

PACE (PAKISTAN) LIMITED

**CONDENSED INTERIM
FINANCIAL INFORMATION**

(UN-AUDITED)

**QUARTERLY ACCOUNTS
MARCH 31, 2018**

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 highest quality and 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, sell 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)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehribano Taseer	Non-Executive
Rema Husain Qureshi	Non-Executive
Kanwar Latafat Ali Khan	Non-Executive
Malik Farhan Hasan	Independent

Chief Financial Officer

Shaheer Junaid

Audit Committee

Malik Farhan Hasan (Chairman)
Shehryar Ali Taseer (Member)
Shehribano Taseer (Member)

Human Resource and Remuneration (HR&R) Committee

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

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. Karqchi-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 reviewed financial statements of the Company for the nine months ended March 31, 2018.

Operating Results:

The Company closed its period under review with the impressive financial results whereby the sales of the Company increased by 246% to Rs. 434.33 million on QoQ basis, primarily attributable to sale of properties in Pace Tower during the period under review. Cost of sales increased in line with the increase in sale, which rose from Rs. 94.3 million in corresponding period last year to Rs. 371.8 million during the quarter under review. Gross profit of the Company for the quarter ended Mar-18 arrived at Rs. 62.49 million as compared to gross profit of Rs. 31.25 million last year, showing an increase of 100% on QoQ basis.

The Admin and selling expenses showed a decline of 14% during the quarter, due to decrease in advertisement and sales promotion expenses during the period. Other income during the quarter showed an increase of 166% to arrive at Rs. 205.46 million as compared to 77.35 million in corresponding period last year, primarily attributable to waiver of markup on settlement of loan from Askari Bank Limited amounting to Rs. 143.9 million, and Rs. 51.6 million in respect of gain on settlement of property against such loan. Other operating expenses significantly increased from Rs. 0.82 million last year to Rs. 84.81 million in the current period, due to exchange loss on FCCBs caused by adverse movement of USD during the period in review. As a result of aforementioned factors, the net profit of the company increased from Rs. 40.83 million in the same period last year to Rs. 128.64 million resulting in EPS of Rs. 0.44 per share as compared to EPS of Rs. 0.15 per share in corresponding period last year.

The comparison of the financial results for the nine months ended 31st Mar 2018, with corresponding period of the previous financial year is as under:

	Rupees in '000'			
	Quarter ended		Nine months ended	
	Jan-Mar 2018	Jan-Mar 2017	Jul-Mar 2018	Jul-Mar 2017
Sales	434,333	125,577	727,282	343,014
Cost of Sales	(371,837)	(94,325)	(628,713)	(324,693)
Gross Profit	62,496	31,252	98,569	18,321
Admin & Selling Expenses	(26,272)	(30,450)	(97,225)	(122,810)
Other Income	205,465	77,351	235,778	390,676
Other Operating Expenses	(84,810)	(829)	(177,317)	(2,487)
Finance Cost	(24,733)	(27,894)	(82,953)	(98,426)
Net profit before tax	132,147	49,430	(23,148)	185,273
Net profit after tax	128,642	40,835	(32,239)	153,777
Earnings per share (PKR)	0.44	0.15	(0.12)	0.55

Composition of Board

Total number of Directors **07**

a) Male: **04**
b) Female: **03**

Composition:

Independent Directors **01**
Other Non-Executive Directors **04**
Executive Directors **02**

PACE (PAKISTAN) LIMITED

Committee of the board

Audit Committee	Malik Farhan Hasan (Chairman) Mr. Shehryar Ali Taseer (Member) Miss Shehribano Taseer (Member)
Human Resource and Remuneration (HR&R) Committee	Malik Farhan Hasan (Chairman) Mrs. Aamna Taseer (Member) Mr. Kanwar Latafat Ali Khan (Member)

The composition of the Board of Directors and sub committees shall be changed in due course of time as per deadlines provided in new code of corporate Governance.

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

April 26, 2018

PACE (PAKISTAN) LIMITED

حصص داران کو ڈائریکٹرز کی رپورٹ

پیس (پاکستان) لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 مارچ 2018ء کو اختتام پذیر نو ماہی کے لئے اپنے حصص داران کو کمپنی کی نظر ثانی شدہ مالی اہمیت پیش کرنے پر مجبور ہوئے ہیں۔

آپریٹنگ نتائج

کمپنی کی زیر جائزہ مدت متاثر کن مالی نتائج ختم ہوئی۔ جب کہ سرمایہ بنیادوں پر کمپنی کی سیکلر میں 434,333 ملین روپے یعنی 246 فی صد اضافہ ہوا۔ جس کی بنیادی وجہ زیر جائزہ مدت میں بیس ماہ میں پراپرٹیز کی فروخت ہے۔ سیکلر پر لاگت بھی فروخت میں اضافہ کی وجہ سے بڑھی جو گزشتہ سال کی اسی مدت میں 94.3 ملین روپے سے زیر جائزہ مدت میں 371.8 ملین روپے ہو گئی۔ گزشتہ سال کے 31.25 ملین روپے کے مجموعی اضافہ کے مقابلہ میں زیر جائزہ مدت کے دوران یہ مجموعی منافع 62.49 ملین روپے رہا جو سرمایہ بنیادوں پر 100 فی صد اضافہ ہے۔

اس سرمایہ کے دوران انتظامی اور فروخت کے اخراجات میں 14 فی صد تک کمی دیکھی گئی۔ جو اس مدت میں تشہیر اور سیکلر پروموشن اخراجات میں کمی وجہ سے تھی۔ اس سرمایہ میں دیگر آمدنی میں 166 فی صد اضافہ ہوا جو گزشتہ سال میں 77.35 ملین روپے مقابلہ میں 205.46 ملین روپے ہو گئی۔ جس کی بنیادی وجہ عسکری بینک لمیٹڈ سے 143.9 ملین روپے کے قرضہ کی ادائیگی پر مارک اپ میں چھوٹ پر 51.6 ملین روپے کی آمدنی ہے۔ زیر جائزہ مدت میں امریکی ڈالر میں عدم استحکام کی وجہ سے FCCB پر ایکسیج مشاہرہ کی بنا پر گزشتہ سال میں 0.82 ملین روپے کے مقابلہ میں دیگر آپریٹنگ اخراجات میں 84.81 ملین روپے کا نمایاں اضافہ ہوا۔ مذکورہ بالا عوامل کے نتیجہ میں گزشتہ سال میں 0.15 روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 0.44 روپے فی حصص آمدنی کی وجہ سے 40.83 ملین روپے کے مقابلہ میں 128.64 ملین روپے خالص منافع حاصل ہوا۔

31 مارچ 2018ء کو اختتام پذیر نو ماہی کے گزشتہ سال سے تقابلی مالی نتائج حسب ذیل ہیں:

روپے '000 میں

اختتام پذیر نصف سال		اختتام پذیر سہ ماہی		
مارچ تا جولائی	مارچ تا جولائی	جنوری تا مارچ	جنوری تا مارچ	
343,014	727,282	125,577	434,333	سیکلر
(324,693)	(628,713)	(94,325)	(371,837)	سیکلر پر لاگت
18,321	98,569	31,252	62,496	مجموعی منافع
(122,810)	(97,225)	(30,450)	(26,272)	انتظامی اور سیکلر اخراجات
390,676	235,778	77,351	205,465	دیگر آمدنی
(2,487)	(177,317)	(829)	(84,810)	دیگر آپریٹنگ اخراجات
(98,426)	(82,953)	(27,894)	(24,733)	قرضوں پر لاگت
185,273	(23,148)	49,430	132,147	خالص منافع بعد ٹیکس
153,777	(32,239)	40,835	128,642	خالص منافع علاوہ ٹیکس
0.55	(0.12)	0.15	0.44	فی حصص آمدنی (پاکستانی روپے)

بورڈ کی ترتیب

07	ڈائریکٹرز کی کل تعداد
04	(a) مرد
03	(b) خواتین

PACE (PAKISTAN) LIMITED

ترتیب

01	آزاد ڈائریکٹرز
04	دیگر نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز

بورڈ کمیٹیاں

آڈٹ کمیٹی

ملک فرحان حسن (چیئر مین)
محترم شہر یار علی تاثیر (رکن)
محترمہ شہر یانوتا تاثیر (رکن)

انسانی وسائل اور مشاہیرہ (HR&R) کمیٹی

ملک فرحان حسن (چیئر مین)
محترمہ آمنہ تاثیر (رکن)
محترمہ کنور لطافت علی خان (رکن)

بورڈ آف ڈائریکٹرز اور ذیلی کمیٹیوں کی ترتیب نئے کوڈ آف کارپوریٹ گورننس میں فراہم کردہ مقررہ مدت کے تحت مناسب وقت میں تبدیل کی جائے گی۔

اعترافات

بورڈ آف ڈائریکٹرز رخصت داران کی مسلسل حمایت پر ان کا شکریہ ادا کرتا ہے۔ مزید برآں، بورڈ کمیٹی کے ساتھ ملازمین کے مسلسل جذبہ اور عزم کو بھی قدر کی نگاہ سے دیکھتا ہے۔

بجانب/بطرف بورڈ آف ڈائریکٹرز

لاہور

ڈائریکٹر

ڈائریکٹر

26 اپریل، 2018ء

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2018

		March 31, 2018 <u>Un-Audited</u>	June 30, 2017 <u>Audited</u>
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
600,000,000 (June 30, 2017: 600,000,000)			
ordinary shares of Rs 10 each		<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital			
278,876,604 (June 30, 2017: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		272,301	272,242
Accumulated loss		(649,448)	(617,208)
		<u>2,411,619</u>	<u>2,443,800</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	6	52,555	51,068
Redeemable capital - secured (non-participatory)	7	-	-
Foreign currency convertible bonds - unsecured	8	-	-
Deferred liabilities		55,690	48,890
		<u>108,245</u>	<u>99,958</u>
CURRENT LIABILITIES			
Advances against sale of property		129,530	150,542
Current portion of long term liabilities		2,929,692	2,924,684
Creditors, accrued and other liabilities		950,188	398,395
Accrued finance cost		810,664	887,513
		<u>4,820,074</u>	<u>4,361,134</u>
CONTINGENCIES AND COMMITMENTS	9	-	-
		<u>7,339,938</u>	<u>6,904,892</u>

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

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) LIMITED

		March 31, 2018 Un-Audited	June 30,2017 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	440,144	452,471
Intangible assets		5,165	5,555
Investment property	11	3,126,419	3,464,202
Investments	12	851,372	851,313
Long term advances and deposits		13,619	13,619
		4,436,719	4,787,160
CURRENT ASSETS			
Stock-in-trade	13	1,670,996	1,358,397
Trade debts - unsecured		941,935	655,396
Advances, deposits, prepayments and other receivables		287,042	98,314
Income tax recoverable		2,578	4,146
Cash and bank balances		668	1,479
		2,903,219	2,117,732
		7,339,938	6,904,892

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

		Quarter ended		Nine Months Ended	
		March 31, 2018 Un-audited	March 31, 2017 Un-audited	March 31, 2018 Un-audited	March 31, 2017 Un-audited
Sales	14	434,333	125,577	727,282	343,014
Cost of sales	15	(371,837)	(94,325)	(628,713)	(324,693)
Gross Profit		62,496	31,252	98,569	18,321
Administrative and selling expenses		(26,272)	(30,450)	(97,225)	(122,810)
Other income	16	205,465	77,351	235,778	390,676
Other operating expenses		(84,810)	(829)	(177,317)	(2,487)
Finance costs	17	(24,733)	(27,894)	(82,953)	(98,426)
Profit / (Loss) before tax		132,147	49,430	(23,148)	185,273
Taxation		(3,771)	(8,403)	(9,091)	(31,496)
Profit / (Loss) for the period		128,376	41,027	(32,239)	153,777
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale investments		266	(192)	60	400
Total comprehensive profit/(loss) for the period		128,642	40,835	(32,179)	154,177
Earnings /(Loss) per share attributable to ordinary shareholders					
- basic		0.44	0.15	(0.12)	0.55

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Nine months ended	
		March 31, 2018	March 31, 2017
		Un-audited	Un-audited
Rupees in thousand			
Cash flows from operating activities			
Cash generated from operations	20	(140,541)	77,079
Gratuity and leave encashment paid		(96)	(576)
Taxes paid		(7,522)	(7,064)
Net cash generated from operating activities		(148,159)	69,439
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,424)	(5,333)
Proceeds from sale of investment property		151,740	42,600
Markup received		31	48
Net cash used in investing activities		147,347	37,315
Cash flows from financing activities			
(Repayment)/receipt of funds from long term finances		-	-
Repayment of finance lease liabilities		-	(2,200)
Net increase / (decrease) in cash and cash equivalents		(811)	104,554
Cash and cash equivalents at beginning of the period		1479	(95,814)
Cash and cash equivalents at the end of the period	21	668	8,740

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appropriated (loss)	Total
Balance as on July 1, 2016 (audited)	2,788,766	273,265	(1,230)	(838,443)	2,222,358
Profit/Loss for the period	-	-	-	224,135	224,135
Other comprehensive Income/ loss:					
Changes in fair value of available for sale investments	-	-	207	-	207
Remeasurement of net defined benefit liability - net of tax	-	-	-	(2,900)	(2,900)
	-	-	207	221,235	221,442
Balance as on June 30, 2017 (audited)	2,788,766	273,265	(1,023)	(617,208)	2,443,800
Total comprehensive profit /(loss) for the period ended March 31, 2018					
Profit/Loss for the period	-	-	-	(32,239)	(32,239)
Other comprehensive income/Loss:					
Changes in fair value of available for sale investments	-	-	60	-	60
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-
	-	-	60	(32,239)	(32,179)
Total contributions by and distributions to owners of the company recognized directly in equity					
Balance as on March 31, 2018 (un-audited)	2,788,766	273,265	(963)	(649,448)	2,411,619

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

The Chief Executive is out of Pakistan & in her absence the financial statement have been signed by two directors as required under section 232 of the companies act 2017

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

1. The Company and its operations

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan and is 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.

1.1 Going concern assumption

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 1,916.85 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 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.

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

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

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

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

- The Company will be able to obtain relaxations from its lenders as highlighted above;
- 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 Towers' Project.

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

2. Statement of compliance

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

This condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction the Company's annual audited financial statements for the year ended June 30, 2017.

PACE (PAKISTAN) LIMITED

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2017 except for the adoption of new accounting policies as referred to in note 3.1.1.

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

Following amendment to existing standard and interpretation has been published and is mandatory for accounting periods beginning on or after January 1, 2017 and is considered to be relevant to the Company's operations:

3.1.1 Amendments to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual periods beginning on or after January 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

3.1.2 Standards, amendments and interpretations to existing standards that are not yet effective but applicable to the Company

"IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. The standard introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services."

