

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL
REPORT (UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 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	Sheikh Sulaiman Ahmed Saeed Al-Hoqani (Chairman) Aamna Taseer (Chief Executive Officer) Shehryar Ali Taseer Maheen Ghani Taseer Shehrbano Taseer Jamal Said Al-Ojaili Imran Hafeez Imran Saeed Chaudhry	Non-Executive Executive Non-Executive Non-Executive Non-Executive Executive Non-Executive
Chief Financial Officer	Imran Hafeez	
Audit Committee	Shehryar Ali Taseer (Chairman) Maheen Ghani Taseer Shehrbano Taseer	
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer (Chairman) Aamna Taseer Shehrbano Taseer	
Company Secretary	Sajjad Ahmad	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Advisors	M/s. Imtiaz Siddiqui & Associates	
Bankers	Albaraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited National Bank of Pakistan NIB Bank Limited Silkbank Limited Soneri Bank Limited Pair Investment Company Limited The Bank of Punjab United Bank Limited Standard Chartered Bank (Pakistan) Limited	
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building- 3 Dr. Ziauddin Ahmed Road, Karachi ☎ (021) 111 000 322	
Registered Office/Head Office	2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, Pakistan. ☎ (042) 36623005/6/8 Fax: (042) 36623121-36623122	

DIRECTORS' REPORT

The directors of company are presenting their report to the shareholders together with the financial information for the nine months ended March 31, 2014.

General Economic Overview:

The economic situation of Pakistan for the FY 2014 was slightly better as compared to the prior period result in creating a number of opportunities for the new investors.

Real Estate Sector Overview:

The real estate and construction sector recorded 5.2 percent growth in FY 2014 as compared to 3.2 percent growth in the previous year. Since the overall economy is expected to improve in FY 2014, the percentage of newly developed residential and commercial projects is expected to go up by **15 to 20%** according to experts. In short the country's construction and real estate sector is well placed for development.

Company Performance and Financial Overview:

Comparison of the unaudited results of the quarter and nine months period ended March 31, 2014 as against with the comparative period is as follows:

	For the nine months and quarter ended			
	Quarter Ended		Rupees in '000'	
	Dec-Mar 2014	Dec-Mar 2013	Jul-Mar 2014	Jul-Mar 2013
Sales	151,785	86,408	320,056	269,247
Cost of sales	(93,548)	(75,205)	(252,796)	(273,668)
Gross profit/(loss)	58,237	11,202	67,260	(4,421)
Other operating income	7,359	3,326	15,539	178,285
Finance cost	(75,113)	(71,013)	(226,064)	(289,783)
Net profit/(loss) before tax	44,038	(104,769)	(253,528)	(301,913)
Earnings/(loss) per share- basic and diluted	0.15	(0.38)	(0.92)	(1.08)

Finance cost has decreased by 22% because of the fact that markup on Foreign Currency Convertible Bonds (FCCB) had stopped accruing after December 2012 and also because of reduction in lease liabilities. Company suffered an exchange loss of Rs 17.3 million on translation of its liability towards FCCB. Company reported a net after tax loss of Rs 255 million which is less than the loss of the corresponding period of the last year mainly because of the reduction of foreign currency loss on FCCB. However March 2014 quarter shows improved performance of the company resulting in net profit before tax Rs. 44 million due to increase in sales for Pace Tower and Pace Circle projects.

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:

Currently Company is facing liquidity crunch and its current liabilities have exceeded its current assets by Rs. 2,526.195 million that may cast significant doubt about the company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to restructure its long term borrowings on account of relaxation in terms of repayment as well as its ability to generate funds from realization of its receivables and inventory, with resultant liquidity being utilized for completion and sale of its 'Pace Towers' Project.

Future Outlook:

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

General:

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
April 26, 2014

Mrs. Aamna Taseer
Chief Executive Officer

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

	Un-Audited March 31, 2014	Audited June 30, 2013
EQUITY AND LIABILITIES	Note	(Rupees in thousand)
SHARE CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2013: 600,000,000) ordinary shares of Rs 10 each		6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 30, 2013: 278,876,604) ordinary shares of Rs 10 each		2,788,766
Reserves		272,430
Unappropriated loss		(891,758)
		<u>2,169,439</u>
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		24,605
		<u>28,690</u>
CURRENT LIABILITIES		
Advances against sale of property		98,953
Current portion of long term liabilities		3,853,042
Short term finance - secured	8	96,443
Creditors, accrued and other liabilities		216,185
Accrued finance cost		794,514
		<u>5,059,137</u>
CONTINGENCIES AND COMMITMENTS	9	-
		<u>7,505,035</u>
		<u>7,509,017</u>

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

LAHORE

CHIEF EXECUTIVE

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

	Note	Quarter ended		Nine Months ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
		(Rupees in thousand)			
Sales	14	151,785	86,408	320,056	269,247
Cost of sales	15	(93,548)	(75,205)	(252,796)	(273,668)
Gross (loss)/profit		58,237	11,202	67,260	(4,421)
Administrative and selling expenses		(32,265)	(29,048)	(92,150)	(90,593)
Other operating income	16	7,359	3,326	15,539	178,285
Other operating expenses		85,820	(19,236)	(18,111)	(107,451)
Finance costs	17	(75,113)	(71,013)	(226,064)	(289,783)
Changes in fair value of investment property		-	-	-	12,050
Profit/(Loss) before tax		44,038	(104,769)	(253,528)	(301,913)
Taxation		-	-	(2,087)	(539)
Profit/(Loss) for the period		44,038	(104,769)	(255,614)	(302,452)
Other comprehensive (loss) / income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of net defined benefit liability - net of tax		(984)	(1,168)	(984)	(2,336)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of available for sale investments		87	(717)	740	(264)
Loss during the period transferred to profit and loss on account of derecognition of investment		819	-	819	-
		906	(717)	1,559	(264)
Total comprehensive profit/(loss) for the period		43,960	(106,654)	(255,039)	(305,052)
Earnings/(loss) per share attributable to ordinary shareholders					
- basic	18.1	0.15	(0.38)	(0.92)	(1.08)
- diluted	18.2	0.15	(0.38)	(0.92)	(1.08)

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

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

ASSETS	Note	Un-Audited	Audited
		March 31, 2014	June 30, 2013
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	10	578,880	595,832
Intangible assets		7,283	7,696
Investment property	11	3,145,137	3,145,137
Investments	12	851,500	852,528
Long term advances and deposits		13,619	13,619
Deferred taxation		-	-
		<u>4,596,420</u>	<u>4,614,812</u>
CURRENT ASSETS			
Stock-in-trade	13	1,820,429	1,859,146
Trade debts - unsecured		683,843	649,827
Advances, deposits, prepayments and other receivables		220,891	209,812
Income tax recoverable		47,193	42,002
Cash and bank balances		8,356	5,515
		<u>2,780,712</u>	<u>2,766,302</u>
Disposal group held-for-sale		127,904	127,903
		<u>2,908,616</u>	<u>2,894,205</u>
		<u>7,505,035</u>	<u>7,509,017</u>

DIRECTOR

**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014**

	Note	Nine months ended	
		March 31, 2014	March 31, 2013
		Un-audited (Rupees in thousand)	and Re-stated Un-audited
Cash flows from operating activities			
Cash generated from operations	20	13,346	40,705
Net increase in advances against sale of property		5,743	1,440
Finance cost paid		(1,963)	(18,325)
Gratuity and leave encashment paid		(4,768)	(3,031)
Taxes paid		(7,279)	(5,483)
Net cash (used in)/ generated from operating activities		5,080	15,306
Cash flows from investing activities			
Purchase of property, plant and equipment		(57)	(3,089)
Proceeds from sale of property, plant and equipment		600	5,568
Increase in long term advances and deposits		-	(716)
Proceeds from disposal of investment		175	-
Markup received		277	578
Net cash generated from investing activities		995	2,341
Cash flows from financing activities			
Repayment of long term finances		-	(8,375)
Transfer from short term finance - secured		-	12,378
Repayment of finance lease liabilities		(3,235)	(1,502)
Net cash (used in)/ generated from financing activities		(3,235)	2,500
Net (decrease)/ increase in cash and cash equivalents		2,841	20,148
Cash and cash equivalents at beginning of the period		(90,928)	(91,999)
Cash and cash equivalents at the end of the period		(88,087)	(71,851)

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	(Rupees in thousand)			
	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appropriated profit
	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appropriated profit
Balance as on June 30, 2012	2,788,766	273,265	(1,134)	(128,359)
Effect of change in accounting policy (note - 3.1.1)				6,728
Balance as on June 30, 2012 (audited and re-stated)	2,788,766	273,265	(1,134)	(121,630)
Total Comprehensive loss for the period				(508,879)
Loss for the period				(4,672)
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated			(441)	(441)
Other comprehensive loss			(441)	(513,551)
Issue of ordinary shares				-
Transfer of reserve relating to sale of investment property				-
Balance as on June 30, 2013	2,788,766	273,265	(1,575)	(635,181)
Total Comprehensive loss for the nine months				
Total Comprehensive loss for the period				(255,592)
Loss for the period				(984)
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated			740	740
Other comprehensive loss				(256,577)
Balance as on March 31, 2014	2,788,766	273,265	(835)	(891,758)
Total	2,939,267	2,939,267	2,939,267	2,939,267

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

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 255.614 million (year ended June 30, 2013: Rs 507.770 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs. 2,526.195 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

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

The Company has also approached other lenders referred to in note 5 and 8 of the condensed interim financial information for restructuring of loans. As per the restructuring proposals the Company expects the following:

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

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

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

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

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

2. Statement of compliance

The 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 period ended March 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, 2013.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2013.

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

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

3.1.1 Amendments to published standards effective in current period

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

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

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of this standard has no material impact on the Company's condensed interim financial information.

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

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

- The standard replaces the interest cost on the defined benefit obligation and the expected return on

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

- There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.
- Retirement benefits obligation as previously reported has been restated at the reporting dates to reflect the effect of the above. Amounts have been restated as at July 1, 2012 by decreasing the retirement benefits obligation by Rs 6.728 million and June 30, 2013 by decreasing the retirement benefits obligation by Rs 0.948 million.
- The effect of the change in accounting policy on basic and diluted loss per share and the statement of cash flows was immaterial.

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

Standards, amendments or interpretation	Effective date (accounting periods beginning on or after)
IAS 36 - Impairment of Assets	January 01, 2014
IAS 32 - Financial instruments: Presentation	January 01, 2014
IFRS 9 - Financial instruments	January 01, 2015

4. Taxation

The provision for taxation for the nine months ended March 31, 2014 has been made on an estimated basis.

Un-Audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
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5. Long term finances - secured

Opening balance	732,614	749,830
Less: Repayment during the period / year	-	(17,216)
	<u>732,614</u>	<u>732,614</u>
Less: Current portion shown under current liabilities - note 5.1	<u>(732,614)</u>	<u>(732,614)</u>
	<u>-</u>	<u>-</u>

5.1 The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants as described below:

5.1.1 Syndicate term finance facility

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

National Bank of Pakistan

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

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

Habib Bank Limited

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

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

None of the banks have formally responded to the proposals.

5.1.2 National Bank of Pakistan - term finance

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

5.1.3 Soneri Bank - demand finance

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

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

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

- Relaxation in payment of existing markup.

Soneri bank has not yet formally responded to the proposal.

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

The Company has negotiated with the bank to settle principal against certain identified properties. During the period, the bank has offered, which the Company has accepted to settle Rs 169.119 million against properties at various floors of Pace Fortress aggregating to 13,021 square feet, however, legal documentation has not been finalized as at March 31, 2014. As at March 31, 2014, the Company has 11,499 square feet out of 13,021 square feet available at Pace Fortress.

Un-Audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
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6. Redeemable capital - secured (non-participatory)

Opening balance	1,498,200	1,498,200
Less: Current portion shown under current liabilities - note 6.1	<u>(1,498,200)</u>	<u>(1,498,200)</u>
	<u>-</u>	<u>-</u>

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 748.800 million, which, under the terms of loan agreement were due for repayment in period subsequent to March 31, 2014. However, as the Company could not repay on a timely basis the instalments due upto the period ended March 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 March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
7. Foreign currency convertible bonds - unsecured		
Opening balance	1,591,721	1,463,882
Markup accrued for the period / year	<u>8,279</u>	<u>55,668</u>
	1,600,000	1,519,550
Exchange loss for the period / year	<u>103,107</u>	<u>72,171</u>
	1,703,107	1,591,721
Less: Current portion shown under current liabilities	<u>(1,703,107)</u>	<u>(1,591,721)</u>
	-	-
8. Short term finance - secured		
Opening balance	96,443	100,000
Less: Repayment during the period / year	-	(3,557)
	<u>96,443</u>	<u>96,443</u>

8.1 Last year PAIR Investment Company Limited offered to settle principal portion and accrued markup as on March 31, 2013 amounting to Rs 129 million against properties at various floors of Pace MM Alam aggregating to 11,833 square feet, however, legal documentation has not been finalized as at March 31, 2014. As at March 31, 2014, the Company has 11,240 square feet out of 11,833 square feet available at Pace MM Alam. Following are the key terms:

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

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

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2013: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2013: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 384.985 million (June 30, 2013: Rs 391.985 million).

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

	Un-Audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
Not later than one year	7,482	6,300
Later than one year and not later than five years	34,945	33,469
Later than five years	<u>742,248</u>	<u>757,131</u>
	<u>784,675</u>	<u>796,900</u>

	Un-Audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
10. Property, plant and equipment		
Operating fixed assets	- note 10.1 <u>450,571</u>	468,277
Capital work-in-progress	<u>128,309</u>	<u>127,555</u>
	<u>578,880</u>	<u>595,832</u>
10.1 Operating fixed assets		
Operating assets - at net book value		
- owned assets	448,192	465,635
- assets subject to finance lease	<u>2,379</u>	<u>2,642</u>
	- note 10.1.1 <u>450,571</u>	<u>468,277</u>
10.1.1 Operating assets - at net book value		
Opening book value	468,277	583,227
Less: Disposals during the period/ year	(183)	(8,769)
Less: Transfer to disposal group held-for-sale during the period/ year	-	(13,439)
Less: Depreciation and impairment charge for the period/ year	(19,959)	(92,742)
Add: Additions made during the period	57	-
	<u>(20,085)</u>	<u>(114,950)</u>
Closing book value	<u>448,192</u>	<u>468,277</u>
11. Investment property		
Opening fair value	3,145,137	3,167,645
Transfer from disposal group held for sale during the period/ year	-	94,190
	<u>3,145,137</u>	<u>3,261,835</u>
Transfer to disposal group held for sale during the period/ year	-	(146,442)
Disposals of investment property during the period/ year	-	(20,985)
Closing value before revaluation	<u>3,145,137</u>	<u>3,094,408</u>
Add: Fair value gain recognised during the period / year	-	50,729
Closing value after revaluation	<u>3,145,137</u>	<u>3,145,137</u>
12. Investments		
Equity instruments of:		
Subsidiaries - unquoted	91,670	91,670
Associate - unquoted	758,651	758,651
Available for sale - quoted	<u>1,179</u>	<u>2,207</u>
	<u>851,500</u>	<u>852,528</u>
12.1 Subsidiaries - unquoted		
Pace Woodlands (Private) Limited		
3,000 (June 30, 2013: 3,000) fully paid ordinary shares of Rs 10 each	30	30
Equity held 52% (June 30, 2013: 52%)		
Pace Gujrat (Private) Limited		
2,450 (June 30, 2013: 2,450) fully paid ordinary shares of Rs 10 each	25	25
Equity held 100% (June 30, 2013: 100%)		

Note	Un-Audited March 31, 2014 (Rupees in thousand)	Audited June 30, 2013
Pace Super Mall (Private) Limited 9,161,528 (June 30, 2013: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (June 30, 2013: 57%)	91,615	91,615
	91,670	91,670
12.2 Associate - unquoted		
Pace Barka Properties Limited 75,875,000 (June 30, 2013: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (June 30, 2013: 24.9%)	758,651	758,651
	758,651	758,651
12.3 Available for sale - quoted		
Worldcall Telecom Limited 912 (June 30, 2013: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Company Limited 158,037 (June 30, 2013: 294,037) fully paid ordinary shares of Rs 10 each	2,008	3,776
	2,014	3,782
Less: Cumulative fair value loss	(835)	(1,575)
	1,179	2,207
12.3.1 Cumulative fair value loss		
Opening balance	1,575	1,134
Fair value loss during the period/ year	79	441
Transferred to profit and loss account on derecognition of investment	(819)	-
	835	1,575
13. Stock-in-trade		
Work in process - Pace Towers	1,001,808	1,031,748
Pace Barka Properties Limited - Pace Circle	561,660	562,327
Pace Super Mall (Private) Limited	21,600	21,600
Shops and houses	234,618	241,005
Woodland plots	-	1,433
	1,819,686	1,858,113
Stores inventory	743	1,033
	1,820,429	1,859,146

	Quarter ended		Nine Months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)			
14. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	34,135	34,215	37,335	109,541
- at percentage of completion basis	63,020	-	99,722	-
Licensee fee	8,629	10,412	30,400	26,896
Display advertisements and miscellaneous income	5,744	4,503	13,860	11,907
Service charges	40,257	37,277	138,739	120,903
	151,785	86,407	320,056	269,247
15. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	26,415	25,314	27,848	89,909
- at percentage of completion basis	21,582	-	45,078	-
Stores operating expenses	45,552	49,891	179,870	183,759
	93,548	75,205	252,796	273,668
			Nine months ended	
			March 31,	March 31,
			2014	2013
			(Rupees in thousand)	
16. Other Income				
Income from financial assets				
Mark up on bank accounts			277	578
Commission on guarantee			928	1,125
			1,205	1,703
Income from non-financial assets				
Reversal of impairment loss on investment			-	151,730
Gain on exchange of shops and counters			-	12,265
Rental income			6,587	7,500
Miscellaneous income			7,746	5,087
			14,334	176,581
			15,539	178,285
17. Finance costs				
Markup on				
- Long term finances - secured			208,367	279,232
- Foreign currency convertible bonds - unsecured			12,210	-
- Redeemable capital - secured (non-participatory)			-	-
- Short term finance - secured			-	-
- Liabilities against assets subject to finance lease			3,625	9,621
			224,202	288,853
Bank charges and processing fee			1,862	930
			226,064	289,783

	Nine months ended	
	March 31, 2014	March 31, 2013

18. Loss per share

18.1 Basic loss per share

Loss for the period (Rupees in thousand)	(255,614)	(302,452)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877
Loss per share (Rupees)	(0.92)	(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.

	Nine months ended	
	March 31, 2014	March 31, 2013
	Un-audited	And Re-stated
Loss for the period (Rupees in thousand)	(255,614)	(302,452)
Interest on FCCB (Rupees in thousand)	12,210	47,691
Exchange (gain)/ loss (Rupees in thousand)	17,304	64,155
(Loss)/ Profit used to determine diluted (loss)/ earnings per share (Rupees)	(226,100)	(190,606)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	109,959	105,321
Weighted average number of shares for diluted (loss)/ earning per share (in thousand)	388,835	384,198
(Loss)/ earnings per share diluted (Rupees)	(0.58)	(0.50)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.92)	(1.08)

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.

	Nine Months ended	
	March 31, 2014	March 31, 2013

	Un-audited	and Re-stated
--	-------------------	----------------------

(Rupees in thousand)

19. Transactions with related parties

Relationship with the Company	Nature of transaction		
i. Associates	Guarantee commission income	928	1,125
	Shared expenses charged by the Company	1,980	-
	Receipt against Pace circle sales	29,166	-
ii. Others	Purchase of goods & services	4,932	16,348
	Rental income	6,589	5,999
	Disposal of property, plant and equipment	-	8,769
	Refund of advance	24,609	-
iii. Directors and key management personnel	Salaries and other employee benefits	15,586	18,047
iv. Post employment benefit plan	Expense charged in respect of benefit plans	6,565	6,117
		Un-audited	Audited
		March 31,	June 30,
		2014	2013
		(Rupees in thousand)	
Period end balances			
Receivable from related parties	151,228	170,369	
Payable to related parties	-	9,743	

Period end balances

Receivable from related parties	151,228	170,369
Payable to related parties	-	9,743

	Nine Months ended	
	March 31, 2014	March 31, 2013

	Un-audited	and Re-stated
--	-------------------	----------------------

(Rupees in thousand)

20. Cash generated from operations

Loss before tax	(253,528)	(301,913)
Adjustments for:		
- Depreciation on property, plant and equipment	17,316	19,526
- Depreciation on assets subject to finance lease	264	733
- Amortisation on intangible assets	413	413
- Loss on sale of property, plant and equipment	(417)	3,201
- Gain on exchange of shops and counters	-	(12,265)
- Loss on sale of investment	819	-
- Markup income	(277)	(578)
- Changes in fair value of investment property	-	(12,050)
- Reversal of impairment loss on investment	-	(151,730)
- Finance costs	226,064	289,783
- Exchange loss on foreign currency convertible bonds	17,304	64,155

	Nine Months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
- Loss on disposal group held-for-sale	-	40,095
- Advances written off	-	226
- Provision for doubtful advances	-	547
- Provision for gratuity and leave encashment	6,565	6,112
Loss before working capital changes	14,525	(53,745)
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	38,649	76,941
- Decrease in trade debts	(34,016)	113
- Decrease/ (Increase) in advances, deposits prepayments and other receivables	(11,079)	(17,805)
- Increase in creditors, accrued and other liabilities	5,266	35,201
	(1,179)	94,450
	13,346	40,705

21. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 26, 2014 by the Board of Directors of the Company.

22. Corresponding figures

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

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

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED
INTERIM FINANCIAL REPORT
(UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 31, 2014

DIRECTORS' REPORT

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the consolidated condensed interim financial statements of the Group (unaudited) for the quarter and the nine months ended March 31, 2014.

Operating Results:

The Group has shown healthier performance and made sales for the nine months amounting Rs.320 million as compare with previous period amounting Rs. 269.24 million Group incurred a loss of Rs. 254 million during the nine months ended March 31, 2014. The comparison of the results for the nine months ended March 31, 2014 with corresponding period of the previous period is as under:

	For the nine months and quarter ended			
	Rupees in '000'			
	Quarter Ended		Nine months Ended	
Dec-Mar	Dec-Mar	Jul-Mar	Jul-Mar	
2014	2013	2014	2013	
Sales	151,786	86,407	320,056	269,247
Cost of sales	(94,027)	(75,205)	(257,538)	(273,667)
Gross profit/(loss)	57,759	11,202	62,518	(4,420)
Other operating income	7,358	3,326	15,539	178,283
Finance cost	(75,115)	(71,016)	(226,066)	(289,795)
Net profit/(loss) before tax	43,476	(107,952)	(254,124)	(307,619)
Earnings/(loss) per share- basic and diluted	0.15	(0.39)	(0.92)	(1.09)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. The real estate and construction sector recorded 5.2 percent growth in FY 2014 as compared to 3.2 percent growth in the previous year. The increase in revenue as compared to previous reporting period is mainly due to sales made against the under construction projects of the Group i.e. Pace Tower and Pace Circle.

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

General:

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

For and on behalf of the Board of Directors

Lahore
April 26, 2014

Mrs. Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

EQUITY AND LIABILITIES	Un-audited	Audited
	March	June
Note	31, 2014	30, 2013
	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES		
Authorised capital		
600,000,000 (June 2013: 600,000,000) ordinary shares of Rs 10 each	<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital		
278,876,604 (2013: 278,876,604) ordinary shares of Rs 10 each	<u>2,788,766</u>	<u>2,788,766</u>
Reserves	<u>279,504</u>	<u>278,764</u>
Unappropriated loss	<u>(401,601)</u>	<u>(146,134)</u>
	<u>2,666,669</u>	<u>2,921,396</u>
	<u>87,670</u>	<u>87,678</u>
	<u>2,754,339</u>	<u>3,009,074</u>
NON-CONTROLLING INTEREST		
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	<u>28,690</u>	<u>24,605</u>
Deferred taxation	<u>44,502</u>	<u>44,200</u>
Advances against sale of property	-	-
	<u>73,192</u>	<u>68,805</u>
CURRENT LIABILITIES		
Advances against sale of property	<u>105,696</u>	<u>99,953</u>
Current portion of long term liabilities	<u>3,879,321</u>	<u>3,853,042</u>
Short term finance - secured	8	<u>96,443</u>
Creditors, accrued and other liabilities	<u>255,458</u>	<u>251,586</u>
Accrued finance cost	<u>1,006,405</u>	<u>794,514</u>
Taxation	<u>5,534</u>	<u>5,534</u>
	<u>5,348,857</u>	<u>5,101,072</u>
CONTINGENCIES AND COMMITMENTS		
	9	-
	<u>8,176,388</u>	<u>8,178,951</u>

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

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

	Note	Quarter ended		Nine Months ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
(Rupees in thousand)					
Sales	15	151,786	86,407	320,056	269,247
Cost of sales	16	(94,027)	(75,205)	(257,538)	(273,667)
Gross Profit/(Loss)		57,759	11,202	62,518	(4,420)
Administrative and selling expenses		(31,975)	(29,048)	(91,009)	(90,595)
Other operating income	17	7,358	3,326	15,539	178,283
Other operating expenses		85,803	(19,236)	(18,128)	(107,451)
Finance costs	18	118,945	(33,756)	(31,080)	(24,183)
Changes in fair value of investment property		(75,115)	(71,016)	(226,066)	(289,795)
Share of profit / (loss) from associate - net of tax		-	-	-	12,050
Gain on bargain purchase		(354)	(3,180)	3,022	(5,691)
Profit/(Loss) before tax		43,476	(107,952)	(254,124)	(307,619)
Taxation		35	(1,361)	(2,389)	3,551
Profit/(Loss) for the Period		43,511	(109,313)	(256,513)	(304,068)
Other comprehensive loss					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of net defined benefit liability - net of tax		-	(1,168)	(984)	(264)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of available for sale investments		-	(717)	(166)	(264)
Share in associate's changes in fair value of available for sale investments - net of tax		-	(48,134)	-	(91,540)
Loss during the period transferred to profit and loss on account of derecognition of investment		-	-	1	-
		-	(48,851)	(165)	(91,804)
Total comprehensive Gain/(loss) for the year		43,511	(158,164)	(257,662)	(395,872)
Attributable to:					
Equity holders of the parent		42,696	(158,163)	(257,654)	(395,866)
Non-controlling interest		(3)	(1)	(8)	(6)
		42,693	(158,164)	(257,662)	(395,872)
Earnings/(loss) per share attributable to ordinary shareholders					
- basic loss per share	Rupees	19.1	0.15	(0.39)	(0.92)
- diluted loss per share	Rupees	19.2	0.15	(0.39)	(0.92)

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

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

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ASSETS	Note	Un-audited	Audited
		March 31, 2014	June 30, 2013
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	10	578,880	595,832
Intangible assets		7,283	7,696
Investment property	11	3,145,138	3,145,137
Investments	12	1,187,826	1,185,919
Long term advances and deposits		13,619	13,619
		<u>4,932,746</u>	<u>4,948,203</u>
CURRENT ASSETS			
Stock-in-trade	13	2,153,322	2,193,553
Trade debts - unsecured		684,145	650,129
Advances, deposits, prepayments and other receivables		222,538	211,461
Income tax recoverable		47,247	42,055
Cash and bank balances		8,487	5,647
		<u>3,115,739</u>	<u>3,102,845</u>
Disposal group held-for-sale		127,903	127,903
		<u>3,243,642</u>	<u>3,230,748</u>
		<u><u>8,176,388</u></u>	<u><u>8,178,951</u></u>

DIRECTOR

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**PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

Note	Nine Months ended	
	March 31, 2014	March 31, 2013
	Un-audited (Rupees in thousand)	Un-audited and Re-stated (Rupees in thousand)
Cash flows from operating activities		
Cash generated from operations	21 5,968	40,691
Net increase / (decrease) in advances against sale of property	5,743	1,440
Finance costs paid	(1,965)	(18,325)
Gratuity and leave encashment paid	(4,767)	(3,031)
Taxes paid	(7,279)	(5,483)
Net cash generated from operating activities	(2,300)	15,292
Cash flow from investing activities		
Purchase of property, plant and equipment	57	(3,089)
Proceeds from sale of property, plant and equipment	600	5,568
Decrease / (increase) in long term loans and deposits	-	(717)
Markup received	278	578
Proceeds from disposal of investment	175	-
Acquisition of subsidiary	-	-
Net cash generated from / (used in) investing activities	1,110	2,340
Cash flow from financing activities		
Repayment of long term finances	-	(8,370)
Transfer from short term finance-secured	-	12,378
Payment of finance lease liabilities	(3,235)	(1,502)
Net cash used in financing activities	(3,235)	2,506
Net increase / (decrease) in cash and cash equivalents	(4,425)	20,138
Cash and cash equivalents at the beginning of the year	(83,530)	(91,866)
Cash and cash equivalents at the end of the year	(87,955)	(71,728)

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Attributable to equity holders of the parent			Unappropriated profit / (loss)	Share in reserves of associate	Non-Controlling Interest	Total Equity
	Share capital	Share premium Reserve	Reserve for changes in fair value of investments				
Balance as on June 30, 2012	2,788,766	273,265	(1,134)	238,553	122,834	87,775	3,516,787
Effect of change in accounting policy (note - 3.1.1)	-	-	-	6,728	-	-	-
Balance as on June 30, 2012 (audited and re-stated)	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(385,635)	-	(97)	(385,732)
Loss for the nine months	-	-	-	-	(115,760)	-	(116,201)
Other comprehensive loss for the period:	-	-	(441)	(2,336)	-	-	(2,336)
Changes in fair value of available for sale investments - net of tax	-	-	-	(387,971)	(115,760)	(97)	(504,269)
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-	-	-	-
Non - controlling interest arising on business combination	-	-	-	-	-	-	-
Balance as on June 30, 2013	2,788,766	273,265	(1,575)	(142,690)	7,074	87,678	3,012,518
Total comprehensive loss for the year	-	-	-	(256,488)	-	(8)	(256,496)
Loss for the nine months	-	-	-	-	-	-	-
Changes in fair value of available for sale investments - net of tax	-	-	740	-	-	-	740
Remeasurement of net defined benefit liability (note - 3.1.1) - net of tax - re-stated	-	-	-	(2,423)	-	-	(2,423)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	740	(258,911)	-	(8)	(258,179)
Balance as on March 31, 2014	2,788,766	273,265	(835)	(401,601)	7,074	87,670	2,754,339

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

LAHORE

Chief Executive

Director

**PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2014**

1. Legal status and activities

1.1 Constitution and ownership

The consolidated condensed financial statements 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.

1.3 Going concern assumption

During the period, the Company has incurred a loss of Rs 256.513 million (year ended June 30, 2013: Rs 507.770 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,233.117 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

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

The Company has also approached other lenders referred to in note 5 and 8 of the condensed interim financial information for restructuring of loans. As per the restructuring proposals the Company expects the following:

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

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

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

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

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

2. Statement of compliance

The 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 period ended March 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, 2013.

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

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2013.

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

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

3.1.1 Amendments to published standards effective in current period

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

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

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of this standard has no material impact on the Company's condensed interim financial information.

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

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

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

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

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

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

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

Standards, amendments or interpretation	Effective date (accounting periods beginning on or after)
IAS 36 - Impairment of Assets	January 01, 2014
IAS 32 - Financial instruments: Presentation	January 01, 2014
IFRS 9 - Financial instruments	January 01, 2015

4. Taxation

The provision for taxation for the nine months ended March 31, 2014 has been made on an estimated basis.

March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
(Rupees in thousand)	(Rupees in thousand)

5. Long term finances - secured

Opening balance	732,614	749,830
Less: Repayment during the period / year	-	(17,216)
	732,614	732,614
Less: Current portion shown under current liabilities - note 5.1	(732,614)	(732,614)
	-	-

5.1 The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants as described below:

5.1.1 Syndicate term finance facility

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

National Bank of Pakistan

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

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

Habib Bank Limited

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

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

None of the banks have formally responded to the proposals.

5.1.2 National Bank of Pakistan - term finance

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

5.1.3 Soneri Bank - demand finance

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

- Tenure of restructured facility will be 3.5 years inclusive of six months grace period.
- Markup on restructured facility shall be charged at the 3 months KIBOR plus 0.5%.
- Relaxation in payment of existing markup.

Soneri bank has not yet formally responded to the proposal.

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

The Company has negotiated with the bank to settle principal against certain identified properties. During the period, the bank has offered, which the Company has accepted to settle Rs 169.119 million against properties at various floors of Pace Fortress aggregating to 13,021 square feet, however, legal documentation has not been finalized as at March 31, 2014. As at March 31, 2014, the Company has 11,499 square feet out of 13,021 square feet available at Pace Fortress.

	March 31, 2014 Un-Audited (Rupees in thousand)	June 30, 2013 Audited
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6. Redeemable capital - secured (non-participatory)

Opening balance	1,498,200	1,498,200
Less: Current portion shown under current liabilities - note 6.1	<u>(1,498,200)</u>	<u>(1,498,200)</u>
	<u>-</u>	<u>-</u>

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 748.800 million, which, under the terms of loan agreement were due for repayment in period subsequent to March 31, 2014. However, as the Company could not repay on a timely basis the instalments due until the half year ended March 31, 2013 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Company is in negotiation with lenders for relaxation in payment terms and certain other covenants.

	March 31, 2014 Un-Audited (Rupees in thousand)	June 30, 2013 Audited
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7. Foreign currency convertible bonds - unsecured

Opening balance	1,591,721	1,463,882
Markup accrued for the period / year	<u>12,210</u>	<u>55,668</u>
	1,603,931	1,519,550
Exchange loss for the period / year	<u>17,304</u>	<u>72,171</u>
	1,621,235	1,591,721
Less: Current portion shown under current liabilities	<u>(1,621,235)</u>	<u>(1,591,721)</u>
	<u>-</u>	<u>-</u>

	March 31, 2014 Un-Audited (Rupees in thousand)	June 30, 2013 Audited
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8. Short term finance - secured

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

8.1 Last year PAIR Investment Company Limited offered to settle principal portion and accrued markup as on March 31, 2013 amounting to Rs 129 million against properties at various floors of Pace MM Alam aggregating to 11,833 square feet, however, legal documentation has not been finalized as at March 31, 2014. As at March 31, 2014, the Company has 11,240 square feet out of 11,833 square feet available at Pace MM Alam. Following are the key terms:

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

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

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2013: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2013: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 384.985 million (June 30, 2013: Rs 391.985 million).

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

	March 31, 2014 Un-Audited (Rupees in thousand)	June 30, 2013 Audited
Not later than one year	7,482	6,300
Later than one year and not later than five years	34,945	33,469
Later than five years	<u>742,248</u>	<u>757,131</u>
	<u>784,675</u>	<u>796,900</u>

10. Property, plant and equipment

Operating fixed assets	- note 10.1	450,571	468,277
Capital work-in-progress		<u>128,309</u>	<u>127,555</u>
		<u>578,880</u>	<u>595,832</u>

	March 31, 2014 Un-Audited (Rupees in thousand)	June 30, 2013 Audited
10.1 Operating fixed assets		
Operating assets - at net book value		
- owned assets	448,192	465,635
- assets subject to finance lease	2,379	2,642
- note 10.1.1	<u>450,571</u>	<u>468,277</u>
10.1.1 Operating assets - at net book value		
Opening book value	468,277	583,227
Less: Disposals during the period/ year	(183)	(8,769)
Less: Transfer to disposal group held-for-sale during the period/ year	-	(13,439)
Less: Depreciation and impairment charge for the period/ year	19,959	(92,742)
Add: Additions made during the period	57	-
	<u>17,706</u>	<u>(114,950)</u>
Closing book value	<u>448,192</u>	<u>468,277</u>
11. Investment property		
Opening fair value	3,145,137	3,167,645
Transfer from disposal group held for sale during the period/ year	-	94,190
	<u>3,145,137</u>	<u>3,261,835</u>
Transfer to disposal group held for sale during the period/ year	-	(146,442)
Disposals of investment property during the period/ year	-	(20,985)
Closing value before revaluation	<u>3,145,137</u>	<u>3,094,408</u>
Add: Fair value gain recognised during the period / year	-	50,729
Closing value after revaluation	<u>3,145,137</u>	<u>3,145,137</u>
12. Investments		
Associated undertakings - unquoted	- note 12.1 1,186,734	1,183,712
Available for sale - quoted	- note 12.2 1,092	2,207
	<u>1,187,826</u>	<u>1,185,919</u>
12.1 Associated undertakings - unquoted		
Pace Barka Properties Limited		
75,875,000 (2013: 75,875,000) fully paid ordinary shares of Rs 10 each	- note 12.1.1 1,186,734	1,183,712
Equity held 24.9% (2013: 24.9%)	<u>1,186,734</u>	<u>1,183,712</u>
Less: Cumulative impairment losses recognized	- note 12.1.2 -	-
	<u>1,186,734</u>	<u>1,183,712</u>

	March 31, 2014 Un-Audited (Rupees in thousand)	June 30, 2013 Audited
12.1.1 Pace Barka Properties Limited		
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account	425,061	539,704
	<u>1,183,712</u>	<u>1,298,355</u>
Share of movement in reserves during the year	-	(115,760)
Share of profit/(loss) for the year		
- before taxation	3,387	3,297
- provision for taxation	(365)	(2,180)
Loss on sale of investment	-	-
	<u>3,022</u>	<u>1,117</u>
	<u>1,186,734</u>	<u>1,183,712</u>
12.1.2 Cumulative impairment losses recognized		
As at July 1	-	151,730
Recognised during the year	-	-
Derecognised on disposal of investments	-	(151,730)
	<u>-</u>	<u>-</u>
12.2 Available for sale - quoted		
Worldcall Telecom Limited		
912 (June 2013: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Limited		
294,037 (June 2013: 294,037) fully paid ordinary shares of Rs 10 each	2,008	3,776
	<u>2,014</u>	<u>3,782</u>
Add: Cumulative fair value gain/(loss)	- note 12.2.1 (922)	(1,575)
	<u>1,092</u>	<u>2,207</u>
12.2.1 Cumulative fair value (loss)/gain		
As at July 1	1,575	1,134
Fair value gain/(loss) during the period	(653)	441
As at March 31	<u>922</u>	<u>1,575</u>
13. Stock-in-trade		
Work in process - Pace Towers	1,001,808	1,031,748
Pace Barka Properties Limited - Pace Circle	561,660	242,017
Pace Super Mall (Private) Limited	354,600	562,327
Shops and houses	234,618	354,600
Woodland plots	(107)	1,828
	<u>2,152,579</u>	<u>2,192,520</u>
Stores inventory	743	1,033
	<u>2,153,322</u>	<u>2,193,553</u>
14. Operating Segments		
Operating segments and basis of determination of operating segments are same as disclosed in audited consolidated annual financial statements of the Group for the year ended June 30, 2013.		

14.1 Segment information

	Real estate sales				Investment properties				Others				Total			
	Quarter ended		Nine month ended		Quarter ended		Nine month ended		Quarter ended		Nine month ended		Quarter ended		Nine month ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013		
Segment revenue	97,155	34,215	137,057	109,541	8,630	10,412	30,400	26,896	46,001	41,780	152,599	132,910	151,786	86,407	320,056	269,247
Segment expenses	(48,476)	(45,070)	(77,669)	(141,317)	(7,744)	-	(30,578)	-	(37,807)	(30,135)	(149,291)	(132,351)	(94,027)	(75,205)	(257,538)	(273,668)
- Cost of sales																
Gross (loss) / profit	48,679	(10,855)	59,388	(31,776)	866	10,412	(178)	26,896	8,194	11,645	3,308	459	57,759	11,202	62,518	(4,421)
- Changes in fair value of investment property							12,050									
Segment results	48,679	(10,855)	59,388	(31,776)	866	10,412	(178)	38,946	8,194	11,645	3,308	459	57,759	11,202	62,518	7,629
Administrative and selling expenses																
Other operating income													(31,975)	(29,048)	(91,009)	(80,593)
Finance costs													7,358	3,326	15,639	178,285
Other operating expenses													(75,115)	(71,013)	(226,066)	(289,783)
Share of loss of associates													85,803	(19,236)	(18,128)	(107,451)
Loss before tax													(354)	(3,190)	3,022	(5,691)
Taxation													43,476	(107,949)	(254,124)	(307,604)
- Group													(2,087)	288	(2,087)	(250)
- Associated companies													(302)	(1,649)	(902)	3,801
Loss for the period													41,087	(108,310)	(256,513)	(304,053)

	Quarter ended		Nine months ended	
	March 2014	March 2013	March 2014	March 2013
	Un-audited	Un-audited and Re-stated	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)			
15 Sales				
Shops, houses and commercial buildings				
- at completion of project basis	34,135	34,215	37,335	109,541
- at percentage of completion basis	63,020	-	99,722	-
Licensee fee	8,630	10,412	30,400	26,896
Display advertisements and miscellaneous income	5,744	4,503	13,860	11,907
Service charges	40,257	37,277	138,739	120,903
	151,786	86,407	320,056	269,247
16 Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	44,125	25,314	49,821	89,908
- at percentage of completion basis	4,351	-	27,848	-
Stores operating expenses	45,551	49,891	179,869	183,759
	94,027	75,205	257,538	273,667
17. Other Income				
Income from financial assets				
Mark up on bank accounts			278	578
Commission on guarantee			928	1,125
			1,206	1,703
Income from non-financial assets				
Reversal of impairment loss on investment			-	151,730
Gain on exchange of shops and counters			-	12,265
Rental income			6,587	7,500
Miscellaneous income			7,746	5,087
			14,334	176,581
			15,539	178,285
18. Finance costs				
Markup on				
- Long term finances - secured			71,481	83,793
- Foreign currency convertible bonds - unsecured			12,210	47,691
- Redeemable capital - secured (non-participatory)			127,397	137,566
- Short term finance - secured			9,489	10,238
- Liabilities against assets subject to finance lease			3,625	9,611
			224,202	288,899
Bank charges and processing fee			1,864	896
			226,066	289,795

	Nine months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
19. Loss per share		
19.1 Basic loss per share		
Loss for the period (Rupees in thousand)	<u>(256,488)</u>	<u>(304,068)</u>
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>278,877</u>	<u>278,877</u>
Loss per share (Rupees)	<u>(0.92)</u>	<u>(1.08)</u>

19.2 Diluted loss per share

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

	Nine months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
Loss for the period (Rupees in thousand)	<u>(256,488)</u>	<u>(304,068)</u>
Interest on FCCB (Rupees in thousand)	<u>12,210</u>	<u>47,691</u>
Exchange (gain)/ loss (Rupees in thousand)	<u>17,304</u>	<u>64,155</u>
(Loss)/ Profit used to determine diluted (loss)/ earnings per share (Rupees)	<u>(188,266)</u>	<u>(192,22)</u>
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>278,877</u>	<u>278,877</u>
Assumed conversion of FCCB into ordinary shares (number in thousand)	<u>106,015</u>	<u>105,321</u>
Weighted average number of shares for diluted (loss)/ earning per share (in thousand)	<u>384,892</u>	<u>384,198</u>
(Loss)/ earnings per share diluted (Rupees)	<u>(0.59)</u>	<u>(0.50)</u>
Restricted to basic loss per share in case of anti-dilution (Rupees)	<u>(0.92)</u>	<u>(1.08)</u>

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.

	Nine months ended		
	March 31, 2014	March 31, 2013	
	Un-audited and Re-stated		
	(Rupees in thousand)		
20. Transactions with related parties			
Relationship with the Company	Nature of transaction		
i. Associates	Guarantee commission income	928	1,125
	Share expenses charged by the Company	1,980	
	Receipt against Pace circle sales	29,166	-
ii. Others	Purchase of goods & services	4,932	16,384
	Rental income	6,589	5,999
	Sale of services	-	-
	Payment made on behalf of related parties	-	-
	Disposal of property, plant and equipment	-	8,769
	Refund of advance	24,609	-
iii. Directors and key management personnel	Salaries and other employee benefits	15,586	18,047
iv. Post employment benefit plan	Expense charged in respect of benefit plans	6,565	6,117
		Un-audited March 31, 2014	Audited June 30, 2013
		(Rupees in thousand)	
Period end balances			
Receivable from related parties		151,228	170,369
Payable to related parties		-	9,743

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

	Nine months ended	
	March 31,	March 31,
	2014	2013
	Un-audited	
	and Re-stated	
	(Rupees in thousand)	
21. Cash used in operations		
Loss before tax	(254,124)	(307,619)
Adjustments for:		
- Depreciation on property, plant and equipment	17,316	19,526
- Depreciation on assets subject to finance lease	264	733
- Amortisation on intangible assets	413	413
- Share of (loss) / profit from associated companies	(3,022)	5,691
- Loss on sale of property, plant and equipment	-	3,201
- Gain on exchange of shops and counters	-	(12,264)
- Loss on sale of investment	819	-
- Markup income	(278)	(578)
- Changes in fair value of investment property	-	(12,050)
- Reversal of impairment loss on investment	-	(151,730)
- Finance costs	226,066	289,783
- Exchange loss on foreign currency convertible bonds	17,304	64,155
- Loss on disposal group held-for-sale	-	40,095
- Advances written off	-	226
- Provision for doubtful advances	-	547
- Provision for gratuity and leave encashment	6,565	6,112
Loss before working capital changes	11,323	(53,759)
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	40,232	76,941
- Decrease in trade debts	(34,016)	113
- Decrease/ (Increase) in advances, deposits prepayments and other receivables	(11,078)	(17,805)
- Increase in creditors, accrued and other liabilities	3,872	35,201
	(990)	94,450
	5,968	40,691

22. Detail of subsidiaries

	Accounting period end	Percentage of holding	Country of Incorporation
Nine months ended March 31, 2014			
Pace Woodlands (Private) Limited	31-Mar-14	52%	Pakistan
Pace Gujrat (Private) Limited	31-Mar-14	100%	Pakistan
Pace Supermall (Private) Limited	31-Mar-14	69%	Pakistan
Year ended June 30, 2013			
Pace Woodlands (Private) Limited	30-Jun-13	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-13	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-13	69%	Pakistan

23. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 26, 2014 by the Board of Directors of the Company.

24. Corresponding figures

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

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR