

PACE (PAKISTAN) LIMITED

CONDENSED QUARTERLY ACCOUNTS (UN-AUDITED)

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2015**

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT

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

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

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COMPANY INFORMATION

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the first quarter ended September 30, 2015.

Operating Results:

Company incurred a loss of PKR 100.9 million during the quarter ended September 30, 2015. The comparison of the un-audited results for the first quarter with corresponding period of the previous financial year is as under:

Rupees in '000'

	Jul-Sep 2015	Jul-Sep 2014
Sales	106,930	119,160
Gross Profit	11,569	15,207
Other operating expenses	(44,348)	(64,260)
Net loss before tax	(100,955)	(119,28)
Loss per share (PKR)	(0.36)	(0.43)
Loss per share - diluted (PKR)	(0.36)	(0.43)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. However the company was able to show average performance as compared to the previous period. The other operating expenses had been decreased due to net effect of increase in dollar rate used for conversion of Foreign Currency Convertible Bonds (FCCB) liability into Company's functional currency at reporting date. This effect was major contributor for conversion of gross profit into net loss before tax.

General:

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

For and on behalf of the Board of Directors

Lahore
October 27, 2015

Aamna Taseer
Chief Executive Officer

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PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2015

Note	Unaudited September 30, 2015	Audited June 30, 2015
(Rupees in thousand)		
EQUITY & LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2015: 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 2015: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	272,066	272,258
Unappropriated profit	(1,236,702)	(1,135,748)
	1,824,130	1,925,276
NON-CURRENT LIABILITIES		
Deferred liabilities	38,386	35,595
	38,386	35,595
CURRENT LIABILITIES		
Advances against sale of property	231,933	231,933
Current portion of long term liabilities	3,855,191	3,807,176
Short term finance - secured	96,443	96,443
Creditors, accrued and other liabilities	305,675	291,120
Accrued finance cost	1,426,389	1,368,075
	5,915,631	5,794,747
CONTINGENCIES AND COMMITMENTS		
	-	-
	7,778,147	7,755,618

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

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**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

ASSETS	Note	Unaudited	(Audited)
		September 30, 2015 (Rupees in thousand)	June 30, 2015
NON-CURRENT ASSETS			
Property, plant and equipment	8	454,391	459,578
Intangible assets		6,477	6,609
Investment property	9	3,421,430	3,421,430
Investments	10	851,136	851,328
Long term advances and deposits		13,619	13,619
		<u>4,747,053</u>	<u>4,752,564</u>
CURRENT ASSETS			
Stock-in-trade		2,201,300	2,184,422
Trade debts - unsecured		647,048	676,181
Advances, deposits, prepayments and other receivables		120,613	85,740
Income tax recoverable		59,161	55,556
Cash and bank balances		2,972	1,155
		<u>3,031,094</u>	<u>3,003,054</u>
		<u><u>7,778,147</u></u>	<u><u>7,755,618</u></u>

DIRECTOR

	July - September	
	2015	2014
	(Rupees in thousand)	
Sales	106,930	119,160
Cost of sales	(95,362)	(103,953)
Gross (loss) / profit	<u>11,568</u>	<u>15,207</u>
Administrative and selling expenses	(28,244)	(25,603)
Other operating income	5,615	6,711
Other operating expenses	(44,348)	(64,260)
Loss from operations	<u>(55,409)</u>	<u>(67,945)</u>
Finance costs	(45,547)	(51,335)
Loss before tax	<u>(100,955)</u>	<u>(119,280)</u>
Taxation	-	-
Loss for the period	<u>(100,955)</u>	<u>(119,280)</u>
Other comprehensive income / (loss)		
Changes in fair value of available for sale investments	(191)	-
Total comprehensive loss for the period	<u>(101,146)</u>	<u>(119,280)</u>
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees	<u>(0.36)</u>
- diluted loss per share	Rupees	<u>(0.36)</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Note	July - September	
		2015	2014
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	12	6,815	(5,159)
Finance costs paid		(29)	15,430
Gratuity and leave encashment paid		(852)	(325)
Taxes paid		(3,605)	(3,417)
Net cash used in operating activities		2,331	6,529
Cash flow from investing activities			
Decrease in long term loans and deposits		-	-
Purchase of property, plant and equipment		(94)	-
Mark up received		22	150
Net cash generated from investing activities		(72)	150
Cash flow from financing activities			
Payment of finance lease liabilities		(442)	(1,150)
Net cash used in financing activities		(442)	(1,150)
Net decrease in cash and cash equivalents		1,817	5,529
Cash and cash equivalents -at beginning of the period		(95,288)	(94,862)
Cash and cash equivalents -at end of the period		(93,471)	(89,333)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	(Rupees in thousand)				
	Share capital	Share premium reserve	Reserve for changes in fair value of investments	Unappropriated profit	
				Total	
Balance as on July 1, 2014 (Audited)	2,788,766	273,265	(1,056)	(830,332)	2,230,643
Total comprehensive loss for September quarter	-	-	-	(119,280)	(119,280)
Loss for the period	-	-	-	-	-
Other comprehensive profit/(loss)	-	-	-	(119,280)	(119,280)
Balance as on September 30, 2014 (Unaudited)	2,788,766	273,265	(1,056)	(949,611)	2,111,363
Total comprehensive loss for the nine months	-	-	49	(186,137)	(186,137)
Loss for the period	-	-	49	-	49
Other comprehensive profit/(loss)	-	-	-	(186,137)	(186,088)
Balance as on June 30, 2015 (Audited)	2,788,766	273,265	(1,007)	(1,135,748)	1,925,276
Total comprehensive loss for September quarter	-	-	(191)	(100,955)	(101,146)
Loss for the period	-	-	(191)	(100,955)	(101,146)
Balance as on September 30, 2015 (Unaudited)	2,788,766	273,265	(1,198)	(1,236,702)	1,824,130

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE QUARTER ENDED
SEPTEMBER 30, 2015 (UN-AUDITED)

1. Legal status and activities

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.

2. Statement of Compliance

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2015.

This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. 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

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2015.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2015. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company:

- Amendments to IFRS 7, 'Financial instruments: Disclosures'

- IAS 24 (Revised), 'Related Party Disclosures'

The following amendments and interpretations to existing approved accounting standards became effective during the period, but are either not currently relevant to the Company or do not have any significant impact on the Company's financial information:

- IFRS 1 (amendments), 'First-time adoption of International Financial Reporting Standards'

- IFRIC 13 (amendment), 'Customer loyalty programmes'

4. Critical Accounting Estimates and Judgments

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimates and uncertainty were the same as those that applied to annual audited financial statements of the Company for the year ended June 30, 2015.

5. Taxation

The provision for taxation for the quarter ended September 30, 2015 has been made on an estimated basis.

Unaudited September 30, 2015	Audited June 30, 2015
(Rupees in thousand)	

6. Current portion of long term liabilities

Current portion of long term finances -secured	614,906	614,906
Current portion of redeemable capital - secured (non-participatory)	1,498,200	1,498,200
Current portion of liabilities against assets subject to finance lease	23,172	23,614
Current portion of foreign currency convertible bonds - unsecured	1,718,913	1,670,456
	<u>3,855,191</u>	<u>3,807,167</u>

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs 21.644 million (June 2015: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 2015: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

7.2 Commitments

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 271.946 million (2015: Rs 384.379 million).
- (ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Unaudited September 30, 2015	Audited June 30, 2015
	(Rupees in thousand)	
Not later than one year	7,875	7,875
Later than one year and not later than five years	36,914	37,406
Later than five years	729,983	732,444
	<u>774,772</u>	<u>777,725</u>

8 Property, plant and equipment

Book value at beginning of the period / year	431,957	455,206
Add:		
- Additions during the period / year	- note 8.1 94	10,262
- Transfers from assets subject to finance lease	-	1,393
	-	11,655
	<u>432,051</u>	<u>466,861</u>

	July to September	
	2015	2014
	(Rupees in thousand)	
12. Cash generated from operations		
Loss before tax	(100,955)	(119,279)
Adjustment for:		
Depreciation on:		
- owned assets	5,258	5,453
- assets subject to finance lease	24	106
Amortisation on intangible assets	133	134
Exchange loss on foreign currency convertible bonds	44,348	64,258
Provision for gratuity and leave encashment	2,792	2,766
Finance costs	45,547	51,335
Mark up income	(22)	(150)
Loss before working capital changes	(2,876)	4,623
Effect on cash flow due to working capital changes:		
Decrease in stock-in-trade	25	5,536
Decrease / (increase) in trade debts	29,132	(23,714)
Increase in advance against purchase of property	-	15,970
Decrease / (increase) in advances, deposits and other receivables	(34,872)	(3,981)
Increase in creditors, accrued and other liabilities	15,405	(3,593)
	9,690	(9,782)
	6,815	(5,159)
13. Date of authorisation		

This condensed interim financial information was approved and authorised for issue on October 27, 2015 by the Board of Directors of the Company.

14. Corresponding figures

Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2015 and corresponding figures in the condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement comprise of balances of comparable period of the immediately preceding financial year i.e. quarter ended September 30, 2014. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, However, no significant re-arrangements have been made.

PACE (PAKISTAN) GROUP

**CONDENSED CONSOLIDATED
QUARTERLY FINANCIAL ACCOUNTS
(UN-AUDITED)**

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2015**

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the consolidated condensed financial statements of the Group (unaudited) for the quarter ended September 30, 2015.

Operating Results:

The Group has shown average performance and made sales for the period under review amounting Rs. 106.93 million as compared with previous period amounting Rs. 119.16 million. Group incurred a loss of PKR 100.45 million during the quarter ended September 30, 2015. The comparison of the results for quarter ended September 30, 2015 with corresponding period of the previous period is as under:

	Rupees in '000'	
	Jul-Sep 2015	Jul-Sep 2014
Sales	106,931	119,160
Gross profit	11,570	15,207
Other operating expenses	(44,348)	(64,259)
Net loss before tax	(100,455)	(118,614)
Loss per share (PKR)	(0.36)	(0.42)
Loss per share - diluted (PKR)	(0.36)	(0.42)

The economic conditions in general and specific to the real estate sector show some decay during the period under review. However the Group was able to show average performance as compared to the previous period. The other operating expenses had been decreased due to net effect of increase in dollar rate used for conversion of Foreign Currency Convertible Bonds (FCCB) liability into Group's functional currency at reporting date. This effect was major contributor for conversion of gross profit into net loss before tax.

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
October 27, 2015

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2015

Note	Unaudited September 30, 2015	Audited June 30, 2015
(Rupees in thousand)		
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2015: 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 2014: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	269,174	269,364
Unappropriated profit	(731,368)	(630,903)
	2,326,572	2,427,227
NON-CONTROLLING INTEREST		
	87,483	87,485
	2,414,055	2,514,712
NON-CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	-	-
Deferred liabilities	38,386	35,595
Deferred taxation	44,873	44,941
Deferred income	-	-
	83,259	80,536
CURRENT LIABILITIES		
Advances against sale of property	232,933	232,933
Current portion of long term liabilities	3,855,191	3,807,176
Short term finance - secured	96,443	96,443
Creditors, accrued and other liabilities	341,689	327,135
Accrued finance cost	1,426,389	1,368,075
Taxation	5,534	5,534
	5,958,179	5,837,296
CONTINGENCIES AND COMMITMENTS		
	-	-
	8,455,493	8,432,544

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	July to September	
	2015	2014
	(Rupees in thousand)	
Sales	106,931	119,160
Cost of sales	(95,361)	(103,953)
Gross (loss) / profit	11,570	15,207
Administrative and selling expenses	(28,250)	(25,610)
Other operating income	5,616	6,712
Other operating expenses	(44,348)	(64,259)
Loss from operations	(55,412)	(67,950)
Finance costs	(45,547)	(51,335)
Share of profit from associate	504	671
Loss before tax	(100,455)	(118,614)
Taxation	(12)	1,371
Loss for the period	(100,467)	(117,243)
Other comprehensive (loss) / income		
Changes in fair value of available for sale investments	(190)	-
Share in associate's changes in fair value of available for sale investments - net of tax	-	-
Total other comprehensive income	-	-
Total comprehensive loss for the period	(100,657)	(117,243)
Attributable to:		
Equity holders of the parent	(100,657)	(117,241)
Non-controlling interest	2	(2)
	(100,655)	(117,243)
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees (0.36)	Rupees (0.42)
- diluted loss per share	Rupees (0.36)	Rupees (0.42)

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

Note	Unaudited September 30, 2015	Audited June 30, 2015
	(Rupees in thousand)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 454,391	459,578
Intangible assets	6,477	6,609
Investment property	9 3,421,430	3,421,430
Investments	10 1,192,365	1,192,136
Long term advances and deposits	13,619	13,619
	5,088,282	5,093,372
CURRENT ASSETS		
Stock-in-trade	2,535,313	2,518,434
Trade debts - unsecured	647,350	676,483
Advances, deposits, prepayments and other receivables	122,262	87,391
Income tax recoverable	59,214	55,609
Cash and bank balances	3,072	1,255
	3,367,211	3,339,172
	8,455,493	8,432,544

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	September 30, 2015 2014 (Rupees in thousand)		
Cash flow from operating activities			
Cash (used in) / generated from operations	- note 12	6,817	(5,312)
Finance costs paid		(29)	15,430
Gratuity and leave encashment paid		(852)	(325)
Taxes paid		(3,605)	(3,504)
Net cash used in operating activities		2,331	6,289
Cash flow from investing activities			
Decrease / (increase) in long term loans and deposits	-	-	-
Purchase of property, plant and equipment	(94)	-	-
Markup received	22	150	-
Net cash generated from investing activities		(72)	150
Cash flow from financing activities			
Payment of finance lease liabilities	(442)	(1,150)	-
Net cash used in financing activities		(442)	(1,150)
Net decrease in cash and cash equivalents		1,817	5,289
Cash and cash equivalents -at beginning of the period		(95,188)	(94,696)
Cash and cash equivalents -at end of the period		(93,371)	(89,407)

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	(Rupees in thousands)					
	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 capital reserves of associates	Unappropriated profit	Total
Balance as on 1st July, 2014 (Audited)-Restated	2,788,766	273,265	(1,056)	(19,980)	(328,560)	2,712,435
Total comprehensive loss for September quarter	-	-	-	-	(117,240)	(117,240)
Loss for the period	-	-	-	-	(117,240)	(117,240)
Other comprehensive income / (loss)	-	-	-	-	-	-
Balance as on September 30, 2014 (Unaudited)	2,788,766	273,265	(1,056)	(19,980)	(445,801)	2,595,195
Total comprehensive loss for the nine months	-	-	-	-	(185,103)	(185,103)
Loss for the period	-	-	49	17,086	-	17,135
Other comprehensive loss	-	-	49	17,086	(185,103)	(168,968)
Balance as on June 30, 2015 (Audited)	2,788,766	273,265	(1,007)	(2,894)	(630,903)	2,427,227
Total comprehensive income for September quarter	-	-	-	-	(100,467)	(100,467)
Profit / loss for the period	-	-	-	-	(100,467)	(100,467)
Other comprehensive income / loss	-	-	(191)	1	-	(190)
Balance as on September 30, 2015 (Unaudited)	2,788,766	273,265	(1,198)	(2,893)	(731,368)	2,326,572
	-	-	-	-	(100,657)	(100,657)
	-	-	-	-	(2)	(2)
	-	-	-	-	(185,194)	(185,194)
	-	-	-	-	(91)	(91)
	-	-	-	-	(168,059)	(168,059)
	-	-	-	-	87,485	2,514,712

The annexed notes 1 to 16 form an integral part of this consolidated condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION FOR THE
QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)**

1. Legal status and activities

1.1 Constitution and ownership

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

2. Statement of compliance

This consolidated condensed interim financial information of the Group is un-audited and is being submitted to the members as required by section 245 of The Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi and Lahore Stock Exchanges. This consolidated condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued by Securities and Exchange Commission of Pakistan (SECP) under the Ordinance . Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

This consolidated condensed interim financial information does not include all the information and disclosures required for annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated audited financial statements of the Group for the year ended June 30, 2015.

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

The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of audited annual consolidated financial information of the Group for the year ended June 30, 2015.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2015. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the Group:

- Amendments to IFRS 7, 'Financial instruments: Disclosures'

- IAS 24 (Revised), 'Related Party Disclosures'

The following amendments and interpretations to existing approved accounting standards became effective during the period, but are either not currently relevant to the Group or do not have any significant impact on the Group's financial information:

- IFRS 1 (amendments), 'First-time adoption of International Financial Reporting Standards'

- IFRIC 13 (amendment), 'Customer loyalty programmes'

4. Critical Accounting Estimates and Judgments

During the preparation of this consolidated condensed interim financial information, the significant judgements made by the management in applying the Groups' accounting policies and the key sources of estimates and uncertainty were the same as those that applied to consolidated annual audited financial statements of the Group for the year ended June 30, 2015.

5. Taxation

The provision for taxation for the quarter ended September 30, 2015 has been made on an estimated basis.

Unaudited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
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6. Current portion of long term liabilities

Current portion of long term finances -secured	614,906	614,906
Current portion of redeemable capital - secured (non-participatory)	1,498,200	1,498,200
Current portion of liabilities against assets subject to finance lease	23,172	23,614
Current portion of foreign currency convertible bonds - unsecured	<u>1,718,913</u>	<u>1,670,456</u>
	<u>3,855,191</u>	<u>3,807,176</u>

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs 21.644 million (June 2015: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 2015: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

7.2 Commitments

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

	Unaudited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
	7,875	7,875
Not later than one year	36,914	37,406
Later than one year and not later than five years	729,983	732,444
Later than five years	774,772	777,725

8 Property, plant and equipment

Book value at beginning of the period / year	431,957	455,206
Add:		
- Additions during the period / year	94	10,262
- Transfers from assets subject to finance lease - at book value	-	1,393
	-	11,655
	432,051	466,861
Less:		
- Disposals during the period / year - at book value	-	12,577
- Depreciation charged during the period / year	5,258	22,327
- Transferred to inventory - at book value	-	-
	5,258	34,904
Book value at end of the period / year	426,793	431,957

8.1. Additions during the period / year

Operating fixed assets	94	10,262
	94	10,262

9. Investment property

Fair value at beginning of the period / year	3,421,430	3,370,166
Additions to cost during the period / year:		
- Transfer from disposal group	-	(25,736)
Fair value at end of the period / year - before revaluation	3,421,430	3,344,430
Add: Fair value (loss) recognised in profit and loss account	-	77,000
Fair value at end of the period / year - after revaluation	3,421,430	3,421,430

Note	Unaudited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
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10 Investments

Associated undertakings - unquoted	10.1	1,191,549	1,191,129
Available for sale - quoted	10.2	816	1,007
		1,192,365	1,192,136

10.1 Associated undertakings - unquoted

Pace Barka Properties Limited 75,875,000 (2015: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (2015: 24.9%)	10.1.1	1,191,549	1,191,129
		1,191,549	1,191,129

10.1.1 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		432,478	409,829
		1,191,129	1,168,480

Share of movement in reserves during the year		-	17,085
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Share of profit/(loss) for the year			
- before taxation		504	7,394
- provision for taxation		(86)	(1,830)
Loss on sale of investment		-	-
		418	5,564

		1,191,549	1,191,129
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10.2 Available for sale - quoted

Worldcall Telecom Limited 912 (June 2015: 912) fully paid ordinary shares of Rs 10 each		6	6
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Shaheen Insurance Limited 294,037 (June 2015: 294,037) fully paid ordinary shares of Rs 10 each		2,008	2,008
		2,014	2,014

Add: Cumulative fair value gain/(loss)		(1,198)	(1,007)
		816	1,007

		Unaudited	
		September 30,	September 30,
		2015	2014
		(Rupees in thousand)	
11. Transactions with related parties			
Relationship with the Company	Nature of transactions		
i. Subsidiaries	Purchase of goods & services	-	-
ii. Associates	Commission income	309	309
	Sales of goods and services	-	-
iii. Others	Purchase of goods and services	499	916
	Purchase of property Plant & Equipment	-	-
	Sales of goods and services	2,657	2,416
Period end balances			
	Receivable from related parties	21,327	20,048
	Payable to related parties	-	1,132

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

		Unaudited	
		September 30	September 30
		2015	2014
		(Rupees in thousand)	
12. Cash used in operations			
Loss before tax		(100,455)	(118,614)
Adjustment for:			
Depreciation on:			
- property, plant and equipment		5,258	5,453
- assets subject to finance lease		24	106
Amortisation on intangible assets		133	134
Loss/ (Gain) on sale of property, plant and equipment			
Exchange loss on foreign currency convertible bonds		44,348	64,258
Provision for gratuity and leave encashment		2,792	2,766
Finance costs		45,547	51,335
Markup income		(22)	(150)
Fair value loss on investments			
Changes in fair value of investment property			
Deferred income			
Share of loss of associate		(504)	(671)
Provision for doubtful receivables		-	-
(Loss)/profit before working capital changes		(2,879)	4,617
Effect on cash flow due to working capital changes:			
(Increase) / decrease in stock-in-trade		25	5,643
Decrease / (increase) in trade debts		29,134	(23,911)
Increase in advance against purchase of property		-	15,970
Decrease / (increase) in advances, deposits and other receivables		(34,869)	(3,946)
Increase in creditors, accrued and other liabilities		15,407	(3,685)
		9,696	(9,929)
		<u>6,817</u>	<u>(5,312)</u>

13. 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, 2015.

13.1 Segment information

	(Rupees in thousand)		Total	
	Others		September 2014	
	Quarter ended September 2015	Quarter ended September 2014	September 2015	September 2014
Segment revenue	26,857	37,588	67,391	72,593
Segment expenses	(19,537)	(26,813)	(46,350)	(53,626)
- Cost of sales	-	-	-	-
- Stores operating expenses	(19,537)	(26,813)	(46,350)	(53,626)
Gross (loss) / profit	7,320	10,775	(8,433)	3,944
- Changes in fair value of investment property	-	-	-	-
Segment results	7,320	10,775	(8,433)	3,944
Administrative and selling expenses	(28,250)	(25,610)	(53,860)	(51,220)
Other operating income	5,615	6,712	12,327	13,424
Finance costs	(45,547)	(51,335)	(96,882)	(92,719)
Other operating expenses	(44,348)	(64,259)	(108,607)	(108,978)
Share of loss of associates	504	671	1,175	1,371
Loss before tax	(100,455)	(118,614)	(219,069)	(217,143)
Taxation	(12)	-	(12)	-
- Group	-	-	-	-
- Associated companies	(12)	-	(12)	-
Loss for the period	(100,467)	(117,243)	(217,714)	(217,143)

14. Detail of subsidiaries

Detail of subsidiaries	Accounting period end	Percentage of holding	Country of Incorporation
Year ended September 30, 2015			
Pace Woodlands (Private) Limited	30-Sep-15	52%	Pakistan
Pace Gujrat (Private) Limited	30-Sep-15	100%	Pakistan
Pace Supermall (Private) Limited	30-Sep-15	69%	Pakistan
Year ended June 30, 2015			
Pace Woodlands (Private) Limited	30-Jun-15	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-15	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-15	69%	Pakistan

15. Date of authorisation

This consolidated condensed interim financial information was approved and authorised for issue on October 27, 2015 by the Board of Directors of the Group.

16. Corresponding figures

Corresponding figures in the consolidated condensed interim balance sheet comprise of balances as per the consolidated annual audited financial statements of the Group for the year ended June 30, 2015 and corresponding figures in the consolidated condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement comprise of balances of comparable period of the immediately preceding financial year i.e. quarter ended September 30, 2014. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, However, no significant re-arrangements have been made.