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

3.1.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Standards, amendments or interpretation	Effective date (accounting periods beginning on or after)
Annual improvements 2014–2016:	
- IAS 28, 'Investments in associates and joint ventures'	January 01, 2018
- IFRS 9, 'Financial instruments'	January 01, 2018
Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions	January 01, 2018
Amendment to IAS 40, 'Investment property' relating to transfers of investment property	January 01, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16, 'Leases'	January 01, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 01, 2019
IFRS 9, 'Financial instruments'	January 01, 2019
Amendments to IAS 28, 'Investments in associates and joint ventures' regarding clarification that companies account for long-term interests in an associate or joint venture to which equity method is not applied using IFRS 9.	January 01, 2019

4. Taxation

The provision for taxation for the Nine months ended March 31, 2018 has been made on estimated basis

PACE (PAKISTAN) LIMITED

5. Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

		Un-audited March 31, 2018	Audited June 30, 2017
6. Long term finances - secured	Note	(Rupees in Thousand)	
Soneri Bank Demand Finance		27,422	27,422
Markup on Pak Iran Loan	6.1	<u>52,555</u>	<u>51,068</u>
		79,977	78,490
Less: Current portion shown under current liabilities		<u>(27,422)</u>	<u>(27,422)</u>
		<u>52,555</u>	<u>51,068</u>

6.1 During the year ended June 30, 2017 the Company entered into a settlement agreement with Pak Iran in which outstanding markup of Rs. 66.860 million was rescheduled and recognized under long term finances as it is payable over a period of 7 years."

The rescheduled load has been stated at amortized cost using effective yield method.

		Un-audited March 31, 2018	Audited June 30, 2017
7. Redeemable capital - secured (non-participatory)	Note	(Rupees in Thousand)	
Opening balance		1,121,503	1,121,503
Less: Settlement during the period / year	- note 7.2	<u>(185,932)</u>	
		935,571	1,121,503
Less: Current portion shown under current liabilities	- note 7.1	<u>(935,571)</u>	<u>(1,121,503)</u>
		-	-

7.1 The entire outstanding amount of Rs. 935.571 million is overdue and has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants.

7.2 On January 13, 2018, Askari Bank Limited ('Askari Bank') and the Company entered into a Debt/ Asset Swap Agreement ('DSA') for the settlement of the principal part of debt outstanding amounting to Rs. 185.927 million against the property of the Company situated at fifth floor and sixth floor of Pace Towers measuring 14,903 square feet and 6,731 square feet respectively. In accordance with the DSA, Askari Bank purchased the property of the company for a consideration of Rs. 185.932 million and waived accrued markup of Rs. 143.9 million.

		Un-audited March 31, 2018	Audited June 30, 2017
8. Foreign currency convertible bonds - unsecured	Note	(Rupees in Thousand)	
Opening balance		1,757,713	1,736,212
Markup accrued for the period / year		<u>13,623</u>	<u>16,527</u>
		1,771,336	1,752,739
Exchange loss for the period / year		<u>177,317</u>	<u>4,974</u>
		1,948,653	1,757,713
Less: Current portion shown under current liabilities		<u>(1,948,653)</u>	<u>(1,757,713)</u>
		-	-

PACE (PAKISTAN) LIMITED

9. Contingencies and commitments

9.1 Contingencies

- (i) Claims against the Company not acknowledged as debts amount to Rs 21.644 million (June 30, 2017: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amount to Rs 900 million (June 30, 2017: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 206.608 million (June 30, 2017: Rs 208.508 million).
- (ii) The amount of future payments under operating leases and the periods in which these payments will become due are as follows:

Note	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in Thousand)	
Not later than one year	9,844	9,844
Later than one year and not later than five years	45,527	44,297
Later than five years	701,682	707,834
	<u>757,053</u>	<u>761,975</u>

10. Property, plant and equipment

Operating fixed assets	- note 10.1	411,696	424,807
Capital work-in-progress		28,448	27,664
		<u>440,144</u>	<u>452,471</u>

10.1 Operating fixed assets

Operating fixed assets - at net book value			
- owned assets		411,696	424,807
- assets subject to finance lease		-	-
	- note 10.1.1	<u>411,696</u>	<u>424,807</u>

10.1.1 Operating fixed assets - at net book value

Opening book value	424,807	425,437
Add: Additions during the period/ year	4,423	21,833
Less: Disposals during the period/ year	-	-
Less: Depreciation for the period/ year	(17,534)	(22,463)
	<u>411,696</u>	<u>(22,463)</u>
Closing book value	<u>411,696</u>	<u>424,807</u>

Note	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in Thousand)	
Opening fair value	3,464,202	3,369,702
Disposal of investment property	(337,783)	-
Settlement against loan	-	(25,500)
	<u>3,126,419</u>	<u>3,344,202</u>
Add: Fair value gain recognised during the period / year	-	120,000
Closing value after revaluation	<u>3,126,419</u>	<u>3,464,202</u>

PACE (PAKISTAN) LIMITED

12. Investments

Equity instruments of:			
- Subsidiaries - unquoted	- note 13.1	91,670	91,670
- Associate - unquoted	- note 13.2	758,651	758,651
Available for sale - quoted	- note 13.3	1,052	991
		<u>851,372</u>	<u>851,312</u>

12.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited
3,000 (June 30, 2017: 3,000) fully paid ordinary shares
of Rs 10 each Equity held 52% (June 30, 2017: 52%)

30 30

Pace Gujrat (Private) Limited
2,450 (June 30, 2017: 2,450) fully paid ordinary shares
of Rs 10 each Equity held 100% (June 30, 2017: 100%)

25 25

Pace Super Mall (Private) Limited
9,161,528 (June 30, 2017: 9,161,528) fully paid ordinary
shares of Rs 10 each Equity held 57% (June 30, 2017: 57%)

91,615 91,615
91,670 91,670

12.2 Associate - unquoted

Pace Barka Properties Limited
75,875,000 (June 30, 2017: 75,875,000) fully paid
ordinary shares of Rs 10 each
Equity held 24.9% (June 30, 2017: 24.9%)

758,651 758,651

12.3 Available for sale - quoted

Worldcall Telecom Limited
912 (June 30, 2017: 912) fully paid ordinary shares
of Rs 10 each

6 6

Shaheen Insurance Company Limited
158,037 (June 30, 2017: 158,037) fully paid ordinary
shares of Rs 10 each

2,008 2,008
2,014 2,014

Less: Cumulative fair value loss

(963) (1,023)

1,052 991

12.3.1 Cumulative fair value loss

Opening balance

1,023 1,230

Fair value (gain)/loss during the period/ year

(60) (207)

963 1,023

Un-audited **Audited**
March 31, **June 30,**
2018 **2017**

13. Stock-in-trade

Note

(Rupees in Thousand)

