

**PACE (PAKISTAN) LIMITED**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**31 MARCH 2019**

**PACE GROUP LIMITED**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**31 MARCH 2019**

# PACE (PAKISTAN) LIMITED

## Company Information

### **Board of Directors**

Shehrbano Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Rema Husain Qureshi	Non-Executive
Shabbana Atta	Non-Executive
Kanwar Latafat Ali Khan	Non-Executive
Malik Farhan Hasan	Independent

### **Chief Financial Officer**

Amir Hafeez

### **Audit Committee**

Malik Farhan Hasan (Chairman)  
Shehrbano Taseer  
Rema Husain Qureshi

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

Malik Farhan Hasan (Chairman)  
Aamna Taseer  
Kanwar Latafat Ali Khan

### **Company Secretary**

Sajjad Ahmad

### **Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants

### **Legal Advisers**

M/s. Imtiaz Siddiqui & Associates

### **Bankers**

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

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

Corplink (Pvt.) Limited  
Wings Arcade, 1-K  
Commercial Model Town, Lahore  
Tele: + 92-42-35839182

### **Registered Office/Head Office**

2<sup>nd</sup> Floor, Pace Shopping Mall  
Fortress Stadium, Lahore Cantt  
Lahore, Pakistan  
(042)-36623005/6/8  
Fax: (042) 36623121, 36623122

**PACE (PAKISTAN) LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2019**

Note	March 31, 2019	June 30, 2018	Note	March 31, 2019	June 30, 2018
	Un-audited	Audited		Un-audited	Audited
	(Rupees in thousand)			(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>		
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
Authorized capital 600,000,000 (June 30, 2017: 600,000,000) ordinary shares of Rs 10 each	<u>6,000,000</u>	<u>6,000,000</u>	Property, plant and equipment	476,019	452,159
Issued, subscribed and paid up capital 278,876,604 (June 30, 2017: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766	Intangible assets	4,652	5,035
Reserves	273,265	273,265	Investment property	1,662,942	1,662,942
Accumulated loss	<u>(1,596,244)</u>	<u>(1,149,285)</u>	Investments	850,321	850,321
	1,465,787	1,912,746	Long term advances and deposits	<u>13,619</u>	<u>13,619</u>
<b>NON-CURRENT LIABILITIES</b>				3,007,553	2,984,076
Long term finances - secured	56,126	54,132			
Redeemable capital - secured (non-participatory)	-	-			
Foreign currency convertible bonds - unsecured	-	-			
Deferred liabilities	<u>50,528</u>	<u>44,779</u>			
	106,655	98,911			
<b>CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Contract Liability	105,819	141,789	Stock-in-trade	2,798,189	1,978,489
Current portion of long term liabilities	3,369,380	3,032,699	Trade debts - unsecured	465,930	494,581
Creditors, accrued and other liabilities	504,464	544,518	Advances, deposits, prepayments and other receivables	-	-
Accrued finance cost	<u>1,044,242</u>	<u>971,357</u>	Income tax recoverable	305,438	1,208,569
	5,023,905	4,690,363	Cash and bank balances	13,612	4,317
<b>CONTINGENCIES AND COMMITMENTS</b>				<u>5,625</u>	<u>31,988</u>
	-	-		3,588,792	3,717,944
	<u>6,596,346</u>	<u>6,702,020</u>		<u>6,596,346</u>	<u>6,702,020</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

**Chief Executive**

**Chief Financial Officer**

**Director**

**PACE (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**(UN-AUDITED)**  
**FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	<b>Quarter ended</b>		<b>Nine months ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>Un-audited</b>	<b>Un-audited</b>	<b>Un-audited</b>	<b>Un-audited</b>
	<b>(Rupees in thousand)</b>			
Sales	57,057	434,333	248,544	727,282
Cost of sales	14 (39,503)	(371,837)	(205,273)	(628,713)
<b>Gross Profit</b>	17,554	62,496	43,271	98,569
Administrative and selling expenses	(25,711)	(26,272)	(83,376)	(97,225)
Other income	15 8,431	205,465	26,168	235,778
Other operating expenses	(27,037)	(84,810)	(337,417)	(177,317)
Finance costs	16 (32,507)	(24,733)	(92,495)	(82,953)
<b>Profit / (Loss) before tax</b>	(59,270)	132,147	(443,849)	(23,148)
Taxation	17 (716)	(3,771)	(3,110)	(9,091)
<b>Profit / (Loss) for the Period</b>	(59,986)	128,376	(446,959)	(32,239)
<b>Other comprehensive income / (loss)</b>				
Changes in fair value of available for sale investments	-	266	-	60
<b>Total comprehensive (loss) / profit for the period</b>	<b>(59,986)</b>	<b>128,642</b>	<b>(446,959)</b>	<b>(32,179)</b>
(Loss) / Earnings per share attributable to ordinary shareholders				
- basic	<b>(0.22)</b>	0.46	<b>(1.60)</b>	(0.12)

**Chief Executive**

**Chief Financial Officer**

**Director**

**PACE (PAKISTAN) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	Note	<b>Nine months ended</b>	
		<b>March 31,</b>	<b>March 31,</b>
		<b>2019</b>	<b>2018</b>
		<b>Un-audited</b>	<b>Un-audited</b>
		<b>(Rupees in thousand)</b>	
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	33,031	(140,541)
Finance cost paid		(1,245)	
Gratuity and leave encashment paid		(1,777)	(96)
Taxes paid		<u>(12,404)</u>	<u>(7,522)</u>
<b>Net cash generated from operating activities</b>		17,605	(148,159)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(42,000)	(4,424)
Proceeds from sale of investment property		-	151,740
Markup received		<u>704</u>	<u>31</u>
<b>Net cash used in investing activities</b>		(41,296)	147,347
<b>Cash flows from financing activities</b>			
(Repayment)/receipt of funds from long term finances		(2,672)	-
Repayment of finance lease liabilities		-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>(26,363)</u>	<u>(811)</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>31,988</u>	<u>1,479</u>
<b>Cash and cash equivalents at the end of the period</b>	13	<u><u>5,625</u></u>	<u><u>668</u></u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

**Chief Executive**

**Chief Financial Officer**

**Director**

## PACE (PAKISTAN) LIMITED

### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

#### 1 The Company and its operations

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan under the Companies ordinance, 1984 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company is engaged to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies, 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 2nd floor Pace Mall, Fortress Stadium, Lahore. Furthermore, the Company is managing the following plazas:

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

During the period ended March 31, 2019, the Company incurred a total comprehensive loss amounting to Rs 446.9 million. As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 1,435.12 million and the reserves of the Company have been significantly depleted. 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. As a consequence, the Company has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The management of the Company however, is continuously engaged with its lenders for settlements of its borrowings. During the year ended 30 June 2018 the management has settled the outstanding amount of TFCs pertaining to Askari Bank Limited against property situated at Pace Tower. Similarly, the company has also restructured the loan pertaining to Soneri Bank Limited.

The management of the Company is confident that the above actions and sale of inventory shall result in required liquidity for completion and sale of its 'Pace Towers' Project.

The condensed interim unconsolidated financial statements have been prepared on a going concern basis based on the management's expectations that:

- the Company will be able to settle loans against its properties; and
- the Company will be able to readily realize its receivables and inventory and be able to utilize the resultant liquidity for completion and sale of the 'Pace Tower' Project.

The condensed interim unconsolidated financial statements consequently, do not include any adjustment relating to the realization of its assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### 2 Basis of preparation and statement of compliance

- 2.1 This condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position of the Company as at 31 March 2019 and the related 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 together with the notes forming part thereof.

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

- International Accounting Standard 34 - "Interim Financial Reporting", issued by the International Accounting
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 This condensed interim unconsolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2018. Comparative condensed interim unconsolidated statement of financial position is stated from annual audited financial statements as of 30 June 2018, 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 nine months' period ended 31 March 2018.
- 2.3 These condensed interim unconsolidated financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and Code of Corporate Governance.
- 2.4 These condensed interim unconsolidated financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial statements presented have been rounded off to the nearest rupees, except otherwise stated.

### **3 Use of estimates and judgments**

In preparing this condensed interim unconsolidated 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 2018.

### **4 Statement of consistency in accounting policies**

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2018 except for the changes in accounting policies due to the first time application of IFRS 15 mentioned below:

#### **4.1 Change in accounting policy**

The Company has initially adopted IFRS 15 Revenue from Contracts with Customers (refer note 4.1.1) and IFRS 9 Financial Instruments (refer note 4.1.2) from 1 July 2018.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending 30 June 2019.

##### **4.1.1 IFRS 15 Revenue from Contracts with Customers**

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the statements presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative statements.

#### ***Revenue from contracts with customers***

Revenue is measured at fair value of the consideration received or receivable.



- Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.
- Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance
- The Company's performance creates or enhances an asset that the customer controls as the asset is created
- The Company's performance does not create an asset with an alternative use to the Company and the entity

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

The Company has elected to apply the input method. The Company considers that the use of input method, which requires revenue recognition on the basis of the Company's efforts to the satisfaction of the performance obligation, provides the best reference to revenue actually earned. In applying the input method the Company estimates the cost to complete the projects in order to determine the amount of revenue to be recognized. These estimates include the cost of providing infrastructure, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

Based on the management's assessment, the application of IFRS 15 has no significant impact on the condensed consolidated interim financial statements of the Company.

4.1.2 IFRS 9 replaced the provisions of IAS 39 ' Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 (Financial Instruments) for reporting period ended on 31 March 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

4.1.3 Other than those disclosed above in note .1 and , there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

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

<b>Standard or interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
- Amendment to IFRS 9 - Financial Instrument	01 January 2019
- IFRS 16 - Leases	01 January 2019

-	Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures	01 January 2019
-	Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	01 January 2019
-	Amendment to IFRS 3 - Business Combinations – Definition of a Business	01 January 2020
-	Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020
-	Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019

## 5 Share capital

### 5.1 Issued, subscribed and paid up capital

	<b>Un-audited 31 March 2019</b>	Audited 30 June 2018	<b>Un-audited 31 March 2019</b>	Audited 30 June 2018
	----- <b>Number of shares</b> -----		--- <b>(Rupees in thousand)</b> ---	
Ordinary shares of Rs. 10 each fully paid in cash	<b>201,704,516</b>	201,704,516	<b>2,017,045</b>	2,017,045
Ordinary shares of Rs. 10 each issued as bonus shares	<b>77,172,088</b>	77,172,088	<b>771,721</b>	771,721
	<b><u>278,876,604</u></b>	<u>278,876,604</u>	<b><u>2,788,766</u></b>	<u>2,788,766</u>

## 6 Share Premium

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

	<i>Note</i>	<b>Un-audited 31 March --- (Rupees in thousand) ---</b>	Audited 30 June
7 <b>Long term finances - secured</b>			
Soneri Bank - demand finance		21,671	24,343
Mark up on Pak Iran Joint Investment Company	7.1	<u>56,126</u>	<u>54,132</u>
		<b>77,797</b>	78,475
<i>Less:</i>			
Current maturity presented under current liabilities		(21,671)	(24,343)
		<b><u>56,126</u></b>	<u>54,132</u>

On December 28, 2016, the Company entered into a settlement agreement with Pak Iran Joint Investment Company in which outstanding markup of Rs. 66.86 million was rescheduled and recognized under long term finances as it is payable over a period of 7 years.

	<b>Un-audited 31 March 2019</b>	Audited 30 June 2018
	--- <b>(Rupees in thousand)</b> ---	
8 <b>Redeemable capital - secured (non-participatory)</b>		
Term finance certificates	<b>935,571</b>	935,571
<i>Less:</i>		
Current maturity presented under current liabilities	<b>(935,571)</b>	(935,571)
	<b><u>-</u></b>	<u>-</u>

	<b>Un-audited 31 March 2019</b>	Audited 30 June 2018
<b>9 Foreign currency convertible bonds - unsecured</b>	<b>--- (Rupees in thousand) ---</b>	
Opening balance	<b>2,054,739</b>	1,757,713
Mark-up accrued during the period / year	<b>16,609</b>	19,140
	<b>2,071,348</b>	1,776,853
Exchange loss for the period / year	<b>322,743</b>	277,886
	<b>2,394,091</b>	2,054,739
<i>Less:</i>		
Current maturity presented under current liabilities	<b>(2,394,091)</b>	(2,054,739)
	<b>-</b>	-

## 10 Contingencies and commitments

### 10.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs 21.64 million (30 June 2018: Rs 21.64 million).

(ii) 'Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900.00 million (30 June 2018: Rs 900.00 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

(iii) 'On November 29, 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 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 April 24, 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs 188.75 million in the Honourable 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 unconsolidated financial statements.

(iv) 'On October 17, 2018, Orix Leasing Company ('plaintiff') has filed a case in Banking Court VII against the Pace (Pakistan) Limited ('the Company'). The plaintiff had entered into a finance lease arrangement in June 2009 with the Company for three years and as per agreement the Company was required to make monthly payments. The plaintiff claimed that the Company failed to make its due payments in timely manner, in addition to that there were last six payments unpaid of additional lease rent. Consequently, the plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff.

Hearing is open to arguments for both petitioners before the respective Honourable Courts. 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 unconsolidated financial statements.

### 10.2 Commitments

The Company has the following commitments in respect of:

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 123.69 million (30 June 2018: Rs 206.74 million), Capital Heights (Private) Limited, amounting to Rs. 83.94 million (30 June 2018: 149.93), Silk Bank Limited, amounting to Rs. Nil (30 June 2018: 50 million) and Evergreen Water valley (Private) Limited, amounting to Rs. 380 million (30 June 2018: Nil).

(ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

		<b>Un-audited 31 March 2019 --- (Rupees in thousand) ---</b>	Audited 30 June 2018
Less than one year		<b>9,844</b>	9,844
Between one and five years		<b>67,676</b>	46,758
More than five years		<b>664,768</b>	695,530
		<b>742,288</b>	752,132
		<b>Un-audited 31 March 2019 --- (Rupees in thousand) ---</b>	Audited 30 June 2018
	<i>Note</i>		
<b>11</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	<b>447,571</b>	423,711
	Capital work in process	<b>28,448</b>	28,448
		<b>476,019</b>	452,159
	<b>11.2 Operating fixed assets</b>		
	Net book value at beginning of the period / year	<b>423,711</b>	424,807
	Additions during the period / year	<b>42,000</b>	22,800
	Disposals during the period / year	-	(273)
	Depreciation charged during the period / year	<b>(18,140)</b>	(23,623)
	Net book value at end of the period / year	<b>447,571</b>	423,711
<b>12</b>	<b>Stock-in-trade</b>		
	Land not under development	<b>21,600</b>	21,600
	<i>Work in process</i>		
	- Pace Towers	<b>707,798</b>	603,998
	- Pace Circle	<b>679,016</b>	595,966
	Completed units - shops and houses	<b>1,389,001</b>	755,991
		<b>2,797,415</b>	1,977,555
	Stores inventory	<b>773</b>	934
		<b>2,798,189</b>	1,978,489
<b>13</b>	<b>Cash and bank balances</b>		
	Cash-in-hand	214	203
	<i>Cash at banks</i>		
	- Current accounts	552	31,520
	- Saving accounts	4,859	265
		<b>5,411</b>	31,785
		<b>5,625</b>	31,988

13.1 This carries profit at the rates ranging from 3% to 7% (30 June 2018: 3% to 5%) per annum.

		<b>Un-audited 31 March 2019 Rupees --- (Rupees in thousand) ---</b>	Un-audited 31 March 2018 Rupees
<b>14</b>	<b>Cost of sales</b>		
	Shops and commercial buildings sold		
	- at completion of project basis	<b>30,240</b>	435,182
	- at percentage of completion basis	<b>34,825</b>	19,936
	Stores operating expenses	<b>140,208</b>	173,595
		<b>205,273</b>	628,713

**15 Other income**

This includes an amount of Rs. 0.703 million (31 March 2018: Rs. 0.03 million) earned on account of interest / mark-up based deposits.

		<b>Un-audited 31 March 2019 --- (Rupees in thousand) ---</b>	Un-audited 31 March 2018
<b>16</b>	<b>Finance cost</b>		
	<i>Interest and mark-up on:</i>		
	- Long term finances - secured	-	1,914
	- Foreign currency convertible bonds - unsecured	<b>16,609</b>	13,623
	- Redeemable capital - secured (non-participatory)	<b>71,938</b>	65,161
	- Interest expense on unwinding of Pak Iran Loan	<b>1,994</b>	1,487
	- Liabilities against assets subject to finance lease	<b>947</b>	-
		<b>91,488</b>	82,185
	Bank charges and commission	<b>1,007</b>	768
		<b>92,495</b>	82,953

		<b>Un-audited 31 March 2019 --- (Rupees in thousand) ---</b>	Un-audited 31 March 2018
<b>17</b>	<b>Taxation</b>		
	<i>Current:</i>		
	- For the period	<b>3,110</b>	9,091
	- Prior years	-	-
		<b>3,110</b>	9,091
	Deferred tax for the period	-	-
		<b>3,110</b>	9,091

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

	Note	Un-audited 31 March 2019 --- (Rupees in thousand) ---	Un-audited 31 March 2018
<b>18</b>	<b>Cash flows from operating activities</b>		
	Loss before taxation	(443,849)	(23,148)
	<i>Adjustments for non-cash items:</i>		
	Depreciation on property, plant and equipment	18,140	17,534
	Amortization of intangible assets	382	389
	Provision for doubtful debts	-	14,362
	Profit on bank deposits	(703)	(31)
	Gain on sale of investment property	-	(15,822)
	Gain on Settlement of loans / TFC	-	(195,531)
	Finance cost	92,495	82,953
	Exchange loss on foreign currency convertible bonds	322,743	177,317
	Impairment of inventory at Fortress Mall	-	11,911
	Provision for gratuity and leave encashment	7,527	6,800
	<b>(Loss)/profit before working capital changes</b>	<b>(3,265)</b>	<b>76,734</b>
	Effect on cash flow due to working capital changes		
	<i>(Increase) / decrease in current assets:</i>		
	Stock in Trade	(224,236)	(459,619)
	Trade debts	(26,813)	(288,379)
	Advances, deposits, prepayments and other receivables	360,675	11,475
	Contract liability	(35,970)	(21,012)
	<i>Increase / (decrease) in current liabilities:</i>	-	
	Trade and other payables	(37,360)	540,259
		<b>36,297</b>	<b>(217,276)</b>
	Cash generated from/(used in) operations	<b>33,031</b>	<b>(140,542)</b>

## 19 Related party transactions and balances

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key

Relationship with the Company	Nature of transactions	Un-audited 31 March 2019 --- (Rupees in thousand) ---	Un-audited 31 March 2018
<b>i. Associated Undertakings</b>			
<b>i. Associate</b>			
	Guarantee commission income	928	928
	Purchase of inventory	-	-
	Receipts against Pace circle sales	2,804	18,900
	Shared expense charged by the company	1,224	756
<b>ii. Others</b>			
	Purchase of goods & services	60	3,977
	Purchase of property, plant and equipment	42,000	-
	Payment made on account of construction at pace tower	44,902	52,785
	Rental income	7,074	12,537
	Share of common expenses charged from related companies	-	20
<b>iii. Directors and key management personnel</b>			
	Funds Received against sale of property	400,000	-
	Advance against purchase of property	50,000	-
	Salaries and other employee benefit	8,652	14,582

<b>iv. Post employment benefit plan</b>	Post retirement benefits	<b>5,018</b>	8,458
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<b>Un-audited</b>	Audited
<b>31 March</b>	30 June
<b>2019</b>	2018
<b>--- (Rupees in thousand) ---</b>	

**Period end balances**

Contract liability	64868	100838
Receivable from related parties	18,444	8,314
Advance to related parties	51,934	453,075
Payable to related parties	2,544	1,157

**Note:** All transactions with related parties have been carried out on mutually agreed terms and condition.

**20 Financial risk management** □

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended 30 June 2018.

**22 Date of authorization**

These condensed unconsolidated interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on April 25 2019

**23 General**

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

**Director**

**Chief Fiancial Officer**

**Director**



## 21 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 March (Un-audited)					
	Carrying amount			Fair value		
	Loans and receivables	Financial	Total	Level 1	Level 2	Level 3
		liabilities at amortized cost				
Note	----- in 000's -----					
<b>Financial instruments</b>						
<b><u>30 June 2018</u></b>						
<b><u>Financial assets not measured at fair value</u></b>						
Long term advances and deposits	13,619	-	13,619	-	-	-
Trade debts - unsecured	465,930	-	465,930	-	-	-
Advances, deposits, prepayments and other receivables	305,438	-	305,438	-	-	-
Cash and bank balances	5,625	-	5,625	-	-	-
21.2	<u>790,611</u>	-	<u>790,611</u>	-	-	-
<b><u>Financial liabilities not measured at fair value</u></b>						
Long term finances - secured	-	77,797	77,797	-	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease	-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured	-	2,394,091	2,394,091	-	-	-
Trade and other payables	-	504,464	504,464	-	-	-
Accrued finance cost	-	1,044,242	1,044,242	-	-	-
21.2	-	<u>4,974,211</u>	<u>4,974,211</u>	-	-	-

## 21.1 Fair value measurement of financial instruments

		<b>30 June 2018 (Audited)</b>					
		<b>Carrying amount</b>		<b>Fair value</b>			
		<b>Loans and receivables</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Note</i>		----- Rupees in 000's -----					
<b>Financial instruments</b>							
<b>30 June 2018</b>							
<b><u>Financial assets not measured at fair value</u></b>							
Long term advances and deposits		13,619	-	13,619	-	-	-
Trade debts - unsecured		494,581	-	494,581	-	-	-
Advances, deposits, prepayments and other receivables		1,137,516	-	1,137,516	-	-	-
Cash and bank balances		<u>31,785</u>	-	<u>31,785</u>	-	-	-
	21.2	<u>1,677,501</u>	-	<u>1,677,501</u>	-	-	-
<b><u>Financial liabilities not measured at fair value</u></b>							
Long term finances - secured		-	78,475	78,475	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,054,739	2,054,739	-	-	-
Trade and other payables		-	544,518	544,518	-	-	-
Accrued finance cost		-	<u>971,357</u>	<u>971,357</u>	-	-	-
	21.2	-	<u>4,602,706</u>	<u>4,602,706</u>	-	-	-

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

**PACE (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2019**

Note	March 31, 2019	June 30, 2018
	Un-audited	Audited
<b>(Rupees in thousand)</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 600,000,000 (June 30, 2017: 600,000,000) ordinary shares of Rs 10 each	6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 30, 2017: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	288,446	287,307
Accumulated loss	(1,208,088)	(742,390)
	1,869,124	2,333,683
<b>NON -CONTROLLING INTEREST</b>	87,224	87,224
	1,956,348	2,420,907
<b>NON-CURRENT LIABILITIES</b>		
Long term finances - secured	56,126	54,132
Redeemable capital - secured (non-participatory)	-	-
Foreign currency convertible bonds - unsecured	-	-
Deferred liabilities	50,528	44,779
Deferred Taxation	62,847	65,180
	169,501	164,091
<b>CURRENT LIABILITIES</b>		
Contract Liability	106,819	142,789
Current portion of long term liabilities	3,369,379	3,032,699
Creditors, accrued and other liabilities	541,362	581,418
Accrued finance cost	1,044,241	971,357
Taxation	-	-
	5,061,801	4,728,263
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
	7,187,650	7,313,261

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

**Chief Executive**

**Chief Financial Officer**

**Director**

Note	March 31, 2019	June 30, 2018
	Un-audited	Audited
<b>(Rupees in thousand)</b>		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	476,019	452,159
Intangible assets	4,652	5,035
Investment property	1,662,942	1,662,942
Investments	1,106,510	1,126,446
Long term advances and deposits	14,250	14,250
Deferred taxation	-	-
	3,264,373	3,260,832
<b>CURRENT ASSETS</b>		
Stock-in-trade	3,131,187	2,311,489
Trade debts - unsecured	466,232	494,883
Advances, deposits, prepayments and other receivables	306,508	1,209,640
Income tax recoverable	13,613	4,317
Cash and bank balances	5,737	32,100
	3,923,277	4,052,429
	7,187,650	7,313,261

**PACE (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**(UN-AUDITED)**  
**FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	Quarter ended		Nine months ended	
	March 31, 2019 Un-audited	March 31, 2018 Un-audited	March 31, 2019 Un-audited	March 31, 2018 Un-audited
	<b>(Rupees in thousand)</b>			
Sales	57,058	434,333	248,545	727,282
Cost of sales	13 (39,503)	(371,838)	(205,273)	(628,986)
<b>Gross Profit</b>	17,555	62,495	43,272	98,296
Administrative and selling expenses	(25,711)	(26,752)	(83,376)	(97,522)
Other income	14 8,431	205,465	26,168	235,778
Other operating expenses	(27,036)	(84,810)	(337,416)	(177,317)
	(26,761)	156,398	(351,352)	59,235
Finance costs	15 (32,506)	(24,732)	(92,494)	(82,953)
Share of profit / (loss) for associate - net of tax	(3,884)	(6,542)	(21,075)	16,562
<b>Profit / (Loss) before tax</b>	(63,151)	121,962	(464,921)	(7,156)
Taxation	20,863	(3,861)	(777)	(13,406)
<b>Profit / (Loss) for the period</b>	(42,288)	118,101	(465,698)	(20,562)
<b>Other comprehensive income / (loss)</b>				
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Changes in fair value of available for sale investments	-	266	-	60
<b>Total comprehensive (loss) / profit for the period</b>	(42,288)	118,367	(465,698)	(20,502)
Attributable to:				
Equity holders of the parent	(42,288)	121,786	(465,698)	(20,502)
Non-controlling interest	-	4	-	(2)
	(42,288)	121,790	(465,698)	(20,504)
(Loss) / Earnings per share attributable to ordinary shareholders				
- basic	(0.15)	0.42	(1.67)	(0.07)

**Chief Executive**

**Chief Financial Officer**

**Director**

**PACE (PAKISTAN) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	Note	Nine months ended	
		March 31,	March 31,
		2019	2018
		Un-audited	Un-audited
		(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	33,031	(140,540)
Gratuity and leave encashment paid		(1,777)	(96)
Finance cost paid		(1,245)	-
Taxes paid		(12,404)	(7,522)
<b>Net cash generated from operating activities</b>		17,605	(148,149)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(42,000)	(4,424)
Proceeds from sale of property plant & equipment		-	-
Proceeds from sale of investment property		-	151,740
Markup received		704	31
<b>Net cash used in investing activities</b>		(41,296)	147,347
<b>Cash flows from financing activities</b>			
(Repayment)/receipt of funds from long term finances		(2,672)	-
Repayment of finance lease liabilities		-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>		(26,363)	(811)
<b>Cash and cash equivalents at beginning of the period</b>		32,100	1,578
<b>Cash and cash equivalents at the end of the period</b>		5,737	767

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

**Chief Executive**

**Chief Financial Officer**

**Director**

## **PACE (PAKISTAN) LIMITED**

### **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)**

#### **1. Legal status and activities**

##### **1.1 Constitution and ownership**

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

##### **Pace (Pakistan) Limited**

Pace (Pakistan) Limited (the "Holding Company") is a public limited Company incorporated in Pakistan and listed on Pakistan stock exchange. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan. The address of the registered office of the holding Company is 2nd floor Pace Mall, Fortress Stadium, Lahore.

##### **Pace Gujrat (Private) Limited**

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

##### **Pace Woodlands (Private) Limited**

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

##### **Pace Supermall (Private) Limited**

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

##### **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.

##### **1.3 Going concern assumption**

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,138.5 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The management of the Group however, is continuously engaged with its lenders for settlements of its borrowings.

The Group has also approached other lenders referred to in note 6 and 7 of these financial statements for restructuring/settlements of loans. As per the proposals the Group expects the following:

- Relaxation in payment terms of principal outstanding and over due markup;
- Settlement of principal amounts against properties of the Group; and
- Waiver of overdue markup;

The management of the Group is confident that the above actions and steps shall enable the Group to realize its existing receivables, aid the sale of inventory from the completed projects referred above and utilize the resultant liquidity for completion and sale of its 'Pace Towers' Project.

The condensed interim financial information has been prepared on a going concern basis based on the management's expectations that:

- The Group will be able to obtain relaxations from its lenders as highlighted above;
- The Group will be able to settle loans against its properties; and
- The Group will be able to readily realise its receivables and inventory and be able to utilise the resultant liquidity for completion and sale of the 'Pace Towers' Project.

The condensed interim financial information consequently, does not include any adjustment relating to the realization of its assets and liquidation of liabilities that might be necessary should the Group be unable to continue as a going concern.

## **2. Statement of compliance**

This condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the group has prepared this condensed interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standards 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

This condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction the Group's annual audited financial statements for the year ended June 30, 2018.

## **3 Statement of consistency in accounting policies**

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2018 except for the changes in accounting policies due to the first time application of IFRS 15 mentioned below:

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2018 except for the changes in accounting policies due to the first time application of IFRS 15 mentioned below:

### **3.1 Change in accounting policy**

The group has initially adopted IFRS 15 Revenue from Contracts with Customers (refer note 4.1.1) and IFRS 9 Financial Instruments (refer note 4.1.2) from 1 July 2018.

The changes in accounting policies are also expected to be reflected in the group's consolidated financial statements as at and for the year ending 30 June 2019.

### **3.2 IFRS 15 Revenue from Contracts with Customers**

The group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the statements presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative statements.

### **Revenue from contracts with customers**

Revenue is measured at fair value of the consideration received or receivable.

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.



- Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.
- Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

The group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs; or
- The group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The group's performance does not create an asset with an alternative use to the group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

The group has elected to apply the input method. The group considers that the use of input method, which requires revenue recognition on the basis of the group's efforts to the satisfaction of the performance obligation, provides the best reference to revenue actually earned. In applying the input method the group estimates the cost to complete the projects in order to determine the amount of revenue to be recognized. These estimates include the cost of providing infrastructure, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

Based on the management's assessment, the application of IFRS 15 has no significant impact on the condensed consolidated interim financial statements of the group.

**3-3** IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 (Financial Instruments) for reporting period ended on 31 December 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

**3-4** Other than those disclosed above in note 3.2 and 3.3, there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the group's operations and are, therefore, not disclosed.

#### **Standard or interpretation**

#### **Effective date**

- IFRIC 23 - Uncertainty over Income Tax Treatments

- Amendment to IFRS 9 - Financial Instrument	01 January 2019
- IFRS 16 - Leases	01 January 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates	01 January 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	01 January 2019
- Amendment to IFRS 3 - Business Combinations – Definition of a Business	01 January 2019
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in	01 January 2020
- Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2020

#### **4 Taxation**

The provision for taxation for the quarter ended and nine months ended March 31, 2019 has been recognized based on minimum tax.

In preparing this condensed interim unconsolidated 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.

		<b>Note</b>	<b>Un-audited March 31, 2019 (Rupees in thousand)</b>	<b>Audited June 30, 2018</b>
<b>6</b>	<b>Long term finances - secured</b>			
	Soneri Bank Demand Finance		21,671	24,343
	Markup on Pak Iran Loan	6.1	<u>56,126</u>	<u>54,132</u>
			77,797	78,475
Less:	Current portion shown under current liabilities		<u>(21,671)</u>	<u>(24,343)</u>
			<u><u>56,126</u></u>	<u><u>54,132</u></u>

- 6.1** On December 28, 2016, the group entered into a settlement agreement with Pak Iran Joint Investment group in which outstanding markup of Rs. 66.86 million was rescheduled and recognized under long term finances as it is payable over a period of 7 years.

		<b>Note</b>	<b>Un-audited March 31, 2019 (Rupees in thousand)</b>	<b>Audited June 30, 2018</b>
<b>7</b>	<b>Redeemable capital - secured (non-participatory)</b>			
	Term Finance certificates		935,571	935,571
Less:	Current portion shown under current liabilities		<u>(935,571)</u>	<u>(935,571)</u>
			<u><u>-</u></u>	<u><u>-</u></u>

		<b>Note</b>	<b>Un-audited March 31, 2019 (Rupees in thousand)</b>	<b>Audited June 30, 2018</b>
<b>8</b>	<b>Foreign currency convertible bonds - unsecured</b>			
	Opening balance		2,054,739	1,757,713
	Markup accrued for the period / year		<u>16,609</u>	<u>19,140</u>
			2,071,348	1,776,853
	Exchange loss for the period / year		<u>322,743</u>	<u>277,886</u>
			2,394,091	2,054,739
Less:	Current portion shown under current liabilities		<u>(2,394,091)</u>	<u>(2,054,739)</u>
			<u><u>-</u></u>	<u><u>-</u></u>

**9 Contingencies and commitments**

**9.1 Contingencies**

(i) Claims against the group not acknowledged as debts Rs 21.64 million (30 June 2018: Rs 21.64 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900.00 million (30 June 2018: Rs 900.00 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

(iii) On November 29, 2012, Shaheen Insurance group 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 group 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 group 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 April 24, 2015, Shaheen Insurance group Limited filed a suit for recovery of Rs 188.75 million in the Honourable Senior Civil Court. The case is under adjudication and the maximum exposure to the group is of Rs 57.96 million. As per legal advisors of the group there are meritorious grounds to defend the group's claim and consequently no provision has been made in these condensed interim unconsolidated financial statements.

(iv) On October 17, 2018, Orix Leasing group ('plaintiff') has filed a case in Banking Court VII against the Pace (Pakistan) Limited ('the group'). The plaintiff had entered into a finance lease arrangement in June 2009 with the group for three years and as per agreement the group was required to make monthly payments. The plaintiff claimed that the group failed to make its due payments in timely manner, in addition to that there were last six payments unpaid of additional lease rent. Consequently, the plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff.

Hearing is open to arguments for both petitioners before the respective Honourable Courts. As per legal advisors of the group there are meritorious grounds to defend the group's claim and consequently no provision has been made in these condensed interim unconsolidated financial statements.

## 9.2 Commitments

The group has the following commitments in respect of:

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 123.69 million (30 June 2018: Rs 206.74 million), Capital Heights (Private) Limited, amounting to Rs. 93.20 million (30 June 2018: 149.93), Silk Bank Limited, amounting to Rs. Nil (30 June 2018: 50 million) and Evergreen Water valley (Private) Limited, amounting to Rs. 380 million (30 June 2018: Nil).

(ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	<b>Un-audited March 31, 2019 (Rupees in thousand)</b>	<b>Audited June 30, 2018</b>
Less than one year	9,844	9,844
Between one and five years	67,676	46,758
More than five years	664,768	695,530
	<u>742,288</u>	<u>752,132</u>

## 10.

Operating fixed assets	- note 10.1	447,571	423,711
Capital work-in-progress		28,448	28,448
		<u>476,019</u>	<u>452,159</u>

### 10.1 Operating fixed assets

Operating fixed assets - at net book value			
- owned assets		447,571	423,711
- assets subject to finance lease		-	-
	- note 10.1.1	<u>447,571</u>	<u>423,711</u>

### 10.1.1 Operating fixed assets - at net book value

Opening book value		423,711	424,807
Add: Additions during the period/ year		42,000	22,800

Less: Disposals during the period/ year  
Less: Depreciation for the period/ year

-	(273)
(18,140)	(23,623)
(18,140)	(23,896)
<u>447,571</u>	<u>423,711</u>

Closing book value

	<b>Un-audited March 31, 2019</b>	<b>Audited June 30, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>11. Long term investments</b>		
Associate - unquoted (accounted for under equity method)		
Pace Barka Properties Limited		
75,875,000 (2016: 75,875,000) fully paid ordinary shares of Rs 10 each		
Equity held 24.9% (2016: 24.9%)	12.1 1,106,510	1,126,446
	<u>1,106,510</u>	<u>1,126,446</u>
<b>11.1 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	367,795	354,921
	<u>1,126,446</u>	<u>1,113,572</u>
Share of movement in reserves during the year	1,139	54
Share of loss for the year		
- before taxation	(22,205)	27,113
- provision for taxation	1,130	(14,293)
	<u>(21,075)</u>	<u>12,820</u>
Balance as on June 30	<u>1,106,510</u>	<u>1,126,446</u>
	<b>Un-audited March 31, 2019</b>	<b>Audited June 30, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>12 Stock-in-trade</b>		
Work in process - Pace Towers	891,833	603,998
Pace Barka Properties Limited - Pace Circle	679,016	595,966
Pace Super Mall (Private) Limited	170,565	354,600
Shops and houses	<u>1,389,000</u>	<u>755,991</u>
	3,130,414	2,310,555
Stores inventory	773	934
	<u>3,131,187</u>	<u>2,311,489</u>
	<b>Un-audited March 31, 2019</b>	<b>Audited March 31, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>13 Cost of sales</b>		
Shops and commercial buildings sold		
- at completion of project basis	30,240	435,182
- at percentage of completion basis	34,825	20,208
	<u>140,208</u>	<u>173,595</u>
Stores operating expenses	<u>205,273</u>	<u>628,986</u>
<b>14 Other income</b>		
This includes an amount of Rs. 0.77 million (31 March 2018: Rs. 0.3 million) earned on account of interest / mark-up based deposits.		

	<b>Un-audited March 31, 2019</b>	<b>Un-audited March 31, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>15 Finance cost</b>		
Markup on		
- Long term finances - secured	-	1,914
- Foreign currency convertible bonds - unsecured	16,609	13,623
- Redeemable capital - secured (non-participatory)	71,938	65,161
- Short term finance - secured		
- Interest expense on unwinding of pak iran loan	1,994	1,487
- Liabilities against assets subject to finance lease	946	-
	<u>91,487</u>	<u>82,185</u>
Bank charges and processing fee	1,007	768
	<u>92,494</u>	<u>82,953</u>
	<b>Un-audited March 31, 2019</b>	<b>Un-audited March 31, 2018</b>
	<b>(Rupees in thousand)</b>	
<b>16 Cash generated from operations</b>		
Profit/(loss) before tax	(464,921)	(7,156)
Adjustments for:		
- Depreciation on property, plant and equipment	18,140	17,534
- Amortisation on intangible assets	382	389
- Provision for doubtful debts	35	14,362
- Share of Loss / profit of associate	21,075	(16,562)
- Markup income	(704)	(31)
- Gain on settlements of loans		(195,531)
- Gain on sale of investment property	-	(15,822)
- Finance costs	92,495	82,953
- Exchange loss on foreign currency convertible bonds	322,743	177,317
- Impairment of inventory at Fortress Mall	-	11,911
- Provision for gratuity and leave encashment	7,527	6,800
<b>Loss before working capital changes</b>	<u>(3,228)</u>	<u>76,165</u>
<b>Effect on cash flow due to working capital changes</b>		
- Decrease/(Increase) in stock-in-trade	(247,219)	(459,620)
- (Increase)/Decrease in trade debts	(14,422)	(288,379)
- Decrease/(Increase) in advances, deposits prepayments and other receivables	334,205	10,403
- Increase/ (Decrease) in advances against sale of property	-	(21,012)
- (Decrease)/ Increase in creditors, accrued and other liabilities	(36,305)	541,903
	<u>36,259</u>	<u>(216,705)</u>
	<u>33,031</u>	<u>(140,540)</u>
<b>17 Cash and Cash Equivalents</b>		
Cash and bank balances	<u>5,737</u>	<u>32,100</u>
	<u>5,737</u>	<u>32,100</u>

**Related party transactions and balances**

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key management personnel and close family members of directors and other key management personnel, and post employment retirement plan. Significant transactions and balances with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited 31 March 2019 --- (Rupees in thousand) ---	Un-audited 31 March 2018
<b>i. Associated Undertakings</b>			
<b>i. Associate</b>	Guarantee commission income	<b>928</b>	928
	Purchase of inventory	-	-
	Receipts against Pace circle sales	<b>2,804</b>	18,900
	Shared expense charged by the company	<b>1,224</b>	756
<b>ii. Others</b>	Purchase of goods & services	<b>60</b>	3,977
	Purchase of property, plant and equipment	<b>42,000</b>	-
	Payment made on account of construction	<b>44,902</b>	52,785
	Rental income	<b>7,074</b>	12,537
	Share of common expenses charged from related companies	-	20
<b>iii. Directors and key management personnel</b>	Funds Received against sale of property	<b>400,000</b>	-
	Advance against purchase of property	<b>50,000</b>	-
	Salaries and other employee benefit	<b>8,652</b>	14,582
<b>iv. Post employment benefit plan</b>	Post retirement benefits	<b>5,018</b>	8,458
<b>Period end balances</b>		<b>Un-audited 31 March 2019 --- (Rupees in thousand) ---</b>	<b>Audited 30 June 2018</b>
	Contract liability	64868	100838
	Receivable from related parties	18,444	8,314
	Advance to related parties	51,934	453,075
	Payable to related parties	2,544	1,157

**Financial risk management** □

The Group's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended 30 June 2018.





**23 Date of authorisation for issue**

This condensed interim financial information was authorised for issue on April 25, 2019 by the Board of Directors of the Group.

**24 General**

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

**Director**

**Chief Financial Officer**

**Director**

**PACE (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE Nine Months ENDED MARCH 31, 2019**

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Share in Reserves of associate	Un-appropriated (loss)	Total	Non-Controlling Interest	Total equity
<b>Balance as on June 30, 2017 (audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>(1,023)</b>	<b>13,988</b>	<b>(225,711)</b>	<b>2,849,285</b>	<b>87,311</b>	<b>2,936,596</b>
<b>Total comprehensive loss for the year</b>								
Profit/Loss for the year	-	-	-	-	(521,664)	(521,664)	(87)	(521,751)
Other comprehensive income/ (loss):								
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	4,985	4,985	-	4,985
Share of other comprehensive income/reserves of associates-net of tax	-	-	-	54	-	54	-	54
			1,023	54	(516,679)	(516,625)	(87)	(516,712)
<b>Transaction with owners</b>								
Non- Controlling interest arising on business combination	-	-	-	-	-	1,023	-	1,023
<b>Balance as on June 30, 2018 (audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>14,042</b>	<b>(742,390)</b>	<b>2,333,683</b>	<b>87,224</b>	<b>2,420,907</b>
<b>Total comprehensive profit /(loss) nine months ended March 31, 2018</b>								
Profit/Loss for the period	-	-	-	-	(465,698)	(465,698)	-	(465,698)
Other comprehensive loss:								
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	-
Share of other comprehensive income/ reserves	-	-	-	1,139	-	1,139	-	1,139
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-	-	-	-
				1,139	(465,698)	(464,559)	-	(464,559)
<b>Balance as on March 31, 2018</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>15,181</b>	<b>(1,208,088)</b>	<b>1,869,124</b>	<b>87,224</b>	<b>1,956,348</b>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

**Chief Executive**

**Chief Financial Officer**

**Director**

**22 Segment information**

	<b>(Rupees in thousand)</b>							
	<b>Real estate sales</b>		<b>Investment properties</b>		<b>Others</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Segment revenue	<b>68,045</b>	555,434	<b>27,791</b>	21,484	<b>152,709</b>	150,364	<b>248,545</b>	727,282
Segment expenses - Cost of sales	<b>65,065</b>	455,390	<b>21,587</b>	21,702	<b>118,621</b>	151,894	<b>205,273</b>	628,986
Gross profit / (loss)	<b>2,980</b>	100,044	<b>6,204</b>	(218)	<b>34,088</b>	(1,530)	<b>43,272</b>	98,296
<b>Segment results</b>	<b><u>2,980</u></b>	<u>100,044</u>	<b><u>6,204</u></b>	<u>(218)</u>	<b><u>34,088</u></b>	<u>(1,530)</u>	<b><u>43,272</u></b>	<u>98,296</u>
Administrative and selling expenses							<b>(83,376)</b>	(97,522)
Other operating income							<b>26,168</b>	235,778
Finance costs							<b>(92,494)</b>	(82,953)
Other operating expenses							<b>(337,416)</b>	(177,317)
Share of profit from associate - net of tax							<b>(21,075)</b>	16,562
<b>Loss before tax</b>							<b>(464,921)</b>	(7,157)
Taxation							<b>(777)</b>	(13,406)
<b>Loss for the period</b>							<b><u>(465,698)</u></b>	<u>(20,563)</u>

















###

## 20 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

	31 March 2019 (Un-audited)					
	Carrying amount			Fair value		
	Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
<i>Note</i>	----- Rupees -----					
<b>Financial instruments</b>						
<b>31 March 2019</b>						
<b><u>Financial assets not measured at fair value</u></b>						
Long term advances and deposits	14,250	-	14,250	-	-	-
Trade debts - unsecured	466,232	-	466,232	-	-	-
Advances, deposits, prepayments and other receivables	337,385	-	337,385	-	-	-
Cash and bank balances	5,737	-	5,737	-	-	-
<b>20.1</b>	<b>823,604</b>	<b>-</b>	<b>823,604</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Financial liabilities not measured at fair value</u></b>						
Long term finances - secured	-	56,126	56,126	-	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease	-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured	-	2,361,393	2,361,393	-	-	-
Trade and other payables	-	541,362	541,362	-	-	-
Accrued finance cost	-	1,044,241	1,044,241	-	-	-
<b>20.2</b>	<b>-</b>	<b>4,956,739</b>	<b>4,956,739</b>	<b>-</b>	<b>-</b>	<b>-</b>

**21.1 Fair value measurement of financial instruments**

		<b>30 June 2018 (Audited)</b>					
		<b>Carrying amount</b>		<b>Fair value</b>			
	<i>Note</i>	<b>Loans and receivables</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>----- Rupees -----</b>					
<b>Financial instruments</b>							
<b><u>30 June 2018</u></b>							
<b><u>Financial assets not measured at fair value</u></b>							
Long term advances and deposits		14,250	-	14,250	-	-	-
Trade debts - unsecured		494,883	-	494,883	-	-	-
Advances, deposits, prepayments and other receivables		1,209,640	-	1,209,640	-	-	-
Cash and bank balances		32,100	-	32,100	-	-	-
	<i>21.2</i>	<u>1,750,873</u>	<u>-</u>	<u>1,750,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Financial liabilities not measured at fair value</u></b>							
Long term finances - secured		-	54,132	54,132	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,054,739	2,054,739	-	-	-
Trade and other payables		-	581,418	581,418	-	-	-
Accrued finance cost		-	971,357	971,357	-	-	-
	<i>21.2</i>	<u>-</u>	<u>4,615,263</u>	<u>4,615,263</u>	<u>-</u>	<u>-</u>	<u>-</u>

**21.2** 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.

**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appropriated (loss)	Total
<b>Balance as on July 1, 2017 (audited)</b>	2,788,766	273,265	(1,230)	(617,208)	2,443,593
Profit/Loss for the period	-	-	-	(537,062)	(537,062)
Other comprehensive Income/ loss:					
Changes in fair value of available for sale investments	-	-	1,230	-	1,230
Remeasurement of net defined benefit liability - net of tax	-	-	-	4,985	4,985
	-	-	1,230	(532,077)	(530,847)
<b>Balance as on June 30, 2018 (audited)</b>	2,788,766	273,265	-	(1,149,285)	1,912,746
<b>Total comprehensive profit / (loss) for the period ended March 31, 2019</b>					
Profit/Loss for the period	-	-	-	(446,959)	(446,959)
Other comprehensive income/Loss:					
Changes in fair value of available for sale investments	-	-	-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-
	-	-	-	(446,959)	(446,959)
<b>Balance as on March 31, 2019 (un-audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>(1,596,244)</b>	<b>1,465,787</b>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

**Chief Executive**

**Chief Financial Officer**

**Director**