

**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
(Un-Audited)  
QUARTERLY ACCOUNTS  
31st MARCH, 2017**

## 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.

## OUR PRINCIPLES

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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Consolidated Accounts



# PACE PAKISTAN

## COMPANY INFORMATION

### Board of Directors

Shehryar Ali Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehribano Taseer	Non-Executive
Rema Husain Qureshi	Non-Executive
Kanwar Latafat Ali Khan	Non-Executive
Mohammad Imran Chaudhry	Independent

### **Chief Financial Officer**

Usman Ali Tariq

### **Audit Committee**

Shehribano Taseer (Chairman)  
Shahryar Ali Taseer  
Mohammad Imran Chaudhry

### **Human Resource and Remuneration (HR&R) Committee**

Shehryar Ali Taseer (Chairman)  
Aamna Taseer  
Shahbaz Ali Taseer

### **Company Secretary**

Sajjad Ahmad

### **Auditors**

A.F. Ferguson & Co.  
Chartered Accountants

### **Legal Advisers**

M/s. Imtiaz Siddiqui & Associates

### **Bankers**

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

### **Registrar and Shares Transfer Office**

THK Associates (Pvt.) Limited  
1<sup>st</sup> Floor, 40-C, Block-6  
P.E.C.H.S. Karqchi-75400  
☎ (021) 111-000-322

### **Registered Office/Head Office**

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



## PACE (PAKISTAN) LIMITED

### For the Nine months ended March 31, 2017

The directors of your company are presenting their report to the shareholders together with the reviewed financial information for the nine months ended March 31, 2017.

#### General Economic Overview:

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

#### Real Estate and construction sector overview:

The real estate sector in Pakistan is growing and is an important sector of the economy. Pakistan spends about \$5.2 billion on construction annually, and construction output accounts for 2pc of GDP. In FY16, loans to the construction industry more than doubled from Rs. 14 billion to Rs. 31.5 billion with a fresh lending of Rs. 17.5 billion. Add to it the Rs. 16 billion lent to the real estate sector (trading, renting and business) and the total amount (given to the two sectors) soars to Rs. 33.5 billion. The channelization of increasing funds towards real estate and construction sector hints an encouraging future for this sector. Moreover, the accelerating rate of urbanization in the country is contributing well towards growing demand of housing, thereby providing a strong support to the future prospects of real estate and construction sectors in Pakistan.

#### Company Performance and Financial Overview:

Comparison for the results of the nine months ended March 31, 2017 as against March 31, 2016 is as follows:

	Rupees in '000'		Rupees in '000'	
	Quarter ended		Nine months Ended	
	Jan-Mar 2017	2016	Jul-Mar 2017	2016
Sales	125,577	82,278	343,014	231,958
Cost of sales	(94,325)	(67,458)	(324,693)	(249,480)
Gross profit/(loss)	31,252	14,820	18,521	(17,522)
Other income	77,351	5,643	390,676	620,036
Finance cost	(27,894)	(39,759)	(98,426)	(128,218)
Net profit/loss before tax	49,430	(50,632)	185,273	297,931
Net profit/loss after tax	41,027	(50,632)	153,777	238,676
Earnings/loss per share- basic	0.15	(0.18)	0.55	0.86

During the period, the sales revenue increased significantly by 48% to Rs.343.014 million, as against Rs.231.958 million during the same period last year. The primary reason for such increase is the sale of whole second floor of Pace Tower during the period, contributing around Rs.93.2 million towards sale revenue. Cost of Sale increased by 30% as compared with last year. The increase in cost of sale was due to corresponding increase in sale.

#### Settlement of financial obligations during the period:

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

Moreover, during the period, the Company also entered into a Debt/ Asset Swap Agreement ('DSAA') with PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) ('PICL') for the settlement of Rs96.443 million provided by PICL and mark up of Rs.9.006 million against property of the Company situated at

## **PACE (PAKISTAN) LIMITED**

Mezzanine floor of Pace Towers measuring 5,700 square feet. Additionally, PICL vacated its charge previously created in Pace's MM Alam Plaza to the extent of Rs.120.85 million.

### **Company's ability to continue as a Going Concern:**

The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. The Company has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions may affect the Company's ability to continue as a going concern. In order to improve its profitability and cash-flow position, Board of Directors of the Company has approved in-principle, various new Joint Ventures. The BOD has also authorized CEO to identify, negotiate and finalize more Joint Venture projects across Pakistan especially in major cities. These joint ventures would help the Company to strengthen its brand, and to reap the lucrative profits being offered by continuously growing construction and real estate sector of Pakistan.

### **Change in Board of Directors:**

Syed Abid Raza has been resigned from the Board of Directors on 25 March 2017.

### **Future Outlook:**

Through the delivery of key development projects during FY 2017 in form of Pace Towers and significant investment and share in pace Circle, we look forward to on boarding 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 Board of directors

Aamna Taseer  
Chief Executive Officer

28th April, 2017



## پیس پاکستان لمیٹڈ

31 مارچ 2017 کو ختم ہونے والے نو ماہ کے لیے

کمپنی ہذا کے ڈائریکٹر مخلص کنندگان کے سامنے گروپ کی جائزہ شدہ مالیاتی معلومات 31 مارچ 2017 تک کے نو ماہ کے لیے پیش کر رہے ہیں۔

### عمومی معاشی جائزہ

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

### ریٹیل اسٹیٹ اور تعمیراتی شعبے کا جائزہ

پاکستان میں ریٹیل اسٹیٹ شعبہ فروغ پارہا ہے اور معیشت کا ایک اہم شعبہ ہے۔ پاکستان سالانہ 5.2 بلین ڈالر تعمیرات پر خرچ کرتا ہے اور تعمیراتی پیداوار جی ڈی پی کا 2% ہے۔ مالیاتی سال 2016 میں تعمیراتی صنعت کو جاری کیے جانے والے قرضے 14 بلین روپے کے دگنے سے بھی زیادہ یعنی 31.5 بلین روپے ہو گئے جس میں 17.5 بلین کے تازہ قرضے شامل ہیں۔ اس میں ریٹیل اسٹیٹ شعبے (تجارت، کرایہ داری اور کاروبار) کو دیے جانے والے 16 بلین کے قرضے بھی شامل کریں تو مجموعی رقم (دونوں شعبوں کی) 33.5 بلین روپے ہو جاتی ہے۔ ریٹیل اسٹیٹ اور تعمیراتی شعبے میں زیادہ سے زیادہ فنڈز لگانا اس شعبے کے حوصلہ افزا مستقبل کا اشارہ ہے۔ مزید برآں، ملک میں شہری آباد کاری کی شرح میں تیزی آئی ہے جس سے گھروں کی طلب میں مسلسل اضافہ ہوا ہے، اس لیے پاکستان میں ریٹیل اسٹیٹ اور تعمیراتی شعبوں کے آئندہ امکانات کو مضبوط سہارا ملا ہے۔

## کمپنی کی کارکردگی اور مالیاتی جائزہ

31 مارچ 2016 کے مقابلے میں 31 مارچ 2017 تک کے نو ماہ کے نتائج کا موازنہ درج ذیل ہے۔

2016	روپے ہزاروں میں	2016	روپے ہزاروں میں	2017	
	جولائی تا مارچ 2017 نو ماہ		سہ ماہی جنوری تا مارچ		
					فروخت
231,958	343,014	82,279	125,577		فروختوں کی قیمت
(249,480)	(324,693)	(67,458)	(94,325)		کل نفع / (نقصان)
(17,522)	18,521	14,820	31,252		دیگر آمدن
620,036	390,676	5643	77,351		فنانس لاگت
(128,218)	(98,426)	(39,759)	(27,894)		خالص نفع / نقصان قبل از ٹیکس
297,931	185,273	(50,632)	49,430		آمدن / نقصان فی حصص
0.86	0.55	(0.18)	0.15		(بنیادی)

اس دورانیہ میں فروختوں کی آمدن نمایاں طور پر 48% شرح کے ساتھ بڑھ کر 343.014 ملین روپے ہو گئی جبکہ اس کے مقابلے میں گذشتہ سال کے متعلقہ دورانیہ میں یہ 231.958 ملین روپے تھی۔ اس اضافے کی بنیادی وجہ پیش ٹاور کے مکمل سیکنڈ فلور کی فروخت ہے جس سے فروخت کی آمدن میں 93.2 ملین روپے کا اضافہ ہوا۔ فروخت کی لاگت گذشتہ سال کے مقابلے میں 30% بڑھ گئی۔ فروخت کی لاگت میں اضافے کی وجہ فروخت میں اضافہ ہے۔

دورانیہ میں مالیاتی ذمہ داریوں کا تصفیہ

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

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

چلتے کاروبار کی حیثیت سے کمپنی کی اہلیت

کمپنی ہذا قرض خواہوں کی بہت سی ذمہ داریاں پوری کرنے میں نااہل رہی جس میں مختلف قرضوں کی اصل رقم اور ان پر مارک بھی شامل ہیں۔ کمپنی اپنے گاہکوں سے واجب الوصول رقم وصول کرنے میں بھی ناکام رہی اور اس وقت اپنا سٹاک فروخت کرنے میں مشکلات کا سامنا کر رہی ہے کیونکہ اس کے ذمے قرضے ہیں۔ یہ حالات کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر نمایاں شکوک پیدا کرتے ہیں۔ نفع سازی اور نقد زر کے بہاؤ کی حالت بہتر بنانے کے لیے بورڈ آف ڈائریکٹرز نے اصولی طور پر نئے مشترکہ منصوبوں کی منظوری دی ہے۔ بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر مجاز بنایا ہے کہ وہ پورے پاکستان بالخصوص بڑے شہروں میں مزید مشترکہ منصوبوں کے پراجیکٹس کی نشاندہی کرے اور اس سلسلے میں گفت و شنید کرے۔ یہ مشترکہ منصوبے کمپنی کا برآمد مستحکم کرنے میں مدد دیں گے اور پاکستان میں مسلسل ترقی کرتے ہوئے تعمیرات اور ریل اسٹیٹ شعبے سے بہت بڑا منافع کمانے کے قابل بنائیں گے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

سید عابد رضا نے 25 مارچ 2017 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا ہے۔

مستقبل کا منظر نامہ

مالیاتی سال 2017 کے دوران بیس ٹاورز کی شکل میں اہم ڈویلپمنٹ پراجیکٹس کی تکمیل اور نمایاں سرمایہ کاری اور بیس سرکل میں حصہ داری کی وجہ سے ہم امید کرتے ہیں کہ آئندہ نقدی کا نمایاں بہاؤ ہوگا اور آمدن پیدا کرنے والے اثاثے نقدی دینے والے فعال اثاثوں میں تبدیل ہو جائیں گے۔

آنے والے برسوں میں ہم اپنے سرمایے کا ڈھانچہ بہتر بنانے پر توجہ مرکوز کرنا جاری رکھیں گے اور اہم مواقع پیدا ہونے پر دانش مندانہ اور درست سرمایہ کارانہ فیصلے کرنے بھی توجہ دیں گے۔

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

ہم اپنے کارکنان کی سخت محنت اور گروپ سے مضبوط وفاداری پر ان کا شکریہ ادا کرتے ہیں۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

آمنہ تاثیر

چیف ایگزیکٹو آفیسر

28 اپریل 2017

**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**

**AS AT MARCH 31, 2017**

		<b>March 31, 2017</b>	<b>June 30, 2016</b>
Note		<u>Un-audited</u>	<u>Audited</u>
		<b>(Rupees in thousand)</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
600,000,000 (June 30, 2016: 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, 2016: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		272,435	272,035
Accumulated loss		<u>(684,667)</u>	<u>(838,443)</u>
		2,376,534	2,222,358
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	6	-	-
Redeemable capital - secured (non-participant)	7	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecu	8	-	-
Deferred liabilities		43,127	38,278
		43,127	38,278
<b>CURRENT LIABILITIES</b>			
Advances against sale of property		158,580	107,532
Current portion of long term liabilities		2,918,548	3,282,580
Short term finance - secured	9	-	96,443
Income Tax Payable		16,473	-
Creditors, accrued and other liabilities		442,112	455,901
Accrued finance cost		<u>926,764</u>	<u>1,099,911</u>
		4,462,477	5,042,367
<b>CONTINGENCIES AND COMMITMEN</b>	10	-	-
		<u>6,882,138</u>	<u>7,303,003</u>

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

**Chief Executive**

**PACE (PAKISTAN) LIMITED**

		<b>March 31, 2017</b>	<b>June 30, 2016</b>
<b>Note</b>		<b>Un-audited</b>	<b>Audited</b>
		<b>(Rupees in thousand)</b>	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	442,802	453,363
Intangible assets		5,686	6,079
Investment property	12	3,344,203	3,369,702
Investments	13	851,505	851,105
Long term advances and deposits		13,619	13,619
Deferred taxation		-	-
		4,657,815	4,693,868
<b>CURRENT ASSETS</b>			
Stock-in-trade	14	1,361,277	1,802,137
Trade debts - unsecured		690,804	647,490
Advances, deposits, prepayments and other receivables		163,502	150,918
Income tax recoverable		-	7,961
Cash and bank balances		8,740	629
		2,224,323	2,609,135
		6,882,138	7,303,003

**Director**

**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

	Quarter ended		Nine months ended	
	March 31, 2017 Un-audited	March 31, 2016 Un-audited	March 31, 2017 Un-audited	March 31, 2016 Un-audited
	(Rupees in thousand)			
Sales	125,577	82,278	343,014	231,958
Cost of sales	(94,325)	(67,458)	(324,693)	(249,480)
<b>Gross (loss)/Profit</b>	31,252	14,820	18,321	(17,522)
Administrative and selling expenses	(30,450)	(31,336)	(122,810)	(125,446)
Other income	77,351	5,643	390,676	620,036
Other operating expenses	(829)	-	(2,487)	(50,919)
Finance costs	(27,894)	(39,759)	(98,426)	(128,218)
Changes in fair value of investment property	-	-	-	-
<b>(Loss) / Profit before tax</b>	49,430	(50,632)	185,273	297,931
Taxation	(8,403)	-	(31,496)	(59,256)
<b>(Loss) / Profit for the period</b>	41,027	(50,632)	153,777	238,676
<b>Other comprehensive income / (loss)</b>				
<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	(192)	(57)	400	(160)
<b>Total comprehensive (loss) / profit for the period</b>	40,835	(50,689)	154,177	238,516
(Loss) / Earnings per share attributable to ordinary shareholders				
- basic	0.15	(0.18)	0.55	0.86
- diluted	0.12	(0.12)	0.43	0.77

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

**Chief Executive**

**Director**

**PACE (PAKISTAN) LIMITED**

**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

		<b>Nine months ended</b>	
		<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Note</b>		<b>Un-audited</b>	<b>Un-audited</b>
		<b>(Rupees in thousand)</b>	
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	77,079	30,724
Gratuity and leave encashment paid		(576)	(972)
Taxes paid		(7,064)	(9,894)
<b>Net cash generated from operating activities</b>		69,439	19,858
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,333)	(15,769)
Proceeds from sale of investment property		42,600	407
Markup received		48	471
<b>Net cash used in investing activities</b>		37,315	(14,891)
<b>Cash flows from financing activities</b>			
(Repayment)/receipt of funds from long term finances		-	(20)
Repayment of finance lease liabilities		(2,200)	(2,318)
<b>Net increase / (decrease) in cash and cash equivalents</b>		104,554	2,630
<b>Cash and cash equivalents at beginning of the period</b>		(95,814)	(95,288)
<b>Cash and cash equivalents at the end of the period</b>	22	8,740	(92,658)

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

**Chief Executive**

**Director**



**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appro- priated (loss)	Total
<b>Balance as on June 30, 2015 (audited)</b>	2,788,766	273,265	(1,007)	(1,135,748)	1,925,276
Effect of change in accounting policy (note 3.1.1)	-	-	-	-	-
Balance as on June 30, 2015 (audited)	2,788,766	273,265	(1,007)	(1,135,748)	1,925,276
Profit/Loss for the period	-	-	-	294,035	294,035
Other comprehensive Income/ loss:					
Changes in fair value of available for sale investments	-	-	(223)	-	(223)
Remeasurement of net defined benefit liability - net of tax	-	-	-	3,270	3,270
	-	-	(223)	297,305	297,082
<b>Total contributions by and distributions to owners of the company recognized directly in equity</b>	-	-	-	-	-
<b>Balance as on June 30, 2016 (audited)</b>	2,788,766	273,265	(1,230)	(838,443)	297,082
<b>Total comprehensive profit / (loss) for the period ended March 31, 2017</b>					
Profit/Loss for the period	-	-	-	153,777	153,777
Other comprehensive income/Loss:					
Changes in fair value of available for sale investments	-	-	400	-	400
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-
	-	-	400	153,777	154,177
<b>Total contributions by and distributions to owners of the company recognized directly in equity</b>	-	-	-	-	-
<b>Balance as on March 31, 2017 (un-audited)</b>	2,788,766	273,265	(830)	(684,667)	2,376,534

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

**Chief Executive**

**Director**

# PACE (PAKISTAN) LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017 (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 2<sup>nd</sup> 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 2238.154 million and The management of the Company however, is continuously engaged with its lenders for settlements of its borrowings. During the current period PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) and Pak Oman Investment Corporation have settled their outstanding amounts against property situated at Pace Towers as mentioned in note 6.1.

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

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

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

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

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

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

### 2. Statement of compliance

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. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

### 3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2016 except for the adoption of new accounting policies as referred to in note 3.1.1.

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

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

## PACE (PAKISTAN) LIMITED

### 3.1.1 Amendments to published standards effective in current period

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

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

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

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

Standards, amendments or interpretation	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments	January 01, 2018
IFRS 16 - Leases	January 01, 2019
IFRS 9 - Financial instruments	January 01, 2018
IFRS 15 - Revenue from contracts with customers	January 01, 2018
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	January 01, 2017
IAS 7 - Disclosure Initiative	January 01, 2017

### 4- Taxation

The provision for taxation for the nine months ended March 31, 2017 has been made on an estimated basis.

### 5. Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

	Un-audited March 31, 2017	Audited June 30, 2016
	(Rupees in thousand)	
<b>6. Long term finances - secured</b>		
Opening balance	27,422	614,906
Less: Settlement during the period / year	-	(587,484)
	<u>27,422</u>	<u>27,422</u>
Less: Current portion shown under current liabilities	(27,422)	(27,422)
	<u>-</u>	<u>-</u>

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

## PACE (PAKISTAN) LIMITED

	<b>Un-audited March 31, 2017 (Rupees in thousand)</b>	<b>Audited June 30, 2016</b>
<b>7. Redeemable capital - secured (non-participatory)</b>		
Opening balance	1,498,200	1,498,200
Less: Settlement during the period / year	- note 7.2 <u>(376,697)</u>	<u>1,498,200</u>
	1,121,503	1,498,200
Less: Current portion shown under current liabilities	- note 7.1 <u>(1,121,503)</u>	<u>(1,498,200)</u>
	<u>-</u>	<u>-</u>

**7.1** The entire outstanding amount of Rs. 1,121,503 million is overdue and has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants.

**7.2** On December 28, 2016, Pak Oman Investment Corporation ('POIC') and the Company entered into a Debt/ Asset Swap Agreement ('DSA') for the settlement of the part of principal outstanding alongwith markup accrued thereon aggregating to Rs. 503,981 million against the property of the Company situated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the company for a consideration of Rs. 300.789 million and waived accrued markup of Rs. 203.192 million.

	<b>Un-audited March 31, 2017 (Rupees in thousand)</b>	<b>Audited June 30, 2016</b>
<b>8. Foreign currency convertible bonds - unsecured</b>		
Opening balance	1,736,212	1,670,456
Markup accrued for the period / year	<u>12,377</u>	<u>16,480</u>
	1,748,589	1,686,936
Exchange loss for the period / year	<u>2,487</u>	<u>49,276</u>
	1,751,076	1,736,212
Less: Current portion shown under current liabilities	<u>(1,751,076)</u>	<u>(1,736,212)</u>
	<u>-</u>	<u>-</u>

### **9. Short term finance - secured**

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

#### **10. Contingencies and commitments**

##### **10.1 Contingencies**

- (i) Claims against the Company not acknowledged as debts amount to Rs 21.644 million (June 30, 2016: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amount to Rs 900 million (June 30, 2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

##### **10.2 Commitments**

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 209.368 million (June 30, 2016: Rs 211.218 million).
- (ii) The amount of future payments under operating leases and the periods in which these payments will become due are as follows:

	<b>Un-audited March 31, 2017 (Rupees in thousand)</b>	<b>Audited June 30, 2016</b>
Not later than one year	8,859	7,875
Later than one year and not later than five years	43,066	41,836
Later than five years	<u>713,987</u>	<u>720,139</u>
	<u>765,912</u>	<u>769,850</u>

## PACE (PAKISTAN) LIMITED

### 11. Property, plant and equipment

Operating fixed assets		415,250	425,819
Capital work-in-progress	- note 11.1	27,552	27,544
		442,802	453,363
<b>11.1 Operating fixed assets</b>			
Operating fixed assets - at net book value			
- owned assets		415,250	425,438
- assets subject to finance lease		-	381
	- note 11.1.1	415,250	425,819
<b>11.1.1 Operating fixed assets - at net book value</b>			
Opening book value		425,819	432,432
Add:	Additions during the period/ year	5,333	16,810
Less:	Disposals during the period/ year	-	(2,948)
Less:	Depreciation for the period/ year	(15,900)	(20,475)
		415,250	(23,423)
Closing book value		415,250	425,819

**Un-audited  
March 31,  
2017  
(Rupees in thousand)**

**Audited  
June 30,  
2016**

### 12. Investment property

Opening fair value		3,369,702	3,421,430
Disposal of investment property		-	(73,810)
Settlement against loan		(25,500)	(7,328)
Transfer to inventory		-	-
		3,344,202	3,340,292
Add:	Fair value gain recognised during the period / year		29,410
Closing value after revaluation		3,344,202	3,369,702

### 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	1,184	784
		851,505	851,105

#### 13.1 Subsidiaries - unquoted

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

#### 13.2 Associate - unquoted

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

#### 13.3 Available for sale - quoted

Worldcall Telecom Limited			
912 (June 30, 2016: 912) fully paid ordinary shares of Rs 10 each		6	6
Shaheen Insurance Company Limited			
158,037 (June 30, 2016: 158,037) fully paid ordinary shares of Rs 10 each		2,008	2,008
		2,014	2,014
Less:	Cumulative fair value loss	(830)	(1,230)
		1,184	784

## PACE (PAKISTAN) LIMITED

### 13.3.1 Cumulative fair value loss

Opening balance	1,230	1,007
Fair value (gain)/loss during the period/ year	(400)	223
	830	1,230

### 14. Stock-in-trade

	Un-audited March 31, 2017	Audited June 30, 2016
(Rupees in thousand)		
Work in process - Pace Towers	440,421	838,872
Pace Barka Properties Limited - Pace Circle	593,341	624,123
Pace Super Mall (Private) Limited	21,600	21,600
Shops and houses	304,201	315,961
	1,359,563	1,800,556
Stores inventory	1,713	1,581
	1,361,276	1,802,137

Quarter ended		Nine months ended	
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)			

### 15. Sales

Shops, houses and commercial buildings				
- at completion of project basis	61,672	18,027	73,672	18,027
- at percentage of completion basis	7,200	12,000	84,020	29,342
Licensee fee	8,614	8,586	27,861	31,850
Display advertisements and miscellaneous income	5,675	2,617	12,132	10,692
Service charges	42,416	41,049	145,329	142,048
	125,577	82,278	343,014	231,958

### 16. Cost of sales

Shops, houses and commercial buildings				
- at completion of project basis	35,581	9,655	44,391	9,655
- at percentage of completion basis	6,402	7,444	101,435	58,825
Stores operating expenses	52,341	50,359	178,866	181,000
	94,325	67,458	324,693	249,480

### 17. Other income

#### Income from financial assets

Markup on bank accounts	16	6	49	471
Commission on guarantee	309	309	928	928
Gain on settlements of loans - note 6	47,062	-	349,496	599,225

#### Income from non-financial assets

Gain on disposal of fixed assets	-	333	-	333
Rental income	2,923	2,659	8,769	7,979
Gain on sale of Investment property	12,000	-	12,000	-
Provisions no longer required written back	12,884	-	12,884	3,500
Others	2,157	2,336	6,550	7,600
	77,351	5,643	390,676	620,036

## PACE (PAKISTAN) LIMITED

	Quarter ended		Nine Months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
<b>18. Finance costs</b>				
Markup on				
- Long term finances - secured	610	650	1,871	2,038
- Foreign currency convertible bonds - unsecured	4,129	4,123	12,377	12,371
- Redeemable capital - secured (non-participatory)	23,093	32,510	79,217	103,523
- Short term finance - secured	-	2,405	2,365	7,355
- Liabilities against assets subject to finance lease	-	-	1,852	1,848
	27,841	39,688	97,682	127,135
Bank charges and processing fee	52	71	744	1,083
	27,894	39,759	98,426	128,218

### 19. Earnings/ (loss) per share

#### 19.1 Basic earnings/ (loss) per share

(Loss)/profit for the period (Rupees in thousand)	41,027	(50,632)	153,777	238,676
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
(Loss)/earnings per share (Rupees)	0.15	(0.18)	0.55	0.86

#### 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 has been adjusted for conversion option available to bondholders.

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Un-audited	Un-audited	Un-audited	Un-audited
(Loss)/profit for the period (Rupees in thousand)	41,027	(50,632)	153,777	238,676
Interest on FCCB (Rupees in thousand)	4,129	4,123	12,371	12,371
Exchange loss (Rupees in thousand)	829	-	2,487	50,919
(Loss)/profit used to determine diluted loss per share (Rupees in thousand)	45,985	(46,509)	168,635	301,966
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	115,352	115,352	115,352	115,352
Weighted average number of shares for diluted earnings/loss per share (in thousand)	394,229	394,229	394,229	394,229
(Loss)/earnings per share diluted (Rupees)	0.12	(0.12)	0.43	0.77
Restricted to basic (Loss)/earnings per share in case of anti-dilution (Rupees)	0.12	(0.18)	0.43	0.77

## PACE (PAKISTAN) LIMITED

<b>Nine months ended</b>	
<b>March 31,</b>	<b>March 31,</b>
<b>2017</b>	<b>2016</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

### 20. Transactions with related parties

<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
i. Associate	Guarantee commission income	928	928
	Shared expenses charged by the Company	9,030	1,452
	Purchase of inventory	1,200	56,940
	Receipt against Pace circle sales	21,386	25,838
ii. Others	Purchase of goods & services	9,430	8,995
	Rental income	8,769	7,972
	Advance received for the sale of	8,065	32,008
iii. Directors and key management personnel	Salaries and other employee benefits	12,375	14,981
iv. Post employment benefit plan	Expense charged in respect of benefit plans	6,919	7,473

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

#### Period end balances

Receivable from related parties	17,180	18,484
Payable to related parties	1,241	32,008

<b>Nine months ended</b>	
<b>March 31,</b>	<b>March 31,</b>
<b>2017</b>	<b>2016</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>(Rupees in thousand)</b>	

### 21. Cash generated from operations

Profit before tax		185,274	297,931
Adjustments for:			
- Depreciation on property, plant and equipment	- note 11.1.1	15,900	16,566
- Amortisation on intangible assets		393	398
Profit on sale of property, plant and equipment		-	(333)
- Provision for doubtful debts		14,320	5,667
- Markup income		(49)	(471)
- Gain on settlements of long term loans	- note 17	(251,251)	(599,225)
- Gain on sale of investment property		(12,000)	-
- Finance costs		99,170	127,135
- Exchange loss on foreign currency convertible bonds	- note 8	2,487	50,919
- Provisions no longer required written back		(12,884)	(3,500)
- Provision for gratuity and leave encashment		7,420	7,835
<b>Loss before working capital changes</b>		<b>48,780</b>	<b>(97,078)</b>
<b>Effect on cash flow due to working capital changes</b>			
- Decrease/(Increase) in stock-in-trade		132,531	348,869
- (Increase)/Decrease in trade debts		(96,042)	65,082
- Decrease/(Increase) in advances, deposits prepayments and other receivables		(55,185)	5,003
- Increase/ (Decrease) in advances against sale of property		51,049	(322,077)
- (Decrease)/ Increase in creditors, accrued and other liabilities		(4,054)	30,855
		<b>28,299</b>	<b>127,802</b>
		<b>77,079</b>	<b>30,724</b>
<b>22. Cash and Cash Equivalents</b>			
Short term finance - secured	- note 9	-	(96,443)
Cash and bank balances		8,740	3,785
		<b>8,740</b>	<b>(92,658)</b>



## PACE (PAKISTAN) LIMITED

### 23. Financial risk management

#### 23.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at June 30, 2016.

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

#### 23.2 Liquidity risk

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

#### 23.3 Fair value estimation

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

The tables below analyze assets carried at fair value as at March 31, 2017 and June 30, 2016.

The different levels have been defined as follows:

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

The following is categorization of assets measured at fair value at March 31, 2017:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
<b>Assets:</b>				
Recurring fair value measurement of Available for sale financial assets	1,184	-	-	1,184
	<u>1,184</u>	<u>-</u>	<u>-</u>	<u>1,184</u>
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,129,702	2,129,702
	<u>-</u>	<u>1,214,500</u>	<u>2,129,702</u>	<u>3,344,202</u>

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

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

## PACE (PAKISTAN) LIMITED

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

### Valuation techniques used to measure level 2 and 3 assets

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

### Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended March 31, 2017 and June 30, 2016 for recurring fair value measurements:

	<b>Un-audited March 31, 2017 (Rupees in thousand)</b>	<b>Audited June 30, 2016</b>
<b>Opening fair value</b>	2,155,202	2,255,510
Disposal of investment property	-	(73,810)
Settlement against loan	(25,500)	(7,328)
Transferred to inventory	-	-
	2,129,702	2,174,372
Add: Fair value loss recognised during the period / year	-	(19,170)
<b>Closing value after revaluation</b>	2,129,702	2,155,202

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

### Valuation inputs and relationship to fair value

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

Description	Fair Value at		Significant Unobserv- able inputs	Quantitative Data / Range and relationship to the fair value
	March 31, 2017 Rs'000	June 30, 2016 Rs'000		
Buildings	2,129,702	2,155,202	Cost of construction of a new similar building Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation factor of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

#### 24. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 28th, 2017 by the Board of Directors of the Company.

#### 25. Corresponding figures

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



**PACE (PAKISTAN) LIMITED**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
(Un-Audited)  
QUARTERLY ACCOUNTS  
31st MARCH, 2017**

**Pace Pakistan Limited**  
**For the Nine months ended March 31, 2017**

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 Nine months ended March 31, 2017.

**General Economic Overview:**

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

**Real Estate and construction sector overview:**

The real estate sector in Pakistan is growing and is an important sector of the economy. Pakistan spends about \$5.2 billion on construction annually, and construction output accounts for 2pc of GDP. In FY16, loans to the construction industry more than doubled from Rs. 14 billion to Rs. 31.5 billion with a fresh lending of Rs. 17.5 billion. Add to it the Rs. 16 billion lent to the real estate sector (trading, renting and business) and the total amount (given to the two sectors) soars to Rs. 33.5 billion. The channelization of increasing funds towards real estate and construction sector hints an encouraging future for this sector. Moreover, the accelerating rate of urbanization in the country is contributing well towards growing demand of housing, thereby providing a strong support to the future prospects of real estate and construction sectors in Pakistan.

**Group's Performance and Financial Overview:**

Comparison for the results of the Nine months ended March 31, 2017 as against March 31, 2016 is as follows:

	Rupees in '000'		Rupees in '000'	
	Quarter ended		Nine months ended	
	Jan-Mar 2017	2016	Jul-Mar 2017	2016
Sales	125,577	82,279	343,014	231,959
Cost of sales	(94,325)	(67,458)	(324,693)	(249,480)
Gross profit/(loss)	31,252	(14,821)	18,321	(17,521)
Other income	77,352	5643	390,677	620,036
Finance cost	(27,894)	(39,759)	(98,426)	(128,218)
Net profit/loss before tax	31,730	(41,324)	149,024	312,709
Earnings/loss per share- basic	0.09	(0.15)	0.44	0.91

During the period, the sales revenue increased significantly by 48% to Rs.343.014 million, as against Rs.231.959 million during the same period last year. The primary reason for such increase is the sale of whole second floor of Pace Tower during the period, contributing around Rs.93.2 million towards sale revenue. Cost of Sale increased by 30% as compared with last year. The increase in cost of sale was due to corresponding increase in sale.

**Settlement of financial obligations during the period:**

During the period under review, the Group entered into a Debt/ Asset Swap Agreement ('DSA') with Pak Oman Investment Corporation ('POIC') for the settlement of the part of principal outstanding along-with markup accrued thereon aggregating to Rs.503.981 million against the property of the Group situated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the Group for a consideration of Rs.300.789 million and waived accrued markup of Rs.203.192 million. Moreover, during the period, the Group also entered into a Debt/ Asset Swap Agreement ('DSAA') with PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) ('PICL') for the settlement of Rs96.443 million provided by PICL and mark up of Rs.9.006 million against property of the Group situated at

Mezzanine floor of Pace Towers measuring 5,700 square feet. Additionally, PICL vacated its charge previously created in Pace's MM Alam Plaza to the extent of Rs.120.85 million.

**Group's ability to continue as a Going Concern:**

The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. The Company has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions may affect the Company's ability to continue as a going concern. In order to improve its profitability and cash-flow position, Board of Directors of the Company has approved in-principle, various new Joint Ventures. The BOD has also authorized CEO to identify and negotiate more and finalized Joint Venture projects across Pakistan especially in major cities. These joint ventures would help the Company to strengthen its brand, and to reap the lucrative profits being offered by continuously growing construction and real estate sector of Pakistan.

**Future Outlook:**

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

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

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

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

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

For and on behalf of Board of directors

Aamna Taseer  
Chief Executive Officer

28th April, 2017

# پس پاکستان لمٹیڈ

31 مارچ 2017 کو ختم ہونے والے نوماہ کے لیے

پس (پاکستان) لمٹیڈ (گروپ) کے ڈائریکٹر زکھص کنندگان کے سامنے گروپ کے جائزہ شدہ مجموعی معاشی مالیاتی کیفیت نامے 31 مارچ 2017 تک کے نوماہ کے لیے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## عمومی معاشی جائزہ

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

## ریٹیل اسٹیٹ اور تعمیراتی شعبے کا جائزہ

پاکستان میں ریٹیل اسٹیٹ شعبہ فروغ پا رہا ہے اور معیشت کا ایک اہم شعبہ ہے۔ پاکستان سالانہ %5.2 بلین ڈالر تعمیرات پر خرچ کرتا ہے اور تعمیراتی پیداوار جی ڈی پی کا %2 ہے۔ مالیاتی سال 2016 میں تعمیراتی صنعت کو جاری کیے جانے والے قرضے 14 بلین روپے کے دگنے سے بھی زیادہ یعنی 31.5 بلین روپے ہو گئے جس میں %17.5 بلین کے تازہ قرضے شامل ہیں۔ اس میں ریٹیل اسٹیٹ شعبے (تجارت، کرایہ داری اور کاروبار) کو دیے جانے والے %16 بلین کے قرضے بھی شامل کریں تو مجموعی رقم (دونوں شعبوں کی) %33.5 بلین روپے ہو جاتی ہے۔ ریٹیل اسٹیٹ اور تعمیراتی شعبے میں زیادہ سے زیادہ فنڈ زنگنا اس شعبے کے حوصلہ افزا مستقبل کا اشارہ ہے۔ مزید برآں، ملک میں شہری آباد کاری کی شرح میں تیزی آئی ہے جس سے گھروں کی طلب میں مسلسل اضافہ ہوا ہے، اس لیے پاکستان میں ریٹیل اسٹیٹ اور تعمیراتی شعبوں کے آئندہ امکانات کو مضبوط سہارا ملتا ہے۔

## کمپنی کی کارکردگی اور مالیاتی جائزہ

31 مارچ 2016 کے مقابلے میں 31 مارچ 2017 تک کے نو ماہ کے نتائج کا موازنہ درج ذیل ہے۔

2016	روپے ہزاروں میں	2016	روپے ہزاروں میں	
	جولائی تا مارچ 2017 نو ماہ		سہ ماہی جنوری تا مارچ	2017
231,959	343,014	82,279	125,577	فروخت
(249,480)	(324,693)	(67,458)	(94,325)	فروختوں کی قیمت
(17,521)	18,321	(14,821)	31,252	کل نفع / (تقصان)
620,036	390,677	5643	77,352	دیگر آمدن
(128,218)	(98,426)	(39,759)	(27,894)	فنانس لاگت
312,709	149,024	(41,324)	31,730	خالص نفع / نقصان قبل از ٹیکس
0.91	0.44	(0.15)	0.09	آمدن / نقصان فی حصص (بنیادی)

اس دورانہ میں فروختوں کی آمدن نمایاں طور پر 48% شرح کے ساتھ بڑھ کر 343.014 ملین روپے ہو گئی جبکہ اس کے مقابلے میں گذشتہ سال کے متعلقہ دورانہ میں یہ 231.959 ملین روپے تھی۔ اس اضافے کی بنیادی وجہ ہیں ٹاور کے مکمل سیکنڈ فلور کی فروخت ہے جس سے فروخت کی آمدن میں 93.2 ملین روپے کا اضافہ ہوا۔ فروخت کی لاگت گذشتہ سال کے مقابلے میں 30% بڑھ گئی۔ فروخت کی لاگت میں اضافے کی وجہ فروخت میں اضافہ ہے۔

### دورانہ میں مالیاتی ذمہ داریوں کا تصفیہ

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

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

### چلتے کاروبار کی حیثیت سے کمپنی کی اہلیت

کمپنی ہذا قرض خواہوں کی بہت سی ذمہ داریاں پوری کرنے میں نااہل رہی جس میں مختلف قرضوں کی اصل رقم اور ان پر مارک بھی شامل ہیں۔



کمپنی اپنے گاہکوں سے واجب الوصول رقوم وصول کرنے میں بھی ناکام رہی اور اس وقت اپنا سٹاک فروخت کرنے میں مشکلات کا سامنا کر رہی ہے کیونکہ اس کے ذمے قرضے ہیں۔ یہ حالات کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر نمایاں شکوک پیدا کرتے ہیں۔ نفع سازی اور نقد زر کے بہاؤ کی حالت بہتر بنانے کے لیے بورڈ آف ڈائریکٹرز نے اصولی طور پر نئے مشترکہ منصوبوں کی منظوری دی ہے۔ بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر مجاز بنایا ہے کہ وہ پورے پاکستان بالخصوص بڑے شہروں میں مزید مشترکہ منصوبوں کے پراجیکٹس کی نشاندہی کرے اور اس سلسلے میں گفت و شنید کرے۔ یہ مشترکہ منصوبے کمپنی کا برانڈ مستحکم کرنے میں مدد دیں گے اور پاکستان میں مسلسل ترقی کرتے ہوئے تعمیرات اور ریل اسٹیٹ شعبے سے بہت بڑا منافع کمانے کے قابل بنائیں گے۔

مستقبل کا منظر نامہ

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

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

ہم اپنے کارکنان کی سخت محنت اور گروپ سے مضبوط وفاداری پر ان کا شکریہ ادا کرتے ہیں۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

آمنہ تاثیر

چیف ایگزیکٹو آفیسر

28 اپریل 2017

# PACE (PAKISTAN) GROUP

## CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2017

		March 31, 2017	June 30, 2016
	Note	<u>Un-audited</u>	<u>Audited</u>
		(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
600,000,000 (June 30, 2016: 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, 2016: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		286,423	286,023
Accumulated loss		<u>(277,013)</u>	<u>(399,105)</u>
		2,798,176	2,675,684
<b>NON -CONTROLLING INTEREST</b>		<u>87,396</u>	<u>87,398</u>
		2,885,572	2,763,082
<b>NON-CURRENT LIABILITIES</b>			
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		43,127	38,278
Deferred Taxation		52,553	57,117
		95,680	95,395
<b>CURRENT LIABILITIES</b>			
Advances against sale of property		159,580	108,532
Current portion of long term liabilities		2,918,547	3,282,580
			96,443
Income Tax Payable		16,473	-
Creditors, accrued and other liabilities		478,427	492,209
Accrued finance cost		926,763	1,099,911
Taxation		5,534	5,534
		4,505,324	5,085,209
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
		<u>7,486,576</u>	<u>7,943,686</u>

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

**Chief Executive**

**PACE (PAKISTAN) LIMITED**

		<b>March 31, 2017</b>	<b>June 30, 2016</b>
<b>Note</b>		<b>Un-audited</b>	<b>Audited</b>
		<b>(Rupees in thousand)</b>	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	442,802	453,363
Intangible assets		5,686	6,079
Investment property	12	3,344,203	3,369,702
Investments	13	1,119,827	1,155,672
Long term advances and deposits		14,250	14,250
Deferred taxation		-	-
		4,926,768	4,999,066
<b>CURRENT ASSETS</b>			
Stock-in-trade	14	1,695,288	2,136,149
Trade debts - unsecured		691,106	647,792
Advances, deposits, prepayments and other receivables		164,576	151,937
Income tax recoverable		-	8,014
Cash and bank balances		8,838	728
		2,559,808	2,944,620
		7,486,576	7,943,686

**Director**

**PACE (PAKISTAN) LIMITED**

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

**FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

	<u>Quarter ended</u>		<u>Nine months ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
	<u>Un-audited</u>	<u>Un-audited</u>	<u>Un-audited</u>	<u>Un-audited</u>
	(Rupees in thousand)			
Sales	125,577	82,279	343,014	231,959
Cost of sales	<u>(94,325)</u>	<u>(67,458)</u>	<u>(324,693)</u>	<u>(249,480)</u>
<b>Gross (loss)/Profit</b>	31,252	14,821	18,321	(17,521)
Administrative and selling expenses	(30,450)	(31,336)	(122,817)	(125,452)
Other income	77,352	5,643	390,677	620,036
Other operating expenses	(829)	-	(2,487)	(50,919)
	<u>77,325</u>	<u>(10,872)</u>	<u>283,694</u>	<u>426,144</u>
Finance costs	(27,894)	(39,759)	(98,426)	(128,218)
Share of profit / (loss) for associate - net of tax	(17,701)	9,307	(36,244)	14,783
<b>(Loss) / Profit before tax</b>	31,730	(41,324)	149,024	312,709
Taxation	(6,190)	765	(26,932)	(59,339)
<b>(Loss) / Profit for the period</b>	25,540	(40,559)	122,092	253,370
<b>Other comprehensive income / (loss)</b>				
<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	(192)	(57)	400	(160)
<b>Total comprehensive (loss) / profit for the period</b>	<u>25,348</u>	<u>(40,616)</u>	<u>122,492</u>	<u>253,210</u>
Attributable to:				
Equity holders of the parent	25,350	(40,614)	122,495	253,212
Non-controlling interest	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
	<u>25,348</u>	<u>(40,616)</u>	<u>122,493</u>	<u>253,210</u>
(Loss) / Earnings per share attributable to ordinary shareholders				
- basic	<u>0.09</u>	<u>(0.15)</u>	<u>0.44</u>	<u>0.91</u>
- diluted	<u>0.08</u>	<u>(0.09)</u>	<u>0.35</u>	<u>0.82</u>

The annexed notes 1 to 2 form an integral part of this condensed interim financial information.

**Chief Executive**

**Director**

**PACE (PAKISTAN) LIMITED**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

Note	Nine months ended		
	March 31, 2017	March 31, 2016	
	Un-audited	Un-audited	
	(Rupees in thousand)		
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	77,077	30,723
Gratuity and leave encashment paid		(576)	(972)
Taxes paid		(7,064)	(9,894)
		69,437	19,857
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,333)	(15,769)
Proceeds from sale of property plant & equipment		-	407
Proceeds from sale of investment property		42,600	-
Markup received		50	472
		37,316	(14,890)
<b>Cash flows from financing activities</b>			
(Repayment)/receipt of funds from long term finances		-	(20)
Repayment of finance lease liabilities		(2,200)	(2,318)
		104,553	2,629
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		(95,715)	(95,188)
<b>Cash and cash equivalents at beginning of the period</b>			
		8,838	(92,559)
<b>Cash and cash equivalents at the end of the period</b>			
	22	8,838	(92,559)

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

**Chief Executive**

**Director**

**PACE (PAKISTAN) LIMITED**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2017**

	Share capital	Share premium	Reserve for changes in fair value of investments	Share in Reserves of associate	Un-appropriated (loss)	Total	Non-Controlling Interest	Total equity
Balance as on July 1, 2015 (audited)	2,788,766	273,265	(1,007)	(2,894)	(630,903)	2,427,227	87,485	2,514,712
<b>Total comprehensive loss for the year</b>								
Profit/Loss for the year	-	-	-	-	228,528	228,528	(87)	228,441
Other comprehensive income/ (loss):								
Changes in fair value of available for sale investments	-	-	(223)	-	-	(223)	-	(223)
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	3,270	3,270	-	3,270
Share of other comprehensive income/reserves of associates-net of tax	-	-	-	16,882	-	16,882	-	16,882
<b>Transaction with owners</b>								
Non- Controlling interest arising on business combination	-	-	(223)	-	231,798	248,457	(87)	248,370
<b>Balance as on June 30, 2016 (audited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>(1,230)</b>	<b>13,988</b>	<b>(399,105)</b>	<b>2,675,684</b>	<b>87,398</b>	<b>2,763,082</b>
<b>Total comprehensive profit / (loss) nine months ended March 31, 2017</b>								
Profit/Loss for the period	-	-	-	-	122,092	122,092	(2)	122,090
Other comprehensive income/ (loss):								
Changes in fair value of available for sale investments	-	-	400	-	-	400	-	400
Share of other comprehensive income/ reserves	-	-	-	-	-	-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-	-	-	-
Share of other comprehensive income/reserves of associates-net of tax	-	-	400	-	122,092	122,492	(2)	122,490
<b>Balance as on March 31, 2017</b>	<b>2,788,766</b>	<b>273,265</b>	<b>(830)</b>	<b>13,988</b>	<b>(277,013)</b>	<b>2,798,176</b>	<b>87,396</b>	<b>2,885,572</b>

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

Chief Executive

Director

# PACE (PAKISTAN) LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017 (UN-AUDITED)

### 1. Legal status and activities

#### 1.1 Constitution and ownership

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

##### **Pace (Pakistan) Limited**

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

##### **Pace Gujrat (Private) Limited**

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

##### **Pace Woodlands (Private) Limited**

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

##### **Pace Supermall (Private) Limited**

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

#### 1.2 Activities of the Group

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

#### 1.3 Going concern assumption

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1945,516 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The management of the Group however, is continuously engaged with its lenders for settlements of its borrowings. During the current period PAIR Investment Company Limited (formerly Pak-Iran Joint Investment Company Limited) and Pak Oman Investment Corporation have settled their outstanding amounts against property situated at Pace Towers as mentioned in note 6.1.

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

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

## PACE (PAKISTAN) LIMITED

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

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

- the 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 realize its receivables and inventory and be able to utilize the resultant liquidity for completion and sale of the 'Pace Towers' Project.

The condensed interim financial information consequently, does not include any adjustment relating to the realization of its assets and liquidation of liabilities that might be necessary should the 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. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2016.



## PACE (PAKISTAN) LIMITED

### 3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2016.

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

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

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

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

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

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

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

##### 3.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and

<b>Standards, amendments or interpretation</b>	<b>Effective date (accounting</b>
Annual improvements 2014	January 01, 2016
IAS 1 - 'Presentation of financial statements' on disclosure initiative	January 01, 2016
IAS 16 - 'Property, plant and equipment' in relation to use of revenue based methods to calculate the depreciation	January 01, 2016
IAS 27 - Separate financial statements on the equity method	January 01, 2016
IAS 28 - Investments in associates and joint ventures	January 01, 2016
IAS 38 - 'Intangible assets' in relation to use of revenue based methods to calculate the depreciation	January 01, 2016
IAS 41 - Agriculture	January 01, 2016
IFRS 9 - Financial instruments	January 01, 2018
IFRS 10 - Consolidated financial statements	January 01, 2016
IFRS 11 - Joint arrangements on acquisition of an interest in a joint operation	January 01, 2016
IFRS 14 - Regulatory deferral accounts	January 01, 2016
IFRS 15 - Revenue from contracts with customers	January 01, 2017
IFRS 16 - Leases	January 01, 2019

## PACE (PAKISTAN) LIMITED

### 4. Taxation

The provision for taxation for the nine months ended March 31, 2017 has been made on an estimated basis.

### 5. Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

	<b>Un-audited March 31, 2017</b>	<b>Audited June 30, 2016</b>
<b>(Rupees in thousand)</b>		
<b>6. Long term finances - secured</b>		
Opening balance	27,422	614,906
Less: Settlement during the period / year	<u>-</u>	<u>(587,484)</u>
	27,422	27,422
Less: Current portion shown under current liabilities	<u>(27,422)</u>	<u>(27,422)</u>
	<u>-</u>	<u>-</u>

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

	<b>Un-audited March 31, 2017</b>	<b>Audited June 30, 2016</b>
<b>(Rupees in thousand)</b>		
<b>7. Redeemable capital - secured (non-participatory)</b>		
Opening balance	1,498,200	1,498,200
Less: Settlement during the period / year - note 7.2	<u>(376,697)</u>	<u>-</u>
	1,121,503	1,498,200
Less: Current portion shown under current liabilities - note 7.1	<u>(1,121,503)</u>	<u>(1,498,200)</u>
	<u>-</u>	<u>-</u>

**7.1** The entire outstanding amount of Rs. 1,121.503 million is overdue and has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Group is in negotiation with lenders for relaxation in payment terms and certain other covenants.

**7.2** On December 28, 2016, Pak Oman Investment Corporation ("POIC") and the Group entered into a Debt/ Asset Swap Agreement ("DSA") for the settlement of the part of principal outstanding alongwith markup accrued thereon aggregating to Rs. 503,981 million against the property of the Group situated at lower ground floor and upper ground floor of Pace Towers measuring 11,487 square feet and 5,850 square feet respectively. In accordance with the DSA, POIC purchased the property of the company for a consideration of Rs. 300.789 million and waived accrued markup of Rs. 203.192 million.

	<b>Un-audited March 31, 2017</b>	<b>Audited June 30, 2016</b>
<b>(Rupees in thousand)</b>		
<b>8. Foreign currency convertible bonds - unsecured</b>		
Opening balance	1,736,212	1,670,456
Markup accrued for the period / year	<u>12,377</u>	<u>16,480</u>
	1,748,589	1,686,936
Exchange loss for the period / year	<u>2,487</u>	<u>49,276</u>
	1,751,076	1,736,212
Less: Current portion shown under current liabilities	<u>(1,751,076)</u>	<u>(1,736,212)</u>
	<u>-</u>	<u>-</u>

### 9. Short term finance - secured

## PACE (PAKISTAN) LIMITED

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

### 10. Contingencies and commitments

#### 10.1 Contingencies

- (i) Claims against the Company not acknowledged as debts amount to Rs 21.644 million (June 30, 2016: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amount to Rs 900 million (June 30, 2016: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

#### 10.2 Commitments

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 209.368 million (June 30, 2016: Rs 211.218 million).
- (ii) The amount of future payments under operating leases and the periods in which these payments will become due are as follows:

	Un-audited March 31, 2017	Audited June 30, 2016
	(Rupees in thousand)	
Not later than one year	8,859	7,875
Later than one year and not later than five years	43,066	41,836
Later than five years	713,987	720,139
	765,912	769,850

### 11. Property, plant and equipment

Operating fixed assets	- note 11.1	415,250	425,819
Capital work-in-progress		27,552	27,544
		442,802	453,363

#### 11.1 Operating fixed assets

Operating fixed assets - at net book value			
- owned assets		415,250	425,438
- assets subject to finance lease		-	381
	- note 11.1.1	415,250	425,819

#### 11.1.1 Operating fixed assets - at net book value

Opening book value		425,819	432,432
Add: Additions during the period/ year		5,331	16,810
Less: Disposals during the period/ year		-	(2,948)
Less: Depreciation for the period/ year		(15,900)	(20,475)
		415,250	(23,423)
Closing book value		415,250	425,819

**PACE (PAKISTAN) LIMITED**

	<b>Un-audited March 31, 2017</b>	<b>Audited June 30, 2016</b>
	<b>(Rupees in thousand)</b>	
<b>12. Investment property</b>		
Opening fair value	3,369,702	3,421,430
Disposal of investment property	-	(73,810)
Settlement against loan	(25,500)	(7,328)
Transfer to inventory	-	-
	3,344,202	3,340,292
Add: Fair value gain recognised during the period / year	-	29,410
Closing value after revaluation	3,344,202	3,369,702

	<b>Un-audited March 31, 2017</b>	<b>Audited June 30, 2016</b>
	<b>(Rupees in thousand)</b>	
<b>13 Long term investments</b>		
Associate - unquoted		
Pace Barka Properties Limited		
75,875,000 (2016: 75,875,000) fully paid ordinary shares of Rs 10 each		
Equity held 24.9% (2016: 24.9%)	13.1 1,118,644	1,154,888
Available for sale - quoted	13.2 1,184	784
	1,119,827	1,155,672

	<b>Un-audited March 31, 2017</b>	<b>Audited June 30, 2016</b>
	<b>(Rupees in thousand)</b>	
<b>13.1 Associate - unquoted</b>		
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	396,237	432,478
	1,154,888	1,191,129
Share of movement in reserves during the year	-	16,882
Share of profit/Loss for the year		
- before taxation	(36,378)	(55,387)
- provision for taxation	134	2,264
	(36,244)	(53,123)
Balance as on March 31	1,118,644	1,154,888

<b>13.3 Available for sale - quoted</b>		
Worldcall Telecom Limited		
912 (June 30, 2016: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Company Limited		
158,037 (June 30, 2016: 158,037) fully paid ordinary shares of Rs 10 each	2,008	2,008
	2,014	2,014
Less: Cumulative fair value loss	(830)	(1,230)
	1,184	784
<b>13.3.1 Cumulative fair value loss</b>		
Opening balance	1,230	1,007
Fair value (gain)/loss during the period/ year	(400)	223
	830	1,230

## PACE (PAKISTAN) LIMITED

	Un-audited March 31, 2017	Audited June 30, 2016
	(Rupees in thousand)	
<b>14. Stock-in-trade</b>		
Work in process - Pace Towers	440,421	838,872
Pace Barka Properties Limited - Pace Circle	593,341	624,123
Pace Super Mall (Private) Limited	354,600	354,600
Shops and houses	305,213	316,973
	1,693,575	2,134,568
Stores inventory	1,713	1,581
	1,695,288	2,136,149

Quarter ended		Nine months ended	
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)			

<b>15. Sales</b>				
Shops, houses and commercial buildings				
- at completion of project basis	61,672	18,027	73,672	18,027
- at percentage of completion basis	7,200	12,000	84,020	29,342
Licensee fee	8,614	8,586	27,861	31,850
Display advertisements and miscellaneous income	5,675	2,617	12,132	10,692
Service charges	42,416	41,049	145,329	142,048
	125,577	82,279	343,014	231,959

<b>16. Cost of sales</b>				
Shops, houses and commercial buildings				
- at completion of project basis	35,581	9,655	44,391	9,655
- at percentage of completion basis	6,402	7,444	101,435	58,825
Stores operating expenses	52,341	50,359	178,866	181,000
	94,325	67,458	324,693	249,480

<b>17. Other income</b>				
<b>Income from financial assets</b>				
Markup on bank accounts	17	7	50	472
Commission on guarantee	309	309	928	928
Gain on settlements of loans - note 6.1	47,062	-	349,496	599,225
<b>Income from non-financial assets</b>				
Gain on disposal of fixed assets	-	333	-	333
Rental income	2,923	2,658	8,769	7,979
Gain on sale of Investment property	12,000	-	12,000	-
Provisions no longer required written back	12,884	-	12,884	3,500
Others	2,157	2,336	6,550	7,599
	77,352	5,643	390,677	620,036

## PACE (PAKISTAN) LIMITED

	Quarter ended		Nine Months ended	
	March 31,	March 31,	March 31,	March 31,
	2017	2016	2017	2016
	Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)				
<b>18. Finance costs</b>				
Markup on				
- Long term finances - secured	619	650	1,871	2,038
- Foreign currency convertible bonds - unsecured	4,129	4,123	12,377	12,371
- Redeemable capital - secured (non-participatory)	23,093	32,510	79,217	103,523
- Short term finance - secured	-	2,405	2,365	7,355
- Liabilities against assets subject to finance lease	-	-	1,852	1,848
	<u>27,841</u>	<u>39,688</u>	<u>97,682</u>	<u>127,135</u>
Bank charges and processing fee	52	71	744	1,083
	<u><u>27,894</u></u>	<u><u>39,759</u></u>	<u><u>98,426</u></u>	<u><u>128,218</u></u>

### 19. Earnings/ (loss) per share

#### 19.1 Basic earnings/ (loss) per share

(Loss)/profit for the period (Rupees in thousand)	25,540	(40,559)	122,092	253,570
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>278,877</u>	<u>278,877</u>	<u>278,877</u>	<u>278,877</u>
(Loss)/earnings per share (Rupees)	<u>0.09</u>	<u>(0.15)</u>	<u>0.44</u>	<u>0.91</u>

#### 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		Nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2017	2016	2017	2016
	Un-audited	Un-audited	Un-audited	Un-audited
(Loss)/profit for the period (Rupees in thousand)	25,540	(40,559)	122,092	253,370
Interest on FCCB (Rupees in thousand)	4,129	4,123	12,371	12,371
Exchange loss (Rupees in thousand)	829	-	2,487	50,919
(Loss)/profit used to determine diluted loss per share (Rupees in thousand)	<u>30,498</u>	<u>(36,436)</u>	<u>136,950</u>	<u>323,747</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>115,792</u>	<u>115,352</u>	<u>115,792</u>
Weighted average number of shares for diluted earnings/loss per share (in thousand)	<u>394,229</u>	<u>394,669</u>	<u>394,229</u>	<u>394,669</u>
(Loss)/earnings per share diluted (Rupees)	<u>0.08</u>	<u>(0.09)</u>	<u>0.35</u>	<u>0.82</u>
Restricted to basic (Loss)/earnings per share in case of anti-dilution (Rupees)	<u>0.08</u>	<u>(0.15)</u>	<u>0.35</u>	<u>0.82</u>

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		<u>Nine months ended</u>	
		<u>March 31,</u>	<u>March 31,</u>
		<u>2017</u>	<u>2016</u>
		<u>Un-audited</u>	<u>Un-audited</u>
		(Rupees in thousand)	
<b>20.</b>	<b>Transactions with related parties</b>		
	<b>Relationship with the Company</b>		
	<b>Nature of transaction</b>		
i. Associate	Guarantee commission income	928	928
	Shared expenses charged by the Company	9,030	1,452
	Purchase of inventory	1,200	56,940
	Receipt against Pace circle sales	21,386	25,838
ii. Others	Purchase of goods & services	9,430	8,995
	Rental income	8,769	7,972
	Advance received for the sale of inventory	8,065	32,008
iii. Directors and key management personnel	Salaries and other employee benefits	12,375	14,981
iv. Post employment benefit plan	Expense charged in respect of benefit plans	6,919	7,473
All transactions with related parties have been carried out on mutually agreed terms and conditions.			
<b>Period end balances</b>			
	Receivable from related parties	17,180	18,484
	Payable to related parties	1,241	32,008

		<u>Nine months ended</u>	
		<u>March 31,</u>	<u>March 31,</u>
		<u>2017</u>	<u>2016</u>
		<u>Un-audited</u>	<u>Un-audited</u>
		(Rupees in thousand)	
<b>21.</b>	<b>Cash generated from operations</b>		
	Profit before tax	149,024	312,709
	Adjustments for:		
	- Depreciation on property, plant and equipment	15,900	16,566
	- Amortisation on intangible assets	393	398
	Profit on sale of property, plant and equipment	-	(333)
	- Provision for doubtful debts	14,320	5,667
	- Share of profit of associate	36,244	(14,783)
	- Markup income	(50)	(472)
	- Gain on settlements of long term loans	(251,252)	(599,225)
	- Gain on sale of investment property	(12,000)	-
	- Finance costs	99,170	127,135
	- Exchange loss on foreign currency convertible bonds	2,487	50,919
	- Provisions no longer required written back	(12,884)	(3,500)
	- Provision for gratuity and leave encashment	7,420	7,839
	<b>Loss before working capital changes</b>	48,772	(97,080)
	<b>Effect on cash flow due to working capital changes</b>		
	- Decrease/(Increase) in stock-in-trade	132,531	348,869
	- (Increase)/Decrease in trade debts	(96,042)	65,082
	- Decrease/(Increase) in advances, deposits prepayments and other receivables	(55,185)	5,003
	- Increase/ (Decrease) in advances against sale of property	51,049	(322,077)
	- (Decrease)/ Increase in creditors, accrued and other liabilities	(4,048)	30,856
		28,305	127,803
		<u>77,077</u>	<u>30,723</u>
<b>22.</b>	<b>Cash and Cash Equivalents</b>		
	Short term finance - secured	-	96,344
	Cash and bank balances	8,838	3,785
		<u>8,838</u>	<u>(92,559)</u>

## PACE (PAKISTAN) LIMITED

### 23. Segment information

	(Rupees in thousand)							
	Real estate sales		Investment properties		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Segment revenue	157,692	47,369	27,861	31,850	157,461	152,740	343,014	231,959
Segment expenses - Cost of sales	145,826	68,480	26,830	27,150	152,036	153,850	324,693	249,480
Gross profit / (loss)	11,866	(21,111)	1,031	4,700	5,425	(1,110)	18,321	(17,521)
Changes in fair value of investment property	-	-	-	-	-	-	-	-
<b>Segment results</b>	<u>11,866</u>	<u>(21,111)</u>	<u>1,031</u>	<u>4,700</u>	<u>5,425</u>	<u>(1,110)</u>	<u>18,321</u>	<u>(17,521)</u>
Administrative and selling expenses							(122,817)	(125,452)
Other operating income							390,677	620,036
Finance costs							(98,426)	(128,218)
Other operating expenses							(2,487)	(50,919)
Share of profit from associate - net of tax							(36,244)	14,783
<b>Loss before tax</b>							<u>149,024</u>	<u>312,709</u>
Taxation							(26,932)	(59,339)
<b>Profit/Loss For the year</b>							<u>122,092</u>	<u>253,370</u>



## PACE (PAKISTAN) LIMITED

### 24 Financial risk management

#### 24.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at June 30, 2016.

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

#### 24.2 Liquidity risk

Compared to year end, the Group settled long term borrowings of Rs 300,789 million including mark up of Rs. 203,192 Million and short term borrowings of Rs 105.45 Million inclusive of accrued markup against properties situated at Pace Towers and there was no material change in the contractual undiscounted cash out flows for remaining financial liabilities.

#### 24.3 Fair value estimation

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

The tables below analyze assets carried at fair value as at March 31, 2017 and June 30, 2016.

The different levels have been defined as follows:

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

The following is categorization of assets measured at fair value at March 31, 2017:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
<b>Assets:</b>				
Recurring fair value measurement of Available for sale financial assets	1,184	-	-	1,184
	<u>1,184</u>	<u>-</u>	<u>-</u>	<u>1,184</u>
Recurring fair value measurement of Investment property:				
Freehold land	-	1,214,500	-	1,214,500
Buildings	-	-	2,129,702	2,129,702
	<u>-</u>	<u>1,214,500</u>	<u>2,129,702</u>	<u>3,344,202</u>

## PACE (PAKISTAN) LIMITED

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

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

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

### Valuation techniques used to measure level 2 and 3 assets

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

### Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period and year ended March 31, 2017 and June 30, 2016 for recurring fair value measurements:

	Un-audited March 31, 2017	Audited June 30, 2016
	(Rupees in thousand)	
<b>Opening fair value</b>	2,155,202	2,255,510
Disposal of investment property	-	(73,810)
Settlement against loan	(25,500)	(7,328)
Transferred to inventory	-	-
	2,129,702	2,174,372
Add: Fair value loss recognised during the period / year	-	(19,170)
<b>Closing value after revaluation</b>	2,129,702	2,155,202

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

## PACE (PAKISTAN) LIMITED

### Valuation inputs and relationship to fair value

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

Description	Fair Value at		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	March 31, 2017 Rs'000	June 30, 2016 Rs'000		
Buildings	2,129,702	2,155,202	Cost of construction of a new similar building  Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation factor of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

### 25. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 28th, 2017 by the Board of Directors of the Group.

### 26. Corresponding figures

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

**Chief Executive**

**Director**