

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL
REPORT (UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 31, 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) Shehrbano Taseer Imran Hafeez Kanwar Latafat Ali Khan Imran Saeed Chaudhry Sulaiman Ahmed Saeed Al-Hoqani Syed Abid Raza	Non-Executive Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Independent
Chief Financial Officer	Imran Hafeez	
Audit Committee	Kanwar Latafat Ali Khan (Chairman) Shahryar Ali Taseer Shehrbano Taseer Syed Abid Raza	
Human Resource and Remuneration (HR&R) Committee	Shehryar Ali Taseer Chairman Aamna Taseer Kanwar Latafat Ali Khan	
Company Secretary	Sajjad Ahmad	
Auditors	A.F. Ferguson & Co. Chartered Accountants	
Legal Advisers	M/s. Imtiaz Siddiqui & Associates	
Bankers	Allied Bank Limited Albaraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited National Bank of Pakistan NIB Bank Limited Silk Bank Limited Soneri Bank Limited Pair Investment Company Limited The Bank of Punjab	
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor State Life Building No.3, Dr. Zia-ud-Din Ahmed Road Karachi ☎ (021) 111-000-322	
Registered Office/Head Office	2 nd Floor, Pace Shopping Mall Fortress Stadium, Lahore Cantt Lahore, Pakistan ☎ (042)-36623005/6/8 Fax: (042) 36623121, 36623122	

DIRECTORS' REPORT

Pace Pakistan Limited For the nine months ended March 31, 2015

The directors of your company are presenting their report to the shareholders together with the financial information for the nine months ended March 31, 2015.

General Economic Overview

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

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

Real Estate and construction sector overview:

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

The share of construction in industrial sector is 11.48 percent and is one of the potential components of industries. The construction sector has registered a growth of 11.31 percent against the growth of 1.68 percent of last year. This is also highest growth level achieved since 2008-09.

Company Performance and Financial Overview

Comparison for the results of the quarter and the nine months ended March 31, 2015 as against with the comparative period is as follows:

	For the nine months and quarter ended			
	Quarter Ended		Nine months Ended	
	Jan-Mar	2014	Jul-Mar	2014
	2015		2015	
Sales	47,095	151,785	282,702	320,056
Cost of sales	(40,088)	(93,548)	(254,222)	(252,796)
Gross profit/(loss)	7,007	58,237	28,480	67,260
Other operating income	5,450	7,359	17,628	15,539
Finance cost	(51,932)	(75,113)	(168,535)	(226,064)
Net profit/(loss) before tax	(96,989)	44,038	(283,639)	(253,528)
Earnings/(loss) per share- basic and diluted	(0.35)	0.15	(1.03)	(0.92)

During the period, sale has been reduced by 11% due to comparatively lesser booking of new sales in Pace Tower project. Finance cost has decreased by 25.2% because of the fact that the company has capitalized finance cost relevant to Pace Tower which was expensed out in the previous period. There was also a 13% increase in other income due to some new contracts entered by the company related to advertisement income on different sites.

Status of Financial obligations:

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

process and management is hopeful to complete it on favorable terms in near future.

Company's ability to continue as a Going Concern:

During the period, the Company has incurred a loss of Rs 285.995 million (year ended June 30, 2014: Rs 189.638 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,820.788 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

However Company entered into the following successful restructuring negotiations with its following lenders:

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

The Company has proposed to Habib Bank Limited (HBL) to settle HBL's share of Rs 153.856 million, inclusive of markup of Rs 46.962 million as at June 30, 2013 against property situated at ground floor of Pace Towers measuring a total of 4,237 square feet along with waiver of accrued markup amounting to Rs 35.222 million.

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

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

Change in Board of directors:

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

Future Outlook:

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

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

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

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

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

For and on behalf of the Board of Directors

Lahore
April 28, 2015

Mrs. Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015

		Un-Audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 2014: 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 (June 30, 2014: 278,876,604) ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		272,023	272,209
Unappropriated loss		<u>(1,116,328)</u>	<u>(830,333)</u>
		<u>1,944,461</u>	<u>2,230,642</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		<u>37,546</u>	<u>34,654</u>
		<u>37,546</u>	<u>34,654</u>
CURRENT LIABILITIES			
Advances against sale of property		139,124	131,679
Current portion of long term liabilities		3,807,536	3,746,097
Short term finance - secured	8	96,443	96,443
Creditors, accrued and other liabilities		264,433	231,544
Accrued finance cost		<u>1,298,100</u>	<u>1,091,217</u>
		<u>5,605,636</u>	<u>5,296,980</u>
CONTINGENCIES AND COMMITMENTS	9	-	-
		<u>7,587,643</u>	<u>7,562,276</u>

The annexed notes 1 to 21 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, 2015

		Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		Un-audited	Un-audited	Un-audited	Un-audited
	Note	(Rupees in thousand)			
Sales	14	47,095	151,785	282,702	320,056
Cost of sales	15	(40,088)	(93,548)	(254,222)	(252,796)
Gross profit		7,007	58,237	28,480	67,260
Administrative and selling expenses		(35,530)	(32,265)	(107,668)	(92,150)
Other income		5,450	7,359	17,628	15,539
Other operating expenses		(21,983)	85,820	(53,543)	(18,111)
Finance costs	16	(51,932)	(75,113)	(168,535)	(226,064)
Changes in fair value of investment property		-	-	-	-
Profit/(loss) before tax		(96,989)	44,038	(283,639)	(253,526)
Taxation		-	-	(2,356)	(2,087)
Profit/(loss) for the period		(96,989)	44,038	(285,995)	(255,613)
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)	-	(984)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of available for sale investments		(170)	87	(186)	740
Loss during the period transferred to profit and loss on account of derecognition of investment		-	819	-	819
		(170)	906	(186)	1,559
Total comprehensive profit/(loss) for the period		(97,158)	43,960	(286,181)	(255,039)
Earnings/(loss) per share attributable to ordinary shareholders					
- basic	17.1	(0.35)	0.15	(1.03)	(0.92)
- diluted	17.2	(0.35)	0.15	(1.03)	(0.92)

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

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

Note	Un-Audited March 31, 2015	Audited June 30, 2014
	(Rupees in thousand)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10 561,673	592,661
Intangible assets	6,744	7,146
Investment property	11 3,370,166	3,370,166
Investments	12 850,593	851,279
Long term advances and deposits	13,619	13,619
Deferred taxation	-	-
	<u>4,802,795</u>	<u>4,834,871</u>
CURRENT ASSETS		
Stock-in-trade	13 2,009,914	1,968,644
Trade debts - unsecured	646,473	630,462
Advances, deposits, prepayments and other receivables	74,228	78,833
Income tax recoverable	52,678	47,884
Cash and bank balances	1,555	1,582
	<u>2,784,848</u>	<u>2,727,405</u>
	<u><u>7,587,643</u></u>	<u><u>7,562,276</u></u>

DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Note	Nine months ended	
		March 31, 2015	March 31, 2014
		Un-audited (Rupees in thousand)	Un-audited and Re-stated
Cash flows from operating activities			
Cash generated from operations	19	16,043	13,346
Net increase in advances against sale of property		-	5,743
Finance cost paid		-	(1,963)
Gratuity and leave encashment paid		(608)	(4,768)
Taxes paid		(7,149)	(7,279)
Net cash generated from/ (used in) operating activities		8,286	5,079
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,154)	(57)
Proceeds from sale of property, plant and equipment		2,100	600
Proceeds from disposal of investment		-	175
Markup received		217	277
Net cash (used in)/ generated from investing activities		(5,837)	995
Cash flows from financing activities			
Repayment of finance lease liabilities		(2,476)	(3,235)
Net increase / (decrease) in cash and cash equivalents		(27)	2,839
Cash and cash equivalents at beginning of the period		(94,862)	(90,928)
Cash and cash equivalents at the end of the period		(94,889)	(88,089)

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	(Rupees in thousand)				
	Share capital	Share premium	Reserve for changes in fair value of investments	Un-appropriated (loss)	Total
Balance as on June 30, 2013 (audited and re-stated)	2,788,766	273,265	(1,575)	(635,180)	2,425,276
Effect of change in accounting policy (note 3.1.1)	-	-	-	-	-
Balance as on June 30, 2013 (audited and re-stated)	2,788,766	273,265	(1,575)	(635,180)	2,425,276
Loss for the period	-	-	-	(189,638)	(189,638)
Other comprehensive loss:	-	-	519	-	519
Changes in fair value of available for sale investments	-	-	-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	(5,514)	(5,514)
Transaction with owners	-	-	519	(195,152)	(194,633)
Balance as on June 31, 2014 (audited)	2,788,766	273,265	(1,056)	(830,332)	2,230,643
Total comprehensive loss for the period ended March 31, 2014	-	-	(186)	(285,995)	(285,995)
Loss for the period	-	-	-	-	-
Other comprehensive loss:	-	-	-	-	-
Changes in fair value of available for sale investments	-	-	-	-	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-
Transaction with owners	-	-	(186)	(285,995)	(286,181)
Balance as on March 31, 2015	2,788,765	273,264	(1,242)	(1,116,328)	1,944,461

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

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 285,306 million (year ended June 30, 2014: Rs 189.638 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 2,820.788 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Company has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

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

The Company has also approached other lenders referred to in note 5 and 8 of 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, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

3. Significant accounting policies

The accounting policies adopted for the preparation of 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, 2014.

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

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

3.1.1 Amendments to published standards effective in current period

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

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

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

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

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

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

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

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

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

4. Taxation

The provision for taxation for the nine months ended March 31, 2015 has been made on an estimated basis.

Un-Audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
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5. Long term finances - secured

Opening balance	614,906	614,906
Less: Repayment during the period / year	-	-
	614,906	614,906
Less: Current portion shown under current liabilities - note 5.1	(614,906)	(614,906)
	-	-

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

5.1.1 Syndicate term finance facility

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

- The Company has proposed to Habib Bank Limited (HBL) to settle HBL's share of Rs 153.856 million, inclusive of markup of Rs 46.962 million as at June 30, 2013 against property situated at ground floor of Pace Towers measuring a total of 4,237 square feet along with waiver of accrued markup amounting to Rs 35.222 million. HBL has not formally responded to the proposal.

5.1.2 National Bank of Pakistan - term finance

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

5.1.3 Soneri Bank - demand finance

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

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

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

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

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

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

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

Un-Audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
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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	(1,498,200)	(1,498,200)
	-	-

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 449.280 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2015. However, as the Company could not repay on a timely basis the instalments due until the period ended March 31, 2015 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, 2015 (Rupees in thousand)	Audited June 30, 2014
7. Foreign currency convertible bonds - unsecured		
Opening balance	1,606,458	1,591,721
Markup accrued for the period / year	11,919	15,543
	<u>1,618,377</u>	<u>1,607,264</u>
Exchange loss / (gain) for the period / year	51,996	(806)
	<u>1,670,374</u>	<u>1,606,458</u>
Less: Current portion shown under current liabilities	<u>(1,670,374)</u>	<u>(1,606,458)</u>
	<u>-</u>	<u>-</u>
8. Short term finance - secured		

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

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

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

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (June 30, 2014: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2014: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 384.379 million (June 30, 2014: Rs 384.379 million).

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

	Un-Audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
Not later than one year	7,875	7,875
Later than one year and not later than five years	36,422	35,438
Later than five years	<u>737,365</u>	<u>742,287</u>
	<u>781,662</u>	<u>785,600</u>

	Un-Audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
10. Property, plant and equipment		
Operating fixed assets	- note 10.1 423,064	457,320
Capital work-in-progress	<u>138,609</u>	<u>135,341</u>
	<u>561,673</u>	<u>592,661</u>
10.1 Operating fixed assets		
Operating assets - at net book value		
- owned assets	- note 10.1.1 421,256	455,206
- assets subject to finance lease	<u>1,808</u>	<u>2,114</u>
	<u>423,064</u>	<u>457,320</u>
10.1.1 Operating assets - at net book value		
Opening book value	455,206	465,635
Add: Additions during the period/ year	8,125	119
Add: Transfer from disposal group held-for-sale during the period/ year	-	12,767
	<u>8,125</u>	<u>12,886</u>
Less: Disposals during the period/ year	(25,506)	(194)
Less: Depreciation for the period/ year	(16,568)	(23,121)
	<u>(42,075)</u>	<u>(23,315)</u>
Closing book value	<u>421,256</u>	<u>455,206</u>
11. Investment property		
Opening fair value	3,370,166	3,145,137
Transfer from disposal group held for sale during the period/ year	-	114,465
	<u>3,370,166</u>	<u>3,259,602</u>
Add: Fair value gain recognised during the period / year	-	110,564
Closing value after revaluation	<u>3,370,166</u>	<u>3,370,166</u>
12. Investments		
Equity instruments of:		
Subsidiaries - unquoted	- note 12.1 91,670	91,670
Associate - unquoted	- note 12.2 758,151	758,651
Available for sale - quoted	- note 12.3 772	958
	<u>850,593</u>	<u>851,279</u>
12.1 Subsidiaries - unquoted		
Pace Woodlands (Private) Limited		
3,000 (June 30, 2014: 3,000) fully paid ordinary shares of Rs 10 each	30	30
Equity held 52% (June 30, 2014: 52%)		
Pace Gujrat (Private) Limited		
2,450 (June 30, 2014: 2,450) fully paid ordinary shares of Rs 10 each	25	25
Equity held 100% (June 30, 2014: 100%)		

	Note	Un-Audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
Pace Super Mall (Private) Limited 9,161,528 (June 30, 2014: 9,161,528) fully paid ordinary shares of Rs 10 each Equity held 57% (June 30, 2014: 57%)		91,615	91,615
		<u>91,670</u>	<u>91,670</u>
12.2 Associate - unquoted			
Pace Barka Properties Limited 75,875,000 (June 30, 2014: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (June 30, 2014: 24.9%)		758,151	758,651
		<u>758,151</u>	<u>758,651</u>
12.3 Available for sale - quoted			
Worldcall Telecom Limited 912 (June 30, 2014: 912) fully paid ordinary shares of Rs 10 each		6	6
Shaheen Insurance Company Limited 158,037 (June 30, 2014: 158,037) fully paid ordinary shares of Rs 10 each		2,008	2,008
		<u>2,014</u>	<u>2,014</u>
Less: Cumulative fair value loss	- note 12.3.1	(1,242)	(1,056)
		<u>772</u>	<u>958</u>
12.3.1 Cumulative fair value loss			
Opening balance		1,056	1,575
Fair value loss during the period/ year		186	300
Transferred to profit and loss account on derecognition of investment		-	(819)
		<u>1,242</u>	<u>1,056</u>
13. Stock-in-trade			
Work in process - Pace Towers		1,162,566	1,134,710
Pace Barka Properties Limited - Pace Circle		495,017	528,748
Pace Super Mall (Private) Limited		21,600	21,600
Shops and houses		328,985	282,804
		<u>2,008,168</u>	<u>1,967,862</u>
Stores inventory		1,745	782
		<u>2,009,914</u>	<u>1,968,644</u>

	Quarter ended		Nine months ended	
	March 31, 2015 Un-audited	March 31, 2014 Un-audited	March 31, 2015 Un-audited	March 31, 2014 Un-audited
	(Rupees in thousand)			
14. Sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	34,135	59,701	37,335
- at percentage of completion basis	-	63,020	48,691	99,722
Licensee fee	9,235	8,629	26,173	30,400
Display advertisements and miscellaneous income	3,707	5,744	11,852	13,860
Service charges	34,153	40,257	136,285	138,739
	<u>47,095</u>	<u>151,785</u>	<u>282,702</u>	<u>320,056</u>
15. Cost of sales				
Shops, houses and commercial buildings				
- at completion of project basis	-	26,415	37,954	27,848
- at percentage of completion basis	-	21,582	32,455	45,078
Stores operating expenses	40,088	45,551	183,813	179,870
	<u>40,088</u>	<u>93,548</u>	<u>254,222</u>	<u>252,796</u>
16. Finance costs				
Markup on				
- Long term finances - secured	9,096	61,136	27,947	208,367
- Foreign currency convertible bonds - unsecured	680	12,210	3,555	12,210
- Redeemable capital - secured (non-participatory)	38,733	-	125,990	-
- Short term finance - secured	3,370	-	9,692	-
- Liabilities against assets subject to finance lease	-	-	-	3,625
	<u>51,879</u>	<u>73,346</u>	<u>167,184</u>	<u>224,202</u>
Bank charges and processing fee	53	1,767	1,351	1,862
	<u>51,932</u>	<u>75,113</u>	<u>168,535</u>	<u>226,064</u>

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Un-audited	Un-audited	Un-audited	Un-audited
17. Loss per share				
17.1 Basic loss per share				
Loss for the period (Rupees in thousand)	(96,989)	44,038	(285,995)	(255,613)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(0.35)	0.15	(1.03)	(0.92)

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, 2015	March 31, 2014
	Un-audited	Audited
	(Rupees in thousand)	
Loss for the period (Rupees in thousand)	(285,995)	(255,613)
Interest on FCCB (Rupees in thousand)	3,555	12,210
Exchange (gain)/ loss (Rupees in thousand)	51,996	17,304
Loss used to determine diluted loss per share (Rupees)	(230,443)	(226,098)
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)	110,729	109,959
Weighted average number of shares for diluted loss per share (in thousand)	389,606	388,836
Loss per share diluted (Rupees)	(0.59)	(0.58)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(1.03)	(0.92)

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, 2015	March 31, 2014
	Un-audited	Un-audited
	(Rupees in thousand)	
18. Transactions with related parties		
Relationship with the Company	Nature of transaction	
i. Associate	Guarantee commission income	928
	Shared expenses charged by the Company	-
	Receipt against Pace circle sales	28,668
ii. Others	Purchase of goods & services	1,795
	Rental income	7,247
	Funds received on behalf of related parties	1,351
	Payment made on behalf of Refund of advance	-
iii. Directors and key management personnel	Salaries and other employee benefits	14,459
iv. Post employment benefit plan	Expense charged in respect of benefit plans	8,201
		6,565
	Un-audited	Audited
	March 31, 2015	June 30, 2014
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	17,837	24,298
Payable to related parties	1,351	9,737
	Nine months ended	
	March 31, 2015	March 31, 2014
	Un-audited	Audited
	(Rupees in thousand)	
19. Cash generated from operations		
Loss before tax	(283,639)	(253,528)
Adjustments for:		
- Depreciation on property, plant and equipment	16,597	17,316
- Depreciation on assets subject to finance lease	307	264
- Amortisation on intangible assets	401	413
- Loss on sale of property, plant and equipment	(813)	(417)
- Loss on exchange of shops and counters	1,545	-
- Loss on sale of investment	-	819
- Markup income	(217)	(277)
- Finance costs	167,184	226,064
- Exchange loss on foreign currency convertible bonds	51,996	17,304
- Provision for gratuity and leave encashment	6,872	6,565
Loss before working capital changes	(39,766)	14,525

	Nine months ended	
	March 31,	March 31,
	2015	2014
	Un-audited	Audited
	(Rupees in thousand)	
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	29,754	38,649
- (Increase)/ decrease in trade debts	(16,011)	(34,016)
- Decrease in advances, deposits		
prepayments and other receivables	4,605	(11,079)
- Net (decrease)/ increase in advances against sale of property	7,444	-
- Increase in creditors, accrued and other liabilities	30,016	5,266
	<u>55,809</u>	<u>(1,179)</u>
	<u>16,043</u>	<u>13,346</u>

20. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 28, 2015 by the Board of Directors of the Company.

21. Corresponding figures

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

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

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED
INTERIM FINANCIAL REPORT
(UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 31, 2015

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 nine months ended March 31, 2015.

Operating Results:

The Group has shown average performance and made sales for the nine months amounting Rs.282.702 million as compare with previous nine months amounting Rs. 320.056 million. Group incurred a loss of Rs. 280.693 million during the nine months ended March 31, 2015. The comparison of the results for the interim period ended March 31, 2015 with corresponding period of the previous nine months is as under:

	Rupees in '000'		Rupees in '000'	
	Jan-Mar		Jul-Mar	
	2015	2014	2015	2014
Sales	47,095	151,786	282,702	320,056
Cost of sales	(42,095)	(94,027)	(255,904)	(257,538)
Gross profit	5,000	57,759	26,798	62,518
Other operating income	5,451	7,358	17,629	15,539
Finance costs	(51,931)	(75,115)	(168,543)	(226,066)
Net profit/(loss) before Tax	(102,917)	43,476	(280,693)	(254,124)
Earnings/loss per share (Rs.)	(0.37)	0.16	(1.01)	(0.92)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. The real estate and construction sector recorded 11.3 percent growth in FY 2013 as compared to 5.2 percent growth in the previous year. The increase in revenue as compared to previous reporting period is mainly due to new sales made against the under construction projects of the Group.

During the period, sale has been reduced by 11% due to comparatively lesser booking of new sales in Pace Tower project. Finance cost has decreased by 25.2% because of the fact that the Group has capitalized finance cost relevant to Pace Tower which was expensed out in the previous period. There was also a 13% increase in other income due to some new contracts entered by the Group related to advertisement income on different sites.

General:

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

For and on behalf of the Board of Directors

Lahore
April 28, 2015

Mrs. Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
EQUITY AND LIABILITIES			
	Note	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 2014: 600,000,000) ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		252,044	252,229
Unappropriated loss		(610,254)	(328,560)
		2,430,556	2,712,435
NON-CONTROLLING INTEREST		87,478	87,578
		2,518,034	2,800,013
NON-CURRENT LIABILITIES			
Long term finances - secured	5	-	-
Redeemable capital - secured (non-participatory)	6	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	7	-	-
Deferred taxation		43,088	42,676
Deferred liabilities		37,546	34,654
		80,634	77,330
CURRENT LIABILITIES			
Advances against sale of property		140,124	132,678
Current portion of long term liabilities		3,807,536	3,746,097
Short term finance - secured	8	96,443	96,443
Creditors, accrued and other liabilities		300,153	267,354
Accrued finance cost		1,298,100	1,091,217
Taxation		5,534	5,534
		5,647,890	5,339,323
CONTINGENCIES AND COMMITMENTS		9	-
		-	-
		8,246,558	8,216,666

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

LAHORE

CHIEF EXECUTIVE

ASSETS	Note	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
NON-CURRENT ASSETS			
Property, plant and equipment	10	561,673	592,660
Intangible assets		6,744	7,145
Investment property	11	3,370,166	3,370,166
Long term Investments	12	1,173,367	1,169,438
Long term advances and deposits		13,619	13,619
		5,125,569	5,153,028
CURRENT ASSETS			
Stock-in-trade	13	2,343,925	2,302,657
Trade debts - unsecured		646,775	630,767
Advances, deposits, prepayments and other receivables		75,878	80,529
Income tax recoverable		52,731	47,938
Cash and bank balances		1,680	1,747
		3,120,989	3,063,638
		8,246,558	8,216,666

DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Note	Quarter ended		Nine months ended	
		March 31, 2015 Un-audited	March 31, 2014 Un-audited	March 31, 2015 Un-audited	March 31, 2014 Un-audited
		(Rupees in thousand)			
Sales	15	47,095	151,786	282,702	320,056
Cost of sales	16	(42,095)	(94,027)	(255,904)	(257,538)
Gross profit		5,000	57,759	26,798	62,518
Administrative and selling expenses		(35,842)	(31,975)	(107,992)	(91,009)
Other income		5,451	7,358	17,629	15,539
Other operating expenses		(21,982)	85,803	(53,542)	(18,128)
		(47,373)	118,945	(117,107)	(31,080)
Finance costs	17	(51,931)	(75,115)	(168,543)	(226,066)
Share of profit/(loss) for associate - net of tax		(3,613)	(354)	4,957	3,022
Profit/(loss) before tax		(102,917)	43,476	(280,693)	(254,124)
Taxation		(5,626)	35	(1,101)	(2,389)
Profit/(loss) for the period		(108,543)	43,511	(281,794)	(256,513)
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)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of available for sale investments		(169)	-	(185)	(166)
Loss during the period transferred to profit and loss on account of derecognition of investment		-	-	-	1
		(169)	-	(185)	(165)
Total comprehensive income/(loss) for the period		(108,712)	43,511	(281,979)	(257,662)
Attributable to:					
Equity holders of the parent		(108,710)	43,508	(281,971)	(257,654)
Non-controlling interest		(2)	(3)	(8)	(8)
		(108,712)	43,511	(281,979)	(257,662)
Earnings/(loss) per share attributable to ordinary shareholders					
- basic	18.1	(0.37)	0.16	(1.01)	(0.92)
- diluted	18.2	(0.37)	0.16	(1.01)	(0.92)

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

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Note	Nine Months ended	
		March 31, 2015	March 31, 2014
		Un-audited (Rupees in thousand)	Un-audited (Rupees in thousand)
Cash flows from operating activities			
Cash generated from operations	20	15,285	10,333
Net increase / (decrease) in advance against sale of property		-	5,743
Finance cost paid		-	(1,965)
Gratuity and leave encashment paid		(608)	(4,767)
Taxes paid		(7,149)	(7,279)
Net cash generated from/ (used in) operating activities		7,528	2,065
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,154)	57
Proceeds from sale of property, plant and equipment		2,100	600
Proceeds from disposal of investment		-	175
Markup received		217	278
Net cash (used in)/ generated from investing activities		(5,837)	1,110
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,592)	(3,235)
Net increase / (decrease) in cash and cash equivalents		99	(60)
Cash and cash equivalents at beginning of the period		(94,862)	(83,530)
Cash and cash equivalents at the end of the period		(94,763)	(83,590)

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	(Rupees in thousand)				
	Share capital	Share premium	Reserve for changes in fair value of investments	Share in Reserves of associate	Non-Controlling Interest
Balance as on July 1, 2013 (audited)	2,788,766	273,265	(1,575)	7,074	87,678
Total comprehensive loss for the year					
Loss for the year	-	-	-	-	(100)
Other comprehensive income/ (loss):					
Changes in fair value of available for sale investments	-	-	519	(27,054)	-
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	(5,514)
Transaction with owners					
Non- Controlling interest arising on business combination	-	-	-	(27,054)	(100)
Balance as on June 30, 2014 (audited)	2,788,766	273,265	(1,056)	(19,980)	87,578
Total comprehensive loss for the nine months ended March 31, 2015					
Loss for the period	-	-	-	-	(100)
Other comprehensive loss:					
Changes in fair value of available for sale investments	-	-	(185)	-	-
Transaction with owners					
Balance as on March 31, 2015	2,788,766	273,265	(1,241)	(19,980)	87,478

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

Lahore

Chief Executive

Director

PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

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

Pace Gujrat (Private) Limited

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

Pace Woodlands (Private) Limited

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

Pace Supermall (Private) Limited

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

1.2 Activities of the Group

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

1.3 Going concern assumption

During the period, the group has incurred a loss of Rs 281.794 million (year ended June 30, 2014: Rs 189.638 million). As at the reporting date, the current liabilities of the group have exceeded its current assets by Rs 2,526.901 million and the reserves of the group have been significantly depleted. The group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the group has also been unable to realise its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against long term borrowings. These conditions raise

significant doubts on the group's ability to continue as a going concern.

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

The group has also approached other lenders referred to in note 5 and 8 of these financial statements for restructuring/settlements of loans. As per the proposals the group expects the following:

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

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

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

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

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

2. Statement of compliance

The 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, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

3. Significant accounting policies

The accounting policies adopted for the preparation of 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, 2014.

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

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

3.1.1 Amendments to published standards effective in current period

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

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

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

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

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

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

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

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

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

4. Taxation

The provision for taxation for the nine months ended March 31, 2015 has been made on an estimated basis.

March 31, 2015 (Unaudited) (Rupees in thousand)	June 30, 2014 (Audited)
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5. Long term finances - secured

Opening balance	614,906	614,906
Less: Repayment during the period / year	-	-
	614,906	614,906
Less: Current portion shown under current liabilities - note 5.1	(614,906)	(614,906)
	-	-

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

5.1.1 Syndicate term finance facility

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

- The group has proposed to Habib Bank Limited (HBL) to settle HBL's share of Rs 153.856 million, inclusive of markup of Rs 46.962 million as at June 30, 2013 against property situated at ground floor of Pace Towers measuring a total of 4,237 square feet along with waiver of accrued markup amounting to Rs 35.222 million. HBL has not formally responded to the proposal.

5.1.2 National Bank of Pakistan - term finance

The group has agreed with the bank to settle the entire principal and accrued markup together with its portion of STFF against property available at Pace Towers as referred to note 5.1.1.

5.1.3 Soneri Bank - demand finance

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

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

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

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

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

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

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

6. Redeemable capital - secured (non-participatory)

	March 31, 2015 Un-Audited (Rupees in thousand)	June 30, 2014 Audited
Opening balance	1,498,200	1,498,200
Less: Current portion shown under current liabilities - note 6.1	(1,498,200)	(1,498,200)
	<u>-</u>	<u>-</u>

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 449.280 million, which, under the terms of loan agreement were due for repayment in period subsequent to December 31, 2015. However, as the group could not repay on a timely basis the instalments due upto the half year ended December 31, 2014 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The group is in negotiation with lenders for relaxation in payment terms and certain other covenants.

7. Foreign currency convertible bonds - unsecured

	March 31, 2015 Un-Audited (Rupees in thousand)	June 30, 2014 Audited
Opening balance	1,606,458	1,591,721
Markup accrued for the period / year	11,919	15,543
	<u>1,618,377</u>	<u>1,607,264</u>
Exchange loss / (gain) for the period / year	51,996	(806)
	<u>1,670,373</u>	<u>1,606,458</u>
Less: Current portion shown under current liabilities	(1,670,373)	(1,606,458)
	<u>-</u>	<u>-</u>

8. Short term finance - secured

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

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

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

9. Contingencies and commitments

9.1 Contingencies

- Claims against the group not acknowledged as debts amounting to Rs 21.644 million (June 30, 2014: Rs 21.644 million).
- Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2014: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

9.2 Commitments

- Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 384.379 million (June 30, 2014: Rs 384.379 million).
- The amount of future payments under operating leases and the periods in which these payments will become due are as follows:

	March 31, 2015 Un-Audited (Rupees in thousand)	June 30, 2014 Audited
Not later than one year	7,875	7,875
Later than one year and not later than five years	36,422	35,438
Later than five years	737,365	742,287
	<u>781,662</u>	<u>785,600</u>

10. Property, plant and equipment

Operating fixed assets	- note 10.1	423,064	457,319
Capital work-in-progress		138,609	135,341
		<u>561,673</u>	<u>592,660</u>

10.1 Operating fixed assets

Operating assets - at net book value			
- owned assets	- note 10.1.1	421,256	455,206
- assets subject to finance lease		1,808	2,113
		<u>423,064</u>	<u>457,319</u>

	March 31, 2015 Un-Audited (Rupees in thousand)	June 30, 2014 Audited
10.1.1 Operating assets - at net book value		
Opening book value	455,206	465,635
Add: Additions during the period/ year	8,125	119
Add: Transfer from disposal group held-for-sale during the period/ year	-	12,767
	8,125	12,886
Less: Disposals during the period/ year	(25,506)	(194)
Less: Depreciation for the period/ year	(16,569)	(23,121)
	(42,075)	(23,315)
Closing book value	421,256	455,206
11. Investment property		
Opening fair value	3,370,166	3,145,137
Transfer from disposal group held for sale during the period/ year	-	114,465
	3,370,166	3,259,602
Add: Fair value gain recognised during the period / year	-	110,564
Closing value after revaluation	3,370,166	3,370,166
12. Long term investments		
Associate - unquoted	- note 12.1 1,172,595	1,168,480
Available for sale - quoted	- note 12.2 772	958
	1,173,367	1,169,438
12.1 Associate - unquoted		
Pace Barka Properties Limited		
75,875,000 (2014: 75,875,000) fully paid ordinary shares of Rs 10 each		
Equity held 24.9% (2014: 24.9%)	- note 12.1.1 1,172,595	1,168,480
	1,172,595	1,168,480
	1,172,595	1,168,480
12.1.1 Pace Barka Properties Limited		
Cost	758,651	758,651
Brought forward amounts of poast acquisition resvers and profits and negative goodwill recognised directly in profit and loss account	409,829	425,061
	1,168,480	1,183,712
Share of movement in reserves during the year	-	(27,054)

	March 31, 2015 Un-Audited (Rupees in thousand)	June 30, 2014 Audited
Share of profit for the year		
- before taxation	4,958	18,232
- provision for taxation	(843)	(6,410)
	4,115	11,822
Balance as on March 31	1,172,595	1,168,480
12.2 Available for sale - quoted		
Worldcall Telecom Limited		
912 (2014: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Company Limited		
294,037 (2014: 294,037) fully paid ordinary shares of Rs 10 each	2,008	2,008
	2,014	2,014
Less: Cumulative fair value loss	- note 12.2.1 (1,242)	(1,056)
	772	958
12.2.1 Cumulative fair value loss		
Opening balance	1,056	1,575
Fair value loss during the year	185	300
Transferred to profit and loss account on derecognition of investment	1	(819)
Balance as on March 31	1,242	1,056
13. Stock-in-trade		
Work in process - Pace Towers	1,162,566	1,134,710
Pace Barka Properties Limited - Pace Circle	495,017	528,748
Pace Super Mall (Private) Limited	354,600	354,600
Shops and houses	329,992	283,816
Woodland plots	5	-
	2,342,180	2,301,874
Stores inventory	1,745	783
	2,343,925	2,302,657
14. Operating Segments		

Operating segments and basis of determination of operating segments are same as disclosed in audited consolidated annual financial statements of the Group for the period ended March, 2015.

14.1 Segment information

	(Rupees in thousand)							
	Real estate sales		Investment properties		Others		Total	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14		
Segment revenue	108,392	137,057	26,173	30,400	148,137	152,599	282,702	320,056
Segment expenses - Cost of sales	72,021	77,669	27,610	42,718	156,273	195,155	255,904	315,542
Gross profit / (loss)	36,371	59,388	(1,437)	(12,318)	(8,136)	(42,556)	26,798	4,514
Changes in fair value of investment property	-	-	-	-	-	-	-	-
Segment results	36,371	59,388	(1,437)	(12,318)	(8,136)	(42,556)	26,798	4,514
Administrative and selling expenses							(107,992)	(91,009)
Other operating income							17,629	15,539
Finance costs							(168,543)	(226,066)
Other operating expenses							(53,542)	(18,128)
Share of profit from associate - net of tax							4,957	3,022
Loss before tax							(280,693)	(312,128)
Taxation							(1,101)	(2,389)
Loss for the year							(281,794)	(314,517)

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15. Sales

Shops, houses and commercial buildings

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)			
- at completion of project basis	-	34,135	59,701	37,335
- at percentage of completion basis	-	63,020	48,691	99,722
Licensee fee	9,234	8,630	26,173	30,400
Display advertisements and miscellaneous income	3,708	5,744	11,852	13,860
Service charges	34,153	40,257	136,285	138,739
	47,095	151,786	282,702	320,056

16. Cost of sales

Shops, houses and commercial buildings

- at completion of project basis	732	44,125	38,686	49,821
- at percentage of completion basis	1,275	4,351	33,730	27,848
Plots sold			(395)	
Stores operating expenses	40,088	45,551	183,883	179,869
	42,095	94,027	255,904	257,538

17. Finance cost

Markup on

- Long term finances - secured		27,947	71,481
- Foreign currency convertible bonds - unsecured		3,555	12,210
- Redeemable capital - secured (non-participatory)		125,990	127,397
- Short term finance - secured		9,692	9,489
- Liabilities against assets subject to finance lease		-	3,625
		167,184	224,202
Bank charges and processing fee		1,359	1,864
		168,543	226,066

18. Loss per share

18.1 Basic loss per share

	Nine months ended	
	March 31, 2015	March 31, 2014
	Un-audited	Un-audited
	(Rupees in thousand)	
Loss for the period (Rupees in thousand)	(281,794)	(256,513)
Weighted average number of ordinary shares outstanding during the period (in thousand)	278,877	278,877
Loss per share (Rupees)	(1.01)	(0.92)

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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, 2015 Un-audited (Rupees in thousand)	March 31, 2014 Un-audited (Rupees in thousand)
Loss for the period (Rupees in thousand)	(281,794)	(256,513)
Interest on FCCB (Rupees in thousand)	3,555	12,210
Exchange (gain)/ loss (Rupees in thousand)	51,112	17,304
Loss used to determine diluted loss per share (Rupees)	(227,127)	(226,999)
Weighted average number of ordinary outstanding during the period (in thousand)	shares 278,877	278,877
Assumed conversion of FCCB into ordinary shares (number in thousand)	110,729	109,959
Weighted average number of shares for diluted loss per share (in thousand)	389,606	388,836
Loss per share diluted (Rupees)	(0.58)	(0.58)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(0.68)	(0.92)

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, 2015 Un-audited (Rupees in thousand)	March 31, 2014 Un-audited (Rupees in thousand)

19. Transactions with related parties

Relationship with the group	Nature of transaction	
i. Associate	Guarantee commission income	928 928
	Shared expenses charged by the group	- 1,980
	Receipt against Pace circle sales	28,668 29,166
ii. Others	Purchase of goods & services	1,795 4,932
	Rental income	4,832 6,589
	Funds received on behalf of related parties	1,351 -
	Refund of advance	- 24,609

	Nine months ended	
	March 31, 2015 Un-audited (Rupees in thousand)	March 31, 2014 Un-audited (Rupees in thousand)
iii. Directors and key management personnel	Salaries and other employee benefits	14,459 15,586
iv. Post employment benefit plan	Expense charged in respect of benefit plans	8,201 6,565
	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014 (Rupees in thousand)
Period end balances		
Receivable from related parties	17,837	24,298
Payable to related parties	1,351	9,737

	Nine months ended	
	March 31, 2015 Un-audited (Rupees in thousand)	March 31, 2014 Un-audited (Rupees in thousand)

20. Cash generated from operations

Loss before tax	(280,693)	(254,124)
Adjustments for:		
- Depreciation on property, plant and equipment	16,597	17,316
- Depreciation on assets subject to finance lease	307	264
- Amortisation on intangible assets	401	413
- Loss on sale of property, plant and equipment	(813)	-
- Loss on exchange of shops and counters	1,545	-
- Share of (loss) / profit from associated companies	(4,114)	(3,022)
- Loss on sale of investment	-	819
- Markup income	(217)	(278)
- Finance costs	167,184	226,066
- Exchange loss on foreign currency convertible bonds	51,112	17,304
- Provision for gratuity and leave encashment	6,872	6,565
Loss before working capital changes	(41,819)	11,323

Effect on cash flow due to working capital changes

- (Increase)/ decrease in stock-in-trade	31,050	40,232
- (Increase)/ decrease in trade debts	(16,011)	(34,016)
- Decrease in advances, deposits prepayments and other receivables	4,605	(11,078)
- Net (decrease)/ increase in advances against sale of property	7,444	-
- Increase in creditors, accrued and other liabilities	30,016	3,872
	57,104	(990)
	15,285	10,333

21. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 28, 2015 by the Board of Directors of the Company.

22. Corresponding figures

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

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