

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2015**

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.

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COMPANY INFORMATION

Board of Directors	Shehryar Ali Taseer (Chairman) Aamna Taseer (CEO) Shehribano Taseer Imran Hafeez Kanwar Latafat Ali Khan Mohammed Imran Chaudhry Sulaiman Ahmed Saeed Al-Hoqani Syed Abid Raza	Non-Executive Executive Non-Executive Executive Independent Non-Executive Non-Executive Non-Executive
Chief Financial Officer	Imran Hafeez	
Audit Committee	Kanwar Latafat Ali Khan (Chairman) Shahryar Ali Taseer Shehribano Taseer Syed Abid Raza	
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer (Chairman) Aamna Taseer Kanwar Latafat Ali Khan	
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 The Bank of Punjab United Bank Limited	
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	2 nd 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, 2015.

General Economic Overview:

Global economic growth during the outgoing year has witnessed some continuing signs of improvement with a pick-up in high-income economies along with some improvement in developing countries. The year 2014-15 ended with sharp improvement in the external account, as the sudden fall in international oil prices along with strong growth in remittances helped contain the current account deficit. The disbursement of tranches from the IMF and successful issue of Sukuk Bond in the international market swelled the foreign exchange reserves to a comfortable level.

Real Estate and construction sector overview:

The contribution of construction in industrial sector is 12.0 percent and in GDP it contributes 2.4 percent and provides employment opportunities to 7.33 percent of labor force. This sub-sector is considered one of the potential components of industries. The construction sector has recorded a growth of 7.0 percent against the growth of 7.2 percent last year.

Pakistan's construction industry has been expanding significantly on back of rising infrastructure activities, increasing demand from housing sector, and construction recovery. The outlook is positive for 2015-16 ahead of an expected cut in interest rate, and falling oil, coal and electricity prices. Even, an expected cut of 22 percent in the public sector development spending in near future is unlikely to slowdown the progress of the construction industry.

Company Performance and Financial Overview:

Comparison for the results of the half year ended December 31, 2015 as against December 31, 2014 is as follows:

	Quarter ended		Rupees in 000	
	Oct-Dec		Half year ended	
	2015	2014	Jul-Dec	2014
Sales	42,750	116,447	149,680	235,607
Cost of sales	(86,660)	(110,181)	(182,022)	(214,134)
Gross profit/(loss)	(43,911)	6,265	(32,342)	21,473
Other income	608,778	5,467	614,393	12,178
Finance cost	(42,912)	(65,268)	(88,459)	(116,603)
Net profit/loss before tax	449,518	(67,371)	348,563	(186,650)
Net profit/loss after tax	390,262	(69,727)	289,307	(189,006)
Earnings/loss per share - basic and diluted	1.40	(0.25)	1.04	(0.68)

During the period, the decrease in sales by 36% is due to decrease in the percentage of stage of completion of the Pace Tower project resulting from increase in estimated cost of completion of the said project. Further, there are no sales during the period of the completed shops. The main reason for substantial increase in other income is due to settlement of loans of banks against inventory of the Company at market rate. The differential of the transaction amounting to Rs. 273.90 million is treated as gain in other income. Finance cost relating to settled loans amounting to Rs. 325.36 million was also waived during the period.

Status of Financial obligations:

The current portion of long term loans has decreased due to the fact that the Company has settled its Long Term liability through settlement agreements between Pace Pakistan Limited and the Banks (National Bank

of Pakistan, Habib Bank Limited and Al-Baraka Bank). In this regard the Company has received consideration against its properties and settled its outstanding debt.

Further the remaining amount payable to financial institutions and lenders in respect of company's borrowings is currently in overdue status because of the non-repayment of loans and accrued markup owing to the limited cash flows available to the company at the beginning of the year, however we look forward to repay our commitments and obligations towards our financial lenders in near future as the construction and sales in respect of Pace Tower has already begun. Moreover rescheduling/settlements of the debts and financial obligations are in process and management is hopeful to complete it on favorable terms in near future.

Company's ability to continue as a Going Concern:

It has been emphasized by the external auditors on their "Auditors' Review Report" at the reporting date that the current liabilities of the Company have exceeded its current assets by Rs 2,423.529 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Company has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

However Company has successfully completed the settlement transactions with its following lenders:

The National Bank and the Company entered into the Liabilities Settlement Agreement for full and final settlement of Bank's portion of Syndicate Term Finance Facility ('STFF') along with their accrued markup aggregating to Rs 398.711 million against property situated at Pace Towers.

The Habib Bank and the Company entered into Liabilities Settlement Agreement for settlement of Bank's portion of STFF along with the accrued markup aggregating to Rs 178.809 million against property situated at Pace Towers and Pace Model Town (extension). In accordance with the agreement, the Bank will purchase the aforementioned properties from the Company for a consideration of Rs 106.895 million and waive accrued markup of Rs 71.914 million.

The AL Baraka Bank and the Company entered into Liabilities Settlement Agreement for settlement of entire principal along with the accrued markup aggregating to Rs 398.562 million against property situated at Pace Towers. In accordance with the agreement, the Bank will purchase the aforementioned properties from the Company for a consideration of Rs 242.291 million and waive accrued markup of Rs 156.271 million.

Further The PAIR Investment Company Limited (PAIR) has offered, which the company has accepted to settle and restructure the entire principal and accrued mark up as follows:

Settlement of Rs 138.750 million inclusive of mark up of Rs 42.307 million against the properties at mezzanine floor and basement of Pace Towers measuring 6,000 square feet and PAIR to vacate its charge to the extent of Rs 120.85 million on MM Alam plaza. Restructuring of Rs 15.950 million on the following terms:

1. Amount of loan will be secured against charge at MM Alam plaza with 25% Margin.
2. Repayment in 20 equal installments starting from September 01, 2017.

Change in Board of directors:

During the period covered by our report, there is no change in the constitution of Board since the last reporting period.

Future Outlook:

Through the delivery of key development projects in 2015 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, 2016

Mrs. Aamna Taseer
Chief Executive Officer

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, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts 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 for interim financial reporting. 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 for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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 2,423.529 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, 2016

Name of engagement partner: Asad Aleem Mirza

PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2015

Note	December 31, 2015	June 30, 2015
	Un-audited	Audited
(Rupees in thousand)		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital		
600,000,000 (June 30, 2015: 600,000,000)		
ordinary shares of Rs 10 each	<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital		
278,876,604 (June 30, 2015: 278,876,604)		
ordinary shares of Rs 10 each	<u>2,788,766</u>	<u>2,788,766</u>
Reserves	<u>272,155</u>	<u>272,258</u>
Accumulated loss	<u>(846,441)</u>	<u>(1,135,748)</u>
	<u>2,214,480</u>	<u>1,925,276</u>
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	<u>38,158</u>	<u>35,595</u>
	<u>38,158</u>	<u>35,595</u>
CURRENT LIABILITIES		
Advances against sale of property	<u>293,124</u>	<u>231,933</u>
Current portion of long term liabilities	<u>3,277,090</u>	<u>3,807,176</u>
Short term finance - secured	<u>96,443</u>	<u>96,443</u>
Creditors, accrued and other liabilities	<u>326,046</u>	<u>291,120</u>
Accrued finance cost	<u>1,028,094</u>	<u>1,368,075</u>
	<u>5,020,797</u>	<u>5,794,747</u>
CONTINGENCIES AND COMMITMENTS		
	10	-
	<u>7,273,435</u>	<u>7,755,618</u>

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

LAHORE

CHIEF EXECUTIVE

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED December 31, 2015

		Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Un-audited	Un-audited	Un-audited	Un-audited
	Note	(Rupees in thousand)			
Sales	15	42,750	116,447	149,680	235,607
Cost of sales	16	(86,660)	(110,181)	(182,022)	(214,134)
Gross (loss) / profit		(43,911)	6,265	(32,342)	21,473
Administrative and selling expenses		(65,866)	(46,535)	(94,110)	(72,138)
Other income	17	608,778	5,467	614,393	12,178
Other operating expenses		(6,571)	32,700	(50,919)	(31,560)
Finance costs	18	(42,912)	(65,268)	(88,459)	(116,603)
Changes in fair value of investment property		-	-	-	-
Profit / (loss) before tax		449,518	(67,371)	348,563	(186,650)
Taxation		(59,256)	(2,356)	(59,256)	(2,356)
Profit / (loss) for the period		390,262	(69,727)	289,307	(189,006)
Other comprehensive income / (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
		-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of available for sale investments		88	(16)	(103)	(16)
Total comprehensive profit / (loss) for the period		390,350	(69,743)	289,204	(189,022)
Earnings/(loss) per share attributable to ordinary shareholders					
- basic	19.1	1.40	(0.25)	1.04	(0.68)
- diluted	19.2	1.03	(0.26)	0.88	(0.68)

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

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

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Note	December 31, 2015		June 30, 2015	
	Un-audited	Audited	Un-audited	Audited
(Rupees in thousand)				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	11	464,686	459,578	
Intangible assets		6,344	6,609	
Investment property	12	3,340,293	3,421,430	
Investments	13	851,225	851,328	
Long term advances and deposits		13,619	13,619	
Deferred taxation		-	-	
		4,676,167	4,752,564	
CURRENT ASSETS				
Stock-in-trade	14	1,907,395	2,184,422	
Trade debts - unsecured		589,094	676,181	
Advances, deposits, prepayments and other receivables		95,480	85,740	
Income tax recoverable		4,217	55,556	
Cash and bank balances		1,082	1,155	
		2,597,268	3,003,054	
		7,273,435	7,755,618	

DIRECTOR

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PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

Note	Half year ended	
	December 31, 2015	December 31, 2014
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	21	25,877
Gratuity and leave encashment paid		(972)
Taxes paid		(7,917)
Net cash generated from operating activities		16,988
Cash flows from investing activities		
Purchase of property, plant and equipment		(15,758)
Proceeds from sale of property, plant and equipment		-
Markup received		465
Net cash used in investing activities		(15,293)
Cash flows from financing activities		
Repayment of finance lease liabilities		(1,768)
Net (decrease) / increase in cash and cash equivalents		(73)
Cash and cash equivalents at beginning of the period		(95,288)
Cash and cash equivalents at the end of the period		(95,361)

The annexed notes 1 to 24 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, 2015

	(Rupees in thousand)				
	Share capital	Share premium	Reserve for changes in fair value of investments	Accumulated loss	Total
Balance as on July 1, 2014 (audited)	2,788,766	273,265	(1,056)	(830,332)	2,230,643
Total comprehensive loss for the half year ended December 31, 2014					
Loss for the period	-	-	-	(189,006)	(189,006)
Other comprehensive loss:					
Changes in fair value of available for sale investments	-	-	(16)	-	(16)
	-	-	(16)	(189,006)	(189,022)
Total contributions by and distributions to owners of the company recognized directly in equity	-	-	-	-	-
Balance as on December 31, 2014 (un-audited)	2,788,766	273,265	(1,072)	(1,019,338)	2,041,621
Total comprehensive loss for the half year ended June 30, 2015					
Loss for the period	-	-	-	(117,874)	(117,874)
Other comprehensive income:					
Changes in fair value of available for sale investments	-	-	65	-	65
Remeasurement of net defined benefit liability - net of tax	-	-	-	1,464	1,464
	-	-	65	(116,410)	(116,345)
Total contributions by and distributions to owners of the company recognized directly in equity	-	-	-	-	-
Balance as on June 30, 2015 (audited)	2,788,766	273,265	(1,007)	(1,135,748)	1,925,276
Total comprehensive income 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
Total contributions by and distributions to owners of the company recognized directly in equity	-	-	-	-	-
Balance as on December 31, 2015	2,788,766	273,265	(1,110)	(846,441)	2,214,480

The annexed notes 1 to 24 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, 2015 (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 2,423.529 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 National Bank of Pakistan, Habib Bank Limited and Al-Baraka Bank (Pakistan) Limited have settled their outstanding amounts against property situated at Pace Towers and Pace Model Town (Extension) as mentioned in note 6.1. Similarly Pair Investment Company Limited has offered, which the Company has accepted, to settle Rs 138.750 millions inclusive of markup of Rs 42.307 millions against properties at mezzanine floor and basement of Pace Tower measuring 6,000 sft and restructuring of Rs 15.950 millions on conditions 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, 2015 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, 2015.

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, 2015 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

- 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 Company's condensed interim financial information.

- 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 Company's condensed interim financial information.

- 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 Company's condensed interim financial information.

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 Company's condensed interim financial information except for certain additional fair value disclosures in note 23.

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	January 01, 2016
IAS 16 - Property, plant and equipment	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	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

4. Taxation

The provision for taxation for the half year ended December 31, 2015 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, 2015, 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, 2015 (Rupees in thousand)	Audited June 30, 2015
Opening balance	614,906	614,906
Less: Settlement during the period / year	(587,484)	-
	27,422	614,906
Less: Current portion shown under current liabilities	(27,422)	(614,906)
	-	-

6.1 The Company has settled principal and markup of National Bank of Pakistan, Habib Bank Limited and Al-Baraka Bank (Pakistan) Limited against properties at Pace Towers and Pace Model Town (Extension) as described below:

6.1.1 Syndicate term finance facility

6.1.1.1 National Bank of Pakistan

On December 04, 2015 the Bank and the Company entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of Bank's portion of Syndicate Term Finance Facility ('STFF') and Term finance as referred in note 6.1.2 alongwith their accrued markup aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Towers measuring 18,525 square feet. According to clause F of the SA the Bank will purchase the afore mentioned properties of Rs 332.113 million and waive accrued markup of Rs 66.598 million. Pursuant to the SA, on December 30, 2015 the Company and the Bank executed sale deed, wherein the area was enhanced to 20,800 square feet against relaxation of certain condition under SA and possession of the property was handed over to the Bank.

6.1.1.2 Habib Bank Limited

On December 16, 2015 the Bank and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSA') for settlement of Bank's portion of STFF along with the accrued markup aggregating to Rs 178.809 million against property situated at ground floor of Pace Towers and third floor of Pace Model Town (extension) measuring 4,238 square feet and 431 square feet respectively. In accordance with the DSA, the Bank will purchase the aforementioned properties form the Company for a consideration of Rs 106.895 million and waive accrued markup of Rs 71.914 million. Pursuant to the DSA, on December 30, 2015, the Company and the Bank executed sale deed and possession of the properties was handed over to the Bank.

6.1.2 National Bank of Pakistan - term finance

The Bank and the Company settled the entire principal and accrued markup together with its portion of STFF against property situated at Pace Towers as referred to in Note 6.1.1.1.

6.1.3 Al Baraka Bank (Pakistan) Limited - musharika based agreement

On December 28, 2015 the Bank and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSAA') for settlement of entire principal along with the accrued markup aggregating to Rs 398.562 million against property situated at first floor of Pace Towers measuring 17,950 square feet. In accordance with the DSAA, the Bank will purchase the aforementioned properties form the Company for a consideration of Rs 242.291 million and waive accrued markup of Rs 156.271 million. Pursuant to the DSAA, on December 30, 2015, the Company and the Bank executed sale deed and possession of the property was handed over to the Bank.

As a result of aforementioned settlements, the Company recognized net gain of Rs 599.225 million as referred to in note 17 in accordance with guidance contained in IAS 39 "Recognition and measurement".

7. Redeemable capital - secured (non-participatory)

	Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
Opening balance	1,498,200	1,498,200
Less: Current portion shown under current liabilities	(1,498,200)	(1,498,200)
	-	-

7.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 149.760 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2016. However, as the Company could not repay on a timely basis the instalments due upto the half year ended December 31, 2015 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under 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.

	Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
--	--	-----------------------------

8. Foreign currency convertible bonds - unsecured

Opening balance	1,670,456	1,606,458
Markup accrued for the period / year	8,247	16,007
	1,678,703	1,622,465
Exchange loss for the period / year	50,919	47,991
	1,729,622	1,670,456
Less: Current portion shown under current liabilities	(1,729,622)	(1,670,456)
	-	-

9. Short term finance - secured

This represents short term finance of Rs 96.443 million (2015: Rs 96.443 million) provided by PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) and carries markup @ 1 month KIBOR + 3.5% (2015: 1 months KIBOR + 3.5%). The entire amount of loan is overdue as at December 31, 2015.

Security

The facility is secured by creation of mortgage amounting to the sum of Rs 142.857 million on the property being piece and parcel of land located at Plot no. 96/B-1, Gulberg III, Lahore, measuring 4 Kanals and 112 square feet along with structures, superstructures and appurtenances including shops/counters having area measuring 20,433 square feet.

During the period, the PAIR Investment Company Limited (PAIR) has offered, which the company has accepted to settle and restructure the entire principal and accrued mark up as follows:

- Settlement of Rs 138.750 million inclusive of mark up of Rs 42.307 million against the properties at mezzanine floor and basement of Pace Towers measuring 6,000 square feet and PAIR to vacate its charge to the extent of Rs 120.85 million on MM Alam plaza.

- Restructuring of Rs 15.950 million on the following terms:

- Amount of loan will be secured against charge at MM Alam plaza with 25% Margin.

- Repayment in 20 equal installments starting from September 01, 2017.

Legal documentation has not been finalized with PAIR as at period end.

10. Contingencies and commitments

10.1 Contingencies

- (i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2015: 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, 2015: 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 216.177 million (June 30, 2015: Rs 271.946 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, 2015	Audited June 30, 2015
	(Rupees in thousand)	
Not later than one year	7,875	7,875
Later than one year and not later than five years	38,637	37,406
Later than five years	726,291	732,444
	<u>772,803</u>	<u>777,725</u>

Un-Audited
December
31, 2015
(Rupees in thousand)

Audited
June
30, 2015

11. Property, plant and equipment

Operating fixed assets	- note 11.1	437,287	432,432
Capital work-in-progress		27,399	27,146
		<u>464,686</u>	<u>459,578</u>

11.1 Operating fixed assets

Operating fixed assets - at net book value			
- owned assets		436,859	431,957
- assets subject to finance lease		428	475
	- note 11.1.1	<u>437,287</u>	<u>432,432</u>

11.1.1 Operating fixed assets - at net book value

Opening book value	432,432	457,319
Add: Additions during the period/ year	15,758	10,262
Less: Disposals during the period/ year	-	(12,577)
Less: Depreciation for the period/ year	(10,903)	(22,572)
	<u>(10,903)</u>	<u>(35,149)</u>
Closing book value	<u>437,287</u>	<u>432,432</u>

12. Investment property

Opening fair value	3,421,430	3,370,166
Disposal of investment property	-	(25,736)
Settlement against loan of Habib Bank Limited	(7,327)	-
Transfer to inventory	(73,810)	-
	<u>3,340,293</u>	<u>3,344,430</u>

Add: Fair value gain recognised during the period / year

Closing value after revaluation	-	77,000
	<u>3,340,293</u>	<u>3,421,430</u>

13. Investments

Equity instruments of:			
- Subsidiaries - unquoted	- note 13.1	91,670	91,670
- Associate - unquoted	- note 13.2	758,651	758,651
Available for sale - quoted	- note 13.3	904	1,007
		<u>851,225</u>	<u>851,328</u>

13.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited			
3,000 (June 30, 2015: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (June 30, 2015: 52%)		30	30
Pace Gujrat (Private) Limited			
2,450 (June 30, 2015: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (June 30, 2015: 100%)		25	25
Pace Super Mall (Private) Limited			
9,161,528 (June 30, 2015: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (June 30, 2015: 57%)		91,615	91,615
		<u>91,670</u>	<u>91,670</u>

	Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
13.2 Associate - unquoted		
Pace Barka Properties Limited 75,875,000 (June 30, 2015: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (June 30, 2015: 24.9%)	758,651	758,651
13.3 Available for sale - quoted		
Worldcall Telecom Limited 912 (June 30, 2015: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Company Limited 158,037 (June 30, 2015: 158,037) fully paid ordinary shares of Rs 10 each	2,008	2,008
	2,014	2,014
Less: Cumulative fair value loss	(1,110)	(1,007)
	904	1,007
13.3.1 Cumulative fair value loss		
Opening balance	1,007	1,056
Fair value loss/(gain) during the period/ year	103	(49)
	1,110	1,007
14. Stock-in-trade		
Work in process - Pace Towers	836,651	1,243,560
Pace Barka Properties Limited - Pace Circle	658,228	602,459
Pace Super Mall (Private) Limited	21,600	21,600
Shops and houses	389,771	315,961
	1,906,250	2,183,580
Stores inventory	1,145	842
	1,907,395	2,184,422

Quarter ended		Half year ended	
December 31,	December 31,	December 31,	December 31,
2015	2014	2015	2014
Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)			

15. Sales

Shops, houses and commercial buildings				
- at completion of project basis	-	22,113	-	59,701
- at percentage of completion basis	(9,515)	48,691	17,342	48,691
Licensee fee	10,581	7,960	23,264	16,939
Display advertisements and miscellaneous income	4,517	2,118	8,075	8,144
Service charges	37,166	35,565	100,999	102,132
	42,750	116,447	149,680	235,607

	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
	Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)				
16. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	11,142	-	37,954
- at percentage of completion basis	31,844	32,455	51,381	32,455
Stores operating expenses	54,817	66,585	130,641	143,725
	86,660	110,181	182,022	214,134
17. Other income				
Income from financial assets				
Markup on bank accounts	443	47	465	197
Commission on guarantee	309	310	619	619
Gain on settlements of loans - note 6.1	599,225	-	599,225	-
Income from non-financial assets				
Gain on disposal of fixed assets	-	813	-	813
Rental income	1,802	2,523	5,321	4,939
Provisions no longer required written back	3,500	-	3,500	-
Others	3,498	1,773	5,263	5,610
	608,778	5,467	614,393	12,178
18. Finance costs				
Markup on				
- Long term finances - secured	(7,168)	13,592	1,388	18,851
- Foreign currency convertible bonds - unsecured	7,550	2,427	8,248	2,875
- Redeemable capital - secured (non-participatory)	37,088	44,801	71,013	87,257
- Short term finance - secured	2,612	3,195	4,950	6,321
- Liabilities against assets subject to finance lease	1,848	-	1,848	-
	41,929	64,015	87,447	115,304
Bank charges and processing fee	983	1,253	1,012	1,299
	42,912	65,268	88,459	116,603
19. Earnings/ (loss) per share				
19.1 Basic earnings/ (loss) per share				
Profit/(loss) for the period (Rupees in thousand)	390,262	(69,727)	289,307	(189,006)
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)	1.40	(0.25)	1.04	(0.68)

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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Un-audited	Un-audited	Un-audited	Un-audited
Profit/(loss) for the period (Rupees in thousand)	390,262	(69,727)	289,307	(189,006)
Interest on FCCB (Rupees in thousand)	7,550	2,427	8,248	2,875
Exchange loss/(gain) (Rupees in thousand)	6,571	(34,245)	50,919	30,013
Profit/(loss) used to determine diluted loss per share (Rupees in thousand)	<u>404,382</u>	<u>(101,545)</u>	<u>348,474</u>	<u>(156,118)</u>
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)	<u>115,352</u>	<u>110,729</u>	<u>115,352</u>	<u>110,729</u>
Weighted average number of shares for diluted earnings/loss per share (in thousand)	<u>394,229</u>	<u>389,606</u>	<u>394,229</u>	<u>389,606</u>
Earnings/(loss) per share diluted (Rupees)	<u>1.03</u>	<u>(0.26)</u>	<u>0.88</u>	<u>(0.40)</u>
Restricted to basic loss per share in case of anti-dilution (Rupees)	<u>1.03</u>	<u>(0.26)</u>	<u>0.88</u>	<u>(0.68)</u>

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	1,452	-
	Purchase of inventory	55,769	-
	Receipt against Pace circle sales	15,863	20,268
ii. Others	Purchase of goods & services	1,993	1,792
	Rental income	5,315	4,832
	Advance received for the sale of inventory	32,008	-
	Funds received on behalf of related parties	-	1,351
	Payment made on behalf of the Company	-	11,948
iii. Directors and key management personnel	Salaries and other employee benefits	9,988	9,639
iv. Post employment benefit plan	Expense charged in respect of benefit plans	4,982	5,467

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

Audited
June 30,
2015

Period end balances

Receivable from related parties	23,838	19,030
Payable to related parties	32,008	657

Half year ended
December 31, 2015
Un-audited
(Rupees in thousand)

December 31, 2014
Un-audited

21. Cash generated from operations

Profit/(loss) before tax	348,563	(186,650)
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Adjustments for:

- Depreciation on property, plant and equipment	- note 11.1	10,903	11,229
- Amortisation on intangible assets		265	268
- Loss on sale of property, plant and equipment		-	(813)
- Loss on exchange of shops and counters		-	1,545
- Provision for doubtful debts		5,667	-
- Markup income		(465)	(197)
- Gain on settlements of loans	- note 17	(599,225)	-
- Finance costs		87,446	120,347
- Exchange loss on foreign currency convertible bonds	- note 8	50,919	30,013
- Provisions no longer required written back		(3,500)	-
- Provision for gratuity and leave encashment		5,223	6,183

Loss before working capital changes	(94,204)	(18,075)
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Effect on cash flow due to working capital changes

- Decrease in stock-in-trade	350,584	27,355
- Decrease/(increase) in trade debts	81,420	(23,504)
- Increase/(decrease) in advances, deposits prepayments and other receivables	(9,740)	11,333
- Net decrease in advances against sale of property	(335,421)	(2,095)
- Increase in creditors, accrued and other liabilities	33,238	20,293
	<u>120,081</u>	<u>33,382</u>
	<u>25,877</u>	<u>15,307</u>

22. Financial risk management

22.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at June 30, 2015.

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

22.2 Liquidity risk

Compared to year end, the Company settled long term borrowings of Rs 1,006.664 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.

22.3 Fair value estimation

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

The tables below analyze assets carried at fair value as at December 31, 2015 and June 30, 2015.

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, 2015:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	904	-	-	904
Recurring fair value measurement of Investment property:				
Freehold land	-	1,165,920	-	1,165,920
Buildings	-	-	2,174,373	2,174,373
	-	1,165,920	2,174,373	3,340,293

The following is categorization of assets measured at fair value at June 30, 2015:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Recurring fair value measurement of Available for sale financial assets	1,007	-	-	1,007
Recurring fair value measurement of Investment property:				
Freehold land	-	1,165,920	-	1,165,920
Buildings	-	-	2,255,510	2,255,510
	-	1,165,920	2,255,510	3,421,430

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, 2015. 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, 2015 and June 30, 2015 for recurring fair value measurements:

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
Opening fair value	2,255,510	2,301,406
Disposal of investment property	-	(25,736)
Settlement against loan of Habib Bank Limited	(7,327)	-
Transferred to inventory	(73,810)	-
	2,174,373	2,275,670
Add: Fair value gain / (loss) recognised during the period / year	-	(20,161)
Closing value after revaluation	2,174,373	2,255,510

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, 2015	June 30, 2015		
	Rs'000	Rs'000		
Buildings	2,174,373	2,255,510	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.

23. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2016 by the Board of Directors of the Company.

24. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangement have been made.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
(Un-Audited)**

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2015**

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, 2015.

Operating Results:

During the period, the Group shows the healthier performance resulting the profit before tax Rs. 355.15 million with a loss before tax Rs 177.77 million in corresponding period. The decrease in sales by 36% is due to decrease in the percentage of stage of completion of the Pace Tower project resulting from increase in estimated cost of completion of the said project. Further, there are no sales during the period of the completed shops. The main reason for substantial increase in other income is due to settlement of loans of banks against inventory of the Group at market rate. The differential of the transaction of amounting to Rs. 273.9 million is treated as gain in other income. Finance cost relating to settled loans of amounting to Rs. 325.36 million was also waived during the period.

	Rupees in 000		Rupees in 000	
	Oct-Dec		Jul-Dec	
	2015	2014	2015	2014
Sales	42,749	116,447	149,680	235,607
Gross profit/loss	(43,912)	6,428	(32,342)	21,798
Cost of sales	(86,661)	(110,019)	(182,022)	(213,809)
Other income	608,778	5,467	614,394	12,178
Finance costs	(42,912)	(65,273)	(88,459)	(116,612)
Net profit/loss before Tax	455,610	(67,219)	355,155	(177,776)
Earnings/loss per share (Rs.)	1.04	(0.25)	0.91	(0.65)

The contribution of construction in industrial sector is 12.0 percent and in GDP it contributes 2.4 percent and provides employment opportunities to 7.33 percent of labor force. This sub-sector is considered one of the potential components of industries. The construction sector has recorded a growth of 7.0 percent against the growth of 7.2 percent last year.

Pakistan's construction industry has been expanding significantly on back of rising infrastructure activities, increasing demand from housing sector, and construction recovery. The outlook is positive for 2015-16 ahead of an expected cut in interest rate, and falling oil, coal and electricity prices. Even, an expected cut of 22 percent in the public sector development spending in near future is unlikely to slowdown the progress of the construction industry.

General:

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

For and on behalf of the Board of Directors

Lahore
February 27, 2016

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2015

		December 31, 2015	June 30, 2015
	Note	Un-audited	Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 30, 2015: 600,000,000)			
ordinary shares of Rs 10 each		<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		255,306	269,364
Unappropriated loss		<u>(336,973)</u>	<u>(630,903)</u>
		<u>2,707,099</u>	<u>2,427,227</u>
NON-CONTROLLING INTEREST			
		<u>87,483</u>	<u>87,485</u>
		<u>2,794,582</u>	<u>2,514,712</u>
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 taxation		45,795	35,595
Deferred liabilities		38,158	44,941
		<u>83,953</u>	<u>80,536</u>
CURRENT LIABILITIES			
Advances against sale of property		294,124	232,933
Current portion of long term liabilities		3,277,090	3,807,176
Short term finance - secured	9	96,443	96,443
Creditors, accrued and other liabilities		362,060	327,135
Accrued finance cost		1,028,094	1,368,075
Taxation		5,534	5,534
		<u>5,063,345</u>	<u>5,837,296</u>
CONTINGENCIES AND COMMITMENTS			
	10	-	-
		<u>7,941,880</u>	<u>8,432,544</u>

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

LAHORE

CHIEF EXECUTIVE

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

		Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Un-audited	Un-audited	Un-audited	Un-audited
	Note	(Rupees in thousand)			
Sales	15	42,749	116,447	149,680	235,607
Cost of sales	16	(86,661)	(110,019)	(182,022)	(213,809)
Gross profit / (loss)		(43,912)	6,428	(32,342)	21,798
Administrative and selling expenses		(65,866)	(46,541)	(94,116)	(72,150)
Other income	17	608,778	5,467	614,394	12,178
Other operating expenses		(6,571)	32,700	(50,919)	(31,560)
		492,429	(1,946)	437,017	(69,734)
Finance costs	18	(42,912)	(65,273)	(88,459)	(116,612)
Share of profit / (loss) for associate - net of tax		4,972	-	5,476	8,570
Profit/(loss) before tax		454,489	(67,219)	354,034	(177,776)
Taxation		(60,092)	(3,441)	(60,104)	(4,525)
Profit/(loss) for the period		394,397	(70,660)	293,930	(182,301)
Other comprehensive (loss) / income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of net defined benefit liability - net of tax		-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of available for sale investments		87	(16)	(103)	(16)
Loss during the period transferred to profit and loss on account of derecognition of investment		-	-	-	-
		87	(16)	(103)	(16)
Total comprehensive profit/loss for the period		394,484	(70,676)	293,827	(182,317)
Attributable to:					
Equity holders of the parent		394,486	(70,674)	293,829	(182,309)
Non-controlling interest		(2)	(2)	(2)	(8)
		394,484	(70,676)	293,827	(182,317)
Earnings/loss per share attributable to ordinary shareholders					
- basic	19.1	1.04	(0.26)	0.91	(0.65)
- diluted	19.2	1.05	(0.26)	0.91	(0.38)

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

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

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		December 31, 2015	June 30, 2015
		Un-audited	Audited
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	464,686	459,578
Intangible assets		6,344	6,609
Investment property	12	3,340,293	3,421,430
Long term Investments	13	1,183,555	1,192,136
Long term advances and deposits		13,619	13,619
		5,008,497	5,093,372
CURRENT ASSETS			
Stock-in-trade	14	2,241,403	2,518,434
Trade debts - unsecured		589,396	676,483
Advances, deposits, prepayments and other receivables		97,131	87,391
Income tax recoverable		4,271	55,609
Cash and bank balances		1,182	1,255
		2,933,383	3,339,172
		7,941,880	8,432,544

DIRECTOR

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LAHORE

CHIEF EXECUTIVE

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**PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED
FOR THE HALF YEAR END**

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The annexed notes 1 to 25 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, 2015
(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 2,129.962 million and the reserves of the Group 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 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 National Bank of Pakistan, Habib Bank Limited and Al-Baraka Bank (Pakistan) Limited have settled their outstanding amounts against property situated at Pace Towers and Pace Model Town (Extension) as mentioned in note 6.1. Similarly Pair Investment Company Limited has offered, which the Group has accepted, to settle Rs 138.750 millions inclusive of markup of Rs 42.307 millions against properties at mezzanine floor and basement of Pace Tower measuring 6,000 sft and restructuring of Rs 15.950 millions on conditions mentioned in note 9.

The group has also approached other lenders referred to in note 5 and 8 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, 2014 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, 2015.

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, 2015.

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 Amendments to published standards effective in current period

- Annual improvements 2012 applicable for annual periods beginning on or after July 01, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'. The application of these amendments have no material impact on the group's condensed interim financial information.

- Annual improvements 2013 applicable for annual periods beginning on or after July 01, 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The application of these amendments have no material impact on the group's condensed interim financial information.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 01, 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The application of these amendments have no material impact on the group's condensed interim financial information.

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of this standard has no material impact on the group's condensed interim financial information.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this standard has no material impact on the group's condensed interim financial information.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 01, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of this standard has no material impact on the group's condensed interim financial information.

- IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The

interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The group is not currently subjected to significant levies so the impact on the group's condensed interim financial information is not material.

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 16 - Property, plant and equipment	January 01, 2016
IAS 27 - Separate financial statements	January 01, 2016
IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2015
IAS 38 - Intangible assets	January 01, 2016
IFRS 9 - Financial instruments - classification and measurement	January 01, 2015
IFRS 9 - Financial instruments	January 01, 2018
IFRS 10 - Consolidated financial statements	January 01, 2015
IFRS 11 - Joint arrangements on acquisition of an interest in a joint operation	January 01, 2015
IFRS 12 - Disclosure of interests in other entities	January 01, 2015
IFRS 13 - Fair value measurement	January 01, 2015
IFRS 14 - Regulatory deferral accounts	January 01, 2016
IFRS 15 - Revenue from contracts with customers	January 01, 2017

4. Taxation

The provision for taxation for the half year ended December 31, 2015 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, 2015, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

	Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
6. Long term finances - secured		
Opening balance	614,906	614,906
Less: Settlement during the period / year	- note 6.1 (587,484)	-
	27,422	614,906
Less: Current portion shown under current liabilities	(27,422)	(614,906)
	-	-

6.1 The Group has settled principal and markup of National Bank of Pakistan, Habib Bank Limited and Al-Baraka Bank (Pakistan) Limited against properties at Pace Towers and Pace Model Town (Extension) as described below:

6.1.1 Syndicate term finance facility

6.1.1.1 National Bank of Pakistan

On December 04, 2015 the Bank and the Group entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of Bank's portion of Syndicate Term Finance Facility ('STFF') and Term finance as referred in note 6.1.2 alongwith their accrued markup aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor

and basement of Pace Towers measuring 18,525 square feet. According to clause F of the SA the Bank will purchase the afore mentioned properties of Rs 332.113 million and waive accrued markup of Rs 66.598 million. Pursuant to the SA, on December 30, 2015 the Company and the Bank executed sale deed, wherein the area was enhanced to 20,800 square feet against relaxation of certain condition under SA and possession of the property was handed over to the Bank.

6.1.1.2 Habib Bank Limited

On December 16, 2015 the Bank and the Group entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSA') for settlement of Bank's portion of STFF along with the accrued markup aggregating to Rs 178.809 million against property situated at ground floor of Pace Towers and third floor of Pace Model Town (extension) measuring 4,238 square feet and 431 square feet respectively. In accordance with the DSA, the Bank will purchase the aforementioned properties form the Company for a consideration of Rs 106.895 million and waive accrued markup of Rs 71.914 million. Pursuant to the DSA, on December 30, 2015, the Company and the Bank executed sale deed and possession of the properties was handed over to the Bank.

6.1.2 National Bank of Pakistan - term finance

The Bank and the Company settled the entire principal and accrued markup together with its portion of STFF against property situated at Pace Towers as referred to in Note 6.1.1.1.

6.1.3 Al Baraka Bank (Pakistan) Limited - musharika based agreement

On December 28, 2015 the Bank and the Group entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSAA') for settlement of entire principal along with the accrued markup aggregating to Rs 398.562 million against property situated at first floor of Pace Towers measuring 17,950 square feet. In accordance with the DSAA, the Bank will purchase the aforementioned properties form the Company for a consideration of Rs 242.291 million and waive accrued markup of Rs 156.271 million. Pursuant to the DSAA, on December 30, 2015, the Company and the Bank executed sale deed and possession of the property was handed over to the Bank.

As a result of aforementioned settlements, the Group recognized net gain of Rs 599.225 million as referred to in note 17 in accordance with guidance contained in IAS 39 "Recognition and measurement".

Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
--	-----------------------------

7. Redeemable capital - secured (non-participatory)

Opening balance		1,498,200	1,498,200
Less: Current portion shown under current liabilities	- note 7.1	(1,498,200)	(1,498,200)
		<u>-</u>	<u>-</u>

7.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 149.760 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2016. However, as the Company could not repay on a timely basis the instalments due upto the half year ended December 31, 2015 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under 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.

Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
--	-----------------------------

8. Foreign currency convertible bonds - unsecured

Opening balance		1,670,456	1,606,458
Markup accrued for the period / year		8,247	16,007
		<u>1,678,703</u>	<u>1,622,465</u>

Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
--	-----------------------------

Exchange loss for the period / year	50,919	47,991
	<u>1,729,622</u>	<u>1,670,456</u>
Less: Current portion shown under current liabilities	(1,729,622)	(1,670,456)
	<u>-</u>	<u>-</u>

9. Short term finance - secured

This represents short term finance of Rs 96.443 million (2015: Rs 96.443 million) provided by PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) and carries markup @ 1 month KIBOR + 3.5% (2015: 1 months KIBOR + 3.5%). The entire amount of loan is overdue as at December 31, 2015.

Security

The facility is secured by creation of mortgage amounting to the sum of Rs 142.857 million on the property being piece and parcel of land located at Plot no. 96/B-1, Gulberg III, Lahore, measuring 4 Kanals and 112 square feet along with structures, superstructures and appurtenances including shops/counters having area measuring 20,433 square feet.

During the period, the PAIR Investment Company Limited (PAIR) has offered, which the company has accepted to settle and restructure the entire principal and accrued mark up as follows:

- Settlement of Rs 138.750 million inclusive of mark up of Rs 42.307 million against the properties at mezzanine floor and basement of Pace Towers measuring 6,000 square feet and PAIR to vacate its charge to the extent of Rs 120.85 million on MM Alam plaza.

- Restructuring of Rs 15.950 million on the following terms:

- - Amount of loan will be secured against charge at MM Alam plaza with 25% Margin.

- - Repayment in 20 equal installments starting from September 01, 2017.

Legal documentation has not been finalized with PAIR as at period end.

10. Contingencies and commitments

10.1 Contingencies

- (i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2015: 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, 2015: 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 216.177 million (June 30, 2015: Rs 271.946 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, 2015 (Rupees in thousand)	Audited June 30, 2015
Not later than one year		7,875	7,875
Later than one year and not later than five years		38,637	37,406
Later than five years		726,291	732,444
		<u>772,803</u>	<u>777,725</u>
11. Property, plant and equipment			
Operating fixed assets	- note 11.1	437,287	432,432
Capital work-in-progress		27,399	27,146
		<u>464,686</u>	<u>459,578</u>
11.1 Operating fixed assets			
Operating fixed assets - at net book value			
- owned assets		436,859	431,957
- assets subject to finance lease		428	475
	- note 11.1.1	<u>437,287</u>	<u>432,432</u>
11.1.1 Operating fixed assets - at net book value			
Opening book value		432,432	457,319
Add: Additions during the period/ year		15,758	10,262
Less: Disposals during the period/ year		-	(12,577)
Less: Depreciation for the period/ year		(10,903)	(22,572)
		<u>(10,903)</u>	<u>(35,149)</u>
Closing book value		<u>437,287</u>	<u>432,432</u>
12. Investment property			
Opening fair value		3,421,430	3,370,166
Disposal of investment property		-	(25,736)
Settlement against loan of Habib Bank Limited		(7,327)	-
Transfer to inventory		(73,810)	-
		<u>3,340,293</u>	<u>3,344,430</u>
Add: Fair value gain recognised during the period / year		-	77,000
Closing value after revaluation		<u>3,340,293</u>	<u>3,421,430</u>
13. Long term investments			
Associate - unquoted			
Pace Barka Properties Limited			
75,875,000 (2015: 75,875,000) fully paid ordinary shares of Rs 10 each			
Equity held 24.9% (2015: 24.9%)	- note 13.1	1,182,651	1,191,129
Available for sale - quoted	- note 13.2	904	1007
		<u>1,183,555</u>	<u>1,192,136</u>

	Un-Audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
13.1. Associate- unquoted		
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	432,478	409,829
	<u>1,191,129</u>	<u>1,168,480</u>
Share of movement in reserves during the year	(13,955)	17,085
Share of profit for the year		
- before taxation	6,597	7,394
- provision for taxation	(1,120)	(1,830)
	<u>5,477</u>	<u>5564</u>
Balance as on December 31	<u>1,182,651</u>	<u>1,191,129</u>
13.2 Available for sale - quoted		
Worldcall Telecom Limited		
912 (June 30, 2015: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Company Limited		
158,037 (June 30, 2015: 158,037) fully paid ordinary shares of Rs 10 each	2,008	2,008
	<u>2,014</u>	<u>2,014</u>
Less: Cumulative fair value loss	(1,110)	(1,007)
	<u>904</u>	<u>1,007</u>
13.3.1 Cumulative fair value loss		
Opening balance	1,007	1,056
Fair value loss/(gain) during the period/ year	103	(49)
	<u>1,110</u>	<u>1,007</u>
14. Stock-in-Trade		
Work in process - Pace Towers	836,651	1,243,560
Pace Barka Properties Limited - Pace Circle	658,223	602,459
Pace Super Mall (Private) Limited	354,601	354,600
Shops and houses	390,783	316,973
	<u>2,240,258</u>	<u>2,517,592</u>
Stores inventory	1,145	842
	<u>2,241,403</u>	<u>2,518,434</u>

15. Sales

Shops, houses and commercial buildings
- at completion of project basis
- at percentage of completion basis
Licensee fee
Display advertisements and miscellaneous income
Service charges

Quarter Ended		Half Year Ended	
Un-audited	Un-audited	Un-audited	Un-audited
2015	2014	2015	2014
Un-audited	Un-audited	Un-audited	Un-audited
(Rupees In Thousand)			
-	22,113	-	59,701
(9,515)	48,691	17,342	48,691
10,581	7,960	23,264	16,939
4,517	2,118	8,075	8,144
37,166	35,565	100,999	102,132
42,750	116,447	149,680	235,607

16 Cost of sales

Shops, houses and commercial buildings
- at completion of project basis
- at percentage of completion basis
Stores operating expenses

-	11,142	-	37,954
31,844	32,455	51,381	32,455
54,817	66,423	130,641	143,400
86,660	110,019	182,022	213,809

17. Other income

Income from financial assets

Markup on bank accounts
Commission on guarantee
Gain on settlements of loans - note 6.1

443	47	465	197
309	310	619	619
599,225	-	599,225	-

Income from non-financial assets

Gain on disposal of fixed assets
Rental income
Provisions no longer required written back
Others

-	813	-	813
1,802	2,523	5,321	4,939
3,500	-	3,500	-
3,498	1,773	5,263	5,610
608,777	5,467	614,393	12,178

18. Finance costs

Markup on
- Long term finances - secured
- Foreign currency convertible bonds - unsecured
- Redeemable capital - secured (non-participatory)
- Short term finance - secured
- Liabilities against assets subject to finance lease

Quarterly Ended		Half year Ended	
Un-audited	Un-audited	Un-audited	Un-audited
2015	2014	2015	2014
Un-audited	Un-audited	Un-audited	Un-audited
(7,168)	13,592	1,388	18,851
7,550	2,427	8,248	2,875
37,088	44,801	71,013	87,257
2,612	3,195	4,950	6,321
1,848	-	1,848	-
41,929	64,015	87,447	115,304
983	1,253	1,012	1,299
42,912	65,268	88,459	116,603

Bank charges and processing fee

19 Earnings/ (loss) per share

19.1 Basic earnings/ (loss) per share

Profit/(loss) for the period (Rupees in thousand)	391,650	(69,727)	289,307	(189,006)
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)	1.40	(0.25)	1.04	(0.68)

19.2 Diluted loss per share

The dilution effect on basic 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Un-audited	Un-audited	Un-audited	Un-audited
Loss for the period (Rupees in thousand)	394,397	(70,660)	293,930	(182,301)
Interest on FCCB (Rupees in thousand)	7,550	2,427	8,248	2,875
Exchange (gain)/ loss (Rupees in thousand)	6,571	(34,245)	50,919	30,013
Loss used to determine diluted loss per share (Rupees)	408,517	(102,478)	353,097	(149,413)
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)	115,792	110,729	115,792	110,729
Weighted average number of shares for diluted loss per share (in thousand)	394,669	389,606	389,606	389,606
Loss per share diluted (Rupees)	1.04	(0.26)	0.91	(0.38)
Restricted to basic loss per share in case of anti-dilution (Rupees)	1.05	(0.26)	0.91	(0.68)

		Half year ended	
		December 31, 2015	December 31, 2014
		Un-audited	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	1,452	-
	Purchase of inventory	55,769	-
	Receipt against Pace circle sales	15,863	20,268
ii. Others	Purchase of goods & services	1,993	1,792
	Rental income	5,315	4,832
	Advance received for the sale of inventory	32,008	-
	Funds received on behalf of related parties	-	1,351
	Payment made on behalf of the Company	-	11,948
iii. Directors and key management personnel	Salaries and other employee benefits	9,988	9,639
iv. Post employment benefit plan	Expense charged in respect of benefit plans	4,982	5,467
		Un-audited	Audited
		December 31, 2015	June 30, 2015
		(Rupees in thousand)	
Period end balances			
Receivable from related parties		23,838	19,030
Payable to related parties		32,008	657

		Half year ended	
		December 31, 2015	December 31, 2014
		Un-audited	Un-audited
		(Rupees in thousand)	
21. Cash generated from operations			
Profit/(loss) before tax		348,563	(177,776)
Adjustments for:			
- Depreciation on property, plant and equipment	- note 11.1	10,903	11,229
- Amortisation on intangible assets		265	268
- Loss on sale of property, plant and equipment		-	(813)
- Loss on exchange of shops and counters		-	1,545
- Provision for doubtful debts		5,667	-

		Half year ended	
		December 31, 2015	December 31, 2014
		Un-audited	Un-audited
		(Rupees in thousand)	
- Share of profit of associate		(5,476)	(8,570)
- Markup income		(465)	(197)
- Gain on settlements of loans	- note 17	(599,225)	-
- Finance costs		87,446	120,347
- Exchange loss on foreign currency convertible bonds	- note 8	50,919	30,013
- Provisions no longer required written back		(3,500)	-
- Provision for gratuity and leave encashment		5,223	6,183
Loss before working capital changes		(94,204)	(17,771)
Effect on cash flow due to working capital changes			
- Decrease in stock-in-trade		350,584	26,549
- Decrease/(increase) in trade debts		81,420	(23,504)
- Increase/(decrease) in advances, deposits prepayments and other receivables		(9,740)	11,333
- Net decrease in advances against sale of property		(335,421)	(2,095)
- Increase in creditors, accrued and other liabilities		33,238	20,293
		120,081	32,576
		25,872	14,805

22.1 Segment information

	(Rupees in thousand)											
	Real estate sales				Investment properties				Others			
	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Six month ended December 31, 2015	Six month ended December 31, 2014	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Six month ended December 31, 2015	Six month ended December 31, 2014	Quarter ended December 31, 2015	Quarter ended December 31, 2014	Six month ended December 31, 2015	Six month ended December 31, 2014
Segment revenue	(9,515)	70,804	17,342	108,392	10,581	7,960	23,264	15,939	41,683	37,682	109,074	116,447
Segment expenses	(31,644)	(43,597)	(51,381)	(70,409)	(9,537)	(11,585)	(17,355)	(19,094)	(45,279)	(54,838)	(113,285)	(110,019)
- Cost of sales												
Gross (loss) / profit	(41,359)	27,207	(34,039)	37,983	1,044	(3,624)	5,909	(2,155)	(3,596)	(17,155)	(4,211)	6,428
- Change in fair value of investment property												
Segment results	(41,359)	27,207	(34,039)	37,983	1,044	(3,624)	5,909	(2,155)	(3,596)	(17,155)	(4,211)	6,428
Administrative and selling expenses												
Other operating income												
Finance costs												
Other operating expenses												
Share of Profit of associates												
Profit/Loss before tax												
Taxation												
- Group												
- Associated companies												
Profit/Loss for the period												

23. Financial risk management

23.1 Financial risk factors

The Group's activities may expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at June 30, 2015.

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

23.2 Liquidity risk

Compared to year end, the Group settled long term borrowings of Rs 1,006.664 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, 2015 and June 30, 2015.

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, 2015:

	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
Assets:				
Recurring fair value measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				
Freehold land	-	1,165,920		1,165,920
Buildings	-	-	2,174,373	2,174,373
	-	1,165,920	2,174,373	3,340,293

The following is categorization of assets measured at fair value at June 30, 2015:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Recurring fair value measurement of Available for financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				
Freehold land	-	1,165,920		1,165,920
Buildings	-	-	2,255,510	2,255,510
	-	1,165,920	2,255,510	3,421,430

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, 2015. 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, 2015 and June 30, 2015 for recurring fair value measurements:

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
Opening fair value	2,255,510	2,301,406
Disposal of investment property	-	(25,736)
Settlement against loan of Habib Bank Limited	437,287	-
Transferred to inventory	27,399	-
	2,720,196	2,275,670
Add: Fair value gain / (loss) recognised during the period / year	-	(20,161)
Closing value after revaluation	2,720,196	2,255,510

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

Valuation inputs and relationship to fair value

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

Description	Fair Value at		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	Dec 31, 2015 Rs'000	June 30, 2015 Rs'000		
Buildings	2,174,373	2,255,510	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 authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2016 by the Board of Directors of the Group.

25. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangement have been made.

LAHORE

CHIEF EXECUTIVE

DIRECTOR