PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2012

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT

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

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

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COMPANY INFORMATION

Board of Directors	Sheikh Sulaiman Ahmed Saeed Al-Hoqani (Chairman)	Non-Executive
	Aamna Taseer (Chief Executive Officer)	Executive
	Shehryar Ali Taseer	Executive
	Maheen Ghani Taseer	Non-Executive
	Shehrbano Taseer	Non-Executive
	Imran Hafeez	Executive
	Jamal Said Al-Ojaili	Non-Executive
	Imran Saeed Chaudhry	Non-Executive
	Etrat Hussain Rizvi (Alternate Director to Sheikh Sulaiman Ahmed Saeed Al-Hoqani)	Non-Executive

Chief Financial Officer Imran Hafeez

Audit Committee
Shehryar Ali Taseer (Chairman)
Maheen Ghani Taseer
Shehrbano Taseer

Company Secretary Sajjad Ahmad

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisers M/s. Imtiaz Siddiqui & Associates

Bankers
Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Silkbank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
National Bank of Pakistan
Pair Investment Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab

Registrar and Shares Transfer Office
THK Associates (Pvt.) Limited
Ground Floor, State Life Building- 3
Dr. Ziauddin Ahmed Road, Karachi
☎ (021) 111 000 322

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

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the reviewed condensed interim financial information of the Company (un-audited) for the quarter and half year ended December 31, 2012.

Operating Results:

The Company has shown healthier performance and made sales for the half year amounting to Rs. 182.84 million as compared with previous half year amounting to Rs. 55.569 million. Company incurred a loss of Rs. 197 million during the half year ended December 31, 2012. The unaudited results for the quarter and half year ended December 31, 2012, with respective corresponding periods, are as under:

	For the 2nd Quarter		Cumulative	Rupees in '000'
	Oct-Dec 2012	Oct-Dec 2011	**Jul-Dec 2012**	Jul-Dec 2011
Sales	**95,968**	(16,683)	**182,840**	55,569
Gross loss	**(19,023)**	(80,357)	**(15,623)**	(102,096)
Changes in fair value of investment property	**31,482**	(276,945)	**12,050**	(665,450)
Other operating income	**170,578**	13,048	**174,959**	22,485
Net loss before tax	**(33,846)**	(560,975)	**(197,144)**	(1,178,047)
Loss per share - basic (Rupees)	**(0.12)**	(2.01)	**(0.71)**	(4.23)
Loss per share - diluted (Rupees)	**(0.12)**	(2.01)	**(0.71)**	(4.23)

The economic condition in general and specific to the real estate sector has shown some growth during the period under review. The company was able to show resilience and performed better as compared to the previous period by increasing sales which resulted in lower gross loss. The gain on fair value of investment property was due to the reason that property market has been performing well. In addition to this, reversal of impairment loss amounting Rs. 151.73 million previously recognized resulted in higher other operating income. This effect was reflected in the net loss as it was significantly low as compared to the previous period ultimately resulting in lower loss per share. This shows a positive sign for the Company that in near future, it will be profitable.

Change of Director:

Subsequent to the period, Mr. Imran Hafeez has been appointed as director in place of Mr. Khaldoon Bin Latif.

General:

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

For and on behalf of the Board of Directors

Lahore
February 26, 2013

Aamna Taseer
Chief Executive Officer

pwc **A. F. FERGUSON & CO.**

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pace (Pakistan) Limited (here-in-after referred to as the "Company") as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.1 to the interim financial information which indicates the company could not meet its obligations in respect of principal and markup repayments on borrowings from lenders. The current liabilities of the Company have exceeded its current assets by Rs 1,955.207 million and the reserves of the Company have been significantly depleted. These factors, along with other matters as set forth in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Chartered Accountants,

Lahore, February 26, 2013

Name of engagement partner: Asad Aleem Mirza

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PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2012

EQUITY AND LIABILITIES	Note	**Un-Audited December 31, 2012**	Audited June 30, 2012
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 2012: 600,000,000) ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (June 2012: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**272,584**	272,131
Unappropriated loss		**(326,041)**	(128,359)
		2,735,309	2,932,538
NON-CURRENT LIABILITIES			
Long term finances - secured	5	**12,378**	-
Redeemable capital - secured (non-participatory)	6	**-**	-
Liabilities against assets subject to finance lease		**-**	227
Foreign currency convertible bonds - unsecured	7	**-**	-
Long term markup		**5,549**	-
Deferred liabilities		**29,284**	36,650
Advances against sale of property		**99,578**	97,629
		146,789	134,506
CURRENT LIABILITIES			
Current portion of long term liabilities		**3,827,453**	3,745,248
Short term finance - secured	8	**85,928**	100,000
Creditors, accrued and other liabilities		**172,755**	199,927
Accrued finance cost		**650,894**	505,049
		4,737,030	4,550,224
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		7,619,128	7,617,268

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

LAHORE **CHIEF EXECUTIVE**

ASSETS	Note	Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	10	**691,499**	710,684
Intangible assets		**7,972**	8,248
Investment property	11	**3,155,242**	3,167,645
Investments	12	**853,422**	701,238
Long term advances and deposits		**14,170**	13,822
Deferred taxation		-	-
		4,722,305	4,601,637
CURRENT ASSETS			
Stock-in-trade	13	**1,920,183**	1,982,420
Trade debts - unsecured		**621,076**	721,249
Advances, deposits, prepayments and other receivables		**238,287**	199,351
Cash and bank balances		**2,277**	8,001
		2,781,823	2,911,021
Disposal group held-for-sale		**115,000**	104,610
		2,896,823	3,015,631
		7,619,128	7,617,268

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2012

		Quarter ended		Half year ended	
	Note	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
		(Rupees in thousand)			
Sales	14	**95,968**	(16,683)	**182,840**	55,569
Cost of sales	15	**(114,991)**	(63,674)	**(198,463)**	(157,665)
Gross loss		**(19,023)**	(80,357)	**(15,623)**	(102,096)
Administrative and selling expenses		**(30,838)**	(66,197)	**(61,545)**	(140,289)
Other operating income	16	**170,578**	13,048	**174,959**	22,485
Other operating expenses		**(76,215)**	(32,218)	**(88,215)**	(55,302)
Finance costs		**(109,830)**	(118,306)	**(218,770)**	(237,395)
Changes in fair value of investment property		**31,482**	(276,945)	**12,050**	(665,450)
Loss before tax		**(33,846)**	(560,975)	**(197,144)**	(1,178,047)
Taxation		**(104)**	(462)	**(538)**	(712)
Loss for the period		**(33,950)**	(561,437)	**(197,682)**	(1,178,759)
Other comprehensive (loss) / income					
Changes in fair value of available for sale investment		**(112)**	(1,029)	**453**	(736)
Total comprehensive loss for the period		**(34,062)**	(562,466)	**(197,229)**	(1,179,495)
Loss per share attributable to ordinary shareholders					
- basic (Rupees)	17.1	**(0.12)**	(2.01)	**(0.71)**	(4.23)
- diluted (Rupees)	17.2	**(0.12)**	(2.01)	**(0.71)**	(4.23)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Note	Half year ended December 31, 2012	Half year ended December 31, 2011
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	19	**25,501**	11,719
Net increase in advances against sale of property		**1,949**	16,411
Finance cost paid		**(19,684)**	(3,073)
Gratuity and leave encashment paid		**-**	(5,079)
Taxes paid		**(4,774)**	(5,727)
Net cash generated from operating activities		**2,992**	14,251
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,089)**	(1,965)
Proceeds from sale of property, plant and equipment		**5,568**	3,899
(Increase) / decrease in long term advances and deposits		**(487)**	511
Proceeds from disposal of investment		**-**	13,000
Markup received		**532**	513
Net cash generated from investing activities		**2,524**	15,958
Cash flows from financing activities			
Repayment of long term finances		**(8,376)**	(54,200)
Transfer from short term finance - secured		**12,378**	-
Repayment of finance lease liabilities		**(1,170)**	(2,236)
Net cash generated from / (used in) financing activities		**2,832**	(56,436)
Net increase / (decrease) in cash and cash equivalents		**8,348**	(26,227)
Cash and cash equivalents at beginning of the period		**(91,999)**	(40,648)
Cash and cash equivalents at the end of the period		**(83,651)**	(66,875)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

(Rupees in thousand)

	Share Capital	Share Premium	Reserve for changes in fair value of investments	Un-appropriated profit/(loss)	Total
Balance as on June 30, 2011	2,788,766	273,265	(105)	1,343,557	4,405,483
Total comprehensive loss for the half year ended December 31, 2011					
Loss for the period	-	-	-	(1,178,759)	(1,178,759)
Other comprehensive loss	-	-	(736)	-	(736)
	-	-	(736)	(1,178,759)	(1,179,495)
Transaction with owners	-	-	-	-	-
Balance as on December 31, 2011	2,788,766	273,265	(841)	164,798	3,225,988
Total comprehensive loss for the half year ended June 30, 2012					
Loss for the period	-	-	-	(293,157)	(293,157)
Other comprehensive loss	-	-	(293)	-	(293)
	-	-	(293)	(293,157)	(293,450)
Transaction with owners	-	-	-	-	-
Balance as on June 30, 2012	2,788,766	273,265	(1,134)	(128,359)	2,932,538
Total comprehensive loss for the half year ended December 31, 2012					
Loss for the period	-	-	-	(197,682)	(197,682)
Other comprehensive income	-	-	453	-	453
	-	-	453	(197,682)	(197,229)
Transaction with owners	-	-	-	-	-
Balance as on December 31, 2012	2,788,766	273,265	(681)	(326,041)	2,735,309

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2012 (UN-AUDITED)

1. The Company and its operations

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan and listed on Karachi and Lahore Stock Exchanges. 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.

1.1 Going concern assumption

During the period, the Company has incurred a loss of Rs 197.682 million (year ended June 30, 2012: Rs 1,471.916 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 1,955.207 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and facing difficulties in sale of its inventory, being principally encumbered against borrowings from lenders of long term financing. These conditions raise significant doubts on the Company's ability to continue as a going concern.

In view of the above, the Company approached its lenders for restructuring of loans. As per the restructuring proposals the Company expects the following:

- Relaxation in payment terms of principal outstanding and over due markup;

- Partial settlement of principal amount against properties of the Company on market value and adjustment of markup through receivables of sold shops; and

- Swap of collateral given to the providers of Redeemable Capital (note 6) with that given to the syndicate finance lenders (note 5). This shall entail transfer of encumbrance over the Pace Towers (currently under construction) to syndicate finance lenders against that on the fully developed properties in Model Town, Lahore and Gujranwala to the providers of Redeemable Capital.

During the current period the Company has restructured short term finance from Pair Investment Company Limited ('PAIR') as referred to in note 8. National Bank of Pakistan and Al-Baraka Bank (Pakistan) Limited have agreed to and the Company has accepted to restructure their respective loans at terms referred to in note 5 and 6. The Company is confident that other lenders will also agree to its proposals for restructuring.

The above restructuring is expected to be augmented by other actions of the management of the Company for improving operational efficiency of its projects, which include changes in the mechanism for reimbursement of service charges, reduction of cost and enhancement of operational revenues.

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, and

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

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

2. Statement of compliance

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2012 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2012.

3. Significant accounting policies

The accounting policies adopted for the preparation of these 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, 2012.

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

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

3.1.1 Amendments to published standards effective in current period

- IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC-21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21. The application of these amendments have no material impact on the Company's condensed interim financial information.

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on transfers of assets (effective 1 July 2011). These amendments arise from the IASB's review of off-balance-sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The application of these amendments have no material impact on the Company's condensed interim financial information.

- Amendment to IFRS 1, 'First time adoption', on fixed dates and hyperinflation (effective 1 July 2011). These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of these amendments have 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 or Interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	January 01, 2013
IAS 27 - Separate Financial Statements	January 01, 2013
IAS 28 - Associates and Joint Ventures	January 01, 2013
IAS 32 - Financial instruments: Presentation	January 01, 2014
IFRS 7 - Financial instruments: Disclosures	January 01, 2013
IFRS 9 - Financial instruments	January 01, 2015
IFRS 10 - Consolidated financial statements	January 01, 2013
IFRS 11 - Joint arrangements	January 01, 2013
IFRS 12 - Disclosures of interests in other entities	January 01, 2013
IFRS 13 - Fair value measurement	January 01, 2013

4. Taxation

The provision for taxation for the half year ended December 31, 2012 has been made on an estimated basis.

5. Long term finances - secured

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
Opening balance		**749,831**	827,422
Add: Transfer from short term finance	- note 8	**12,378**	-
		762,209	827,422
Less: Repayment during the period / year		**8,376**	77,591
		753,833	749,831
Less: Current portion shown under current liabilities	- note 5.1	**741,455**	749,831
		12,378	-

5.1 The aggregate current portion of Rs 741.455 million includes principal instalments aggregating to Rs 8 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2013. However, as the Company could not repay on a timely basis the installments due uptil the half year ended December 31, 2012 and is not compliant with certain debt covenants, which represents a breach of the respective agreements, therefore these loans have been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The banks have not demanded any early repayment nor have levied any penalties. The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants as described below:

5.1.1 Syndicate term finance facility

During the current period, National Bank of Pakistan (NBP), one of the syndicate members, has offered restructured terms for its portion, which the Company has accepted for aggregate amount of Rs 209.565 million, however, legal documentation has not been finalised as at December 31, 2012. Following are the key terms:

- Exclusive charge on Pace Gujranwala, Pace Model Town and Pace Model Town (Extension) amounting to Rs 280 million inclusive of 25% margin on identified shops.

- Assignment of receivables from sale of shops of Pace Gujranwala, Pace Model Town, Pace Model Town (Extension) and Pace MM Alam. In case the sale of shops does not transpire as expected NBP will enter into a debt-asset swap arrangement, with the Company, on the shops selected by NBP and the Swap Price will be determined by the agreed pricing mechanism. Shops acquired under debt-asset swap will be subject to buy back agreement with the Company and the Buy Back Price will be determined by the agreed pricing mechanism.

- The loan will be payable in four years in equal monthly installments after the expiry of eighteen months grace period (both for principal and mark up) and rate of mark up will be 3 months KIBOR.

- Joint pari passu charge over shops of Pace MM Alam to be created as additional security.

5.1.2 National Bank of Pakistan - term finance

During the current period, National Bank of Pakistan has offered restructured terms, which the Company has accepted for aggregate amount of Rs 40 million, however, legal documentation has not been finalised as at December 31, 2012. Following are the key terms:

- The loan will be repaid as bullet payment within 24 months and rate of mark up will be 3 months KIBOR.

- First pari passu charge of Rs 67 million over Pace MM Alam with 40% margin.

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

During the current period, the bank has agreed to and the Company has accepted to restructure the entire amount of Rs 360 million, however, legal documentation has not been finalised as at December 31, 2012. Following are the key terms:

- Debt to asset swap consisting of shops, counters and super market area comprising of 8,824 square feet against Rs 115 million outstanding. In consideration the bank will release its charge on all units of Pace Towers.

- Markup on restructured facility shall be charged @ 3 months KIBOR and paid on a quarterly basis.

- The Company will create mortgage in favour of the bank on identified properties in Pace Gujranwala, Pace Model Town and Pace Model Town (Extension) amounting to Rs 326.667 million.

6. Redeemable capital - secured (non-participatory)

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
Opening balance		**1,498,200**	1,498,200
Less: Redeemed during the period / year		**-**	-
		1,498,200	1,498,200
Less: Current portion shown under current liabilities	- note 6.1	**1,498,200**	1,498,200
		-	-

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 1,048.320 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2013. However, as the company could not repay on a timely basis the instalments due uptil the half year ended December 31, 2012 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classfied 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. TFC holders have not demanded any early repayment nor have levied any penalties.

7. Foreign currency convertible bonds - unsecured

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
Opening balance		**1,463,882**	1,254,643
Markup accrued for the period / year		**47,691**	87,789
		1,511,573	1,342,432
Exchange loss for the period / year		**44,920**	121,450
		1,556,493	1,463,882
Less: Current portion shown under current liabilities	- note 7.1	**1,556,493**	1,463,882
		-	-

7.1 The aggregate current portion of Rs 1,556.493 million includes accreted principal amount of Rs 1,527.709 million, which, under the terms of foreign currency convertible bonds was due for repayment in period subsequent to December 31, 2013. However, as the Company could not repay on a timely basis the coupon payments due uptil the half year ended December 31, 2012 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been disclosed as a current liability under the guidance contained in IAS 1 "Presentation of financial statements".

8. Short term finance - secured

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
Opening balance		**100,000**	100,000
Less: Repayment during the period / year		**1,694**	-
Less: Transferred to long term finances	- note 5	**12,378**	-
		85,928	100,000

8.1 This represents short term finance obtained from Pair Investment Company Limited. The entire amount of loan along with the accrued markup as on October 15, 2012 was restructured during the current period. Consequently, an amount of Rs 12.378 million was transferred to long term finances as per the restructured terms.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2012: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2012: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 409.098 million (June 30, 2012: Rs 426.346 million)

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

	Un-Audited December 31, 2012	Audited June 30, 2012
	(Rupees in thousand)	
Not later than one year	**6,300**	6,300
Later than one year and not later than five years	**31,697**	29,925
Later than five years	**757,053**	761,975
	795,050	798,200

10. Property, plant and equipment

		Un-Audited December 31, 2012	Audited June 30, 2012
Operating fixed assets	- note 10.1	**560,953**	583,227
Capital work-in-progress		**130,546**	127,457
		691,499	710,684

10.1 Operating fixed assets

		Un-Audited December 31, 2012	Audited June 30, 2012
Operating assets - at net book value			
- owned assets		**557,981**	577,075
- assets subject to finance lease		**2,972**	6,152
	- note 10.1.1	**560,953**	583,227

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	

10.1.1 Operating fixed assets - at net book value

Opening book value		**583,227**	541,678
Add: Additions during the period	- note 10.1.1.1	**-**	92,940
		583,227	634,618
Less: Disposals during the period (at book value)		**8,769**	6,355
Less: Depreciation charged during the period		**13,505**	45,036
		22,274	51,391
Closing book value		**560,953**	583,227

10.1.1.1 Following is the detail of additions during the period / year:

Buildings on leasehold land	**-**	79,089
Electrical equipment	**-**	6,672
Office equipment	**-**	10
Vehicles	**-**	7,169
	-	92,940

11. Investment property

Opening fair value	**3,167,645**	3,828,426
Transfer to disposal group held for sale	**(3,468)**	(94,190)
Disposals of investment property	**(20,985)**	-
Closing value before revaluation	**3,143,192**	3,734,236
Add: Fair value gain / (loss) recognised during the period / year	**12,050**	(566,591)
Closing value after revaluation	**3,155,242**	3,167,645

12. Investments

Equity instruments of:

- subsidiaries - unquoted	- note 12.1	**91,670**	91,670
- associate - unquoted	- note 12.2	**758,651**	606,921
Available for sale - quoted	- note 12.3	**3,101**	2,648
		853,422	701,238

12.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited 3,000 (June 2012: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (June 2012: 52%)	**30**	30
Pace Gujrat (Private) Limited 2,450 (June 2012: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (June 2012: 100%)	**25**	25
Pace Super Mall (Private) Limited 9,161,528 (June 2012: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (June 2012: 57%)	**91,615**	91,615
	91,670	91,670

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
12.2 Associate - unquoted			
Pace Barka Properties Limited			
75,875,000 (June 2012: 75,875,000) fully paid ordinary shares of Rs 10 each			
Equity held 24.9% (June 2012: 24.9%)		**758,651**	758,651
		758,651	758,651
Less: Cumulative impairment losses recognised	- note 12.2.1	**-**	(151,730)
		758,651	606,921

12.2.1 Cumulative impairment losses recognised

Opening balance	**151,730**	154,980
Reversed during the period / year	**(151,730)**	-
Derecognised on disposal of investment	**-**	(3,250)
	-	151,730

12.3 Available for sale - quoted			
Worldcall Telecom Limited			
912 (June 2012: 912) fully paid ordinary shares of Rs 10 each		**6**	6
Shaheen Insurance Limited			
294,037 (June 2012: 294,037) fully paid ordinary shares of Rs 10 each		**3,776**	3,776
		3,782	3,782
Less : Cumulative fair value loss	- note 12.3.1	**(681)**	(1,134)
		3,101	2,648

12.3.1 Cumulative fair value loss

Opening balance	**(1,134)**	(105)
Fair value gain / (loss) during the period / year	**453**	(1,029)
	(681)	(1,134)

13. Stock-in-trade

Work in process - Pace Towers	**1,043,613**	1,043,613
Pace Barka Properties Limited - Pace Circle	**609,902**	640,792
Pace Super Mall (Private) Limited	**21,600**	21,600
Shops and houses	**235,167**	266,276
Woodland plots	**9,266**	9,216
	1,919,548	1,981,497
Stores inventory	**635**	923
	1,920,183	1,982,420

	Quarter ended		Half year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
14. Sales	(Rupees in thousand)			
Shops, houses and commercial buildings				
- at completion of project basis	41,698	6,835	75,326	34,435
- at percentage of completion basis	-	(51,816)	-	(51,816)
Licensee fee	9,507	4,887	16,484	11,171
Display advertisements and miscellaneous income	3,533	3,708	7,404	7,347
Service charges	41,230	37,828	83,626	72,557
	95,968	1,442	182,840	73,694
Less: Sales return at completion of project basis	-	(18,125)	-	(18,125)
	95,968	(16,683)	182,840	55,569
15. Cost of Sales				
Shops, houses and commercial buildings				
- at completion of project basis	38,774	(3,349)	64,595	22,020
- at percentage of completion basis	-	(27,435)	-	(27,435)
Stores operating expenses	76,217	94,458	133,868	163,080
	114,991	63,674	198,463	157,665

	Quarter ended		Half year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees in thousand)			
16. Other operating income				
Income from financial assets				
Mark up on bank accounts	50	58	532	514
Commission on guarantee	375	375	750	750
	425	433	1,282	1,264
Income from non-financial assets				
Gain on sale of property, plant and equipment	-	1,935	-	1,935
Amortization of deferred income	-	4,791	-	9,583
Reversal of impairment loss on investment	151,730	-	151,730	-
Gain on exchange of shops and counters	12,264	-	12,264	-
Rental income	5,503	3,630	5,503	3,630
Miscellaneous income	656	2,259	4,180	6,073
	170,153	12,615	173,677	21,221
	170,578	13,048	174,959	22,485
17. Loss per share				
17.1 Basic loss per share				
Loss for the period (Rupees in thousand)	(33,950)	(561,437)	(197,682)	(1,178,759)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.12)	(2.01)	(0.71)	(4.23)

17.2 Diluted loss per share

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

	Quarter ended		Half year ended	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Loss for the period (Rupees in thousand)	(33,950)	(561,437)	(197,682)	(1,178,759)
Interest on FCCB (Rupees in thousand)	23,466	21,910	47,691	42,049
Exchange loss (Rupees in thousand)	32,920	35,324	44,920	55,302
Profit / (loss) used to determine diluted earnings / (loss) per share (Rupees)	22,436	(504,203)	(105,071)	(1,081,408)
Weighted average number of ordinary shares outstanding during the period (Number)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (Number)	104,341	64,607	104,357	63,341
Weighted average number of shares for diluted earnings / (loss) per share (Number)	383,218	343,484	383,234	342,218
Earnings / (loss) per share diluted (Rupees)	0.06	(1.47)	(0.27)	(3.16)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.12)	(2.01)	(0.71)	(4.23)

The effect of conversion of the FCCB into ordinary shares is anti-dilutive for the current period, accordingly the diluted loss per share has been restricted to the basic loss per share.

18. Transactions with related parties

		Half year ended	
		December 31, 2012	December 31, 2011
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
i. Associates	Guarantee commission income	**750**	750
	Expenses paid/incurred by the Company	**7,071**	-
	Expenses paid/incurred on behalf of the Company	**25,163**	-
	Funds transferred to associate	**4,504**	-
	Funds transferred from associate	**13,151**	-
ii. Others	Purchase of goods & services	**16,171**	2,597
	Rental income	**4,003**	3,630
	Payment made on behalf of related parties	**31,923**	-
	Disposal of property, plant and equipment	**8,769**	-
iii. Directors and key management personnel	Salaries and other employee benefits	**12,031**	7,234
	Proceeds from sale of investment	**-**	13,000
iv. Post employment benefit plan	Expense charged in respect of benefit plans	**4,078**	4,575

	Un-Audited December 31, 2012	Audited June 30, 2012
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	**165,895**	282,143
Payable to related parties	**17,792**	70,441

19. Cash generated from operations

	Half year ended	
	December 31, 2012	December 31, 2011
	(Rupees in thousand)	
Loss before tax	**(197,144)**	(1,178,047)
Adjustments for:		
- Depreciation on property, plant and equipment	**12,937**	11,061
- Depreciation on assets subject to finance lease	**568**	10,352
- Amortisation on intangible assets	**276**	278
- Amortisation of deferred income	**-**	(9,583)
- Gain on sale of property, plant and equipment	**-**	(1,935)
- Loss on sale of property, plant and equipment	**3,201**	-
- Gain on exchange of shops and counters	**(12,264)**	-
- Markup income	**(532)**	(513)
- Changes in fair value of investment property	**(12,050)**	665,450
- Reversal of impairment loss on investment	**(151,730)**	-
- Finance costs	**218,770**	237,395
- Exchange loss on foreign currency convertible bonds	**44,920**	55,302
- Loss on disposal group held-for-sale	**40,095**	-
- Advances written off	**243**	-
- Provision for doubtful receivables	**-**	57,658
- Provision for doubtful advances	**663**	2,509
- Provision for gratuity and leave encashment	**4,078**	4,575
Loss before working capital changes	**(47,969)**	(145,498)
Effect on cash flow due to working capital changes		
- Decrease / (increase) in stock-in-trade	**52,208**	(5,400)
- Decrease in trade debts	**7,575**	118,782
- (Increase) / decrease in advances, deposits prepayments and other receivables	**(9,859)**	21,071
- Increase in creditors, accrued and other liabilities	**23,546**	22,764
	73,470	157,217
	25,501	11,719

20. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 26, 2013 by the Board of Directors of the Company.

21. Corresponding figures

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

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

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

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
(Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2012

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the reviewed consolidated condensed interim financial information of the Group (un-audited) for the quarter and half year ended December 31, 2012.

Operating Results:

The Group has shown healthier performance and made sales for the half year amounting to Rs. 182.840 million as compared with previous half year amounting to Rs. 55.569 million. The Group incurred a loss of Rs. 199.65 million during the half year ended December 31, 2012. The un-audited results for the quarter and half year ended December 31, 2012, with respective corresponding figures, are as under:

				Rupees in '000'
	For the 2nd Quarter		Cumulative	
	Oct-Dec 2012	Oct-Dec 2011	**Jul-Dec 2012**	Jul-Dec 2011
Sales	**95,968**	(16,683)	**182,840**	55,569
Gross loss	**(19,023)**	(80,625)	**(15,623)**	(104,745)
Changes in fair value of investment property	**31,482**	(276,945)	**12,050**	(665,450)
Other operating income	**170,578**	13,176	**174,959**	24,305
Net loss before tax	**(36,300)**	(569,619)	**(199,655)**	(1,216,106)
Loss per share - basic (Rupees)	**(0.12)**	(2.04)	**(0.70)**	(4.35)
Loss per share - diluted (Rupees)	**(0.12)**	(2.04)	**(0.70)**	(4.35)

The economic conditions in general and specific to the real estate sector have shown some growth during the period under review. The Group was able to show resilience and performed better as compared to the previous period by increasing sales which resulted in lower gross loss. The gain on fair value of investment property was due to the reason that property market has been performing well. In addition to this, reversal of impairment loss amounting Rs. 151.73 million previously recognized resulted in higher other operating income. This effect was reflected in the net loss as it was significantly low as compared to the previous period ultimately resulting in lower loss per share. This shows a positive sign for the Group that in near future it will be profitable.

