PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

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 PRINCIPLES

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.

Contents

COMPANY INFORMATION

Board of Directors	Shehryar Ali Taseer (Chairman)	Non-Executive
	Aamna Taseer (CEO)	Executive
	Shahbaz Ali Taseer	Executive
	Shehrbano Taseer	Non-Executive
	Rema Husain Qureshi	Non-Executive
	Kanwar Latafat Ali Khan	Non-Executive
	Syed Abid Raza	Non-Executive
	Mohammed Imran Chaudhry	Independent

Chief Financial Officer Usman Ali Tariq

Audit Committee
Shehrbano Taseer (Chairman)
Shahryar Ali Taseer
Syed Abid Raza
Mohammed Imran Chaudhry

Human Resource and Remuneration (HR&R) Committee
Shehryar Ali Taseer (Chairman)
Aamna Taseer
Shahbaz Ali Taseer

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
KASB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Soneri Bank Limited
PAIR Investment Company Limited
Bank of Punjab
United Bank Limited
MCB Bank

Registrar and Shares Transfer Office
THK Associates (Pvt.) Limited
Ground Floor
State Life Building No.3,
Dr. Zia-ud-Din Ahmed Road Karachi
☎ (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

DIRECTORS' REPORT

The directors of your company are presenting their report to the shareholders together with the reviewed financial information for the half year ended December 31, 2016.

General Economic Overview:

The economy is on sustainable growth path with most of the indicators showing the positive trend. The GDP is expected to grow at the rate of 5.2% for the fiscal year 2016-17, compared to 4.7% of last year. The improved outlook is derived from the cumulative impact of government's economic and structural reform programs, sustained lower oil prices and the gradually improving law and order situation. The foreign exchange reserves stood at highest level of USD 23.3 billion. The strong reserve position averted a significant depreciation in the Rupee, which remained relatively firm despite weakening of regional currencies. Inflation remained under control at 3.9% due to stagnant oil prices and steady exchange rate. Acknowledging the improving macros, the SBP has maintained a status quo on the policy rate since May-16 and maintained it at 40 years' low level. The improved economic indicators together with PSX's divestment to a Chinese consortium, kept the momentum going in the capital markets. Resultantly, the PSX 100 index reached an all-time high of 47,807 points.

Real Estate and construction sector overview:

The real estate sector in Pakistan is growing and is an important sector of the economy. Pakistan spends about $5.2 billion on construction annually, and construction output accounts for 2pc of GDP.

In FY16, loans to the construction industry more than doubled from Rs. 14 billion to Rs. 31.5 billion with a fresh lending of Rs. 17.5 billion. Add to it the Rs. 16 billion lent to the real estate sector (trading, renting and business) and the total amount (given to the two sectors) soars to Rs. 33.5 billion. Real estate trading activity almost froze in the first half of FY17 due to the revised land valuation for capital gain tax. But that did not reflect in bank lending to the sector that rose by Rs. 16.5 billion in six months till December 2016.

The channelization of increasing funds towards real estate and construction sector hints an encouraging future for this sector. Moreover, the accelerating rate of urbanization in the country is contributing well towards growing demand of housing, thereby providing a strong support to the future prospects of real estate and construction sectors in Pakistan.

Company Performance and Financial Overview:

Comparison for the results of the half year ended December 31, 2016 as against December 31, 2015 is as follows:

			Rupees in 000	
	Quarter ended		**Half year ended**	
	Oct-Dec		**Jul-Dec**	
	2016	**2015**	**2016**	**2015**
Sales	120,211	42,750	217,437	149,680
Cost of sales	(148,735)	(86,660)	(230,368)	(182,022)
Gross profit/(loss)	(28,524)	(43,911)	(12,931)	(32,342)
Other income	105,528	608,778	313,325	614,393
Finance cost	(38,677)	(42,912)	(70,533)	(88,459)
Net profit/loss before tax	(22,478)	449,518	135,842	348,563
Net profit/loss after tax	(18,657)	390,262	112,749	289,307
Earnings/loss per share- basic	(0.07)	1.40	0.40	1.04

During the period, the sales revenue increased significantly by 45.2% to Rs.217.4 million, as against Rs.149.8 million during the same period last year. The primary reason for such increase is the sale of whole second floor of Pace Tower during the period, contributing around Rs.93.2 million towards sale revenue. Cost of Sale increased by 26.5% as compared with last year. The increase in cost of sale was due to corresponding increase in sale.

The other income of Rs.313.3 million comprises of Rs.203 million in respect of the waiver of mark-up by Pak Oman Investment Company against the settlement of its outstanding TFCs, while Rs.97.9 million in respect of gain on settlement of loans against properties at fair market value. The decrease in aforementioned outstanding loans contributed towards corresponding decrease in finance cost for the period, which fell from Rs.88 million in the last period to Rs.70.5 million in the period under review. The net profit after tax for the period under review stood at Rs.112.7 million as against Rs.289.3 million in the corresponding period last year. Resultantly, the earning per share decreased from Rs.1.04 per share in last period to Rs.0.40 in current period.

Settlement of financial obligations during the period:

During the period under review, the Company entered into a Debt/ Asset Swap Agreement ('DSA') with Pak Oman Investment Corporation ('POIC') for the settlement of the part of principal outstanding along-with markup accrued thereon aggregating to Rs.503.981 million against the property of the Company situated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the company for a consideration of Rs.300.789 million and waived accrued markup of Rs.203.192 million.

Moreover, during the period, the Company also entered into a Debt/ Asset Swap Agreement ('DSAA') with PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) ('PICL') for the settlement of Rs96.443 million provided by PICL and mark up of Rs.9.006 million against property of the Company situated at Mezzanine floor of Pace Towers measuring 5,700 square feet. Additionally, PICL vacated its charge previously created in Pace's MM Alam Plaza to the extent of Rs.120.85 million.

Company's ability to continue as a Going Concern:

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. 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 may affect the Company's ability to continue as a going concern. In order to improve its profitability and cash-flow position, Board of Directors of the Company has approved in-principle, various new Joint Ventures. The BOD has also authorized CEO to identify and negotiate more Joint Venture projects across Pakistan especially in major cities. These joint ventures would help the Company to strengthen its brand, and to reap the lucrative profits being offered by continuously growing construction and real estate sector of Pakistan.

Change in Board of directors:

Miss Rema Husain Qureshi appointed as Director of the Company to fill the casual vacancy arising upon the sad demise of Mr. Sulaiman Ahmad Saeed Al-Hoqani since the last printed report.

Future Outlook:

Through the delivery of key development projects during FY 2017 in form of Pace Towers and significant investment and share in pace Circle, we look forward to onboarding significant operating cash flows by successfully converting non-income-producing assets to cash flowing operating assets.

While we will continue to focus on improving our capital structure over the coming years, we will also look to make diligent and sound investment decisions when compelling opportunities arise.

With best-in-class assets and properties in prime irreplaceable dense cluster locations and a great team, we hope that our investors continue to focus on our fundamentals as a high-quality, innovative company in real estate sector of Pakistan with a unique built-in platform for growth.

We thank our employees, for their hard work and strong commitment to our Company.

We are grateful for the confidence our investors have placed in us in this time of need and we ensure to continue our efforts and struggle to turnaround the situation and to produce improving results for shareholders in the near future.

For and on behalf of the Board of Directors

Lahore
February 27, 2017

Mrs. Aamna Taseer
Chief Executive Officer

پیس پاکستان لمیٹڈ

31 دسمبر 2016 کو ختم ہونے والی ششماہی کے لیے آپ کی کمپنی کے ڈائریکٹرز حصص کنندگان کے لیے اپنی رپورٹ اور جائزہ شدہ مالیاتی معلومات برائے ششماہی 31 دسمبر 2016 پیش کر رہے ہیں۔

عمومی معاشی جائزہ

معیشت مستحکم ترقی کے راستے پر گامزن ہے اور زیادہ تر اشارے مثبت رجحان دکھا رہے ہیں۔ مالیاتی سال 17-2016 کے لیے جی ڈی پی میں شرح نمو گذشتہ سال کے مقابلے میں 4.7% سے 5.2% بڑھنے کا امکان ہے۔ یہ بہتر نقطہ نظر حکومت کے معاشی اور ساختی اصلاحاتی پروگراموں، تیل کی مستحکم کم قیمتوں اور امن وامان کی بتدریج بہتر ہوتی ہوئی صورت حال کے مجموعی اثر سے بنا ہے۔ زرمبادلہ کے ذخائر 23.3 بلین امریکی ڈالر کے بلند ترین درجے پر ہیں۔ مضبوط ذخائر کی وجہ سے روپے کی قدر میں نمایاں کمی نہ ہوئی اور علاقائی کرنسیوں کی کمزوری کے باوجود روپیہ نسبتاً مستحکم رہا۔ تیل کی منجمد قیمتوں اور مستحکم شرح تبادلہ کی وجہ سے افراط زر 3.9% پر کنٹرول رہا۔ بہتر ہدایات مانتے ہوئے اسٹیٹ بنک آف پاکستان نے مئی 2016 سے پالیسی شرح پر موجودہ صورت حال قائم رکھی اور اسے 40 سال کے کم ترین درجہ پر رکھا۔ پی ایس ایکس کی چینی کنسورشیم کو اثاثہ جات بیچنے کے ساتھ بہتر معاشی اشاریوں نے سرمایے کی مارکیٹ میں تحرک جاری رکھا۔ نتیجتاً پی ایس ایکس 100 انڈیکس 47807 پوائنٹس کے بلند ترین درجے پر پہنچ گیا۔

رئیل اسٹیٹ اور تعمیراتی شعبے کا جائزہ

پاکستان میں رئیل اسٹیٹ شعبہ فروغ پا رہا ہے اور معیشت کا ایک اہم شعبہ ہے۔ پاکستان سالانہ 5.2 بلین ڈالر تعمیرات پر خرچ کرتا ہے اور تعمیراتی پیداوار جی ڈی پی کا 2% ہے۔

مالیاتی سال 2016 میں تعمیراتی صنعت کو جاری کیے جانے والے قرضے 14 بلین روپے کے دگنے سے بھی زیادہ یعنی 31.5 بلین روپے ہو گئے جس میں 17.5 بلین کے تازہ قرضے شامل ہیں۔ اس میں رئیل اسٹیٹ شعبے (تجارت، کرایہ داری اور کاروبار) کو دیے جانے والے 16 بلین کے قرضے بھی شامل کریں تو مجموعی رقم (دونوں شعبوں کی) 33.5 بلین روپے ہو جاتی ہے۔ مالیاتی سال 2017 کے پہلے نصف میں رئیل اسٹیٹ تجارت کی سرگرمی تقریباً منجمد رہی جس کی وجہ سرمایہ جاتی ٹیکس کے لیے کی جانے والی زمین کی ترتیبی قیمتیں ہیں۔ لیکن اس کی جھلک بینک قرضوں میں نظر نہیں آئی جو دسمبر 2016 تک پچھلے مہینوں میں 16.5 بلین تک بڑھ گئے۔

رئیل اسٹیٹ اور تعمیراتی شعبے میں زیادہ سے زیادہ فنڈ لگنا اس شعبے کے حوصلہ افزا مستقبل کا اشارہ ہے۔ مزید برآں، ملک میں شہری آبادکاری کی شرح میں تیزی آئی ہے جس سے گھروں کی طلب میں مسلسل اضافہ ہوا ہے، اس لیے پاکستان میں رئیل اسٹیٹ اور تعمیراتی شعبوں کے آئندہ امکانات کو مضبوط سہارا ملا ہے۔

کمپنی کی کارکردگی اور مالیاتی جائزہ

31 دسمبر 2016 کی ششماہی بمقابلہ 31 دسمبر 2015 کی ششماہی کے نتائج کا موازنہ درج ذیل ہے۔

	روپے ہزاروں میں سہ ماہی اختتام اکتوبر دسمبر 2016	2015	روپے ہزاروں میں ششماہی اختتام جولائی دسمبر 2016	2015
فروخت	120,211	42,750	217,437	149,680
فروختوں کی قیمت	(148,735)	(86,660)	(230,368)	(182,022)
کل نفع/(نقصان)	(28,524)	(43,911)	(12,931)	(32,342)
دیگر آمدن	105,528	608,778	313,325	614,393
فنانس لاگت	(38,677)	(42,912)	(70,533)	(88,459)
خالص نفع/نقصان قبل از ٹیکس	(22,478)	449,518	135,842	348,563
خالص نفع/نقصان بعد از ٹیکس	(18,657)	390,262	112,749	289,307
آمدن/نقصان فی حصص (بنیادی)	(0.07)	1.40	0.40	1.04

اس دورانیہ میں فروختوں کی آمدن نمایاں طور پر 45.2% سے بڑھ کر 217.4 ملین روپے ہو گئی جبکہ اس کے مقابلے میں گذشتہ سال کے متعلقہ دورانیہ میں یہ 149.8 ملین روپے تھی۔ اس اضافے کی بنیادی وجہ پیس ٹاور کے مکمل سیکنڈ فلور کی فروخت ہے جس سے فروخت کی آمدن میں 93.2 ملین روپے کا اضافہ ہوا۔ فروخت کی لاگت گذشتہ سال کے مقابلے میں 26.5% بڑھ گئی۔ فروخت کی لاگت میں اضافے کی وجہ فروخت میں اضافہ ہے۔

313.3 ملین روپے کی دیگر آمدن میں پاک عمان انویسٹمنٹ کمپنی کی طرف سے واجب الادا TFCs کی ادائیگی پر 203 ملین روپے کے مارک اپ کی چھوٹ شامل ہے جبکہ فیئر مارکیٹ ویلیو پر جائیدادوں کے قرضوں کی ادائیگی پر حاصل ہونے والا نفع 97.9 ملین روپے ہے۔ مذکورہ بالا واجب الادا قرضوں میں کمی کی وجہ سے اس دورانیے کے لیے فنانس لاگت میں کمی ہوئی جو گذشتہ سال کے متعلقہ دورانیہ میں 88 ملین تھی اور اِس دورانیہ میں کم ہو کر 70.5 ملین ہوگئی۔ زیرغور دورانیہ کے لیے خالص نفع بعد از ٹیکس 112.7 ملین روپے ہے جبکہ گذشتہ سال کے متعلقہ دورانیہ میں یہ 289.3 ملین روپے تھا۔ نتیجتاً آمدن فی حصص جو گذشتہ دورانیہ میں 1.04 فی حصص تھی اس دورانیہ میں کم ہو کر 0.40 فی حصص ہوگئی۔

دورانیہ میں مالیاتی ذمہ داریوں کا تصفیہ

زیرغور دورانیہ میں کمپنی نے پاک عمان انویسٹمنٹ کارپوریشن سے DSA معاہدہ کیا، اس معاہدے میں واجب الادا اصل رقم اور مارک اپ کا تصفیہ کیا گیا جس کی مجموعی مالیت 503.981 ملین روپے تھی جو کمپنی کی جائیداد واقع پیس ٹاورز گراؤنڈ فلور 11487 مربع فٹ اور اپر گراؤنڈ فلور 5850 مربع فٹ کے برخلاف تھی۔ DSA کے مطابق POIC نے کمپنی کی جائیداد 300.789 ملین کے لیے خرید لی اور 203.192 ملین روپے کا مارک اپ معاف کر دیا۔

مزید برآں، اس دورانیہ میں کمپنی نے PAIR انویسٹمنٹ کمپنی لمیٹڈ (سابقہ پاک ایران جوائنٹ انویسٹمنٹ کمپنی لمیٹڈ) (پی آئی سی ایل) سے بھی DSA معاہدہ کیا جو PICL کے دیے گئے 96.443 ملین روپے اور اس پر 9.006 ملین مارک اپ کے تصفیہ کے لیے تھا، جو کمپنی کی جائیداد واقع پیس ٹاور کا Mezzanine فلور پیمائش 5700 مربع فٹ کے برخلاف تھا۔ مزید برآں، PICL نے پیس کے ایم ایم عالم پلازہ میں پیدا کردہ گذشتہ 120.85 ملین روپے کا چارج بھی چھوڑ دیا۔

چلتے کاروبار کی حیثیت سے کمپنی کی اہلیت

کمپنی ہٰذا قرض خواہوں کی بہت سی ذمہ داریاں پوری کرنے میں نااہل رہی جس میں قرضوں کی اصل رقم اور ان پر مارک بھی شامل ہیں۔ کمپنی اپنے گاہکوں سے واجب الوصول رقوم وصول کرنے میں بھی ناکام رہی اور اس کے ذمہ واجب الادا قرضوں کی وجہ سے اپنا سٹاک فروخت کرنے میں مشکلات کا سامنا کر رہی ہے۔ یہ حالات کمپنی کے کاروبار جاری رکھنے کی صلاحیت متاثر کرتے ہیں۔ اس کی منافع کی صلاحیت اور نقدی کے بہاؤ کی حالت بہتر بنانے کے لیے کمپنی کے بورڈ آف ڈائریکٹرز نے اصولی طور پر جوائنٹ وینچرز کی منظوری دی ہے۔ بورڈ آف ڈائریکٹرز نے سی ای او کو مجاز اختیار دیا ہے کہ پاکستان بھر میں خصوصاً بڑے شہروں میں جوائنٹ وینچر پراجیکٹس کی شناخت کرے اور اس سلسلے میں مذاکرات کرے۔ ان جوائنٹ وینچرز کی وجہ سے کمپنی کو اپنا برانڈ مضبوط کرنے اور پاکستان میں مسلسل فروغ پاتے ہوئے تعمیراتی اور رئیل اسٹیٹ شعبے کے فراہم کردہ مواقع سے منافع کمانے میں مدد ملے گی۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

گذشتہ رپورٹ کی اشاعت کے بعد مسٹر سلیمان احمد سعید الحوقانی کی افسوس ناک وفات کی وجہ سے پیدا ہونے والی اتفاقی جگہ پُر کرنے کے لیے مس ریما حسین قریشی کو کمپنی کا ڈائریکٹر تعینات کیا گیا۔

مستقبل کا منظرنامہ

مالیاتی سال 2017 کے دوران پیس ٹاورز کی شکل میں اہم ڈویلپمنٹ پراجیکٹس کی تکمیل اور نمایاں سرمایہ کاری اور پیس سرکل میں حصہ داری کی وجہ سے ہم امید کرتے ہیں کہ آئندہ نقدی کا نمایاں بہاؤ ہوگا اور آمدن پیدا نہ کرنے والے اثاثے نقدی دینے والے فعال اثاثوں میں تبدیل ہو جائیں گے۔ آنے والے برسوں میں ہم اپنے سرمایے کا ڈھانچہ بہتر بنانے پر توجہ مرکوز کرنا جاری رکھیں گے اور اہم مواقع پیدا ہونے پر دانش مندانہ اور درست سرمایہ کارانہ فیصلے کرنے بھی توجہ دیں گے۔

اپنے بہترین معیار کے اثاثہ جات اور انتہائی گنجان علاقوں میں انتہائی اہم جگہوں پر واقع جائیدادوں اور ایک بہترین ٹیم کے ساتھ ہم امید کرتے ہیں ہمارے سرمایہ کار ہمارے ان اصولوں پر توجہ دیتے رہیں گے کہ کمپنی ہٰذا پاکستان کے رئیل اسٹیٹ شعبے میں اعلیٰ معیار، اختراعی صلاحیت اور ترقی کے لیے بے مثال پلیٹ فارم ہے۔

ہم اپنے سرمایہ کاروں کے اعتماد پر مشکور ہیں جو انہوں نے ضرورت کے اس وقت ہم پر کیا اور ہم یقین دہانی کرواتے ہیں کہ ہم صورتحال کو بہتر بنانے کے لیے کوشش اور محنت جاری رکھیں گے اور مستقبل قریب میں اپنے حصص کنندگان کے لیے بہتر نتائج پیدا کریں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

آمنہ تاثیر

چیف ایگزیکٹو آفیسر

27 فروری 2017

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pace (Pakistan) Limited (here-in-after referred to as "the Company") as at December 31, 2016 and the related condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Emphasis of matter

We draw attention to note 1.1 to the interim financial information which indicates the company could not meet its obligations in respect of principal and mark-up repayments on borrowings from lenders. The current liabilities of the Company have exceeded its current assets by Rs. 2,307.203 million and the reserves of the Company have been significantly depleted. These factors, along with other matters as set forth in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants

Lahore: February 27, 2017

Name of engagement partner: Amer Raza Mir

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2016

	Note	December 31, 2016 Un-audited	June 30, 2016 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
600,000,000 (June 30, 2016: 600,000,000) ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (June 30, 2016: 278,876,604) ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		272,627	272,035
Accumulated loss		(725,694)	(838,443)
		2,335,699	2,222,358
NON-CURRENT LIABILITIES			
Long term finances - secured	6	-	-
Redeemable capital - secured (non-participatory)	7	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	8	-	-
Deferred liabilities		40,741	38,278
		40,741	38,278
CURRENT LIABILITIES			
Advances against sale of property		135,351	107,532
Current portion of long term liabilities		2,990,047	3,282,580
Short term finance - secured	9	-	96,443
Income Tax Payable		9,900	-
Creditors, accrued and other liabilities		454,995	455,901
Accrued finance cost		949,305	1,099,911
		4,539,598	5,042,367
CONTINGENCIES AND COMMITMENTS	10	-	-
		6,916,038	7,303,003

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

LAHORE **CHIEF EXECUTIVE**

	Note	December 31, 2016 Un-audited	June 30, 2016 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	442,808	453,363
Intangible assets		5,817	6,079
Investment property	12	3,369,702	3,369,702
Investments	13	851,697	851,105
Long term advances and deposits		13,619	13,619
Deferred taxation		-	-
		4,683,643	4,693,868
CURRENT ASSETS			
Stock-in-trade	14	1,400,736	1,802,137
Trade debts - unsecured		685,588	647,490
Advances, deposits, prepayments and other receivables		144,481	150,918
Income tax recoverable		-	7,961
Cash and bank balances		1,590	629
		2,232,395	2,609,135
		6,916,038	7,303,003

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED December 31, 2016

	Note	Quarter ended December 31, 2016 Un-audited	Quarter ended December 31, 2015 Un-audited	Half year ended December 31, 2016 Un-audited	Half year ended December 31, 2015 Un-audited
		(Rupees in thousand)			
Sales	15	120,211	42,749	217,437	149,680
Cost of sales	16	(148,735)	(86,661)	(230,368)	(182,022)
Gross (loss)		(28,524)	(43,912)	(12,931)	(32,342)
Administrative and selling expenses		(59,976)	(65,866)	(92,361)	(94,110)
Other income	17	105,528	608,778	313,325	614,393
Other operating expenses		(829)	(6,571)	(1,658)	(50,919)
Finance costs	18	(38,677)	(42,913)	(70,533)	(88,459)
Changes in fair value of investment property		-	-	-	-
(Loss) / Profit before tax		(22,478)	449,515	135,842	348,563
Taxation		3,821	(59,256)	(23,093)	(59,256)
(Loss) / Profit for the period		(18,657)	390,259	112,749	289,307
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		372	88	592	(103)
Total comprehensive (loss) / profit for the period		(18,285)	390,347	113,341	289,204
(Loss) / Earnings per share attributable to ordinary shareholders					
- basic	19.1	(0.07)	1.40	0.40	1.04
- diluted	19.2	(0.07)	1.03	0.31	0.88

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

LAHORE: **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016 Un-audited	Half year ended December 31, 2015 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	21	99,318	25,877
Gratuity and leave encashment paid		(2)	(972)
Taxes paid		(5,232)	(7,917)
Net cash generated from operating activities		94,084	16,988
Cash flows from investing activities			
Purchase of property, plant and equipment		(162)	(15,758)
Receipts from sale of investment property		5,100	-
Markup received		32	465
Net cash used in investing activities		4,970	(15,293)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,650)	(1,768)
Net increase / (decrease) in cash and cash equivalents		97,404	(73)
Cash and cash equivalents at beginning of the period		(95,814)	(95,288)
Cash and cash equivalents at the end of the period	22	1,590	(95,361)

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

LAHORE CHIEF EXECUTIVE DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Accumulated loss	Total
Balance as on July 1, 2015 (audited)	2,788,766	273,265	(1,007)	(1,135,748)	1,925,276
Total comprehensive loss for the half year ended December 31, 2015					
Profit for the period	-	-	-	289,307	289,307
Other comprehensive (loss):					
Changes in fair value of available for sale investments	-	-	(103)	-	(103)
	-	-	(103)	289,307	289,204
Balance as on December 31, 2015 (un-audited)	2,788,766	273,265	(1,110)	(846,441)	2,214,480
Total comprehensive loss for the half year ended June 30, 2016					
Profit for the period	-	-	-	4,728	4,728
Other comprehensive income (loss):					
Changes in fair value of available for sale investments	-	-	(120)	-	(120)
Remeasurement of net defined benefit liability - net of tax	-	-	-	3,270	3,270
	-	-	(120)	7,998	7,878
Balance as on June 30, 2016 (audited)	2,788,766	273,265	(1,230)	(838,443)	2,222,358
Total comprehensive income for the half year ended December 31, 2016					
Profit for the period	-	-	-	112,749	112,749
Other comprehensive income:					
Changes in fair value of available for sale investments	-	-	592	-	592
	-	-	592	112,749	113,341
Balance as on December 31, 2016 (un-audited)	2,788,766	273,265	(638)	(725,694)	2,335,699

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

LAHORE CHIEF EXECUTIVE DIRECTOR

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016 (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 2,307.203 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 period PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) and Pak Oman Investment Corporation have settled their outstanding amounts against property situated at Pace Towers as mentioned in note 9.

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 realise its existing receivables, 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 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 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 realisation 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

The condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and

provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

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, 2016 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, 2016 and is considered to be relevant to the Company's operations:

3.1.1 Amendments to published standards effective in current period

- IAS 27 - 'Equity method in separate financial statements'. This is applicable on accounting periods beginning on or after January 01, 2016. The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The application of this standard has no material impact on the Company's condensed interim financial information since the company is already using the equity method of accounting for investment in associates.

- 'IAS 1 - 'Disclosure Initiative'. This is applicable on accounting periods beginning on or after January 01, 2016. The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including materiality, disaggregation and subtotals, notes and OCI arising from investments accounted for under the equity method. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments. The application of these changes has no material impact on the Company's condensed interim financial information.

- IFRS 10, IFRS 12 and IAS 28 - 'Investment entities: Applying the consolidation exception'. This is applicable on accounting periods beginning on or after January 01, 2016. Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The application of these standards has no material impact on the Company's condensed interim financial information.

3.1.2 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)
IFRS 9 - Financial Instruments	January 01, 2018
IFRS 16 - Leases	January 01, 2019

IFRS 9 - Financial instruments	January 01, 2018
IFRS 15 - Revenue from contracts with customers	January 01, 2018
IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses	January 01, 2017
IAS 7 - Disclosure Initiative	January 01, 2017

4. Taxation

The provision for taxation for the quarter ended and half year ended December 31, 2016 has been recognized based on management's best estimate of the weighted average income tax rate expected for the full financial year.

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, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long term finances - secured

	Un-Audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Opening balance	**27,422**	614,906
Less: Settlement during the period / year	**-**	(587,484)
	27,422	27,422
Less: Current portion shown under current liabilities	**(27,422)**	(27,422)
	-	-

The amount represents loan obtained from Soneri Bank Limited and the company has submitted a proposal for the settlement of the same.

7. Redeemable capital - secured (non-participatory)

		Un-Audited December 31, 2016	Audited June 30, 2016
		(Rupees in thousand)	
Opening balance		**1,498,200**	1,498,200
Less: Settlement during the period / year	- note 7.2	**(300,789)**	-
		1,197,411	1,498,200
Less: Current portion shown under current liabilities	- note 7.1	**(1,197,411)**	(1,498,200)
		-	-

7.1 The entire outstanding amount of Rs. 1,197.411 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 December 28, 2016, Pak Oman Investment Corporation ('POIC') and the Company entered into a Debt/ Asset Swap Agreement ('DSA') for the settlement of the part of principal outstanding alongwith markup accrued thereon aggregating to Rs. 503.981 million against the property of the Company situated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the company for a consideration of Rs. 300.789 million and waived accrued markup of Rs. 203.192 million.

8. Foreign currency convertible bonds - unsecured

	Un-Audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Opening balance	**1,736,212**	1,670,456
Markup accrued for the period / year	**8,248**	16,480
	1,744,460	1,686,936
Exchange loss for the period / year	**1,658**	49,276
	1,746,118	1,736,212
Less: Current portion shown under current liabilities	**(1,746,118)**	(1,736,212)
	-	-

9. Short term finance - secured

During the period ended December 31, 2016, PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) ('PICL') and the company entered into a Debt/ Asset Swap Agreement ('DSAA') for the settlement of Rs 96.443 million provided by PICL and mark up of Rs. 9.006 million against property of the Company situated at meezanine floor of Pace Towers measuring 5,700 square feet. Additionally, PICL vacated its charge previously created in Pace's MM Alam Plaza to the extent of Rs. 120.85 million.

10. Contingencies and commitments

10.1 Contingencies

(i) Claims against the Company not acknowledged as debts amount to Rs 21.644 million (June 30, 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, amount to Rs 900 million (June 30, 2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

10.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 209.368 million (June 30, 2016: Rs 211.218 million).

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

	Un-Audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Not later than one year	**8,859**	7,875
Later than one year and not later than five years	**43,066**	41,836
Later than five years	**713,987**	720,139
	765,912	769,850

11. Property, plant and equipment

Operating fixed assets	- note 11.1	**415,256**	425,819
Capital work-in-progress		**27,552**	27,544
		442,808	453,363

11.1 Operating fixed assets

Operating fixed assets - at net book value			
- owned assets		**415,256**	425,438
- assets subject to finance lease		**-**	381
	- note 11.1.1	**415,256**	425,819

	Un-Audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
11.1.1 Operating fixed assets - at net book value		
Opening book value	**425,819**	432,432
Add: Additions during the period/ year	**162**	16,810
Less: Disposals during the period/ year	**-**	(2,948)
Less: Depreciation for the period/ year	**(10,725)**	(20,475)
	(10,725)	(23,423)
Closing book value	**415,256**	425,819

12. Investment property

	Un-Audited December 31, 2016	Audited June 30, 2016
Opening fair value	**3,369,702**	3,421,430
Disposal of investment property	**-**	(73,810)
Settlement against loan	**-**	(7,328)
Transfer to inventory	**-**	-
	3,369,702	3,340,292
Add: Fair value gain recognised during the period / year	**-**	29,410
Closing value after revaluation	**3,369,702**	3,369,702

13. Investments

		Un-Audited December 31, 2016	Audited June 30, 2016
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	**1,376**	784
		851,697	851,105

13.1 Subsidiaries - unquoted

	Un-Audited December 31, 2016	Audited June 30, 2016
Pace Woodlands (Private) Limited 3,000 (June 30, 2016: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (June 30, 2016: 52%)	**30**	30
Pace Gujrat (Private) Limited 2,450 (June 30, 2016: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (June 30, 2016: 100%)	**25**	25
Pace Super Mall (Private) Limited 9,161,528 (June 30, 2016: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (June 30, 2016: 57%)	**91,615**	91,615
	91,670	91,670

13.2 Associate - unquoted

	Un-Audited December 31, 2016	Audited June 30, 2016
Pace Barka Properties Limited 75,875,000 (June 30, 2016: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (June 30, 2016: 24.9%)	**758,651**	758,651

13.3 Available for sale - quoted

	Un-Audited December 31, 2016	Audited June 30, 2016
Worldcall Telecom Limited 912 (June 30, 2016: 912) fully paid ordinary shares of Rs 10 each	**6**	6
Shaheen Insurance Company Limited 158,037 (June 30, 2016: 158,037) fully paid ordinary shares of Rs 10 each	**2,008**	2,008
	2,014	2,014
Less: Cumulative fair value loss	**(638)**	(1,230)
	1,376	784

13.3.1 Cumulative fair value loss

	Un-Audited December 31, 2016	Audited June 30, 2016
Opening balance	**1,230**	1,007
Fair value (gain)/loss during the period/ year	**(592)**	223
	638	1,230

14. Stock-in-trade

	Un-Audited December 31, 2016	Audited June 30, 2016
Work in process - Pace Towers	**444,422**	838,872
Pace Barka Properties Limited - Pace Circle	**617,163**	624,123
Pace Super Mall (Private) Limited	**21,600**	21,600
Shops and houses	**315,961**	315,961
	1,399,146	1,800,556
Stores inventory	**1,590**	1,581
	1,400,736	1,802,137

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
15. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	-	12,000	-
- at percentage of completion basis	63,481	(9,515)	76,820	17,342
Licensee fee	9,094	10,581	19,247	23,264
Display advertisements and miscellaneous income	3,459	4,517	6,457	8,075
Service charges	44,177	37,166	102,913	100,999
	120,211	42,749	217,437	149,680
16. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	-	8,810	-
- at percentage of completion basis	85,511	31,844	95,033	51,381
Stores operating expenses	63,224	54,817	126,525	130,641
	148,735	86,661	230,368	182,022

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
17. Other income				
Income from financial assets				
Markup on bank accounts	14	443	32	465
Commission on guarantee	309	309	619	619
Income from non-financial assets				
Rental income	2,923	1,802	5,846	5,321
Others				
Gain on settlements of loans	98,828	599,225	301,104	599,225
Provisions no longer required written back	-	3,500	-	3,500
Income from parking, storage and counters	3,454	3,498	5,724	5,263
	105,528	608,777	313,325	614,393

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
18. Finance costs				
Markup on				
- Long term finances - secured	626	(7,168)	1,252	1,388
- Foreign currency convertible bonds - unsecured	4,126	7,550	8,248	8,248
- Redeemable capital - secured (non-participatory)	31,405	37,088	56,124	71,013
- Short term finance - secured	-	2,612	2,365	4,950
- Liabilities against assets subject to finance lease	1,852	1,848	1,852	1,848
	38,009	41,930	69,841	87,447
Bank charges and processing fee	668	983	692	1,012
	38,677	42,913	70,533	88,459

19. Earnings/ (loss) per share

19.1 Basic earnings/ (loss) per share

(Loss)/profit for the period (Rupees in thousand)	(18,657)	390,259	112,749	289,307
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
(Loss)/earnings per share (Rupees)	(0.07)	1.40	0.40	1.04

19.2 Diluted earnings/(loss) per share

The dilution effect on basic earnings/(loss) per share is due to conversion option on foreign currency convertible bonds ('FCCB'). The basic weighted average number of shares have been adjusted for conversion option available to bondholders.

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
(Loss)/profit for the period (Rupees in thousand)	(18,657)	390,259	112,749	289,307
Interest on FCCB (Rupees in thousand)	4,126	7,550	8,248	8,248
Exchange loss (Rupees in thousand)	829	6,571	1,658	50,919
(Loss)/profit used to determine diluted loss per share (Rupees in thousand)	(13,702)	404,380	122,655	348,474
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	115,352	115,352	115,352	115,352
Weighted average number of shares for diluted earnings/loss per share (in thousand)	394,229	394,229	394,229	394,229
(Loss)/earnings per share diluted (Rupees)	(0.03)	1.03	0.31	0.88
Restricted to basic (Loss)/earnings per share in case of anti-dilution (Rupees)	(0.07)	1.03	0.31	0.88

20. Transactions with related parties

		Half year ended	
		December 31, 2016	December 31, 2015
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
i. Associate	Guarantee commission income	619	619
	Shared expenses charged by the Company	9,030	1,452
	Purchase of inventory	1,200	55,769
	Receipt against Pace circle sales	18,471	15,863
ii. Others	Purchase of goods & services	3,589	1,993
	Rental income	5,846	5,315
	Advance received for the sale of inventory	8,065	32,008
iii. Directors and key management personnel	Salaries and other employee benefits	8,250	9,988
iv. Post employment benefit plan	Expense charged in respect of benefit plans	4,613	4,982

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

Period end balances		
Receivable from related parties	7,009	23,838
Payable to related parties	73,826	32,008

		Un-Audited December 31, 2016	Audited June 30, 2016
		(Rupees in thousand)	

21. Cash generated from operations

Profit before tax		**135,842**	348,563
Adjustments for:			
- Depreciation on property, plant and equipment	- note 11.1.1	**10,725**	10,903
- Amortisation on intangible assets		**262**	265
- Provision for doubtful debts		**14,320**	5,667
- Markup income		**(32)**	(465)
- Gain on settlements of long term loans	- note 17	**(204,668)**	(599,225)
- Finance costs		**69,841**	87,446
- Exchange loss on foreign currency convertible bonds	- note 8	**1,658**	50,919
- Provisions no longer required written back		**-**	(3,500)
- Provision for gratuity and leave encashment		**4,772**	5,223
Loss before working capital changes		**32,720**	(94,204)
Effect on cash flow due to working capital changes			
- Decrease/(Increase) in stock-in-trade		**93,073**	350,584
- (Increase)/Decrease in trade debts		**(52,418)**	81,420
- Decrease/(Increase) in advances, deposits prepayments and other receivables		**1,337**	(9,740)
- Increase/ (Decrease) in advances against sale of property		**27,819**	(335,421)
- (Decrease)/ Increase in creditors, accrued and other liabilities		**(3,213)**	33,238
		66,598	120,081
		99,318	25,877

22. Cash and Cash Equivalents

Short tem finance - secured	- note 9	**-**	(96,443)
Cash and bank balances		**1,590**	1,082
		1,590	**(95,361)**

23. Financial risk management

23.1 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, 2016.

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 Company settled long term borrowings of Rs 300.789 million including mark up of Rs. 203.192 Million and short term borrowings of Rs 105.45 Million inclusive of accrued markup 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 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, 2016 and June 30, 2016.

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 December 31, 2016:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets:				
Recurring fair value measurement of Available for sale financial assets	1,376	-	-	1,376
	1,376	-	-	1,376
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,155,202	2,155,202
	-	1,214,500	2,155,202	3,369,702

The following is categorization of assets measured at fair value at June 30, 2016:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Recurring fair value measurement of Available for financial assets	784	-	-	784
	784	-	-	784
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,155,202	2,155,202
	-	1,214,500	2,155,202	3,369,702

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, 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 December 31, 2016 and June 30, 2016 for recurring fair value measurements:

	Un-audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Opening fair value	2,155,202	2,255,510
Disposal of investment property	-	(73,810)
Settlement against loan	-	(7,328)
Transferred to inventory	-	-
	2,155,202	2,174,372
Add: Fair value loss recognised during the period / year	-	(19,170)
Closing value after revaluation	2,155,202	2,155,202

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
	December 31, 2016 Rs'000	June 30, 2016 Rs'000		
Buildings	2,155,202	2,155,202	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 February 27, 2017 by the Board of Directors of the Company.

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.

LAHORE	CHIEF EXECUTIVE	DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

DIRECTORS' REPORT

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the reviewed consolidated condensed interim financial statements of the Group (unaudited) for the quarter and half yearly ended December 31, 2016.

General Economic Overview:

The economy is on sustainable growth path with most of the indicators showing the positive trend. The GDP is expected to grow at the rate of 5.2% for the fiscal year 2016-17, compared to 4.7% of last year. The improved outlook is derived from the cumulative impact of government's economic and structural reform programs, sustained lower oil prices and the gradually improving law and order situation. The foreign exchange reserves stood at highest level of USD 23.3 billion. The strong reserve position averted a significant depreciation in the Rupee, which remained relatively firm despite weakening of regional currencies. Inflation remained under control at 3.9% due to stagnant oil prices and steady exchange rate. Acknowledging the improving macros, the SBP has maintained a status quo on the policy rate since May-16 and maintained it at 40 years' low level. The improved economic indicators together with PSX's divestment to a Chinese consortium, kept the momentum going in the capital markets. Resultantly, the PSX 100 index reached an all-time high of 47,807 points.

Real Estate and construction sector overview:

The real estate sector in Pakistan is growing and is an important sector of the economy. Pakistan spends about $5.2 billion on construction annually, and construction output accounts for 2pc of GDP.

In FY16, loans to the construction industry more than doubled from Rs. 14 billion to Rs. 31.5 billion with a fresh lending of Rs. 17.5 billion. Add to it the Rs. 16 billion lent to the real estate sector (trading, renting and business) and the total amount (given to the two sectors) soars to Rs. 33.5 billion. Real estate trading activity almost froze in the first half of FY17 due to the revised land valuation for capital gain tax. But that did not reflect in bank lending to the sector that rose by Rs. 16.5 billion in six months till December 2016.

The channelization of increasing funds towards real estate and construction sector hints an encouraging future for this sector. Moreover, the accelerating rate of urbanization in the country is contributing well towards growing demand of housing, thereby providing a strong support to the future prospects of real estate and construction sectors in Pakistan.

Group's Performance and Financial Overview:

Comparison for the results of the half year ended December 31, 2016 as against December 31, 2015 is as follows:

			Rupees in 000	
	Quarter ended		**Half year ended**	
	Oct-Dec		**Jul-Dec**	
	2016	**2015**	**2016**	**2015**
Sales	120,211	42,749	217,437	149,680
Cost of sales	(148,735)	(86,661)	(230,368)	(182,022)
Gross profit/(loss)	(28,524)	(43,912)	(12,931)	(32,342)
Other income	105,529	608,778	313,326	614,394
Finance cost	(38,677)	(42,912)	(70,533)	(88,459)
Net profit/loss before tax	(40,549)	455,610	117,294	355,155
Net profit/loss after tax	(34,318)	394,397	96,552	293,930
Earnings/loss per share- basic	(0.12)	1.04	0.35	0.91

During the period, the sales revenue increased significantly by 45.2% to Rs.217.4 million, as against Rs.149.8 million during the same period last year. The primary reason for such increase is the sale of whole second floor of Pace Tower during the period, contributing around Rs.93.2 million towards sale revenue. Cost of Sale increased by 26.5% as compared with last year. The increase in cost of sale was due to corresponding increase in sale.

The other income of Rs.313.3 million comprises of Rs.203 million in respect of the waiver of mark-up by Pak Oman Investment Company against the settlement of its outstanding TFCs, while Rs.97.9 million in respect of gain on settlement of loans against properties at fair market value. The decrease in aforementioned outstanding loans contributed towards corresponding decrease in finance cost for the period, which fell from Rs.88 million in the last period to Rs.70.5 million in the period under review. The net profit after tax for the period under review stood at Rs.96.6 million as against Rs.293.9 million in the corresponding period last year. Resultantly, the earning per share decreased from Rs.0.91 per share in last period to Rs.0.35 in current period.

Settlement of financial obligations during the period:

During the period under review, the Group entered into a Debt/ Asset Swap Agreement ('DSA') with Pak Oman Investment Corporation ('POIC') for the settlement of the part of principal outstanding along-with markup accrued thereon aggregating to Rs.503.981 million against the property of the Group situated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the Group for a consideration of Rs.300.789 million and waived accrued markup of Rs.203.192 million.

Moreover, during the period, the Group also entered into a Debt/ Asset Swap Agreement ('DSAA') with PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) ('PICL') for the settlement of Rs96.443 million provided by PICL and mark up of Rs.9.006 million against property of the Group situated at Mezzanine floor of Pace Towers measuring 5,700 square feet. Additionally, PICL vacated its charge previously created in Pace's MM Alam Plaza to the extent of Rs.120.85 million.

Group's ability to continue as a Going Concern:

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. 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 may affect the Company's ability to continue as a going concern. In order to improve its profitability and cash-flow position, Board of Directors of the Company has approved in-principle, various new Joint Ventures. The BOD has also authorized CEO to identify and negotiate more Joint Venture projects across Pakistan especially in major cities. These joint ventures would help the Company to strengthen its brand, and to reap the lucrative profits being offered by continuously growing construction and real estate sector of Pakistan.

Change in Board of directors:

Miss Rema Husain Qureshi appointed as Director of the Group to fill the casual vacancy arising upon the sad demise of Mr. Sulaiman Ahmad Saeed Al-Hoqani since the last printed report.

Future Outlook:

Through the delivery of key development projects during FY 2017 in form of Pace Towers and significant investment and share in pace Circle, we look forward to onboarding significant operating cash flows by successfully converting non-income-producing assets to cash flowing operating assets.

While we will continue to focus on improving our capital structure over the coming years, we will also look to make diligent and sound investment decisions when compelling opportunities arise.

With best-in-class assets and properties in prime irreplaceable dense cluster locations and a great team, we hope that our investors continue to focus on our fundamentals as a high-quality, innovative Group in real estate sector of Pakistan with a unique built-in platform for growth.

We thank our employees, for their hard work and strong commitment to our Group.

We are grateful for the confidence our investors have placed in us in this time of need and we ensure to continue our efforts and struggle to turnaround the situation and to produce improving results for shareholders in the near future.

For and on behalf of the Board of Directors

Lahore
February 27, 2017

Aamna Taseer
Chief Executive Officer

پیس پاکستان لمٹیڈ

31دسمبر2016 کوختم ہونے والی ششماہی کے لیے

پیس (پاکستان) لمٹیڈ (گروپ) کے ڈائریکٹرز حصص کنندگان کے سامنے گروپ کے جائزہ شدہ مجموعی عارضی مالیاتی کیفیت نامے برائے سہ ماہی اور ششماہی31دسمبر2016 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

عمومی معاشی جائزہ

معیشت مستحکم ترقی کے راستے پر گامزن ہے اور زیادہ تر اشارے مثبت رجحان دکھا رہے ہیں۔ مالیاتی سال 17-2016 کے لیے جی ڈی پی میں شرح نمو گذشتہ سال کے مقابلے میں% 4.7 سے% 5.2 بڑھنے کا امکان ہے۔ یہ بہتر نقطہ نظر حکومت کے معاشی اور ساختی اصلاحاتی پروگراموں، تیل کی مستحکم کم قیمتوں اور امن وامان کی بتدریج بہتر ہوتی ہوئی صورت حال کے مجموعی اثر سے بنا ہے۔ زرمبادلہ کے ذخائر 23.3 بلین امریکی ڈالر کے بلندترین درجے پر ہیں۔ مضبوط ذخائر کی وجہ سے روپے کی قدر میں نمایاں کمی نہ ہوئی اور علاقائی کرنسیوں کی کمزوری کے باوجود روپیہ نسبتاً مستحکم رہا۔ تیل کی منجمد قیمتوں اور مستحکم شرح تبادلہ کی وجہ سے افراطِ زر% 3.9 پر کنٹرول رہا۔ بہتر ہدایات مانتے ہوئے اسٹیٹ بنک آف پاکستان نے مئی 2016 سے پالیسی شرح پر موجودہ صورت حال قائم رکھی اور اسے 40 سال کے کم ترین درجہ پر رکھا۔ پی ایس ایکس کی چینی کنسورشیم کو اثاثہ جات بیچنے کے ساتھ بہتر معاشی اشاریوں نے سرمایے کی مارکیٹ میں تحرک جاری رکھا۔ نتیجتاً پی ایس ایکس 100 انڈیکس 47807 پوائنٹس کے بلندترین درجے پر پہنچ گیا۔

رئیل اسٹیٹ اور تعمیراتی شعبے کا جائزہ

پاکستان میں رئیل اسٹیٹ شعبہ فروغ پا رہا ہے اور معیشت کا ایک اہم شعبہ ہے۔ پاکستان سالانہ 5.2 بلین ڈالر تعمیرات پر خرچ کرتا ہے اور تعمیراتی پیداوار جی ڈی پی کا %2 ہے۔ مالیاتی سال 2016 میں تعمیراتی صنعت کو جاری کیے جانے والے قرضے 14 بلین روپے کے دگنے سے بھی زیادہ یعنی 31.5 بلین روپے ہوگئے جس میں 17.5 بلین کے تازہ قرضے شامل ہیں۔ اس میں رئیل اسٹیٹ شعبے (تجارت، کرایہ داری اور کاروبار) کو دیے جانے والے 16 بلین کے قرضے بھی شامل کریں تو مجموعی رقم (دونوں شعبوں کی) 33.5 بلین روپے ہوجاتی ہے۔ مالیاتی سال 2017 کے پہلے نصف میں رئیل اسٹیٹ تجارت کی سرگرمی تقریباً منجمد رہی جس کی وجہ سرمایہ جاتی ٹیکس کے لیے کی جانے والی زمین کی ترمیمی قیمتیں ہیں۔ لیکن اس کی جھلک بینک قرضوں میں نظر نہیں آئی جو دسمبر 2016 تک چھے مہینوں میں 16.5 بلین تک بڑھ گئے۔

رئیل اسٹیٹ اور تعمیراتی شعبے میں زیادہ سے زیادہ فنڈز لگانا اس شعبے کے حوصلہ افزا مستقبل کا اشارہ ہے۔ مزید برآں، ملک میں شہری آبادکاری کی شرح میں تیزی آئی ہے جس سے گھروں کی طلب میں مسلسل اضافہ ہوا ہے، اس لیے پاکستان میں رئیل اسٹیٹ اور تعمیراتی شعبوں کے آئندہ امکانات کو مضبوط سہارا ملا ہے۔

کمپنی کی کارکردگی اور مالیاتی جائزہ

31دسمبر2016 کی ششماہی بمقابلہ31دسمبر 2015 کی ششماہی کے نتائج کا موازنہ درج ذیل ہے۔

	روپے ہزاروں میں سہ ماہی اختتام اکتوبر دسمبر2016	2015	روپے ہزاروں میں ششماہی اختتام جولائی دسمبر2016	2015
فروخت	120,211	42,749	217,437	149,680
فروختوں کی قیمت	(148,735)	(86,661)	(230,368)	(182,022)
کل نفع/(نقصان)	(28,524)	(43,912)	(12,931)	(32,342)
دیگر آمدن	105,529	608,778	313,326	614,394
فنانس لاگت	(38,677)	(42,912)	(70,533)	(88,459)
خالص نفع/نقصان قبل از ٹیکس	(40,549)	455,610	117,294	355,155
خالص نفع/نقصان بعد از ٹیکس	(34,318)	394,397	96,552	293,930
آمدن /نقصان فی حصص (بنیادی)	(0.12)	1.04	0.35	0.91

اس دورانیہ میں فروختوں کی آمدن نمایاں طور پر %45.2 سے بڑھ کر 217.4 ملین روپے ہوگئی جبکہ اس کے مقابلے میں گذشتہ سال کے متعلقہ دورانیہ میں یہ 149.8 ملین روپے تھی۔ اس اضافے کی بنیادی وجہ پیس ٹاور کے مکمل سیکنڈ فلور کی فروخت ہے جس سے فروخت کی آمدن میں 93.2 ملین روپے کا اضافہ ہوا۔ فروخت کی لاگت گذشتہ سال کے مقابلے میں %26.5 بڑھ گئی۔ فروخت کی لاگت میں اضافے کی وجہ فروخت میں اضافہ ہے۔

313.3 ملین روپے کی دیگر آمدن میں پاک عمان انویسٹمنٹ کمپنی کی طرف سے واجب الادا TFCs کی ادائیگی پر 203 ملین روپے کے مارک اپ کی چھوٹ شامل ہے جبکہ فیئر مارکیٹ ویلیو پر جائیدادوں کے قرضوں کی ادائیگی پر حاصل ہونے والا نفع 97.9 ملین روپے ہے۔ مذکورہ بالا واجب الادا قرضوں میں کمی کی وجہ سے اس دورانیے کے لیے فنانس لاگت میں کمی ہوئی جو گذشتہ سال کے متعلقہ دورانیہ میں 88 ملین تھی اور اِس دورانیہ میں کم ہوکر 70.5 ملین ہوگئی۔ زیرِ غور دورانیہ کے لیے خالص نفع بعد از ٹیکس 96.6 ملین روپے ہے جبکہ گذشتہ سال کے متعلقہ دورانیہ میں یہ 293.9 ملین روپے تھا۔ نتیجتاً آمدن فی حصص جو گذشتہ دورانیہ میں 0.91 فی حصص تھی اس دورانیہ میں کم ہوکر 0.35 فی حصص ہوگئی۔

دورانیہ میں مالیاتی ذمہ داریوں کا تصفیہ

زیرِ غور دورانیہ میں کمپنی نے پاک عمان انویسٹمنٹ کارپوریشن سے DSA معاہدہ کیا، اس معاہدے میں واجب الادا اصل رقم اور مارک اپ کا تصفیہ کیا گیا جس کی مجموعی مالیت 503.981 ملین روپے تھی جو کمپنی کی جائیداد واقع پیس ٹاورز گراؤنڈ فلور 11487 مربع فٹ اور اپر گراؤنڈ فلور 5850 مربع فٹ کے برخلاف تھی۔ DSA کے مطابق POIC نے کمپنی کی جائیداد 300.789 ملین کے لیے خرید لی اور 203.192 ملین روپے کا مارک اپ معاف کر دیا۔

مزید برآں، اس دورانیہ میں کمپنی نے PAIR انویسٹمنٹ کمپنی لمیٹڈ (سابقہ پاک ایران جوائنٹ انویسٹمنٹ کمپنی لمیٹڈ) (پی آئی سی ایل) سے بھی DSA معاہدہ کیا جو PICL کے دیے گئے 96.443 ملین روپے اور اس پر 9.006 ملین مارک اپ کے تصفیہ کے لیے تھا، جو کمپنی کی جائیداد واقع پیس ٹاور کا Mezzanine فلور پیمائش 5700 مربع فٹ کے برخلاف تھا۔ مزید برآں، PICL نے پیس کے ایم ایم عالم پلازہ میں پیدا کردہ گذشتہ 120.85 ملین روپے کا چارج بھی چھوڑ دیا۔

چلتے کاروبار کی حیثیت سے کمپنی کی اہلیت

کمپنی ہٰذا قرض خواہوں کی بہت سی ذمہ داریاں پوری کرنے میں نااہل رہی جس میں قرضوں کی اصل رقم اور ان پر مارک بھی شامل ہیں۔ کمپنی اپنے گاہکوں سے واجب الوصول رقوم وصول کرنے میں بھی ناکام رہی اور اس کے ذمہ واجب الادا قرضوں کی وجہ سے اپنا سٹاک فروخت کرنے میں مشکلات کا سامنا کر رہی ہے۔ یہ حالات کمپنی کے کاروبار جاری رکھنے کی صلاحیت متاثر کرتے ہیں۔ اس کی منافع کی صلاحیت اور نقدی کے بہاؤ کی حالت بہتر بنانے کے لیے کمپنی کے بورڈ آف ڈائریکٹرز نے اصولی طور پر جوائنٹ وینچرز کی منظوری دی ہے۔ بورڈ آف ڈائریکٹرز نے سی ای او کو مجاز اختیار دیا ہے کہ پاکستان بھر میں خصوصاً بڑے شہروں میں جوائنٹ وینچر پراجیکٹس کی شناخت کرے اور اس سلسلے میں مذاکرات کرے۔ ان جوائنٹ وینچرز کی وجہ سے کمپنی کو اپنا برانڈ مضبوط کرنے اور پاکستان میں مسلسل فروغ پاتے ہوئے تعمیراتی اور رئیل اسٹیٹ شعبے کے فراہم کردہ مواقع سے منافع کمانے میں مدد ملے گی۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

گذشتہ رپورٹ کی اشاعت کے بعد مسٹر سلیمان احمد سعید الحوقانی کی افسوس ناک وفات کی وجہ سے پیدا ہونے والی اتفاقی جگہ پُر کرنے کے لیے مس ریما حسین قریشی کو کمپنی کا ڈائریکٹر تعینات کیا گیا۔

مستقبل کا منظر نامہ

مالیاتی سال 2017 کے دوران پیس ٹاورز کی شکل میں اہم ڈویلپمنٹ پراجیکٹس کی تکمیل اور نمایاں سرمایہ کاری اور پیس سرکل میں حصہ داری کی وجہ سے ہم امید کرتے ہیں کہ آئندہ نقدی کا نمایاں بہاؤ ہوگا اور آمدن پیدا نہ کرنے والے اثاثے نقدی دینے والے فعال اثاثوں میں تبدیل ہو جائیں گے۔ آنے والے برسوں میں ہم اپنے سرمایے کا ڈھانچہ بہتر بنانے پر توجہ مرکوز کرنا جاری رکھیں گے اور اہم مواقع پیدا ہونے پر دانش مندانہ اور درست سرمایہ کارانہ فیصلے کرنے بھی توجہ دیں گے۔

اپنے بہترین معیار کے اثاثہ جات اور انتہائی گنجان علاقوں میں انتہائی اہم جگہوں پر واقع جائیدادوں اور ایک بہترین ٹیم کے ساتھ ہم امید کرتے ہیں ہمارے سرمایہ کار ہمارے ان اصولوں پر توجہ دیتے رہیں گے کہ کمپنی ہٰذا پاکستان کے رئیل اسٹیٹ شعبے میں اعلیٰ معیار، اختراعی صلاحیت اور ترقی کے لیے بے مثال پلیٹ فارم ہے۔ ہم اپنے کارکنان کی سخت محنت اور گروپ سے مضبوط وفاداری پر ان کا شکریہ ادا کرتے ہیں۔

ہم اپنے سرمایہ کاروں کے اعتماد پر مشکور ہیں جو انہوں نے ضرورت کے اس وقت ہم پر کیا اور ہم یقین دہانی کرواتے ہیں کہ ہم صورتحال کو بہتر بنانے کے لیے کوشش اور محنت جاری رکھیں گے اور مستقبل قریب میں اپنے حصص کنندگان کے لیے بہتر نتائج پیدا کریں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

آمنہ تاثیر

چیف ایگزیکٹو آفیسر

27 فروری 2017

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2016

	Note	December 31, 2016 Un-audited	June 30, 2016 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 30, 2016: 600,000,000) ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 30, 2016: 278,876,604) ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		286,616	286,023
Unappropriated loss		(302,553)	(399,105)
		2,772,829	2,675,684
NON-CONTROLLING INTEREST		87,396	87,398
		2,860,225	2,763,082
NON-CURRENT LIABILITIES			
Long term finances - secured	6	-	-
Redeemable capital - secured (non-participatory)	7	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	8	-	-
Deferred liabilities		40,741	38,278
Deferred Taxation		54,766	57,117
		95,507	95,395
CURRENT LIABILITIES			
Advances against sale of property		136,351	108,532
Current portion of long term liabilities		2,990,047	3,282,580
Short term finance - secured	9	-	96,443
Income Tax Payable		9,900	-
Creditors, accrued and other liabilities		491,309	492,209
Accrued finance cost		949,305	1,099,911
Taxation		5,534	5,534
		4,582,446	5,085,209
CONTINGENCIES AND COMMITMENTS	10	-	-
		7,538,178	7,943,686

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

LAHORE **CHIEF EXECUTIVE**

	Note	December 31, 2016 Un-audited	June 30, 2016 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	442,808	453,363
Intangible assets		5,817	6,079
Investment property	12	3,369,702	3,369,702
Investments	13	1,137,721	1,155,672
Long term advances and deposits		14,250	14,250
Deferred taxation		-	-
		4,970,298	4,999,066
CURRENT ASSETS			
Stock-in-trade	14	1,734,748	2,136,149
Trade debts - unsecured		685,890	647,792
Advances, deposits, prepayments and other receivables		145,500	151,937
Income tax recoverable		53	8,014
Cash and bank balances		1,689	728
		2,567,880	2,944,620
		7,538,178	7,943,686

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016

	Note	Quarter ended December 31, 2016 Un-audited	Quarter ended December 31, 2015 Un-audited	Half year ended December 31, 2016 Un-audited	Half year ended December 31, 2015 Un-audited
		(Rupees in thousand)			
Sales	15	120,212	42,749	217,437	149,680
Cost of sales	16	(148,735)	(86,661)	(230,368)	(182,022)
Gross (loss) / profit		(28,523)	(43,912)	(12,931)	(32,342)
Administrative and selling expenses		(59,977)	(65,866)	(92,367)	(94,116)
Other income	17	105,529	608,778	313,326	614,394
Other operating expenses		(829)	(6,571)	(1,658)	(50,919)
		16,200	492,429	206,370	437,017
Finance costs	18	(38,677)	(42,912)	(70,533)	(88,459)
Share of profit / (loss) for associate - net of tax		(18,072)	4,972	(18,543)	5,476
Profit / (loss) before tax		(40,549)	454,489	117,294	354,034
Taxation		6,231	(60,092)	(20,742)	(60,104)
Profit / (loss) for the period		(34,318)	394,397	96,552	293,930
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		373	87	593	(103)
		373	87	593	(103)
Total comprehensive profit / (loss) for the period		(33,945)	394,484	97,145	293,827
Attributable to:					
Equity holders of the parent		(33,943)	394,486	97,147	293,829
Non-controlling interest		(2)	(2)	(2)	(2)
		(33,945)	394,484	97,145	293,827
Earnings/(loss) per share attributable to ordinary shareholders					
- basic	19.1	(0.12)	1.04	0.35	0.91
- diluted	19.2	(0.12)	1.05	0.27	0.91

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

LAHORE: CHIEF EXECUTIVE DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016 Un-audited	Half year ended December 31, 2015 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	21	99,317	25,872
Gratuity and leave encashment paid		(2)	(972)
Taxes paid		(5,232)	(7,917)
Net cash generated from operating activities		94,083	16,983
Cash flows from investing activities			
Purchase of property, plant and equipment		(162)	(15,758)
Receipts of sale of investment property		5,100	-
Markup received		33	470
Net cash used in investing activities		4,971	(15,288)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,650)	(1,768)
Net (decrease) / increase in cash and cash equivalents		97,404	(73)
Cash and cash equivalents at beginning of the period		(95,715)	(95,188)
Cash and cash equivalents at the end of the period		1,689	(95,261)

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Share in Reserves of associate	Un-appro-priated (loss)	Total	Non-Controlling Interest	Total equity
Balance as on July 1, 2015 (audited)	2,788,766	273,265	(1,007)	(2,894)	(630,903)	2,427,227	87,485	2,514,712
Total comprehensive (loss)/income for the year								
(Loss)/income for the year	-	-	-	-	228,528	228,528	(87)	228,441
Other comprehensive income/ (loss):								
Changes in fair value of available for sale investments	-	-	(223)	-	-	(223)	-	(223)
Share of other comprehensive income/ reserves	-	-	-	16,882	-	16,882	-	16,882
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	3,270	3,270		3,270
	-	-	(223)	16,882	231,798	248,457	(87)	248,370
Transaction with owners	-	-	-		-	-		
Non- Controlling interest arising on business combination	-	-	-	-	-	-	-	-
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 (loss)/income for the half year ended December 31, 2016								
(Loss)/profit for the period	-	-	-	-	96,552	96,552	(2)	96,550
Other comprehensive loss:								
Changes in fair value of available for sale investments	-	-	593	-	-	593	-	593
Share of other comprehensive income/ reserves	-			-		-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-	-	-	-
	-	-	593	-	96,552	97,145	(2)	97,143
	-	-	-		-	-	-	-
Balance as on December 31, 2016	2,788,766	273,265	(637)	13,988	(302,553)	2,772,829	87,396	2,860,225

The annexed notes 1 to 26 form an integral part of this consolidated condensed interim financial information.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016
(UN-AUDITED)

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated condensed financial information of the 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 and 3rd 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 2,014.566 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 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 Group however, is continuously engaged with its lenders for settlements of its borrowings. During the current period PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) and Pak Oman Investment Corporation have settled their outstanding amounts against property situated at Pace Towers as mentioned in note 9.

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 realise its existing receivables, 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 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 realisation 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

The condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

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, 2016.

3.1 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:

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

- IFRS 10 - 'Consolidated financial statements' is applicable on accounting periods beginning on or after January 01, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The application of this standard has no material impact on the Group's financial statements.

- IFRS 11 - 'Joint arrangements' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of this standard has no material impact on the Group's financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of this standard has no material impact on the Group's financial statements.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard has no material impact on the Group's financial statements except for certain additional fair value disclosures.

3.1.2 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	January 01, 2016
IAS 1 - 'Presentation of financial statements' on disclosure initiative	January 01, 2016
IAS 16 - 'Property, plant and equipment' in relation to use of revenue based methods to calculate the depreciation	January 01, 2016
IAS 27 - Separate financial statements on the equity method	January 01, 2016
IAS 28 - Investments in associates and joint ventures	January 01, 2016
IAS 38 - 'Intangible assets' in relation to use of revenue based methods to calculate the depreciation	January 01, 2016
IAS 41 - Agriculture	January 01, 2016
IFRS 9 - Financial instruments	January 01, 2018
IFRS 10 - Consolidated financial statements	January 01, 2016
IFRS 11 - Joint arrangements on acquisition of an interest in a joint operation	January 01, 2016
IFRS 14 - Regulatory deferral accounts	January 01, 2016
IFRS 15 - Revenue from contracts with customers	January 01, 2017
IFRS 16 - Leases	January 01, 2019

4. Taxation

The provision for taxation for the half year ended December 31, 2016 has been made on an 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, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long term finances - secured	**Un-Audited December 31, 2016**	Audited June 30, 2016
	(Rupees in thousand)	
Opening balance	**27,422**	614,906
Less: Settlement during the period / year	**-**	(587,484)
	27,422	27,422
Less: Current portion shown under current liabilities	**(27,422)**	(27,422)
	-	-

The amount represents loan obtained from Soneri Bank Limited and the Group has submitted a proposal for the settlement of the same

7. Redeemable capital - secured (non-participatory)		**Un-Audited December 31, 2016**	Audited June 30, 2016
		(Rupees in thousand)	
Opening balance		**1,498,200**	1,498,200
Less: Settlement during the period / year	- note 7.2	**(300,789)**	-
Less: Current portion shown under current liabilities	- note 7.1	**(1,197,411)**	(1,498,200)
		-	-

7.1 The entire outstanding amount of Rs. 1,197.411 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 December 28, 2016, Pak Oman Investment Corporation ('POIC') and the Group entered into a Debt/ Asset Swap Agreement ('DSA') for the settlement of the part of principal outstanding alongwith markup accrued thereon aggregating to Rs. 503.981 million against the property of the Group sitiuated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the company for a consideration of Rs. 300.789 million and waived accrued markup of Rs. 203.192 million.

8. Foreign currency convertible bonds - unsecured	**Un-Audited December 31, 2016**	Audited June 30, 2016
	(Rupees in thousand)	
Opening balance	**1,736,212**	1,670,456
Markup accrued for the period / year	**8,248**	16,480
	1,744,460	1,686,936
Exchange loss for the period / year	**1,658**	49,276
	1,746,118	1,736,212
Less: Current portion shown under current liabilities	**(1,746,118)**	(1,736,212)
	-	-

9. Short term finance- secured

During the period ended December 31, 2016, PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) ('PICL') and the company entered into a Debt/ Asset Swap Agreement ('DSAA') for the settlement of Rs 96.443 million provided by PICL and mark up of Rs. 9.006 million against property of the Group situated at meezanine floor of Pace Towers measuring 5,700 square feet. Additionally, PICL vacated its charge previously created in Pace's MM Alam Plaza to the extent of Rs. 120.85 million.

10. Contingencies and commitments

10.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 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 (June 30, 2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

10.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 209.368 million (June 30, 2016: Rs 211.218 million).

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

	Un-Audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Not later than one year	**8,859**	7,875
Later than one year and not later than five years	**43,066**	41,836
Later than five years	**713,987**	720,139
	765,912	769,850

11. Property, plant and equipment

		Un-Audited December 31, 2016	Audited June 30, 2016
Operating fixed assets	- note 11.1	**415,256**	425,819
Capital work-in-progress		**27,552**	27,544
		442,808	453,363

11.1 Operating fixed assets

		Un-Audited December 31, 2016	Audited June 30, 2016
Operating fixed assets - at net book value			
- owned assets		**415,256**	425,438
- assets subject to finance lease		**-**	381
	- note 11.1.1	**415,256**	425,819

11.1.1 Operating fixed assets - at net book value

	Un-Audited December 31, 2016	Audited June 30, 2016
Opening book value	**425,819**	432,432
Add: Additions during the period/ year	**164**	16,810
Less: Disposals during the period/ year	**-**	(2,948)
Less: Depreciation for the period/ year	**(10,725)**	(20,475)
	(10,725)	(23,423)
Closing book value	**415,258**	425,819

		Un-Audited December 31, 2016	Audited June 30, 2016
		(Rupees in thousand)	
12. Investment property			
Opening fair value		**3,369,702**	3,421,430
Disposal of investment property		**-**	(73,810)
Settlement against loan		**-**	(7,328)
Transfer to inventory		**-**	-
		3,369,702	3,340,292
Add: Fair value gain recognised during the period / year		**-**	29,410
Closing value after revaluation		**3,369,702**	3,369,702
13. Long term investments			
Associate - unquoted			
Pace Barka Properties Limited			
75,875,000 (2016: 75,875,000) fully paid			
ordinary shares of Rs 10 each			
Equity held 24.9% (2016: 24.9%)	13.1	**1,136,345**	1,154,888
Available for sale - quoted	13.2	**1,377**	784
		1,137,721	1,155,672

13.1 Associate - unquoted

	Un-Audited December 31, 2016	Audited June 30, 2016
Cost	**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	**396,237**	432,478
	1,154,888	1,191,129
Share of movement in reserves during the year	**-**	16,882
Share of profit/(loss) for the year		
- before taxation	**(18,677)**	(55,387)
- provision for taxation	**134**	2,264
	(18,543)	(53,123)
Balance as on December 31	**1,136,345**	1,154,888

13.2 Available for sale - quoted

	Un-Audited December 31, 2016	Audited June 30, 2016
Worldcall Telecom Limited 912 (June 30, 2016: 912) fully paid ordinary shares of Rs 10 each	**6**	6
Shaheen Insurance Company Limited 158,037 (June 30, 2016: 158,037) fully paid ordinary shares of Rs 10 each	**2,008**	2,008
	2,014	2,014
Less: Cumulative fair value loss	**(637)**	(1,230)
	1,377	784

13.2.1 Cumulative fair value loss

	Un-Audited December 31, 2016	Audited June 30, 2016
Opening balance	**1,230**	1,007
Fair value loss/(gain) during the period/ year	**(593)**	223
	637	1,230

	Un-Audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	

14. Stock-in-trade

Work in process - Pace Towers	**444,422**	838,872
Pace Barka Properties Limited - Pace Circle	**617,163**	624,123
Pace Super Mall (Private) Limited	**354,600**	354,600
Shops and houses	**316,973**	316,973
	1,733,158	2,134,568
Stores inventory	**1,590**	1,581
	1,734,748	2,136,149

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
15. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	-	12,000	-
- at percentage of completion basis	63,481	(9,515)	76,820	17,342
Licensee fee	9,094	10,581	19,247	23,264
Display advertisements and miscellaneous income	3,459	4,517	6,457	8,075
Service charges	44,178	37,166	102,913	100,999
	120,212	42,750	217,437	149,680
16. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	-	8,810	-
- at percentage of completion basis	85,511	31,844	95,033	51,381
Stores operating expenses	63,224	54,817	126,525	130,641
	148,735	86,660	230,368	182,022
17. Other income				
Income from financial assets				
Markup on bank accounts	14	443	33	465
Commission on guarantee	310	309	619	619
Income from non-financial assets				
Rental income	2,923	1,802	5,846	5,321
Others				
Gain on settlements of loans	98,828	599,225	301,104	599,225
Provisions no longer required written back	-	3,500	-	3,500
Income from parking, storage and counters	3,454	3,498	5,724	5,263
	105,529	608,777	313,326	614,393

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
18. Finance costs				
Markup on				
- Long term finances - secured	626	(7,168)	1,252	1,388
- Foreign currency convertible bonds - unsecured	4,126	7,550	8,248	8,248
- Redeemable capital - secured (non-participatory)	31,405	37,088	56,124	71,013
- Short term finance - secured	-	2,612	2,365	4,950
- Liabilities against assets subject to finance lease	1,852	1,848	1,852	1,848
	38,009	41,929	69,841	87,447
Bank charges and processing fee	668	983	692	1,012
	38,677	42,912	70,533	88,459
19. Earnings/ (loss) per share				
19.1 Basic earnings/ (loss) per share				
Profit/(loss) for the period (Rupees in thousand)	(34,318)	391,650	96,552	289,307
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Earnings/(loss) per share (Rupees)	(0.12)	1.40	0.35	1.04

19.2 Diluted earnings/(loss) per share

The dilution effect on basic earnings/(loss) per share is due to conversion option on foreign currency convertible bonds ('FCCB'). The basic weighted average number of shares have been adjusted for conversion option available to bondholders.

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
Profit/(loss) for the period (Rupees in thousand)	(34,318)	394,397	96,552	293,930
Interest on FCCB (Rupees in thousand)	4,126	7,550	8,248	8,248
Exchange loss/(gain) (Rupees in thousand)	829	6,571	1,658	50,919
Profit/(loss) used to determine diluted loss per share (Rupees in thousand)	(29,363)	408,517	106,458	353,097
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	115,352	115,792	115,352	115,792
Weighted average number of shares for diluted earnings/loss per share (in thousand)	394,229	394,669	394,229	389,606
Earnings/(loss) per share diluted (Rupees)	(0.07)	1.04	0.27	0.91
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.12)	1.05	0.27	0.91

		December 31, 2016 Un-audited	December 31, 2015 Un-audited
		(Rupees in thousand)	

20. Transactions with related parties

Relationship with the Company	Nature of transaction		
i. Associate	Guarantee commission income	619	619
	Shared expenses charged by the Company	9,030	1,452
	Purchase of inventory	1,200	55,769
	Receipt against Pace circle sales	18,471	15,863
ii. Others	Purchase of goods & services	3,589	1,993
	Rental income	5,846	5,315
	Advance received for the sale of inventory	8,065	32,008
iii. Directors and key management personnel	Salaries and other employee benefits	8,250	9,988
iv. Post employment benefit plan	Expense charged in respect of benefit plans	4,613	4,982

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

	Un-audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	7,009	23,838
Payable to related parties	73,826	32,008

		Half year ended	
		December 31, 2016 Un-audited	December 31, 2015 Un-audited
		(Rupees in thousand)	
21. Cash generated from operations			
Profit/(loss) before tax		117,294	354,034
Adjustments for:			
- Depreciation on property, plant and equipment	- note 11.1	10,725	10,903
- Amortisation on intangible assets		262	265
- Provision for doubtful debts		14,320	5,667
- Share of profit of associate		18,543	(5,476)
- Markup income		(33)	(465)
- Gain on settlements of loans	- note 17	(204,668)	(599,225)
- Finance costs		69,841	87,446
- Exchange loss on foreign currency convertible bonds	- note 8	1,658	50,919
- Provisions no longer required written back		-	(3,500)
- Provision for gratuity and leave encashment		4,772	5,223
Loss before working capital changes		32,714	(94,209)
Effect on cash flow due to working capital changes			
- Decrease/(Increase) in stock-in-trade		93,073	350,584
- (Increase)/Decrease in trade debts		(52,418)	81,420
- Decrease/(Increase) in advances, deposits prepayments and other receivables		1,337	(9,740)
- Increase/ (Decrease) in advances against sale of property		27,819	(335,421)
- (Decrease)/ Increase in creditors, accrued and other liabilities		(3,208)	33,238
		66,603	120,081
		99,317	25,872

22. Cash and Cash Equivalents

Short tem finance - secured	- note 9	-	(96,443)
Cash and bank balances		1,689	1,182
		1,689	(95,261)

23 Segment information

(Rupees in thousand)

	Real estate sales				Investment properties				Others				Total			
	Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended	
	December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
Segment revenue	**63,481**	(9,515)	**88,820**	17,342	**9,094**	10,581	**19,247**	23,264	**47,637**	41,683	**109,370**	109,074	**120,212**	42,750	**217,437**	149,680
Segment expenses																
- Cost of sales	**(85,511)**	(31,844)	**(103,843)**	(51,381)	**(8,219)**	(9,537)	**(16,448)**	(17,355)	**(55,005)**	(45,279)	**(110,077)**	(113,285)	**(148,735)**	(86,661)	**(230,368)**	(182,022)
													-	-	**-**	-
Gross (loss) / profit	**(22,030)**	(41,359)	**(15,023)**	(34,039)	**875**	1,044	**2,799**	5,909	**(7,368)**	(3,596)	**(707)**	(4,211)	**(28,523)**	(43,911)	**(12,931)**	(32,342)
- Changes in fair value of investment property	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Segment results	**(22,030)**	(41,359)	**(15,023)**	(34,039)	**875**	1,044	**2,799**	5,909	**(7,368)**	(3,596)	**(707)**	(4,211)	**(28,522)**	(43,912)	**(12,931)**	(32,342)
Administrative and selling expenses													**(59,977)**	(65,866)	**(92,367)**	(94,116)
Other operating income													**105,528**	608,778	**313,326**	614,394
Finance costs													**(38,677)**	(42,912)	**(70,533)**	(88,459)
Other operating expenses													**(829)**	(6,571)	**(1,658)**	(50,919)
Share of Profit of associates													**(18,072)**	4,972	**(18,543)**	5,476
Profit/(loss) before tax													**(40,549)**	454,489	**117,294**	354,034
Taxation																
- Group													**6,231**	(60,092)	**(20,742)**	(60,104)
- Associated companies													-		**-**	
Profit/Loss for the period													**(34,318)**	394,397	**96,552**	293,930

24. Financial risk management

24.1 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, 2016.

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

24.2 Liquidity risk

Compared to year end, the Group settled long term borrowings of Rs 300.789 million including mark up of Rs. 203.192 Million and short term borrowings of Rs 105.45 Million inclusive of accrued markup against properties situated at Pace Towers and there was no material change in the contractual undiscounted cash out flows for remaining financial liabilities.

24.3 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, 2016 and June 30, 2016.

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 December 31, 2016:

	Level 1	Level 2	Level 3	Total
Assets:		**(Rupees in thousand)**		
Recurring fair value measurement of Available for sale financial assets	1,377	-	-	1,377
	1,377			1,377
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,155,202	2,155,202
	-	1,214,500	2,155,202	3,369,702

The following is categorization of assets measured at fair value at June 30, 2016:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Recurring fair value measurement of Available for financial assets	784	-	-	784
	784			784
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,155,202	2,155,202
	-	1,214,500	2,155,202	3,369,702

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 December 31, 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 ended December 31, 2016 and June 30, 2016 for recurring fair value measurements:

	Un-audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Opening fair value	2,155,202	2,255,510
Disposal of investment property	-	(73,810)
Settlement against loan	-	(7,328)
Transferred to inventory	-	-
	2,155,202	2,174,372
Add: Fair value gain / (loss) recognised during the period / year	-	(19,170)
Closing value after revaluation	2,155,202	2,155,202

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
	Dec 31, 2016	June 30, 2016		
	Rs'000	Rs'000		
Buildings	2,155,202	2,155,202	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.

25. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2017 by the Board of Directors of the Group.

26. 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 purposes of comparison. However, no significant re-arrangement have been made.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**