PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT

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

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

Contents

COMPANY INFORMATION

Board of Directors	Sheikh Sulaiman Ahmed	Non-Executive
	Saeed Al-Hoqani (Chairman)	
	Aamna Taseer (Chief Executive Officer)	Executive
	Shehryar Ali Taseer	Non-Executive
	Maheen Ghani Taseer	Non-Executive
	Shehrbano Taseer	Non-Executive
	Jamal Said Al-Ojaili	Non-Executive
	Imran Hafeez	Executive
	Imran Saeed Chaudhry	Non-Executive
Chief Financial Officer	Imran Hafeez	
Audit Committee	Shehryar Ali Taseer (Chairman) Maheen Ghani Taseer Shehrbano Taseer	
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer Chairman) Aamna Taseer Shehrbano Taseer	
Company Secretary	Sajjad Ahmad	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Advisors	M/s. Imtiaz Siddiqui & Associates	
Bankers	Albaraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited KASB 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 Standard Chartered Bank (Pakistan) Limited	
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

At the year end the directors of the company are presenting their report to the shareholders together with the reviewed financial information for the half year ended December 31, 2013.

General Economic Overview.

Pakistan is a lower income economy in the South Asian region. It's generally an impoverished and underdeveloped country which has suffered from ten years of internal political conflicts, low levels of Foreign Direct Investment (FDI), and declining exports of manufactures. It has an agricultural based economy which employs more than half of the country's labor force.

For last few years, low levels of foreign investment, large fiscal deficits, political instability, crippling power shortages, lack of scale, issues related to war on terror and its consequences for our economy, security and turbulent law and order situation, increasing population with low literacy rates and weak social sector reforms/indicators have led to slow growth and underdevelopment in Pakistan. The economic situation weakened further in the FY2013 as official reserves declined markedly; however the overall recent growth seemed to improve a bit during second half of FY 2013 and first half of FY 2014

CPI inflation, General, increased by 7.4% on year-on-year basis in September 2013 as compared to 8.8% in September 2012. Exports for the half year ended December 2013 were Rs 1,325 billion showing increase by 13.5% as compared to the corresponding period of the previous year (Rs 1,146 billion) and Imports during the same period were Rs 2,271 billion as compared to corresponding period of last year's Rs 2,089 billion showing increase by 8.71%. Deficit in balance of payments decreased as result of increasing exports and is further expected to drop in next 2 years.

To summarize, the economic situation of Pakistan for the half year ended December 31, 2013 was slightly better as compared to the prior year, opening a number of opportunities for the new investors.

Real Estate and construction sector overview:

Over the last five years despite the global recession and an uncertain security situation, Pakistan's real estate sector had grown steadily. The increase in growth is due to rapid execution of work on the rehabilitation of the flood affected areas, increased investment in small scale construction and rapid implementation of housing schemes and other development projects in both Government and private sectors.

Foreign and domestic investment has increased by an estimated 20-25 per cent in the last few years. The years also witnessed a substantial increase in the demand for housing in gated communities in Karachi, Lahore and Islamabad and farmland located in the outskirts of these cities.

Government has announced a massive housing project for the construction of 500,000 low-cost houses and tax incentive packages for investments in real estate and construction sector, reason being it would also activate dozens of other allied industries.

In some parts of the country, property prices have escalated by 25% to 50% in the last couple of months. Improvement in this sector is boosting many other professions like architects, labor, contractors, etc and is creating job and business for many people. Real estate business in Punjab is exploring new heights, if we talk about the capital city of the province (Lahore) the city has expanded immensely in last one decade and the process is still on.

By expanding the boundaries of Lahore, the concerned authorities have made it possible for millions of people to move to the areas that offer a better account of lifestyle. With west word and south word expansion, the land value in extended parts of Lahore has magnified to a shocking extent. This mounting property value is backed by the fact that a lot of infrastructural development is done here.

The real estate and construction sector recorded 5.2 percent growth in FY 2013 as compared to 3.2 percent growth in the previous last year. Since the overall economy is expected to improve in FY 2014, the percentage of newly developed residential and commercial projects is expected to go up by **15 to 20%** according to experts. In view of the positive market growth, investment from foreign companies is expected to increase in the real estate sector by **10 to 15%**. Purchase prices of houses, apartments and residential plots will increase by **20 to 50%**. Rental rates will escalate as well by **10 to 25%**. A renewed interest is witnessed in Agriculture land; the demand and value of which will further increase by **15 to 30% according**

to conservative estimates of experts. Development of new industries is expected across various segments hence the demand and value of industrial land is expected to increase by **15 to 30%**.

In short the country's construction and real estate sector is well placed for development.

Company Performance and Financial Overview.

Comparison for the results of the half year ended December 31, 2013 as against December 31, 2012 is as follows:

	Rupees in 000		Rupees in 000	
	Quarter ended Oct-Dec 2013	**Quarter ended Oct-Dec 2012**	**Half year ended Jul-Dec 2013**	**Half year ended Jul-Dec 2012**
Sales	17,596	95,968	168,270	182,840
Cost of sales	(50,905)	(115,027)	(159,248)	(198,535)
Gross profit/(loss)	(33,309)	(19,059)	9,022	(15,695)
Other operating income	5,342	170,578	8,180	174,959
Finance cost	89,246	109,830	150,950	218,770
Net loss before tax	(132,342)	(34,123)	(297,565)	(197,698)
Net loss after tax	(132,922)	(34,227)	(299,652)	(198,236)
Loss per share- basic and diluted	(0.48)	(0.12)	(1.07)	(0.71)

Finance cost has decreased by 31% because of the fact that markup on Foreign currency convertible bonds had stopped accruing after December 2012 and also because of reduction in lease liabilities. Company suffered an exchange loss of 103 million on translation of its liability towards foreign currency convertible bonds. Company reported a net after tax loss of Rs 299 million which is more than the loss of the corresponding period of the last year mainly because of the fact that a non cash income of Rs 151 Million resulting from reversal of impairment loss on investment in shares of associated company was booked in the profit and loss of the previous period whereas there is no such reversal of liability is booked in the current period.

Status of Financial obligations:

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

Company's ability to continue as a Going Concern:

At the close of half year ended Dec 31, 2013 Company is facing liquidity crunch and current liabilities of the Company have exceeded its current assets by Rs 2,578.559 million that may cast significant doubt about the company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on the ability of the Company to restructure its long term borrowings on account of relaxation in terms of repayment as well as its ability to generate funds from realization of its receivables and inventory, with resultant liquidity being utilized for completion and sale of its 'Pace Towers' Project.

Cash flows are prepared by the management of the Company based on the plans and intentions of expected sale and recoveries from Pace Tower and relaxations availed and/or settlement/adjustment of outstanding debt obligations. These cash flows have been prepared on the basis of current status of negotiations with the financial lenders and cash flows expected to be generated from sale of existing inventories and Pace tower sales. These cash flows are a result of prudent assumptions and conservative estimates given by our sales agent on the basis of sales plans developed for Pace tower. On the basis of these mitigates, management of the Company is confident that the company will be able to meet its commitments with the stakeholders and will revive its profitability very soon.

Appropriations:

Keeping in view the loss declared by the company and requirements of lenders for overdue debt and markup in respect of the company obligations, the Board has not recommended any dividend for the half year.

Change in Board of directors:

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

Future Outlook:

We are striving hard for commercial delivery of T27 and the mega project Pace Circle of our associated undertaking Pace Barka Properties Limited to keep our brand name and goodwill intact. These deliveries will strengthen cash flow and improve our profitability.

Initial pre commencement work for Pace View has been kicked off with absolute confidence in project's successful launch, construction and delivery. This project will be a landmark to our group's credit offering lucrative margins from sales of properties and recurring revenue streams in the form of services charges, licensee income, royalty and advertisement income.

Our focus is on maximization of shareholder value through optimization of our investment portfolio and selection of projects that make commercial sense. We are committed to growing our portfolio while slowly reducing our overall debt to gross book value ratio over the course of the year through some major rescheduling and settlement arrangements being made with the lenders.

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

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

For and on behalf of the Board of Directors

Lahore
February 27, 2014

Mrs. Aamna Taseer
Chief Executive Officer

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pace (Pakistan) Limited (here-in-after referred to as the "Company") as at December 31, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.1 to the interim financial information which indicates the company could not meet its obligations in respect of principal and mark-up repayments on borrowings from lenders. The current liabilities of the Company have exceeded its current assets by Rs 2,578.559 million and the reserves of the Company have been significantly depleted. These factors, along with other matters as set forth in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants

Lahore: February 27, 2014

Name of engagement partner: Asad Aleem Mirza

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2013

	Note	Half year ended December 31, 2013 Un-audited	June 30, 2013 Audited and Re-stated
EQUITY AND LIABILITIES		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 30, 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 30, 2013: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**272,343**	271,690
Unappropriated loss		**(935,817)**	(635,181)
		2,125,292	2,425,275
NON-CURRENT LIABILITIES			
Long term finances - secured	5	-	-
Redeemable capital - secured (non-participatory)	6	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	7	-	-
Deferred liabilities		**26,400**	24,605
		26,400	24,605
CURRENT LIABILITIES			
Advances against sale of property		**104,796**	98,953
Current portion of long term liabilities		**3,962,660**	3,853,042
Short term finance - secured	8	**96,443**	96,443
Creditors, accrued and other liabilities		**218,717**	216,185
Accrued finance cost		**935,846**	794,514
		5,318,462	5,059,137
CONTINGENCIES AND COMMITMENTS	9	-	-
		7,470,154	7,509,017

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

LAHORE **CHIEF EXECUTIVE**

ASSETS	Note	Half year ended December 31, 2013 Un-audited	June 30, 2013 Audited and Re-stated
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	10	**584,758**	595,832
Intangible assets		**7,421**	7,696
Investment property	11	**3,145,137**	3,145,137
Investments	12	**851,413**	852,528
Long term advances and deposits		**13,619**	13,619
Deferred taxation		**-**	-
		4,602,348	4,614,812
CURRENT ASSETS			
Stock-in-trade	13	**1,853,869**	1,859,146
Trade debts - unsecured		**637,250**	649,827
Advances, deposits, prepayments and other receivables		**200,976**	209,812
Income tax recoverable		**45,692**	42,002
Cash and bank balances		**2,116**	5,515
		2,739,903	2,766,302
Disposal group held-for-sale		**127,903**	127,903
		2,867,806	2,894,205
		7,470,154	7,509,017

DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED December 31, 2013

	Note	Quarter ended December 31, 2013 Un-audited	Quarter ended December 31, 2012 Un-audited and Re-stated	Half year ended December 31, 2013 Un-audited	Half year ended December 31, 2012 Un-audited and Re-stated
		(Rupees in thousand)			
Sales	14	17,596	95,968	168,270	182,840
Cost of sales	15	(50,905)	(115,027)	(159,248)	(198,535)
Gross (loss)/profit		(33,309)	(19,059)	9,022	(15,695)
Administrative and selling expenses		(30,255)	(31,079)	(59,886)	(62,027)
Other income	16	5,342	170,578	8,180	174,959
Other operating expenses		15,126	(76,215)	(103,931)	(88,215)
Finance costs	17	(89,246)	(109,830)	(150,950)	(218,770)
Changes in fair value of investment property		-	31,482	-	12,050
Loss before tax		(132,342)	(34,123)	(297,565)	(197,698)
Taxation		(580)	(104)	(2,087)	(538)
Loss for the period		(132,922)	(34,227)	(299,652)	(198,236)
Other comprehensive (loss) / income					
Items that will not be reclassified to profit or loss					
Remeasurement of net defined benefit liability - net of tax		(984)	(1,168)	(984)	(2,336)
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale investments		259	(112)	(166)	453
Loss during the period transferred to profit and loss on account of derecognition of investment		819	-	819	-
		1,078	(112)	653	453
Total comprehensive loss for the period		(132,828)	(35,507)	(299,983)	(200,119)
Loss per share attributable to ordinary shareholders					
- basic	18.1	(0.48)	(0.12)	(1.07)	(0.71)
- diluted	18.2	(0.48)	(0.12)	(1.07)	(0.71)

The annexed notes 1 to 22 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, 2013

	Note	Half year ended December 31, 2013	Half year ended December 31, 2012
		Un-audited	Un-audited and Re-stated
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	20	**4,195**	25,501
Net increase in advances against sale of property		**5,843**	1,949
Finance cost paid		**(1,339)**	(19,684)
Gratuity and leave encashment paid		**(4,887)**	-
Taxes paid		**(5,777)**	(4,774)
Net cash (used in)/ generated from operating activities		**(1,965)**	2,992
Cash flows from investing activities			
Purchase of property, plant and equipment		**-**	(3,089)
Proceeds from sale of property, plant and equipment		**-**	5,568
Increase in long term advances and deposits		**-**	(487)
Proceeds from disposal of investment		**262**	-
Markup received		**73**	532
Net cash generated from investing activities		**335**	2,524
Cash flows from financing activities			
Repayment of long term finances		**-**	(8,376)
Transfer from short term finance - secured		**-**	12,378
Repayment of finance lease liabilities		**(1,769)**	(1,170)
Net cash (used in)/ generated from financing activities		**(1,769)**	2,832
Net (decrease)/ increase in cash and cash equivalents		**(3,399)**	8,348
Cash and cash equivalents at beginning of the period		**(90,928)**	(91,999)
Cash and cash equivalents at the end of the period		**(94,327)**	(83,651)

The annexed notes 1 to 22 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, 2013

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appro-priated (loss)	Total
Balance as on June 30, 2012 (audited)	2,788,766	273,265	(1,134)	(128,359)	2,932,538
Effect of change in accounting policy (note - 3.1.1)	-	-	-	6,728	6,728
Balance as on June 30, 2012 (audited and re-stated)	2,788,766	273,265	(1,134)	(121,631)	2,939,266
Total comprehensive loss for the half year ended December 31, 2012					
Loss for the period - re-stated	-	-	-	(198,236)	(198,236)
Other comprehensive income/ (loss):					
Changes in fair value of available for sale investments	-	-	453	-	453
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated	-	-	-	(2,336)	(2,336)
	-	-	453	(200,572)	(200,119)
Transaction with owners	-	-	-	-	-
Balance as on December 31, 2012 (un-audited and re-stated)	2,788,766	273,265	(681)	(322,203)	2,739,147
Total comprehensive loss for the half year ended June 30, 2013					
Loss for the period - re-stated	-	-	-	(310,642)	(310,642)
Other comprehensive loss:					
Changes in fair value of available for sale investments	-	-	(894)	-	(894)
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated	-	-	-	(2,336)	(2,336)
	-	-	(894)	(312,978)	(313,872)
Transaction with owners	-	-	-	-	-
Balance as on June 30, 2013 (audited and re-stated)	2,788,766	273,265	(1,575)	(635,181)	2,425,275
Total comprehensive loss for the half year ended December 31, 2013					
Loss for the period	-	-	-	(299,652)	(299,652)
Other comprehensive income/ (loss):					
Changes in fair value of available for sale investments	-	-	653	-	653
Remeasurement of net defined benefit liability - net of tax (note - 3.1.1)	-	-	-	(984)	(984)
	-	-	653	(300,636)	(299,983)
Transaction with owners	-	-	-	-	-
Balance as on December 31, 2013	2,788,766	273,265	(922)	(935,817)	2,125,292

The annexed notes 1 to 22 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, 2013 (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. The address of the registered office of the Company is 2nd and 3rd floor Pace Mall, Fortress Stadium, Lahore.

1.1 Going concern assumption

During the period, the Company has incurred a loss of Rs 299.652 million (year ended June 30, 2013: Rs 507.770 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,578.559 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 is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The management of the Company however, is continuously engaged with its lenders for restructuring of its borrowings. During the current period Al-Baraka Bank (Pakistan) Limited offered, which the Company has accepted, to settle Rs 169.119 million of the principal amount against properties at various floors at Pace Fortress aggregating to 13,021 square feet.

The Company has also approached other lenders referred to in note 5 and 8 of the condensed interim financial information 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;
- Settlement of principal amounts against properties of the Company; and
- Waiver of overdue markup;

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

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

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

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

2. Statement of compliance

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, 2013 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, 2013.

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, 2013.

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

- Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments has no material impact on the Company's condensed interim financial information.

- IFRS 7, 'Disclosures on offsetting financial assets and financial liabilities' (Amendment), issued on December 19, 2011. The new disclosure requirements apply to offsetting of financial assets and financial liabilities. The amendment clarifies that the right of set-off must be available at present i.e. it is not contingent on a future event and must be legally enforceable for all counterparties. This amendment reflects the requirements to enhance current offsetting disclosures. The new disclosure is intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The application of this standard has no material impact on the Company's condensed interim financial information.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. 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 IFRSs. The requirements, which are largely aligned between IFRSs 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 IFRSs or US GAAP. The application of this standard has no material impact on the Company's condensed interim financial information.

IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been in the following areas:

'- The standard requires past service cost to be recognised immediately in profit or loss account. Since there are no unrecognised past service costs there is no impact of this provision on the condensed interim financial information of the Company.

- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this is to reflect the yield on high quality corporate bonds. Since there are no plan assets there is no impact of this provision on the condenced interim financial information of the Company.

- There is a new term ''remeasurements''. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

- Retirement benefits obligation as previously reported has been restated at the reporting dates to reflect the effect of the above. Amounts have been restated as at July 1, 2012 by decreasing the retirement benefits obligation by Rs 6.728 million and June 30, 2013 by decreasing the retirement benefits obligation by Rs 0.948 million.

- The effect of the change in accounting policy on basic and diluted loss per share and the statement of cash flows was immaterial.

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)
IAS 36 - Impairment of Assets	January 01, 2014
IAS 32 - Financial instruments: Presentation	January 01, 2014
IFRS 9 - Financial instruments	January 01, 2015

4. Taxation

The provision for taxation for the half year ended December 31, 2013 has been made on an estimated basis.

		Un-Audited December 31, 2013	Audited June 30, 2013
		(Rupees in thousand)	
5. Long term finances - secured			
Opening balance		**732,614**	749,830
Less: Repayment during the period / year		**-**	(17,216)
		732,614	732,614
Less: Current portion shown under current liabilities	- note 5.1	**(732,614)**	(732,614)
		-	-

5.1 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

The Company is in negotiation with both of the syndicate members to settle their entire principal and accrued markup with properties at various plazas of the Company. Following are the salient features of the proposals sent by the Company to the banks:

National Bank of Pakistan

- Settlement of bank's portion of Syndicate term finance facility (STFF) of Rs 282.693 million, inclusive of markup of Rs 84.175 million as at June 30, 2013 together with the term finance with the same bank of Rs 54.406 million, inclusive of mark up of Rs. 14.626 million referred to in note 5.1.2 against property situated at the ground and mezzanine floors of Pace Towers measuring a total of 9,765 square feet.

- Waiver of accrued markup of STFF and term finance amounting to Rs 74.100 million as at June 30, 2013.

Habib Bank Limited

- Settlement of Habib Bank Limited's share of Rs 153.856 million, inclusive of markup of Rs 46.962 million as at June 30, 2013 against property situated at ground floor of Pace Towers measuring a total of 4,237 square feet.

- Waiver of accrued markup amounting to Rs 35.222 million as at June 30, 2013.

None of the banks have formally responded to the proposals.

5.1.2 National Bank of Pakistan - term finance

The Company is in negotiation with the bank to settle the entire principal and accrued markup together with its portion of STFF against property available at Pace Towers as referred to note 5.1.1.

5.1.3 Soneri Bank - demand finance

The Company is in negotiation with the bank to restructure the existing loan. Following are the salient features of the proposal sent by the Company to the bank:

- Tenure of restructured facility will be 3.5 years inclusive of six months grace period.

- Markup on restructured facility shall be charged at the 3 months KIBOR plus 0.5%.

- Relaxation in payment of existing markup.

Soneri bank has not yet formally responded to the proposal.

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

The Company has negotiated with the bank to settle principal against certain identified properties. During the period, the bank has offered, which the Company has accepted to settle Rs 169.119 million against properties at various floors of Pace Fortress aggregating to 13,021 square feet, however, legal documentation has not been finalized as at December 31, 2013. As at December 31, 2013, the Company has 11,499 square feet out of 13,021 square feet available at Pace Fortress.

		Un-Audited December 31, 2013	Audited June 30, 2013
		(Rupees in thousand)	
6. Redeemable capital - secured (non-participatory)			
Opening balance		**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 748.800 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2014. However, as the Company could not repay on a timely basis the instalments due uptil the half year ended December 31, 2013 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants.

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured		
Opening balance	**1,591,721**	1,463,882
Markup accrued for the period / year	**8,279**	55,668
	1,600,000	1,519,550
Exchange loss for the period / year	**103,107**	72,171
	1,703,107	1,591,721
Less: Current portion shown under current liabilities	**(1,703,107)**	(1,591,721)
	-	-

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	

8. Short term finance - secured

Opening balance	**96,443**	100,000
Less: Repayment during the period / year	**-**	(3,557)
	96,443	96,443

8.1 Last year PAIR Investment Company Limited offered to settle principal portion and accrued markup as on March 31, 2013 amounting to Rs 129 million against properties at various floors of Pace MM Alam aggregating to 11,833 square feet, however, legal documentation has not been finalized as at December 31, 2013. As at December 31, 2013, the Company has 11,240 square feet out of 11,833 square feet available at Pace MM Alam. Following are the key terms:

- The Company will procure No Objection Certificates (NOCs) from National Bank of Pakistan (NBP) having joint charge over the aforementioned properties.

- The Company has First Right of Refusal for 18 months to buy back these properties.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2013: 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, 2013: 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 384.985 million (June 30, 2013: Rs 391.985 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, 2013	Audited June 30, 2013
	(Rupees in thousand)	
Not later than one year	**7,088**	6,300
Later than one year and not later than five years	**34,453**	33,469
Later than five years	**747,209**	757,131
	788,750	796,900

10. Property, plant and equipment

Operating fixed assets	- note 10.1	**456,449**	468,277
Capital work-in-progress		**128,309**	127,555
		584,758	595,832

10.1 Operating fixed assets

Operating assets - at net book value			
- owned assets		**454,070**	465,635
- assets subject to finance lease		**2,379**	2,642
	- note 10.1.1	**456,449**	468,277

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	

10.1.1 Operating assets - at net book value

Opening book value	**468,277**	583,227
Less: Disposals during the period/ year	**-**	(8,769)
Less: Transfer to disposal group held-for-sale during the period/ year	**-**	(13,439)
Less: Depreciation and impairment charge for the period/ year	**(11,828)**	(92,742)
	(11,828)	(114,950)
Closing book value	**456,449**	468,277

11. Investment property

Opening fair value	**3,145,137**	3,167,645
Transfer from disposal group held for sale during the period/ year	**-**	94,190
	3,145,137	3,261,835
Transfer to disposal group held for sale during the period/ year	**-**	(146,442)
Disposals of investment property during the period/ year	**-**	(20,985)
Closing value before revaluation	**3,145,137**	3,094,408
Add: Fair value gain recognised during the period / year	**-**	50,729
Closing value after revaluation	**3,145,137**	3,145,137

12. Investments

Equity instruments of:		
Subsidiaries - unquoted	**91,670**	91,670
Associate - unquoted	**758,651**	758,651
Available for sale - quoted	**1,092**	2,207
	851,413	852,528

12.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited		
3,000 (June 30, 2013: 3,000) fully paid ordinary shares of Rs 10 each	**30**	30
Equity held 52% (June 30, 2013: 52%)		
Pace Gujrat (Private) Limited		
2,450 (June 30, 2013: 2,450) fully paid ordinary shares of Rs 10 each	**25**	25
Equity held 100% (June 30, 2013: 100%)		
Pace Super Mall (Private) Limited		
9,161,528 (June 30, 2013: 9,161,528) fully paid ordinary shares of Rs 10 each	**91,615**	91,615
Equity held 57% (June 30, 2013: 57%)		
	91,670	91,670

12.2 Associate - unquoted

Pace Barka Properties Limited		
75,875,000 (June 30, 2013: 75,875,000) fully paid ordinary shares of Rs 10 each	**758,651**	758,651
Equity held 24.9% (June 30, 2013: 24.9%)		
	758,651	758,651

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
12.3 Available for sale - quoted		
Worldcall Telecom Limited		
912 (June 30, 2013: 912) fully paid ordinary shares of Rs 10 each	**6**	6
Shaheen Insurance Company Limited		
158,037 (June 30, 2013: 294,037) fully paid ordinary shares of Rs 10 each	**2,008**	3,776
	2,014	3,782
Less: Cumulative fair value loss	**(922)**	(1,575)
	1,092	2,207
12.3.1 Cumulative fair value loss		
Opening balance	**1,575**	1,134
Fair value loss during the period/ year	**166**	441
Transferred to profit and loss account on derecognition of investment	**(819)**	-
	922	1,575
13. Stock-in-trade		
Work in process - Pace Towers	**1,017,663**	1,031,748
Pace Barka Properties Limited - Pace Circle	**572,958**	562,327
Pace Super Mall (Private) Limited	**21,600**	21,600
Shops and houses	**241,005**	241,005
Woodland plots	**-**	1,433
	1,853,226	1,858,113
Stores inventory	**643**	1,033
	1,853,869	1,859,146

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)			
14. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	(46,775)	41,698	3,200	75,326
- at percentage of completion basis	3,826	-	36,702	-
Licensee fee	10,762	9,507	21,770	16,484
Display advertisements and miscellaneous income	4,138	3,533	8,116	7,404
Service charges	45,645	41,230	98,482	83,626
	17,596	95,968	168,270	182,840
15. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	(33,915)	38,774	1,433	64,595
- at percentage of completion basis	22,525	-	23,497	-
Stores operating expenses	62,295	76,253	134,318	133,940
	50,905	115,027	159,248	198,535

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
16. Other income				
Income from financial assets				
Mark up on bank accounts	25	50	73	532
Commission on guarantee	619	375	619	750
	644	425	692	1,282
Income from non-financial assets				
Reversal of impairment loss on investment	-	151,730	-	151,730
Gain on exchange of shops and counters	-	12,264	-	12,264
Rental income	2,195	5,503	4,391	5,503
Miscellaneous income	2,503	656	3,097	4,180
	4,698	170,153	7,488	173,677
	5,342	170,578	8,180	174,959
17. Finance costs				
Markup on				
- Long term finances - secured	36,439	24,912	48,220	55,793
- Foreign currency convertible bonds - unsecured	4,054	24,025	8,279	47,691
- Redeemable capital - secured (non-participatory)	41,917	47,543	84,513	97,541
- Short term finance - secured	3,154	2,877	6,219	7,238
- Liabilities against assets subject to finance lease	3,625	9,611	3,625	9,611
	89,189	108,968	150,856	217,874
Bank charges and processing fee	57	862	94	896
	89,246	109,830	150,950	218,770

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
18. Loss per share				
18.1 Basic loss per share				
Loss for the period (Rupees in thousand)	(132,922)	(34,227)	(299,652)	(198,236)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.48)	(0.12)	(1.07)	(0.71)

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, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
Loss for the period (Rupees in thousand)	(132,922)	(34,227)	(299,652)	(198,236)
Interest on FCCB (Rupees in thousand)	4,054	23,466	8,279	47,691
Exchange (gain)/ loss (Rupees in thousand)	(15,950)	32,920	103,107	44,920
(Loss)/ Profit used to determine diluted (loss)/ earnings per share (Rupees)	(144,818)	22,159	(188,266)	(105,625)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	115,792	104,341	116,122	104,357
Weighted average number of shares for diluted (loss)/ earning per share (in thousand)	394,669	383,218	394,999	383,234
(Loss)/ earnings per share diluted (Rupees)	(0.37)	0.06	(0.48)	(0.28)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.48)	(0.12)	(1.07)	(0.71)

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. Transaction with related parties

		Half year ended	
		December 31, 2013	December 31, 2012
		Un-audited	Un-audited and Re-stated
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
i. Associates	Guarantee commission income	619	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
	Shared expenses charged by the Compnay	1,320	-
	Receipt against Pace circle sales	23,640	-
ii. Others	Purchase of goods & services	4,650	16,171
	Rental income	4,392	4,003
	Sale of services	2,663	-
	Payment made on behalf of related parties	-	31,923
	Disposal of property, plant and equipment	-	8,769
	Refund of advance	17,250	-
iii. Directors and key management personnel	Salaries and other employee benefits	10,391	12,031
iv. Post employment benefit plan	Expense charged in respect of benefit plans	4,286	4,632

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	152,083	170,369
Payable to related parties	817	9,743

20. Cash generated from operations

	Half year ended	
	December 31, 2013	December 31, 2012
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
Loss before tax	**(297,565)**	(197,698)
Adjustments for:		
- Depreciation on property, plant and equipment	**11,564**	12,937
- Depreciation on assets subject to finance lease	**264**	568
- Amortisation on intangible assets	**276**	276
- Loss on sale of property, plant and equipment	**-**	3,201
- Gain on exchange of shops and counters	**-**	(12,264)
- Loss on sale of investment	**819**	-
- Markup income	**(73)**	(532)
- Changes in fair value of investment property	**-**	(12,050)
- Reversal of impairment loss on investment	**-**	(151,730)
- Finance costs	**150,950**	218,770
- Exchange loss on foreign currency convertible bonds	**103,107**	44,920
- Loss on disposal group held-for-sale	**-**	40,095
- Advances written off	**-**	243
- Provision for doubtful advances	**-**	663
- Provision for gratuity and leave encashment	**4,287**	4,632
Loss before working capital changes	**(26,371)**	(47,969)
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	**5,209**	52,208
- Decrease in trade debts	**12,577**	7,575
- Decrease/ (Increase) in advances, deposits prepayments and other receivables	**8,836**	(9,859)
- Increase in creditors, accrued and other liabilities	**3,944**	23,546
	30,566	73,470
	4,195	25,501

21. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2014 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**

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

DIRECTORS' REPORT

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the reviewed consolidated condensed interim financial statements of the Group (unaudited) for the quarter and half yearly ended December 31, 2013.

Operating Results:

The Group has shown healthier performance and made sales for the half year amounting Rs.168,270 million as compare with previous half year amounting Rs. 182,84 million Group incurred a loss of Rs. 297.6 million during the half yearly ended December 31, 2013. The comparison of the results for the interim period ended December 31, 2013 with corresponding period of the previous half year is as under:

				Rupees in '000'
	For the 2nd Quarter		Cumulative	
	Oct-Dec 2013	Oct-Dec 2012	**Jul-Dec 2013**	Jul-Dec 2012
Sales	**17,596**	95,968	**168,270**	182,840
Cost of sales	**(54,049)**	(114,991)	**(163,511)**	(198,463)
Changes in fair value of Investment Property	**-**	31,482	**-**	12,050
Other Operating income	**5,342**	170,578	**8,181**	174,959
Net Loss before Tax	**(136,819)**	(36,541)	**(297,600)**	(199,655)
Loss per share (Rs.)	**(0.50)**	(0.12)	**(1.08)**	(1.38)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. The real estate and construction sector recorded 5.2 percent growth in FY 2013 as compared to 3.2 percent growth in the previous year. However the decline in revenue as compared to previous reporting period is mainly due to lesser sales made against the under construction projects of the Group.

Further the other operating income is mainly reduced due to the one of reversal of impairment loss amounting Rs. 151.73 million recognized in previously reporting period. This effect was reflected in the increased net loss as compared to the previous reporting period.

General:

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

For and on behalf of the Board of Directors

Lahore
February 27, 2014

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2013

	Note	December 31, 2013	June 30, 2013
		Un-audited	Audited and Re-stated
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 2013: 600,000,000) ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital 278,876,604 (2013: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**278,598**	278,764
Unappropriated (loss) / profit		**(445,045)**	(146,134)
		2,622,319	2,921,396
NON-CONTROLLING INTEREST		**87,673**	87,678
		2,709,992	3,009,074
NON-CURRENT LIABILITIES			
Long term finances - secured	5	**-**	-
Redeemable capital - secured (non-participatory)	6	**-**	-
Liabilities against assets subject to finance lease		**-**	-
Foreign currency convertible bonds - unsecured	7	**-**	-
Deferred liabilities		**26,400**	24,605
Deferred taxation		**44,537**	44,200
Advances against sale of property		**-**	-
		70,937	68,805
CURRENT LIABILITIES			
Advances against sale of property		**105,796**	99,953
Current portion of long term liabilities		**3,962,660**	3,853,042
Short term finance - secured	8	**96,443**	96,443
Creditors, accrued and other liabilities		**254,124**	251,586
Accrued finance cost		**935,846**	794,514
Taxation		**5,534**	5,534
		5,360,403	5,101,072
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		8,141,332	8,178,951

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

LAHORE **CHIEF EXECUTIVE**

	Note	December 31, 2013 Un-audited	June 30, 2013 Audited and Re-stated
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**584,758**	595,832
Intangible assets		**7,421**	7,696
Investment property	11	**3,145,138**	3,145,137
Investments	12	**1,188,180**	1,185,919
Long term advances and deposits		**13,619**	13,619
		4,939,116	4,948,203
CURRENT ASSETS			
Stock-in-trade	13	**2,186,143**	2,193,553
Trade debts - unsecured		**637,552**	650,129
Advances, deposits, prepayments and other receivables		**202,625**	211,461
Income tax recoverable		**45,745**	42,055
Cash and bank balances		**2,248**	5,647
		3,074,313	3,102,845
Disposal group held-for-sale		**127,903**	127,903
		3,202,216	3,230,748
		8,141,332	8,178,951

DIRECTOR

PACE (PAKISTAN) GROUP

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

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013

	Note	Quarter ended December 31, 2013 Un-audited	Quarter ended December 31, 2012 Un-audited and Re-stated	Half year ended December 31, 2013 Un-audited	Half year ended December 31, 2012 Un-audited and Re-stated
		(Rupees in thousand)			
Sales	15	17,596	95,968	168,270	182,840
Cost of sales	16	(54,049)	(114,991)	(163,511)	(198,463)
Gross loss		(36,453)	(19,023)	4,759	(15,623)
Administrative and selling expenses		(29,396)	(31,079)	(59,034)	(61,545)
Other income	17	5,342	170,578	8,181	174,959
Other operating expenses		15,126	(76,215)	(103,931)	(88,215)
		(45,381)	44,261	(150,025)	9,576
Finance costs	18	(89,247)	(109,830)	(150,951)	(218,770)
Changes in fair value of investment property		-	31,482	-	12,050
Share of profit / (loss) from associate - net of tax		(2,191)	(2,454)	3,376	(2,511)
Gain on bargain purchase				-	-
Loss before tax		(136,819)	(36,300)	(297,600)	(199,655)
Taxation		(225)	2,947	(2,424)	(4,912)
Loss for the year		(137,044)	(33,353)	(300,024)	(194,743)
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Remeasurement of net defined benefit liability - net of tax		(984)	(1,168)	(984)	(2,336)
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale investments		258	(112)	(166)	(453)
Share in associate's changes in fair value of available for sale investments - net of tax		-	-	-	(43,406)
Loss during the period transferred to profit and loss on account of derecognition of investment		-	-	819	-
		258	(112)	653	(43,859)
Total comprehensive loss for the year		(726)	(33,465)	(300,355)	(237,696)
Attributable to:					
Equity holders of the parent		(22,442)	-	(300,350)	(237,696)
Non-controlling interest		(2)	-	(5)	-
		(22,444)	-	(300,355)	(231,074)
Loss per share attributable to ordinary shareholders					
- basic loss per share Rupees	19.1	(0.48)	(0.12)	(1.07)	(0.70)
- diluted loss per share Rupees	19.2	(0.48)	(0.12)	(1.07)	(0.70)

The annexed notes 1 to 24 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, 2013

	Note	Half year ended December 31, 2013	December 31, 2012
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	21	**(2,547)**	25,489
Net increase / (decrease) in advances against sale of property		**5,843**	1,949
Finance costs paid		**(1,340)**	(19,684)
Gratuity and leave encashment paid		**(4,887)**	-
Taxes paid		**(5,777)**	(4,774)
Net cash generated from operating activities		**(8,708)**	2,980
Cash flow from investing activities			
Purchase of property, plant and equipment		**-**	(3,089)
Proceeds from sale of property, plant and equipment		**-**	5,568
Decrease / (increase) in long term loans and deposits		**-**	(487)
Markup received		**74**	532
Proceeds from disposal of investment		**(262)**	-
Acquisition of subsidiary		**-**	-
Net cash generated from / (used in) investing activities		**(188)**	2,524
Cash flow from financing activities			
Repayment of long term finances		**-**	(8,376)
Transfer from short term finance-secured		**-**	12,378
Payment of finance lease liabilities		**(1,769)**	(1,170)
Net cash used in financing activities		**(1,769)**	2,832
Net increase / (decrease) in cash and cash equivalents		**(10,665)**	8,336
Cash and cash equivalents at the beginning of the year		**(83,530)**	(91,866)
Cash and cash equivalents at the end of the year		**(94,195)**	(83,530)

The annexed notes 1 to 24 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, 2013

(Rupees in thousand)

	Attributable to equity holders of the parent						Non-Controlling Interest	Total Equity
	Share capital	Share premium Reserve	Reserve for changes in fair value of investments	Share in reserves of associate	Unappro-priated profit / (loss)	Total		
Balance as on June 30, 2012	2,788,766	273,265	(1,134)	122,834	238,553	3,429,012	87,775	3,516,787
Effect of change in accounting policy (note - 3.1.1)					6,728			
Balance as on June 30, 2012 (audited and re-stated)								
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	(385,635)	(385,635)	(97)	(385,732)
Other comprehensive loss for the year:								
Changes in fair value of available for sale investments - net of tax			(441)	(115,760)		(116,201)		(116,201)
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated	-	-	-	-	(2,336)	(2,336)	-	(2,336)
	-	-	(441)	(115,760)	(387,971)	(504,172)	(97)	(504,269)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-	-	-	-	-
Non - controlling interest arising on business combination	-	-	-	-	-	-	-	-
Balance as on June 30, 2013	2,788,766	273,265	(1,575)	7,074	(142,690)	2,924,840	87,678	3,012,518
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	(300,350)	(300,350)	(5)	-
Other comprehensive loss for the year:								
Changes in fair value of available for sale investments - net of tax			-	-		-		-
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated	-	-	-		(2,336)	(2,336)	-	(2,336)
	-	-	-	-	302,686	302,686	(5)	(2,336)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-	-	-	-	-
Balance as on December 31, 2013	2,788,766	273,265	(1,575)	7,074	445,376	2,622,154	(87,673)	2,709,992

The annexed notes 1 to 24 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, 2013
(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 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.

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.

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

During the period, the Company has incurred a loss of Rs 299.652 million (year ended June 30, 2013: Rs. 507.22 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,578.559 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 is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The management of the Company however, is continuously engaged with its lenders for restructuring of its borrowings. During the current period Al-Baraka Bank (Pakistan) Limited offered, which the Company has accepted, to settle Rs 169.119 million of the principal amount against properties at various floors at Pace Fortress aggregating to 13,021 square feet.

The Company has also approached other lenders referred to in note 5 and 8 of the condensed interim financial information 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;
- Settlement of principal amounts against properties of the Company; and
- Waiver of overdue markup;

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

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

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

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

2. Statement of compliance

The 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. 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 of the Group for the year ended June 30, 2013.

This consolidated condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Group. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand, except for earnings per share which is presented in whole figures.

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, 2013.

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

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

3.1.1 Amendments to published standards effective in current period

- Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments has no material impact on the Company's condensed interim financial information.

- IFRS 7, 'Disclosures on offsetting financial assets and financial liabilities' (Amendment), issued on December 19, 2011. The new disclosure requirements apply to offsetting of financial assets and financial liabilities. The amendment clarifies that the right of set-off must be available at present i.e. it is not contingent on a future event and must be legally enforceable for all counterparties. This amendment reflects the requirements to enhance current offsetting disclosures. The new disclosure is intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The application of this standard has no material impact on the Company's condensed interim financial information.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. 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 IFRSs. The requirements, which are largely aligned between IFRSs 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 IFRSs or US GAAP. The application of this standard has no material impact on the Company's condensed interim financial information.

IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been in the following areas:

'- The standard requires past service cost to be recognised immediately in profit or loss account. Since there are no unrecognised past service costs there is no impact of this provision on the condensed interim financial information of the Company.

- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this is to reflect the yield on high quality corporate bonds. Since there are no plan assets there is no impact of this provision on the condenced interim financial information of the Company.

- There is a new term ''remeasurements''. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

- Retirement benefits obligation as previously reported has been restated at the reporting dates to reflect the effect of the above. Amounts have been restated as at July 1, 2012 by decreasing the retirement benefits obligation by Rs 6.728 million and June 30, 2013 by decreasing the retirement benefits obligation by Rs 0.948 million.

- The effect of the change in accounting policy on basic and diluted loss per share and the statement of cash flows was immaterial.

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 36 - Impairment of Assets	January 01, 2014
IAS 32 - Financial instruments: Presentation	January 01, 2014
IFRS 9 - Financial instruments	January 01, 2015

4. Taxation

The provision for taxation for the half year ended December 31, 2013 has been made on an estimated basis.

		Un-Audited December 31, 2013	Audited June 30, 2013
5. Long term finances - secured		**(Rupees in thousand)**	
Opening balance		**732,614**	749,830
Less: Repayment during the period / year		**-**	(17,216)
		732,614	732,614
Less: Current portion shown under current liabilities	- note 5.1	**(732,614)**	(732,614)
		-	-

5.1 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

The Company is in negotiation with both of the syndicate members to settle their entire principal and accrued markup with properties at various plazas of the Company. Following are the salient features of the proposals sent by the Company to the banks:

National Bank of Pakistan

- Settlement of bank's portion of Syndicate term finance facility (STFF) of Rs 282.693 million, inclusive of markup of Rs 84.175 million as at June 30, 2013 together with the term finance with the same bank of Rs 54.406 million, inclusive of mark up of Rs. 14.626 million referred to in note 5.1.2 against property situated at the ground and mezzanine floors of Pace Towers measuring a total of 9,765 square feet.

- Waiver of accrued markup of STFF and term finance amounting to Rs 74.100 million as at June 30, 2013.

Habib Bank Limited

- Settlement of Habib Bank Limited's share of Rs 153.856 million, inclusive of markup of Rs 46.962 million as at June 30, 2013 against property situated at ground floor of Pace Towers measuring a total of 4,237 square feet.
- Waiver of accrued markup amounting to Rs 35.222 million as at June 30, 2013.

None of the banks have formally responded to the proposals.

5.1.2 National Bank of Pakistan - term finance

The Company is in negotiation with the bank to settle the entire principal and accrued markup together with its portion of STFF against property available at Pace Towers as referred to note 5.1.1.

5.1.3 Soneri Bank - demand finance

The Company is in negotiation with the bank to restructure the existing loan. Following are the salient features of the proposal sent by the Company to the bank:

- Tenure of restructured facility will be 3.5 years inclusive of six months grace period.

- Markup on restructured facility shall be charged at the 3 months KIBOR plus 0.5%.

- Relaxation in payment of existing markup.

Soneri bank has not yet formally responded to the proposal.

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

The Company has negotiated with the bank to settle principal against certain identified properties. During the period, the bank has offered, which the Company has accepted to settle Rs 169.119 million against properties at various floors of Pace Fortress aggregating to 13,021 square feet, however, legal documentation has not been finalized as at December 31, 2013. As at December 31, 2013, the Company has 11,499 square feet out of 13,021 square feet available at Pace Fortress.

		Un-Audited December 31, 2013	Audited June 30, 2013
		(Rupees in thousand)	
6. Redeemable capital - secured (non-participatory)			
Opening balance		**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 748.800 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2014. However, as the Company could not repay on a timely basis the instalments due uptil the half year ended December 31, 2013 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants.

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured		
Opening balance	**1,591,721**	1,463,882
Markup accrued for the period / year	**8,279**	55,668
	1,600,000	1,519,550
Exchange loss for the period / year	**103,107**	72,171
	1,703,107	1,591,721
Less: Current portion shown under current liabilities	**(1,703,107)**	(1,591,721)
	-	-
8. Short term finance - secured		
Opening balance	**96,443**	100,000
Less: Repayment during the period / year	**-**	(3,557)
	96,443	96,443

8.1 Last year PAIR Investment Company Limited offered to settle principal portion and accrued markup as on March 31, 2013 amounting to Rs 129 million against properties at various floors of Pace MM Alam aggregating to 11,833 square feet, however, legal documentation has not been finalized as at December 31, 2013. As at December 31, 2013, the Company has 11,240 square feet out of 11,833 square feet available at Pace MM Alam. Following are the key terms:

- The Company will procure No Objection Certificates (NOCs) from National Bank of Pakistan (NBP) having joint charge over the aforementioned properties.

- The Company has First Right of Refusal for 18 months to buy back these properties.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2013: 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, 2013: 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 384.985 million (June 30, 2013: Rs 391.985 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, 2013	Audited June 30, 2013
		(Rupees in thousand)	
Not later than one year		**7,088**	6,300
Later than one year and not later than five years		**34,453**	33,469
Later than five years		**747,209**	757,131
		788,750	796,900
10. Property, plant and equipment			
Operating fixed assets	- note 10.1	**456,449**	468,277
Capital work-in-progress		**128,309**	127,555
		584,758	595,832
10.1 Operating fixed assets			
Operating assets - at net book value			
- owned assets		**454,070**	465,635
- assets subject to finance lease		**2,379**	2,642
	- note 10.1.1	**456,449**	468,277
10.1.1 Operating assets - at net book value			
Opening book value		**468,277**	583,227
Less: Disposals during the period/ year		**-**	(8,769)
Less: Transfer to disposal group held-for-sale during the period/ year		**-**	(13,439)
Less: Depreciation and impairment charge for the period/ year		**(11,828)**	(92,742)
		(11,828)	(114,950)
Closing book value		**456,449**	468,277
11. Investment property			
Opening fair value		**3,145,137**	3,167,645
Transfer from disposal group held for sale during the period/ year		**-**	94,190
		3,145,137	3,261,835
Transfer to disposal group held for sale during the period/ year		**-**	(146,442)
Disposals of investment property during the period/ year		**-**	(20,985)
Closing value before revaluation		**3,145,137**	3,094,408
Add: Fair value gain recognised during the period / year		**-**	50,729
Closing value after revaluation		**3,145,137**	3,145,137

		Un-Audited December 31, 2013	Audited June 30, 2013
		(Rupees in thousand)	
12. Investments			
Associated undertakings - unquoted	- note 12.1	**1,187,088**	1,183,712
Available for sale - quoted	- note 12.2	**1,092**	2,207
		1,188,180	1,185,919

12.1 Associated undertakings - unquoted

Pace Barka Properties Limited 75,875,000 (2013: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (2013: 24.9%)	- note 12.1.1	**1,187,088**	1,183,712
		-	-
		1,187,088	1,183,712
Less: Cumulative impairment losses recognized	- note 12.1.2	**-**	-
		1,187,088	1,183,712

12.1.1 Pace Barka Properties Limited

Cost	**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account	**425,061**	539,704
	1,183,712	1,298,355
Share of movement in reserves during the year	**-**	(115,760)
Share of profit/(loss) for the year		
- before taxation	**3,630**	3,297
- provision for taxation	**(254)**	(2,180)
Loss on sale of investment	**-**	-
	3,376	1,117
	1,187,088	1,183,712

12.1.2 Cumulative impairment losses recognized

As at July 1	**-**	151,730
Recognised during the year	**-**	**-**
Derecognised on disposal of investments	**-**	(151,730)
	-	-

12.2 Available for sale - quoted

Worldcall Telecom Limited 912 (June 2013: 912) fully paid ordinary shares of Rs 10 each		**6**	6
Shaheen Insurance Limited 294,037 (June 2013: 294,037) fully paid ordinary shares of Rs 10 each		**2,008**	3,776
		2,014	3,782
Add: Cumulative fair value gain/(loss)	- note 12.2.1	**(922)**	(1,575)
		1,092	2,207

	Un-Audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
12.2.1 Cumulative fair value loss		
Opening balance	**1,575**	1,134
Fair value loss during the period / year	**166**	441
Transferred to profit and loss account on derecognization of investment	**(819)**	-
	922	1,575

13. Stock-in-trade

Work in process - Pace Towers	**1,017,663**	1,031,748
Pace Barka Properties Limited - Pace Circle	**241,005**	242,017
Pace Super Mall (Private) Limited	**572,958**	562,327
Shops and houses	**354,600**	354,600
Woodland plots	**(725)**	1,828
	2,185,501	2,192,520
Stores inventory	**642**	1,033
	2,186,143	2,193,553

14. Operating Segments

Operating segments and basis of determination of operating segments are same as disclosed in audited consolidated annual financial statements of the Group for the year ended June 30, 2013.

14.1 Segment information

(Rupees in thousand)

	Real estate sales				Investment properties				Others				Total			
	Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended		Quarter ended		Six month ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Segment revenue	1,051	41,698	39,902	75,326	10,762	9,507	21,770	16,484	5,783	44,763	106,598	91,030	17,596	95,968	168,270	182,840
Segment expenses																
- Cost of sales	(14,306)	(49,961)	(29,193)	(81,762)	(8,334)	(11,391)	(19,779)	(17,892)	(31,409)	(53,639)	(114,539)	(98,809)	(54,049)	(114,991)	(163,511)	(198,463)
										-		-	-	-	-	-
Gross (loss) / profit	(13,255)	(8,263)	10,709	(6,436)	2,428	(1,884)	1,991	(1,408)	(25,626)	(8,876)	(7,941)	(7,779)	(36,453)	(19,023)	4,759	(15,623)
- Changes in fair value of investment property	-	-	-	-		31,482		12,050	-	-	-	-	-	31,482	-	12,050
Segment results	(13,255)	(8,263)	10,709	(6,436)	2,428	29,598	1,991	10,642	(25,626)	(8,876)	(7,941)	(7,779)	(36,453)	12,459	4,759	(3,573)
Administrative and selling expenses													(29,396)	(31,079)	(59,034)	(61,545)
Other operating income													5,342	170,578	8,181	174,959
Finance costs													(89,247)	(109,830)	(150,951)	(218,770)
Other operating expenses													15,126	(76,215)	(103,931)	(88,215)
Share of loss of associates													(2,191)	(2,454)	3,376	(2,511)
Loss before tax													(136,819)	(36,541)	(297,600)	(199,655)
Taxation																
- Group													(225)	2,947	(2,424)	(30,978)
- Associated companies													-		-	
Loss for the period													(137,044)	(33,594)	(300,024)	(230,633)

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)			
15 Sales				
Shops, houses and commercial buildings				
- at completion of project basis	(46,775)	41,698	**3,200**	75,326
- at percentage of completion basis	3,826	-	**36,702**	-
Licensee fee	10,762	9,507	**21,770**	16,484
Display advertisements and miscellaneous income	4,138	3,533	**8,116**	7,404
Service charges	45,645	41,230	**98,482**	83,626
	17,596	**95,968**	**168,270**	**182,840**
16 Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	(33,915)	38,774	**5,696**	64,595
- at percentage of completion basis	25,705	-	**23,497**	-
Stores operating expenses	62,259	76,217	**134,318**	133,868
	54,049	**114,991**	**163,511**	**198,463**
17 Other income				
Income from financial assets				
Mark up on bank accounts	25	50	73	532
Commission on guarantee	619	375	619	750
	644	425	692	1,282
Income from non-financial assets				
Reversal of impairment loss on investment	-	151,730	-	151,730
Gain on exchange of shops and counters	-	12,264	-	12,264
Rental income	2,195	5,503	4,391	5,503
Miscellaneous income	2,503	656	3,098	4,180
	4,698	170,153	7,489	173,677
	5,342	170,578	8,181	174,959
18 Finance costs				
Markup on				
- Long term finances - secured	36,439	24,912	48,220	55,793
- Foreign currency convertible bonds - unsecured	4,054	24,025	8,279	47,691
- Redeemable capital - secured (non-participatory)	41,917	47,543	84,513	97,541
- Short term finance - secured	3,154	2,877	6,219	7,238
- Liabilities against assets subject to finance lease	3,625	9,611	3,625	9,611
	89,189	108,968	150,856	217,874
Bank charges and processing fee	58	862	95	896
	89,247	109,830	150,951	218,770

19 Loss per share

19.1 Basic loss per share

Loss for the period (Rupees in thousand)	(132,681)	(34,191)	(299,652)	(198,236)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.48)	(0.12)	(1.07)	(0.70)

19.2 Diluted loss per share

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

Loss for the period (Rupees in thousand)	(132,681)	(34,191)	(299,652)	(198,236)
Interest on FCCB (Rupees in thousand)	4,054	23,466	8,279	47,691
Exchange (gain)/ loss (Rupees in thousand)	(15,950)	32,920	103,107	44,920
(Loss)/ Profit used to determine diluted (loss)/ earnings per share (Rupees)	(144,577)	22,195	(188,266)	(105,625)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	115,792	104,341	116,122	104,357
Weighted average number of shares for diluted (loss)/ earning per share (in thousand)	394,669	383,218	394,999	383,234
(Loss)/ earnings per share diluted (Rupees)	(0.37)	0.06	(0.48)	(0.28)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.48)	(0.12)	(1.08)	(0.70)

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.

20. Transactions with related parties

Relationship with the Company	Nature of transaction	Half year ended December 31, 2013 Un-audited	Half year ended December 31, 2012 Un-audited and Re-stated
		(Rupees in thousand)	
i. Associates	Guarantee commission income	619	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
	Shared expenses charged by the Compnay	1,320	-
	Receipt against Pace circle sales	23,640	-
ii. Others	Purchase of goods & services	4,650	16,171
	Rental income	4,392	4,003
	Sale of services	2,663	-
	Payment made on behalf of related parties	-	31,923
	Disposal of property, plant and equipment	-	8,769
	Refund of advance	17,250	-
iii. Directors and key management personnel	Salaries and other employee benefits	10,391	12,031
iv. Post employment benefit plan	Expense charged in respect of benefit plans	4,286	4,632

	Un-audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	152,083	170,369
Payable to related parties	817	9,743

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

	Half year ended	
	December 31, 2013	December 31, 2012
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	

21. Cash generated from operations

Loss before tax	**(297,600)**	(199,655)
Adjustments for:		
- Depreciation on property, plant and equipment	**11,565**	12,937
- Depreciation on assets subject to finance lease	**264**	568
- Amortisation on intangible assets	**276**	276
- Share of (loss) / profit from associated companies	**(3,376)**	-
- Loss on sale of property, plant and equipment	**-**	3,201
- Gain on exchange of shops and counters	**-**	(12,264)
- Loss on sale of investment	**819**	-
- Markup income	**(74)**	(532)
- Changes in fair value of investment property	**-**	(12,050)
- Reversal of impairment loss on investment	**-**	(151,730)
- Finance costs	**150,951**	218,770
- Exchange loss on foreign currency convertible bonds	**103,107**	44,920
- Loss on disposal group held-for-sale	**-**	40,095
- Advances written off	**-**	243
- Provision for doubtful advances	**-**	663
- Provision for gratuity and leave encashment	**4,286**	4,078
Loss before working capital changes	**(35,320)**	(47,969)
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	**7,411**	52,195
- Decrease in trade debts	**12,577**	7,575
- Decrease/ (Increase) in advances, deposits prepayments and other receivables	**8,835**	(9,859)
- Increase in creditors, accrued and other liabilities	**3,950**	23,547
	32,773	73,470
	(2,547)	25,501

22. Detail of subsidiaries

	Accounting period end	Percentage of holding	Country of Incorporation
Year ended December 30, 2013			
Pace Woodlands (Private) Limited	31-Dec-13	52%	Pakistan
Pace Gujrat (Private) Limited	31-Dec-13	100%	Pakistan
Pace Supermall (Private) Limited	31-Dec-13	69%	Pakistan
Year ended June 30, 2013			
Pace Woodlands (Private) Limited	30-Jun-13	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-13	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-13	69%	Pakistan

23. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2014 by the Board of Directors of the Company.

24. Corresponding figures

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

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

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