

PACE (PAKISTAN) LIMITED

**CONDENSED QUARTERLY ACCOUNTS
(UN-AUDITED)**

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2017**

PACE (PAKISTAN) LIMITED

VISION

Our vision is to build a future wherein the Pace Group is a household name across the country and is known worldwide for development and marketing of a fine living as well as shopping environment with heights quality unmatched value-for-money.

OUR PRINCIPALS

We are a Real Estate Development Company committed to achieving the highest industry standards and personal integrity in dealing with our customers, clients, professionals, employees, and the communities we work in.

MISSION STATEMENT

Formed in 1992, Pace Pakistan's Principal mandate is to acquire, develop, sale and manage real estate assets located in major urban environments where real estate demands have increased sharply due to lifestyle changes.

This increased demand together with the real estate expertise from Pace defines the vision and the road map for the Company's future. Pace has and will continue to pursue residential, commercial and mixed-use transactions based on these principles with always an eye on strong community relations and integrity.

PACE (PAKISTAN) LIMITED

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PACE (PAKISTAN) LIMITED

Company Information

Board of Directors

Shehryar Ali Taseer (Chairman)
Aamna Taseer (CEO)
Shahbaz Ali Taseer
Shehrbano Taseer
Rema Husain Qureshi
Kanwar Latafat Ali Khan
Malik Farhan Hasan

Non-Executive
Executive
Executive
Non-Executive
Non-Executive
Non-Executive
Independent

Chief Financial Officer

Usman Ali Tariq

Audit Committee

Malik Farhan Hasan (Chairman)
Shehryar Ali Taseer
Shehrbano Taseer

Human Resource and Remuneration (HR&R) Committee

Shehryar Ali Taseer (Chairman)
Aamna Taseer
Malik Farhan Hasan

Company Secretary

Sajjad Ahmad

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisers

M/s. Imtiaz Siddiqui & Associates

Bankers

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

Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6
P.E.C.H.S. Karachi-75400
(021) 111-000-322

Registered Office/Head Office

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

PACE (PAKISTAN) LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the first quarter ended September 30, 2017.

Operating Results:

The Company closed its period under review with the financial results, showing the Net Loss after Tax of PKR (33.938) million, as compared to Net Profit after tax of PKR 131.4 million during the quarter ended September 30, 2016. The comparison of the un-audited financial results for the first quarter with corresponding period of the previous financial year is as under:

	Rupees in '000'	
	Jul-Sep 2017	Jul-Sep 2016
Sales	78,301	97,226
Cost of Sales	(56,072)	(81,633)
Gross Profit	22,229	15,593
Other Income	7,242	207,797
Other Operating Expenses	(7,533)	(829)
Finance Cost	(27,833)	(31,856)
Net profit/(loss) before tax	(32,959)	158,320
Net profit/(loss) after tax	(33,938)	131,406
Earning/(Loss) per share (PKR)	(0.12)	0.47

Sales for the period under review showed the decline of 19% as compared with corresponding period last year, due to fact that no sales were made in respect of shops and Pace Tower project during the period under review. Other income of the Company significantly decreased from PKR 207.7 million to PKR 7.2 million. The decrease in other income is due to non availability of waiver in Finance Cost, as recorded by Company in same period last year.

Increase in Other Operating Expenses from PKR 0.82 million to PKR 7.5 million, is due to unfavorable movement in exchange rate of dollar during the reporting period, thereby resulting exchange loss on Foreign Currency Convertible Bonds (FCCB).

Reduction in Finance Cost of the company from PKR 31.8 million in corresponding period last year, to PKR. 27.8 million in current period, is due to reduction in outstanding principal amount resulting from settlement of various outstanding loans of the company, during the previous year.

The financial performance of the company during the period under review translated into Loss per Share of PKR. (0.12) as compared to Earnings per Share of PKR. 0.47 in same period last year.

General:

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

Director

Director

Lahore
October 26, 2017

PACE (PAKISTAN) LIMITED

ڈائریکٹرز کا جائزہ

پیس (پاکستان) لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 ستمبر 2017ء کو اختتام پذیر سہ ماہی کے لئے اپنے حص داران کو کمپنی کی مالیاتی اسٹیٹمنٹس (غیر پڑتا شدہ) پیش کرنے پر فخر محسوس کرتے ہیں۔

آپریٹنگ نتائج

کمپنی نے زیر جائزہ مدت کے مالیاتی نتائج کے تحت (33,938) ملین روپے کا بعد از ٹیکس خالص نقصان ظاہر کیا جو کہ گزشتہ سال 30 ستمبر 2016ء کو اختتام پذیر سہ ماہی کے لئے 131.4 ملین روپے کے بعد از ٹیکس نفع پر بند ہوا۔ گزشتہ مالی سال کی پہلی سہ ماہی کی اسی مدت کے مقابلہ میں غیر پڑتا شدہ نتائج کا موازنہ حسب ذیل ہے۔

'000' روپے میں

تفصیلات	جولائی تا ستمبر 2017ء	جولائی تا ستمبر 2016ء
فروخت	78,301	97,225
سیلز پر لاگت	(56,072)	(81,633)
مجموعی منافع	22,229	15,592
دیگر آمدنی	7,242	207,797
دیگر آپریٹنگ اخراجات	(7,533)	(829)
قرضوں پر لاگت	(27,833)	(31,856)
خالص منافع / (نقصان) قبل از ٹیکس	(32,959)	158,320
خالص منافع / (نقصان) بعد از ٹیکس	(33,938)	131,406
فی شخص آمدنی / (نقصان) (روپے)	(0.12)	0.47

پیس ماورز اور دیگر کانوں کی مد میں کسی بھی قسم کی فروخت کی عدم سرگرمی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلہ میں زیر جائزہ مدت کے لئے سیلز کا حجم 19 فی صد کم ظاہر ہوا۔ گروپ کی دیگر آمدنی 207.7 ملین روپے سے 7.2 ملین روپے نمایاں طور پر کم ہوئی۔ گزشتہ سال کی اسی مدت کے مقابلہ میں گروپ کی قرضوں کی لاگت میں چھوٹ کی عدم دستیابی کی وجہ سے گروپ کی دیگر آمدنی میں کمی ہوئی۔

ریپوزٹنگ سال کے دوران ڈالر کی ایکسچینج کی شرح میں غیر موزوں تبدیلی کی وجہ سے دیگر آپریٹنگ اخراجات میں 0.82 ملین روپے سے 7.5 ملین روپے کا اضافہ ہوا۔ جس کی وجہ فارن کرنسی کنورٹبل بانڈز (FCCB) میں ایکسچینج خسارہ سامنے آیا۔

گزشتہ سال کی اسی مدت میں 31.8 ملین روپے سے رواں سال میں 27.8 ملین روپے کی گروپ کی قرضوں کی لاگت میں کمی گزشتہ سال کے دوران گروپ کے متعدد واجب الادا قرضوں کی ادائیگی میں واجب الادا بنیادی رقم میں کمی کی وجہ سے تھا۔

