

Pace (Pakistan) Limited  
Condensed Interim Unconsolidated Statement of Financial Position (Un-audited)  
As at 31 December 2018

EQUITY AND LIABILITIES	Note	Unaudited	Audited	ASSETS	Note	Unaudited	Audited
		31 December 2018	30 June 2018			31 December 2018	30 June 2018
		--- (Rupees in thousand) ---				--- (Rupees in thousand) ---	
<b><u>Share capital and reserves</u></b>							
Authorized capital 600,000,000 (30 June 2018: 600,000,000) ordinary shares of Rs 10 each		<u>6,000,000</u>	<u>6,000,000</u>				
Issued, subscribed and paid up capital	5	2,788,766	2,788,766	Property, plant and equipment	12	481,832	452,159
Share premium	6	273,265	273,265	Intangible assets		4,777	5,035
Accumulated loss		(1,536,258)	(1,149,285)	Investment property		1,662,942	1,662,942
		<u>1,525,773</u>	<u>1,912,746</u>	Long term investments		850,321	850,321
				Long term advances and deposits		<u>13,619</u>	<u>13,619</u>
						<u>3,013,491</u>	<u>2,984,076</u>
<b><u>Non-current liabilities</u></b>							
Long term finances - secured	7	55,709	54,132				
Redeemable capital - secured (non-participatory)	8	-	-				
Foreign currency convertible bonds - unsecured	9	-	-				
Deferred liabilities		<u>48,029</u>	<u>44,779</u>				
		<u>103,738</u>	<u>98,911</u>				
<b><u>Current liabilities</u></b>							
Contract liability		105,819	141,789	Stock-in-trade	13	2,783,251	1,978,489
Current portion of non-current liabilities		3,336,681	3,032,699	Trade debts - unsecured		453,505	494,581
Trade and other payables	10	509,610	544,518	Advances, deposits, prepayments and other receivables		336,314	1,208,569
Accrued finance cost		<u>1,017,816</u>	<u>971,357</u>	Income tax - net		11,257	4,317
		<u>4,969,926</u>	<u>4,690,363</u>	Cash and bank balances	14	<u>1,619</u>	<u>31,988</u>
Contingencies and commitments	11	-	-			<u>3,585,946</u>	<u>3,717,944</u>
		<u>6,599,437</u>	<u>6,702,020</u>			<u>6,599,437</u>	<u>6,702,020</u>

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

The Chief Executive Officer is not available in Pakistan, therefore the financial statements are signed by two directors of the Company.

Lahore

Director

Director

Chief Financial Officer

Pace (Pakistan) Limited  
Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)  
For the six months period ended 31 December 2018

		For the quarter ended		For the half year ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>Note</i>	--- (Rupees in thousand) ---		--- (Rupees in thousand) ---	
Sales		84,314	214,647	191,487	292,949
Cost of sales	15	(74,394)	(200,804)	(165,770)	(256,876)
<b>Gross profit</b>		<b>9,920</b>	13,843	<b>25,717</b>	36,073
Administrative and selling expenses	16	(27,572)	(43,889)	(57,665)	(70,953)
Other income	17	8,880	23,071	17,737	30,313
Other operating expenses		(264,757)	(84,974)	(310,380)	(92,507)
<b>Loss from operations</b>		<b>(273,529)</b>	(91,949)	<b>(324,591)</b>	(97,074)
Finance cost	18	(32,447)	(28,900)	(59,988)	(58,220)
<b>Loss before taxation</b>		<b>(305,976)</b>	(120,849)	<b>(384,579)</b>	(155,294)
Taxation	19	(1,054)	(4,341)	(2,394)	(5,320)
<b>Loss for the period</b>		<b>(307,030)</b>	(125,190)	<b>(386,973)</b>	(160,614)
<b>Loss per share - basic and diluted</b>		<b>(1.10)</b>	(0.45)	<b>(1.39)</b>	(0.58)

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Lahore

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Director

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Director

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Chief Financial Officer

Pace (Pakistan) Limited

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

For the six months period ended 31 December 2018

	<b>For the quarter ended</b>		<b>For the half year ended</b>	
	<b>31 December</b> <b>2018</b>	31 December 2017	<b>31 December</b> <b>2018</b>	31 December 2017
	--- (Rupees in thousand) ---		--- (Rupees in thousand) ---	
<b>Loss for the period</b>	<b>(307,030)</b>	(125,190)	<b>(386,973)</b>	(160,614)
<b>Other comprehensive loss for the period</b>				
<i>Items that will be reclassified to statement of profit or loss:</i>				
- Changes in fair value of available for sale investments	-	(127)	-	(207)
<b>Total comprehensive loss for the period</b>	<b>(307,030)</b>	(125,317)	<b>(386,973)</b>	(160,821)

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Lahore

Chief Executive

Director

Chief Financial Officer

Pace (Pakistan) Limited

Condensed Interim Unconsolidated Statement of Changes In Equity (Un-audited)

For the six months period ended 31 December 2018

	Capital Reserve		Revenue reserve	Total	
	Issued, subscribed and paid-up capital	Share premium	Reserve for changes in fair values of investments		Accumulated loss
----- (Rupees in thousand) -----					
<b>As at 01 July 2017 (audited)</b>	2,788,766	273,265	(1,230)	(617,208)	2,443,593
<b><u>Total comprehensive loss for the half year ended 31 December 2017</u></b>					
Loss after taxation	-	-	-	(160,614)	(160,614)
<i>Other comprehensive income:</i>					
Changes in fair value of available for sale investments	-	-	207	-	207
	-	-	207	(160,614)	(160,407)
<b>Balance as at 31 December 2017 (un-audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>(1,023)</b>	<b>(777,822)</b>	<b>2,283,186</b>
Loss after taxation	-	-	-	(376,448)	(376,448)
Remeasurement of net defined benefit liability net of tax	-	-	-	4,985	4,985
	-	-	-	(371,463)	(371,463)
Transferred to statement of profit or loss on disposal of investment property	-	-	1,023	-	1,023
<b>Balance as at 30 June 2018 (audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>(1,149,285)</b>	<b>1,912,746</b>
<b><u>Total comprehensive loss for the half year ended 31 December 2018</u></b>					
Loss after taxation	-	-	-	(386,973)	(386,973)
Other comprehensive loss	-	-	-	-	-
	-	-	-	(386,973)	(386,973)
<b>Balance as at 31 December 2018 (un-audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>-</b>	<b>(1,536,258)</b>	<b>1,525,773</b>

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Lahore

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Director

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Director

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Chief Financial Officer

# Pace (Pakistan) Limited

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

For the six months period ended 31 December 2018

	31 December 2018	31 December 2017
	--- (Rupees in thousand) ---	
<b><u>Cash flows from operating activities</u></b>		
Cash generated from/(used in) operations	25,774	(109,310)
Finance costs paid	(1,005)	(70)
Gratuity and leave encashment paid	(1,768)	-
Taxes paid	(9,334)	(3,824)
<b>Net cash generated from/(used in) operating activities</b>	<b>13,667</b>	<b>(113,204)</b>
<b><u>Cash flow from investing activities</u></b>		
Fixed capital expenditure	(42,000)	(4,423)
Receipts from sale of investment property	-	151,740
Income on bank deposits received	636	23
<b>Net cash (used in)/generated from investing activities</b>	<b>(41,364)</b>	<b>147,340</b>
<b><u>Cash flow from financing activities</u></b>		
Long term loan paid during the period	(2,672)	-
<b>Net cash used in financing activities</b>	<b>(2,672)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(30,369)</b>	<b>34,136</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>31,988</b>	<b>1,479</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>1,619</b>	<b>35,615</b>

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Lahore

Director

Director

Chief Financial Officer

# Pace (Pakistan) Limited

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

For the six months period ended 31 December 2018

### 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, 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
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

During the period ended December 31, 2018, the Company incurred a total comprehensive loss amounting to Rs 386,973.00 million. As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 1,383.98 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 December 2018 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 half year ended 31 December 2018 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 Standards Board (IASB) as notified under the Companies Act, 2017; and
- 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 six months' period ended 31 December 2017.

**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.

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.

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 as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company 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 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.

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 December 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 4.1.1 and 4.1.2, 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</b>	Audited	<b>Un-audited</b>	Audited
	<b>31 December</b>	30 June	<b>31 December</b>	30 June
	<b>2018</b>	2018	<b>2018</b>	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.

		<b>Un-audited</b>	Audited
		<b>31 December</b>	30 June
		<b>2018</b>	2018
		<b>--- (Rupees in thousand) ---</b>	
<b>7 Long term finances - secured</b>	<i>Note</i>		
Soneri Bank - demand finance		<b>21,671</b>	24,343
Mark up on Pak Iran Joint Investment Company	<i>7.1</i>	<b>55,709</b>	54,132
		<b><u>77,380</u></b>	<u>78,475</u>
<i>Less:</i>			
Current maturity presented under current liabilities		<b>(21,671)</b>	(24,343)
		<b><u>55,709</u></b>	<u>54,132</u>

**7.1** 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</b>	Audited
	<b>31 December</b>	30 June
	<b>2018</b>	2018
	<b>--- (Rupees in thousand) ---</b>	
<b>8 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>

During the period, Pakistan Stock Exchange vide notification PSX/IN-52/18 dated September 14, 2018 placed the TFCs under defaulter segment and imposed penalties on the Company due to failure to redeem the outstanding principal amount and mark-up despite lapse of considerable time. Pakistan Stock Exchange advised the Company to rectify the default by October 15, 2018. Consequently, the Company has submitted its reply to the Pakistan Stock Exchange on September 28, 2018 whereby the Company 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 certain other covenants and accordingly has requested the Exchange to revisit the order. However the TFCs are still in the defaulter segment due to non compliance which could result in delisting of TFCs under Pakistan Stock Exchange Regulations

	<b>Un-audited</b>	Audited
	<b>31 December</b>	30 June
	<b>2018</b>	2018
	<b>--- (Rupees in thousand) ---</b>	
<b>9 Foreign currency convertible bonds - unsecured</b>		
Opening balance	<b>2,054,739</b>	1,757,713
Mark-up accrued during the period / year	<b>10,947</b>	19,140
	<b>2,065,686</b>	1,776,853
Exchange loss for the period / year	<b>295,707</b>	277,886
	<b>2,361,393</b>	2,054,739
<i>Less:</i>		
Current maturity presented under current liabilities	<b>(2,361,393)</b>	(2,054,739)
	<b>-</b>	-

## **10 Trade and other payables**

It includes security deposits amounting to Rs. 51.09 million as a security deposits rent of shops rented out in the plazas. The Company can't utilize these and is required to kept this in separate bank account. The Company is in the process of ensuring compliance with the requirement of

## **11 Contingencies and commitments**

### **11.1 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.

## 11.2 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. 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</b>	Audited
	<b>31 December</b>	30 June
	<b>2018</b>	2018
	<b>--- (Rupees in thousand) ---</b>	
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><u>742,288</u></b>	<u>752,132</u>

		<b>Un-audited</b>	Audited
		<b>31 December</b>	30 June
		<b>2018</b>	2018
		<b>--- (Rupees in thousand) ---</b>	
	<i>Note</i>		
<b>12</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	453,384	423,711
	Capital work in process	28,448	28,448
		<u>481,832</u>	<u>452,159</u>
	<b>12.1 Operating fixed assets</b>		
	Net book value at beginning of the period / year	423,711	424,807
	Additions during the period / year	42,000	22,800
	Disposals during the period / year	-	(273)
	Depreciation charged during the period / year	(12,327)	(23,623)
		<u>453,384</u>	<u>423,711</u>
<b>13</b>	<b>Stock-in-trade</b>		
	Land not under development	21,600	21,600
	<i>Work in process</i>		
	- Pace Towers	701,758	603,998
	- Pace Circle	679,016	595,966
	Completed units - shops and houses	1,379,721	755,991
		<u>2,782,095</u>	<u>1,977,555</u>
	Stores inventory	1,156	934
		<u>2,783,251</u>	<u>1,978,489</u>
<b>14</b>	<b>Cash and bank balances</b>		
	Cash-in-hand	277	203
	<i>Cash at banks</i>		
	- Current accounts	249	31,520
	- Saving accounts	1,093	265
		1,342	31,785
		<u>1,619</u>	<u>31,988</u>

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

	<b>Un-audited 31 December 2018</b>	Un-audited 31 December 2017
	--- (Rupees in thousand) ---	
<b>15 Cost of sales</b>		
Shops and commercial buildings sold		
- at completion of project basis	<b>30,240</b>	123,783
- at percentage of completion basis	<b>34,825</b>	19,936
Stores operating expenses	<b>100,705</b>	113,157
	<b>165,770</b>	256,876

**16 Administrative and selling expenses**

This includes an amount of Rs. 0.10 million (31 December 2017: Rs. Nil) on account of penalty paid to Pakistan Stock Exchange.

**17 Other income**

This includes an amount of Rs. 0.64 million (31 December 2017: Rs. 0.23 million) earned on account of interest / mark-up based deposits.

	<b>Un-audited 31 December 2018</b>	Un-audited 31 December 2017
	--- (Rupees in thousand) ---	
<b>18 Finance cost</b>		
<i>Interest and mark-up on:</i>		
- Long term finances - secured	-	1,255
- Foreign currency convertible bonds - unsecured	<b>10,947</b>	8,696
- Redeemable capital - secured (non-participatory)	<b>45,513</b>	46,049
- Interest expense on unwinding of Pak Iran Loan	<b>1,577</b>	1,487
- Liabilities against assets subject to finance lease	<b>946</b>	-
	<b>58,983</b>	57,487
Bank charges and commission	<b>1,005</b>	733
	<b>59,988</b>	58,220

		<b>Un-audited 31 December 2018</b>	Un-audited 31 December 2017
	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>	
<b>19 Taxation</b>			
<i>Current:</i>			
- For the period	<i>19.1</i>	<b>2,394</b>	5,320
- Prior years		<u>-</u>	<u>-</u>
		<b>2,394</b>	5,320
Deferred tax for the period		<u>-</u>	<u>-</u>
		<b>2,394</b>	5,320

**19.1** 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.

		<b>Un-audited 31 December 2018</b>	Un-audited 31 December 2017
	<i>Note</i>	<b>--- (Rupees in thousand) ---</b>	
<b>20 Cash flows from operating activities</b>			
Loss before taxation		<b>(384,579)</b>	(155,294)
<i>Adjustments for non-cash items:</i>			
Depreciation on property, plant and equipment	<i>12</i>	<b>12,327</b>	11,638
Amortization of intangible assets		<b>258</b>	260
Provision for doubtful debts		<b>35</b>	14,362
Profit on bank deposits		<b>(636)</b>	(23)
Gain on sale of investment property		<b>-</b>	(15,822)
Finance cost		<b>59,988</b>	58,220
Exchange loss on foreign currency convertible bonds		<b>295,707</b>	92,507
Impairment of inventory at Fortress Mall		<b>-</b>	11,911
Provision for gratuity and leave encashment		<b>5,018</b>	3,922
<b>(Loss)/profit before working capital changes</b>		<b>(11,882)</b>	21,681
Effect on cash flow due to working capital changes			
<i>(Increase) / decrease in current assets:</i>			
Stock-in-trade		<b>(247,219)</b>	(474,780)
Trade debts		<b>(14,422)</b>	63,438
Advances, deposits, prepayments and other receivables		<b>334,205</b>	13,298
Contract liability		<b>-</b>	(20,972)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		<b>(34,908)</b>	288,025
		<b>37,656</b>	(130,991)
Cash generated from/(used in) operations		<b>25,774</b>	(109,310)

## 21 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	Un-audited
		31 December	31 December
		2018	2017
		--- (Rupees in thousand) ---	
<b>i. Associate</b>	Guarantee commission income	619	619
	Receipts against Pace circle sales	-	10,701
	Shared expense charged by the company	1,224	413
<b>ii. Others</b>	Purchase of goods & services	60	1,418
	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	7,088
	Share of common expenses charged from related companies	-	20
	Funds Received against sale of property	399,100	-
	Advance against purchase of property	50,000	-
<b>iii. Directors and key management personnel</b>	Salaries and other employee benefit	8,652	9,721
<b>iv. Post employment benefit plan</b>	Post retirement benefits	5,018	5,639
		Un-audited	Audited
		31 December	30 June
		2018	2018
		--- (Rupees in thousand) ---	
<b>Period end balances</b>			
	Contract liability	64,868	100,838
	Receivable from related parties	18,444	8,314
	Advance to related parties	52,935	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.

The names of related parties with whom the Company has entered into transactions, had agreements / arrangements in place or had relationship are disclosed as follows:

21.1	Sr #	Name of the Related Parties	Nature of Relationship	% of shareholding
	1	Pace Gujrat (Private) Limited	Subsidiary Company	100.00%
	2	Pace Super Mall (Private) Limited	Subsidiary Company	57.00%
	3	Pace Woodlands (Private) Limited	Subsidiary Company	52.00%
	4	Pace Barka Properties Limited	Associated Company	24.90%
	5	First Capital Securities Corporation Limited	Common Directorship	N/A
	6	First Capital Investment Limited	Common Directorship	N/A
	7	World Press (Private) Limited	Common Directorship	N/A
	8	Ever Green Water Valley (Private) Limited	Common Directorship	N/A
	9	First Construction Limited	Common Directorship	N/A
	10	First Capital Equities Limited	Common Directorship	N/A
	11	Media Times Limited	Common Directorship	N/A
	12	First Aviation (Private) Limited	Common Directorship	N/A
	13	Lanka Securities (Private) Limited (Incorporated in Sri Lanka)	Common Directorship	N/A
	14	Commercial Properties Modarba Management (Private) Limited	Common Directorship	N/A
	15	MGT (Private) Limited	Common Directorship	N/A
	16	Mileage (Private) Limited	Common Directorship	N/A
	17	Envy (Private) Limited	Common Directorship	N/A
	18	Imaging One (Private) Limited	Common Directorship	N/A

## 22 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 2018 (Un-audited)					
	Carrying amount		Fair value			
	Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	----- Rupees -----					
<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	453,505	-	453,505	-	-	-
Advances, deposits, prepayments and other receivables	200,149	-	200,149	-	-	-
Cash and bank balances	1,342	-	1,342	-	-	-
22.2	<b>668,615</b>	-	<b>668,615</b>	-	-	-
<b><u>Financial liabilities not measured at fair value</u></b>						
Long term finances - secured	.	77,380	77,380	.	.	.
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	.	509,610	509,610	.	.	.
Accrued finance cost	.	1,017,816	1,017,816	.	.	.
22.2	.	<b>4,919,816</b>	<b>4,919,816</b>	.	.	.



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

	31 December 2018 (Un-audited)						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non- participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds -	Accrued finance cost
	----- (Rupees) -----						
<b>Balance as at 01 July 2018</b>	2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357
<b><u>Cash flows</u></b>							
Long term loan paid during the period	-	-	(2,672)	-	-	-	-
<b>Total changes from financing cash flows</b>	-	-	(2,672)	-	-	-	-
<b><u>Non-cash changes</u></b>							
Exchange loss	-	-	-	-	-	295,707	-
Finance cost/unwinding of interest expense	-	-	1,577	-	-	10,947	46,459
<b>Total non-cash changes</b>	-	-	1,577	-	-	<b>306,654</b>	<b>46,459</b>
<b>Closing as at 31 December 2018</b>	<b>2,788,766</b>	<b>273,265</b>	<b>77,380</b>	<b>935,571</b>	<b>18,046</b>	<b>2,361,393</b>	<b>1,017,816</b>

## **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 2018.

## **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 28 Feburary 2019.

## **26 General**

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

The Chief Executive Officer is not available in Pakistan, therefore the financial statements are signed by two directors of the Company.

Lahore

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Director

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Director

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Chief Financial Officer