

PACE (PAKISTAN) LIMITED

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

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2014**

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT

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

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

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COMPANY INFORMATION

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the first quarter ended September 30, 2014.

Operating Results:

Company incurred a loss of PKR 119.2 million during the quarter ended September 30, 2014. 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 2014	Jul-Sep 2013
Sales	119,160	150,674
Gross Profit	15,207	42,331
Other operating expenses	(64,260)	(119,057)
Net loss before tax	(119,28)	(166,73)
Loss per share (PKR)	(0.43)	(0.60)
Loss per share - diluted (PKR)	(0.43)	(0.60)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. However the company was able to show average performance as compared to the previous period. The other operating expenses had been 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 29, 2014

Aamna Taseer
Chief Executive Officer

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PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2014

Note	Unaudited September 30, 2014	Audited June 30, 2014
(Rupees in thousand)		
EQUITY & LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2014: 600,000,000) ordinary shares of Rs 10 each	6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 2014: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves	272,209	272,209
Unappropriated profit	(949,611)	(830,332)
	2,111,364	2,230,643
NON-CURRENT LIABILITIES		
Deferred liabilities	37,745	34,654
	37,745	34,654
CURRENT LIABILITIES		
Advances against sale of property	147,649	131,678
Current portion of long term liabilities	3,813,247	3,746,097
Short term finance - secured	96,443	96,443
Creditors, accrued and other liabilities	227,950	231,634
Accrued finance cost	1,153,290	1,091,217
	5,438,579	5,297,069
CONTINGENCIES AND COMMITMENTS		
	-	-
	7,587,688	7,562,366

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

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	<u>July to September</u>	
	2014	2013
	(Rupees in thousand)	
Sales	119,160	150,674
Cost of sales	(103,953)	(108,343)
Gross (loss) / profit	15,207	42,331
Administrative and selling expenses	(25,603)	(29,631)
Other operating income	6,711	2,838
Other operating expenses	(64,260)	(119,057)
Loss from operations	(67,945)	(103,519)
Finance costs	(51,335)	(61,704)
Loss before tax	(119,280)	(165,223)
Taxation	-	(1,507)
Loss for the period	(119,280)	(166,730)
Other comprehensive income / (loss)		
Changes in fair value of available for sale investments	-	(425)
Total comprehensive loss for the period	(119,280)	(167,155)
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees (0.43)	(0.60)
- diluted loss per share	Rupees (0.43)	(0.60)

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

CHIEF EXECUTIVE

DIRECTOR

ASSETS	Note	Unaudited	(Audited)
		September	June
		30, 2014	30, 2014
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	8	587,102	592,660
Intangible assets		7,011	7,145
Investment property	9	3,370,166	3,370,166
Investments	10	851,279	851,279
Long term advances and deposits		13,619	13,619
		4,829,177	4,834,869
CURRENT ASSETS			
Stock-in-trade		1,963,108	1,968,645
Trade debts - unsecured		654,176	630,465
Advances, deposits, prepayments and other receivables		82,816	78,880
Income tax recoverable		51,301	47,885
Cash and bank balances		7,110	1,622
		2,758,511	2,727,497
		7,587,688	7,562,366

**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Note	July to September	
		2014	2013
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	12	(5,159)	4,569
Finance costs paid		15,430	(39)
Gratuity and leave encashment paid		(325)	(40)
Taxes paid		(3,417)	(2,969)
Net cash used in operating activities		6,529	1,521
Cash flow from investing activities			
Decrease in long term loans and deposits		-	(139)
Mark up received		150	48
Net cash generated from investing activities		150	(91)
Cash flow from financing activities			
Payment of finance lease liabilities		(1,150)	(1,297)
Net cash used in financing activities		(1,150)	(1,297)
Net decrease in cash and cash equivalents		5,529	133
Cash and cash equivalents - at beginning of the period		(94,862)	(90,928)
Cash and cash equivalents - at end of the period		(89,333)	(90,795)

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

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, 2014**

	Share capital	Share premium reserve	Reserve for changes in fair value of investments	Unappropriated profit	Total
Balance as on July 1, 2013 (Audited)	2,788,766	273,265	(1,575)	(636,128)	2,424,327
Total comprehensive loss for September quarter					
Loss for the period	-	-	-	(166,728)	(166,728)
Other comprehensive profit/(loss)	-	-	(425)	-	(425)
Balance as on September 30, 2013 (Unaudited)					
Total comprehensive loss for the nine months					
Loss for the period	-	-	(425)	(27,476)	(27,476)
Other comprehensive profit/(loss)	-	-	(944)	(944)	(944)
Balance as on June 30, 2014 (Audited)	2,788,766	273,265	(1,056)	(830,332)	2,230,643
Total comprehensive loss for September quarter					
Loss for the period	-	-	-	(119,280)	(119,280)
Balance as on September 30, 2014 (Unaudited)	2,788,766	273,265	(1,056)	(949,611)	2,111,364

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

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE QUARTER ENDED
SEPTEMBER 30, 2014 (UN-AUDITED)

1. Legal status and activities

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan and listed on Karachi and Lahore stock exchanges. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan. The address of the registered office of the Company is 2nd and 3rd floor Pace Mall, Fortress Stadium, Lahore.

2. Statement of Compliance

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

This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2014.

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, 2014.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2014. 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, 2014.

5. Taxation

The provision for taxation for the quarter ended September 30, 2014 has been made on an estimated basis.

Unaudited September 30, 2014	Audited June 30, 2014
(Rupees in thousand)	

6. Current portion of long term liabilities

Current portion of long term finances -secured	614,906	614,906
Current portion of redeemable capital - secured (non-participatory)	1,498,200	1,498,200
Current portion of liabilities against assets subject to finance lease	25,383	26,533
Current portion of foreign currency convertible bonds - unsecured	1,674,758	1,606,458
	<u>3,813,247</u>	<u>3,746,097</u>

7. Contingencies and commitments

7.1 Contingencies

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

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 2014: 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 384.379 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:

	Unaudited September 30, 2014	Audited June 30, 2014
	(Rupees in thousand)	
Not later than one year	8,269	7,875
Later than one year and not later than five years	35,930	35,438
Later than five years	738,576	742,287
	<u>782,775</u>	<u>785,600</u>

8 Property, plant and equipment

Book value at beginning of the period / year	455,206	465,635
Add:		
- Additions during the period / year	-	119
- Transfers from disposal group held for sale	-	18,176
	-	18,295
	455,206	483,930

	Unaudited September 30, 2014 (Rupees in thousand)	Audited June 30, 2014
Less:		
- Disposals during the period / year - at book value	-	812
- Depreciation charged during the period / year	5,559	22,503
- Transferred to disposal group- at book value	-	5,409
	<u>5,559</u>	<u>28,724</u>
Book value at end of the period / year	<u>449,647</u>	<u>455,206</u>

8.1. Additions during the period / year

Operating fixed assets	-	119
	<u>-</u>	<u>119</u>

9 Investment property

Fair value at beginning of the period / year	3,370,166	3,145,137
Additions to cost during the period / year:		
- Transfer from disposal group	-	114,465
Fair value at end of the period / year - before revaluation	3,370,166	3,259,602
Add: Fair value (loss) / gain recognised in profit and loss account	-	110,564
Fair value at end of the period / year - after revaluation	<u>3,370,166</u>	<u>3,370,166</u>

10 Investments

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	958	958
		<u>851,279</u>	<u>851,279</u>

10.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited 3,000 (June 2014: 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 2014: 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 2014: 2,450) fully paid ordinary shares of Rs 10 each	25	25
Equity held 100% (June 2013: 100%)		
	<u>91,670</u>	<u>91,670</u>

	Unaudited September 30, 2014 (Rupees in thousand)	Audited June 30, 2014
10.2 Associated undertakings - unquoted		
Pace Barka Properties Limited 75,875,000 (June 2014: 77,500,000) fully paid ordinary shares of Rs 10 each	758,651	758,651
Equity held 24.9% (June 2014: 24.9%)		
	<u>758,651</u>	<u>758,651</u>

10.3 Available for sale - quoted

Worldcall Telecom Limited 912 (June 2014: 912) fully paid ordinary shares of Rs 10 each	6	6
Shaheen Insurance Limited 158,037 (June 2014: 158,037) fully paid ordinary shares of Rs 10 each	<u>2,008</u>	<u>2,008</u>
	<u>2,014</u>	<u>2,014</u>
Add: Cumulative fair value gain / (loss)	<u>(1,056)</u>	<u>(1,056)</u>
	<u>958</u>	<u>958</u>

	Unaudited September 30, 2014	September 30, 2013
	<u>958</u>	<u>958</u>
	(Rupees in thousand)	

11. Transactions with related parties

Relationship with the Company	Nature of transaction		
i. Subsidiaries	Purchase of goods & services	-	-
ii. Associates	Commission income	309	309
	Sales of goods and services	-	-
iii. Others	Purchase of goods and services	916	756
	Purchase of property Plant & Equipment	-	-
	Sales of goods and services	2,416	2,196
		<u>20,048</u>	<u>138,131</u>
		<u>1,132</u>	<u>2,500</u>

Period end balances

Receivable from related parties	20,048	138,131
Payable to related parties	1,132	2,500

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

July to September
2014 **2013**
(Rupees in thousand)

12. Cash generated from operations

Loss before tax	(119,279)	(165,222)
Adjustment for:		
Depreciation on:		
- owned assets	5,453	6,522
- assets subject to finance lease	106	308
Amortisation on intangible assets	134	138
Exchange loss on foreign currency convertible bonds	64,258	119,057
Provision for gratuity and leave encashment	2,766	1,996
Finance costs	51,335	61,704
Mark up income	(150)	(48)
	<hr/>	<hr/>
Loss before working capital changes	4,623	24,455

Effect on cash flow due to working capital changes:

Decrease in stock-in-trade	5,536	33,260
Decrease / (increase) in trade debts	(23,714)	(61,997)
Increase in advance against purchase of property	15,970	-
Decrease / (increase) in advances, deposits and other receivables	(3,981)	(1,945)
Increase in creditors, accrued and other liabilities	(3,593)	10,796
	(9,782)	(19,886)
	<hr/>	<hr/>
	(5,159)	4,569

13. Date of authorisation

This condensed interim financial information was approved and authorised for issue on October 29, 2014 by the Board of Directors of the Company.

14. Corresponding figures

Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2014 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, 2014**

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, 2014.

Operating Results:

The Group has shown healthier performance and made sales for the period under review amounting Rs. 119.16 million as compare with previous period amounting Rs. 150.67 million. Group incurred a loss of PKR 117.24 million during the quarter ended September 30, 2014. The comparison of the results for quarter ended September 30, 2014 with corresponding period of the previous period is as under:

	Rupees in '000'	
	Jul-Sep 2014	Jul-Sep 2013
Sales	119,160	150,674
Gross profit	15,207	41,212
Other operating expenses	(64,259)	(119,057)
Net loss before tax	(118,614)	(160,781)
Loss per share (PKR)	(0.42)	(0.58)
Loss per share - diluted (PKR)	(0.42)	(0.58)

The economic conditions in general and specific to the real estate sector show some growth during the period under review. However the Group was able to show average performance as compared to the previous period. The other operating expenses had been 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 29, 2014

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2014

Note	Unaudited September 30, 2014	Audited June 30, 2014
(Rupees in thousand)		
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 600,000,000 (June 2014: 600,000,000) ordinary shares of Rs 10 each	6,000,000	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 2014: 278,876,604) ordinary shares of Rs 10 each	2,788,766	2,788,766
Reserves Unappropriated profit	252,229 (445,801)	252,229 (328,560)
	2,595,194	2,712,435
NON-CONTROLLING INTEREST	87,577	87,578
	2,682,771	2,800,013
NON-CURRENT LIABILITIES		
Deferred liabilities	37,745	34,654
Deferred taxation	41,268	42,676
	79,013	77,330
CURRENT LIABILITIES		
Advances against sale of property	148,649	132,678
Current portion of long term liabilities	3,813,246	3,746,097
Short term finance - secured	96,443	96,443
Creditors, accrued and other liabilities	263,669	267,354
Accrued finance cost	1,153,290	1,091,217
Taxation	5,534	5,534
	5,480,831	5,339,323
CONTINGENCIES AND COMMITMENTS	-	-
	8,242,615	8,216,666

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

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	July to September	
	2014	2013
	(Rupees in thousand)	
Sales	119,160	150,674
Cost of sales	(103,953)	(109,462)
Gross (loss) / profit	15,207	41,212
Administrative and selling expenses	(25,610)	(29,638)
Other operating income	6,712	2,839
Other operating expenses	(64,259)	(119,057)
Loss from operations	(67,950)	(104,644)
Finance costs	(51,335)	(61,704)
Share of profit from associate	671	5,567
Loss before tax	(118,614)	(160,781)
Taxation	1,371	(2,199)
Loss for the period	(117,243)	(162,980)
Other comprehensive (loss) / income		
Changes in fair value of available for sale investments	-	(424)
Share in associate's changes in fair value of available for sale investments - net of tax	-	(114,507)
Total other comprehensive income	-	(114,931)
Total comprehensive loss for the period	(117,243)	(277,911)
Attributable to:		
Equity holders of the parent	(117,241)	(277,908)
Non-controlling interest	(2)	(3)
	(117,243)	(277,911)
Loss per share attributable to ordinary shareholders		
- basic loss per share	Rupees (0.42)	(0.58)
- diluted loss per share	Rupees (0.42)	(0.58)

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

CHIEF EXECUTIVE

DIRECTOR

Note	Unaudited September 30, 2014	Audited June 30, 2014
	(Rupees in thousand)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 586,997	592,660
Intangible assets	7,011	7,145
Investment property	9 3,370,166	3,370,166
Investments	10 1,170,014	1,169,438
Long term advances and deposits	13,619	13,619
	5,147,807	5,153,028
CURRENT ASSETS		
Stock-in-trade	2,297,263	2,302,657
Trade debts - unsecured	654,678	630,767
Advances, deposits, prepayments and other receivables	84,476	80,529
Income tax recoverable	51,355	47,938
Cash and bank balances	7,036	1,747
	3,094,808	3,063,638
	8,242,615	8,216,666

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30,	
	2014	2013
	(Rupees in thousand)	
Cash flow from operating activities		
Cash (used in) / generated from operations	- note 12 (5,312)	537
Finance costs paid	15,430	(38)
Gratuity and leave encashment paid	(325)	(40)
Taxes paid	(3,504)	(46)
Net cash used in operating activities	6,289	413
Cash flow from investing activities		
Decrease / (increase) in long term loans and deposits	-	(139)
Markup received	150	49
Net cash generated from investing activities	150	(90)
Cash flow from financing activities		
Payment of finance lease liabilities	(1,150)	(192)
Net cash used in financing activities	(1,150)	(192)
Net decrease in cash and cash equivalents	5,289	131
Cash and cash equivalents -at beginning of the period	(94,696)	(90,796)
Cash and cash equivalents -at end of the period	(89,407)	(90,665)

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

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

(Rupees in thousands)

	Attributable to equity holders of the parent				Non-Controlling Interest	Total Equity
	Share capital	Share premium reserve	Reserve for changes in fair value of investments	Share in capital reserves of associates		
Balance as on 1st July, 2013 (Audited)-Restated	2,788,766	273,265	(1,575)	7,074	87,678	3,009,075
Total comprehensive loss for September quarter						
Loss for the period	-	-	-	-	(3)	(162,989)
Other comprehensive income / (loss)	-	-	(424)	(114,507)	-	(114,931)
Balance as on September 30, 2013 (Unaudited)	2,788,766	273,265	(1,999)	(107,433)	87,675	2,731,161
Total comprehensive loss for the nine months						
Loss for the period	-	-	943	87,453	(97)	(14,030)
Other comprehensive loss	-	-	943	87,453	(97)	82,882
Balance as on June 30, 2014(Audited)	2,788,766	273,265	(1,056)	(19,980)	87,578	2,800,013
Total comprehensive income for September quarter						
Profit / loss for the period	-	-	-	-	(2)	(117,240)
Other comprehensive income / loss	-	-	-	-	(2)	(117,240)
Balance as on September 30, 2014 (Unaudited)	2,788,766	273,265	(1,056)	(19,980)	87,577	2,682,771

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

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION FOR THE
QUARTER ENDED SEPTEMBER 30, 2014 (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, 2014.

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, 2014.

The following new standards and amendments to existing approved accounting standards are mandatory for the first time for the financial year beginning July 01, 2014. 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, 2014.

5. Taxation

The provision for taxation for the quarter ended September 30, 2014 has been made on an estimated basis.

Unaudited September 30, 2014 (Rupees in thousand)	Audited June 30, 2014
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6. Current portion of long term liabilities

Current portion of long term finances -secured	614,906	614,906
Current portion of redeemable capital - secured (non-participatory)	1,498,200	1,498,200
Current portion of liabilities against assets subject to finance lease	25,383	26,533
Current portion of foreign currency convertible bonds - unsecured	<u>1,674,757</u>	<u>1,606,458</u>
	<u>3,813,246</u>	<u>3,746,097</u>

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs 21.644 million (June 2014: Rs 21.644 million).
- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 2014: 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, 2014 (Rupees in thousand)	Audited June 30, 2014
Not later than one year	8,269	7,875
Later than one year and not later than five years	35,930	35,438
Later than five years	738,576	742,287
	<u>782,775</u>	<u>785,600</u>

8 Property, plant and equipment

Book value at beginning of the period / year	455,206	465,635
Add:		
- Additions during the period / year	8.1	119
- Transfers from assets subject to finance lease - at book value	-	18,176
	-	18,295
	<u>455,206</u>	<u>483,930</u>
Less:		
- Disposals during the period / year - at book value	-	812
- Depreciation charged during the period / year	5,559	22,503
- Transferred to disposal group- at book value	-	5,409
	<u>5,559</u>	<u>28,724</u>
Book value at end of the period / year	<u>449,647</u>	<u>455,206</u>

8.1. Additions during the period / year

Capital work in progress	-	119
	<u>-</u>	<u>119</u>

9 Investment property

Fair value at beginning of the period / year	3,370,166	3,145,137
Additions to cost during the period / year:		
- Transfer from disposal group	-	114,465
Fair value at end of the period / year - before revaluation	3,370,166	3,259,602
Add: Fair value (loss) recognised in profit and loss account	-	110,564
Fair value at end of the period / year - after revaluation	<u>3,370,166</u>	<u>3,370,166</u>

10 Investments

Associated undertakings - unquoted	10.1	1,074,772	1,168,480
Available for sale - quoted	10.2	1,783	958
		<u>1,076,555</u>	<u>1,169,438</u>

Note	Unaudited September 30, 2014 (Rupees in thousand)	Audited June 30, 2014
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10.1 Associated undertakings - unquoted

Pace Barka Properties Limited			
75,875,000 (2013: 75,875,000) fully paid ordinary shares of Rs 10 each	10.1.1	1,169,056	1,168,480
Equity held 24.9% (2013: 24.9%)		<u>1,169,056</u>	<u>1,168,480</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		409,829	425,061
		<u>1,168,480</u>	<u>1,183,712</u>
Share of movement in reserves during the year		-	(27,054)
Share of profit/(loss) for the year			
- before taxation		671	18,232
- provision for taxation		(95)	(6,410)
		576	11,822
		<u>1,169,056</u>	<u>1,168,480</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		2,008	2,008
		<u>2,014</u>	<u>2,014</u>
Add: Cumulative fair value gain/(loss)		(1,056)	(1,056)
		<u>958</u>	<u>958</u>

	Unaudited	
	September 30, 2014	September 30, 2013
	(Rupees in thousand)	

11. Transactions with related parties

Relationship with the Company	Nature of transaction		
i. Subsidiaries	Purchase of goods & services	-	-
ii. Associates	Commission income	309	309
	Sales of goods and services	-	-
iii. Others	Purchase of goods and services	916	756
	Purchase of property Plant & Equipment	-	-
	Sales of goods and services	2,416	2,196

Period end balances

	Unaudited September 30, 2014 (Rupees in thousand)	Audited June 30, 2014
Receivable from related parties	20,048	138,131
Payable to related parties	1,132	2,500

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

12. Cash used in operations

	Unaudited September 30, 2014 (Rupees in thousand)	September 30, 2013
Loss before tax	(118,614)	(160,781)
Adjustment for:		
Depreciation on:		
- property, plant and equipment	5,453	6,522
- assets subject to finance lease	106	308
Amortisation on intangible assets	134	138
Exchange loss on foreign currency convertible bonds	64,258	119,057
Provision for gratuity and leave encashment	2,766	1,996
Finance costs	51,335	61,704
Markup income	(150)	(49)
Share of loss of associate	(671)	(5,567)
(Loss)/profit before working capital changes	4,617	23,897
Effect on cash flow due to working capital changes:		
(Increase) / decrease in stock-in-trade	5,643	35,393
Decrease / (increase) in trade debts	(23,911)	(62,132)
Increase in advance against purchase of property	15,970	-
Decrease / (increase) in advances, deposits and other receivables	(3,946)	(2,894)
Increase in creditors, accrued and other liabilities	(3,685)	6,273
	(9,929)	(23,360)
	(5,312)	537

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, 2014.

13.1 Segment information	(Rupees in thousand)		Total Quarter ended September 30, 2014	September 30, 2013
	Real estate sales Quarter ended September 30, 2014	Investment properties Quarter ended September 30, 2014		
Segment revenue	37,588	82,851	119,160	150,674
Segment expenses				
- Cost of sales	(26,813)	(34,887)	(26,813)	(34,887)
- Stores operating expenses		(8,491)	(77,140)	(74,575)
Gross (loss) / profit	10,775	47,964	15,207	41,212
- Changes in fair value of investment property				
Segment results	10,775	47,964	15,207	41,212
Administrative and selling expenses		(437)	(25,610)	(29,638)
Other operating income			6,712	2,839
Finance costs			(51,335)	(61,704)
Other operating expenses			(64,259)	(119,057)
Share of loss of associates			671	5,567
Loss before tax			(118,614)	(160,781)
Taxation				
- Group			1,371	(2,199)
- Associated companies			-	-
Loss for the period			(117,243)	(162,980)

14. Detail of subsidiaries

Detail of subsidiaries	Accounting period end	Percentage of holding	Country of Incorporation
Year ended September 30, 2014			
Pace Woodlands (Private) Limited	30-Sep-14	52%	Pakistan
Pace Gujrat (Private) Limited	30-Sep-14	100%	Pakistan
Pace Supermall (Private) Limited	30-Sep-14	69%	Pakistan
Year ended June 30, 2014			
Pace Woodlands (Private) Limited	30-Jun-14	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-14	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-14	69%	Pakistan

15. Date of authorisation

This consolidated condensed interim financial information was approved and authorised for issue on October 29, 2014 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, 2014 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, 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.