زیر جائزہ سال کے دوران گروپ کی مالی کارکردگی گزشتہ سال کی اسی مدت میں 0.47 روپے کی فی شخص آمدنی کے مقابلہ میں ((0.12) روپے فی شخص کا نقصان درج کیا گیا۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے حصص داران کی مسلسل مدد کے لئے شکرگزار ہیں مزید برآں بورڈ اپنے ملازمین کی کمپنی کے ساتھ مسلسل دفاع شعاری کو بھی قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز (کے لئے/کی جانب سے)

ڈائریکٹر

ڈائریکٹر

لاہور

26 اکتوبر 2017

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30,2017

		Un-Audited September 30,2017	Audited June 30,2017
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 600,000,000 (2017: 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 278,876,604 (2017: 278,876,604) ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		272,163	272,242
Accumulated loss		<u>(651,146)</u>	<u>(617,208)</u>
		2,409,783	2,443,800
NON-CURRENT LIABILITIES			
Long term finances - secured	5	51,068	51,068
Redeemable capital - secured (non-participatory)	6	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	7	-	-
Deferred liabilities		51,769	48,890
		102,837	99,958
CURRENT LIABILITIES			
Advances against sale of property		152,955	150,542
Current portion of long term liabilities		2,936,367	2,924,684
Creditors, accrued and other liabilities		398,515	398,395
Accrued finance cost		911,155	887,513
		4,398,992	4,361,134
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		<u>6,911,612</u>	<u>6,904,892</u>

The annexed notes 1 to 17 from an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) LIMITED

		Un-Audited September 30,2017	Audited June 30,2017
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	450,843	452,471
Intangible assets		5,425	5,555
Investment property	10	3,464,202	3,464,202
Long term investments	11	851,233	851,313
Long term advances and deposits		13,619	13,619
		<hr/> 4,785,322	<hr/> 4,787,160
CURRENT ASSETS			
Stock-in-trade	12	1,359,100	1,358,397
Trade debts - unsecured		668,661	655,396
Advances, deposits, prepayments and other receivables		91,362	98,314
Income tax recoverable		5,889	4,146
Cash and bank balances		1,278	1,479
		<hr/> 2,126,290	<hr/> 2,117,732
		<hr/> 6,911,612	<hr/> 6,904,892

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DIRECTOR

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PACE (PAKISTAN) LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	July to September	
	2017	2016
	(Rupees in thousand)	
Sales	78,301	97,226
Cost of sales	(56,072)	(81,633)
Gross profit	22,229	15,593
Administrative and selling expenses	(27,064)	(32,385)
Other income	7,242	207,797
Other operating expenses	(7,533)	(829)
Profit / (Loss) from operations	(5,126)	190,176
Finance costs	(27,833)	(31,856)
Profit / (loss) before tax	(32,959)	158,320
Taxation	(979)	(26,914)
Profit / (loss) for the year	(33,938)	131,406
Other comprehensive income/ (loss)		
Changes in fair value of available for sale investments	(80)	220
Total comprehensive income / (loss) for the year	(34,018)	131,626
Earnings / (loss) per share attributable to ordinary shareholders		
- basic earnings / (loss) per share		
Rupees	(0.12)	0.47
- diluted earnings / (loss) per share		
Rupees	(0.12)	0.35

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DIRECTOR

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

		July to September	
		2017	2016
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	13	4,274	(23,341)
Finance costs paid		(42)	(24)
Gratuity and leave encashment paid		(701)	(173)
Taxes paid		(1,092)	(3,955)
Net cash used in operating activities		2,439	(27,493)
Cash flow from investing activities			
Purchase of property, plant and equipment		(4,001)	(119)
Proceeds from sale of investment property		1,350	31,100
Markup received		11	19
Net cash generated from investing activities		(2,640)	31,000
Cash flow from financing activities			
Repayment of finance lease liabilities		-	(1,100)
Net Increase / (decrease) in cash and cash equivalents		(201)	2,407
Cash and cash equivalents at the beginning of the year		1,479	(95,814)
Cash and cash equivalents at the end of the year		1,278	(93,407)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Share capital	Share premium reserve	Reserve for changes in fair value of investments	Unappropriated profit	Total
Rupees					
Balance as on July 1, 2016 (Audited)	2,788,766	273,265	(1,230)	(838,444)	2,222,357
Total comprehensive Profit/(loss) for September quarter					
Profit/ (Loss) for the period	-	-	-	131,406	131,406
Other comprehensive Income/(loss)	-	-	220	-	220
	-	-	220	131,406	131,626
Balance as on September 30, 2016 (Un-audited)	<u>2,788,766</u>	<u>273,265</u>	<u>(1,010)</u>	<u>(707,038)</u>	<u>2,353,983</u>
Total comprehensive Profit/(loss) for the nine months					
Profit/ (Loss) for the period	-	-	-	89,830	89,830
Other comprehensive Income/(loss)	-	-	(12)	-	(12)
	-	-	(12)	89,830	89,818
Balance as on June 30, 2017 (Audited)	<u>2,788,766</u>	<u>273,265</u>	<u>(1,022)</u>	<u>(617,208)</u>	<u>2,443,801</u>
Total comprehensive Profit/ (loss) for September quarter					
Profit/ (loss) for the period	-	-	(80)	(33,938)	(34,018)
	-	-	(80)	(33,938)	(34,018)
Balance as on September 30, 2017 (Un-audited)	<u>2,788,766</u>	<u>273,265</u>	<u>(1,102)</u>	<u>(651,146)</u>	<u>2,409,783</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

1. Legal status and activities

Pace (Pakistan) Limited ('the 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 Company is 2nd floor Pace Mall, Fortress Stadium, Lahore.

2. Statement of Compliance

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Going concern assumption

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,272.702 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 markup thereon in respect of its borrowings. As a consequence, the Company has also been unable to realise 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 current year the management has settled the outstanding amount of TFCs towards Pak Oman Investment Company and Wireless and Cable Limited against property situated at Pace Towers and Pace Woodlands as mentioned in notes 6 and 7 respectively. Similarly, the company has also settled the outstanding amount of its short term running finance facility due towards Pair Investment Company Limited against property at Pace Towers.

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

The 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 realise its receivables and inventory and be able to utilise the resultant liquidity for completion and sale of the 'Pace Towers' Project.

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

2.3 Standards, amendments and interpretation to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Standards, amendments and interpretations to existing standards effective in current year and applicable / relevant to the Company's operations

- IAS 1 (Amendment), 'Presentation of financial statements' on disclosure initiative. The application of these

PACE (PAKISTAN) LIMITED

amendments has no material impact on the Company's financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016.

