

**PACE (PAKISTAN) LIMITED**

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

**FOR THE PERIOD ENDED  
SEPTEMBER 30, 2013**

**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

<b>Board of Directors</b>	Sheikh Sulaiman Ahmed Saeed Al-Hoqani (Chairman) Aamna Taseer (Chief Executive Officer) Shehryar Ali Taseer Maheen Ghani Taseer Shehrbano Taseer Jamal Said Al-Ojaili Imran Hafeez Imran Saeed Chaudhry	Non-Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Executive Non-Executive
<b>Chief Financial Officer</b>	Imran Hafeez	
<b>Audit Committee</b>	Shehryar Ali Taseer (Chairman) Maheen Ghani Taseer Shehrbano Taseer	
<b>Human Resource and Remuneration (HR&amp;R) Committee</b>	Shehryar Ali Taseer (Chairman) Aamna Taseer Shehrbano Taseer	
<b>Company Secretary</b>	Sajjad Ahmad	
<b>Auditors</b>	A.F. Ferguson & Co. Chartered Accountants	
<b>Legal Advisors</b>	M/s. Imtiaz Siddiqui & Associates	
<b>Bankers</b>	Albaraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited National Bank of Pakistan NIB Bank Limited Silkbank Limited Soneri Bank Limited Pair Investment Company Limited The Bank of Punjab United Bank Limited Standard Chartered Bank (Pakistan) Limited	
<b>Registrar and Shares Transfer Office</b>	THK Associates (Pvt.) Limited Ground Floor, State Life Building- 3 Dr. Ziauddin Ahmed Road, Karachi ☎ (021) 111 000 322	
<b>Registered Office/Head Office</b>	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 ended September 30, 2013.

### Operating Results:

Company incurred a loss of PKR 166.7 million during the quarter ended September 30, 2013. The comparison of the un-audited results for the first quarter with corresponding period of the previous financial year is as under:

Rupees in '000'

	Jul-Sep 2013	Jul-Sep 2012
Sales	150,674	86,872
Gross Profit	42,331	3,400
Changes in fair value of Investment Property	-	(19,432)
Other operating expenses	(119,057)	(12,000)
Net loss before tax	(165,223)	(163,298)
Loss per share (PKR)	(0.60)	(0.59)
Loss per share - diluted (PKR)	(0.60)	(0.59)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. The company was able to show better performance as compared to the previous period as indicated from sales figure boosted by 73%. The increase in sales also contributed towards comparatively higher gross profit during the period. The other operating expenses had been drastically increased due to net effect of increase in dollar rate used for conversion of Foreign Currency Convertible Bonds (FCCB) liability into Company's functional currency at reporting date. This effect was major contributor for conversion of gross profit into net loss before tax.

### General:

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

For and on behalf of the Board of Directors

Lahore  
October 30, 2013

Aamna Taseer  
Chief Executive Officer

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## PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2013

Note	Unaudited September 30, 2013	Audited June 30, 2013
(Rupees in thousand)		
<b>EQUITY &amp; LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 600,000,000 (June 2013: 600,000,000) ordinary shares of Rs 10 each	<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital 278,876,604 (June 2013: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	271,265	271,690
Unappropriated profit	<u>(802,857)</u>	<u>(636,129)</u>
	<u>2,257,174</u>	<u>2,424,327</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred liabilities	<u>27,549</u>	<u>25,553</u>
	27,549	134,506
<b>CURRENT LIABILITIES</b>		
Advances against sale of property	98,953	98,953
Current portion of long term liabilities	6 3,975,026	3,853,042
Short term finance - secured	96,443	96,443
Creditors, accrued and other liabilities	226,981	216,185
Accrued finance cost	851,956	794,514
	<u>5,249,359</u>	<u>5,059,137</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	7 -	-
	<u>7,534,082</u>	<u>7,509,017</u>

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

LAHORE

CHIEF EXECUTIVE

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**PACE (PAKISTAN) LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

ASSETS	Note	Unaudited	(Audited)
		September 30, 2013 (Rupees in thousand)	June 30, 2013
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	589,004	595,832
Intangible assets		7,560	7,696
Investment property	9	3,145,137	3,145,137
Investments	10	852,103	852,528
Long term advances and deposits		13,619	13,619
		<u>4,607,423</u>	<u>4,614,812</u>
<b>CURRENT ASSETS</b>			
Stock-in-trade		1,825,886	1,859,146
Trade debts - unsecured		711,999	649,827
Advances, deposits, prepayments and other receivables		211,757	209,812
Income tax recoverable		43,464	42,002
Cash and bank balances		5,649	5,515
		<u>2,798,755</u>	<u>2,766,302</u>
Disposal group held for sale		127,904	127,903
		<u>2,926,659</u>	<u>2,894,205</u>
		<u>7,534,082</u>	<u>7,509,017</u>

	July to September	
	2013	2012
	(Rupees in thousand)	
Sales	150,674	86,872
Cost of sales	(108,343)	(83,472)
<b>Gross (loss) / profit</b>	<u>42,331</u>	<u>3,400</u>
Administrative and selling expenses	(29,631)	(30,707)
Other operating income	2,838	4,381
Other operating expenses	(119,057)	(12,000)
<b>Loss from operations</b>	<u>(103,519)</u>	<u>(34,926)</u>
Finance costs	(61,704)	(108,940)
Changes in fair value of investment property	-	(19,432)
<b>Loss before tax</b>	<u>(165,223)</u>	<u>(163,298)</u>
Taxation	(1,507)	(434)
<b>Loss for the period</b>	<u>(166,730)</u>	<u>(163,732)</u>
<b>Other comprehensive income / (loss)</b>		
Changes in fair value of available for sale investments	(425)	565
<b>Total comprehensive loss for the period</b>	<u>(167,155)</u>	<u>(163,167)</u>
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees	<u>(0.60)</u> <u>(0.59)</u>
- diluted loss per share	Rupees	<u>(0.60)</u> <u>(0.59)</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.

**PACE (PAKISTAN) LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	July to September	
		2013	2012
(Rupees in thousand)			
<b>Cash flow from operating activities</b>			
Cash generated from operations	12	4,569	13,068
Net (decrease) / increase in advances against sale of property		-	999
Finance costs paid		(39)	(7,084)
Gratuity and leave encashment paid		(40)	378
Taxes paid		(2,969)	(1,804)
<b>Net cash used in operating activities</b>		<b>1,521</b>	<b>5,557</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	(3,089)
Decrease in long term loans and deposits		(139)	300
Mark up received		48	482
<b>Net cash generated from investing activities</b>		<b>(91)</b>	<b>(2,307)</b>
<b>Cash flow from financing activities</b>			
Repayment of long term finances		-	(8,830)
Payment of finance lease liabilities		(1,297)	(776)
<b>Net cash used in financing activities</b>		<b>(1,297)</b>	<b>(9,606)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>133</b>	<b>(6,356)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(90,928)</b>	<b>8,001</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>(90,795)</b>	<b>1,645</b>

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

LAHORE

CHIEF EXECUTIVE

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DIRECTOR

**PACE (PAKISTAN) LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	(Rupees in thousand)				
	Share capital	Share premium reserve	Reserve for changes in fair value of investments	Unappropriated profit	
				Total	
<b>Balance as on July 1, 2012 (Audited)</b>	2,788,766	273,265	(1,134)	(128,357)	2,932,539
<b>Total comprehensive loss for September quarter</b>					
Loss for the period	-	-	-	(163,733)	(163,733)
Other comprehensive profit/(loss)	-	-	565	-	565
<b>Balance as on September 30, 2012 (Unaudited)</b>	2,788,766	273,265	(569)	(292,090)	2,769,371
<b>Total comprehensive loss for the nine months</b>					
Loss for the period	-	-	(1,006)	(344,038)	(344,038)
Other comprehensive profit/(loss)	-	-	(1,006)	(344,038)	(1,006)
<b>Balance as on June 30, 2013 (Audited)</b>	2,788,766	273,265	(1,575)	(636,128)	2,424,327
<b>Total comprehensive loss for September quarter</b>					
Loss for the period	-	-	-	(166,728)	(166,728)
Other comprehensive income	-	-	(425)	-	(425)
<b>Balance as on September 30, 2013 (Unaudited)</b>	<b>2,788,766</b>	<b>273,265</b>	<b>(2,000)</b>	<b>(802,857)</b>	<b>2,257,174</b>

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION FOR THE QUARTER ENDED**  
**SEPTEMBER 30, 2013 (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, 2013.

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, 2013.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2013. 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, 2013.

**5. Taxation**

The provision for taxation for the quarter ended September 30, 2013 has been made on an estimated basis.

<b>Unaudited September 30, 2013 (Rupees in thousand)</b>	<b>Audited June 30, 2013</b>
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**6. Current portion of long term liabilities**

Current portion of long term finances -secured	<b>732,614</b>	732,614
Current portion of redeemable capital - secured (non-participatory)	<b>1,498,200</b>	1,498,200
Current portion of liabilities against assets subject to finance lease	<b>29,210</b>	30,507
Current portion of foreign currency convertible bonds - unsecured	<b>1,715,002</b>	1,591,721
	<b><u>3,975,026</u></b>	<u>3,853,042</u>

**7. Contingencies and commitments**

**7.1 Contingencies**

- (i) Claims against the Company not acknowledged as debts Rs 21.644 million (2013: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (2013: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

**7.2 Commitments**

- (i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 357.985 million (2013: Rs 391.985 million).
- (ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

<b>Note</b>	<b>Unaudited September 30, 2013 (Rupees in thousand)</b>	<b>Audited June 30, 2013</b>
Not later than one year	<b>6,694</b>	6,300
Later than one year and not later than five years	<b>33,961</b>	33,469
Later than five years	<b>742,287</b>	757,131
	<b><u>782,942</u></b>	<u>796,900</u>

**8 Property, plant and equipment**

Book value at beginning of the period / year	<b>595,832</b>	710,684
Add:		
- Additions during the period / year	-	98
- Transfers from assets subject to finance lease - at book value	-	5,103
	-	5,201
	<b>595,832</b>	715,885
Less:		
- Disposals during the period / year - at book value	-	8,904
- Depreciation charged during the period / year	<b>6,828</b>	92,973
- Transferred to disposal group- at book value	-	18,176
	<b>6,828</b>	120,053
Book value at end of the period / year	<b><u>589,004</u></b>	<u>595,832</u>

	Note	Unaudited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>8.1. Additions during the period / year</b>			
Operating fixed assets		-	-
Capital work in progress		-	98
Assets subject to finance lease		-	-
		-	98
<b>9 Investment property</b>			
Fair value at beginning of the period / year		3,145,137	3,167,645
Additions to cost during the period / year:			
- Transfer from disposal group		-	94,190
- Transfer to disposal group held for sale		-	(146,442)
- Disposal of investment property		-	(20,985)
Fair value at end of the period / year - before revaluation		3,145,137	3,094,408
Add: Fair value (loss) / gain recognised in profit and loss account		-	50,729
Fair value at end of the period / year - after revaluation		3,145,137	3,145,137
<b>10 Investments</b>			
Equity instruments of:			
- subsidiaries - unquoted	10.1	91,670	91,670
- associated undertakings - unquoted	10.2	758,651	758,651
Available for sale - quoted	10.3	1,782	2,207
		852,103	852,528
<b>10.1 Subsidiaries - unquoted</b>			
Pace Woodlands (Private) Limited			
3,000 (June 2013: 3,000) fully paid ordinary shares of Rs 10 each		30	30
Equity held 52% (June 2013: 52%)			
Pace Super Mall (Private) Limited			
9,161,528 (June 2013: 9,161,528) fully paid ordinary shares of Rs 10 each		91,615	91,615
Equity held 57% (June 2013: 57%)			
Pace Gujrat (Private) Limited			
2,450 (June 2013: 2,450) fully paid ordinary shares of Rs 10 each		25	25
Equity held 100% (June 2013: 100%)			
		91,670	91,670
<b>10.2 Associated undertakings - unquoted</b>			
Pace Barka Properties Limited			
75,875,000 (June 2013: 77,500,000) fully paid ordinary shares of Rs 10 each		758,651	758,651
Equity held 24.9% (June 2013: 24.9%)			
Less: Cumulative impairment losses recognized	10.2.1	-	-
		758,651	758,651

	Note	Unaudited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>10.2.1 Cumulative impairment losses recognized</b>			
Opening balance		-	151,730
Reversed during the year		-	(151,730)
		-	-
<b>10.3 Available for sale - quoted</b>			
Worldcall Telecom Limited			
912 (June 2013: 912) fully paid ordinary shares of Rs 10 each		6	6
Shaheen Insurance Limited			
294,037 (June 2013: 294,037) fully paid ordinary shares of Rs 10 each		3,776	3,776
		3,782	3,782
Add: Cumulative fair value gain / (loss)	10.3.1	(2,000)	(1,575)
		1,782	2,207
<b>10.3.1 Cumulative fair value gain / (loss)</b>			
As at July 1		1,575	1,134
Fair value gain / (loss) during the period / year		425	441
		2,000	1,575
<b>11. Transactions with related parties</b>			
		<b>Unaudited</b>	
		<b>September</b>	<b>September</b>
		<b>30, 2013</b>	<b>30, 2012</b>
		<b>(Rupees in thousand)</b>	
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
i. Subsidiaries	Purchase of goods & services	-	-
ii. Associates	Commission income	-	375
	Sales of goods and services	-	-
iii. Others	Purchase of goods and services	756	8,311
	Purchase of property Plant & Equipment	-	-
	Sales of goods and services	2,196	1,815
<b>September 30,</b>			
		<b>2013</b>	<b>2012</b>
		<b>Unaudited</b>	<b>Unaudited</b>
		<b>(Rupees in thousand)</b>	
<b>Period end balances</b>			
Receivable from related parties		138,131	282,143
Payable to related parties		2,500	71,077

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



	<b>July to September</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Rupees in thousand)</b>	
<b>12. Cash generated from operations</b>		
Loss before tax	<b>(165,222)</b>	(163,298)
Adjustment for:		
Depreciation on:		
- owned assets	<b>6,522</b>	5,026
- assets subject to finance lease	<b>308</b>	103
Amortisation on intangible assets	<b>138</b>	52
Loss / (Gain) on sale of property, plant and equipment		
Exchange loss on foreign currency convertible bonds	<b>119,057</b>	12,000
Provision for doubtful debts	-	(114)
Provision for gratuity and leave encashment	<b>1,996</b>	-
Finance costs	<b>61,704</b>	108,940
Mark up income	<b>(48)</b>	(482)
Changes in fair value of investment property	-	19,432
	<hr/>	<hr/>
Loss before working capital changes	<b>24,455</b>	(18,341)
Effect on cash flow due to working capital changes:		
Decrease in stock-in-trade	<b>33,260</b>	25,795
Decrease / (increase) in trade debts	<b>(61,997)</b>	(3,549)
Increase in advance against purchase of property	-	-
Decrease / (increase) in advances, deposits and other receivables	<b>(1,945)</b>	(2,229)
Increase in creditors, accrued and other liabilities	<b>10,796</b>	11,394
	<b>(19,886)</b>	31,411
	<hr/>	<hr/>
	<b>4,569</b>	13,068

### 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, 2013.

### 14. Date of authorisation

This condensed interim financial information was approved and authorised for issue on October 25, 2013 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, 2013 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, 2013. 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, 2013**

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the consolidated condensed financial statements of the Group (unaudited) for the quarter ended September 30, 2013.

### Operating Results:

The Group has shown healthier performance and made sales for the period under review amounting Rs. 150.67 million as compare with previous period amounting Rs. 86.87 million. Group incurred a loss of PKR 162.98 million during the quarter ended September 30, 2013. The comparison of the results for quarter ended September 30, 2013 with corresponding period of the previous period is as under:

	Rupees in '000'	
	Jul-Sep 2013	Jul-Sep 2012
Sales	150,674	86,872
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Changes in fair value of Investment Property	-	(19,432)
Other operating expenses	(119,057)	(12,000)
Net loss before tax	(160,781)	(163,356)
Loss per share (PKR)	(0.58)	(0.25)
Loss per share - diluted (PKR)	(0.58)	(0.25)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. The Group was able to show better performance as compared to the previous period as indicated from sales figure boosted by 73%. The increase in sales also contributed towards comparatively higher gross profit during the period. The other operating expenses had been drastically increased due to net effect of increase in dollar rate used for conversion of Foreign Currency Convertible Bonds (FCCB) liability into Group's functional currency at reporting date. This effect was major contributor for conversion of gross profit into net loss before tax.

### General:

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

For and on behalf of the Board of Directors

Lahore  
October 30, 2013

Aamna Taseer  
Chief Executive Officer

## PACE (PAKISTAN) GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2013

Note	Unaudited September 30, 2013	Audited June 30, 2013
	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 600,000,000 (June 2013: 600,000,000) ordinary shares of Rs 10 each	<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital 278,876,604 (June 2013: 278,876,604) ordinary shares of Rs 10 each	<u>2,788,766</u>	2,788,766
Reserves	163,832	278,764
Unappropriated profit	(310,062)	(147,082)
	<u>2,642,536</u>	<u>2,920,448</u>
<b>NON-CONTROLLING INTEREST</b>	<u>87,675</u>	<u>87,678</u>
	<u>2,730,211</u>	<u>3,008,126</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred liabilities	27,761	25,553
Deferred taxation	43,508	44,200
	<u>71,269</u>	<u>69,753</u>
<b>CURRENT LIABILITIES</b>		
Advances against sale of property	99,953	99,953
Current portion of long term liabilities	3,975,026	3,853,042
Short term finance - secured	96,443	96,443
Creditors, accrued and other liabilities	262,381	251,586
Accrued finance cost	851,955	794,514
Taxation	5,704	5,534
	<u>5,291,462</u>	<u>5,101,072</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
	<u>8,092,942</u>	<u>8,178,951</u>

The annexed notes 1 to 16 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, 2013**

	<b>July to September</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Rupees in thousand)</b>	
Sales	150,674	86,872
Cost of sales	<b>(109,462)</b>	(83,472)
<b>Gross (loss) / profit</b>	<b>41,212</b>	3,400
Administrative and selling expenses	<b>(29,638)</b>	(30,708)
Other operating income	<b>2,839</b>	4,381
Other operating expenses	<b>(119,057)</b>	(12,000)
<b>Loss from operations</b>	<b>(104,644)</b>	(34,927)
Finance costs	<b>(61,704)</b>	(108,940)
Changes in fair value of investment property	-	(19,432)
Share of profit from associate	<b>5,567</b>	(57)
<b>Loss before tax</b>	<b>(160,781)</b>	(163,356)
Taxation	<b>(2,199)</b>	(2,833)
<b>Loss for the period</b>	<b>(162,980)</b>	(166,189)
<b>Other comprehensive (loss) / income</b>	<b>(425)</b>	565
Changes in fair value of available for sale investments	<b>(114,506)</b>	-
Share in associate's changes in fair value of available for sale investments - net of tax		
Total other comprehensive income	<b>(114,931)</b>	565
<b>Total comprehensive loss for the period</b>	<b>(277,911)</b>	(165,624)
Attributable to:		
Equity holders of the parent	<b>(277,908)</b>	165,878
Non-controlling interest	<b>(3)</b>	254
	<b>(277,911)</b>	(165,624)
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees <b>(0.58)</b>	(0.25)
- diluted loss per share	Rupees <b>(0.58)</b>	(0.25)

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 16 form an integral part of this consolidated condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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Note	<b>Unaudited September 30, 2013</b>	<b>Audited June 30, 2013</b>
	<b>(Rupees in thousand)</b>	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	8 <b>589,004</b>	595,832
Intangible assets	<b>7,559</b>	7,696
Investment property	9 <b>3,145,137</b>	3,145,137
Investments	10 <b>1,076,555</b>	1,185,919
Long term advances and deposits	<b>13,619</b>	13,619
	<b>4,831,874</b>	4,948,203
<b>CURRENT ASSETS</b>		
Stock-in-trade	<b>2,158,161</b>	2,193,553
Trade debts - unsecured	<b>712,301</b>	650,129
Advances, deposits, prepayments and other receivables	<b>213,405</b>	211,461
Income tax recoverable	<b>43,517</b>	42,055
Cash and bank balances	<b>5,781</b>	5,647
	<b>3,133,165</b>	3,102,845
Disposal group held for sale	<b>127,903</b>	127,903
	<b>8,092,942</b>	8,178,951

DIRECTOR

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**PACE (PAKISTAN) GROUP  
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT  
(UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	July to September	
		2013	2012
<b>Cash flow from operating activities</b>			
Cash (used in) / generated from operations	12	537	(3,878)
Net (decrease) / increase in advances against sale of property		-	999
Finance costs paid		(38)	(30,760)
Gratuity and leave encashment paid		(40)	-
Taxes paid		(46)	(1,350)
<b>Net cash used in operating activities</b>		<b>413</b>	<b>(29,332)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		-	(3,089)
Decrease / (increase) in long term loans and deposits		(139)	-
Markup received		49	-
<b>Net cash generated from investing activities</b>		<b>(90)</b>	<b>(3,089)</b>
<b>Cash flow from financing activities</b>			
Repayment of redeemable capital		-	26,846
Payment of finance lease liabilities		(192)	(227)
<b>Net cash used in financing activities</b>		<b>(192)</b>	<b>26,619</b>
<b>Net decrease in cash and cash equivalents</b>		<b>131</b>	<b>(5,802)</b>
<b>Cash and cash equivalents - at beginning of the period</b>		<b>(90,796)</b>	<b>(91,866)</b>
<b>Cash and cash equivalents - at end of the period</b>		<b>(90,665)</b>	<b>(97,668)</b>

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

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CHIEF EXECUTIVE

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DIRECTOR

**PACE (PAKISTAN) GROUP  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Attributable to equity holders of the parent			Non-Controlling Interest	Total Equity
	Share capital	Share premium reserve	Reserve for changes in fair value of investments		
<b>Balance as on June 30, 2012 (Audited)</b>	2,788,766	273,265	(1,134)	122,834	3,422,284
<b>Total comprehensive loss for September quarter</b>	-	-	-	(163,356)	(163,356)
Loss for the period	-	-	-	(57)	508
Other comprehensive income / (loss)	-	-	565	(57)	508
<b>Balance as on September 30, 2012 (Unaudited)</b>	2,788,766	273,265	(569)	122,777	3,259,436
<b>Total comprehensive loss for the nine months</b>	-	-	-	(222,279)	(222,279)
Loss for the period	-	-	(1,006)	(115,703)	(116,710)
Other comprehensive loss	-	-	(1,006)	(115,703)	(116,710)
Transfer of reserve relating to sale of investment property	-	-	-	(338,989)	(338,989)
<b>Balance as on June 30, 2013 (Audited)</b>	2,788,766	273,265	(1,575)	7,074	2,920,447
<b>Total comprehensive income for September quarter</b>	-	-	-	(162,980)	(162,980)
Profit / loss for the period	-	-	-	(114,507)	(114,931)
Other comprehensive income / (loss)	-	-	(425)	(114,507)	(114,931)
<b>Balance as on September 30, 2013 (Unaudited)</b>	2,788,766	273,265	(2,000)	(107,433)	2,642,536

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The annexed notes 1 to 16 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, 2013 (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, 2013.

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

**3. Significant accounting policies**

The accounting policies adopted for the preparation of this 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, 2013.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2013. 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, 2013.

**5. Taxation**

The provision for taxation for the quarter ended September 30, 2013 has been made on an estimated basis.

<b>Unaudited September 30, 2013 (Rupees in thousand)</b>	<b>Audited June 30, 2013</b>
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**6. Current portion of long term liabilities**

Current portion of long term finances -secured	<b>732,614</b>	732,614
Current portion of redeemable capital - secured (non-participatory)	<b>1,498,200</b>	1,498,200
Current portion of liabilities against assets subject to finance lease	<b>29,210</b>	30,507
Current portion of foreign currency convertible bonds - unsecured	<b><u>1,715,002</u></b>	<u>1,591,721</u>
	<b><u>3,975,026</u></b>	<u>3,853,042</u>

## 7. Contingencies and commitments

### 7.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs 21.644 million (2013: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (2013: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

### 7.2 Commitments

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

	Unaudited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
Not later than one year	6,694	6,300
Later than one year and not later than five years	33,961	33,469
Later than five years	742,287	757,131
	<u>782,942</u>	<u>796,900</u>

## 8 Property, plant and equipment

Book value at beginning of the period / year	595,832	710,684
Add:		
- Additions during the period / year	-	98
- Transfers from assets subject to finance lease - at book value	-	5,103
	-	5,201
	<u>595,832</u>	<u>715,885</u>
Less:		
- Disposals during the period / year - at book value	-	8,904
- Depreciation charged during the period / year	6,828	92,973
- Transferred to disposal group- at book value	-	18,176
	<u>6,828</u>	<u>120,053</u>
Book value at end of the period / year	<u>589,004</u>	<u>595,832</u>

### 8.1. Additions during the period / year

Operating fixed assets	-	-
Capital work in progress	-	98
Assets subject to finance lease	-	-
	-	98

## 9 Investment property

Fair value at beginning of the period / year	3,145,137	3,167,645
Additions to cost during the period / year:		
- Transfer from disposal group	-	94,190
- Transfer to disposal group held for sale	-	(146,442)
- Disposal of investment property	-	(20,985)
	<u>3,145,137</u>	<u>3,094,408</u>
Fair value at end of the period / year - before revaluation	3,145,137	3,094,408
Add: Fair value (loss) / gain recognised in profit and loss account	-	50,729
Fair value at end of the period / year - after revaluation	<u>3,145,137</u>	<u>3,145,137</u>

Note	Unaudited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
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## 10 Investments

Associated undertakings - unquoted	10.1	1,074,773	1,183,712
Available for sale - quoted	10.2	1,782	2,207
		<u>1,076,555</u>	<u>1,185,919</u>

### 10.1 Associated undertakings - unquoted

Pace Barka Properties Limited 75,875,000 (2013: 75,875,000) fully paid ordinary shares of Rs 10 each Equity held 24.9% (2013: 24.9%)	10.1.1	1,074,773	1,183,712
		<u>1,074,773</u>	<u>1,183,712</u>
Less: Cumulative impairment losses recognized	10.1.2	-	-
		<u>1,074,773</u>	<u>1,183,712</u>

#### 10.1.1 Pace Barka Properties Limited

Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account	425,061	539,704
	<u>1,183,712</u>	<u>1,298,355</u>
Share of movement in reserves during the year	(114,507)	(115,760)
Share of profit/(loss) for the year		
- before taxation	5,735	3,297
- provision for taxation	(167)	(2,180)
	<u>5,568</u>	<u>1,117</u>
	<u>1,074,773</u>	<u>1,183,712</u>

#### 10.1.2 Cumulative impairment losses recognized

As at July 1	-	151,730
Recognised during the year	-	-
Derecognised on disposal of investments	-	(151,730)
	<u>-</u>	<u>-</u>

### 10.2 Available for sale - quoted

Worldcall Telecom Limited 912 (June 2013: 912) fully paid ordinary shares of Rs 10 each	6	6	
Shaheen Insurance Limited 294,037 (June 2013: 294,037) fully paid ordinary shares of Rs 10 each	3,776	3,776	
	<u>3,782</u>	<u>3,782</u>	
Add: Cumulative fair value gain/(loss)	10.2.1	(2,000)	(1,575)
		<u>1,782</u>	<u>2,207</u>

	Note	Unaudited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>10.2.1 Cumulative fair value (loss)/gain</b>			
As at July 1		1,575	1,134
Fair value gain /(loss) during the year		425	441
As at September 30		<u>2,000</u>	<u>1,575</u>

	Unaudited September 30, 2013 (Rupees in thousand)	September 30, 2012
<b>11. Transactions with related parties</b>		

Relationship with the Company	Nature of transaction		
i. Subsidiaries	Purchase of goods & services	-	-
ii. Associates	Commission income	-	1500
	Sales of goods and services	-	-
iii. Others	Purchase of goods and services	756	39,713
	Purchase of property Plant & Equipment	-	340
	Sales of goods and services	2,196	7,260

	Unaudited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>Period end balances</b>		
Receivable from related parties	138,131	282,143
Payable to related parties	2,500	71,077

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

	Unaudited September 30, 2013 (Rupees in thousand)	September 30, 2012
<b>12. Cash used in operations</b>		
Loss before tax	(160,781)	(163,356)
Adjustment for:		
Depreciation on:		
- property, plant and equipment	6,522	5,026
- assets subject to finance lease	308	103
Amortisation on intangible assets	138	52
Loss/ (Gain) on sale of property, plant and equipment		
Exchange loss on foreign currency convertible bonds	119,057	-
Provision for gratuity and leave encashment	1,996	-
Finance costs	61,704	102,342

	Unaudited	
	September 30, 2013 (Rupees in thousand)	September 30, 2012
Markup income	(49)	-
Fair value loss on investments	-	565
Changes in fair value of investment property	-	19,432
Deferred income	-	-
Share of loss of associate	(5,567)	-
Provision for doubtful receivables	569	-
(Loss)/profit before working capital changes	<u>23,897</u>	<u>(35,836)</u>
Effect on cash flow due to working capital changes:		
(Increase) / decrease in stock-in-trade	35,393	25,796
Decrease / (increase) in trade debts	(62,132)	(3,664)
Decrease / (increase) in advances, deposits and other receivables	(2,894)	(1,948)
Increase in creditors, accrued and other liabilities	6,273	11,774
	<u>(23,360)</u>	<u>31,958</u>
	<u>537</u>	<u>(3,878)</u>

### 13. Operating Segments

Operating segments and basis of determination of operating segments are same as disclosed in audited consolidated annual financial statements of the Group for the year ended June 30, 2013.



13.1 Segment information

	(Rupees in thousand)						
	Real estate sales		Investment properties		Others		Total
	Quarter ended September 30, 2013	September 30, 2012	Quarter ended September 30, 2013	September 30, 2012	Quarter ended September 30, 2013	September 30, 2012	
Segment revenue	82,851	33,628	11,008	53,244	56,815	150,674	86,872
Segment expenses							
- Cost of sales	(34,887)	(25,821)	-	-	-	(34,887)	(25,821)
- Stores operating expenses			(11,445)	(57,651)	(63,130)	(74,575)	(57,651)
Gross (loss) / profit	47,964	7,807	(437)	(4,407)	(6,315)	41,212	3,400
- Changes in fair value of investment property	-	-	-	-	-	-	(19,432)
<b>Segment results</b>	<b>47,964</b>	<b>7,807</b>	<b>(437)</b>	<b>(4,407)</b>	<b>(6,315)</b>	<b>41,212</b>	<b>(16,032)</b>
Administrative and selling expenses					(29,638)	(30,707)	
Other operating income					2,839	4,381	
Finance costs					(61,704)	(108,940)	
Other operating expenses					(119,057)	(12,000)	
Share of loss of associates					5,567	(57)	
<b>Loss before tax</b>					<b>(160,781)</b>	<b>(163,355)</b>	
<b>Taxation</b>							
- Group					(1,987)	(434)	
- Associated companies					-	(2,399)	
<b>Loss for the period</b>					<b>(162,768)</b>	<b>(166,188)</b>	

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14.

Detail of subsidiaries

Detail of subsidiaries	Accounting period end	Percentage of holding	Country of Incorporation
<b>Year ended September 30, 2013</b>			
Pace Woodlands (Private) Limited	30-Sep-13	52%	Pakistan
Pace Gujrat (Private) Limited	30-Sep-13	100%	Pakistan
Pace Supermall (Private) Limited	30-Sep-13	69%	Pakistan
<b>Year ended June 30, 2013</b>			
Pace Woodlands (Private) Limited	30-Jun-13	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-13	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-13	69%	Pakistan

15. Date of authorisation

This consolidated condensed interim financial information was approved and authorised for issue on October 30, 2013 by the Board of Directors of the Group.

16. Corresponding figures

Corresponding figures in the consolidated condensed interim balance sheet comprise of balances as per the consolidated annual audited financial statements of the Group for the year ended June 30, 2013 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, 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.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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