General:

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

For and on behalf of the Board of Directors

Lahore
February 26, 2013

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2012

EQUITY AND LIABILITIES	Note	**December 31, 2012**	June 30, 2012
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 2012: 600,000,000) ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 2012: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**352,012**	394,965
Unappropriated loss		**43,810**	238,553
		3,184,588	3,422,284
NON-CONTROLLING INTEREST		**87,775**	87,775
		3,272,363	3,510,059
NON-CURRENT LIABILITIES			
Long term finances - secured	5	**12,378**	-
Redeemable capital - secured (non-participatory)	6	**-**	-
Liabilities against assets subject to finance lease		**-**	227
Foreign currency convertible bonds - unsecured	7	**-**	-
Long term markup		**5,549**	-
Deferred taxation		**164,022**	165,047
Deferred liabilities		**29,284**	36,650
Advances against sale of property		**100,578**	98,629
		311,811	300,553
CURRENT LIABILITIES			
Current portion of long term liabilities		**3,827,453**	3,745,248
Short term finance - secured	8	**85,928**	100,000
Creditors, accrued and other liabilities		**207,838**	235,009
Taxation		**5,534**	5,534
Accrued finance cost		**650,894**	505,049
		4,777,647	4,590,840
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		8,361,821	8,401,452

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

LAHORE **CHIEF EXECUTIVE**

ASSETS	Note	December 31, 2012	June 30, 2012
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	10	**691,499**	710,684
Intangible assets		**7,972**	8,248
Investment property	11	**3,155,242**	3,167,645
Investments	12	**1,260,989**	1,149,272
Long term advances and deposits		**14,170**	13,822
Deferred taxation		**-**	-
		5,129,872	5,049,671
CURRENT ASSETS			
Stock-in-trade	13	**2,253,183**	2,316,432
Trade debts - unsecured		**621,378**	721,551
Advances, deposits, prepayments and other receivables		**239,990**	201,054
Cash and bank balances		**2,398**	8,134
		3,116,949	3,247,171
Disposal group held-for-sale		**115,000**	104,610
		3,231,949	3,351,781
		8,361,821	8,401,452

DIRECTOR

PACE (PAKISTAN) GROUP

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

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2012

	Note	Quarter ended		Half year ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
		(Rupees in thousand)			
Sales	15	95,968	(16,683)	182,840	55,569
Cost of sales	16	(114,991)	(63,942)	(198,463)	(160,314)
Gross loss		(19,023)	(80,625)	(15,623)	(104,745)
Administrative and selling expenses		(30,838)	(66,367)	(61,545)	(140,557)
Other operating income	17	170,578	13,176	174,959	24,305
Other operating expenses		(76,215)	(32,218)	(88,215)	(55,302)
Finance costs		(109,830)	(118,100)	(218,770)	(237,559)
Changes in fair value of investment property		31,482	(276,945)	12,050	(665,450)
Share of Loss from Associate		(2,454)	(8,540)	(2,511)	(36,798)
Loss before tax		(36,300)	(569,619)	(199,655)	(1,216,106)
Taxation					
Group		(104)	(462)	(538)	(712)
Associated Companies		3,051	-	5,450	3,083
		2,947	(462)	4,912	2,371
Loss for the period		(33,353)	(570,081)	(194,743)	(1,213,735)
Other comprehensive (loss) / income					
Changes in fair value of available for sale investment		(112)	(1,029)	453	(736)
Share in capital reserves of associates		-	(106,994)	(43,406)	(107,310)
Total comprehensive loss for the period		(33,465)	(678,104)	(237,696)	(1,321,781)
Loss attributable to:					
Equity holders of the Parent		-	(677,849)	(237,696)	(1,321,780)
Non- Controlling interest		-	(255)	-	(1)
		-	(678,104)	(237,696)	(1,321,781)
Loss per share attributable to ordinary shareholders	18				
- basic (Rupees)	18.1	(0.12)	(2.04)	(0.70)	(4.35)
- diluted (Rupees)	18.2	(0.12)	(2.04)	(0.70)	(4.35)

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

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

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Note	Half year ended December 31, 2012	December 31, 2011
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	20	**25,489**	11,773
Net increase in advances against sale of property		**1,949**	21,758
Finance cost paid		**(19,684)**	(3,937)
Gratuity and leave encashment paid		**-**	(5,079)
Taxes paid		**(4,774)**	(5,727)
Net cash generated from operating activities		**2,980**	18,788
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,089)**	(1,965)
Proceeds from sale of property, plant and equipment		**5,568**	3,899
(Increase) / decrease in long term advances and deposits		**(487)**	511
Proceeds from disposal of investment		**-**	13,000
Markup received		**532**	513
Net cash generated from investing activities		**2,524**	15,958
Cash flows from financing activities			
Repayment of long term finances		**(8,376)**	(54,200)
Transfer from short term finance - secured		**12,378**	-
Short trm borrowing		**-**	(4,457)
Repayment of finance lease liabilities		**(1,170)**	(2,236)
Net cash generated from / (used in) financing activities		**2,832**	(60,893)
Net increase / (decrease) in cash and cash equivalents		**8,336**	(26,147)
Cash and cash equivalents at beginning of the period		**(91,866)**	59,592
Cash and cash equivalents at the end of the period		**(83,530)**	33,445

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

LAHORE CHIEF EXECUTIVE DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

(Rupees in thousand)

	Attributable to equity holders of the parent							Non-Controlling Interest	Total Equity
	Share capital	Share premium reserve	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Share in capital reserves of associates	Unappropriated profit	Total		
Balance as on June 30, 2011 (Audited)	2,788,766	273,265	-	(105)	378,219	1,671,644	5,111,789	(15,514)	5,096,275
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(1,213,735)	(1,213,735)	(1)	(1,213,736)
Other comprehensive (loss) / income	-	-	-	(736)	(107,310)	-	(108,046)	-	(108,046)
	-	-	-	(736)	(107,310)	(1,213,735)	(1,321,781)	(1)	(1,321,782)
Balance as on December 31, 2011 (Un-Audited)	**2,788,766**	**273,265**	**-**	**(841)**	**270,909**	**457,909**	**3,790,008**	**(15,515)**	**3,774,493**
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(219,356)	(219,356)	(125)	(219,481)
Non - controlling interest arising on business combination	-	-	-	-	-	-	-	103,415	103,415
Other comprehensive loss	-	-	-	(293)	(148,075)	-	(148,368)	-	(148,368)
	-	-	-	(293)	(148,075)	(219,356)	(367,724)	103,290	(264,434)
Balance as on June 30, 2012 (Audited)	**2,788,766**	**273,265**	**-**	**(1,134)**	**122,834**	**238,553**	**3,422,284**	**87,775**	**3,510,059**
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(194,743)	(194,743)		(194,743)
Non - controlling interest arising on business combination	-	-	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	453	(43,406)	-	(42,953)	-	(42,953)
	-	-	-	453	(43,406)	(194,743)	(237,696)	-	(237,696)
Balance as on December 31, 2012 (Un-Audited)	**2,788,766**	**273,265**	**-**	**(681)**	**79,428**	**43,810**	**3,184,588**	**87,775**	**3,272,363**

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

LAHORE CHIEF EXECUTIVE DIRECTOR

PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2012
(UN-AUDITED)

1. Legal status and nature of business

1.1 Constitution and ownership

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

Pace (Pakistan) Limited

Pace (Pakistan) Limited (the holding company) is a public limited company incorporated in Pakistan and listed on Karachi and Lahore Stock Exchanges. 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.

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 Going concern assumption

During the period, the Group has incurred a loss of Rs 194.743 million (year ended June 30, 2012: Rs 1,433.091 million). As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,660.698 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 long term borrowings. As a consequence, the Group has also been unable to realise its existing receivables from customers and facing difficulties in sale of its inventory, being principally encumbered against borrowings from lenders of long term financing. These conditions raise significant doubts on the Group's ability to continue as a going concern.

In view of the above, the Group approached its lenders for restructuring of loans. As per the

restructuring proposals the Group expects the following:

- Relaxation in payment terms of principal outstanding and over due markup;

- Partial settlement of principal amount against properties of the Group and adjustment of markup through receivables of sold shops; and

- Swap of collateral given to the providers of Redeemable Capital (note 6) with that given to the syndicate finance lenders (note 5). This shall entail transfer of encumbrance over the Pace Towers (currently under construction) to syndicate finance lenders against that on the fully developed properties in Model Town, Lahore and Gujranwala to the providers of Redeemable Capital

During the current period the Group has restructured short term finance from Pair Investment Group Limited ('PAIR') as referred to in note 8. National Bank of Pakistan and Al-Baraka Bank (Pakistan) Limited have agreed to and the Group has accepted to restructure their respective loans at terms referred to in note 5 and 6. The Group is confident that other lenders will also agree to its proposals for restructuring.

The above restructuring is expected to be augmented by other actions of the management of the Group for improving operational efficiency of its projects, which include changes in the mechanism for reimbursement of service charges, reduction of cost and enhancement of operational revenues.

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

The consolidated 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, and

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

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

2. Statement of compliance

This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2012 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This consolidated 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, 2012.

3. Significant accounting policies

Except as described below, the accounting policies adopted for the preparation of these 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, 2012.

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

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

3.1.1 Amendments to published standards effective in current period

- IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC-21, 'Income taxes ? recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21. The application of these amendments have no material impact on the Group's condensed interim financial information.

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on transfers of assets (effective 1 July 2011). These amendments arise from the IASB's review of off-balance-sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The application of these amendments have no material impact on the Company's condensed interim financial information.

- Amendment to IFRS 1, 'First time adoption', on fixed dates and hyperinflation (effective 1 July 2011). These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of these amendments have no material impact on the Group'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 or Interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	January 01, 2013
IAS 27 - Separate Financial Statements	January 01, 2013
IAS 28 - Associates and Joint Ventures	January 01, 2013
IAS 32 - Financial instruments: Presentation	January 01, 2014
IFRS 7 - Financial instruments: Disclosures	January 01, 2013
IFRS 9 - Financial instruments	January 01, 2015
IFRS 10 - Consolidated financial statements	January 01, 2013
IFRS 11 - Joint arrangements	January 01, 2013
IFRS 12 - Disclosures of interests in other entities	January 01, 2013
IFRS 13 - Fair value measurement	January 01, 2013

4. Taxation

The provision for taxation for the half year ended December 31, 2012 has been made on an estimated basis.

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
5. Long term finances - secured			
Opening balance		**749,831**	827,422
Add: Transfer from short term finance	- note 8	**12,378**	-
		762,209	827,422
Less: Repayment during the period / year		**8,376**	77,591
		753,833	749,831
Less: Current portion shown under current liabilities	- note 5.1	**741,455**	749,831
		12,378	-

5.1 The aggregate current portion of Rs 741.455 million includes principal instalments aggregating to Rs 8 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2013. However, as the Group could not repay on a timely basis the installments due uptil the half year ended December 31, 2012 and is not compliant with certain debt covenants, which represents a breach of the respective agreements, therefore these loans have been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The banks have not demanded any early repayment nor have levied any penalties. The Group is in negotiation with lenders for relaxation in payment terms and certain other covenants as described below:

5.1.1 Syndicate term finance facility

During the current period, National Bank of Pakistan (NBP), one of the syndicate members, has offered restructured terms for its portion, which the Company has accepted for aggregate amount of Rs 209.565 million, however, legal documentation has not been finalised as at December 31, 2012. Following are the key terms:

- Exclusive charge on Pace Gujranwala, Pace Model Town and Pace Model Town (Extension) amounting to Rs 280 million inclusive of 25% margin on identified shops.

- Assignment of receivables from sale of shops of Pace Gujranwala, Pace Model Town, Pace Model Town (Extension) and Pace MM Alam. In case the sale of shops does not transpire as expected NBP will enter into a debt-asset swap arrangement, with the Group, on the shops selected by NBP and the Swap Price will be determined by the agreed pricing mechanism. Shops acquired under debt-asset swap will be subject to buy back agreement with the Group and the Buy Back Price will be determined by the agreed pricing mechanism.

- The loan will be payable in four years in equal monthly installments after the expiry of eighteen months grace period (both for principal and mark up) and rate of mark up will be 3 months KIBOR.

- Joint pari passu charge over shops of Pace MM Alam to be created as additional security.

5.1.2 National Bank of Pakistan - term finance

During the current period, National Bank of Pakistan has offered restructured terms, which the Company has accepted for aggregate amount of Rs 40 million, however, legal documentation has not been finalised as at December 31, 2012. Following are the key terms:

- The loan will be repaid as bullet payment within 24 months and rate of mark up will be 3 months KIBOR.

- First pari passu charge of Rs 67 million over Pace MM Alam with 40% margin.

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

During the current period, the bank has agreed to and the Group has accepted to restructure the entire amount of Rs 360 million, however, legal documentation has not been finalised as at December 31, 2012. Following are the key terms:

- Debt to asset swap consisting of shops, counters and super market area comprising of 8,824 square feet against Rs 115 million outstanding. In consideration the bank will release its charge on all units of Pace Towers.

- Markup on restructured facility shall be charged @ 3 months KIBOR and paid on a quarterly basis.

- The Group will create mortgage in favour of the bank on identified properties in Pace Gujranwala, Pace Model Town and Pace Model Town (Extension) amounting to Rs 326.667 million.

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
6. Redeemable capital - secured (non-participatory)			
Opening balance		**1,498,200**	1,498,200
Less: Redeemed during the period / year		**-**	-
		1,498,200	1,498,200
Less: Current portion shown under current liabilities	- note 6.1	**1,498,200**	1,498,200
		-	-

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 1,048.320 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2013. However, as the Group could not repay on a timely basis the instalments due uptil the half year ended December 31, 2012 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classfied 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. TFC holders have not demanded any early repayment nor have levied any penalties.

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured			
Opening balance		**1,463,882**	1,254,643
Markup accrued for the period / year		**47,691**	87,789
		1,511,573	1,342,432
Exchange loss for the period / year		**44,920**	121,450
		1,556,493	1,463,882
Less: Current portion shown under current liabilities	- note 7.1	**1,556,493**	1,463,882
		-	-

7.1 The aggregate current portion of Rs 1,556.493 million includes accreted principal amount of Rs 1,527.709 million, which, under the terms of foreign currency convertible bonds was due for repayment in period subsequent to December 31, 2013. However, as the Group could not repay on a timely basis the coupon payments due uptil the half year ended December 31, 2012 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been disclosed as a current liability under the guidance contained in IAS 1 "Presentation of financial statements".

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	
8. Short term finance - secured			
Opening balance		**100,000**	100,000
Less: Repayment during the period / year		**1,694**	-
Less: Transferred to long term finances	- note 5	**12,378**	-
		85,928	100,000

8.1 This represents short term finance obtained from Pair Investment Company Limited. The entire amount of loan along with the accrued markup as on October 15, 2012 was restructured during the current period. Consequently, an amount of Rs 12.378 million was transferred to long term finances as per the restructured terms.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Group not acknowledged as debts amounting to Rs 21.644 million (June 30, 2012: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2012: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 409.098 million (June 30, 2012: Rs 426.346 million)

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

	Un-Audited December 31, 2012	Audited June 30, 2012
	(Rupees in thousand)	
Not later than one year	**6,300**	6,300
Later than one year and not later than five years	**31,697**	29,925
Later than five years	**757,053**	761,975
	795,050	798,200

10. Property, plant and equipment			
Operating fixed assets	- note 10.1	**560,953**	583,227
Capital work-in-progress		**130,546**	127,457
		691,499	710,684
10.1 Operating fixed assets			
Operating assets - at net book value			
- owned assets		**557,981**	577,075
- assets subject to finance lease		**2,972**	6,152
	- note 10.1.1	**560,953**	583,227
10.1.1 Operating fixed assets - at net book value			
Opening book value		**583,227**	541,678
Add: Additions during the period	- note 10.1.1.1	**-**	92,940
		583,227	634,618
Less: Disposals during the period (at book value)		**8,769**	6,355
Less: Depreciation charged during the period		**13,505**	45,036
		22,274	51,391
Closing book value		**560,953**	583,227

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	

10.1.1.1 Following is the detail of additions during the period / year:

	Un-Audited December 31, 2012	Audited June 30, 2012
Buildings on leasehold land	**-**	79,089
Electrical equipment	**-**	6,672
Office equipment	**-**	10
Vehicles	**-**	7,169
	-	92,940

11. Investment property

	Un-Audited December 31, 2012	Audited June 30, 2012
Opening fair value	**3,167,645**	3,828,426
Transfer to disposal group held for sale	**(3,468)**	(94,190)
Disposals of investment property	**(20,985)**	-
Closing value before revaluation	**3,143,192**	3,734,236
Add: Fair value gain / (loss) recognised during the period / year	**12,050**	(566,591)
Closing value after revaluation	**3,155,242**	3,167,645

12. Investments

Equity instruments of:

		Un-Audited December 31, 2012	Audited June 30, 2012
- associate - unquoted	- note 12.1	**1,257,888**	1,146,625
Available for sale - quoted	- note 12.2	**3,101**	2,648
		1,260,989	1,149,272

12.1 Associate - unquoted

		Un-Audited December 31, 2012	Audited June 30, 2012
Pace Barka Properties Limited 75,875,000 (June 2012: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (June 2012: 24.9%)	- note 12.1.1	**1,257,888**	1,298,355
		1,257,888	1,298,355
Less: Cumulative impairment losses recognised	- note 12.2.2	**-**	(151,730)
		1,257,888	1,146,625

12.1.1 Pace Barka Properties Limited

	Un-Audited December 31, 2012	Audited June 30, 2012
Cost	**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account	**539,704**	687,772
	1,298,355	1,446,423
Share of movement in reserves during the year	**(43,406)**	(120,443)
Share of (loss)/profit for the year		
- before taxation	**(2,511)**	(23,043)
- provision for taxation	**5,450**	9,838
Loss on sale of investment	**-**	(14,420)
	2,939	(27,625)
Balance as on December 31	**1,257,888**	1,298,355

		Un-Audited December 31, 2012	Audited June 30, 2012
		(Rupees in thousand)	

12.2 Cumulative impairment losses recognised

	Un-Audited December 31, 2012	Audited June 30, 2012
Opening balance	**151,730**	154,980
Reversed during the period / year	**(151,730)**	-
Derecognised on disposal of investment	**-**	(3,250)
	-	151,730

12.2 Available for sale - quoted

		Un-Audited December 31, 2012	Audited June 30, 2012
Worldcall Telecom Limited 912 (June 2012: 912) fully paid ordinary shares of Rs 10 each		**6**	6
Shaheen Insurance Limited 294,037 (June 2012: 294,037) fully paid ordinary shares of Rs 10 each		**3,776**	3,776
		3,782	3,782
Less : Cumulative fair value loss	- note 12.2.1	**(681)**	(1,134)
		3,101	2,648

12.2.1 Cumulative fair value loss

	Un-Audited December 31, 2012	Audited June 30, 2012
Opening balance	**(1,134)**	(105)
Fair value gain / (loss) during the period / year	**453**	(1,029)
	(681)	(1,134)

13. Stock-in-trade

	Un-Audited December 31, 2012	Audited June 30, 2012
Work in process - Pace Towers	**1,043,613**	1,043,613
Pace Barka Properties Limited - Pace Circle	**609,902**	640,792
Pace Super Mall (Private) Limited	**354,600**	354,600
Shops and houses	**235,167**	267,288
Woodland plots	**9,266**	9,216
	2,252,548	2,315,509
Stores inventory	**635**	923
	2,253,183	2,316,432

14. Operating Segments

Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer, Group Director Finance, Chief Operating Officer and Chief Financial Officer.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit/loss and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit/loss and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

14.1 For management purposes, the activities of the Group are organised into business units based on the nature of activities:

(a) Real Estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Towers and Pace Model Town Extension on percentage of completion basis.

(b) Investment Properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments".

(Rupees in thousand)

14.2 Segment results

		Real estate				Investment properties				Others				Total			
		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales	- note 14.2.1	41,698	(63,106)	75,326	(35,506)	9,507	4,887	16,484	11,171	44,763	41,536	91,030	79,904	95,968	(16,683)	182,840	55,569
Cost of sales	- note 14.2.2	(49,961)	31,961	(81,762)	(22,003)	(11,391)	(10,997)	(17,892)	(16,965)	(53,636)	(84,906)	(98,808)	(121,346)	(114,988)	(63,942)	(198,462)	(160,314)
Gross (loss) / profit		(8,263)	(31,145)	(6,436)	(57,509)	(1,884)	(6,110)	(1,408)	(5,794)	(8,873)	(43,370)	(7,778)	(41,442)	(19,020)	(80,625)	(15,622)	(104,745)
- Changes in fair value of investment property		-	-	-	-	31,482	(276,945)	12,050	(665,450)	-	-	-	-	31,482	(276,945)	12,050	(665,450)
Segment results		(8,263)	(31,145)	(6,436)	(57,509)	29,598	(283,055)	10,642	(671,244)	(8,873)	(43,370)	(7,778)	(41,442)	12,462	(357,570)	(3,572)	(770,195)
Administrative and selling expenses														(30,838)	(66,367)	(61,545)	(140,557)
Other operating income														170,578	13,176	174,959	24,305
Finance costs														(109,830)	(118,100)	(218,770)	(237,559)
Other operating expenses														(76,215)	(32,218)	(88,215)	(55,302)
Share of loss from associates														(2,454)	(8,540)	(2,511)	(36,798)
Loss before tax														(36,297)	(569,619)	(199,654)	(1,216,106)
Taxation Group														(104)	(462)	(538)	(712)
Associated Companies																	3083
Loss for the period														(36,401)	(570,081)	(200,192)	(1,213,735)

(Rupees in thousand)