- IAS 16 and 38 (Amendment), 'Property, plant and equipment' and 'Intangibles' on acceptable methods of depreciation and amortization. The application of these amendments has no material impact on the Company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 27 (Amendment), 'Separate financial statements' on application of equity method in separate financial statements. The application of these amendments has no material impact on the Company's financial statements.

IFRS 10, 12 and IAS 28 (Amendment), on exception to consolidation for investment entities. The application of these amendments has no material impact on the Company's financial statements.

IFRS 10 and IAS 28 (Amendment), on sale or contribution of assets between an Investor and its associate or joint venture. The application of these amendments has no material impact on the Company's financial statements.

Annual improvements 2014; IFRS 5, 'Non-current assets held for sale and discontinued operations'. IFRS 7, 'Financial instruments: disclosures'. IAS 19, 'Employee benefits'. IAS 34, 'Interim financial reporting'. The application of these amendments has no material impact on the Company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

2.3.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the Company's operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
IAS 41 (Amendment), 'Agriculture' on bearer plants	January 1, 2016
IFRS 11 (Amendment), 'Joint arrangements' on acquisition of interest in joint operations	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

2.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and not applicable / relevant to the Company's operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
IAS 12, (Amendments), 'Income taxes' on recognition of deferred tax assets for unrealized losses	January 1, 2017
IAS 40, (Amendments), 'Investment Property'	January 1, 2018
IAS 28, 'Investments in Associates and Joint Ventures'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts'	January 1, 2018
IFRS 2 (Amendments), 'Shared-based payment' classification and measurement	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 22, 'Foreign Currency Transactions and Advance Considerations'	January 1, 2018
Annual improvements 2014-2016 cycle	January 1, 2018
IFRS 4 (Amendments), Insurance Contracts	January 1, 2018
IFRS 17, Insurance Contracts	January 1, 2021

3. Taxation

The provision for taxation for the quarter ended september 30, 2017 has been made on an estimated basis.

4. Estimates

The preparation of condensed interim financial information requires management to make judgements,

PACE (PAKISTAN) LIMITED

estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the period ended September 30, 2017 with the exemption of changes in estimates that are required in determining the provision for income taxes as referred to in Note 3.

		Un-Audited September 30,2017	Audited June 30,2017
5. Long term finances - secured	Note	(Rupees in thousand)	
Pak Iran Loan	5.1	51,068	51,068
Soneri Bank - demand finance	5.2	27,422	27,422
		78,490	78,490
Less: Current portion shown under current liabilities		(27,422)	(27,422)
		51,068	51,068

5.1 Pak Iran Loan

In accordance with the settlement agreement, the remaining outstanding markup of Rs. 66.860 million has been rescheduled and has been recognized under long term finances as it is payable over a period of 7 years. The rescheduled loan has been stated at amortized cost using effective yield method.

5.2 Soneri Bank - demand finance

Terms of repayment

This loan is part of total term finance facility limit of Rs 44.688 Million (2016: Rs 44.688 Million) and carries markup @ 6 months KIBOR + 3% (2016: 6 months KIBOR + 3%). The loan was originally repayable in 8 equal quarterly installments ending on June 30, 2012.

5.3 Security

This facility is secured against a charge created on the land and building on Plot no. 41, Gulberg III, Industrial Area Lahore. In the preceding year the Company initiated negotiations with the bank to settle the loan and markup through debt to asset swap. However, the negotiations have not yet materialized.

		Un-Audited September 30,2017	Audited June 30,2017
6. Redeemable capital - secured (non-participatory)	Note	(Rupees in thousand)	
Term finance certificates		1,121,503	1,121,503
Less: Current portion shown under current liabilities	6.1	(1,121,503)	(1,121,503)
		-	-

6.1 Terms of repayment

This represents term finance certificates (TFC's) listed on Pakistan Stock Exchange issued for a period of 5 years. On September 27, 2010, the Company completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holders, addendum to the trust deed was executed between the Company and trustee 'IGI Investment Bank Limited' 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 five and a half years effective from August 15, 2010. The TFC's carry a markup of 6 months KIBOR plus 2% (2016: 6 months KIBOR plus 2%) and is payable semi-annually in arrears.

6.2 Security

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

6.3 Settlement with Pak Oman Investment Company Limited

On October 15, 2016 Pak Oman Investment Company limited ('POICL') and the Company entered into a

PACE (PAKISTAN) LIMITED

Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of outstanding amount of TFCs held by POICL along with their accrued markup aggregating to Rs 503.981 million against offices situated at upper ground floor and lower ground floor measuring 17,337 square feet. In accordance with the SA, POICL purchased the aforementioned offices at Rs 300.789 million and waived accrued markup of Rs 203.192 million. Pursuant to the SA, on October 15, 2016 the Company and POICL executed sale deed, wherein possession of the property was handed over to POICL.

6.4 Settlement with Wireless and Cable Limited

On February 16, 2017 Wireless and Cable Limited ('WCL') and the Company entered into a Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of outstanding amount of TFCs held by WCL along with their accrued markup aggregating to Rs 122.161 million against 4 houses situated at Pace Woodlands measuring 10,896 square feet. In accordance with the SA, WCL purchased the aforementioned houses at Rs 45.0 million, waived accrued markup of Rs 46.253 million and the remaining outstanding amount of Rs 30.908 million has been adjusted with the receivable from the Company. Pursuant to the SA, on February 16, 2017 the Company and WCL executed sale deed, wherein possession of the property was handed over to WCL.

7. Foreign currency convertible bonds - unsecured	Note	Un-Audited September 30,2017	Audited June 30,2017
		(Rupees in thousand)	
Opening balance		1,757,713	1,736,212
Markup accrued during the year		4,149	16,527
		1,761,862	1,752,739
Exchange loss for the year		7,533	4,974
		1,769,395	1,757,713
Less: Current portion shown under current liabilities	7.1	(1,769,395)	(1,757,713)
		-	-

7.1 The Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a markup of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds have an option to convert the bonds into equity shares of the Company at any time following the issue date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2016.

As the fair value calculated for the embedded foreign exchange equity derivate and the financial instrument is quite subjective and cannot be measured reliably, consequently the bond has been carried at cost and includes accreted markup. Furthermore, changes arising due to currency fluctuations are recognized directly in the profit & loss account.

