainty on those financial statements on October 07, 2022.

The engagement partner on the review resulting in this independent review report is Shoaib Ahmad Waseem.

  
Junaidy Shoaib Asad

Chartered Accountant

Lahore.

Date: February 24, 2023

UDIN: RR202210196YXdj0MzmZ

Pace (Pakistan) Limited  
Condensed Interim unconsolidated Statement of Financial Position (Un-audited)  
As at 31 December 2022

		Unaudited December 31, 2022	Audited June 30, 2022		Unaudited December 31, 2022	Audited June 30, 2022	
	Note	--- (Rupees in thousand) ---			--- (Rupees in thousand) ---		
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<u>Share capital and reserves</u>				<u>Non-current assets</u>			
Authorised capital		6,000,000	6,000,000	Property, plant and equipment	13	553,099	568,813
Issued, subscribed and paid-up capital	6	2,788,766	2,788,766	Intangible assets		2,744	2,995
Share premium	7	273,265	273,265	Investment property		1,878,992	1,803,239
Revaluation surplus		47,037	47,037	Lease receivable		106,818	104,096
Accumulated loss		(3,542,526)	(3,121,517)	Contract asset		356,817	356,817
		(433,458)	(12,449)	Long term investments		850,321	850,321
				Long term advances and deposits		13,619	13,619
						3,762,410	3,699,900
<u>Non-current liabilities</u>				<u>Current assets</u>			
Long term finances - secured	8	-	-	Stock-in-trade	14	2,328,311	2,312,160
Redeemable capital - secured (non-participatory)	9	-	-	Trade debts	15	599,221	703,149
Lease liability		150,334	151,176	Advances, deposits, prepayments and other receivables		93,695	90,468
Foreign currency convertible bonds - unsecured	10	-	-			5,069	5,069
Deferred liabilities		52,584	46,424	Income tax refundable - net		23,674	19,909
		202,918	197,600	Cash and bank balances	16	21,372	22,433
						3,071,342	3,153,188
<u>Current liabilities</u>							
Contract liability		235,265	218,730				
Current maturity of long term liabilities		4,889,188	4,525,630				
Creditors, accrued and other liabilities	11	724,798	719,843				
Accrued finance cost		1,215,041	1,203,734				
		7,064,292	6,667,937				
<u>Contingencies and commitments</u>							
	12	6,833,752	6,853,088			6,833,752	6,853,088

The annexed notes from 1 to 27 form an integral part of these condensed interim unconsolidated financial statements.

  
Jamna Taseer  
Chief Executive Officer

  
Director


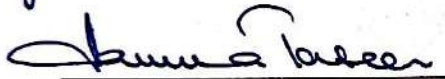
  
Sarim Sohail  
Chief Financial Officer

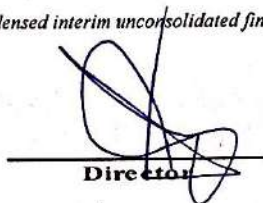


Bank (Pakistan) Limited  
Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)  
for the six months ended 31 December 2022

	Note	For the half year ended		For the quarter ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		--- (Rupees in thousand) ---		--- (Rupees in thousand) ---	
Revenue	17	141,334	712,232	80,160	650,683
Cost of Revenue	18	(31,516)	(537,573)	(14,127)	(522,369)
<b>Gross Profit</b>		<b>109,818</b>	<b>174,659</b>	<b>66,033</b>	<b>128,314</b>
Administrative and selling expenses		(124,942)	(92,531)	(86,729)	(47,039)
Impairment loss on trade and other receivables		(3,609)	(2,771)	-	-
Other income	19	65,717	188,034	63,005	13,052
<b>Profit from operations</b>		<b>46,984</b>	<b>267,391</b>	<b>42,309</b>	<b>94,327</b>
Finance cost	20	(100,225)	(70,610)	(59,649)	(27,286)
Exchange (loss) / gain on foreign currency convertible bonds		(360,186)	(353,482)	(12,100)	(128,371)
Loss from change in fair value of investment property		(5,140)	(10,641)	23,982	(6,713)
<b>(Loss) / profit before Taxation</b>		<b>(418,567)</b>	<b>(167,342)</b>	<b>(5,458)</b>	<b>(68,043)</b>
Taxation	21	(2,442)	(11,227)	(1,677)	(10,010)
<b>(Loss) / profit for the period</b>		<b>(421,009)</b>	<b>(178,569)</b>	<b>(7,135)</b>	<b>(78,053)</b>
<b>(Loss) / profit per share - basic and diluted</b>		<b>(1.51)</b>	<b>(0.64)</b>	<b>(0.03)</b>	<b>0.28</b>

The annexed notes from 1 to 27 form an integral part of these condensed interim unconsolidated financial statements.

  
  
Chief Executive Officer

  
Director

  
Chief Financial Officer



Pace (Pakistan) Limited

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

For the six months ended 31 December 2022

	31 December 2022	31 December 2021
	--- (Rupees in thousand) ---	
(Loss) / profit for the period	(421,009)	(178,569)
<u>Other comprehensive income for the period</u>		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement of net defined benefit liability	-	-
<b>Total comprehensive (loss) for the period</b>	<b>(421,009)</b>	<b>(178,569)</b>

The annexed notes from 1 to 27 form an integral part of these condensed interim unconsolidated financial statements.

for

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

Pace (Pakistan) Limited  
 Condensed Interim Unconsolidated Statement of Changes In Equity (Un-audited)  
 For the six months ended 31 December 2022

As at 01 July 2021 (Audited)

Total comprehensive loss for the year ended 30 June 2022

Loss after taxation  
 Other comprehensive income

Balance as at 30 June 2022 (Audited)

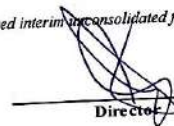
Loss after taxation  
 Other comprehensive income

Balance as at 31 December 2022 (Un-Audited)

Issued, subscribed and paid-up capital	Capital reserve		Revenue reserve	Total
	Share premium	Revaluation surplus	Accumulated loss	
-- (Rupees in thousand) --				
2,788,766	273,265	-	(2,508,069)	553,962
-	-	-	(618,439)	(618,439)
-	-	47,037	4,991	52,028
-	-	47,037	(613,448)	(566,411)
2,788,766	273,265	47,037	(3,121,517)	(12,449)
-	-	-	(421,009)	(421,009)
-	-	-	-	-
-	-	-	(421,009)	(421,009)
2,788,766	273,265	47,037	(3,542,526)	(433,458)

The annexed notes from 1 to 27 form an integral part of these condensed interim unconsolidated financial statements.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

ce (Pakistan) Limited  
 Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)  
 For the six months ended 31 December 2022

	Note	Half year ended	
		31 December 2022	31 December 2021
--- (Rupees in thousand) ---			
<b><u>Cash flows from operating activities</u></b>			
Cash generated from operations	22	113,780	54,849
Finance cost paid		-	-
Taxes paid		(6,208)	(7,981)
<b>Net cash generated from operating activities</b>		<b>107,572</b>	<b>46,868</b>
<b><u>Cash flow from investing activities</u></b>			
Purchase of property, plant and equipment		-	(25,055)
Purchase of investment property		(80,894)	-
Sale proceeds from sale of operating fixed assets		-	9,100
Income on bank deposits received		44	79
<b>Net cash used in investing activities</b>		<b>(80,850)</b>	<b>(15,876)</b>
<b><u>Cash flow from financing activities</u></b>			
Long term loan paid during the year		(10,573)	-
Payments of lease liability		(17,210)	(9,503)
<b>Net cash used in financing activities</b>		<b>(27,783)</b>	<b>(9,503)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,061)</b>	<b>21,489</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>22,433</b>	<b>20,243</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>21,372</b>	<b>41,732</b>

The annexed notes from 1 to 27 form an integral part of these condensed interim unconsolidated financial statements.

for

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer



# Pace (Pakistan) Limited

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

for the six months ended 31 December 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:

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

### 2 Going Concern Assumption

The Company has incurred loss before tax of Rs. (418.57) million. Increase in loss is mainly driven by exchange loss of Rs. (360.19) million during period Decemeber 31, 2022 versus Rs. (818.893) million loss during year ended June 30, 2022 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. 3,992.95 million (30 June 2022: Rs. 3514.749 million), and accumulated losses of the Company stand at Rs. 3,542.53 million (30 June 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 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 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:

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.

The 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 year. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

Furthermore, the Chief Executive, Mrs. Aamna Taseer and Directors, Mr. Shahbaz Ali Taseer and Mr. Shehryar Ali Taseer have jointly provided a letter of support dated 08 September 2022 to the Company wherein they have committed to support the Company to continue as a going concern.

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



**3 Basis of preparation and statement of compliance**

These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2022 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the notes forming part thereof.

These condensed interim unconsolidated financial statements of the Company for the six months ended 31 December 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual unconsolidated financial statements as at and for the year ended 30 June 2022. Comparative condensed interim unconsolidated statement of financial position is stated from annual audited financial statements as of 30 June 2022, whereas comparatives for condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows and related notes are extracted from condensed interim unconsolidated financial statements of the Company for the six months ended 31 December 2021.

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

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

**4 Use of estimates and judgments**

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited unconsolidated financial statements for the year ended 30 June 2022.

**5 Statement of consistency in accounting policies**

The accounting policies and the methods of computation adopted in the preparation of the condensed interim unconsolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2022.

Pace (Pakistan) Limited

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

For the six months ended 31 December 2022

	Un-audited 31 December 2022 --- (Rupees in thousand) ---	Audited 30 June 2022	Un-audited 31 December 2022 --- (Number of Shares) ---	Audited 30 June 2022
<b>6 Share capital and reserves</b>				
<b>6.1 Issued, subscribed and paid-up capital</b>				
Ordinary shares of Rs. 10 each fully paid in cash	2,017,045	2,017,045	201,704,516	201,704,516
Ordinary shares of Rs. 10 each issued as bonus shares	771,721	771,721	77,172,088	77,172,088
	<u>2,788,766</u>	<u>2,788,766</u>	<u>278,876,604</u>	<u>278,876,604</u>

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

		Un-audited 31 December 2022 --- (Number of Shares) ---	Audited 30 June 2022
	<b>Basis of Relationship</b>		
First Capital Securities Corporation Limited	Common Directorship	7,504,915	7,504,915
First Capital Equities Limited	Common Directorship	7,600,000	7,600,000
		<u>15,104,915</u>	<u>15,104,915</u>

6.3 There has been no movement in ordinary share capital issued, subscribed and paid-up during the period ended 31 December 2022.

Un-audited 31 December 2022 --- (Rupees in thousand) ---	Audited 30 June 2022
-------------------------------------------------------------------	----------------------------

**7 Share premium**

Share premium reserve	<u>273,265</u>	<u>273,265</u>
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This reserve can only be utilized by the Company for the purpose specified in Section 81 (2) of the Companies Act, 2017.

**8 Long term finances - secured**

	Note	Un-audited 31 December 2022 --- (Rupees in thousand) ---	Audited 30 June 2022
Pak Iran Joint Investment Company	8.1	66,860	66,860
Less: Current maturity presented under current liabilities		(66,860)	(66,860)

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# Pace (Pakistan) Limited

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

For the six months ended 31 December 2022

### 8.1 Pak Iran Joint Investment Company

On 28 December 2016, Pak Iran Joint Investment Company ('PAIR') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with accrued mark-up aggregating to Rs. 172.31 million. The settlement was partly made against property situated at mezzanine floor of Pace Tower measuring 5,700 square feet along with car parking area rights for 7 cars in basement No. 2 amounting to Rs. 105.45 million. In accordance with the SA, PAIR purchased the aforementioned properties from the Company. Pursuant to the SA, on 28 December 2016, the Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Company and PAIR also agreed that PAIR will continue to hold its charge over Pace M.M Alam up till repayment of the balance outstanding amount.

#### 8.1.1 Terms of repayment

In accordance with the settlement agreement, the remaining outstanding mark-up of Rs. 66.86 million has been rescheduled and is payable over a period of 7 years with no mark-up starting from 28 December 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments. Amortized cost has been determined using effective interest rate of 6% per annum. Movement is as follows:

		Un-audited 31 December 2022	Audited 30 June 2022
	<i>Note</i>	--- (Rupees in thousand) ---	
As at beginning of the year		66,860	66,860
Adjustment on account of default	8.1.2.1	-	-
As at end of the year		66,860	66,860

#### 8.1.2 Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.86 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. 66.67 million.

##### 8.1.2.1 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 default in repayment of the installment and no repayment was made till 31 December 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".

	Un-audited 31 December 2022	Audited 30 June 2022
	--- (Rupees in thousand) ---	
<b>9 Redeemable capital - secured (non-participatory)</b>		
Term finance certificates	805,118	815,691
Less: Current maturity presented under current liabilities	(805,118)	(815,691)
	-	-

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**9.1 Terms finance certificate**

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 27 September 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 15 August 2010. The TFC's carry a markup of 6 months KIBOR plus 2% (2022: 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 Financial Statements. The Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

During last 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 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.

**Security**

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





**Pace (Pakistan) Limited**

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

For the six months ended 31 December 2022

		Un-audited 31 December 2022	Audited 30 June 2022
<b>10 Foreign currency convertible bonds - unsecured</b>	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>	
Opening balance		3,610,587	2,764,027
Mark-up accrued during the period		17,826	27,667
		<u>3,628,413</u>	<u>2,791,694</u>
Exchange loss for the period	10.2	360,186	818,893
		<u>3,988,599</u>	<u>3,610,587</u>
Less: Current portion shown under current liabilities		<u>(3,988,599)</u>	<u>(3,610,587)</u>
		-	-

**10.1** On 27 December 2007, BNY Corporate Trustee Services Limited incorporated in United Kingdom with its registered office at One Canada Square, London E14 5AL and the Company entered into an agreement that the Company issue 25,000 convertible bonds of USD 1,000 each amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on 28 December 2012 at the accreted principal amount. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till 28 December 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. As at 31 December 2022, USD 13 million bonds have been converted into the ordinary shares of the Company and remaining USD 12 million bonds along with related interest have not been repaid by the Company.

As the fair value calculated for the financial instrument is quite subjective and cannot be measured reliably, consequently the bonds have been carried at cost and includes accreted mark-up.

**10.2** This represents exchange (gain)/ loss arising on translation of foreign currency convertible bonds.

		Un-audited 31 December 2022	Audited 30 June 2022
<b>11 Creditors, accrued and other liabilities</b>	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>	
Trade creditors	11.1	140,711	154,830
Provisions and accrued liabilities		295,587	281,321
Payable to statutory bodies		101,693	101,693
Security deposits	11.2	58,042	58,042
Rentals against investment property received in advance		26,985	23,098
Retention money		5,461	5,461
Payable to contractors		2,699	2,699
Others		93,620	92,699
		<u>724,798</u>	<u>719,843</u>

**11.1** This includes payables to First Construction Limited (related party being a subsidiary of associate company) amounting to Rs. 0.09 million (30 June 2022: Rs. 0.09 million) under normal course of business and are interest free.

**11.2** These represent security deposits received against rent of shops rented out in the plazas. Section 217 of Companies Act, 2017 requires that a Company or any of its officers or agents shall not receive or utilize any money received as security or deposit, except in accordance with a contract in writing. Keeping in view the requirements of this section, the Company has entered into agreements with third parties whereby it is expressly stated that the Company shall have the right to utilize the security deposit at its discretion. These amounts are normally utilized to bring the areas rented out for their intended use (upkeep expenditure).

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## Pace (Pakistan) Limited

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

For the six months ended 31 December 2022

#### 12 Contingencies and commitments

##### 12.1 Contingencies

12.1.1 Claims against the Company not acknowledged as debts amounting to Rs.21.64 million (30 June 2022: Rs.21.64 million).

12.1.2 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. 75 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 condensed interim financial statements.

12.1.3 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 condensed interim financial statements.

##### 12.2 Commitments

12.2.1 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).

12.2.2 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.

Pace (Pakistan) Limited

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

For the six months ended 31 December 2022

Un-audited                      Audited  
31 December                      30 June  
2022                                      2022  
--- (Rupees in thousand) ---

**13 Property, plant and equipment**

*Note*

Operating fixed assets	13.1	390,696	401,468
Capital work in progress		58,847	58,847
Right-of-use assets	13.2	103,556	108,498
		553,099	568,813

**13.1 Operating fixed assets**

Net book value at beginning of the period	401,468	417,352
Additions during the period	-	65,168
Disposals during the period	-	(7,087)
Transfers	-	(37,130)
Depreciation charged during the period	(10,772)	(24,921)
Impairment charge	-	(11,912)
		401,468
Net book value at end of the period	390,696	401,468

**13.2 Right-of-use assets**

Net book value at beginning of the period	108,498	118,382
Additions during the period	-	-
Disposals during the period	-	-
Depreciation charged during the period	(4,942)	(9,884)
	103,556	108,498

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**Company (Pakistan) Limited**  
**Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)**  
**for the six months ended 31 December 2022**

	Un-audited 31 December 2022	Audited 30 June 2022
	--- (Rupees in thousand) ---	
<b>14 Stock-in-trade</b>		
Land not under development	21,600	21,600
Land purchased for resale	900,000	900,000
Work in progress		
<i>Pace Tower</i>	567,409	542,267
<i>Pace Circle</i>	670,650	670,650
Completed units - shops	<u>168,260</u>	<u>177,200</u>
	2,327,919	2,311,717
Stores inventory	<u>392</u>	<u>443</u>
	<u>2,328,311</u>	<u>2,312,160</u>

	Un-audited 31 December 2022	Audited 30 June 2022
	--- (Rupees in thousand) ---	
<b>15 Trade debts</b>		
<i>Secured</i>		
Considered good	581,111	701,176
<i>Unsecured</i>	<u>359,532</u>	<u>339,786</u>
	940,643	1,040,962
Less: Impairment allowance	<u>(341,422)</u>	<u>(337,813)</u>
	<u>599,221</u>	<u>703,149</u>

Note

	Un-audited 31 December 2022	Audited 30 June 2022
	--- (Rupees in thousand) ---	
<b>16 Cash and bank balances</b>		
Cash in hand	17	18
<i>Cash at banks</i>		
- Current accounts	16.1 21,208	22,096
- Saving accounts	16.2 147	319
	21,355	22,415
	<u>21,372</u>	<u>22,433</u>

Note

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

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

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Pace (Pakistan) Limited

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

For the six months ended 31 December 2022

		Un-audited 31 December 2022	Un-audited 31 December 2021
		--- (Rupees in thousand) ---	
<b>17 Revenue</b>	<i>Note</i>		
Development services		-	122,596
Sale of plot		9,773	460,048
Display of advertisements		15,801	17,350
Service charges - net	17.1	92,910	95,104
<b>Revenue from contract with customers</b>		<u>118,484</u>	<u>695,098</u>
<b>Other revenue</b>			
Rental income from lease of investment property		22,850	17,134
<b>Total revenue</b>		<u>141,334</u>	<u>712,232</u>

**17.1 Services charges - net**

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

		Un-audited 31 December 2022	Un-audited 31 December 2021
		--- (Rupees in thousand) ---	
Service charges- gross	<i>Note</i>	114,398	131,355
Less: Fuel and power		20,011	32,318
Janitorial and security charges		1,477	3,933
		<u>21,488</u>	<u>36,251</u>
		<u>92,910</u>	<u>95,104</u>

**17.2 Disaggregation of revenue by:**

*Timing of revenue recognition*

At point in time

Over time

9,773	542,557
<u>108,711</u>	<u>152,541</u>

**18 Cost of revenue**

Shops and commercial buildings sold

- at percentage of completion basis

- at completion of project basis

Stores operating expenses

		Un-audited 31 December 2022	Un-audited 31 December 2021
		--- (Rupees in thousand) ---	
	<i>Note</i>		
		-	13,107
		8,940	492,442
		<u>22,576</u>	<u>32,024</u>
		<u>31,516</u>	<u>537,573</u>

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**Pace (Pakistan) Limited**

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

For the six months ended 31 December 2022

**19 Other income**

This represents gain on settlement of loan, commission income on guarantee, income from parking and storage and mark up on bank accounts.

	Un-audited 31 December 2022	Un-audited 31 December 2021
<b>20 Finance cost</b>	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>
Interest and mark-up on:		
- Foreign currency convertible bonds - unsecured	17,826	14,061
- Redeemable capital - secured (non-participatory)	63,135	42,626
- Default markup on loan from Pak Iran Joint Investment Company	6,704	1,952
- Notional interest on lease liability	12,489	11,871
	<u>100,154</u>	<u>70,510</u>
Bank charges and processing fee	71	100
	<u>100,225</u>	<u>70,610</u>

**21 Taxation**

Income Tax  
- Current Year

*Note*

Un-audited  
31 December  
2022

Un-audited  
31 December  
2021

**--- (Rupees in thousand) ---**

2,442

11,227

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (2021: Minimum Tax Regime under section Section 113 of Income Tax Ordinance, 2001).

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**Company (Pakistan) Limited**  
**Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)**  
**for the six months ended 31 December 2022**

	Un-audited 31 December 2022	Un-audited 31 December 2021
	--- (Rupees in thousand) ---	
<b>22 Cash (used in) / generated from operations</b>		
		<i>Note</i>
Loss before tax	(418,567)	(167,342)
Adjustment for:		
Exchange loss on foreign currency convertible bonds	360,186	353,482
Provision for gratuity and leave encashment	6,160	5,008
Depreciation on property, plant and equipment	15,713	15,225
Amortisation on intangible assets	251	252
Impairment on trade receivable	3,609	2,771
Changes in fair value of investment property	5,141	10,652
Rental income	(2,722)	(5,009)
Gain on loan settlement	(58,532)	(170,461)
Liability written back	-	(355)
Gain on disposal of operating fixed assets	-	(3,518)
Finance costs	100,154	70,510
Mark-up income	(44)	(79)
	<b>11,349</b>	<b>111,136</b>
<b>Gain before working capital changes</b>		
<i>Effect on cash flow due to working capital changes:</i>		
(Increase)/ decrease in stock-in-trade	(16,151)	9,690
decrease/ (Increase) in trade debts	100,319	(89,756)
Increase in contract asset	-	(400,049)
(Increase)/ decrease in advances, deposits and other receivables	(3,227)	229,483
Increase/ (decrease) in contract liability	16,535	(53,009)
Increase in creditors, accrued and other liabilities	4,955	247,354
	<b>102,431</b>	<b>(56,287)</b>
	<b>113,780</b>	<b>54,849</b>

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Pace (Pakistan) Limited  
Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)  
For the six months ended 31 December 2022

23 Transactions with related parties

The related parties comprise of subsidiary companies, associated company, other related companies, directors of the Company and entities under common directorship and post employment benefit plans. All transactions with related parties have been carried out on Arm's length. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of Company	Relationship	Nature of Transactions	Un-Audited	Unaudited
			Dec 31, 2022	Dec 31, 2021
			--- (Rupees in thousand) ---	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	-	619
		Shared expenses charged by Company	-	-
		Sale of inventory	-	30,844
		Advances received	-	30,026
		Rental income	-	1,980
First Capital Investment Company	Common Directorship	Rent income	-	-
Evergreen Water Valley (Private) Limited	Common Directorship	Payment against purchase of property	80,894	50,000
		Advance for purchase of goods and services	25,142	22,867
Media Times Limited	Common Directorship	Rental income	5,257	5,009
		Advertisement expense	-	3,000
Rema & Shehrbano	Common Directorship	Service charges	-	155
Co-Natural	Common Directorship	Service charges	-	1,879
Post employment benefits plan	Employee fund	Gratuity and leave encashment	6,160	5,008

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Pace (Pakistan) Limited  
Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)  
For the six months ended 31 December 2022

24 Fair value measurement of financial instruments

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

		31 December 2022 (Un-audited)					
		Carrying amount		Fair value			
	Note	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
--- (Rupees in thousand) ---							
<b>Financial instruments</b>							
<b>31 December 2022</b>							
<b><u>Financial assets not measured at fair value</u></b>							
Long term advances and deposits		13,619	-	13,619	-	-	-
Trade debts		599,221	-	599,221	-	-	-
Advances, deposits, prepayments and other receivables		75,948	-	75,948	-	-	-
Lease Receivable		106,818	-	106,818	-	-	-
Contract asset		356,817	-	356,817	-	-	-
Cash and bank balances		21,372	-	21,372	-	-	-
	24.2	1,173,795	-	1,173,795	-	-	-
<b><u>Financial liabilities not measured at fair value</u></b>							
Long term finances - secured		-	66,860	66,860	-	-	-
Redeemable capital - secured (non-participatory)		-	805,118	805,118	-	-	-
Lease liability		-	178,947	178,947	-	-	-
Foreign currency convertible bonds - unsecured		-	3,988,599	3,988,599	-	-	-
Creditors, accrued and other liabilities		-	697,813	697,813	-	-	-
Accrued finance cost		-	1,215,041	1,215,041	-	-	-
	24.2	-	6,952,378	6,952,378	-	-	-

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Pace (Pakistan) Limited  
Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)  
For the six months ended 31 December 2022

24.1 Fair value measurement of financial instruments

		30 June 2022 (Audited)				
		Carrying amount		Fair value		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
<i>Note</i>				--- (Rupees in thousand) ---		
Financial instruments						
<b>30 June 2022</b>						
<b><i>Financial assets not measured at fair value</i></b>						
	Long term advances and deposits	13,619	-	13,619	-	-
	Trade debts	703,149	-	703,149	-	-
	Advances, deposits, prepayments and other receivables	73,077	-	73,077	-	-
	Cash and bank balances	22,433	-	22,433	-	-
	Lease Receivable	109,165	-	109,165	-	-
	Contract asset	356,817	-	356,817	-	-
24.2		1,278,260	-	1,278,260	-	-
<b><i>Financial liabilities not measured at fair value</i></b>						
	Long term finances - secured	-	66,860	66,860	-	-
	Redeemable capital - secured (non-participatory)	-	815,691	815,691	-	-
	Lease liability	-	183,668	183,668	-	-
	Foreign currency convertible bonds - unsecured	-	3,610,587	3,610,587	-	-
	Creditors, accrued and other liabilities	-	696,745	696,745	-	-
	Accrued finance cost	-	1,203,734	1,203,734	-	-
24.2		-	6,577,285	6,577,285	-	-

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

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ce (Pakistan) Limited  
Notes to the Interim Condensed Unconsolidated Financial Statements (Un-audited)  
For the six months ended 31 December 2022

25 Financial risk management

The Company's financial risk management objective and policies are consistent with that of disclosed in the annual audited financial statements of the Company for the year ended 30 June 2022.

26 Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on 24-Feb-2023 by the Board of Directors of the Company.

27 General

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

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Chief Executive Officer

  
Director

  
Chief Financial Officer



**PACE (PAKISTAN) LIMITED**  
**Consolidated Condensed Interim Statement of Financial Position (Un-Audited)**  
**As at 31 December 2022**

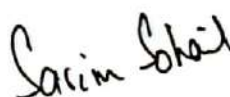
Note	Unaudited December 31, 2022 (Rupees in thousand)	Audited June 30, 2022 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 600,000,000 (30 June 2021: 600,000,000) ordinary shares of Rs 10 each	6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (30 June 2021: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	287,307	287,307
Revaluation Surplus	47,037	47,037
Accumulated loss	(3,089,093)	(2,661,298)
	34,017	461,812
<b>NON-CONTROLLING INTEREST</b>	87,030	87,030
	121,047	548,842
<b>NON-CURRENT LIABILITIES</b>		
Long term finances - secured	-	-
Redeemable capital - secured (non-participatory)	-	-
Liabilities against assets subject to finance lease	150,334	151,176
Foreign currency convertible bonds - unsecured	-	-
Deferred liabilities	52,584	46,424
Deferred taxation	50,888	62,904
	253,806	260,504
<b>CURRENT LIABILITIES</b>		
Contract liability	213,665	219,730
Current portion of long term liabilities	4,889,188	4,525,630
Creditors, accrued and other liabilities	784,601	757,042
Accrued finance cost	1,215,041	1,203,734
	7,102,495	6,706,136
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
	7,477,348	7,515,482

Note	Unaudited December 31, 2022 (Rupees in thousand)	Audited June 30, 2022 (Rupees in thousand)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	553,099	568,813
Intangible assets	2,744	2,995
Contract asset	356,817	356,817
Investment property	1,878,993	1,803,240
Lease Receivable	106,818	104,096
Investment in equity-accounted investee	1,159,213	1,178,011
Long term advances and deposits	15,249	15,248
	4,072,933	4,029,220
<b>CURRENT ASSETS</b>		
Stock-in-trade	2,661,311	2,645,160
Trade debts - unsecured	599,221	703,149
Advances, deposits, prepayments and other receivables	93,695	90,469
Lease receivable	5,069	5,069
Income tax recoverable	23,727	19,962
Cash and bank balances	21,392	22,453
	3,404,415	3,486,262
	7,477,348	7,515,482

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



Chief Executive



Chief Financial Officer




Director

**PACE (PAKISTAN) LIMITED**  
**Consolidated Condensed Interim Profit and Loss Account (Un-Audited)**  
**For the Period Ended 31 December 2022**

	<u>For the half year ended</u>		<u>For the quarter ended</u>	
	<u>31-Dec-22</u>	<u>31-Dec-21</u>	<u>31-Dec-22</u>	<u>31-Dec-21</u>
	<u>(Rupees in thousand)</u>		<u>(Rupees in thousand)</u>	
Sales	141,334	712,232	80,160	650,683
Cost of sales	(31,516)	(537,573)	(14,127)	(522,369)
<b>Gross profit</b>	<b>109,818</b>	<b>174,659</b>	<b>66,033</b>	<b>128,314</b>
Administrative and selling expenses	(124,946)	(95,302)	(86,733)	(49,810)
Impairment loss on trade and other receivables	(3,609)	(2,771)		
Other income	65,717	188,034	63,005	13,052
<b>Profit/ (loss) from operations</b>	<b>46,980</b>	<b>264,620</b>	<b>42,305</b>	<b>91,556</b>
Finance costs	(100,225)	(70,610)	(59,649)	(27,286)
Share of loss from associate - net of tax	(18,798)	(30,759)	(13,713)	(23,499)
Exchange (loss) / gain on foreign currency convertible bond	(360,186)	(353,482)	(12,100)	(128,371)
Loss from change in fair value of investment property	(5,140)	(10,641)	23,982	(6,713)
<b>Loss before tax</b>	<b>(437,369)</b>	<b>(200,872)</b>	<b>(19,175)</b>	<b>(94,313)</b>
Taxation	9,574	(25,362)	(1,599)	(10,010)
<b>Loss for the period</b>	<b>(427,795)</b>	<b>(226,234)</b>	<b>(20,774)</b>	<b>(104,323)</b>
<b>Total comprehensive loss for the period</b>	<b>(427,795)</b>	<b>(226,234)</b>	<b>(20,774)</b>	<b>(104,323)</b>
Attributable to:				
Equity holders of the parent	(427,795)	(226,234)	(24,383)	(107,094)
Non-controlling interest	-	-	-	-
	<b>(427,795)</b>	<b>(226,234)</b>	<b>(24,383)</b>	<b>(107,094)</b>
Loss per share attributable to ordinary shareholders				
- basic loss per share	<i>Rupees</i> <b>(1.53)</b>	<b>(0.81)</b>	<b>(0.08)</b>	<b>(0.38)</b>

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

PACE (PAKISTAN) LIMITED


Consolidated Condensed Interim Statement of Changes in Equity for the Period Ended 31 December 2022

	Attributable to equity holders of the parent						Non-Controlling Interest	Total Equity
	Share capital	Reserves			Accumulated loss	Total		
		Share premium Reserve	Reserve for changes in fair value of investments	Share in reserves of associate				
	(Rupees in thousand)							
Balance as on 30 June 2021 (Audited)	2,788,766	273,265	-	14,042	(2,195,964)	880,109	87,030	967,139
Total comprehensive income for the year	-	-	-	-	(725,482)	(725,482)	-	(725,482)
Loss for the year	-	-	-	-	(725,482)	(725,482)	-	(725,482)
Other comprehensive income / (loss) for the year:	-	-	47,037	-	260,148	307,185	-	307,185
	-	-	47,037	-	(465,334)	(418,297)	-	(418,297)
Balance as on 30 June 2022 (Audited)	2,788,766	273,265	47,037	14,042	(2,661,298)	461,812	87,030	548,842
Total comprehensive income for the period	-	-	-	-	(427,795)	(427,795)	-	(427,795)
Loss for the period	-	-	-	-	(427,795)	(427,795)	-	(427,795)
Other comprehensive income for the period:	-	-	-	-	-	-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-	-	-	-
Changes in fair value of available for sale investments - net of tax	-	-	-	-	-	-	-	-
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	(427,795)	(427,795)	-	(427,795)
Balance as on 31 December 2022 (Un-Audited)	2,788,766	273,265	47,037	14,042	(3,089,093)	34,017	87,030	121,047

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

  
Chief Executive

  
Chief Financial Officer

  
Director



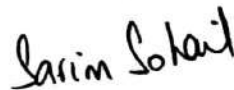
**PACE (PAKISTAN) LIMITED**  
**Consolidated Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the Period Ended 31 December 2022**

	Note	December 31,	
		2022	2021
<b>(Rupees in thousand)</b>			
<b>Cash flow from operating activities</b>			
Cash generated from operations	15	113,777	52,078
Finance costs paid		-	-
Taxes paid		(6,206)	(7,981)
<b>Net cash generated from / (used in) operating activities</b>		<b>107,571</b>	<b>44,097</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		-	(25,055)
Proceeds from sale of property, plant and equipment		-	9,100
Purchase of investment property		(80,894)	
Income on bank deposits received		44	79
<b>Net cash (used in) / generated from investing activities</b>		<b>(80,850)</b>	<b>(15,876)</b>
<b>Cash flow from financing activities</b>			
Long term loan paid during the year		(10,572)	
Payments of lease liability		(17,210)	(9,503)
<b>Net cash used in financing activities</b>		<b>(27,782)</b>	<b>(9,503)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,061)</b>	<b>18,718</b>
Cash and cash equivalents at the beginning of the period		22,453	20,263
<b>Cash and cash equivalents at the end of the period</b>		<b>21,392</b>	<b>38,981</b>

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



Chief Executive



Chief Financial Officer



Director

## PACE (PAKISTAN) LIMITED

Notes Forming Part of the Consolidated condensed interim financial statement for the Period Ended 31 December 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

- 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

The Company has incurred loss before tax of Rs. (427.795) million. Increase in loss is mainly driven by exchange loss of Rs. (360.19) million during period Decemeber 31, 2022 versus Rs. (818.893) million loss during year ended June 30, 2022 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. 3,703.149 million (30 June 2022: Rs. 3,224.943 million), and accumulated losses of the Company stand at Rs. 3,089.093 million (30 June 2022: Rs. 2,661.298 million). Due to liquidity issues the Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. The construction activity on the project has also been very slow due to unavailability of enough financial resources causing a delay in the completion of Pace Tower, total estimated cost of completion of Pace Tower is Rs. 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:

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.

The 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 year. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

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

#### 4 Significant accounting policies

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

#### 5 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.

	Note	Un-Audited December 31, 2022 (Rupees in thousand)	Audited June 30, 2022
<b>6 Long term finances - secured</b>			
Pak Iran Loan	6.1	<u>66,860</u>	66,860
		<b>66,860</b>	66,860
Less: Current portion shown under current liabilities		<u>(66,860)</u>	(66,860)
		-	-

#### 6.1 Pak Iran Joint Investment Company

On 28 December 2016, Pak Iran Joint Investment Company ('PAIR') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with accrued mark-up aggregating to Rs. 172.31 million. The settlement was partly made against property situated at mezzanine floor of Pace Tower measuring 5,700 square feet along with car parking area rights for 7 cars in basement No. 2 amounting to Rs. 105.45 million. In accordance with the SA, PAIR purchased the aforementioned properties from the Company. Pursuant to the SA, on 28 December 2016, the Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Company and PAIR also agreed that PAIR will continue to hold its charge over Pace M.M Alam up till repayment of the balance outstanding amount.

##### 6.1.1 Terms of repayment

In accordance with the settlement agreement, the remaining outstanding mark-up of Rs. 66.86 million has been rescheduled and is payable over a period of 7 years with no mark-up starting from 28 December 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments. Amortized cost has been determined using effective interest rate of 6% per annum. Movement is as follows:



Un-Audited                      Audited  
December                      June  
31, 2022                      30, 2022  
--- (Rupees in thousand) ---

As at beginning	66,860	66,860
Add: Amortized during the period	-	-
Adjustment on account of default		
As at end	<b>66,860</b>	<b>66,860</b>

#### 6.1.2 Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.86 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. 66.67 million.

#### 6.1.3 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 31 December 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".

#### 7 Redeemable capital - secured (non-participatory)

Term finance certificates		805,118	815,691
Less: Current portion shown under current liabilities	8.1	(805,118)	(815,691)
		-	-

#### 7.1 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 2022: 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.

#### 7.2 Security

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

8	Foreign currency convertible bonds - unsecured	Note	Un-Audited December 31, 2022	Audited June 30, 2022
			(Rupees in thousand)	
	Opening balance		3,610,587	2,764,027
	Markup accrued during the year		17,826	27,667
			<b>3,628,413</b>	2,791,694
	Exchange loss for the year		360,186	818,893
			<b>3,988,599</b>	3,610,587
	Less: Current portion shown under current liabilities	8.1	<b>(3,988,599)</b>	(3,610,587)
			-	-

**8.1** On 27 December 2007, BNY Corporate Trustee Services Limited incorporated in United Kingdom with its registered office at One Canada Square, London E14 5AL and the Company entered into an agreement that the Company issue 25,000 convertible bonds of USD 1,000 each amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on 28 December 2012 at the accreted principal amount. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till 28 December 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. As at 31 December 2021, USD 13 million bonds have been converted into the ordinary shares of the Company and remaining USD 12 million bonds along with related interest have not been repaid by the Company.

As the fair value calculated for the financial instrument is quite subjective and cannot be measured reliably, consequently the bonds have been carried at cost and includes accreted mark-up.

## 9 Contingencies and commitments

### 9.1 Contingencies

**9.1.1** Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (30 June 2022: Rs 21.644 million).

**9.1.2** 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. 75 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.

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



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

## 10.2 Commitments

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

		Un-Audited December 31, 2022 (Rupees in thousand)	Audited June 30, 2022
<b>11</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	390,696	401,468
	Capital work-in-progress	58,847	58,847
	Assets subject to finance lease	103,556	108,498
		<u>553,099</u>	<u>568,813</u>
<b>11.1</b>	<b>Operating fixed assets</b>		
	Book value at beginning of the period / year	401,468	417,352
	Add:		
	- Additions during the period / year	-	65,168
		-	65,168
		<u>401,468</u>	<u>482,520</u>
	Less:		
	- Disposals during the period / year - at book value	-	(7,087)
			(37,130)
			(11,914)
	- Depreciation charged during the period / year	(10,772)	(24,921)
		<u>(10,772)</u>	<u>(81,052)</u>
	Book value at end of the period / year	<u>390,696</u>	<u>401,468</u>
<b>12</b>	<b>Investment property</b>		
	Opening value	1,803,240	1,467,614
	Initial Recognition of ROU	80,894	13,663
	Fair value gain/(Loss) on initial 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 June 30	<u>1,884,134</u>	<u>1,789,857</u>
	Fair value gain recognised in profit and loss account	(5,141)	13,382
	Fair value as at December 31	<u>1,878,993</u>	<u>1,803,240</u>
<b>13</b>	<b>Long term investments</b>		
	Associate - unquoted		
	Pace Barka Properties Limited	1,159,213	1,178,011
	75,875,000 (30 June 2022: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (30 June 2022: 24.9%)		
		<u>1,159,213</u>	<u>1,178,011</u>



**Un-Audited**                      **Audited**  
**December**                      **June**  
**31, 2022**                      **30, 2022**  
**(Rupees in thousand)**

**13.1 Associate - unquoted**

Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	419,360	245,020
	<u>1,178,011</u>	<u>1,003,671</u>
Share of (Loss) / profit for the year		
- before taxation	(18,798)	(65,302)
- provision for taxation	-	(15,515)
	<u>(18,798)</u>	<u>(80,817)</u>
Share of other comprehensive loss	-	255,157
Balance as on December 31	<u>1,159,213</u>	<u>1,178,011</u>

**Un-Audited**                      **Audited**  
**December**                      **June**  
**31, 2022**                      **30, 2022**  
**(Rupees in thousand)**

**14 Stock-in-trade**

Work in process - Pace Towers	567,409	542,267
Shops and houses	1,068,260	1,077,200
Pace Barka Properties Limited - Pace Circle	670,650	670,650
Pace Super Mall (Private) Limited	354,600	354,600
	<u>2,660,919</u>	<u>2,644,717</u>
Stores inventory	392	443
	<u>2,661,311</u>	<u>2,645,160</u>

**Note**

	<b>Un-Audited</b>	
	<b>December</b>	<b>December</b>
	<b>31, 2022</b>	<b>31, 2021</b>

**15 Cash generated from operations**

Loss before tax	(437,369)	(200,872)
Adjustment for:		
Exchange loss on foreign currency convertible bonds	360,186	353,482
Provision for gratuity and leave encashment	6,160	5,008
Depreciation on		
- owned assets	10,771	10,283
- right of use assets	4,942	4,942
- Amortisation on intangible ASSETS	251	252
- Gain on loan settlement	(58,532)	(170,461)
- Impairment loss trade debts	3,609	2,771
- Rental income	(2,722)	(5,009)
- Gain on disposal of operating fixed assets	-	(3,518)
- Share of loss from associate	18,798	30,759
- Changes in fair value of investment property	5,140	10,652
- Liability written back	-	(355)
- Markup income	(44)	(79)
- Finance costs	100,154	70,510
Loss before working capital changes	<u>11,344</u>	<u>108,365</u>
Effect on cash flow due to working capital changes:		
Increase in stock-in-trade	(16,151)	(17,756)
Increase in trade debts	100,319	(147,414)
Increase in contract asset	-	(400,049)
Decrease / (increase) in advances, deposits and other receivables	(3,226)	229,483
Increase in contract liability	(6,065)	1,321
Increase in creditors, accrued and other liabilities	27,556	278,128
	<u>102,433</u>	<u>(56,287)</u>
	<u>113,777</u>	<u>52,078</u>

	Accounting year end	Percentage of holding	Country of Incorporation
<b>Half year ended 31 December 2022</b>			
Pace Woodlands (Private) Limited	31-Dec-22	52%	Pakistan
Pace Gujrat (Private) Limited	31-Dec-22	100%	Pakistan
Pace Supermall (Private) Limited	31-Dec-22	57%	Pakistan
<b>Year ended 30 June 2022</b>			
Pace Woodlands (Private) Limited	30-Jun-22	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-22	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-22	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

The related parties comprise of subsidiary companies, associated company, other related companies, directors of the Company and entities under common directorship and post employment benefit plans. All transactions with related parties have been carried out on Arm's length. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of Company	Relationship	Nature of Transactions	Un-Audited	Unaudited
			Dec 31, 2022	Dec 31, 2021
			--- (Rupees in thousand) ---	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	-	619
		Shared expenses charged by Company	-	-
		Sale of inventory	-	30,844
		Advances received	-	30,026
		Rental income	-	1,980
First Capital Investment Company	Common Directorship	Rent income	-	-
Evergreen Water Valley (Private) Limited	Common Directorship	Payment against purchase of plot	80,894	50,000
		Advance for purchase of goods and services	25,142	22,867
Media Times Limited	Common Directorship	Rental income	5,257	5,009
		Advertisement expense	-	3,000
Rema & Shehrbano	Common Directorship	Service charges	-	155
Co-Natural	Common Directorship	Service charges	-	1,879
Post employment benefits plan	Employee fund	Gratuity and leave encashment	6,160	5,008



**19 Date of authorisation**

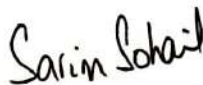
These consolidated condensed interim financial statement were authorised for issue on \_\_\_\_\_, 2022 by the board of directors of the Holding Company.

**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