		Real estate				Investment properties				Others				Total			
		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,	
		2012	2,011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
14.2.1 Sales																	
Shops, houses and commercial buildings																	
- at completion of project basis		41,698	6,835	75,326	34,435	-	-	-	-	-	-	-	-	41,698	6,835	75,326	34,435
- at percentage of completion basis	- note 13.2.3	-	(51,816)	-	(51,816)	-	-	-	-	-	-	-	-	0	(51,816)	0	(51,816)
Plots		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Licensee fee		-	-	-	-	9,507	4,887	16,484	11,171	-	-	-	-	9,507	4,887	16,484	11,171
Display advertisements and miscellaneous income		-	-	-	-	-	-	-	-	3,533	3,708	7,404	7,347	3,533	3,708	7,404	7,347
Service charges		-	-	-	-	-	-	-	-	41,230	37,828	83,626	72,557	41,230	37,828	83,626	72,557
Sale of commodities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Gross sales		41,698	(44,981)	75,326	(17,381)	9,507	4,887	16,484	11,171	44,763	41,536	91,030	79,904	95,968	1,442	182,840	73,694
Less: Sales return at completion of project basis		-	(18,125)	-	(18,125)		-	-	-	-	-	-	-	-	(18,125)	0	(18,125)
		41,698	(63,106)	75,326	(35,506)	9,507	4,887	16,484	11,171	44,763	41,536	91,030	79,904	95,968	(16,683)	182,840	55,569
14.2.2 Cost of sales																	
Shops, houses and commercial buildings																	
- at completion of project basis		(38,774)	3,081	(64,595)	(24,669)	-	-	-	-	-	-	-	-	(38,774)	3,081	(64,595)	(24,669)
- at percentage of completion basis	- note 13.2.3	-	27,435	-	27,435	-	-	-	-	-	-	-	-	-	27,435	-	27,435
Plots sold		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commodities sold		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stores operating expenses		(11,187)	1,445	(17,167)	(24,769)	(11,391)	(10,997)	(17,892)	(16,965)	(53,636)	(84,906)	(98,808)	(121,346)	(76,214)	(94,458)	(133,867)	(163,080)
		(49,961)	31,961	(81,762)	(22,003)	(11,391)	(10,997)	(17,892)	(16,965)	(53,636)	(84,906)	(98,808)	(121,346)	#####	(63,942)	(198,462)	(160,314)

14.2.3 This represents the impact of change in estimate in respect of total sales value and total cost for completion of 'Pace Towers' project. As referred to in note 1.2, the Company now expects to recommence work on its 'Pace Towers' project. During the period, the Company has reassessed its estimates for total sales value and total cost for completion of the project which has resulted in decrease in amount of revenue recognized with corresponding impact on receivables. This has also resulted in decrease in costs recognized with the corresponding increase in inventory (work-in-process).

	Quarter ended		Half year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees in thousand)			
15. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	41,698	6,835	75,326	34,435
- at percentage of completion basis	-	(51,816)	-	(51,816)
Licensee fee	9,507	4,887	16,484	11,171
Display advertisements and miscellaneous income	3,533	3,708	7,404	7,347
Service charges	41,230	37,828	83,626	72,557
	95,968	1,442	182,840	73,694
Less: Sales return at completion of project basis	-	(18,125)	-	(18,125)
	95,968	(16,683)	182,840	55,569
16. Cost of Sales				
Shops, houses and commercial buildings				
- at completion of project basis	38,774	(3,349)	64,595	22,020
- at percentage of completion basis	-	(27,435)	-	(27,435)
Stores operating expenses	76,217	94,458	133,868	165,729
	114,991	63,674	198,463	160,314

	Quarter ended		Half year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees in thousand)			
17. Other operating income				
Income from financial assets				
Mark up on bank accounts	50	58	532	514
Commission on guarantee	375	375	750	750
	425	433	1,282	1,264
Income from non-financial assets				
Gain on sale of property, plant and equipment	-	1,935	-	1,935
Amortization of deferred income	-	4,791	-	9,583
Reversal of impairment loss on investment	151,730	-	151,730	-
Gain on exchange of shops and counters	12,264	-	12,264	-
Rental income	5,503	3,630	5,503	3,630
Miscellaneous income	656	4,079	4,180	7,893
	170,153	14,435	173,677	23,041
	170,578	14,868	174,959	24,305

18. Loss per share

18.1 Basic loss per share

Loss for the period (Rupees in thousand)	(33,353)	(570,081)	(194,743)	(1,213,735)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.12)	(2.04)	(0.70)	(4.35)

18.2 Diluted loss per share

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

	Quarter ended		Half year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Loss for the period (Rupees in thousand)	(33,353)	(570,081)	(194,743)	(1,213,735)
Interest on FCCB (Rupees in thousand)	23,466	21,910	47,691	42,049
Exchange loss (Rupees in thousand)	32,920	35,324	44,920	55,302
Profit / (loss) used to determine diluted earnings / (loss) per share (Rupees)	23,033	(512,847)	(102,132)	(1,116,384)
Weighted average number of ordinary shares outstanding during the period (Number)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (Number)	104,341	64,607	104,357	63,341
Weighted average number of shares for diluted earnings / (loss) per share (Number)	383,218	343,484	383,234	342,218
Earnings / (loss) per share diluted (Rupees)	0.06	(1.49)	(0.27)	(3.26)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.12)	(2.04)	(0.70)	(4.35)

The effect of conversion of the FCCB into ordinary shares is anti-dilutive for the current period, accordingly the diluted loss per share has been restricted to the basic loss per share.

19. Transactions with related parties

Relationship with the Company	Nature of transaction	Half year ended December 31, 2012 (Rupees in thousand)	December 31, 2012
i. Associates	Guarantee commission income	**750**	750
	Expenses paid/incurred by the Group	**7,071**	-
	Expenses paid/incurred on behalf of the Group	**25,163**	-
	Funds transferred to associate	**4,504**	-
	Funds transferred from associate	**13,151**	-
ii. Others	Purchase of goods & services	**16,171**	2,597
	Rental income	**4,003**	3,630
	Payment made on behalf of related parties	**31,923**	-
	Disposal of property, plant and equipment	**8,769**	-
iii. Directors and key management personnel	Salaries and other employee benefits	**12,031**	7,234
	Proceeds from sale of investment	**-**	13,000
iv. Post employment benefit plan	Expense charged in respect of benefit plans	**4,078**	4,575

	Un-Audited December 31, 2012	Audited June 30, 2012
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	**165,895**	282,143
Payable to related parties	**17,792**	70,441

20. Cash generated from operations

	Half year ended December 31, 2012	December 31, 2012
	(Rupees in thousand)	
Loss before tax	**(199,655)**	(1,216,106)
Adjustments for:		
- Depreciation on property, plant and equipment	**12,937**	11,061
- Depreciation on assets subject to finance lease	**568**	10,352
- Amortisation on intangible assets	**276**	278
- Amortisation of deferred income	**-**	(9,583)
- Gain on sale of property, plant and equipment	**-**	(1,935)
- Loss on sale of property, plant and equipment	**3,201**	-
- Gain on exchange of shops and counters	**(12,264)**	-
- Markup income	**(532)**	(513)
- Changes in fair value of investment property	**(12,050)**	665,450
- Reversal of impairment loss on investment	**(151,730)**	-
- Finance costs	**218,770**	237,395
- Exchange loss on foreign currency convertible bonds	**44,920**	55,302
- Loss on disposal group held-for-sale	**40,095**	-
- Advances written off	**243**	-
- Provision for doubtful receivables	**-**	57,658
- Provision for doubtful advances	**663**	2,509
- Provision for gratuity and leave encashment	**4,078**	4,575
Loss before working capital changes	**(47,969)**	(145,498)
Effect on cash flow due to working capital changes		
- Decrease / (increase) in stock-in-trade	**52,195**	(5,400)
- Decrease in trade debts	**7,575**	118,782
- (Increase) / decrease in advances, deposits prepayments and other receivables	**(9,859)**	21,071
- Increase in creditors, accrued and other liabilities	**23,547**	22,764
	73,470	157,217
	25,501	11,719

21. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 26, 2013 by the Board of Directors of the Company.

22. Corresponding figures

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

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

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