Work in process - Pace Towers

627,055 437,420

Pace Barka Properties Limited - Pace Circle

596,001 594,201

Pace Super Mall (Private) Limited

21,600 21,600

Shops

425,335 304,201

1,669,991 1,357,422

Stores inventory

1,005 975

1,670,996 1,358,397

PACE (PAKISTAN) LIMITED

	Quarter ended		Nine Months Ended	
	March 31, 2018 Un-audited	March 31, 2017 Un-audited	March 31, 2018 Un-audited	March 31, 2017 Un-audited
14. Sales				
	Rupees in thousand			
Shops, houses and commercial buildings				
- at completion of project basis	378,983	61,672	509,422	73,672
- at percentage of completion basis	-	7,200	46,012	84,020
Licensee fee	4,915	8,614	21,484	27,861
Display advertisements and miscellaneous income	10,301	5,675	22,587	12,132
Service charges	40,134	42,416	127,777	145,329
	<u>434,333</u>	<u>125,577</u>	<u>727,282</u>	<u>343,014</u>
15. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	311,399	35,581	435,182	44,391
- at percentage of completion basis	-	6,402	19,936	101,435
Stores operating expenses	60,438	52,341	173,595	178,866
	<u>371,837</u>	<u>94,325</u>	<u>628,713</u>	<u>324,693</u>
16. Other income				
Income from financial assets				
Markup on bank accounts	9	16	32	49
Commission on guarantee	309	309	928	928
Gain on sale of Investment property	-	12,000	15,822	12,000
Income from non-financial assets				
Rental income	3,015	2,923	9,647	8,769
Income from Others				
Gain on settlements of loans/TFC - note 7.2	195,531	47,062	195,531	349,496
Scrap Sales	3,451	-	3,451	-
Provisions no longer required written back	-	12,884	-	12,884
Income from parking, storage and counters	3,150	2,157	10,367	6,550
	<u>205,465</u>	<u>77,351</u>	<u>235,778</u>	<u>390,676</u>
17. Finance costs				
	Rupees in thousand			
Markup on				
- Long term finances - secured	659	619	1,914	1,871
- Foreign currency convertible bonds - unsecured	4,927	4,129	13,623	12,377
- Redeemable capital - secured (non-participatory)	19,112	23,093	65,161	79,217
- Short term finance - secured	-	-	-	2,365
- Interest Expense on unwinding of Pak Iran loan	-	-	1,487	-
- Liabilities against assets subject to finance lease	-	-	-	1,852
	<u>24,698</u>	<u>27,841</u>	<u>82,185</u>	<u>97,682</u>
Bank charges and processing fee	35	52	768	744
	<u>24,733</u>	<u>27,894</u>	<u>82,953</u>	<u>98,426</u>
18. Earnings/ (loss) per share				
18.1 Basic earnings/ (loss) per share				
(Loss)/profit for the period (Rupees in thousand)	121,721	41,027	(32,239)	153,777
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>278,877</u>	<u>278,877</u>	<u>278,877</u>	<u>278,877</u>
(Loss)/earnings per share (Rupees)	0.44	0.15	(0.12)	0.55

PACE (PAKISTAN) LIMITED

		Nine Months Ended	
		March 31, 2018	March 31, 2017
		Un-audited	Un-audited
		Rupees in thousand	
19. Transactions with related parties			
Relationship with the Company	Nature of transaction		
i. Associate	Guarantee commission income	928	928
	Shared expenses charged by the Company	756	9,030
	Purchase of inventory	-	1,200
	Sale of Inventory	378,983	
	Receipt against Pace circle sales	18,900	21,386
ii. Others	Purchase of goods & services	3,977	9,430
	Rental income	12,537	8,769
	Payment made on account of construction at Pace Towers	52,785	-
	Advance received for the sale of inventory	-	8,065
iii. Directors and key management personnel	Salaries and other employee benefits	14,582	12,375
iv. Post employment benefit plan	Expense charged in respect of benefit plans	8,458	6,919

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

Period end balances

Receivable from related parties	378,983	17,180
Advances to related parties	705	-
Payable to related parties	62,051	1,241

20. Cash generated from operations

		Nine Months Ended	
		March 31, 2018	March 31, 2017
		Un-audited	Un-audited
		Rupees in thousand	
Profit before tax		(23,148)	185,274
Adjustments for:			
-			
- Depreciation on property, plant and equipment	- note 10.1.1	17,534	15,900
- Amortisation on intangible assets		389	393
- Provision for doubtful debts		14,362	14,320
- Markup income		(31)	(49)
- Gain on settlements of loans/TFC	- note 16	(195,531)	(251,251)
- Gain on sale of investment property		(15,822)	(12,000)
- Impairment loss on Inventory		11,911	
- Finance costs		82,953	99,170
- Exchange loss on foreign currency convertible bonds	- note 8	177,317	2,487
- Provisions no longer required written back		-	(12,884)
- Provision for gratuity and leave encashment		6,800	7,420
Loss before working capital changes		76,735	48,780
Effect on cash flow due to working capital changes			
- Decrease/(Increase) in stock-in-trade		(459,619)	132,531
- (Increase)/Decrease in trade debts		(288,379)	(96,042)
- Decrease/(Increase) in advances, deposits			
Prepayments and other receivables		11,475	(55,185)
- Increase/ (Decrease) in advances against sale of property		(21,012)	51,049
- (Decrease)/ Increase in creditors, accrued and other liabilities		540,259	(4,054)
		(217,276)	28,299
		(140,541)	77,079

21. Cash and Cash Equivalents

Cash and bank balances	668	8,740
	668	8,740

PACE (PAKISTAN) LIMITED

22 Financial risk management

22.1 Financial risk factors

The Company's activities may 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 condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at June 30, 2017.

There have been no changes in the risk management department or in any risk management policies since the year end.

22.2 Liquidity risk

Compared to year end, the Company settled short term borrowings of Rs 329.827 million including mark up of Rs. 143.9 million against properties situated at Pace Towers and there was no material change in the contractual undiscounted cash out flows for remaining financial liabilities.

22.3 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 tables below analyze assets carried at fair value as at December 31, 2017 and June 30, 2017.

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 March 31, 2018:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	1,052	-	-	1,052
	<u>1,052</u>	<u>-</u>	<u>-</u>	<u>1,052</u>
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	1,732,773	1,732,773
	<u>-</u>	<u>1,214,500</u>	<u>1,732,773</u>	<u>3,126,419</u>

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

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Recurring fair value measurement of Available for financial assets	784	-	-	784
	<u>784</u>	<u>-</u>	<u>-</u>	<u>784</u>
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	1,732,773	1,732,773
	<u>-</u>	<u>1,393,646</u>	<u>1,732,773</u>	<u>3,126,419</u>

PACE (PAKISTAN) LIMITED

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period 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 March 31, 2018 and June 30, 2017 for recurring fair value measurements:

Note	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in Thousand)	
Opening fair value	2,070,556	2,155,202
Disposal of investment property	(337,783)	-
Settlement against loan	(7,327)	(25,500)
	<u>1,732,773</u>	<u>2,129,702</u>
Add: Fair value loss recognised during the period / year	-	(59,146)
Closing value after revaluation	<u>1,732,773</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 Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	March 31, 2018 Rs'000	June 30, 2017 Rs'000		
Buildings	1,732,773	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

23. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 26, 2018 by the Board of Directors of the Company.

24. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) GROUP

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

**QUARTERLY ACCOUNTS
MARCH 31, 2018**

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 reviewed financial statements of the Group for the nine months ended March 31, 2018.

Operating Results:

The Group closed its period under review with the impressive financial results whereby the sales of the Group increased by 246% to Rs. 434.33 million on QoQ basis, primarily attributable to sale of properties in Pace Tower during the period under review. Cost of sales increased in line with the increase in sale, which rose from Rs. 94.3 million in corresponding period last year to Rs. 371.8 million during the quarter under review. Gross profit of the Group for the quarter ended Mar-18 arrived at Rs. 62.49 million as compared to gross profit of Rs. 31.25 million last year, showing an increase of 100% on QoQ basis.