8. Contingencies and commitments

8.1 Contingencies

- Claims against the Company not acknowledged as debts Rs 21.644 million (2016: Rs 21.644 million).
- Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

8.2 Commitments

- Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 208.508 million (2017:Rs 208.508 million).
- The amount of future payments under operating leases and the period in which these payments will become due are as follows:

PACE (PAKISTAN) LIMITED

	Un-Audited September 30,2017	Audited June 30,2017
Note	(Rupees in thousand)	
Not later than one year	9,844	9,844
Later than one year and not later than five years	44,297	44,297
Later than five years	707,834	707,834
	<u>761,975</u>	<u>761,975</u>

9 Property, plant and equipment

Book value at beginning of the period / year	424,808	425,437
Add:		
- Additions during the period / year	9.1 <u>4,000</u>	<u>21,833</u>
	<u>4,000</u>	<u>21,833</u>
	<u>428,808</u>	<u>447,270</u>
Less:		
- Depreciation charged during the period / year	<u>5,629</u>	<u>22,462</u>
	<u>5,629</u>	<u>22,462</u>
Book value at end of the period / year	<u>423,179</u>	<u>424,808</u>

9.1 Additions during the period / year

Operating fixed assets	<u>4,000</u>	<u>21,833</u>
	<u>4,000</u>	<u>21,833</u>

10. Investment property

Opening value	3,464,202	3,369,702
- Settlement against loan	-	(25,500)
Closing value before revaluation as at June 30	<u>3,464,202</u>	<u>3,344,202</u>
Fair value gain recognised in profit and loss account	<u>-</u>	<u>120,000</u>
Fair value as at September 30	<u>3,464,202</u>	<u>3,464,202</u>

11. Long term investments

	Un-Audited September 30,2017	Audited June 30,2017
	(Rupees in thousand)	
Equity instruments of:		
- subsidiaries - unquoted	11.1 <u>91,670</u>	<u>91,670</u>
- associate - unquoted	11.2 <u>758,651</u>	<u>758,651</u>
Available for sale - quoted	11.3 <u>912</u>	<u>992</u>
	<u>851,233</u>	<u>851,313</u>

PACE (PAKISTAN) LIMITED

	Un-Audited September 30,2017	Audited June 30,2017
11.1 Subsidiaries - unquoted	(Rupees in thousand)	
Pace Woodlands (Private) Limited 3,000 (2017: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (2017: 52%)	30	30
Pace Super Mall (Private) Limited 9,161,528 (2017: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (2017: 57%)	91,615	91,615
Pace Gujrat (Private) Limited 2,450 (2017: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (2017: 100%)	25	25
	91,670	91,670
11.2 Associate - unquoted		
Pace Barka Properties Limited 75,875,000 (2017: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (2017: 24.9%)	758,651	758,651
	Un-Audited September 30,2017	Audited June 30,2017
11.3 Available for sale - quoted	(Rupees in thousand)	
Worldcall Telecom Limited 912 (2017: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Company Limited 158,037 (2017: 158,037) fully paid ordinary shares of Rs 10 each	2,008	2,008
	2,014	2,014
Less: Cumulative fair value loss	(1,102)	(1,022)
	912	992
11.3.1 Cumulative fair value loss		
Opening balance	1,022	1,230
Fair value loss / (gain) during the year	80	(208)
	1,102	1,022
12. Stock-in-trade	Un-Audited September 30,2017	Audited June 30,2017
	(Rupees in thousand)	
Work in process - Pace Towers	438,225	437,420
Shops and houses	304,201	304,201
Pace Barka Properties Limited - Pace Circle	594,201	594,201
Pace Super Mall (Private) Limited	21,600	21,600
	1,358,227	1,357,422
Stores inventory	872	975
	1,359,100	1,358,397

PACE (PAKISTAN) LIMITED

		July to September	
		2017	2016
		(Rupees in thousand)	
13. Cash generated from operations	Note		
Profit / (loss) before tax		(32,959)	158,320
Adjustment for:			
Exchange loss on foreign currency convertible bonds	7	7,533	829
Provision for gratuity and leave encashment		2,879	2,386
Depreciation on:			
- owned assets	9	5,628	5,169
- assets subject to finance lease		-	19
Amortisation on intangible assets		130	131
Markup waived off		-	(202,284)
Markup income		(11)	(19)
Finance costs		27,833	31,856
Loss before working capital changes		11,033	(3,593)
Effect on cash flow due to working capital changes:			
Decrease / (increase) in stock-in-trade		(704)	(12,242)
Decrease / (increase) in trade debts		(13,266)	(24,747)
Decrease / (increase) in advances, deposits and other receivables		5,378	(1,165)
Net (decrease) / increase in advances against sale of property		2,413	15,678
(Decrease)/increase in creditors, accrued and other liabilities		(580)	2,728
		(6,759)	(19,748)
		4,274	(23,341)

PACE (PAKISTAN) LIMITED

14. Financial risk management

14.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

14.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 2.2.

14.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following is categorization of assets measured at fair value at September 30, 2017:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Recurring fair value measurement of Available for sale financial assets	912	-	-	912
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	2,070,556	2,070,556
	<u>912</u>	<u>1,393,646</u>	<u>2,070,556</u>	<u>3,465,114</u>

PACE (PAKISTAN) LIMITED

The following is categorization of assets measured at fair value at June 30, 2017:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	992	-	-	992
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	2,070,556	2,070,556
	<u>992</u>	<u>1,393,646</u>	<u>2,070,556</u>	<u>3,465,194</u>

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 and 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2017. The level 2 fair value of freehold land has been derived using the sales comparison approach. The most significant input into this valuation approach is price per square yard. Level 3 fair value of Buildings has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended September 30, 2017 and June 30, 2017 for recurring fair value measurements:

	Un-Audited September 30, 2017	Audited June 30, 2017
	(Rupees in thousand)	
Opening fair value	2,070,556	2,155,202
Settlement against loan	-	(25,500)
	<u>2,070,556</u>	<u>2,129,702</u>
Fair value loss recognised during year	-	(59,146)
Closing value after revaluation	<u>2,070,556</u>	<u>2,070,556</u>

The change in unrealized gains/ losses of the investment property is credited/charged to the profit and loss account as "Changes in fair value of investment property".

Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See paragraph above for the valuation techniques adopted.

Description	Fair Value at		Significant Unobserv-able inputs	Quantitative Data / Range and relationship to the fair value
	Sep 30, 2017 Rs'000	June 30, 2017 Rs'000		
Buildings	2,070,556	2,070,556	Cost of construction of a new similar building Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation factor of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

PACE (PAKISTAN) LIMITED

15. Transactions with related parties

15. Transactions with related parties		Un-Audited	
		September 30,2017	September 30,2016
Relationship with the Company	Nature of transactions	Rupees in thousand	
I. Associate	Guarantee commission income	309	309
	Receipts against Pace circle sales	3,482	10,056
ii. Others	Purchase of goods & services	1,387	5,068
	Rental income	3,215	2,923
Period end balances			
	Receivable from related parties	18,936	48,149

All transactions with related parties have been carried out on mutually agreed terms and conditions.

16. Date of authorisation

These financial statements were authorised for issue on October 26 ,2017 by the board of directors of the Company.

17. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) GROUP

PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED
QUARTERLY FINANCIAL ACCOUNTS
(UN-AUDITED)

FOR THE PERIOD ENDED
SEPTEMBER 30, 2017

PACE (PAKISTAN) GROUP

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the un-audited financial statements of the Group for the first quarter ended September 30, 2017.

Operating Results:

The Group closed its period under review with the financial results, showing the Net loss after Tax of PKR (31.8) million, as compared to net profit after tax of PKR 131.8 million during the quarter ended September 30, 2016. The comparison of the un-audited results for the first quarter with corresponding period of the previous financial year is as under:

	Rupees in '000'	
	Jul-Sep 2017	Jul-Sep 2016
Sales	78,301	97,225
Cost of Sales	(56,072)	(81,633)
Gross Profit	22,229	15,592
Other Income	7,243	207,797
Other Operating Expenses	(7,533)	(829)
Finance Cost	(27,834)	(31,856)
Net profit/(loss) before tax	(30,456)	158,785
Net profit/(loss) after tax	(31,812)	131,812
Earning/(Loss) per share (PKR)	(0.11)	0.47

Sales for the period under review showed the decline of 19% as compared with corresponding period last year, due to fact that no sales were made in respect of shops and Pace Tower project during the period under review. Other income of the Group significantly decreased from PKR 207.7 million to PKR 7.2 million. The decrease in other income is due to non availability of waiver in Finance Cost, as recorded by Group in same period last year.

Increase in Other Operating Expenses from PKR 0.82 million to PKR 7.5 million, is due to unfavorable movement in exchange rate of dollar during the reporting period, thereby resulting exchange loss on Foreign Currency Convertible Bonds (FCCB).

Reduction in Finance Cost of the Group from PKR 31.8 million in corresponding period last year, to PKR. 27.8 million in current period, is due to reduction in outstanding principal amount resulting from settlement of various outstanding loans of the Group, during the previous year.

The financial performance of the Group during the period under review translated into Loss per Share of PKR. (0.11) as compared to Earnings per Share of PKR. 0.47 in same period last year.

General:

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

Director

Director

Lahore

October 26, 2017

PACE (PAKISTAN) GROUP

ڈائریکٹرز کا جائزہ

بچوں (پاکستان) لمیٹڈ ("گروپ") کے ڈائریکٹرز 30 ستمبر 2017ء کو اختتام پذیر سہ ماہی کے لئے کمپنی کی مالیاتی اسٹیٹمنٹس (غیر پڑا ہوا شدہ) پیش کرنے پر فخر محسوس کرتے ہیں۔

آپریٹنگ نتائج

گروپ نے زیر جائزہ مدت کے مالیاتی نتائج کے تحت (31.8) ملین روپے کا بعد از ٹیکس خالص نقصان ظاہر کیا جو کہ گزشتہ سال 30 ستمبر 2016ء کو اختتام پذیر سہ ماہی کے لئے 131.8 ملین روپے کے بعد از ٹیکس نفع پر بندہ ہوا۔ گزشتہ مالی سال کی پہلی سہ ماہی کی اسی مدت کے مقابلہ میں غیر پڑا ہوا شدہ نتائج کا موازنہ حسب ذیل ہے۔

'000 روپے میں

تفصیلات	جولائی تا ستمبر 2017ء	جولائی تا ستمبر 2016ء
فروخت	78,301	97,225
سیلز پر لاگت	(56,072)	(81,633)
مجموعی منافع	22,229	15,592
دیگر آمدنی	7,243	207,797
دیگر آپریٹنگ اخراجات	(7,533)	(829)
قرضوں پر لاگت	(27,834)	(31,856)
خالص منافع / (نقصان) قبل از ٹیکس	(30,456)	(158,785)
خالص منافع / (نقصان) بعد از ٹیکس	(31,812)	131,812
فی شخص آمدنی / (نقصان) (روپے)	(0.11)	0.47

بچوں ناورد اور دونوں کی مد میں کسی بھی قسم کی فروخت کی عدم سرگرمی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلہ میں زیر جائزہ مدت کے لئے سیلز کا حجم 19 فی صد کم ظاہر ہوا۔ گروپ کی دیگر آمدنی 207.7 ملین روپے سے 7.2 ملین روپے نمایاں طور پر کم ہوئی۔ گزشتہ سال کی اسی مدت کے مقابلہ میں گروپ کی قرضوں کی لاگت میں چھوٹ کی عدم دستیابی کی وجہ سے گروپ کی دیگر آمدنی میں کمی ہوئی۔

رپورٹنگ سال کے دوران ڈالر کی ایکسیجنگ کی شرح میں غیر محسوس تبدیلی کی وجہ سے دیگر آپریٹنگ اخراجات میں 2.82 ملین روپے سے 7.5 ملین روپے کا اضافہ ہوا۔ جس کی وجہ فارن کرنی کنورٹبل باؤنڈز (FCCB) میں ایکسیجنگ خسارہ سامنے آیا۔

گزشتہ سال کی اسی مدت میں 31.8 ملین روپے سے رواں سال میں 27.8 ملین روپے کی گروپ کی قرضوں کی لاگت میں کمی گزشتہ سال کے دوران گروپ کے متعدد واجب الادا قرضوں کی ادائیگی میں واجب الادا بنیادی رقم میں کمی کی وجہ سے تھا۔

زیر جائزہ سال کے دوران گروپ کی مالی کارکردگی گزشتہ سال کی اسی مدت میں 0.47 روپے کی فی شخص آمدنی کے مقابلہ میں (0.11 روپے فی شخص) کا نقصان درج کیا گیا۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے حصص داران کی مسلسل مدد کے لئے شکر گزار ہیں مزید برآں بورڈ اپنے ملازمین کی کمپنی کے ساتھ مسلسل دفاع شعاری کو بھی قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز (کے لئے) کی جانب سے

ڈائریکٹر

ڈائریکٹر

لاہور

26 اکتوبر 2017

PACE (PAKISTAN) GROUP

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2017

EQUITY AND LIABILITIES		Un-Audited September 30, 2017	Audited June 30, 2017
CAPITAL AND RESERVES		(Rupees in thousand)	
Authorised capital			
600,000,000 (2017: 600,000,000)			
ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2017: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		286,150	286,230
Accumulated loss		(257,523)	(225,711)
		2,817,393	2,849,285
		87,309	87,311
		2,904,702	2,936,596
NON-CONTROLLING INTEREST			
NON-CURRENT LIABILITIES			
Long term finances - secured	5	51,068	51,068
Redeemable capital - secured (non-participatory)	6	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	7	-	-
Deferred liabilities		51,769	48,890
Deferred taxation		62,798	62,421
		165,635	162,379
CURRENT LIABILITIES			
Advances against sale of property		153,956	151,542
Current portion of long term liabilities		2,936,367	2,924,684
Creditors, accrued and other liabilities		435,127	434,999
Accrued finance cost		911,155	887,513
Provision for income tax		5,534	5,534
		4,442,139	4,404,272
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		7,512,476	7,503,247

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) GROUP

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30,2017

AS AT SEPTEMBER 30,2017

		Un-Audited September 30,2017	Audited June 30,2017
ASSETS			
	Note	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	450,843	452,471
Intangible assets		5,425	5,555
Investment property	10	3,464,202	3,464,202
Long term investments	11	1,116,993	1,114,564
Long term advances and deposits		14,250	14,250
		5,051,713	5,051,042
CURRENT ASSETS			
Stock-in-trade	12	1,692,101	1,691,397
Trade debts - unsecured		668,963	655,698
Advances, deposits, prepayments and other receivables		92,433	99,386
Income tax recoverable		5,889	4,146
Cash and bank balances		1,377	1,578
		2,460,763	2,452,205
		7,512,476	7,503,247

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) GROUP

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	July to September	
	2017	2016
	(Rupees in thousand)	
Sales	78,301	97,225
Cost of sales	(56,072)	(81,633)
Gross profit	22,229	15,592
Administrative and selling expenses	(27,069)	(32,390)
Other income	7,243	207,797
Other operating expenses	(7,533)	(829)
Profit/(Loss) from operations	(5,130)	190,170
Finance costs	(27,834)	(31,856)
Share of (loss) / profit from associate - net of tax	2,508	471
Profit / (loss) before tax	(30,456)	158,785
Taxation	(1,356)	(26,973)
Profit / (loss) for the year	(31,812)	131,812
Other comprehensive income / (loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of available for sale investments	(80)	220
	(80)	220
Total comprehensive income / (loss) for the year	(31,892)	132,032
Attributable to:		
Equity holders of the parent	(31,890)	132,032
Non-controlling interest	(2)	(2)
	(31,892)	132,030
Earnings / (loss) per share attributable to ordinary shareholders		
- basic earnings / (loss) per share		
Rupees	(0.11)	0.47
- diluted earnings / (loss) per share		
Rupees	(0.11)	0.35

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) GROUP

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

CASH FLOW STATEMENT (UN-AUDITED)		July to September	
FOR THE QUARTER ENDED SEPTEMBER 30, 2017		2017	2016
		(Rupees in thousand)	
Cash flow from operating activities	Note		
Cash (used in) / generated from operations	13	4,274	(23,341)
Finance costs paid		(42)	(24)
Gratuity and leave encashment paid		(701)	(173)
Taxes paid		(1,092)	(3,955)
Net cash used in operating activities		2,439	(27,493)
Cash flow from investing activities			
Purchase of property, plant and equipment		(4,001)	(119)
Proceeds from sale of investment property		1,350	31,100
Markup received		11	19
Net cash generated from investing activities		(2,640)	31,000
Cash flow from financing activities			
Repayment of finance lease liabilities		-	(1,100)
Net increase / (decrease) in cash and cash equivalents		(201)	2,407
Cash and cash equivalents at the beginning of the year		1,578	(95,715)
Cash and cash equivalents at the end of the year		1,377	(93,308)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Attributable to equity holders of the parent				Non-Controlling Interest	Total Equity
	Share capital	Share premium reserve	Reserve for changes in fair value of investments	Share in capital reserves of associates	Unappropriated profit	Total
						Rupees
Balance as on 1st July, 2016 (Audited)-Restated	2,788,766	273,265	(1,230)	13,988	(399,105)	2,675,684
Total comprehensive Profit/(loss) for September quarter						
Profit/(Loss) for the period	-	-	-	-	131,812	131,812
Other comprehensive income / (loss)	-	-	220	1	221	131,810
			220	1	131,812	132,033
Balance as on September 30, 2016 - (Unaudited)	2,788,766	273,265	(1,010)	13,989	(267,293)	2,807,717
Total comprehensive Profit/(loss) for the nine months						
Profit / (Loss) for the period	-	-	-	-	44,482	44,482
Other comprehensive income / (loss)	-	-	(13)	-	(2,913)	(2,913)
			(13)	13,989	41,582	41,569
Balance as on June 30, 2017 - (Audited)	2,788,766	273,265	(1,023)	13,988	(225,711)	2,849,285
Total comprehensive Profit/(loss) for September quarter						
Profit / (loss) for the period	-	-	-	-	(31,812)	(31,812)
Other comprehensive income / (loss)	-	-	(80)	-	(80)	(80)
Balance as on September 30, 2017 - (Unaudited)	2,788,766	273,265	(1,102)	13,988	(257,523)	2,817,393

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

Director

PACE (PAKISTAN) GROUP

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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.

1.2 Activities of the Group

The object of the Group is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

2 Statement of Compliance

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Going concern assumption

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,981.376 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to

PACE (PAKISTAN) GROUP

realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The management of the holding Company however, is continuously engaged with its lenders for settlements of its borrowings. During the current year the management has settled the outstanding amount of TFCs towards Pak Oman Investment Company and Wireless and Cable Limited against property situated at Pace Towers and Pace Woodlands as mentioned in notes 6 and 7 respectively. Similarly, the management has also settled the outstanding amount of its short term running finance facility due towards Pair Investment Company Limited against property at Pace Towers.

The management of the Holding Company is confident that the above actions and steps shall aid the sale of inventory from the completed projects referred above and utilise the resultant liquidity for completion and sale of its 'Pace Towers' Project.

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

- the Group will be able to settle loans against its properties; and
- the Group will be able to readily realise its receivables and inventory and be able to utilise the resultant liquidity for completion and sale of the 'Pace Towers' project.

The consolidated financial statements consequently, do not include any adjustment relating to the realisation of its assets and liquidation of liabilities that might be necessary should the Group be unable to continue as a going concern.

2.3 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Standards, amendments to published standards and interpretations that are effective in the current year and are applicable to the Group

- IAS 1 (Amendment), 'Presentation of financial statements' on disclosure initiative. The application of these amendments has no material impact on the Group financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016.

- IAS 16 and 38 (Amendment), 'Property, plant and equipment' and 'Intangibles' on acceptable methods of depreciation and amortization. The application of these amendments has no material impact on the Group financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 27 (Amendment), 'Separate financial statements' on application of equity method in separate financial statements. The application of these amendments has no material impact on the Group financial statements.

- IFRS 10, 12 and IAS 28 (Amendment), on exception to consolidation for investment entities. The application of these amendments has no material impact on the Group financial statements.

- IFRS 10 and IAS 28 (Amendment), on sale or contribution of assets between an Investor and its associate or joint venture. The application of these amendments has no material impact on the Group financial statements.

Annual improvements 2014; IFRS 5, 'Non-current assets held for sale and discontinued operations'. IFRS 7, 'Financial instruments: disclosures'. IAS 19, 'Employee benefits'. IAS 34, 'Interim financial reporting'. The application of these amendments has no material impact on the Group financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

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2.3.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the Group operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
AS 41 (Amendment), 'Agriculture' on bearer plants	January 1, 2016
IFRS 11 (Amendment), 'Joint arrangements' on acquisition of interest in joint operations	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

2.3.4 Standards, amendments and interpretations to existing standards that are not yet effective and not applicable / relevant to the Group operations

Standards or Interpretation	Effective date (annual periods beginning on or after)
IFRS 12, 'Disclosure of interests in other entities' January 1, 2017	
IAS 12, (Amendments), 'Income taxes' on recognition of deferred tax assets for unrealized losses	January 1, 2017
IAS 40, (Amendments), 'Investment Property'	January 1, 2018
IAS 28, 'Investments in Associates and Joint Ventures'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts'	January 1, 2018
IFRS 2 (Amendments), 'Shared-based payment' classification and measurement	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 22, 'Foreign Currency Transactions and Advance Considerations'	January 1, 2018
Annual improvements 2014-2016 cycle	January 1, 2018
IFRS 4 (Amendments), 'Insurance Contracts'	January 1, 2018
IFRS 17, 'Insurance Contracts'	January 1, 2021

3. Taxation

The provision for taxation for the quarter ended september 30, 2017 has been made on an estimated basis.

4. Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the period ended September 30, 2017 with the exemption of changes in estimates that are required in determining the provision for income taxes as referred to in Note 3.

	Un-Audited September 30,2017	Audited June 30,2017
Note	(Rupees in thousand)	

5. Long term finances - secured

Pak Iran Loan	5.1	51,068	51,068
Soneri Bank - demand finance	5.2	27,422	27,422
		78,490	78,490
Less: Current portion shown under current liabilities		(27,422)	(27,422)
		<u>51,068</u>	<u>51,068</u>

5.1 Pak Iran Loan

In accordance with the settlement agreement the remaining outstanding markup of Rs. 66.860 million has been rescheduled and has been recognized under long term finances as it is payable over a period of 7 years. The rescheduled loan has been stated at amortized cost using effective yield method.

5.2 Soneri Bank - demand finance

Terms of repayment

PACE (PAKISTAN) GROUP

This loan is part of total term finance facility limit of Rs 44.688 Million (2016: Rs 44.688 Million) and carries markup @ 6 months KIBOR + 3% (2016: 6 months KIBOR + 3%). The loan was originally repayable in 8 equal quarterly installments ending on June 30, 2012.

5.3 Security

This facility is secured against a charge created on the land and building on Plot no. 41, Gulberg III, Industrial Area Lahore. In the preceding year the Holding Company initiated negotiations with the bank to settle the loan and markup through debt to asset swap. However, the negotiations have not yet materialized.

6. Redeemable capital - secured (non-participatory)	Note	Un-Audited September 30,2017	Audited June 30,2017
		(Rupees in thousand)	
Term finance certificates		1,121,503	1,121,503
Less: Current portion shown under current liabilities	6.1	(1,121,503)	(1,121,503)
		-	-

6.1 Terms of repayment

This represents term finance certificates (TFC's) listed on Pakistan Stock Exchange issued for a period of 5 years. On September 27, 2010, the Holding 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 Holding Company and trustee 'IGI Investment Bank Limited' under which the Holding 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 five and a half years effective from August 15, 2010. The TFC's carry a markup of 6 months KIBOR plus 2% (2016: 6 months KIBOR plus 2%) and is payable semi-annually in arrears.

6.2 Security

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

6.3 Settlement with Pak Oman Investment Company Limited

On October 15, 2016 Pak Oman Investment Company limited ('POICL') and the Holding Company entered into a Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of outstanding amount of TFCs held by POICL along with their accrued markup aggregating to Rs 503.981 million against offices situated at upper ground floor and lower ground floor measuring 17,337 square feet. In accordance with the SA, POICL purchased the aforementioned offices at Rs 300.789 million and waived accrued markup of Rs 203.192 million. Pursuant to the SA, on October 15, 2016 the Company and POICL executed sale deed, wherein possession of the property was handed over to POICL.

6.4 Settlement with Wireless and Cable Limited

On February 16, 2017 Wireless and Cable Limited ('WCL') and the Holding Company entered into a Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of outstanding amount of TFCs held by WCL along with their accrued markup aggregating to Rs 122.161 million against 4 houses situated at Pace Woodlands measuring 10,896 square feet. In accordance with the SA, WCL purchased the aforementioned houses at Rs 45.0 million, waived accrued markup of Rs 46.253 million and the remaining outstanding amount of Rs 30.908 million has been adjusted with the receivable from the Holding Company. Pursuant to the SA, on February 16, 2017 the Company and WCL executed sale deed, wherein possession of the property was handed over to WCL.

7. Foreign currency convertible bonds - unsecured	Note	Un-Audited September 30,2017	Audited June 30,2017
		(Rupees in thousand)	
Opening balance		1,757,713	1,736,212
Markup accrued during the year		4,149	16,527
		1,761,862	1,752,739
Exchange loss for the year		7,533	4,974
		1,769,395	1,757,713
Less: Current portion shown under current liabilities	7.1	(1,769,395)	(1,757,713)
		-	-

PACE (PAKISTAN) GROUP

7.1 The Holding Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a markup of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds have an option to convert the bonds into equity shares of the Holding Company at any time following the issue date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2016.

As the fair value calculated for the embedded foreign exchange equity derivate and the financial instrument is quite subjective and cannot be measured reliably, consequently the bond has been carried at cost and includes accreted markup. Furthurnore, changes arising due to currency fluctuations are recognized directly in the profit & loss account.

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs 21.644 million (2016: Rs 21.644 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 million (2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

8.2 Commitments

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 208.508 million (2017: Rs 208.508 million).
- (ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	Un-Audited September 30,2017	Audited June 30,2017
9 Property, plant and equipment			
(Rupees in thousand)			
Book value at beginning of the period / year		424,808	425,437
Add:			
- Additions during the period / year	- note 9.1	4,000	21,833
		4,000	21,833
		428,808	447,270
Less:			
- Depreciation charged during the period / year		5,629	22,462
		5,629	22,462
Book value at end of the period / year		423,179	424,808

9.1 Additions during the period / year

Operating fixed assets	4,000	21,833
	4,000	21,833

	Un-Audited September 30,2017	Audited June 30,2017
10. Investment property		
(Rupees in thousand)		
Opening value	3,464,202	3,369,702
- Settlement against loan	-	(25,500)
Closing value before revaluation as at June 30	3,464,202	3,344,202
Fair value gain recognised in profit and loss account	-	120,000
Fair value as at September 30	3,464,202	3,464,202

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11. Long term investments

		Un-Audited September 30,2017	Audited June 30,2017
Associate - unquoted			
Pace Barka Properties Limited	Note		
75,875,000 (2017: 75,875,000) fully paid ordinary shares of Rs 10 each			
Equity held 24.9% (2017: 24.9%)	11.1	1,116,081	1,113,572
Available for sale - quoted	11.2	912	992
		1,116,993	1,114,564
11.1 Associate - unquoted			
Cost		758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account		354,922	396,237
		1,113,573	1,154,888
Share of movement in reserves during the year		-	-
Share of profit/(loss) for the period / year			
- before taxation		3,022	(20,670)
- provision for taxation		(514)	(20,646)
		2,508	(41,316)
Balance as on September 30		1,116,081	1,113,573

		Un-Audited September 30,2017	Audited June 30,2017
11.2 Available for sale - quoted			
Worldcall Telecom Limited			
912 (2017: 912) fully paid ordinary shares of Rs 10 each		6	6
Shaheen Insurance Company Limited			
158,037 (2017: 158,037) fully paid ordinary shares of Rs 10 each		2,008	2,008
		2,014	2,014
Less: Cumulative fair value loss		(1,102)	(1,022)
		912	992

11.2.1 Cumulative fair value loss

Opening balance	1,022	1,230
Fair value loss / (gain) during the year	80	(208)
	1,102	1,022

		Un-Audited September 30,2017	Audited June 30,2017
12. Stock-in-trade			
Work in process - Pace Towers		622,261	621,455
Shops and houses		304,201	304,201
Pace Barka Properties Limited - Pace Circle		594,201	594,201
Pace Super Mall (Private) Limited		170,565	170,565
		1,691,228	1,690,422
Stores inventory		872	975
		1,692,101	1,691,397

PACE (PAKISTAN) GROUP

		July to September	
		2017	2016
		(Rupees in thousand)	
13. Cash generated from operations			
Profit / (loss) before tax		(30,456)	158,785
Adjustment for:			
Exchange loss on foreign currency convertible bonds	7	7,533	829
Provision for gratuity and leave encashment		2,879	2,386
Depreciation on:			
- owned assets	9	5,628	5,169
- assets subject to finance lease		-	19
Amortisation on intangible assets		130	131
Markup waived off		-	(202,284)
Share of profit from associate		(2,508)	(471)
Markup income		(12)	(19)
Finance costs		27,834	31,856
Loss before working capital changes		11,028	(3,599)
Effect on cash flow due to working capital changes:			
Decrease / (Increase) in stock-in-trade		(704)	(12,242)
Decrease / (increase) in trade debts		(13,266)	(24,747)
Decrease / (increase) in advances, deposits and other receivables		5,378	(1,165)
Net (decrease) / increase in advances against sale of property		2,413	15,678
(Decrease) / Increase in creditors, accrued and other liabilities		(575)	2,734
		(6,754)	(19,742)
		4,274	(23,341)

14. Detail of subsidiaries	Accounting year end	Percentage of holding	Country of Incorporation
Quarter ended September 30, 2017			
Pace Woodlands (Private) Limited	30-Sep-17	52%	Pakistan
Pace Gujrat (Private) Limited	30-Sep-17	100%	Pakistan
Pace Supermall (Private) Limited	30-Sep-17	69%	Pakistan
Year ended June 30, 2017			
Pace Woodlands (Private) Limited	30-Jun-17	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-17	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-17	69%	Pakistan

PACE (PAKISTAN) GROUP

15 Operating Segments

Operating segments and basis of determination of operating segments are same as disclosed in audited consolidated annual financial statements of the Group for the period ended September 30, 2017.

15.1 Segment information

15.1 Segment information	Rupees							
	Real estate sales		Investment properties		Others		Total	
	September 2017	September 2016	September 2017	September 2016	September 2017	September 2016		
Segment revenue	-	25,339	8,965	10,153	69,336	61,733	78,301	97,225
Segment expenses	-	(18,332)	-	-	-	-	-	(18,332)
Cost of sales	-	-	-	-	(56,072)	(63,301)	(56,072)	(63,301)
Stores operating expenses	-	-	-	-	-	-	-	-
Gross (loss) / profit	-	7,007	8,965	10,153	13,264	(1,568)	22,229	15,592
- Changes in fair value of investment property	-	-	-	-	-	-	-	-
Segment results	-	7,007	8,965	10,153	13,264	(1,568)	22,229	15,592
Administrative and selling expenses							(27,069)	(32,390)
Other operating income							7,243	207,797
Finance costs							(27,834)	(31,856)
Other operating expenses							(7,533)	(829)
Share of profit / (loss) of associates							2,508	471
Profit / (Loss) before tax							(30,456)	158,785
Taxation								
- Group							(1,356)	(26,973)
Profit / (Loss) for the period							(31,812)	131,812

PACE (PAKISTAN) GROUP

16. Financial risk management

16.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

16.2 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 2.2.

16.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following is categorization of assets measured at fair value at September 30, 2017:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Recurring fair value measurement of Available for sale financial assets	912	-	-	912
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	2,070,556	2,070,556
	912	1,393,646	2,070,556	3,465,114

The following is categorization of assets measured at fair value at June 30, 2017:

PACE (PAKISTAN) GROUP

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Recurring fair value measurement of Available for sale financial assets	992	-	-	992
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	2,070,556	2,070,556
	992	1,393,646	2,070,556	3,465,194

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 and 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2016. The level 2 fair value of freehold land has been derived using the sales comparison approach. The most significant input into this valuation approach is price per square yard. Level 3 fair value of Buildings has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended September 30, 2017 and June 30, 2017 respectively for recurring fair value measurements:

	Un-Audited September 30, 2017	Audited June 30, 2017
	(Rupees in thousand)	
Opening fair value	2,070,556	2,155,202
Settlement against loan	-	(25,500)
	2,070,556	2,129,702
Fair value loss recognised during year	-	(59,146)
Closing value after revaluation	2,070,556	2,070,556

The change in unrealized gains/ losses of the investment property is credited/charged to the profit and loss account as "Changes in fair value of investment property".

Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See paragraph above for the valuation techniques adopted.

Description	Fair Value at		Significant Unobserv-able inputs	Quantitative Data / Range and relationship to the fair value
	Sep 30, 2017 Rs'000	June 30, 2017 Rs'000		
Buildings	2,070,556	2,070,556	Cost of construction of a new similar building Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation factor of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

PACE (PAKISTAN) GROUP

17. Transactions with related parties

17. Transactions with related parties		Un-Audited	
		September 30,2017	September 30,2016
Relationship with the Company	Nature of transactions	(Rupees in thousand)	
i. Associate	Guarantee commission income	309	309
	Receipts against Pace circle sales	3,482	10,056
ii. Others	Purchase of goods & services	1,387	5,068
	Rental income	3,215	2,923
Period end balances			
	Receivable from related parties	18,936	48,149

All transactions with related parties have been carried out on mutually agreed terms and conditions.

18. Date of authorisation

These financial statements were authorised for issue on October 26, 2017 by the board of directors of the Holding Company.

19. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

The Chief Executive is out of Pakistan and in her absence these financial statement have been signed two directors as required under section 232 of the Companies Act 2017.

DIRECTOR

DIRECTOR