

PACE (PAKISTAN) LIMITED

CONDENSED QUARTERLY ACCOUNTS (UN-AUDITED)

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2012**

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	Non-Executive
	(Chairman)	
	Aamna Taseer (Chief Executive Officer)	Executive
	Shehryar Ali Taseer	Non-Executive
	Maheen Ghani Taseer	Non-Executive
	Shehribano Taseer	Non-Executive
	Jamal Said Al-Ojaili	Non-Executive
	Khaldoon Bin Latif	Non-Executive
	Imran Saeed Chaudhry	Non-Executive
	Etrat Hussain Rizvi	Non-Executive
	(Alternate Director to Sheikh Sulaiman	
	Ahmed Saeed Al-Hoqani)	
Chief Financial Officer	Imran Hafeez	
Audit Committee	Shehryar Ali Taseer (Chairman)	
	Maheen Ghani Taseer	
	Shehribano Taseer	
Company Secretary	Sajjad Ahmad	
Auditors	A.F. Ferguson & Co.	
	Chartered Accountants	
Legal Advisers	M/s. Imtiaz Siddiqui & Associates	
Bankers	Albaraka Bank (Pakistan) Limited	
	Allied Bank Limited	
	Silkbank Limited	
	Bank Alfalah Limited	
	Faysal Bank Limited	
	Habib Bank Limited	
	KASB Bank Limited	
	National Bank of Pakistan	
	Pair Investment Limited	
	Soneri Bank Limited	
	Standard Chartered Bank (Pakistan) Limited	
	The Bank of Punjab	
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	2nd Floor, Pace Shopping Mall,	
	Fortress Stadium, Lahore Cantt.,	
	Lahore, Pakistan.	
	☎ (042) 36623005/6/8	
	Fax: (042) 36623121-36623122	

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) limited ("the Company") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the first quarter September 30, 2012.

Operating Results:

Company incurred a loss of PKR 163 million during the quarter ended September 30, 2012. The comparison of the un-audited results for the first quarter ended September 30, 2012 with corresponding period of the previous financial year is as under:

Rupees in '000'

	Jul-Sep 2012	Jul-Sep 2011
Sales	86,872	72,252
Gross (Loss)/ Profit	3,400	(21,739)
Changes in fair value of Investment Property	(19,432)	(388,505)
Other Operating income	4,381	9,437
Net (Loss)/ Profit before Tax	(163,298)	(617,072)
(Loss)/ earnings per share (PKR)	(0.59)	(2.21)
(Loss)/ earnings per share- Diluted (PKR)	(0.59)	(2.21)

The economic conditions in general and specific to the real estate sector remained depressed during the period under review. The company was able to show resilience and performed better as compared to the previous year by increasing sales and controlling its direct costs to have a gross profit. The comparative decrease in the change in the fair value of investment property was due to one of reason that property market has been performing well. This effect was reflected in the net loss as it was significantly low as compared to the previous year showing a positive sign for the company that in near future it will be profitable.

General

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

For and on behalf of the Board of Directors

Lahore
October 24, 2012

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2012

Note	Unaudited September 30, 2012	Audited June 30, 2012
	(Rupees in thousand)	
EQUITY & LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2012: 600,000,000) ordinary shares of Rs 10 each	6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 2012: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	272,696	272,131
Unappropriated profit	(292,091)	(128,359)
	2,769,371	2,932,538
NON-CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	-	227
Deferred liabilities	36,650	36,650
Advances against sale of property	98,628	97,629
	135,278	134,506
CURRENT LIABILITIES		
Current portion of long term liabilities	3,772,095	3,745,248
Short term finance - secured	99,450	100,000
Creditors, accrued and other liabilities	211,700	199,927
Accrued finance cost	583,227	505,049
	4,666,472	4,550,224
CONTINGENCIES AND COMMITMENTS		
	7,571,121	7,617,268

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

		Unaudited September 30, 2012	(Audited) June 30, 2012
ASSETS	Note		
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	8	708,644	710,684
Intangible assets		8,196	8,248
Investment property	9	3,148,213	3,167,645
Investments	10	701,804	701,238
Long term advances and deposits		13,522	13,822
		4,580,379	4,601,637
CURRENT ASSETS			
Stock-in-trade		1,956,625	1,982,420
Trade debts - unsecured		724,913	721,249
Advances, deposits, prepayments and other receivables		202,949	199,351
Cash and bank balances		1,645	8,001
		2,886,132	2,911,021
Disposal group held for sale		104,610	104,610
		2,990,742	3,015,631
		7,571,121	7,617,268

DIRECTOR

**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	July to September	
	2012	2011
	(Rupees in thousand)	
Sales	86,872	72,252
Cost of sales	(83,472)	(93,991)
Gross (loss) / profit	<u>3,400</u>	<u>(21,739)</u>
Administrative and selling expenses	(30,707)	(74,092)
Other operating income	4,381	9,437
Other operating expenses	(12,000)	(23,084)
Loss from operations	<u>(34,926)</u>	<u>(109,478)</u>
Finance costs	(108,940)	(119,089)
Changes in fair value of investment property	(19,432)	(388,505)
Loss before tax	<u>(163,298)</u>	<u>(617,072)</u>
Taxation	434	(250)
Loss for the period	<u>(163,732)</u>	<u>(617,322)</u>
Other comprehensive income / (loss)		
Changes in fair value of available for sale investments	565	293
Total comprehensive loss for the period	<u>163,167</u>	<u>(617,029)</u>
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees <u>0.59</u>	<u>(2.21)</u>
- diluted loss per share	Rupees <u>0.59</u>	<u>(2.21)</u>

The effect of the conversion of the Foreign currency convertible bonds into ordinary shares is anti-dilutive, accordingly the diluted EPS is restricted to the basic EPS.

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

		July to September	
	Note	2012	2011
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	12	13,068	(66,951)
Net (decrease) / increase in advances against sale of property		999	(6,200)
Finance costs paid		(7,084)	(1,285)
Gratuity and leave encashment paid		378	(466)
Taxes paid		(1,804)	(2,634)
Net cash used in operating activities		5,557	(77,536)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		(3,089)	11,728
Proceeds from disposal of investment property		-	66,371
Decrease in long term loans and deposits		300	
Mark up received		482	-
Proceeds from disposal of equity instrument		-	13,000
Net cash generated from investing activities		(2,307)	91,099
Cash flow from financing activities			
Repayment of long term finances		(8,830)	(54,200)
Payment of finance lease liabilities		(776)	(5,156)
Net cash used in financing activities		(9,606)	(59,356)
Net decrease in cash and cash equivalents		(6,356)	(45,793)
Cash and cash equivalents - at beginning of the period		8,001	59,352
Cash and cash equivalents - at end of the period		1,645	13,559

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2012

	(Rupees in thousand)				
	Share capital	Share premium reserve	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Unappropriated profit
Balance as on July 1, 2011 (Audited)	2,788,766	273,265	-	(105)	3,343,021
Total comprehensive loss for September quarter					6,404,947
Loss for the period	-	-	-	-	(617,322)
Other comprehensive loss	-	-	-	293	293
Transfer of reserve relating to sale of investment property	-	-	-	-	(617,029)
Balance as on September 30, 2011 (Unaudited)	2,788,766	273,265	-	188	2,725,699
Total comprehensive loss for the nine months					5,787,918
Loss for the period	-	-	-	-	(1,471,913)
Other comprehensive loss	-	-	-	(1,029)	(1,029)
Balance as on June 30, 2012 (Audited)	2,788,766	273,265	-	(1,134)	2,932,539
Total comprehensive loss for September quarter					(163,732)
Loss for the period	-	-	-	-	(163,732)
Other comprehensive income	-	-	-	565	565
Balance as on September 30, 2012 (Unaudited)	2,788,766	273,265	-	(569)	2,769,372

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE QUARTER ENDED
SEPTEMBER 30, 2012 (UN-AUDITED)

1. Legal status and activities

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan and listed on Karachi and Lahore stock exchanges. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

2. Statement of Compliance

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

This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2012.

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

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2012.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2012. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company:

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

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

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

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

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

4. Critical Accounting Estimates and Judgments

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of

estimates and uncertainty were the same as those that applied to annual audited financial statements of the Company for the year ended June 30, 2012.

5. Taxation

The provision for taxation for the quarter ended September 30, 2012 has been made on an estimated basis.

Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
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6. Current portion of long term liabilities

Current portion of long term finances - secured	741,000	749,831
Current portion of redeemable capital - secured (non-participatory)	1,498,200	1,498,200
Current portion of liabilities against assets subject to finance lease	32,787	33,336
Current portion of foreign currency convertible bonds - unsecured	1,500,108	1,463,882
	<u>3,772,095</u>	<u>3,745,249</u>

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs 21.644 million (2012: 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 (2012: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

7.2 Commitments

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

Note	Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
Not later than one year	6,300	6,300
Later than one year and not later than five years	37,997	37,997
Later than five years	757,053	757,053
	<u>801,350</u>	<u>801,350</u>

8 Property, plant and equipment

Book value at beginning of the period / year	710,684	548,382
Add:		
- Additions during the period / year	8.1 3,089	220,397
- Transfers from assets subject to finance lease - at book value	-	-
	<u>3,089</u>	<u>220,397</u>
	713,773	768,779
Less:		
- Disposals during the period / year - at book value	-	13,059
- Depreciation charged during the period / year	5,129	45,036
- Transferred to inventory - at book value	-	-
	<u>5,129</u>	<u>58,095</u>
Book value at end of the period / year	<u>708,644</u>	<u>710,684</u>

	Note	Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
8.1. Additions during the period / year			
Operating fixed assets		-	92,940
Capital work in progress		3,089	127,457
Assets subject to finance lease		-	-
		<u>3,089</u>	<u>220,397</u>
9 Investment property			
Fair value at beginning of the period / year		3,167,645	3,828,426
Additions to cost during the period / year:			
- Transfer to stock-in-trade		-	
- Purchase of assets classified as 'investment property'		-	
- Transfer to disposal group held for sale		-	(94,190)
- Disposal of investment property		-	
Fair value at end of the period / year - before revaluation		3,167,645	3,734,236
Add: Fair value (loss) / gain recognised in profit and loss account		(19,432)	(566,591)
Fair value at end of the period / year - after revaluation		<u>3,148,213</u>	<u>3,167,645</u>
10 Investments			
Equity instruments of:			
- subsidiaries - unquoted	10.1	91,669	91,670
- associated undertakings - unquoted	10.2	606,921	606,921
		<u>698,590</u>	<u>698,591</u>
Available for sale - quoted	10.3	3,214	2,648
		<u>701,804</u>	<u>701,239</u>
10.1 Subsidiaries - unquoted			
Pace Woodlands (Private) Limited			
3,000 (June 2012: 3,000) fully paid ordinary shares of Rs 10 each		30	30
Equity held 52% (June 2012: 52%)			
Pace Super Mall (Private) Limited			
9,161,528 (June 2012: 9,161,528) fully paid ordinary shares of Rs 10 each		91,614	91,614
Equity held 57% (June 2012: 57%)			
Pace Gujrat (Private) Limited			
2,450 (June 2012: 2,450) fully paid ordinary shares of Rs 10 each		25	25
Equity held 100% (June 2012: 100%)			
		<u>91,669</u>	<u>91,669</u>
10.2 Associated undertakings - unquoted			
Pace Barka Properties Limited			
75,875,000 (June 2012: 77,500,000) fully paid ordinary shares of Rs 10 each		758,651	758,651
Equity held 24.9% (June 2012: 24.9%)			
		<u>758,651</u>	<u>758,651</u>

	Note	Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
Less: Cumulative impairment losses recognized	10.2.1	(151,730)	(151,730)
		<u>606,921</u>	<u>606,921</u>
10.2.1 Cumulative impairment losses recognized			
As at July 1		151,730	154,980
Recognised during the period / year		-	-
Derecognised on disposal of investments as at September 30		-	(3,250)
		<u>151,730</u>	<u>151,730</u>
10.3 Available for sale - quoted			
Worldcall Telecom Limited			
912 (June 2012: 912) fully paid ordinary shares of Rs 10 each		6	6
Shaheen Insurance Limited			
294,037 (June 2012: 294,037) fully paid ordinary shares of Rs 10 each		3,776	3,776
		<u>3,782</u>	<u>3,782</u>
Add: Cumulative fair value gain / (loss)	10.3.1	(568)	(1,134)
		<u>3,214</u>	<u>2,648</u>
10.3.1 Cumulative fair value gain / (loss)			
As at July 1		(1,134)	(105)
Fair value gain / (loss) during the period / year		566	(1,029)
		<u>(568)</u>	<u>(1,134)</u>
11. Transactions with related parties			
		Unaudited	
		September	September
		30, 2012	30, 2011
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
i. Subsidiaries	Purchase of goods & services	-	429
ii. Associates	Commission income	375	375
	Sales of goods and services	-	1,815
iii. Others	Purchase of goods and services	8,311	3,609
	Purchase of property Plant & Equipment	-	-
	Sales of goods and services	1,815	10,641
Period end balances			
Receivable from related parties		282,143	942,863
Payable to related parties		71,077	3,066
All transactions with related parties have been carried out on commercial terms and conditions.			

12. Cash generated from operations

	July to September	
	2012	2011
	(Rupees in thousand)	
Loss before tax	(163,298)	(617,072)
Adjustment for:		
Depreciation on:		
- owned assets	5,026	5,354
- assets subject to finance lease	103	5,176
Amortisation on intangible assets	52	139
Loss / (Gain) on sale of property, plant and equipment	-	3,106
Exchange loss on foreign currency convertible bonds	12,000	19,978
Provision for doubtful debts	(114)	-
Provision for gratuity and leave encashment	-	2,912
Finance costs	108,940	119,089
Mark up income	(482)	-
Changes in fair value of investment property	19,432	388,505
Deferred income	-	(4,791)
Liabilities Written Back	-	-
Advances written off	-	-
Loss before working capital changes	(18,341)	(77,604)
Effect on cash flow due to working capital changes:		
Decrease in stock-in-trade	25,795	64,053
Decrease / (increase) in trade debts	(3,549)	(42,930)
Increase in advance against purchase of property	-	-
Decrease / (increase) in advances, deposits and other receivables	(2,229)	(30,893)
Increase in creditors, accrued and other liabilities	11,394	20,423
	31,411	10,653
	13,070	(66,951)

13. Operating Segments

Operating segments and basis of determination of operating segments are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2012.

13.1 Segment information

	Real estate sales		Investment properties		Others		Total
	Quarter ended		Quarter ended		Quarter ended		Quarter ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2011
Segment revenue	33,628	10,000		160,511	53,244	57,447	86,872
Segment expenses							227,958
- Cost of sales	(25,821)	(7,200)	-	(137,647)		(6,992)	(25,821)
- Stores operating expenses	-	(1,873)		(20,057)	(57,651)	(20,757)	(57,651)
Gross (loss)/profit	7,807	927	-	2,807	(4,407)	29,698	3,400
- Changes in fair value of investment property	-	-		-	-	-	(19,432)
Segment results	7,807	927	-	2,807	(4,407)	29,698	(16,032)
Administrative and selling expenses							33,432
Other operating income							(30,707)
Finance costs							4,381
Other operating expenses							(108,940)
Loss before tax							(12,000)
Taxation							(163,298)
Loss for the period							(434)
							(163,732)

14. Date of authorisation

This condensed interim financial information was approved and authorised for issue on October 25, 2012 by the Board of Directors of the Company.

15. Corresponding figures

Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2012 and corresponding figures in the condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement comprise of balances of comparable period of the immediately preceding financial year i.e. quarter ended September 30, 2012. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, However, no significant re-arrangements have been made.

PACE (PAKISTAN) GROUP

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

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2012**

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) limited ("the Company") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the first quarter September 30, 2012.

Operating Results:

Company incurred a loss of PKR 166 million during the quarter ended September 30, 2012. The comparison of the un-audited results for the first quarter ended September 30, 2012 with corresponding period of the previous financial year is as under:

	Rupees in '000'	
	Jul-Sep 2012	Jul-Sep 2011
Sales	86,872	72,252
Gross (Loss)/ Profit	3,400	(21,739)
Changes in fair value of Investment Property	(19,432)	(388,505)
Other Operating income	4,381	11,129
Net (Loss)/ Profit before Tax	(166,189)	(643,654)
(Loss)/ earnings per share (PKR)	(0.25)	(2.31)
(Loss)/ earnings per share- Diluted (PKR)	(0.25)	(2.31)

The challenging business and economic conditions kept the real estate sector depressed during the period under review. The company was able to show resilience and performed better as compared to the previous year by increasing sales and controlling its direct costs to have a gross profit. The comparative decrease in the change in the fair value of investment property was due to one of reason that property market has been performing well. This effect was reflected in the net loss as it was significantly low as compared to the previous year showing a positive sign for the company that in near future it will be profitable and improve the earnings for the shareholders.

General:

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

For and on behalf of the Board of Directors

Lahore
October 25, 2012

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2012

Note	Unaudited September 30, 2012	Audited June 30, 2012
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2012: 600,000,000) ordinary shares of Rs 10 each	6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 2012: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	395,530	394,965
Unappropriated profit	75,197	238,553
	3,259,493	3,422,284
NON-CONTROLLING INTEREST	93,432	87,775
	3,352,925	3,510,059
NON-CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	-	227
Deferred liabilities	36,650	36,650
Advances against sale of property	165,047	98,629
Deferred taxation	99,628	165,047
Deferred income		
	301,325	300,553
CURRENT LIABILITIES		
Current portion of long term liabilities	3,772,094	3,745,248
Short term finance - secured	99,450	100,000
Creditors, accrued and other liabilities	246,783	235,009
Accrued finance cost	583,229	505,049
Taxation	5,534	5,534
	4,707,090	4,590,840
CONTINGENCIES AND COMMITMENTS	-	-
	8,361,340	8,401,452

The annexed notes 1 to 17 form an integral part of this consolidated condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	July to September	
	2012	2011
	(Rupees in thousand)	
Sales	86,872	72,252
Cost of sales	(83,472)	(96,372)
Gross (loss) / profit	3,400	(24,120)
Administrative and selling expenses	(30,708)	(74,190)
Other operating income	4,381	11,129
Other operating expenses	(12,000)	(23,084)
Loss from operations	(34,927)	(110,265)
Finance costs	(108,940)	(119,459)
Changes in fair value of investment property	(19,432)	(388,505)
Share of profit from associate	(57)	(28,258)
Gain on bargain purchase		
Loss before tax	(163,356)	(646,487)
Taxation		
- Group	(434)	(250)
- Associated companies	2,399	3,083
Loss for the period	(166,189)	(643,654)
Other comprehensive (loss) / income		
Changes in fair value of available for sale investments	565	293
Share in capital reserves of associates	-	(316)
Total other comprehensive income	565	(23)
Total comprehensive loss for the period	(165,624)	(643,677)
Attributable to:		
Equity holders of the parent	165,878	(643,931)
Non-controlling interest	254	254
	(165,624)	(643,677)
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees (0.25)	(2.31)
- diluted loss per share	Rupees (0.25)	(2.31)

The effect of the conversion of the Foreign currency convertible bonds into ordinary shares is anti-dilutive, accordingly the diluted EPS is restricted to the basic EPS.

The annexed notes 1 to 17 form an integral part of this consolidated condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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Note	Unaudited September 30, 2012	Audited June 30, 2012
	(Rupees in thousand)	

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	8	708,644	710,684
Intangible assets		8,196	8,248
Investment property	9	3,148,213	3,167,645
Investments	10	1,155,870	1,149,272
Long term advances and deposits		13,822	13,822
		5,034,745	5,049,671

CURRENT ASSETS

Stock-in-trade		2,290,636	2,316,432
Trade debts - unsecured		725,215	721,551
Due from related parties - unsecured	11	-	
Advances, deposits, prepayments and other receivables		204,352	201,054
Cash and bank balances		1,782	8,134
		3,221,985	3,247,171

Disposal group held for sale		104,610	104,610
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	8,361,340	8,401,452
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DIRECTOR

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**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

		July to September	
	Note	2012	2011
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	13	(3,878)	(61,631)
Net (decrease) / increase in advances against sale of property		999	(6,200)
Finance costs paid		(30,760)	(2,152)
Gratuity and leave encashment paid		-	(466)
Taxes paid		(1,350)	(2,634)
Net cash used in operating activities		(29,332)	(73,083)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	11,728
Purchase of property, plant and equipment		(3,089)	-
Proceeds from disposal of equity instrument		-	13,000
Proceeds from disposal of investment property		-	66,371
Net cash generated from investing activities		(3,089)	91,099
Cash flow from financing activities			
Receipt of funds from long term finances		-	-
Repayment of redeemable capital		26,846	-
Repayment of long term finances		-	(54,200)
Repayment of short term finances		-	(4,457)
Payment of finance lease liabilities		(227)	(5,156)
Net cash used in financing activities		26,619	(63,813)
Net decrease in cash and cash equivalents		(5,802)	(45,797)
Cash and cash equivalents - at beginning of the period		(91,866)	59,592
Cash and cash equivalents - at end of the period		(97,668)	13,795

The annexed notes 1 to 17 form an integral part of this consolidated condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	(Rupees in thousand)			
	Attributable to equity holders of the parent	Non-Controlling Interest	Total	Equity
	Revaluation reserve for changes in fair value of investments	Share in capital reserves of associates	Unappropriated profit	Total
Balance as on June 30, 2011 (Audited)	2,788,766	273,265	1,671,644	5,111,789
Total comprehensive loss for September quarter	-	-	(643,908)	(643,908)
Loss for the period	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-
Transfer of reserve relating to sale of investment property	-	-	-	-
Balance as on September 30, 2011 (Unaudited)	2,788,766	273,265	1,027,436	4,467,858
Total comprehensive loss for the nine months	-	-	(789,183)	(789,183)
Loss for the period	-	-	-	-
Other comprehensive loss	-	-	-	-
Transfer of reserve relating to sale of investment property	-	-	-	-
Balance as on June 30, 2012 (Audited)	2,788,766	273,265	238,553	3,422,284
Total comprehensive income for September quarter	-	-	(163,356)	(163,356)
Profit / loss for the period	-	-	-	-
Other comprehensive income / loss	-	-	-	-
Transfer of reserve relating to sale of investment property	-	-	-	-
Balance as on September 30, 2012 (Unaudited)	2,788,766	273,265	75,197	3,259,493

The annexed notes 1 to 17 form an integral part of this consolidated condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP **NOTES TO AND FORMING PART OF THE CONSOLIDATED** **CONDENSED INTERIM FINANCIAL INFORMATION FOR THE** **QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

1. Legal status and activities

1.1 Constitution and ownership

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

Pace (Pakistan) Limited

Pace (Pakistan) Limited (the "holding company") is a public limited company incorporated in Pakistan and listed on Karachi and Lahore Stock Exchanges. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

Pace Gujrat (Private) Limited

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

Pace Supermall (Private) Limited

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

Pace Woodlands (Private) Limited

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

1.2 Activities of the Group

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

2. Statement of compliance

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

This consolidated condensed interim financial information does not include all the information and disclosures required for annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated audited financial statements of the Group for the year ended June 30, 2012.

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

3. Significant accounting policies

The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of audited annual consolidated financial information of the Group for the year ended June 30, 2012.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2012. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the Group:

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

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

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

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

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

4. Critical Accounting Estimates and Judgments

During the preparation of this consolidated condensed interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimates and uncertainty were the same as those that applied to consolidated annual audited financial statements of the Group for the year ended June 30, 2012.

5. Taxation

The provision for taxation for the quarter ended September 30, 2012 has been made on an estimated basis.

Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
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6. Current portion of long term liabilities

Current portion of long term finances -secured	741,000	749,831
Current portion of redeemable capital - secured (non-participatory)	1,498,200	1,498,200
Current portion of liabilities against assets subject to finance lease	32,787	33,336
Current portion of foreign currency convertible bonds - unsecured	1,500,108	1,463,882
	<u>3,772,095</u>	<u>3,745,249</u>

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs 21.644 million (June 2012: 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 2012: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.
- (iii) The Group entered into an agreement with Worldcall Telecom Limited (WTL) for Rs 12.138 million to provide dark optical fibre services (installation and maintenance) for a period of twenty years on the existing WTL metro optical fibre network.

7.2 Commitments

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

Note	Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
Not later than one year	6,300	6,300
Later than one year and not later than five years	29,925	29,925
Later than five years	761,975	761,975
	<u>798,200</u>	<u>798,200</u>

8. Property, plant and equipment

Book value at beginning of the period / year	710,684	548,382
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Add:		
- Additions during the period / year	8.1 3,089	220,397
- Transfers from assets subject to finance lease - at book value	-	-
	<u>3,089</u>	<u>220,397</u>
	713,773	768,779

Less:		
- Disposals during the period / year - at book value	-	13,059
- Depreciation charged during the period / year	5,129	45,036
- Transferred to inventory - at book value	-	-
	<u>5,129</u>	<u>58,095</u>

Book value at end of the period / year	<u>708,644</u>	<u>710,684</u>
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8.1. Additions during the period / year

Operating fixed assets	-	92,940
Capital work in progress	3,089	127,457
Assets subject to finance lease	-	-
	<u>3,089</u>	<u>220,397</u>

9. Investment property

Fair value at beginning of the period / year	3,167,645	3,828,426
Additions to cost during the period / year:		
- Transfer from disposal group held for sale	-	(94,190)
Add: Fair value (loss) recognised in profit and loss account	(19,432)	(566,591)
Fair value at end of the period / year - after revaluation	<u>3,714,804</u>	<u>3,167,645</u>

10 Investments

Associated undertakings - unquoted	10.1 1,184,031	1,146,625
Available for sale - quoted	10.2 2,648	2,648
	<u>1,186,679</u>	<u>1,149,272</u>

10.1 Associated undertakings - unquoted

Pace Barka Properties Limited 75,875,000 (June 2012: 77,500,000) fully paid ordinary shares of Rs 10 each	10.1.1 1,335,761	1,298,355
Equity held 24.9% (June 2012: 25.4%)		

Pace Super Mall (Private) Limited nil (June 2012: 18000) fully paid ordinary shares of Rs 10 each		
Equity held nil (June 2012: 40%)		
	<u>1,335,761</u>	<u>1,298,355</u>

Less: Cumulative impairment losses recognized	10.1.2 (151,730)	(151,730)
	<u>1,184,031</u>	<u>1,146,625</u>

10.1.1 Pace Barka Properties Limited

Cost	758,651	758,651
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Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account	<u>687,772</u>	<u>687,772</u>
	1,446,423	1,446,423

Share of movement in reserves during the year	(120,443)	(120,443)
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Share of profit/(loss) for the year		
- before taxation	(57)	(23,043)
- provision for taxation	9,838	9,838
Loss on sale of investment	-	(14,420)
	<u>9,781</u>	<u>(27,625)</u>

	<u>1,335,761</u>	<u>1,298,355</u>
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	Note	Unaudited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
10.1.2 Cumulative impairment losses recognized			
As at July 1		154,980	154,980
Recognised during the year		-	-
Derecognised on disposal of investments		(3,250)	(3,250)
		<u>151,730</u>	<u>151,730</u>

10.2 Available for sale - quoted

Worldcall Telecom Limited		
912 (June 2012: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Limited		
294,037 (June 2012: 294,037) fully paid ordinary shares of Rs 10 each	<u>3,776</u>	<u>3,776</u>
	<u>3,782</u>	<u>3,782</u>
Add: Cumulative fair value gain/(loss)	10.2.1	
	<u>(568)</u>	<u>(1,134)</u>
	<u>(3,214)</u>	<u>2,648</u>

10.2.1 Cumulative fair value (loss)/gain

As at July 1	(1,134)	105
Fair value gain/(loss) during the year	<u>565</u>	<u>1,029</u>
As at June 30	<u>(568)</u>	<u>1,134</u>

11. Due from related parties - unsecured

Due from related party	11.1	
11.1 These advances are considered good and carry mark up at the rate ranging from 16.5% to 17.5% per annum (June 2012: 16.5% to 17.5%).		

		Unaudited	
		September 30, 2012	September 30, 2011
		(Rupees in thousand)	
12. Transactions with related parties			
Relationship with the Group	Nature of transaction		
i. Associates	Purchase of goods and services	-	429
	Markup income	-	694
	Commission income	1,500	375
	Sale of goods and services	-	1,815
ii. Others	Purchase of goods & services	39,713	-
	Purchase of property plant & equipment	340	-
	Sales of goods and services	7,260	-
ii. Key management personnel	Short term employee benefits	-	3,609
	Post employment benefits	-	-
	Advances	-	651

Period end balances

Receivable from related parties	962,063	-
Payable to related parties	3,066	-

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

		Unaudited September 30, 2012	September 30, 2011
		(Rupees in thousand)	
13. Cash (used in) / generated from operations			
Loss before tax		(163,356)	(646,487)
Adjustment for:			
Depreciation on:			
- property, plant and equipment		5,026	5,354
- assets subject to finance lease		103	5,176
Amortisation on intangible assets		52	139
Loss/ (Gain) on sale of property, plant and equipment		-	3,106
Exchange loss on foreign currency convertible bonds		-	19,978
Provision for gratuity and leave encashment		-	2,912
Finance costs		102,342	119,459
Fair value gain on investments		565	-
Fair value loss on investment property		19,432	-
Changes in fair value of investment property		-	388,505
Deferred income		-	(4,791)
Share of loss of associate		-	28,258
(Loss)/profit before working capital changes		(35,836)	(78,391)

Effect on cash flow due to working capital changes:

(Increase) / decrease in stock-in-trade	25,796	66,432
Decrease / (increase) in trade debts	(3,664)	(42,930)
Decrease in due from related parties	-	(695)
Increase in advance against purchase of property	-	-
Decrease / (increase) in advances, deposits and other receivables	(1,948)	(30,891)
Increase in creditors, accrued and other liabilities	11,774	24,844
	<u>31,958</u>	<u>16,760</u>
	<u>(3,878)</u>	<u>(61,631)</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, 2012.

14.1 Segment information

	Real estate sales		Investment properties		Others		Total	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Segment revenue	33,628	27,600		6,284	53,244	38,368	86,872	72,252
Segment expenses								
- Cost of sales	(25,821)	(27,750)	-		-		(25,821)	(27,750)
- Stores operating expenses		(26,214)		(5,968)	(57,651)	(36,440)	(57,651)	(68,622)
Gross (loss) / profit	7,807	(26,364)		316	(4,407)	1,928	3,400	(24,120)
- Changes in fair value of investment property	-	-		(388,505)	-	-	(19,432)	(388,505)
Segment results	7,807	(26,364)		(388,189)	(4,407)	1,928	(16,032)	(412,625)
Administrative and selling expenses							(30,707)	(74,190)
Other operating income							4,381	11,129
Finance costs							(108,940)	(119,459)
Other operating expenses							(12,000)	(23,084)
Share of loss of associates							(57)	-
Loss before tax							(163,356)	(618,229)
Taxation								
- Group							(434)	(250)
- Associated companies							(2,399)	3,083
Loss for the period							(166,181)	(615,396)

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15. Detail of subsidiaries

Name of the Subsidiary	Accounting period end	Percentage of holding	Country of Incorporation
Pace Woodlands (Private) Limited	30-Jun-12	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-12	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-12	69%	Pakistan

16. Date of authorisation

This consolidated condensed interim financial information was approved and authorised for issue on October 25, 2012 by the Board of Directors of the Group.

17. Corresponding figures

Corresponding figures in the consolidated condensed interim balance sheet comprise of balances as per the consolidated annual audited financial statements of the Group for the year ended June 30, 2012 and corresponding figures in the consolidated condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement comprise of balances of comparable period of the immediately preceding financial year i.e. quarter ended September 30, 2011. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, However, no significant re-arrangements have been made.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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