The Admin and selling expenses showed a decline of 14% during the quarter, due to decrease in advertisement and sales promotion expenses during the period. Other income during the quarter showed an increase of 166% to arrive at Rs. 205.46 million as compared to 77.35 million in corresponding period last year, primarily attributable to waiver of markup on settlement of loan from Askari Bank Limited amounting to Rs. 143.9 million, and Rs. 51.6 million in respect of gain on settlement of property against such loan. Other operating expenses significantly increased from Rs. 0.82 million last year to Rs. 84.81 million in the current period, due to exchange loss on FCCBs caused by adverse movement of USD during the period in review. As a result of aforementioned factors, the net profit of the group increased from Rs. 25.5 million in the same period last year to Rs. 118.101 million resulting in EPS of Rs. 0.42 per share as compared to EPS of Rs. 0.09 per share in corresponding period last year.

The comparison of the financial results for the nine months ended 31st Mar 2018, with corresponding period of the previous financial year is as under:

	Rupees in '000'			
	Quarter ended		Nine months ended	
	Jan-Mar 2018	Jan-Mar 2017	Jul-Mar 2018	Jul-Mar 2017
Sales	434,333	125,577	727,282	343,014
Cost of Sales	(371,837)	(94,325)	(628,986)	(324,693)
Gross Profit	62,496	31,252	98,296	18,321
Admin & Selling Expenses	(26,272)	(30,450)	(97,522)	(122,810)
Other Income	205,465	77,351	235,778	390,676
Other Operating Expenses	(84,810)	(829)	(177,317)	(2,487)
Finance Cost	(24,733)	(27,894)	(82,953)	(98,426)
Share of Profit/(Loss) Associate	(6,542)	(17,701)	(16,562)	(36,244)
Net profit before tax	121,962	31,730	(7,156)	149,024
Net profit after tax	118,101	25,540	(20,562)	122,092
Earnings per share (PKR)	0.42	0.09	(0.07)	0.44

Composition of Board

Total number of Directors 07

a) Male: 04
b) Female: 03

Composition:

Independent Directors 01
Other Non-Executive Directors 04
Executive Directors 02

PACE (PAKISTAN) GROUP

Committee of the board

Audit Committee	Malik Farhan Hasan (Chairman) Mr. Shehryar Ali Taseer (Member) Miss Shehrebano Taseer (Member)
Human Resource and Remuneration (HR&R) Committee	Malik Farhan Hasan (Chairman) Mrs. Aamna Taseer (Member) Mr. Kanwar Latafat Ali Khan (Member)

The composition of the Board of Directors and sub committees shall be changed in due course of time as per deadlines provided in new code of corporate Governance.

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 Group.

For and on behalf of the Board of Directors

Director

Director

Lahore

April 26, 2018

PACE (PAKISTAN) GROUP

حصص داران کو ڈائریکٹرز کی رپورٹ

پیس (پاکستان) لمیٹڈ ("گروپ") کے ڈائریکٹرز 31 مارچ 2018ء کو اختتام پذیر نوامی کے لئے اپنے حصص داران کو گروپ کی نظر ثانی شدہ مالی اسٹیٹمنٹس پیش کرنے پر فخر محسوس کرتے ہیں۔

آپریٹنگ نتائج

گروپ کی زیر جائزہ مدت متاثر کن مالی نتائج پر ختم ہوئی۔ جب کہ سرمایہ بنیادوں پر گروپ کی سیکلز میں 434.33 ملین روپے یعنی 246 فی صد اضافہ ہوا۔ جس کی بنیادی وجہ زیر جائزہ مدت میں پیس ٹاور میں پراپرٹیز کی فروخت ہے۔ سیکلز پر لاگت بھی فروخت میں اضافہ کی وجہ سے بڑھی جو گذشتہ سال کی اسی مدت میں 94.3 ملین روپے سے زیر جائزہ مدت میں 371.8 ملین روپے ہو گئی۔ گذشتہ سال کے 31.25 ملین روپے کے مجموعی اضافہ کے مقابلہ میں زیر جائزہ مدت کے دوران یہ مجموعی منافع 62.49 ملین روپے رہا جو سرمایہ بنیادوں پر 100 فی صد اضافہ ہے۔

اس سرمایہ کے دوران انتظامی اور فروخت کے اخراجات میں 14 فی صد تک کمی دیکھی گئی۔ جو اس مدت میں تشہیر اور سیکلز پر وٹومن اخراجات میں کمی وجہ سے تھی۔ اس سرمایہ میں دیگر آمدنی میں 166 فی صد اضافہ ہوا جو گذشتہ سال میں 77.35 ملین روپے مقابلہ میں 205.46 ملین روپے ہو گئی۔ جس کی بنیادی وجہ عسکری بینک لمیٹڈ سے 143.9 ملین روپے کے قرضہ کی ادائیگی پر مارک اپ میں چھوٹ پر 51.6 ملین روپے کی آمدنی ہے۔ زیر جائزہ مدت میں امریکی ڈالر میں عدم استحکام کی وجہ سے FCCB پر پینتیس فی صد خسارہ کی بنا پر گذشتہ سال میں 0.82 ملین روپے کے مقابلہ میں دیگر آپریٹنگ اخراجات میں 84.81 ملین روپے کا نمایاں اضافہ ہوا۔ مذکورہ بالا عوامل کے نتیجہ میں گذشتہ سال میں 0.09 روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 0.42 روپے فی حصص آمدنی کی وجہ سے 25.5 ملین روپے کے مقابلہ میں 118.101 ملین روپے خالص منافع حاصل ہوا۔

31 مارچ 2018ء کو اختتام پذیر نوامی کے گذشتہ سال سے تقابلی مالی نتائج حسب ذیل ہیں:

روپے '000' میں

اختتام پذیر نصف سال		اختتام پذیر سرمایہ		
مارچ تا جولائی	مارچ تا جولائی	جنوری تا مارچ	جنوری تا مارچ	
343,014	727,282	125,577	434,333	سیکلز
(324,693)	(628,986)	(94,325)	(371,837)	سیکلز پر لاگت
18,321	98,269	31,252	62,496	مجموعی منافع
(122,810)	(97,522)	(30,450)	(26,272)	انتظامی اور سیکلز اخراجات
390,676	235,778	77,351	205,465	دیگر آمدنی
(2,487)	(177,317)	(829)	(84,810)	دیگر آپریٹنگ اخراجات
(98,426)	(82,953)	(27,894)	(24,733)	قرضوں پر لاگت
(36,244)	(16,562)	(17,701)	(6,542)	نفع / نقصان (الیفوسی ایش کا حصہ
149,024	(7,156)	31,730	121,962	خالص منافع بعد ٹیکس
122,092	(20,562)	25,540	118,101	خالص منافع علاوہ ٹیکس
0.44	(0.07)	0.09	0.42	فی حصص آمدنی (پاکستانی روپے)

یورڈ کی ترتیب

07

ڈائریکٹرز کی کل تعداد

04

(a) مرد

03

(b) خواتین

PACE (PAKISTAN) GROUP

ترتیب

01	آزاد ڈائریکٹرز
04	دیگر نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز

بورڈ کمیٹیاں

آڈٹ کمیٹی

ملک فرحان حسن (چیئرمین)
محترم شہریار علی تاثیر (رکن)
محترمہ شہر بانو تاثیر (رکن)

انسانی وسائل اور مشاہیرہ (HR&R) کمیٹی

ملک فرحان حسن (چیئرمین)
محترمہ آمنہ تاثیر (رکن)
محترم کنور لطافت علی خان (رکن)

بورڈ آف ڈائریکٹرز اور ڈپٹی کمیٹیوں کی ترتیب نئے کوڈ آف کارپوریٹ گورننس میں فراہم کردہ مقررہ مدت کے تحت مناسب وقت میں تبدیل کی جائے گی۔

اعترافات

بورڈ آف ڈائریکٹرز رخصت داران کی مسلسل حمایت پر ان کا شکریہ ادا کرتا ہے۔ مزید برآں، بورڈ گروپ کے ساتھ ملازمین کے مسلسل جذبہ اور عزم کو بھی قدر کی نگاہ سے دیکھتا ہے۔

بجانب/بطرف بورڈ آف ڈائریکٹرز

لاہور

ڈائریکٹر

ڈائریکٹر

26 اپریل، 2018ء

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2018

EQUITY AND LIABILITIES	Note	March 31,2018 <u>Un-Audited</u>	June 30,2017 <u>Audited</u>
(Rupees in thousand)			
SHARE CAPITAL AND RESERVES			
Authorized capital			
600,000,000 (June 30, 2017: 600,000,000)			
ordinary shares of Rs 10 each		<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital			
278,876,604 (June 30, 2017: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		289,886	286,230
Accumulated loss		<u>(246,273)</u>	<u>(225,711)</u>
		<u>2,832,379</u>	<u>2,849,285</u>
NON -CONTROLLING INTEREST		<u>87,309</u>	<u>87,311</u>
		<u>2,919,688</u>	<u>2,936,596</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	6	52,555	51,068
Redeemable capital - secured (non-participatory)	7	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	8	-	-
Deferred liabilities		55,690	48,890
Deferred Taxation		67,309	62,421
		<u>175,554</u>	<u>162,379</u>
CURRENT LIABILITIES			
Advances against sale of property		130,530	151,542
Current portion of long term liabilities		2,929,692	2,924,684
Creditors, accrued and other liabilities		986,791	434,999
Accrued finance cost		810,664	887,513
Taxation		5,534	5,534
		<u>4,863,211</u>	<u>4,404,272</u>
CONTINGENCIES AND COMMITMENTS	9	-	-
		<u>7,958,453</u>	<u>7,503,247</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2018

		March 31, 2018 <u>Un-Audited</u>	June 30, 2017 <u>Audited</u>
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	440,145	452,471
Intangible assets		5,165	5,555
Investment property	11	3,126,419	3,464,202
Investments	12	1,134,782	1,114,564
Long term advances and deposits		14,250	14,250
Deferred taxation		-	-
		4,720,761	5,051,042
CURRENT ASSETS			
Stock-in-trade	13	2,003,996	1,691,397
Trade debts - unsecured		942,237	655,698
Advances, deposits, prepayments and other receivables		288,115	99,386
Income tax recoverable		2,577	4,146
Cash and bank balances		767	1,578
		3,237,692	2,452,205
		7,958,453	7,503,247

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

	Note	Quarter ended		Nine Months Ended	
		March 31, 2018 Un-audited	March 31, 2017 Un-audited	March 31, 2018 Un-audited	March 31, 2017 Un-audited
Sales	14	434,333	125,577	727,282	343,014
Cost of sales	15	(371,838)	(94,325)	(628,986)	(324,693)
Gross Profit		62,495	31,252	98,296	18,321
Administrative and selling expenses		(26,752)	(30,450)	(97,522)	(122,817)
Other income	16	205,465	77,352	235,778	390,677
Other operating expenses		(84,810)	(829)	(177,317)	(2,487)
		<u>156,398</u>	<u>77,325</u>	<u>59,235</u>	<u>283,694</u>
Finance costs	17	24,732	(27,894)	(82,953)	(98,426)
Share of profit / (loss) for associate - net of tax		(6,542)	(17,701)	16,562	(36,244)
Profit / (Loss) before tax		121,962	31,730	(7,156)	149,024
Taxation		(3,861)	(6,190)	(13,406)	(26,932)
Profit / (Loss) for the period		118,101	25,540	(20,562)	122,092
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale investments		266	(192)	60	400
Total comprehensive profit/(loss) for the period		118,367	25,348	(20,502)	122,492
Attributable to:					
Equity holders of the parent		121,786	25,350	(10,494)	122,495
Non-controlling interest		4	(2)	(2)	(2)
		<u>121,790</u>	<u>25,348</u>	<u>(10,496)</u>	<u>122,493</u>
Earnings/(Loss) per share attributable to ordinary shareholders					
- basic		<u>0.42</u>	<u>0.09</u>	<u>(0.07)</u>	<u>0.44</u>

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) GROUP

COSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Nine months ended	
		March	March
		31,2018	31,2017
		<u>Un-Audited</u>	<u>Un-Audited</u>
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	20	(140,540)	77,077
Gratuity and leave encashment paid		(96)	(576)
Taxes paid		<u>(7,522)</u>	<u>(7,064)</u>
Net cash generated from operating activities		(148,149)	69,437
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,424)	(5,333)
Proceeds from sale of property plant & equipment		-	-
Proceeds from sale of investment property		151,740	42,600
Markup received		<u>31</u>	<u>50</u>
Net cash used in investing activities		147,347	37,316
Cash flows from financing activities			
(Repayment)/receipt of funds from long term finances		-	-
Repayment of finance lease liabilities		-	(2,200)
Net increase / (decrease) in cash and cash equivalents		(811)	104,553
Cash and cash equivalents at beginning of the period		1,578	(95,715)
Cash and cash equivalents at the end of the period	21	<u>767</u>	<u>8,838</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Attributable to equity holders of the parent						Total Equity	
	Share capital	Share premium	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated loss	Total		
Balance as on June 30, 2016 (audited)	2,788,766	273,265	(1,230)	13,988	(399,105)	2,675,684	87,398	2,763,082
Total comprehensive income for the year					176,294	176,294	(87)	176,207
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	(2,900)	(2,900)	-	(2,900)
Changes in fair value of available for sale investments - net of tax	-	-	207	-	-	207	-	207
Share of other comprehensive income / reserves of associate - net of tax	-	-	207	-	-	207	-	207
Balance as on June 30, 2017 (audited)	2,788,766	273,265	(1,023)	13,988	(225,711)	2,849,285	87,311	2,936,596
Total comprehensive income for the year					(20,562)	(20,562)	(2)	(20,564)
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-	-	-	-
Changes in fair value of available for sale investments - net of tax	-	-	60	-	-	60	-	60
Share of other comprehensive income / reserves of associate - net of tax	-	-	60	-	(20,562)	3,596	(2)	3,596
Balance as on March 31, 2018	2,788,766	273,265	(963)	17,584	(246,273)	2,832,379	87,309	2,916,688

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

The Chief Executive is out of Pakistan & in her absence the financial statement have been signed by two directors as required under section 232 of the companies act 2017

Director

Chief Financial Officer

DIRECTOR

PACE (PAKISTAN) GROUP

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

1. Legal status and activities

1.1 Constitution and ownership

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

Pace (Pakistan) Limited

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

Pace Gujrat (Private) Limited

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

Pace Woodlands (Private) Limited

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

Pace Supermall (Private) Limited

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

1.2 Activities of the Group

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

1.3 Going concern assumption

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,625.519 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

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

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

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

The management of the Group is confident that the above actions and steps shall enable the Group to

PACE (PAKISTAN) GROUP

realize its existing receivables, aid the sale of inventory from the completed projects referred above and utilize the resultant liquidity for completion and sale of its 'Pace Towers' Project.

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

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

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

2. Statement of compliance

"This condensed interim financial information have been prepraed in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the group has prepared this condensed interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standards 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail. This condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction the Group's annual audited financial statements for the year ended June 30, 2017."

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2017.

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

Following amendment to existing standard and interpretation has been published and is mandatory for accounting periods beginning on or after January 1, 2016 and is considered to be relevant to the Group's operations:

3.1.1 Amendments to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual periods beginning on or after January 1, 2017 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed interim financial information.

3.1.2 Standards, amendments and interpretations to existing standards that are not yet effective but applicable to the Group

"IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. The standard introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The management is in the process of assessing the impact of changes laid down by these standards on its financial statements."

PACE (PAKISTAN) GROUP

3.1.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Standards, amendments or interpretation	Effective date (accounting periods beginning on or after)
Annual improvements 2014–2016:	January 01, 2018
- IAS 28, 'Investments in associates and joint ventures'	January 01, 2018
- IFRS 9, 'Financial instruments'	January 01, 2018
Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions	January 01, 2018
Amendment to IAS 40, Investment property' relating to transfers of investment property	January 01, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16, 'Leases'	January 01, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 01, 2019
IFRS 9, 'Financial instruments'	January 01, 2019
Amendments to IAS 28, 'Investments in associates and joint ventures' regarding clarification that companies account for long-term interests in an associate or joint venture to which equity method is not applied using IFRS 9.	January 01, 2019

4. Taxation

The provision for taxation for the nine months ended March 31, 2018 has been made on estimated basis.

5. Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

	Note	Un-Audited March 31,2018	Audited June 30,2017
(Rupees in thousand)			
6. Long term finances - secured			
Soneri Bank Demand Finance	6.1	27,422	27,422
Markup on Pak Iran Loan		52,555	51,068
		79,977	78,490
Less: Current portion shown under current liabilities		(27,422)	(27,422)
		52,555	51,068

6.1 During the year ended June 30, 2017 the Group entered into a settlement agreement with Pak Iran in which outstanding markup of Rs. 66.860 million was rescheduled and recognized under long term finances as it is payable over a period of 7 years."

The rescheduled load has been stated at amortized cost using effective yield method.

		Un-Audited March 31,2018	Audited June 30,2017
(Rupees in thousand)			
7. Redeemable capital - secured (non-participatory)			
Term Finance Certificate		1,121,503	1,121,503
Less: Settlement during the period / year	- note 7.2	(185,932)	-
		935,571	1,121,503
Less: Current portion shown under current liabilities	- note 7.1	(935,571)	(1,121,503)
		-	-

PACE (PAKISTAN) GROUP

7.1 The entire outstanding amount of Rs. 935.571 million is overdue and has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Group is in negotiation with lenders for relaxation in payment terms and certain other covenants.

7.2 On January 13, 2018, Askari Bank Limited ('Askari Bank') and the Company entered into a Debt/ Asset Swap Agreement ('DSA') for the settlement of the principal part of debt outstanding amounting to Rs. 185.927 million against the property of the Company situated at fifth floor and sixth floor of Pace Towers measuring 14,903 square feet and 6,731 square feet respectively. In accordance with the DSA, Askari Bank purchased the property of the company for a consideration of Rs. 185.932 million and waived accrued markup of Rs. 143.9 million.

	Un-Audited March 31,2018	Audited June 30,2017
<i>Note</i>	(Rupees in thousand)	
8. Foreign currency convertible bonds - unsecured		
Opening balance	1,757,713	1,736,212
Markup accrued for the period / year	<u>13,623</u>	<u>16,527</u>
	1,771,336	1,752,739
Exchange loss for the period / year	<u>177,317</u>	<u>4,974</u>
	1,948,653	1,757,713
Less: Current portion shown under current liabilities	<u>(1,948,653)</u>	<u>(1,757,713)</u>
	<u>-</u>	<u>-</u>

9. Contingencies and commitments

9.1 Contingencies

- (i) Claims against the Group not acknowledged as debts amount to Rs 21.644 million (June 30, 2017: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amount to Rs 900 million (June 30, 2017: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 206.608 million (June 30, 2017: Rs 208.508 million).
- (iii) The amount of future payments under operating leases and the periods in which these payments will become due are as follows:

	Un-Audited March 31,2018	Audited June 30,2017
	(Rupees in thousand)	
Not Later than one year	9,844	9,844
Later than one year and not later than five years	45,527	44,297
Later than five years	<u>701,682</u>	<u>707,834</u>
	<u>757,053</u>	<u>761,975</u>

10. Property, plant and equipment

Operating fixed assets	- note 10.1	411,697	424,807
Capital work-in-progress		<u>28,448</u>	<u>27,664</u>
		440,145	452,471

10.1 Operating fixed assets

Operating fixed assets - at net book value			
- owned assets		411,697	424,807
- assets subject to finance lease		-	-
- note 10.1.1		<u>411,697</u>	<u>424,807</u>

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Un-Audited Audited
March June
31,2018 **30,2017**
(Rupees in thousand)

10.1.1 Operating fixed assets - at net book value

Opening book value	424,807	425,437
Add: Additions during the period/ year	4,423	21,833
Less: Disposals during the period/ year	-	-
Less: Depreciation for the period/ year	(17,534)	(22,463)
	(17,534)	(22,463)
Closing book value	411,697	424,807

11. Investment property

Opening fair value	3,464,202	3,369,702
Disposal of investment property	(337,783)	-
Settlement against loan	-	(25,500)
	3,126,419	3,344,202
Add: Fair value gain recognised during the period / year	-	120,000
Closing value after revaluation	3,126,419	3,464,202

12 Long term investments

	Un-Audited	Audited
	March	June
	<u>31,2018</u>	<u>30,2017</u>
	(Rupees in thousand)	
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%)	- note 12.1 1,133,731	1,113,572
Available for sale - quoted	- note 12.2 1,051	992
	1,134,782	1,114,564

12.1 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	354,921	396,237
	1,113,572	1,154,888
Share of movement in reserves during the year	3,596	-
Share of profit/Loss for the year		
- before taxation	21,090	(20,670)
- provision for taxation	(4,527)	(20,646)
	16,563	(41,316)
Balance as on March 31	1,133,731	1,113,572

12.2 Available for sale - quoted

Worldcall Telecom Limited
 912 (June 30, 2017: 912) fully paid ordinary shares
 of Rs 10 each

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	Un-Audited March 31,2018	Audited June 30,2017
Shaheen Insurance Company Limited 158,037 (June 30, 2017: 158,037) fully paid ordinary shares of Rs 10 each	2,008	2,008
	2,014	2,014
Less: Cumulative fair value loss	(963)	(1,022)
	1,051	992
12.2.1 Cumulative fair value loss		
Opening balance	1,023	(1,230)
Fair value (gain)/loss during the period/ year	(60)	208
	963	(1,022)

13. Stock-in-trade

Work in process - Pace Towers	811,090	621,455
Pace Barka Properties Limited - Pace Circle	596,001	594,201
Pace Super Mall (Private) Limited	170,565	170,565
Shops and houses	425,335	304,201
	2,002,991	1,690,422
Stores inventory	1,005	975
	2,003,996	1,691,397

14. Sales

	Quarter ended		Nine Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Un-audited	Un-audited	Un-audited	Un-audited
	Rupees in thousand			
Shops, houses and commercial buildings				
- at completion of project basis	378,983	61,672	509,422	73,672
- at percentage of completion basis	-	7,200	46,012	84,020
Licensee fee	4,915	8,614	21,484	27,861
Display advertisements and miscellaneous income	10,301	5,675	22,587	12,132
Service charges	40,134	42,416	127,777	145,329
	434,333	125,577	727,282	343,014

