PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT

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

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

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COMPANY INFORMATION

Board of Directors	Shehryar Ali Taseer (Chairman)	Non-Executive
	Aamna Taseer (CEO)	Executive
	Shehrbano Taseer	Non-Executive
	Imran Hafeez	Executive
	Kanwar Latafat Ali Khan	Non-Executive
	Imran Saeed Chaudhry	Non-Executive
	Sulaiman Ahmed Saeed Al-Hoqani	Non-Executive
	Syed Abid Raza	Independent
Chief Financial Officer	Imran Hafeez	
Audit Committee	Kanwar Latafat Ali Khan (Chairman)	
	Shahryar Ali Taseer	
	Shehrbano Taseer	
	Syed Abid Raza	
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer Chairman)	
	Aamna Taseer	
	Kanwar Latafat Ali Khan	
Company Secretary	Sajjad Ahmad	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Advisers	M/s. Imtiaz Siddiqui & Associates	
Bankers	Allied Bank Limited	
	Albaraka Bank (Pakistan) Limited	
	Askari Bank Limited	
	Bank Alfalah Limited	
	Faysal Bank Limited	
	Habib Bank Limited	
	KASB Bank Limited	
	National Bank of Pakistan	
	NIB Bank Limited	
	Silk Bank Limited	
	Soneri Bank Limited	
	Pair Investment Company Limited	
	The Bank of Punjab	
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor State Life Building No.3, Dr. Zia-ud-Din Ahmed Road Karachi ☎ (021) 111-000-322	
Registered Office/Head Office	2nd Floor, Pace Shopping Mall Fortress Stadium, Lahore Cantt Lahore, Pakistan ☎ (042)-36623005/6/8 Fax: (042) 36623121, 36623122	

DIRECTORS' REPORT

At the period end the directors of your company are presenting their report to the shareholders together with the reviewed financial information for the half year ended December 31, 2014.

General Economic Overview

The gross domestic product (GDP) rate crawled up to 4.1% for the first time in the last six years, it fell short of the targeted rate of 4.4% for the fiscal year 2013-14. The country's per capita income grew at a dismal 1.4% to $1,386 per person.

Major success of the outgoing fiscal year includes: picking up economic growth, inflation contained at single digit, improvement in tax collection, reduction in fiscal deficit, achieving of GSP plus status by EU, worker remittances touches new height, successful launching of Euro Bond, auction of long pending 3G and 4G licenses; foreign exchange reserves significantly rise, Rupee strengthened and stock market created new history.

Real Estate and construction sector overview:

Real Estate is a promising and growing sector of the Pakistani economy. Pakistan spends $5.2 billion on construction in a year and according to the Pakistan Bureau of Statistics, construction output accounts for 2% of GDP. Recently, with the increase in the rate of urbanization, there has been a rise in the demand of residential properties.

The share of construction in industrial sector is 11.48 percent and is one of the potential components of industries. The construction sector has registered a growth of 11.31 percent against the growth of 1.68 percent of last year. This is also highest growth level achieved since 2008-09. Three main drivers of economic growth are consumption, investment and export. Pakistani society like other developing countries is a consumption oriented society, having high marginal propensity to consume.

Company Performance and Financial Overview

Comparison for the results of the half year ended December 31, 2014 as against December 31, 2013 is as follows:

	Rupees in 000 **Quarter ended Oct-Dec**		Rupees in 000 **Half year ended Jul-Dec**	
	2014	**2013**	**2014**	**2013**
Sales	116,447	17,596	235,607	168,270
Cost of sales	(110,181)	(50,905)	(214,134)	(159,248)
Gross profit/(loss)	6,265	(33,309)	21,473	9,022
Other operating income	5,467	5,342	12,178	8,180
Finance cost	(65,268)	(89,246)	(116,603)	(150,950)
Net loss before tax	(67,371)	(132,342)	(186,650)	(297,565)
Net loss after tax	(69,727)	(132,922)	(189,006)	(299,652)
Loss per share- basic and diluted	(0.25)	(0.48)	(0.68)	(1.07)

During the period, sale has been increased by 40% due to booking of new sales in Pace Circle project. Finance cost has decreased by 22.75% because of the fact that the company has capitalized finance cost relevant to Pace Tower which was expensed out in the previous period. There was also a 49% increase in other income due to some new contracts entered by the company related to advertisement income on different sites.

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:

During the period, the Company has incurred a loss of Rs 189.006 million (year ended June 30, 2014: Rs 189.638 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,730.076 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.

However Company is in negotiation with its following lenders:

National Bank of Pakistan (NBP) and the Company have agreed to settle NBP's portion of Syndicate term finance facility (STFF) and term finance referred to in note 5.1.2 amounting to Rs 332.112 million, inclusive of markup against property situated at the ground, mezzanine floors and basement of Pace Towers measuring a total of 16,450 square feet along with waiver of accrued markup of STFF and term finance amounting to Rs 54.152 million.

The Company has propsed to Habib Bank Limited (HBL) to settle HBL'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 along with waiver of accrued markup amounting to Rs 35.222 million.

Soneri Bank has agreed to and the company has accepted to restructure entire principal of Rs 27.420 million and markup as on Dec 31, 2013 of Rs 12.130 million.

The Al Baraka Bank and the Company have agreed to settle principal of Rs 242.291 million against properties at first floor of Pace Towers, aggregating to 17,950 square feet along with the waiver of accrued markup and late payment charges of Rs 147.038 million on certain conditions.

Change in Board of directors:

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

Future Outlook:

Through the delivery of key development projects in 2015 in form of Pace Towers and significant investment and share in pace Circle, we look forward to onboarding significant operating cash flows by successfully converting non-income-producing assets to cash flowing operating assets.

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

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

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

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

For and on behalf of the Board of Directors

Lahore
February 27, 2015

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, 2014 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 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 2,730.076 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, 2015

Name of engagement partner: Asad Aleem Mirza

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2014

		Half year ended	
EQUITY AND LIABILITIES	**Note**	**December 31, 2014**	June 30, 2014
		Un-audited	Audited
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 30, 2014: 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, 2014: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**272,193**	272,209
Unappropriated loss		**(1,019,338)**	(830,332)
		2,041,621	2,230,643
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		**37,546**	34,654
		37,546	34,654
CURRENT LIABILITIES			
Advances against sale of property		**129,583**	131,678
Current portion of long term liabilities		**3,782,435**	3,746,097
Short term finance - secured	8	**96,443**	96,443
Creditors, accrued and other liabilities		**254,800**	231,634
Accrued finance cost		**1,232,216**	1,091,217
		5,495,477	5,297,069
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		7,574,644	7,562,366

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

LAHORE **CHIEF EXECUTIVE**

ASSETS	Note	Half year ended December 31, 2014 Un-audited	June 30, 2014 Audited
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	10	**567,318**	592,660
Intangible assets		**6,877**	7,145
Investment property	11	**3,370,166**	3,370,166
Investments	12	**851,263**	851,279
Long term advances and deposits		**13,619**	13,619
Deferred taxation		**-**	-
		4,809,243	4,834,869
CURRENT ASSETS			
Stock-in-trade	13	**1,989,266**	1,968,645
Trade debts - unsecured		**653,969**	630,465
Advances, deposits, prepayments and other receivables		**67,547**	78,880
Income tax recoverable		**51,531**	47,885
Cash and bank balances		**3,088**	1,622
		2,765,401	2,727,497
		7,574,644	7,562,366

DIRECTOR

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED December 31, 2014

	Note	Quarter ended December 31, 2014 Un-audited	Quarter ended December 31, 2013 Un-audited	Half year ended December 31, 2014 Un-audited	Half year ended December 31, 2013 Un-audited
		(Rupees in thousand)			
Sales	14	116,447	17,596	235,607	168,270
Cost of sales	15	(110,181)	(50,905)	(214,134)	(159,248)
Gross profit / (loss)		6,265	(33,309)	21,473	9,022
Administrative and selling expenses		(46,535)	(30,255)	(72,138)	(59,886)
Other income		5,467	5,342	12,178	8,180
Other operating expenses		32,700	15,126	(31,560)	(103,931)
Finance costs	16	(65,268)	(89,246)	(116,603)	(150,950)
Changes in fair value of investment property		-	-	-	-
Loss before tax		(67,371)	(132,342)	(186,650)	(297,565)
Taxation		(2,356)	(580)	(2,356)	(2,087)
Loss for the period		(69,727)	(132,922)	(189,006)	(299,652)
Other comprehensive (loss) / income					
Items that will not be reclassified to profit or loss					
Remeasurement of net defined benefit liability - net of tax		-	(984)	-	(984)
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale investments		(16)	259	(16)	(166)
Loss during the period transferred to profit and loss on account of derecognition of investment		-	819	-	819
		(16)	1,078	(16)	653
Total comprehensive loss for the period		(69,743)	(132,828)	(189,022)	(299,983)
Loss per share attributable to ordinary shareholders					
- basic	17.1	(0.25)	(0.48)	(0.68)	(1.07)
- diluted	17.2	(0.26)	(0.48)	(0.68)	(1.07)

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, 2014

	Note	Half year ended December 31, 2014 Un-audited	December 31, 2013 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	19	**15,307**	10,038
Finance cost paid		**-**	(1,339)
Gratuity and leave encashment paid		**(419)**	(4,887)
Taxes paid		**(6,002)**	(5,777)
Net cash generated from/(used in) operating activities		**8,886**	(1,965)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8,125)**	-
Proceeds from sale of property, plant and equipment		**2,100**	-
Proceeds from disposal of investment		**-**	262
Markup received		**197**	73
Net cash (used in)/generated from investing activities		**(5,828)**	335
Cash flows from financing activities			
Repayment of finance lease liabilities		**(1,592)**	(1,769)
Net increase/(decrease)in cash and cash equivalents		**1,466**	(3,399)
Cash and cash equivalents at beginning of the period		**(94,821)**	(90,928)
Cash and cash equivalents at the end of the period		**(93,355)**	(94,327)

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, 2014

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appro-priated (loss)	Total
Balance as on July 1, 2013 (audited)	2,788,766	273,265	(1,575)	(635,180)	2,425,276
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	-	-	-	(984)	(984)
	-	-	653	(300,636)	(299,983)
Transaction with owners	-	-	-	-	-
Balance as on December 31, 2013 (un-audited)	2,788,766	273,265	(922)	(935,816)	2,125,293
Total comprehensive loss for the half year ended June 30, 2014					
Profit for the period	-	-	-	110,014	110,014
Other comprehensive loss:					
Changes in fair value of available for sale investments	-	-	(134)	-	(134)
Remeasurement of net defined benefit liability - net of tax	-	-	-	(4,530)	(4,530)
	-	-	(134)	105,484	105,350
Transaction with owners	-	-	-	-	-
Balance as on June 30, 2014 (audited)	2,788,766	273,265	(1,056)	(830,332)	2,230,643
Total comprehensive loss for the half year ended December 31, 2014					
Loss for the period	-	-	-	(189,006)	(189,006)
Other comprehensive loss:					
Changes in fair value of available for sale investments	-	-	(16)	-	(16)
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-
	-	-	(16)	(189,006)	(189,022)
Transaction with owners	-	-	-	-	-
Balance as on December 31, 2014	2,788,766	273,265	(1,072)	(1,019,338)	2,041,621

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, 2014 (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 189.006 million (year ended June 30, 2014: Rs 189.638 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,730.076 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 National Bank of Pakistan and the Company have agreed to settle principal and markup of Rs 332.112 million and waive markup of Rs 54.152 million. Similarly Al-Baraka Bank (Pakistan) Limited and the Company have agreed to settle principal of Rs 242.291 million and waive markup and late payment charges of Rs 147.038 million on conditions mentioned in note 5.1.4.

The Company has also approached other lenders referred to in note 5 and 8 of these financial statements 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 referred above and utilise the resultant liquidity for completion and sale of its 'Pace Towers' Project.

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

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

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

2. Statement of compliance

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, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

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, 2014.

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

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

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

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

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

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

- IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company's condensed interim financial information is not material.

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

Standards, amendments or Interpretation	Effective date (accounting periods beginning on or after)
Annual improvements 2014	January 01, 2016
IAS 16 - Property, plant and equipment	January 01, 2016
IAS 27 - Separate financial statements	January 01, 2016
IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2015
IAS 38 - Intangible assets	January 01, 2016
IFRS 9 - Financial instruments - classification and measurement	January 01, 2015
IFRS 9 - Financial instruments	January 01, 2018
IFRS 10 - Consolidated financial statements	January 01, 2015
IFRS 11 - Joint arrangements	January 01, 2015
IFRS 12 - Disclosure of interests in other entities	January 01, 2015
IFRS 13 - Fair value measurement	January 01, 2015
IFRS 14 - Regulatory deferral accounts	January 01, 2016
IFRS 15 - Revenue from contracts with customers	January 01, 2017

4. Taxation

The provision for taxation for the half year ended December 31, 2014 has been made on an estimated basis.

		Un-Audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
5. Long term finances - secured			
Opening balance		**614,906**	614,906
Less: Repayment during the period / year		**-**	-
		614,906	614,906
Less: Current portion shown under current liabilities	- note 5.1	**614,906**	614,906
		-	-

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

- During the period, National Bank of Pakistan (NBP) and the Company have agreed to settle NBP's portion of Syndicate term finance facility (STFF) and term finance referred to in note 5.1.2 amounting to Rs 332.112 million, inclusive of markup against property situated at the ground, mezzanine floors and basement of Pace Towers measuring a total of 16,450 square feet along with waiver of accrued markup of STFF and term finance amounting to Rs 54.152 million. However legal documentation had not been finalized.

- The Company has propsed to Habib Bank Limited (HBL) to settle HBL'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 along with waiver of accrued markup amounting to Rs 35.222 million. HBL has not formally responded to the proposal.

5.1.2 National Bank of Pakistan - term finance

The Company has agreed 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

During the last year, the bank has agreed to and the company has accepted to restructure entire principal of Rs 27.420 million and markup as on Dec 31, 2013 of Rs 12.130 million. However legal documentation had not been finalized. Following are the key terms:

- Tenure of restructured facility will be 3.5 years inclusive of six months grace period. Repayments will be made in twelve quarterly installments after expiry of the grace period.

- Markup on restructured facility shall be charged at 3 months KIBOR plus 1.0%.

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

During the period, the bank and the Company have agreed to settle principal of Rs 242.291 million against properties at first floor of Pace Towers, aggregating to 17,950 square feet along with the waiver of accrued markup and late payment charges of Rs 147.038 million. However legal documentation had not been finalized. Following are the key terms:

- The Company will procure No Objection Certificates from National Bank of Pakistan and Habib Bank Limited having joint charge over the aforementioned properties.

- The bank will continue to hold its charge over Pace Towers uptill the finishing work on aforementioned properties is complete.

		Un-Audited December 31, 2014	Audited June 30, 2014
		(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 449.280 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2015. However, as the Company could not repay on a timely basis the instalments due uptil the half year ended December 31, 2014 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, 2014	Audited June 30, 2014
	(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured		
Opening balance	**1,606,458**	1,591,721
Markup accrued for the period / year	**7,918**	15,543
	1,614,376	1,607,264
Exchange loss / (gain) for the period / year	**30,013**	(806)
	1,644,389	1,606,458
Less: Current portion shown under current liabilities	**(1,644,389)**	(1,606,458)
	-	-

8. Short term finance - secured

The Company is in negotiation with PAIR Investment Company Limited (PAIR) to settle the entire principal and accrued markup with properties at Pace Towers. Following are the salient features of the proposals sent by the Company to PAIR:

- Settlement of short term finance facility of Rs 140.574 million, inclusive of markup of Rs 44.131 million as at June 30, 2014 against property situated at the mezzanine floors of Pace Towers measuring a total of 5,254 square feet.

- Waiver of accrued markup amounting to Rs 9.224 million as at June 30, 2014.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2014: 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, 2014: 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 384.379 million (June 30, 2014: Rs 384.379 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, 2014	Audited June 30, 2014
	(Rupees in thousand)	
Not later than one year	**7,875**	7,875
Later than one year and not later than five years	**36,422**	35,438
Later than five years	**737,365**	742,287
	781,662	785,600

10. Property, plant and equipment

		Un-Audited December 31, 2014	Audited June 30, 2014
Operating fixed assets	- note 10.1	**428,709**	457,319
Capital work-in-progress		**138,609**	135,341
		567,318	592,660

10.1 Operating fixed assets

		Un-Audited December 31, 2014	Audited June 30, 2014
Operating assets - at net book value			
- owned assets		**426,806**	455,206
- assets subject to finance lease		**1,903**	2,113
	- note 10.1.1	**428,709**	457,319

	Un-Audited December 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	

10.1.1 Operating assets - at net book value

	Un-Audited December 31, 2014	Audited June 30, 2014
Opening book value	**455,206**	465,635
Add: Additions during the period/ year	**8,125**	119
Add: Transfer from disposal group held-for-sale during the period/ year	**-**	12,767
	8,125	12,886
Less: Disposals during the period/ year	**(25,506)**	(194)
Less: Depreciation for the period/ year	**(11,019)**	(23,121)
	(36,525)	(23,315)
Closing book value	**426,806**	455,206

11. Investment property

	Un-Audited December 31, 2014	Audited June 30, 2014
Opening fair value	**3,370,166**	3,145,137
Transfer from disposal group held for sale during the period/ year	**-**	114,465
	3,370,166	3,259,602
Add: Fair value gain recognised during the period / year	**-**	110,564
Closing value after revaluation	**3,370,166**	3,370,166

12. Investments

	Un-Audited December 31, 2014	Audited June 30, 2014
Equity instruments of:		
Subsidiaries - unquoted	**91,670**	91,670
Associate - unquoted	**758,651**	758,651
Available for sale - quoted	**942**	958
	851,263	851,279

12.1 Subsidiaries - unquoted

	Un-Audited December 31, 2014	Audited June 30, 2014
Pace Woodlands (Private) Limited		
3,000 (June 30, 2014: 3,000) fully paid ordinary shares of Rs 10 each	**30**	30
Equity held 52% (June 30, 2014: 52%)		
Pace Gujrat (Private) Limited		
2,450 (June 30, 2014: 2,450) fully paid ordinary shares of Rs 10 each	**25**	25
Equity held 100% (June 30, 2014: 100%)		
Pace Super Mall (Private) Limited		
9,161,528 (June 30, 2014: 9,161,528) fully paid ordinary shares of Rs 10 each	**91,615**	91,615
Equity held 57% (June 30, 2014: 57%)	**91,670**	91,670

12.2 Associate - unquoted

	Un-Audited December 31, 2014	Audited June 30, 2014
Pace Barka Properties Limited		
75,875,000 (June 30, 2014: 75,875,000) fully paid ordinary shares of Rs 10 each	**758,651**	758,651
Equity held 24.9% (June 30, 2014: 24.9%)		
	758,651	758,651

	Un-Audited December 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	
12.3 Available for sale - quoted		
Worldcall Telecom Limited		
912 (June 30, 2014: 912) fully paid ordinary shares of Rs 10 each	**6**	6
Shaheen Insurance Company Limited		
158,037 (June 30, 2014: 158,037) fully paid ordinary shares of Rs 10 each	**2,008**	2,008
	2,014	2,014
Less: Cumulative fair value loss	**(1,072)**	(1,056)
	942	958
12.3.1 Cumulative fair value loss		
Opening balance	**1,056**	1,575
Fair value loss during the period/ year	**16**	300
Transferred to profit and loss account on derecognition of investment	**-**	(819)
	1,072	1,056
13. Stock-in-trade		
Work in process - Pace Towers	**1,143,054**	1,134,710
Pace Barka Properties Limited - Pace Circle	**495,017**	528,748
Pace Super Mall (Private) Limited	**21,600**	21,600
Shops and houses	**328,980**	282,804
	1,988,651	1,967,862
Stores inventory	**615**	783
	1,989,266	1,968,645

	Quarter ended		Half year ended	
	December 31, 2014 Un-audited	December 31, 2013 Un-audited	December 31, 2014 Un-audited	December 31, 2013 Un-audited
	(Rupees in thousand)			
14. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	22,113	(46,775)	59,701	3,200
- at percentage of completion basis	48,691	3,826	48,691	36,702
Licensee fee	7,960	10,762	16,939	21,770
Display advertisements and miscellaneous income	2,118	4,138	8,144	8,116
Service charges	35,565	45,645	102,132	98,482
	116,447	17,596	235,607	168,270

	Quarter ended		Half year ended	
	December 31, 2014 Un-audited	December 31, 2013 Un-audited	December 31, 2014 Un-audited	December 31, 2013 Un-audited
15. Cost of sales				
	(Rupees in thousand)			
Shops, houses and commercial buildings				
- at completion of project basis	11,142	(33,915)	37,954	1,433
- at percentage of completion basis	32,455	22,525	32,455	23,497
Stores operating expenses	66,585	62,295	143,725	134,318
	110,181	50,905	214,134	159,248
16. Finance costs				
Markup on				
- Long term finances - secured	13,592	36,439	18,851	47,075
- Foreign currency convertible bonds - unsecured	2,427	4,054	2,875	8,279
- Redeemable capital - secured (non-participatory)	44,801	41,917	87,257	84,513
- Short term finance - secured	3,195	3,154	6,321	6,219
- Liabilities against assets subject to finance lease	-	3,625	-	3,625
	64,015	89,189	115,304	149,711
Bank charges and processing fee	1,253	57	1,299	1,239
	65,268	89,246	116,603	150,950

	Quarter ended		Half year ended	
	December 31, 2014 Un-audited	December 31, 2013 Un-audited	December 31, 2014 Un-audited	December 31, 2013 Un-audited
17. Loss per share				
17.1 Basic loss per share				
Loss for the period (Rupees in thousand)	(69,727)	(132,922)	(189,006)	(299,652)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.25)	(0.48)	(0.68)	(1.07)

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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
Loss for the period (Rupees in thousand)	(69,727)	(132,922)	(189,006)	(299,652)
Interest on FCCB (Rupees in thousand)	2,427	4,054	2,875	8,279
Exchange (gain)/ loss (Rupees in thousand)	(34,245)	(15,950)	30,013	103,107
Loss used to determine diluted loss per share (Rupees)	(101,545)	(144,818)	(156,118)	(188,266)
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)	110,729	115,792	110,729	116,122
Weighted average number of shares for diluted loss per share (in thousand)	389,606	394,669	389,606	394,999
Loss per share diluted (Rupees)	(0.26)	(0.37)	(0.40)	(0.48)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.26)	(0.48)	(0.68)	(1.07)

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

Relationship with the Company	Nature of transaction	Half year ended December 31, 2014 Un-audited	Half year ended December 31, 2013 Un-audited
		(Rupees in thousand)	
i. Associate	Guarantee commission income	619	619
	Shared expenses charged by the Company	-	1,320
	Receipt against Pace circle sales	20,268	23,640
ii. Others	Purchase of goods & services	1,792	4,650
	Rental income	4,832	4,392
	Sale of services	-	2,663
	Funds received on behalf of related parties	1,351	-
	Payment made on behalf of the Company	11,948	-
	Refund of advance	-	17,250
iii. Directors and key management personnel	Salaries and other employee benefits	9,639	10,391
iv. Post employment benefit plan	Expense charged in respect of benefit plans	5,467	4,286

	Un-Audited December 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	**14,704**	24,298
Payable to related parties	**1,351**	9,737

19. Cash generated from operations

	Half year ended December 31, 2014 Un-audited	Half year ended December 31, 2013 Un-audited
	(Rupees in thousand)	
Loss before tax	**(186,650)**	(297,565)
Adjustments for:		
- Depreciation on property, plant and equipment	**11,019**	11,564
- Depreciation on assets subject to finance lease	**210**	264
- Amortisation on intangible assets	**268**	276
- Loss on sale of property, plant and equipment	**(813)**	-
- Loss on exchange of shops and counters	**1,545**	-
- Loss on sale of investment	**-**	819
- Markup income	**(197)**	(73)
- Finance costs	**120,347**	150,950
- Exchange loss on foreign currency convertible bonds	**30,013**	103,107
- Provision for gratuity and leave encashment	**6,183**	4,287
Loss before working capital changes	**(18,075)**	(26,371)
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	**27,355**	5,209
- (Increase)/ decrease in trade debts	**(23,504)**	12,577
- Decrease in advances, deposits prepayments and other receivables	**11,333**	8,836
- Net (decrease)/ increase in advances against sale of property	**(2,095)**	5,843
- Increase in creditors, accrued and other liabilities	**20,293**	3,944
	33,382	36,409
	15,307	10,038

20. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2015 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, 2014

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, 2014.

Operating Results:

The Group has shown better performance and made sales for the half year amounting Rs.235.607 million as compare with previous half year amounting Rs. 168.270 million. Group incurred a loss of Rs. 177.7 million during the half yearly ended December 31, 2014. The comparison of the results for the interim period ended December 31, 2014 with corresponding period of the previous half year is as under:

	Rupees in '000'			
	For the 2nd Quarter		Cumulative	
	Oct-Dec 2014	Oct-Dec 2013	**Jul-Dec 2014**	Jul-Dec 2013
Sales	**116,447**	17,596	**235,607**	168,270
Gross Loss	**6,428**	(36,453)	**21,798**	4,759
Cost of sales	**(110,019)**	(54,049)	**(213,809)**	(163,511)
Other Operating income	**5,467**	5,342	**12,178**	8,180
Finance costs	**(65,273)**	(89,246)	**(116,612)**	(150,950)
Net Loss before Tax	**(67,219)**	(136,818)	**(177,776)**	(297,600)
Loss per share (Rs.)	**(0.25)**	(0.49)	**(0.65)**	(1.08)

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 11.3 percent growth in FY 2013 as compared to 5.2 percent growth in the previous year. The increase in revenue as compared to previous reporting period is mainly due to new sales made against the under construction projects of the Group.

During the period, sale has been increased by 40% due to booking of new sales in Pace Circle project. Finance cost has been decreased by 22.75% because of the fact that the Group has capitalized finance cost relevant to Pace Tower which was expensed out in the previous period. There was also a 49% increase in other income due to some new contracts entered by the Group related to advertisement income on different sites.

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, 2015

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2014

	Note	**December 31, 2014 Un-audited**	June 30, 2014 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 30, 2014: 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, 2014: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**252,213**	252,229
Unappropriated loss		**(510,861)**	(328,560)
		2,530,118	2,712,435
NON-CONTROLLING INTEREST		**87,570**	87,578
		2,617,688	2,800,013
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 taxation		**43,388**	42,676
Deferred liabilities		**37,546**	34,654
		80,934	77,330
CURRENT LIABILITIES			
Advances against sale of property		**130,583**	132,678
Current portion of long term liabilities		**3,782,436**	3,746,097
Short term finance - secured	8	**96,443**	96,443
Creditors, accrued and other liabilities		**290,223**	267,354
Accrued finance cost		**1,232,215**	1,091,217
Taxation		**5,534**	5,534
		5,537,434	5,339,323
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		8,236,056	8,216,666

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

LAHORE

CHIEF EXECUTIVE

	Note	December 31, 2014 Un-audited	June 30, 2014 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**567,318**	592,660
Intangible assets		**6,877**	7,145
Investment property	11	**3,370,166**	3,370,166
Long term Investments	12	**1,176,536**	1,169,438
Long term advances and deposits		**13,619**	13,619
		5,134,516	5,153,028
CURRENT ASSETS			
Stock-in-trade	13	**2,323,278**	2,302,657
Trade debts - unsecured		**654,271**	630,767
Advances, deposits, prepayments and other receivables		**69,248**	80,529
Income tax recoverable		**51,531**	47,938
Cash and bank balances		**3,212**	1,747
		3,101,540	3,063,638
		8,236,056	8,216,666

DIRECTOR

PACE (PAKISTAN) GROUP

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

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

	Note	Quarter ended December 31, 2014 Un-audited	Quarter ended December 31, 2013 Un-audited	Half year ended December 31, 2014 Un-audited	Half year ended December 31, 2013 Un-audited
		(Rupees in thousand)			
Sales	15	116,447	17,596	235,607	168,270
Cost of sales	16	(110,019)	(54,049)	(213,809)	(163,511)
Gross profit / (loss)		6,428	(36,453)	21,798	4,759
Administrative and selling expenses		(46,541)	(29,396)	(72,150)	(59,034)
Other income		5,467	5,342	12,178	8,180
Other operating expenses		32,700	15,126	(31,560)	(103,931)
		(1,946)	(45,381)	(69,734)	(150,026)
Finance costs	17	(65,273)	(89,246)	(116,612)	(150,950)
Share of profit / (loss) for associate - net of tax		-	(2,191)	8,570	3,376
Loss before tax		(67,219)	(136,818)	(177,776)	(297,600)
Taxation		(3,441)	(225)	(4,525)	(2,424)
Loss for the period		(70,660)	(137,043)	(182,301)	(300,024)
Other comprehensive (loss) / income					
Items that will not be reclassified to profit or loss					
Remeasurement of net defined benefit liability - net of tax		-	(984)	-	(984)
Items that may be reclassified subsequently to profit or loss					
Changes in fair value of available for sale investments		(16)	259	(16)	(166)
Loss during the period transferred to profit and loss on account of derecognition of investment		-	-	-	819
		(16)	259	(16)	653
Total comprehensive loss for the period		(70,676)	(137,768)	(182,317)	(300,355)
Attiributable to:					
Equity holders of the parent		(70,674)	(137,766)	(182,309)	(300,350)
Non-controlling interest		(2)	(2)	(8)	(5)
		(70,676)	(137,768)	(182,317)	(300,355)
Loss per share attributable to ordinary shareholders					
- basic	18.1	(0.25)	(0.49)	(0.65)	(1.08)
- diluted	18.2	(0.26)	(0.38)	(0.38)	(0.48)

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, 2014

	Note	Half year ended December 31, 2014 Un-audited	Half year ended December 31, 2013 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	20	14,805	3,295
Finance cost paid		-	(1,339)
Gratuity and leave encashment paid		(419)	(4,887)
Taxes paid		(6,002)	(5,777)
Net cash generated from/(used in) operating activities		8,384	(8,708)
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,125)	-
Proceeds from sale of property, plant and equipment		2,100	-
Proceeds from disposal of investment		-	(262)
Markup received		197	74
Net cash (used in)/generated from investing activities		(5,828)	(188)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,592)	(1,769)
Net increase/(decrease)in cash and cash equivalents		964	(10,665)
Cash and cash equivalents at beginning of the period		(94,195)	(83,530)
Cash and cash equivalents at the end of the period		(93,231)	(94,195)

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, 2014

(Rupees in thousand)

	Share capital	Share premium	Reserve for changes in fair value of investments	Share in Reserves of associate	Un-appro-priated (loss)	Total	Non-Controlling Interest	Total equity
Balance as on July 1, 2013 (audited)	2,788,766	273,265	(1,575)	7,074	(146,133)	2,921,397	87,678	3,009,075
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	(176,913)	(176,913)	(100)	(177,013)
Other comprehensive income/ (loss):								
Changes in fair value of available for sale investments	-	-	519	(27,054)	-	(26,535)	-	(26,535)
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	(5,514)	(5,514)		(5,514)
	-	-	519	(27,054)	(182,427)	(208,962)	(100)	(209,062)
Transaction with owners	-	-	-		-	-		
Non- Controlling interest arising on business combination	-	-	-	-	-	-	-	-
Balance as on June 30, 2014 (audited)	2,788,766	273,265	(1,056)	(19,980)	(328,560)	2,712,435	87,578	2,800,013
Total comprehensive loss for the half year ended December 31, 2014								
Loss for the period	-	-	-	-	(182,301)	(182,301)	(8)	(182,309)
Other comprehensive loss:								
Changes in fair value of available for sale investments	-	-	(16)	-	-	(16)	-	(16)
	-	-	(16)	-	(182,301)	(182,317)	(8)	(182,325)
Transaction with owners	-	-	-		-	-		
Balance as on December 31, 2014	2,788,766	273,265	(1,072)	(19,980)	(510,861)	2,530,118	87,570	2,617,688

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, 2014
(UN-AUDITED)

1. Legal status and activities

1.1 Constitution and ownership

The consolidated condensed financial statement 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. The address of the registered office of the holding Company is 2nd and 3rd floor Pace Mall, Fortress Stadium, Lahore.

Pace Gujrat (Private) Limited

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

Pace Woodlands (Private) Limited

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

Pace Supermall (Private) Limited

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

1.2 Activities of the Group

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

1.3 Going concern assumption

During the period, the group has incurred a loss of Rs 182.301 million (year ended June 30, 2014: Rs 177.013 million). As at the reporting date, the current liabilities of the group have exceeded its current

assets by Rs 2,435.894 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 is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the group's ability to continue as a going concern.

The management of the group however, is continuously engaged with its lenders for restructuring of its borrowings. During the current period National Bank of Pakistan and the group have agreed to settle principal and markup of Rs 332.112 million and waive markup of Rs 54.152 million. Similarly Al-Baraka Bank (Pakistan) Limited and the group have agreed to settle principal of Rs 242.291 million and waive markup and late payment charges of Rs 147.038 million on conditions mentioned in note 5.1.4.

The Group has also approached other lenders referred to in note 5 and 8 of these financial statements 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;

- Settlement of principal amounts against properties of the Group; and

- Waiver of overdue markup;

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

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

- the group will be able to obtain relaxations from its lenders as highlighted above;

- the group will be able to settle loans against its properties; and

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

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

2. Statement of compliance

The 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, 2014 have, however, being 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 of the Group for the year ended June 30, 2014.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2014.

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

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

3.1.1 Amendments to published standards effective in current period

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

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

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

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

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

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

- IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group's condensed interim financial information is not material.

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

Standards, amendments or Interpretation	Effective date (accounting periods beginning on or after)
Annual improvements 2014	January 01, 2016
IAS 16 - Property, plant and equipment	January 01, 2016
IAS 27 - Separate financial statements	January 01, 2016
IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2015
IAS 38 - Intangible assets	January 01, 2016
IFRS 9 - Financial instruments - classification and measurement	January 01, 2015
IFRS 9 - Financial instruments	January 01, 2018
IFRS 10 - Consolidated financial statements	January 01, 2015
IFRS 11 - Joint arrangements	January 01, 2015
IFRS 12 - Disclosure of interests in other entities	January 01, 2015
IFRS 13 - Fair value measurement	January 01, 2015
IFRS 14 - Regulatory deferral accounts	January 01, 2016
IFRS 15 - Revenue from contracts with customers	January 01, 2017

4. Taxation

The provision for taxation for the half year ended December 31, 2014 has been made on an estimated basis.

5. Long term finances - secured

		Un-Audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
Opening balance		**614,906**	614,906
Less: Repayment during the period / year		**-**	-
		614,906	614,906
Less: Current portion shown under current liabilities	- note 5.1	**614,906**	614,906
		-	-

5.1 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 period, National Bank of Pakistan (NBP) and the Company have agreed to settle NBP's portion of Syndicate term finance facility (STFF) and term finance referred to in note 5.1.2 amounting to Rs 332.112 million, inclusive of markup against property situated at the ground, mezzanine floors and basement of Pace Towers measuring a total of 16,450 square feet along with waiver of accrued markup of STFF and term finance amounting to Rs 54.152 million. However legal documentation had not been finalized.

- The group has propsed to Habib Bank Limited (HBL) to settle HBL'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 along with waiver of accrued markup amounting to Rs 35.222 million. HBL has not formally responded to the proposal.

5.1.2 National Bank of Pakistan - term finance

The Group has agreed 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

During the last year, the bank has agreed to and the Group has accepted to restructure entire principal of Rs 27.420 million and markup as on Dec 31, 2013 of Rs 12.130 million. However legal documentation had not been finalized. Following are the key terms:

- Tenure of restructured facility will be 3.5 years inclusive of six months grace period. Repayments will be made in twelve quarterly installments after expiry of the grace period.

- Markup on restructured facility shall be charged at 3 months KIBOR plus 1.0%.

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

During the period, the bank and the Group have agreed to settle principal of Rs 242.291 million against properties at first floor of Pace Towers, aggregating to 17,950 square feet along with the waiver of accrued markup and late payment charges of Rs. 147.038 million. However legal documentation had not been finalized. Following are the key terms:

- The Group will procure No Objection Certificates from National Bank of Pakistan and Habib Bank Limited having joint charge over the aforementioned properties.

- The bank will continue to hold its charge over Pace Towers uptill the finishing work on aforementioned properties is complete.

6. Redeemable capital - secured (non-participatory)		**Un-Audited December 31, 2014**	Audited June 30, 2014
		(Rupees in thousand)	
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 449.280 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2015. However, as the Group could not repay on a timely basis the instalments due uptil the half year ended December 31, 2014 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 Group is in negotiation with lenders for relaxation in payment terms and certain other covenants.

	Un-Audited December 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured		
Opening balance	**1,606,458**	1,591,721
Markup accrued for the period / year	**7,918**	15,543
	1,614,376	1,607,264
Exchange loss / (gain) for the period / year	**30,013**	(806)
	1,644,389	1,606,458
Less: Current portion shown under current liabilities	**(1,644,389)**	(1,606,458)
	-	-

8. Short term finance - secured

The group is in negotiation with PAIR Investment group Limited (PAIR) to settle the entire principal and accrued markup with properties at Pace Towers. Following are the salient features of the proposals sent by the Company to PAIR:

- Settlement of short term finance facility of Rs 140.574 million, inclusive of markup of Rs 44.131 million as at June 30, 2014 against property situated at the mezzanine floors of Pace Towers measuring a total of 5,254 square feet.

- Waiver of accrued markup amounting to Rs 9.224 million as at June 30, 2014.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the group not acknowledged as debts amounting to Rs 21.644 million (June 30, 2014: 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, 2014: 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 384.379 million (June 30, 2014: Rs 384.379 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, 2014	Audited June 30, 2014
	(Rupees in thousand)	
Not later than one year	**7,875**	7,875
Later than one year and not later than five years	**36,422**	35,438
Later than five years	**737,365**	742,287
	781,662	785,600

10. Property, plant and equipment

Operating fixed assets	- note 10.1	**428,709**	457,319
Capital work-in-progress		**138,609**	135,341
		567,318	592,660

10.1 Operating fixed assets

Operating assets - at net book value			
- owned assets	- note 10.1.1	**426,806**	455,206
- assets subject to finance lease		**1,903**	2,113
		428,709	457,319

10.1.1 Operating assets - at net book value

Opening book value	**455,206**	465,635
Add: Additions during the period/ year	**8,125**	119
Add: Transfer from disposal group held-for-sale during the period/ year	**-**	12,767
	8,125	12,886
Less: Disposals during the period/ year	**(25,506)**	(194)
Less: Depreciation for the period/ year	**(11,019)**	(23,121)
	(36,525)	(23,315)
Closing book value	**426,806**	455,206

	Note	Un-Audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
11. Investment property			
Opening fair value		**3,370,166**	3,145,137
Transfer from disposal group held for sale during the period/ year		**-**	114,465
		3,370,166	3,259,602
Add: Fair value gain recognised during the period / year		**-**	110,564
Closing value after revaluation		**3,370,166**	3,370,166
12. Long term Investments			
Associate - unquoted	12.1	**1,175,594**	1,168,480
Available for sale - quoted		**942**	958
		1,176,536	1,169,438
12.1 Associate - unquoted			
Pace Barka Properties Limited			
75,875,000 (June 30, 2014: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (June 30, 2014: 24.9%)	12.1.1	**1,175,594**	1,168,480
		1,175,594	1,168,480
		1,175,594	1,168,480
12.1.1 Pace Barka Properties Limited			
Cost		**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account		**409,829**	425,061
		1,168,480	1,183,712
Share of movement in reserves during the year		**-**	(27,054)
Share of profit for the year			
- before taxation		**8,570**	18,232
- provision for taxation		**(1,457)**	(6,410)
		7,113	11,822
Balance as on December 31		**1,175,594**	1,168,480
12.2 Available for sale - quoted			
Worldcall Telecom Limited			
912 (June 30, 2014: 912) fully paid ordinary shares of Rs 10 each		**6**	6
Shaheen Insurance Company Limited			
158,037 (June 30, 2014: 158,037) fully paid ordinary shares of Rs 10 each		**2,008**	2,008
		2,014	2,014
Less: Cumulative fair value loss	12.2.1	**(1,072)**	(1,056)
		942	958

	Note	Un-Audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
12.2.1 Cumulative fair value loss			
Opening balance		**1,056**	1,575
Fair value loss during the period/ year		**16**	300
Transferred to profit and loss account on derecognition of investment		**-**	(819)
		1,072	1,056
13. Stock-in-trade			
Work in process - Pace Towers		**1,143,054**	1,134,710
Pace Barka Properties Limited - Pace Circle		**495,017**	528,748
Pace Super Mall (Private) Limited		**354,600**	354,600
Shops and houses		**329,992**	283,816
		2,322,663	2,301,874
Stores inventory		**615**	783
		2,323,278	2,302,657

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 ,2014.

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, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Segment revenue	**70,804**	1,051	**108,392**	39,902	**7,960**	10,762	**16,939**	21,770	**37,682**	5,783	**110,276**	106,598	**116,447**	**17,596**	**235,607**	168,270
Segment expenses - Cost of sales	**(43,597)**	(14,306)	**(70,409)**	(29,193)	**(11,585)**	(8,334)	**(19,094)**	(19,779)	**(54,838)**	(31,409)	**(124,306)**	(114,539)	**(110,019)**	(54,049)	**(213,809)**	(163,511)
										-		-	-	-	-	-
Gross (loss) / profit	27,207	(13,255)	37,983	10,709	(3,624)	2,428	(2,155)	1,991	(17,155)	(25,626)	(14,030)	(7,941)	6,428	(36,453)	**21,798**	4,759
- Changes in fair value of investment property	-	-	-	-					-	-	-	-	-	-	-	-
Segment results	27,207	(13,255)	37,983	10,709	(3,624)	2,428	(2,155)	1,991	(17,155)	(25,626)	(14,030)	(7,941)	6,428	(36,453)	**21,798**	4,759
Administrative and selling expenses													**(46,541)**	(29,396)	**(72,150)**	(59,034)
Other operating income													**5,467**	5,342	**12,178**	8,181
Finance costs													**(65,273)**	(89,247)	**(116,612)**	(150,951)
Other operating expenses													**32,700**	15,126	**(31,560)**	(103,931)
Share of loss of associates													-	(2,191)	**8,570**	3,376
Loss before tax													**(67,219)**	(136,819)	**(177,776)**	(297,600)
Taxation																
- Group													**(3,441)**	(225)	**(4,525)**	(2,424)
- Associated companies													-		-	
Loss for the period													**(70,660)**	(137,044)	**(182,301)**	(300,024)

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
15. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	22,113	(46,775)	59,701	3,200
- at percentage of completion basis	48,691	3,826	48,691	36,702
Licensee fee	7,960	10,762	16,939	21,770
Display advertisements and miscellaneous income	2,118	4,138	8,144	8,116
Service charges	35,565	45,645	102,132	98,482
	116,447	17,596	235,607	168,270
16. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	11,142	(33,915)	37,954	5,696
- at percentage of completion basis	32,455	25,705	32,455	23,497
Stores operating expenses	66,422	62,295	143,400	134,318
	110,019	54,049	213,809	163,511
17. Finance costs				
Markup on				
- Long term finances - secured	13,592	36,439	18,851	48,220
- Foreign currency convertible bonds - unsecured	2,427	4,054	2,875	8,279
- Redeemable capital - secured (non-participatory)	44,801	41,917	87,257	84,513
- Short term finance - secured	3,195	3,154	6,321	6,219
- Liabilities against assets subject to finance lease	-	3,625	-	3,625
	64,015	89,189	115,304	150,856
Bank charges and processing fee	1,262	58	1,308	95
	65,273	89,246	116,612	150,950
18. Loss per share				
18.1 Basic loss per share				
Loss for the period (Rupees in thousand)	(70,660)	(137,043)	(182,301)	(300,024)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.25)	(0.49)	(0.65)	(1.08)

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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
Loss for the period (Rupees in thousand)	(70,660)	(137,043)	(182,301)	(300,024)
Interest on FCCB (Rupees in thousand)	2,427	4,054	2,875	8,279
Exchange (gain)/ loss (Rupees in thousand)	(34,245)	(15,950)	30,013	103,107
Loss used to determine diluted loss per share (Rupees)	(102,478)	(148,939)	(149,413)	(188,638)
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)	110,729	115,792	110,729	116,122
Weighted average number of shares for diluted loss per share (in thousand)	389,606	394,669	389,606	394,999
Loss per share diluted (Rupees)	(0.26)	(0.38)	(0.38)	(0.48)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.26)	(0.48)	(0.68)	(1.07)

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 group	Nature of transaction	Half year ended December 31, 2014 Un-audited	Half year ended December 31, 2013 Un-audited
		(Rupees in thousand)	
i. Associate	Guarantee commission income	619	619
	Shared expenses charged by the group	-	1,320
	Receipt against Pace circle sales	20,268	23,640
ii. Others	Purchase of goods & services	1,792	4,650
	Rental income	4,832	4,392
	Sale of services	-	2,663
	Funds received on behalf of related parties	1,351	-
	Payment made on behalf of the group	11,948	-
	Refund of advance	-	17,250
iii. Directors and key management personnel	Salaries and other employee benefits	9,639	10,391
iv. Post employment benefit plan	Expense charged in respect of benefit plans	5,467	4,286

Period end balances	Un-audited December 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	
Receivable from related parties	14,704	24,298
Payable to related parties	1,351	9,737

	Half year ended	
	December 31, 2014	December 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
20. Cash generated from operations		
Loss before tax	**(177,776)**	(297,600)
Adjustments for:		
- Depreciation on property, plant and equipment	**11,019**	11,564
- Depreciation on assets subject to finance lease	**210**	264
- Amortisation on intangible assets	**268**	276
- Loss on sale of property, plant and equipment	**(813)**	-
- Loss on exchange of shops and counters	**1,545**	-
- Share of (loss) / profit from associated companies	**(8,570)**	(3,376)
- Loss on sale of investment	**-**	819
- Markup income	**(197)**	(73)
- Finance costs	**120,347**	150,950
- Exchange loss on foreign currency convertible bonds	**30,013**	103,107
- Provision for gratuity and leave encashment	**6,183**	4,287
Loss before working capital changes	**(17,771)**	(35,320)
Effect on cash flow due to working capital changes		
- (Increase)/ decrease in stock-in-trade	**26,549**	7,411
- (Increase)/ decrease in trade debts	**(23,504)**	12,577
- Decrease in advances, deposits prepayments and other receivables	**11,333**	8,836
- Net (decrease)/ increase in advances against sale of property	**(2,095)**	5,843
- Increase in creditors, accrued and other liabilities	**20,293**	3,944
	32,576	38,611
	14,805	3,295

21. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 27, 2015 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**