

PACE (PAKISTAN) LIMITED

HALF YEAR ACCOUNTS (Un-Audited)

DECEMBER 31, 2020

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the Unconsolidated Interim Financial Statements of the Company for the half year ended December 31, 2020.

Operating Results:

During period under review, the sales of the Company showed a increase of Rs 5.978 million to come at Rs 93.837 million as compared to Rs. 87.859 million last year primarily attributable to recognition of revenue, on percentage of completion basis, pertaining to sale of floors on Pace Tower and service charges from plazas. Cost of Sales was 32.508 million for the current year. Administrative expenses increased by 6.98% to Rs. 80.29 million. Other income of the company stands at Rs 4.042 million as compared to Rs. 23.44 million last year. The company also received an exchange gain of Rs 139.352 million as compared to a gain of Rs 156.053 million in corresponding period of FY-2020 on Foreign Currency Convertible Loan due to appreciation of Pak-Rupee. Finance costs during the period under review decreased from Rs. 96.925 million to Rs. 73.938 million.

As a result of aforementioned factors, the company received a profit after tax of Rs 42.698 million as compared to a loss of Rs 20.257 million in the previous comparable period, with an EPS of 0.15 per share (2019: LPS – 0.07).

The comparison of the financial results for the half year ended 31st Dec 2020, with corresponding period of the previous financial year is as under:

	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'	
Sales	93,837	87,859
Cost of Sales	(32,508)	(70,124)
Gross Profit	61,329	17,735
Admin & Selling Expenses	(80,290)	(75,054)
Other Income	4,042	23,440
Impairment loss on receivables	(6,108)	(44,188)
Exchange Gain/(loss) on foreign currency convertible bond	139,352	156,053
Finance Cost	(73,938)	(96,925)
Net profit/(loss) before tax	44,387	(18,939)
Net profit/(loss) after tax	42,698	(20,257)
Earnings/(Loss) per share (PKR)	0.15	(0.07)

The Board of Directors also wishes to express its gratefulness to the shareholders for their continued support and to all their employees for their ongoing dedication and commitment to the Company.

For and on behalf of the Board of Directors

Lahore

Februry 26, 2021

Director

Chief Executive Officer



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of **PACE PAKISTAN LIMITED**

Report on review of interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pace Pakistan Limited** as at **December 31, 2020** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 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 statements 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 interim financial statements, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

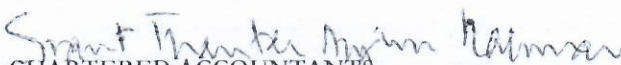
Emphasis of Matter

We draw attention to note 1.2 in the interim financial statements which describes that as at December 31, 2020, the Company's current liabilities exceeded its current assets by Rs. 2,364.9 million and its accumulated losses stood at Rs. 2,416.9 million. These factors, along with other matters as set forth in note 1.2 indicate existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other Matter

The figures of condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2020.

The engagement partner on the review resulting in this independent auditor's review report is Asad Feroze.


CHARTERED ACCOUNTANTS
Lahore

Dated: February 27, 2021

Pace (Pakistan) Limited

Condensed Interim unconsolidated Statement of Financial Position (Un-audited)

As at 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
		--- (Rupees in thousand) ---	
EQUITY AND LIABILITIES	<i>Note</i>		
<u>Share capital and reserves</u>			
Authorised capital	5	<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid-up capital	5	2,788,766	2,788,766
Share premium	6	273,265	273,265
Accumulated loss		<u>(2,416,922)</u>	<u>(2,464,550)</u>
		645,109	597,481
<u>Non-current liabilities</u>			
Lease liability		140,830	136,572
Long term finances - secured	7	-	-
Redeemable capital - secured (non-participatory)	8	-	-
Foreign currency convertible bonds - unsecured	9	-	-
Deferred liabilities		50,919	45,934
		191,749	182,506
<u>Current liabilities</u>			
Contract liability		256,005	228,256
Current maturity of long term liabilities		3,813,655	3,940,406
Creditors, accrued and other liabilities	10	874,264	845,135
Accrued finance cost		1,243,306	1,189,058
		6,187,230	6,202,855
Contingencies and commitments	11	-	-
		<u>7,024,088</u>	<u>6,982,842</u>

		Unaudited 31 December 2020	Audited 30 June 2020
		--- (Rupees in thousand) ---	
ASSETS	<i>Note</i>		
<u>Non-current assets</u>			
Property, plant and equipment	12	588,694	601,264
Intangible assets		3,881	4,008
Investment property		1,745,251	1,745,251
Long term investments		850,321	850,321
Long term advances and deposits		13,619	13,619
Deferred taxation		-	-
		3,201,766	3,214,463
<u>Current assets</u>			
Stock-in-trade	13	2,831,523	2,821,179
Trade debts	14	430,706	406,985
Advances, deposits, prepayments and other receivables		514,220	493,245
Income tax refundable - net		27,604	23,845
Cash and bank balances	15	18,269	23,125
		3,822,322	3,768,379
		<u>7,024,088</u>	<u>6,982,842</u>

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)

For the six months ended 31 December 2020

	Note	For the half year ended		For the quarter ended	
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		--- (Rupees in thousand) ---		--- (Rupees in thousand) ---	
Revenue	16	93,837	87,859	4,267	53,596
Cost of revenue	17	(32,508)	(70,124)	38,249	(16,043)
Gross profit		61,329	17,735	42,516	37,553
Administrative and selling expenses		(80,290)	(75,054)	(48,076)	(47,263)
Impairment loss on trade and other receivables		(6,108)	(44,188)	(6,108)	(44,188)
Other income	18	4,042	23,440	(4,988)	12,435
Loss from operations		(21,027)	(78,067)	(16,656)	(41,463)
Finance cost	19	(73,938)	(96,925)	(34,728)	(56,118)
Exchange gain / (loss) on foreign currency convertible bonds		139,352	156,053	103,102	14,497
Profit / loss before taxation		44,387	(18,939)	51,718	(83,084)
Taxation	20	(1,689)	(1,318)	(569)	39,065
Profit / loss for the period		42,698	(20,257)	51,149	(44,019)
Loss per share - basic and diluted		0.15	(0.07)	0.18	(0.16)

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statement.

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 2020

	2020	2019
	--- (Rupees in thousand) ---	
Profit / (loss) for the period	42,698	(20,257)
<u>Other comprehensive income for the year</u>		
<i>Items that will not be reclassified to statement of profit or loss:</i>		
Remeasurement of net defined benefit liability	-	-
Total comprehensive income / loss for the year	<u>42,698</u>	<u>(20,257)</u>

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statement.

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 2020

		Capital reserve	Revenue reserve	
	Issued, subscribed and paid-up capital	Share premium	Accumulated loss	Total
	--- (Rupees in thousand) ---			
As at 01 July 2019 (audited)	2,788,766	273,265	(2,075,583)	986,448
Total comprehensive loss for the half year ended 31 December 2019				
Loss after taxation	-	-	(20,257)	(20,257)
Other comprehensive income	-	-	-	-
	-	-	(20,257)	(20,257)
Balance as at 31 December 2019 (un-audited)	2,788,766	273,265	(2,095,840)	966,191
Loss after taxation	-	-	(377,622)	(377,622)
Other comprehensive income	-	-	8,912	8,912
	-	-	(368,710)	(368,710)
Balance as at 30 June 2020 (audited)	2,788,766	273,265	(2,464,550)	597,481
Total comprehensive income for the half year ended 31 Dec 2020				
Profit after taxation	-	-	42,698	42,698
Other comprehensive income	-	-	-	-
	-	-	42,698	42,698
Balance as at 31 Dec 2020	2,788,766	273,265	(2,416,922)	645,109

The annexed notes from 1 to 26 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 Cash Flows (Un-audited)

For the six months ended 31 December 2020

		Half year ended	
		31 December	31 December
		2020	2019
		--- (Rupees in thousand) ---	
<u>Cash flows from operating activities</u>			
Cash (used in) / generated from operations	21	6,376	(102,981)
Finance costs paid		(78)	-
Gratuity and leave encashment paid		-	(125)
Taxes paid		(5,448)	(7,477)
Net cash (used in) / generated from operating activities		850	(110,583)
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(2,980)	(4,659)
Proceeds from disposal of property, plant and equipment		-	1,900
Income on bank deposits received		27	37
Net cash used in investing activities		(2,953)	(2,722)
<u>Cash flow from financing activities</u>			
Long term loan paid during the period		-	(7,636)
Lease rentals paid		(2,753)	(3,100)
Net cash used in financing activities		(2,753)	(10,736)
Net decrease in cash and cash equivalents		(4,856)	(124,041)
Cash and cash equivalents - at beginning of the period		23,125	165,393
Cash and cash equivalents - at end of the period		18,269	41,352

The annexed notes from 1 to 26 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive

Director

Chief Financial Officer

Pace (Pakistan) Limited

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

For the six months ended 31 December 2019

1 The Company and its operations

- 1.1** 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, plots 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 of 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
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 Towers	27 -H College Road Gulberg II Lahore

- 1.2** The Company has earned a profit before tax of Rs. 44,387 million during the period. As at reporting date, its current liabilities have exceeded its current assets by Rs. 2,364.9 million, and accumulated losses of the Company stood at Rs. 2,416.9 million. Furthermore, 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. 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 settlement of Company's borrowings. The Company is also expecting to complete the Pace Tower Project by the end of next financial year and is actively engaged to find buyers for the sale of remaining floors/apartments in Pace Tower. Further, the Company has inventory in form of different properties for which the management is actively looking for buyers and has devised a strategy for sale of the inventory. The proceeds from these sales will help to improve the operating cash flows of the Company and also to settle its obligations. The Company is also engaged with its trade debtors for recovery of their outstanding balances.

The management believes that the above measures will generate sufficient financial resources for the continuing operations. Accordingly, these financial statements are 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.

2 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 2020 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 2020 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 2020. Comparative condensed interim unconsolidated statement of financial position is stated from annual audited financial statements as of 30 June 2020, 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 2019.

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.

3 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 2020.

4 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 2020.

5 Share capital and reserves

	Un-audited 31 December 2020 --- (Rupees in thousand) ---	Audited 30 June 2020	Un-audited 31 December 2020 ----- Number of shares -----	Audited 30 June 2020
5.1 Issued, subscribed and paid-up capital				
Ordinary shares of Rs. 10 each fully paid in cash	2,017,045	2,017,045	201,704,516	201,704,516
Ordinary shares of Rs. 10 each issued as bonus shares	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>

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

		Un-audited 31 December 2020 (Number of shares)	Audited 30 June 2020
	Basis of relationship		
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 Share premium

Share premium reserve	Un-audited 31 December 2020 --- (Rupees in thousand) ---	Audited 30 June 2020
	<u>273,265</u>	<u>273,265</u>

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

7 Long term finances - secured

	Note	Un-audited 31 December 2020 --- (Rupees in thousand) ---	Audited 30 June 2020
Pak Iran Joint Investment Company	7.1	66,860	66,860
		<u>66,860</u>	<u>66,860</u>
<i>Less:</i>			
Current maturity presented under current liabilities		(66,860)	(66,860)
		<u>-</u>	<u>-</u>

7.1 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.

7.1.1 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 2020	Audited 30 June 2020
	<i>Note</i>	--- (Rupees in thousand) ---	
As at beginning of the year		66,860	58,168
Unwinding of notional interest		-	3,556
Adjustment on account of default	7.1.2.1	-	5,136
As at end of the year		66,860	66,860

7.1.2 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.

7.1.2.1 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 a default in repayment of the installment and no repayment was made till 31 December 2020. Pace, through its letters dated 17 July and 07 October 2020, requested PAIR to defer the repayment plan for 24 months and subsequently offered an asset against debt swap. 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". Further in line with requirements of agreement, due to default, mark up has been accrued on the outstanding amount for the period.

	Un-audited 31 December 2020	Audited 30 June 2020
8 Redeemable capital - secured (non-participatory)	--- (Rupees in thousand) ---	
Term finance certificates	935,571	935,571
<i>Less:</i>		
Current maturity presented under current liabilities	(935,571)	(935,571)
	<u>-</u>	<u>-</u>

8.1 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 mark-up of 6 months KIBOR plus 2% (2019: 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 the previous 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 was 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.

		Un-audited 31 December 2020	Audited 30 June 2020
9 Foreign currency convertible bonds - unsecured	<i>Note</i>	--- (Rupees in thousand) ---	
Opening balance		2,895,217	2,805,535
Mark-up accrued during the year		12,601	24,873
		2,907,817	2,830,408
Exchange (gain) / loss for the year	9.2	(139,352)	64,809
		2,768,465	2,895,217
<i>Less:</i>			
Current maturity presented under current liabilities		(2,768,465)	(2,895,217)
		-	-

9.1 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 to 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 30 June 2020, 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.

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

		Un-audited 31 December 2020	Audited 30 June 2020
10 Creditors, accrued and other liabilities	<i>Note</i>	--- (Rupees in thousand) ---	
Trade creditors	10.1	248,878	264,511
Provisions and accrued liabilities		241,729	222,925
Payable to statutory bodies		99,926	141,117
Advance against sale of investment property		124,000	84,000
Security deposits	10.2	58,018	51,818
Rentals against investment property received in advance		18,054	9,743
Retention money		5,461	5,661
Payable to contractors		2,699	2,699
Others		75,499	62,661
		874,264	845,135

- 10.1** This includes payables to First Construction Limited (related party being a subsidiary of associate company) amounting to Rs. 0.09 million (2020: Rs. 0.09 million) under normal course of business and is interest free.
- 10.2** These represent security deposits received against rent of shops rented out in the plazas. None of these amounts is utilizable for Company or other purpose. The Company has not kept this amount in a separate bank account. The Company is in process of ensuring compliance with the requirement of section 217 of the Companies Act, 2017.

11 Contingencies and commitments

11.1 Contingencies

11.1.1 Claims against the Company not acknowledged as debts amounting to Rs.21.64 million (2020: Rs.21.64 million).

11.1.2 On 17 October 2018, Orix Leasing Company (Plaintiff) has filed a case in banking court (VII) against the Pace (Pakistan) Limited (the Company). The plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff. The amount claimed by the plaintiff has already been booked in the financial statements. Currently the case is pending for hearing on 09 March, 2021. However the legal advisor of the Company is confident that there are meritorious grounds to defend the claim.

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

The petition is pending for hearing on 02 March 2021. As per legal advisors of the Company, there are reasonable grounds to defend the Company's claim, however no asset has been booked in the financial

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

On 24 April 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs. 188.75 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Company is of Rs. 57.96 million. As per legal advisors of the Company there are meritorious grounds to defend the Company's claim and consequently no provision has been made in these financial statements. The case is pending for hearing on 17 March, 2021.

11.2 Commitments

11.2.1 Commitments in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited, amounts to Rs. 98.24 million (2019: Rs. 101.28 million).

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

		Un-audited 31 December 2020	Audited 30 June 2020
	<i>Note</i>	--- (Rupees in thousand) ---	
12 Property, plant and equipment			
Operating fixed assets	12.1	427,167	440,226
Capital work in progress		34,720	31,740
Right-of-use assets	12.2	126,807	129,298
		588,694	601,264
12.1 Operating fixed assets			
Net book value at beginning of the period		440,226	439,657
Additions during the period		-	28,950
Disposals during the period		-	(1,224)
Depreciation charged during the period		(13,059)	(27,157)
Net book value at end of the period		427,167	440,226
12.2 Right-of-use assets			
Net book value at beginning of the period		129,298	-
Additions during the period		-	134,835
Disposals during the period		-	-
Depreciation charged during the period		(2,491)	(5,537)
		126,807	129,298

			Un-audited 31 December 2020	Audited 30 June 2020
			--- (Rupees in thousand) ---	
13	Stock-in-trade	<i>Note</i>		
	Land not under development		21,600	21,600
	Land purchased for resale		930,765	930,765
	Work in progress			
	<i>Pace Tower</i>		633,828	626,269
	<i>Pace Circle</i>		702,187	699,140
	Completed units - shops		541,744	542,244
			2,830,124	2,820,018
	Stores inventory		1,399	1,161
			2,831,523	2,821,179

14	Trade debts			
	<i>Secured</i>			
	Considered good		430,706	406,985
	<i>Unsecured</i>			
	Considered doubtful		275,429	269,321
			706,135	676,306
	Less: Impairment allowance		(275,429)	(269,321)
			430,706	406,985

			Un-audited 31 December 2020	Audited 30 June 2020
			--- (Rupees in thousand) ---	
15	Cash and bank balances	<i>Note</i>		
	Cash in hand		268	218
	<i>Cash at banks</i>			
	- Current accounts	15.1	17,590	22,358
	- Saving accounts	15.2	411	549
			18,001	22,907
			18,269	23,125

15.1 This includes Rs. 17 million (2020: Rs. 20 million) on which lien is marked against sale of property to MCB for further development charges at Pace Tower.

15.2 This carries profit at the rates ranging from 4% to 8% (2019: 4% to 8%) per annum.

		Un-audited 31 December 2020	Un-audited 31 December 2019
	<i>Note</i>	--- (Rupees in thousand) ---	
16 Revenue			
Development services		2,342	47,583
Display of advertisements		17,524	15,166
Service charges - net	16.1	58,428	6,998
Revenue from contract with customers		78,294	69,747
Other revenue			
Rental income from lease of investment property		15,543	18,112
Total revenue		93,837	87,859

16.1 The breakup of costs against service income recorded during the period is as follows:

Service charges - net

Service charges- gross	105,089	80,261
Less: Insurance	-	798
Fuel and power	42,490	67,506
Janitorial and security charges	4,171	4,959
	(46,661)	(73,263)
	58,428	6,998

16.2 Disaggregation of revenue by:

Timing of revenue recognition

At point in time	-	-
Over time	78,294	69,747

		Un-audited 31 December 2020	Un-audited 31 December 2019
	<i>Note</i>	--- (Rupees in thousand) ---	
17 Cost of revenue			

Shops and commercial buildings sold

- at percentage of completion basis	3,665	27,492
- at completion of project basis	-	-

Stores and operating expenses

28,843	42,632
32,508	70,124

18 Other income

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

Un-audited
31 December
2020
--- (Rupees in thousand) ---

Un-audited
31 December
2019

19 Finance cost

Interest and mark-up on:

- <i>Long term finances - secured</i>	-	1,279
- <i>Foreign currency convertible bonds - unsecured</i>	12,601	12,226
- <i>Redeemable capital - secured (non-participatory)</i>	51,161	72,030
- <i>Interest expense on unwinding of Pak Iran Joint Investment Company</i>	-	1,731
- <i>Default markup on loan from Pak Iran Joint Investment Company</i>	3,086	-
- <i>Notional interest on lease liability</i>	7,011	8,848
	73,859	96,114

Bank charges and processing fee

79	811
73,938	96,925

Un-audited	Un-audited
31 December	31 December
2020	2019
--- (Rupees in thousand) ---	

20 Taxation

Current:

- For the year

1,689	2,394
--------------	--------------

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (2019: Minimum Tax under section Section 113 of Income Tax Ordinance, 2001).

Un-audited	Un-audited
31 December	31 December
2020	2019
--- (Rupees in thousand) ---	

21 Cash flows from operating activities

Loss before taxation	44,387	(18,939)
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Adjustments for non-cash items:

Depreciation on property, plant and equipment	15,550	15,397
Amortization of intangible assets	127	261
Impairment loss on trade and other receivables	6,108	44,188
Profit on bank deposits	(27)	(37)
Gain on sale of Property, Plant and Equipment	-	(580)
Gain on sale of investment in associate	-	-
Finance cost	73,938	96,114
Exchange (gain) / loss on foreign currency convertible bonds	(139,352)	(156,053)
Waiver of interest - Askari Bank	-	-
Provision for gratuity and leave encashment	4,986	5,882
Loss before working capital changes	5,717	(13,767)

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets:

Stock-in-trade	(10,344)	(15,782)
Trade debts	(24,900)	(28,871)
Advances, deposits, prepayments and other receivables	(20,975)	(54,014)

Increase / (decrease) in current liabilities:

Contract liability	27,749	20,195
Trade and other payables	29,129	(10,742)
	659	(89,214)

Cash (used in) / generated from operations

6,376	(102,981)
--------------	------------------

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 mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of Company	Relationship	Nature of transactions	2020	2019
			--- (Rupees in thousand) ---	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	619	619
		Rental income	2,338	2,232
		Shared expenses charged by Company	269	919
First Capital Investment Limited	Common Directorship	Rent Income	336	336
		Shared expenses charged by the Company	-	551
Ever Green Water Valley (Private) Limited	Common Directorship	Advance paid against purchase of Shadman plot	6,063	22,422
		Advance against Construction of Pace Towers	8,223	59,872
		Shared Expenses charged by the company	-	551
First Capital Equities Limited	Common Directorship	Rent Income	-	321
		Rent Received on behalf of FCEL	-	90
		Shared Expenses charged by the company	-	551
Media Times Limited	Common Directorship	Rental Income	-	7,781
		Advertisement expenses	79	334
Rema and Shehrbano	Common Directorship	Service charges	1,351	1,511
Conatural	Common Directorship	Service charges	293	685
Post Employment Benefit Plans	Employee Fund	Gratuity and leave encashment	4,985	5,725

23 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 2020 (Un-audited)				
		Carrying amount		Fair value		
	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
Note	----- (Rupees in thousand) -----					
Financial instruments						
31 December 2020						
Financial assets not measured at fair value						
	13,619	-	13,619	-	-	-
	430,706	-	430,706	-	-	-
	167,764	-	167,764	-	-	-
	18,269	-	18,269	-	-	-
23.2	612,089	-	612,089	-	-	-
Financial liabilities not measured at fair value						
	-	66,860	66,860	-	-	-
	-	935,571	935,571	-	-	-
	-	131,456	131,456	-	-	-
	-	2,768,465	2,768,465	-	-	-
	-	874,264	874,264	-	-	-
	-	1,243,306	1,243,306	-	-	-
23.2	-	6,019,922	6,019,922	-	-	-

23.1 Fair value measurement of financial instruments

		30 June 2020 (Audited)					
		Carrying amount			Fair value		
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	Note	----- (Rupees in thousand) -----					
Financial instruments							
<u>30 June 2020</u>							
<u>Financial assets not measured at fair value</u>							
Long term advances and deposits		13,619	-	13,619	-	-	-
Trade debts		406,985	-	406,985	-	-	-
Advances, deposits, prepayments and other receivables		150,008	-	150,008	-	-	-
Cash and bank balances		23,125	-	23,125	-	-	-
	23.2	593,737	-	593,737	-	-	-
<u>Financial liabilities not measured at fair value</u>							
Long term finances - secured		-	66,860	66,860	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liability against right of use assets		-	179,330	179,330	-	-	-
Foreign currency convertible bonds - unsecured		-	2,895,217	2,895,217	-	-	-
Trade and other payables		-	751,392	751,392	-	-	-
Accrued finance cost		-	1,189,058	1,189,058	-	-	-
	23.2	-	6,017,428	6,017,428	-	-	-

23.2 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.

24 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 2020.

25 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 _____.

26 General

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

Chief Executive

Director

Chief Financial Officer

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the Consolidated Interim Financial Statements of the Company for the half year ended December 31, 2020.

Operating Results:

During period under review, the sales of the Company showed a increase of Rs 5.978 million to come at Rs 93.837 million as compared to Rs. 87.859 million last year primarily attributable to recognition of revenue, on percentage of completion basis, pertaining to sale of floors on Pace Tower and service charges from plazas. Cost of Sales was 32.508 million for the current year. Administrative expenses increased by 6.98% to Rs. 80.29 million. Other income of the company stands at Rs 4.042 million as compared to Rs. 23.44 million last year. The company also received an exchange gain of Rs 139.352 million as compared to a gain of Rs 156.053 million in corresponding period of FY-2020 on Foreign Currency Convertible Loan due to appreciation of Pak-Rupee. Finance costs during the period under review decreased from Rs. 96.925 million to Rs. 73.938 million. Share of loss from associate is 16.881 million.

As a result of aforementioned factors, the company received a profit after tax of Rs 28.35 million as compared to a loss of Rs 19.627 million in the previous comparable period, with an EPS of 0.10 per share (2019: LPS – 0.07).

The comparison of the financial results for the half year ended 31st Dec 2020, with corresponding period of the previous financial year is as under:

	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'	
Sales	93,837	87,859
Cost of Sales	(32,508)	(70,124)
Gross Profit	61,329	17,735
Admin & Selling Expenses	(80,290)	(75,054)
Other Income	4,042	23,440
Exchange Gain/(loss) on foreign currency convertible bond	139,352	156,053
Impairment loss on trade & other receivables	(6,108)	(44,188)
Finance Cost	(73,938)	(96,925)
Share of (loss) from associate	(16,881)	741
Net profit/(loss) before tax	(27,506)	(18,198)
Net profit/(loss) after tax	28,350	(19,627)
Earnings/(Loss) per share (PKR)	0.10	(0.07)

The Board of Directors also wishes to express its gratefulness to the shareholders for their continued support and to all their employees for their ongoing dedication and commitment to the Company.

For and on behalf of the Board of Directors

Lahore

February 26, 2021

Director

Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2020

		December 31, 2020	June 30, 2020
		Un-audited	Audited
Note		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>6,000,000</u>	<u>6,000,000</u>
600,000,000 (June 30, 2019: 600,000,000) ordinary shares of Rs 10 each			
Issued, subscribed and paid up capital			
278,876,604 (June 30, 2019: 278,876,604) ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		287,307	287,307
Accumulated loss		<u>(2,069,187)</u>	<u>(2,102,467)</u>
		1,006,886	973,606
		<u>87,030</u>	<u>87,030</u>
NON-CONTROLLING INTEREST		1,093,916	1,060,636
NON-CURRENT LIABILITIES			
Long term finances - secured	6	-	-
Redeemable capital - secured (non-participatory)	7	-	-
Liabilities against assets subject to finance lease		140,830	136,572
Foreign currency convertible bonds - unsecured	8	-	-
Deferred liabilities		50,919	45,934
Deferred Taxation		<u>43,027</u>	<u>45,560</u>
		234,776	228,066
CURRENT LIABILITIES			
Contract Liability		257,005	229,256
Current portion of long term liabilities		3,813,655	3,940,406
Creditors, accrued and other liabilities	9	911,314	882,185
Accrued finance cost		<u>1,243,306</u>	<u>1,189,058</u>
		6,225,280	6,240,905
CONTINGENCIES AND COMMITMENTS			
	10	-	-
		<u>7,553,972</u>	<u>7,529,607</u>

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

		December 31, 2020	June 30, 2020
		Un-audited	Audited
Note		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	588,694	601,264
Intangible assets		3,881	4,008
Investment property		1,745,251	1,745,251
Investments		1,045,500	1,062,381
Long term advances and deposits		<u>15,248</u>	<u>15,248</u>
		3,398,574	3,428,152
CURRENT ASSETS			
Stock-in-trade	12	3,164,523	3,154,179
Trade debts - unsecured		430,706	406,985
Advances, deposits, prepayments and other receivables		514,220	493,245
Income tax recoverable		27,657	23,898
Cash and bank balances		<u>18,292</u>	<u>23,148</u>
		4,155,398	4,101,455
		<u>7,553,972</u>	<u>7,529,607</u>

Chief Executive

Chief Financial Officer

Director

Pace (Pakistan) Limited
Consolidated Statement of Changes In Equity
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

		Capital reserve			Revenue reserve	Total equity attributable to owners of the Parent Company	Non-controlling Interests	Total equity
	Issued, subscribed and paid-up capital	Share premium	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated loss			
	----- (Rupees in thousand) -----							
Balance as at 30 June 2019	2,788,766	273,265	-	14,042	(1,682,343)	1,393,730	87,030	1,480,760
<u>Total comprehensive loss for the year ended 30 June 2020</u>								
Loss after taxation	-	-	-	-	(428,557)	(428,557)	-	(428,557)
Other comprehensive income	-	-	-	-	8,433	8,433	-	8,433
	-	-	-	-	(420,124)	(420,124)	-	(420,124)
Balance as at 30 June 2020	2,788,766	273,265	-	14,042	(2,102,467)	973,606	87,030	1,060,636
<u>Total comprehensive loss for the period ended 30 December 2020</u>								
Loss after taxation	-	-	-	-	28,350	28,350	-	28,350
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	28,350	28,350	-	28,350
Balance as at 31 December 2020	2,788,766	273,265	-	14,042	(2,069,187)	1,001,956	87,030	1,093,916

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

Chief Executive Officer

Director

Chief Financial Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

	Note	Quarter ended		Half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)					
Sales		4,267	53,596	93,837	87,859
Cost of sales	13	38,249	(16,043)	(32,508)	(70,124)
Gross Profit		42,516	37,553	61,329	17,735
Administrative and selling expenses		(48,076)	(47,262)	(80,290)	(75,054)
Other income		(4,988)	12,435	4,042	23,440
Exchange loss on foreign currency convertible bonds		103,102	14,497	139,352	156,053
Impairment loss on trade and other receivables □		(6,108)	(44,188)	(6,108)	(44,188)
Finance costs	14	(34,729)	(56,118)	(73,938)	(96,925)
Share of profit / (loss) for associate - net of tax		(6,624)	(3,526)	(16,881)	741
Loss before tax		45,093	(86,609)	27,506	(18,198)
Taxation		425	39,065	844	(1,429)
Loss for the period		45,518	(47,544)	28,350	(19,627)
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive profit / (loss) for the period		45,518	(47,544)	28,350	(19,627)
Attiributable to:					
Equity holders of the parent		45,518	(47,544)	28,350	(19,627)
Non-controlling interest		-	-	-	-
		45,518	(47,544)	28,350	(19,627)
Loss per share attributable to ordinary shareholders					
- basic		0.16	(0.17)	0.10	(0.07)

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

Chief Executive

Chief Financial Officer

Director

PACE (PAKISTAN) GROUP
COSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half year ended	
		December 31,	December 31,
		2020	2019
		Un-audited	Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	15	6,376	(102,982)
Gratuity and leave encashment paid		-	(125)
Finance cost paid		(78)	-
Taxes paid		(5,448)	(7,477)
Net cash generated from operating activities		850	(110,584)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,980)	(4,659)
Receipts of sale of investment property		-	1,900
Markup received		27	37
Net cash used in investing activities		(2,953)	(2,722)
Cash flows from financing activities			
Long term loan paid during the period		-	(7,635)
Lease rentals paid		(2,753)	(3,100)
Net (decrease) / increase in cash and cash equivalents		(4,856)	(124,041)
Cash and cash equivalents at beginning of the period		23,148	165,416
Cash and cash equivalents at the end of the period		18,292	41,375

Chief Executive

Chief Financial Officer

Director

**PACE (PAKISTAN) GROUP
TES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020**

1. Legal status and activities

1.1 Constitution and ownership

The consolidated 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.

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.

1.2 Going concern assumption

The Company has earned a profit before tax of Rs. 28.35 million during the period. As at reporting date, its current liabilities have exceeded its current assets by Rs. 2,069 million, and accumulated losses of the Company stood at Rs. 2,069.12 million. Furthermore, 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. 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 settlement of Company's borrowings. The Company is also expecting to complete the Pace Tower Project by the end of next financial year and is actively engaged to find buyers for the sale of remaining floors/apartments in Pace Tower. Further, the Company has inventory in form of different properties for which the management is actively looking for buyers and has devised a strategy for sale of the inventory. The proceeds from these sales will help to improve the operating cash flows of the Company and also to settle its obligations. The Company is also engaged with its trade debtors for recovery of their outstanding balances.

The management believes that the above measures will generate sufficient financial resources for the continuing operations. Accordingly, these financial statements are 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.

2 Basis of preparation and statement of compliance

These condensed interim consolidated financial statements comprise the condensed interim consolidated statement of financial position of the Company as at 31 December 2020 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows together with the notes forming part thereof.

- 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 consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 30 June 2020. Comparative condensed interim consolidated statement of financial position is stated from annual audited financial statements as of 30 June 2020, whereas comparatives for condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows and related notes are extracted from condensed interim consolidated financial statements of the Company for the six months ended 31 December 2019.

These condensed interim consolidated 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 consolidated 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.

3 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed interim consolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2020.

4 Taxation

The provision for taxation for the quarter ended and half year ended December 31, 2020 has been recognized based on minimum tax.

5 Use of estimates and judgments

In preparing these condensed consolidated 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 consolidated financial statements for the year ended 30 June 2020.

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	(Rupees in thousand)	
6	Long term finances - secured		
Markup on Pak Iran Loan	6.1	66,860	66,860
		66,860	66,860
Less:	Current portion shown under current liabilities	(66,860)	(66,860)
		-	-

- 6.1** On 28 December 2016, Pak Iran Joint Investment Company ('PAIR') and the Parent 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 Parent Company. Pursuant to the SA, on 28 December 2016, the Parent Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Parent 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.

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:

	2020	2020
	---	(Rupees in thousand) ---
As at beginning of the year	66,860	58,168
Unwinding of notional interest	-	3,556
Adjustment on account of default	-	5,136
As at end of the year	66,860	66,860

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.

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. Parent Company made a default in repayment of the installment and no repayment was made till 30 June 2020. 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 December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
7	Redeemable capital - secured (non-participatory)			
	Term Finance certificates		935,571	935,571
	Less: Current portion shown under current liabilities	7.1	(935,571)	(935,571)
			<u>-</u>	<u>-</u>

7.1 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. The TFC's carry a mark-up of 6 months KIBOR plus 2% (30 June 2019: 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 schedule of repayment and is not compliant with certain debt covenants which represents a breach of the respective agreement terms, 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.

			Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
8	Foreign currency convertible bonds - unsecured			
	Opening balance		2,895,216	2,805,535
	Markup accrued for the period / year		<u>12,601</u>	<u>24,873</u>
			2,907,817	2,830,408
	Exchange loss / (gain) for the period / year		<u>(139,352)</u>	<u>64,808</u>
			2,768,465	2,895,216
	Less: Current portion shown under current liabilities		<u>(2,768,465)</u>	<u>(2,895,216)</u>
			<u>-</u>	<u>-</u>

9 Creditors, accrued and other liabilities

Trade creditors	9.1	281,772	297,405
Advance against sale of investment property		124,000	84,000
Rentals against investment property received in advance		18,054	14,747
Accrued liabilities		241,954	223,150
Security deposits	9.2	58,018	51,818
Payable to contractors		2,699	2,699
Retention money		5,461	5,661
Payable to statutory bodies		99,935	141,126
Others		79,421	61,579
		<u>911,314</u>	<u>882,185</u>

9.1 This includes payables to related parties under normal course of business and are interest free.

9.2 These represent security deposits received against shops rented out in the Plazas. None of these amounts is utilizable for Company or other purpose. The Company has not maintained a separate bank account for this amount. The Company is in process of ensuring compliance with the requirement of section 217 of the Companies Act, 2017.

10 Contingencies and commitments

10.1 Contingencies

10.1.1 Claims against the Company not acknowledged as debts amounting to Rs.21.64 million (2020: Rs.21.64 million).

10.1.2 On 17 October 2018, Orix Leasing Company (Plaintiff) has filed a case in banking court (VII) against the Pace (Pakistan) Limited (the Company). The plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff. The amount claimed by the plaintiff has already been booked in the financial statements. Currently the case is pending for hearing on 09 March, 2021. However the legal advisor of the Company is confident that there are meritorious grounds to defend the claim.

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

The petition is pending for hearing on 02 March 2021. As per legal advisors of the Company, there are reasonable grounds to defend the Company's claim, however no asset has been booked in the financial statements.

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

On 24 April 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs. 188.75 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Company is of Rs. 57.96 million. As per legal advisors of the Company there are meritorious grounds to defend the Company's claim and consequently no provision has been made in these financial statements. The case is pending for hearing on 17 March, 2021.

10.2 Commitment

10.2.1 Commitments in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited, amounts to Rs. 98.24 million (2019: Rs. 101.28 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 (2020: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

		Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
11.	Property, plant and equipment		
Operating fixed assets	11.1	427,167	440,226
Capital work-in-progress		34,720	31,740
Right of use assets	11.2	126,807	129,298
		588,694	601,264
11.1	Operating fixed assets		
Net book value at beginning of the period		439,657	439,657
Additions during the period		-	28,950
Disposals during the period		-	(1,224)
Depreciation charged during the period		(12,490)	(27,157)
		427,167	440,226
11.2	Right-of-use assets		
Net book value at beginning of the period		129,298	-
Additions during the period		-	134,835
Disposals during the period		-	-
Depreciation charged during the period		(2,491)	(5,537)
		126,807	129,298
12	Stock-in-trade		
Land purchased for resale		930,765	930,765
Work in progress			
Pace Tower		633,828	626,269
Pace Circle		702,187	699,140
Pace Supermall		354,600	354,600
Completed units- shops and houses		541,744	542,244
		3,163,124	3,153,018
Stores inventory		1,399	1,161
		3,164,523	3,154,179

		Un-audited 31 December 2020	Un-audited 31 December 2019
		(Rupees in thousand)	
13	Cost of sales		
	Shops and commercial buildings sold		
	- at completion of project basis	-	0
	- at percentage of completion basis	3,665	27,492
	Stores operating expenses	28,843	42,632
		<u>32,508</u>	<u>70,124</u>
14	Finance costs		
	Markup on		
	- Long term finances - secured	-	1,279
	- Foreign currency convertible bonds - unsecured	12,601	12,226
	- Redeemable capital - secured (non-participatory)	72,030	72,030
	- Short term finance - secured		
	- Interest expense on unwinding of pak iran loan	3,086	1,731
	- Liabilities against assets subject to finance lease	7,011	8,848
		<u>94,728</u>	<u>96,114</u>
	Bank charges and processing fee	79	811
		<u>94,807</u>	<u>96,925</u>
15	Cash generated from operations		
	Profit/(loss) before tax	27,506	(18,198)
	Adjustments for:		
	- Depreciation on property, plant and equipment	15,550	15,397
	- Amortisation on intangible assets	127	261
	- Gain on sale of property	-	(580)
	- Share of Loss / profit of associate	16,881	(741)
	- Markup income	(27)	(37)
	- Finance cost	73,938	96,925
	- Impairment loss trade debts	6,108	44,188
	- Change in FV of investment property	-	-
	- Exchange loss on foreign currency convertible bonds	(139,352)	(156,053)
	- Impairment of inventory (write down)	-	-
	- Provision for gratuity and leave encashment	4,986	5,882
		<u>5,717</u>	<u>(12,956)</u>
	Loss before working capital changes		
		5,717	(12,956)
	Effect on cash flow due to working capital changes		
	- Decrease/(Increase) in stock-in-trade	(10,344)	(15,782)
	- (Increase)/Decrease in trade debts	(24,900)	(30,141)
	- Decrease/(Increase) in advances, deposits prepayments and other receivables	(20,975)	(53,556)
	- Increase/ (Decrease) in advances against sale of property	27,749	20,195
	- (Decrease)/ Increase in creditors, accrued and other liabilities	29,129	(10,742)
		<u>659</u>	<u>(90,026)</u>
	Cash generated from operations	<u>6,376</u>	<u>(102,982)</u>

16 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 mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of Company	Relationship	Nature of transactions	2020	2019
			--- (Rupees in thousand) ---	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	619	619
		Rental income	2,338	2,232
		Shared expenses chaged by Company	269	919
First Capital Investment Limited	Common Directorship	Rent Income	336	336
		Shared expenses charged by the Company	-	551
Ever Green Water Valley (Private) Limited	Common Directorship	Advance paid against purchsase of Shadman plot	6,063	22,422
		Advance against Construction of Pace Towers	8,223	59,872
		Shared Expenses charged by the company	-	551
First Capital Equities Limited	Common Directorship	Rent Income	-	321
		Rent Received on behalf of FCEL	-	90
		Shared Expenses charged by the company	-	551
Media Times Limited	Common Directorship	Rental Income	-	7,781
		Advertisement expenses	79	334
Rema and Shehrbano	Common Directorship	Service charges	1,351	1,511
Conatural	Common Directorship	Service charges	293	685
Post Employment Benefit Plans		Gratuity and leave encashment	4,985	5,725

17 Fair value measurement of financial instruments

17.1 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 December 2020 (Un-audited)						
Carrying amount			Fair value			
Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	
----- Rupees -----						
Financial instruments						
<u>Financial assets not measured at fair value</u>						
Long term advances and deposits	15,248	-	15,248	-	-	-
Trade debts - unsecured	430,706	-	430,706	-	-	-
Advances, deposits, prepayments and other receivables	167,794	-	167,794	-	-	-
Cash and bank balances	18,292	-	18,292	-	-	-
	632,040	-	632,040	-	-	-
<u>Financial liabilities not measured at fair value</u>						
Long term finances - secured	-	66,860	66,860	-	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-	-
Lease liability	-	131,456	131,456	-	-	-
Foreign currency convertible bonds - unsecured	-	2,768,465	2,768,465	-	-	-
Trade and other payables	-	874,264	874,264	-	-	-
Accrued finance cost	-	1,243,306	1,243,306	-	-	-
	-	6,019,922	6,019,922	-	-	-

Note

17.2 Fair value measurement of financial instruments

		30 June 2020 (Audited)					
		Carrying amount			Fair value		
		Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
Note		----- Rupees -----					
Financial instruments							
<u>Financial assets not measured at fair value</u>							
Long term advances and deposits		15,248	-	15,248	-	-	-
Trade debts - unsecured		406,985	-	406,985	-	-	-
Advances, deposits, prepayments and other receivables		150,008	-	150,008	-	-	-
Cash and bank balances		23,148	-	23,148	-	-	-
	17.3	595,389	-	595,389	-	-	-
<u>Financial liabilities not measured at fair value</u>							
Long term finances - secured		-	66,860	66,860	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease		-	42,758	42,758	-	-	-
Foreign currency convertible bonds - unsecured		-	2,895,217	2,895,217	-	-	-
Trade and other payables		-	882,185	882,185	-	-	-
Accrued finance cost		-	1,189,058	1,189,058	-	-	-
	17.3	-	6,011,649	6,011,649	-	-	-

17.3 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.

18 Segment information

	Real estate sales				Investment Properties				Others				Total			
	Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended	
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	----- Rupees in thousands -----															
Segment revenue	-	30,764	2,342	47,583	1,134	8,051	15,543	18,112	3,133	14,781	75,952	22,164	4,267	53,596	93,837	87,859
Segment expenses																
- Cost of sales	-	(4,467)	(3,665)	(27,492)	10,165	(4,082)	(3,754)	(19,171)	28,084	(7,494)	(25,089)	(23,461)	38,249	(16,043)	(32,508)	(70,124)
																-
Gross (loss) / profit	-	26,297	(1,323)	20,091	11,299	3,969	11,789	(1,059)	31,217	7,287	50,863	(1,297)	42,516	37,553	61,329	17,735
Segment results	-	26,297	(1,323)	20,091	11,299	3,969	11,789	(1,059)	31,217	7,287	50,863	(1,297)	42,516	37,553	61,329	17,735
Administrative and selling expenses													(48,076)	(47,262)	(80,290)	(75,054)
Other operating income													(4,988)	12,435	4,042	23,440
Finance costs													(34,729)	(56,118)	(73,938)	(96,925)
Other operating expenses													103,102	14,497	139,352	156,053
Impairment Loss on trade debts													(6,108)	(44,188)	(6,108)	(44,188)
Share of Profit of associates													(6,624)	(3,526)	(16,881)	741
Profit/Loss before tax													45,093	(86,609)	27,506	(18,198)
Taxation																
- Group													425	39,065	844	(1,429)
Profit/Loss for the period													45,518	(47,544)	28,350	(19,627)

19 Date of authorisation for issue

This condensed interim financial information was authorised for issue on February __, 2021 by the Board of Directors of the Group.

20 General

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

Chief Executive

Chief Financial Officer

Director