15. Cost of sales

Shops, houses and commercial buildings				
- at completion of project basis	311,399	35,581	435,182	44,391
- at percentage of completion basis	-	6,402	20,208	101,435
Stores operating expenses	60,438	52,341	173,595	178,866
	371,838	94,324	628,986	324,692

16. Other income

Income from financial assets

Markup on bank accounts	9	17	32	50
Commission on guarantee	309	309	928	928
Gain on sale of Investment property	-	12,000	15,822	12,000

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Income from non-financial assets

Rental income	3,015	2,923	9,647	8,769
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Income from Others

Gain on settlements of loans/TFC - note 7.2	195,531	47,062	195,531	349,496
Scrap Sales	3,451	-	3,451	-
Provisions no longer required written back	-	12,884	-	12,884
Income from parking, storage and counters	3,150	2,157	10,367	6,550
	<u>205,465</u>	<u>5,643</u>	<u>235,778</u>	<u>620,036</u>

Quarter ended		Nine Months Ended	
December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Un-audited	Un-audited	Un-audited	Un-audited

17. Finance costs

Rupees in thousand

Markup on				
- Long term finances - secured	659	619	1,914	1,871
- Foreign currency convertible bonds - unsecured	4,927	4,129	13,623	12,377
- Redeemable capital - secured (non-participatory)	19,112	23,093	65,161	79,217
- Interest Expense on unwinding of Pak Iran loan -	-	-	1,487	-
- Short term finance - secured	-	-	-	2,365
- Liabilities against assets subject to finance lease	-	-	-	1,852
	<u>24,698</u>	<u>27,841</u>	<u>82,185</u>	<u>97,682</u>
Bank charges and processing fee	34	52	768	744
	<u>24,732</u>	<u>27,893</u>	<u>82,953</u>	<u>98,426</u>

18. Earnings/ (loss) per share

(Loss)/profit for the period (in thousands)	118,101	25,540	(20,562)	122,092
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>278,877</u>	<u>278,877</u>	<u>278,877</u>	<u>278,877</u>
(Loss)/earnings per share (Rupees)	0.42	0.15	(0.07)	0.91

19. Transactions with related parties

Nine months ended
Un-Audited March 31, 2018
Un-Audited March 31, 2017
(Rupees in thousand)

Relationship with the Company	Nature of transaction		
i. Associate	Guarantee commission income	928	928
	Shared expenses charged by the Company	756	9,030
	Sale of Inventory	378,983	-
	Purchase of inventory	-	1,200
	Receipt against Pace circle sales	18,900	21,386
ii. Others	Purchase of goods & services	3,977	9,430
	Payment made on account of construction at Pace Towers	52,785	-
	Rental income	12,537	8,769

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	Advance received for the sale of inventory	-	8,065
iii.	Directors and key management personnel Salaries and other employee benefits	14,582	12,375
iv.	Post employment benefit plan Expense charged in respect of benefit plans	8,458	6,919

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

Period end balances

Receivable from related parties	378,983	17,180
Advances to related parties	705	
Payable to related parties	62,051	1,241

Nine months ended	
Un-Audited March 31,2018	Un-Audited March 31,2017

20. Cash generated from operations

	(Rupees in thousand)	
Profit before tax	(7,156)	149,024
Adjustments for:		
- Depreciation on property, plant and equipment - note 11.1.1	17,534	15,900
- Amortisation on intangible assets	389	393
- Impairment loss on Inventory	11,911	-
- Provision for doubtful debts	14,362	14,320
- Share of profit of associate	(16,562)	36,244
- Markup income	(31)	(50)
- Gain on settlements of long term loans/TFC - note 16	(195,531)	(251,252)
- Gain on sale of investment property	(15,822)	(12,000)
- Finance costs	82,953	99,170
- Exchange loss on foreign currency convertible bonds - note 8	177,317	2,487
- Provisions no longer required written back	-	(12,884)
- Provision for gratuity and leave encashment	6,800	7,420
Profit before working capital changes	76,165	60,772
Effect on cash flow due to working capital changes		
- Decrease/(Increase) in stock-in-trade	(459,620)	132,531
- (Increase)/Decrease in trade debts	(288,379)	(96,042)
- Decrease/(Increase) in advances, deposits prepayments and other receivables	10,403	(55,185)
- Increase/ (Decrease) in advances against sale of property	(21,012)	51,049
- (Decrease)/ Increase in creditors, accrued and other liabilities	541,903	(4,048)
	(216,705)	127,803
	(140,540)	188,575

21. Cash and Cash Equivalents

Cash and bank balances	767	1,578
	767	1,578

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22. Segment information

	Real estate sales				Investment properties			Other			(Rupees in Thousand) Total		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Segment revenue	555,434	157,692	21,484	27,861	150,364	157,461	727,282	343,014					
Segment expenses - Cost of sales	455,390	145,826	21,702	26,830	151,894	152,036	628,986	324,692					
Gross profit / (loss)	100,044	11,866	(218)	1,031	(1,530)	5,425	98,296	18,322					
Changes in fair value of investment property	-	-	-	-	-	-	-	-					
Segment results	100,044	11,866	(218)	1,031	(1,530)	5,425	98,296	18,322					
Administrative and selling expenses									(97,522)			(122,817)	
Other operating income									235,778			390,677	
Finance costs									(82,853)			(98,426)	
Other operating expenses									(177,317)			(2,487)	
Share of profit from associate - net of tax									16,562			(36,244)	
Loss before tax									(7,157)			149,025	
Taxation									(13,406)			(26,932)	
Loss for the period									(20,562)			122,093	

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23 Financial risk management

23.1 Financial risk factors

The Group's activities may 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 condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at June 30, 2017.

There have been no changes in the risk management department or in any risk management policies since the year end.

23.2 Liquidity risk

Compared to year end, the Group settled short term borrowings of Rs 329.827 million including mark up of Rs. 143.9 million against properties situated at Pace Towers and there was no material change in the contractual undiscounted cash out flows for remaining financial liabilities.

23.3 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 tables below analyze assets carried at fair value as at December 31, 2017 and June 30, 2017.

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 March 31, 2018:

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	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	1,052	-	-	1,052
	<u>1,052</u>	<u>-</u>	<u>-</u>	<u>1,052</u>
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	1,732,773	1,732,773
	<u>-</u>	<u>1,393,646</u>	<u>1,732,773</u>	<u>3,126,419</u>

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

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Recurring fair value measurement of Available for financial assets	1,052	-	-	1,052
	<u>1,052</u>	<u>-</u>	<u>-</u>	<u>1,052</u>
Recurring fair value measurement of Investment property:				
Freehold land	-	1,393,646	-	1,393,646
Buildings	-	-	1,732,773	2,070,556
	<u>-</u>	<u>1,393,646</u>	<u>1,732,773</u>	<u>3,126,419</u>

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period 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 December 31, 2017 and June 30, 2017 for recurring fair value measurements:

	Un-Audited March 31,2018	Audited June 30,2017
	(Rupees in thousand)	
Opening fair value	2,070,556	2,155,202
Disposal of Investment Property	(337,783)	
Settlement against loan	-	-25,500
	<u>1,732,773</u>	<u>2,129,702</u>
Add: Fair value loss recognised during the period / year	-	(59,146)
Closing value	<u>1,732,773</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.

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Description	Fair Value at		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	March 31, 2018 Rs'000	June 30, 2017 Rs'000		
Buildings	1,732,773	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.

24. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 26, 2018 by the Board of Directors of the Group.

25. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

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

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR