PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

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.

Contents

COMPANY INFORMATION

Board of Directors	Sheikh Sulaiman Ahmed Saeed Al-Hoqani (Chairman) Aamna Taseer (Chief Executive Officer) Shehryar Ali Taseer Maheen Ghani Taseer Shehrbano Taseer Jamal Said Al-Ojaili Khaldoon Bin Latif Imran Saeed Chaudhry
Chief Financial Officer	Imran Hafeez
Audit Committee	Shehryar Ali Taseer (Chairman) Maheen Ghani Taseer Shehrbano Taseer
Company Secretary	Shahzad Jawahar
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisers	M/s Imtiaz Siddique & Associates
Bankers	Allied Bank Limited Al-Baraka 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 United Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building- 3 Dr. Ziauddin Ahmed Road, Karachi ☎(021) 111 000 322
Registered / Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎(042) 35757591-4 Fax: (042) 35757590, 35877920

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the reviewed condensed interim financial information of the Company (un-audited) for the quarter and half year ended December 31, 2011.

Operating Results

The political instability and economic slump in the country has lead to a bearish trend in the real estate sector affecting the selling prices and margin. The Company witnessed a total sale of Rupees 55.6 million during the half year as compared to sales of Rupees 143.9 million during the previous half year. Major decrease in gross margin is primarily due to the fact that properties sold were already carried at fair value in the books and sale of these properties resulted in realization of previously unrealized gain rather than having direct positive effect on gross margins. Increase in administrative expenses is primarily due to the addition of expenses of newly operational wing of Model Town Extension Mall for which discount on service charges has also been given to make it operationally successful. Shortage of power supply along with drastic increase in electricity and fuel prices has contributed a major part towards increase in expenditure. Increase in other income is mainly due to the increase in advertisement income, service charges and licensee income.

Un-audited results for the quarter and of half year ended December 31, 2011, with respective corresponding periods, are as under:

				Rupees in '000'
	For the 2nd Quarter		**Cumulative**	
	Oct-Dec 2011	Oct-Dec 2010	**Jul-Dec 2011**	Jul-Dec 2010
Gross Loss	**(80,357)**	(121,229)	**(102,096)**	(87,797)
Decrease in fair value of investment property	**(276,945)**	(349,600)	**(665,450)**	(349,600)
Other operating income	**13,048**	11,946	**22,485**	14,742
Net Loss before tax	**(560,975)**	(706,242)	**(1,178,047)**	(812,988)
Loss per share - basic (Rupees)	**(2.01)**	(2.03)	**(4.23)**	(2.42)
Loss per share - diluted (Rupees)	**(2.01)**	(2.03)	**(4.23)**	(2.42)

Due to liquidity issues, the Company has not been able to fulfill its commitments to the financial institutions and amount payable to financial institutions is currently in overdue status. However, the management is in process of rescheduling its financial obligations with financial institutions which is expected to be completed in due course.

Board of Directors

Since the last publication of periodic report for the period ended 30 September 2011, Mr. Shahbaz Ali Taseer, the Director of the Company ceased to hold his office of director in accordance with section 188 (b) of the Companies Ordinance, 1984. The Board of Directors on 3 January 2012 appointed Mrs. Maheen Ghani Taseer as Director on casual vacancy occurred on the Board, due to cessation of office of Director.

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
February 25, 2012

Aamna Taseer
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pace (Pakistan) Limited (here-in-after referred to as the "Company") as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.2 to the interim financial information which indicates the company could not meet its obligations in respect of principal and markup repayments on borrowings from lenders. The current liabilities of the Company have exceeded its current assets by Rs 840.875 million and the reserves of the Company have been significantly depleted. These factors, along with other matters as set forth in note 1.2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Lahore
February 25, 2012

A.F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
ASAD ALEEM MIRZA

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2011

EQUITY AND LIABILITIES	Notes	December 31, 2011	June 30, 2011
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 2011: 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 2011: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**272,424**	273,160
Unappropriated profit		**164,798**	1,343,557
		3,225,988	4,405,483
NON-CURRENT LIABILITIES			
Long term finances - secured	5	**-**	228,000
Redeemable capital - secured (non-participatory)	6	**-**	1,497,600
Liabilities against assets subject to finance lease		**-**	1,890
Foreign currency convertible bonds - unsecured	7	**-**	1,248,567
Deferred liabilities		**32,324**	32,828
Advances against sale of property		**128,741**	112,330
		161,065	3,121,215
CURRENT LIABILITIES			
Deferred income		**7,986**	17,569
Current portion of long term liabilities		**3,660,333**	643,362
Short term finances - secured		**100,000**	100,000
Creditors, accrued and other liabilities		**540,209**	325,172
		4,308,528	1,086,103
CONTINGENCIES AND COMMITMENTS	8		
		7,695,581	8,612,801

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

LAHORE **CHIEF EXECUTIVE**

ASSETS	Notes	December 31, 2011	June 30, 2011
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	**403,562**	516,419
Assets subject to finance lease		**14,907**	25,259
Capital work-in-progress		**-**	6,672
Investment property	10	**3,177,810**	3,828,426
Intangible assets		**8,530**	8,808
Investments	11	**610,097**	623,833
Long term advances and deposits		**13,022**	13,533
Advance against purchase of property - unsecured		**-**	662,392
Deferred taxation		**-**	-
		4,227,928	5,685,342
CURRENT ASSETS			
Stock-in-trade	12	**2,379,598**	1,618,172
Trade debts - unsecured		**842,753**	1,019,193
Advances, deposits, prepayments and other receivables		**212,177**	230,742
Cash and bank balances		**33,125**	59,352
		3,467,653	2,927,459
		7,695,581	8,612,801

DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2011

	Note	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Half year ended December 31, 2011	Half year ended December 31, 2010
		(Rupees in thousand)			
Sales	13.2.1	**(16,683)**	(83,986)	**55,569**	143,972
Cost of sales	13.2.2	**(63,674)**	(37,243)	**(157,665)**	(231,769)
Gross loss		**(80,357)**	(121,229)	**(102,096)**	(87,797)
Administrative and selling expenses		**(66,197)**	(76,939)	**(140,289)**	(136,602)
Other operating income		**13,048**	11,946	**22,485**	14,742
Other operating expenses	14	**(32,218)**	(4,141)	**(55,302)**	(4,141)
Loss from operations		**(165,724)**	(190,363)	**(275,202)**	(213,798)
Finance costs		**(118,306)**	(166,279)	**(237,395)**	(249,590)
Changes in fair value of investment property		**(276,945)**	(349,600)	**(665,450)**	(349,600)
Loss before tax		**(560,975)**	(706,242)	**(1,178,047)**	(812,988)
Taxation		**(462)**	140,621	**(712)**	138,481
Loss for the period		**(561,437)**	(565,621)	**(1,178,759)**	(674,507)
Other comprehensive loss					
Changes in fair value of available for sale investment		**(1,029)**	-	**(736)**	-
Total comprehensive loss for the period		**(562,466)**	(565,621)	**(1,179,495)**	(674,507)
Loss per share attributable to ordinary shareholders					
- basic (Rupees)	16.1	**(2.01)**	(2.03)	**(4.23)**	(2.42)
- diluted (Rupees)	16.2	**(2.01)**	(2.03)	**(4.23)**	(2.42)

The annexed notes 1 to 19 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 HALF YEAR ENDED DECEMBER 31, 2011

	Note	Half year ended December 31, 2011	Half year ended December 31, 2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from / (used in) operations	17	**11,719**	(55,621)
Net increase in advances against sale of property		**16,411**	21,956
Finance cost paid		**(3,073)**	(189,618)
Gratuity and leave encashment paid		**(5,079)**	(1,487)
Taxes paid		**(5,727)**	(4,950)
Net cash generated from / (used in) operating activities		**14,251**	(229,720)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,965)**	-
Proceeds from sale of property, plant and equipment		**3,899**	3,475
Proceeds from sale of investment property		**-**	86,330
Decrease in long term advances and deposits		**511**	368
Proceeds from disposal of investment		**13,000**	-
Markup received		**513**	2,443
Net cash generated from investing activities		**15,958**	92,616
Cash flows from financing activities			
Long term finances - net		**(54,200)**	35,430
Repayment of finance lease liabilities		**(2,236)**	(11,062)
Net cash (used in) / generated from financing activities		**(56,436)**	24,368
Net decrease in cash and cash equivalents		**(26,227)**	(112,736)
Cash and cash equivalents at beginning of the period		**59,352**	176,651
Cash and cash equivalents at the end of the period		**33,125**	63,915

The annexed notes 1 to 19 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 HALF YEAR ENDED DECEMBER 31, 2011

(Rupees in thousand)

	Share Capital	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Un-appropriated profit	Total
Balance as on June 30, 2010	2,788,766	273,265	81,097	(3)	3,343,021	6,486,146
Total comprehensive loss for the half year ended December 31, 2010						
Loss for the period	-	-	-	-	(674,507)	(674,507)
Other comprehensive loss	-	-	-	-	-	-
	-	-	-	-	(674,507)	(674,507)
Transfer of reserve relating to sale of investment property	-	-	(81,097)	-	81,097	-
Transactions with owners	-	-	-	-	-	-
Balance as on December 31, 2010	2,788,766	273,265	-	(3)	2,749,611	5,811,639
Total comprehensive loss for the half year ended June 30, 2011						
Loss for the period	-	-	-	-	(1,406,054)	(1,406,054)
Other comprehensive loss	-	-	-	(102)	-	(102)
	-	-	-	(102)	(1,406,054)	(1,406,156)
Transactions with owners	-	-	-	-	-	-
Balance as on June 30, 2011	2,788,766	273,265	-	(105)	1,343,557	4,405,483
Total comprehensive loss for the half year ended December 31, 2011						
Loss for the period	-	-	-	-	(1,178,759)	(1,178,759)
Other comprehensive loss	-	-	-	(736)	-	(736)
	-	-	-	(736)	(1,178,759)	(1,179,495)
Transactions with owners	-	-	-	-	-	-
Balance as on December 31, 2011	2,788,766	273,265	-	(841)	164,798	3,225,988

The annexed notes 1 to 19 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 AND HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)

1. The Company and its operations

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

1.2 Going concern assumption

During the period, the Company has incurred a loss of Rs 1,178.759 million (year ended June 30, 2011: Rs 2,080.561 million). As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 840.875 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Company has also been unable to realize its existing receivables from customers and facing difficulties in sale of its inventory, being principally encumbered against borrowings from lenders of long term financing. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon the ability of the Company to restructure its long term borrowings on account of relaxation in terms of repayment as well as its ability to generate liquid funds from realization of its receivables and inventory. In view of the above, the Company has requested its lenders, on bilateral as well as consortium basis, for restructuring of borrowings and while, no formal agreements have been reached, the management considers that it is in the advance stages of negotiations with its lenders and feels confident that the lenders will agree to its proposals for restructuring seeking relaxation in payment terms, in addition to the following salient features:

- Partial settlement of principal amount against properties of the Company on market value and adjustment of markup through receivables of sold shops; and

- Swap of collateral given to the providers of Redeemable Capital (note 6) with that given to the syndicate finance lenders (note 5). This shall entail transfer of encumbrance over the Pace Towers (currently under construction) to syndicate finance lenders against that on the fully developed properties in Model Town, Lahore and Gujranwala to the providers of Redeemable Capital.

The above restructuring is expected to be augmented by other actions of the management of the Company for improving operational efficiency of its projects, which include changes in the mechanism for reimbursement of service charges, reduction of cost and enhancement of operational revenues.

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

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

- the Company will be able to obtain relaxations from its lenders as highlighted above, and

- the Company will be able to readily realize its receivables and inventory and be able to utilize the resultant liquidity for completion and sale of the 'Pace Towers' Project.

The condensed interim financial information consequently, does not include any adjustment relating

to the realization of its assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Statement of compliance

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2011 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2011.

3. Significant accounting policies

Except as described below, the accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2011.

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

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

3.1.1 Standards, amendments to published standards and interpretations that are effective in 2011 and are applicable to the Company

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 24 (revised) - Related party disclosures	July 01, 2011
- IFRS 7 (amendment) - Disclosures on de-recognition	July 01, 2011

3.1.2 Standards, amendments and interpretations to existing standards effective in 2011 that are not relevant to the company

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption on fixed dates and hyperinflation	July 01, 2011
- IFRIC 14 - Prepayments of a minimum funding requirement	July 01, 2011

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

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 1 (amendments)	July 01, 2012
- IAS 12 - Income taxes	January 01, 2012
- IAS 19 (revised 2011) - Employee benefits	January 01, 2013
- IAS 27 (revised 2011) - Separate financial statements	January 01, 2013
- IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2013
- IFRS 9 - Financial instruments	January 01, 2013
- IFRS 10 - Consolidated financial statements	January 01, 2013
- IFRS 11 - Joint arrangements	January 01, 2013
- IFRS 12 - Disclosures of interests in other entities	January 01, 2013
- IFRS 13 - Fair value measurement	January 01, 2013

4. **Taxation**

The provision for taxation for the half year ended December 31, 2011 has been made on an estimated basis.

5. **Long term finances - secured**

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
Opening balance		**827,422**	836,563
Add: Term finance obtained		**-**	40,000
		827,422	876,563
Less: Repayment during the period / year		**54,200**	49,141
		773,222	827,422
Less: Current portion shown under current liabilities	- note 5.1	**773,222**	599,422
		-	228,000

5.1 The aggregate current portion of Rs 773.222 million includes principal instalments aggregating to Rs 264 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2012. However, as the company could not repay on a timely basis the instalments due uptil the half year ended December 31, 2011 and is not compliant with certain debt covenants, which represents a breach of the respective agreements, therefore these loans have been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The company is in negotiation with lenders for relaxation in payment terms and certain other covenants. The banks have not demanded any early repayment nor have levied any penalties.

6. **Redeemable capital - secured (non-participatory)**

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
Opening balance		**1,498,200**	1,498,200
Less: Redeemed during the period / year		**-**	-
		1,498,200	1,498,200
Less: Current portion shown under current liabilities	- note 6.1	**(1,498,200)**	600
		-	1,497,600

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 1,347.800 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2012. However, as the company could not repay on a timely basis the instalments due uptil the half year ended December 31, 2011 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classfied as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The company is in negotiation with lenders for relaxation in payment terms and certain other covenants. TFC holders have not demanded any early repayment nor have levied any penalties.

7. **Foreign currency convertible bonds - unsecured**

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
Opening balance		**1,254,643**	1,181,561
Markup accrued for the period / year		**42,049**	78,073
		1,296,692	1,259,634
Markup paid during the period / year		**-**	(11,490)
Exchange loss for the period / year		**55,302**	6,499
		1,351,994	1,254,643
Less: Current portion shown under current liabilities	- note 7.1	**1,351,994**	6,076
		-	1,248,567

7.1 The aggregate current portion of Rs 1,351.994 million includes accreted principal amount of Rs 1,338.832 million, which, under the terms of foreign currency convertible bonds was due for repayment in period subsequent to December 31, 2012. However, as the company could not repay on a timely basis the coupon payments due uptil the half year ended December 31, 2011 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been disclosed as a current liability under the guidance contained in IAS 1 "Presentation of financial statements".

8. **Contingencies and commitments**

8.1 **Contingencies**

(i) Claims against the Company not acknowledged as debts Rs 21.644 million (June 30, 2011: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2011: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

8.2 **Commitments**

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 301.708 (June 30, 2011: Rs 301.708)

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

	Un-Audited December 31, 2011	Audited June 30, 2011
	(Rupees in thousand)	
Not later than one year	**6,300**	7,326
Later than one year and not later than five years	**29,138**	38,129
Later than five years	**765,912**	25,689
	801,350	71,144

9. **Property, plant and equipment**

Opening book value		**516,419**	550,444
Add: Additions during the period / year	- note 9.1	**8,637**	80
Add: Transfers from assets subject to finance lease (at book value)		**-**	7,184
		8,637	7,264
		525,056	557,708
Less: Disposals during the period / year (at book value)		**1,964**	2,799
Less: Transfer to inventory during the period / year (at book value)		**93,635**	-
Less: Transfer to investment property during the period / year (at book value)		**14,834**	-
Less: Depreciation charged during the period / year		**11,061**	38,490
		121,494	41,289
Closing book value		**403,562**	516,419

9.1 **Following is the detail of additions during the period / year:**

Electrical equipment	**6,672**	-
Computers	**-**	80
Vehicles	**1,965**	-
	8,637	80

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
10. Investment property			
Opening fair value		**3,828,426**	4,935,576
Add: Additions to cost during the period / year			
- Direct additions		**-**	17,300
- Transfer from stock-in-trade		**-**	12,639
- Transfer from fixed assets		**14,834**	-
- Transfer to stock in trade		**-**	(116,305)
- Disposals of investment property		**-**	(232,626)
Closing value before revaluation		**3,843,260**	4,616,584
Add: Fair value loss recognised during the period / year		**(665,450)**	(788,158)
Closing value after revaluation		**3,177,810**	3,828,426
11. Investments			
In equity instruments of:			
- subsidiaries - unquoted	- note 11.1	**55**	55
- associated undertakings - unquoted	- note 11.2	**607,101**	620,101
Available for sale - quoted	- note 11.3	**2,941**	3,677
		610,097	623,833
11.1 Subsidiaries - unquoted			
Pace Woodlands (Private) Limited 3,000 (June 2011: 3,000) fully paid ordinary shares of Rs 10 each Equity held 52% (June 2011: 52%)		**30**	30
Pace Gujrat (Private) Limited 2,450 (June 2011: 2,450) fully paid ordinary shares of Rs 10 each Equity held 100% (June 2011: 100%)		**25**	25
		55	55
11.2 Associated undertakings - unquoted			
Pace Barka Properties Limited 75,875,000 (June 2011: 77,500,000) fully paid ordinary shares of Rs 10 each Equity held 24.86% (June 2011: 25.39%)		**758,651**	774,901
Pace Super Mall (Private) Limited 18,000 (June 2011: 18,000) fully paid ordinary shares of Rs 10 each Equity held 40% (June 2011: 40%)		**180**	180
		758,831	775,081
Less: Cumulative impairment losses recognized	- note 11.2.1	**(151,730)**	(154,980)
		607,101	620,101
11.2.1 Cumulative impairment losses recognized			
Opening balance		**154,980**	-
Recognised during the period / year		**-**	154,980
Derecognised on disposal of investment		**(3,250)**	-
		151,730	154,980

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
11.3 Available for sale - quoted			
At cost		**3,782**	3,782
Less : Cumulative fair value loss	- note 11.3.1	**(841)**	(105)
		2,941	3,677
11.3.1 Cumulative fair value loss			
Opening balance		**105**	3
Fair value loss during the period / year		**736**	102
		841	105
12. Stock-in-trade			
Work-in-process			
- Pace Towers		**1,232,093**	1,204,656
- Pace Circle		**662,392**	-
Shops and houses		**475,125**	403,510
Woodland plots		**9,216**	9,216
		2,378,826	1,617,382
Stores inventory		**772**	787
		2,379,598	1,618,169

13. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer, Group Director Finance, Chief Operating Officer and the Chief Financial Officer.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

13.1 For management purposes, the activities of the Company are organised into business units based on the nature of activities:

(a) Real Estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Woodlands and Model Town Extension on completed of project basis and sale of Pace Towers on percentage of completion basis.

(b) Investment Properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments".

(Rupees in thousand)

13.2 Segment results

		Real estate				Investment properties				Others				Total			
		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales	- note 13.2.1	(63,106)	(83,670)	(35,506)	(73,670)	4,887	(25,499)	11,171	135,012	41,536	25,183	79,904	82,630	(16,683)	(83,986)	55,569	143,972
Cost of sales	- note 13.2.2	32,229	(16,205)	(19,354)	(25,278)	(10,997)	5,401	(16,965)	(152,303)	(84,906)	(26,439)	(121,346)	(54,188)	(63,674)	(37,243)	(157,665)	(231,769)
Gross (loss) / profit		(30,877)	(99,875)	(54,860)	(98,948)	(6,110)	(20,098)	(5,794)	(17,291)	(43,370)	(1,256)	(41,442)	28,442	(80,357)	(121,229)	(102,096)	(87,797)
- Changes in fair value of investment property		-	-	-	-	(276,945)	(349,600)	(665,450)	(349,600)	-	-	-	-	(276,945)	(349,600)	(665,450)	(349,600)
Segment results		(30,877)	(99,875)	(54,860)	(98,948)	(283,055)	(369,698)	(671,244)	(366,891)	(43,370)	(1,256)	(41,442)	28,442	(357,302)	(470,829)	(767,546)	(437,397)
Administrative and selling expenses														(66,197)	(76,939)	(140,289)	(136,602)
Other operating income														13,048	11,946	22,485	14,742
Finance costs														(118,306)	(166,279)	(237,395)	(249,590)
Other operating expenses														(32,218)	(4,141)	(55,302)	(4,141)
Loss before tax														(560,975)	(706,242)	(1,178,047)	(812,988)
Taxation														(462)	140,621	(712)	138,481
Loss for the period														(561,437)	(565,621)	(1,178,759)	(674,507)

(Rupees in thousand)

		Real estate				Investment properties				Others				Total			
		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
13.2.1 Sales																	
Shops, houses and commercial buildings																	
- at completion of project basis		6,835	9,700	34,435	17,500	-	(32,258)	-	116,304	-	-	-	-	6,835	(22,558)	34,435	133,804
- at percentage of completion basis	- note 13.2.3	(51,816)	-	(51,816)	-	-	-	-	-	-	-	-	-	(51,816)	-	(51,816)	-
Plots		-	-	-	2,200	-	-	-	-	-	-	-	-	-	-	-	2,200
Licensee fee		-	-	-	-	4,887	6,759	11,171	18,708	-	-	-	-	4,887	6,759	11,171	18,708
Display advertisements and miscellaneous income		-	-	-	-	-	-	-	-	3,708	1,176	7,347	7,604	3,708	1,176	7,347	7,604
Service charges		-	-	-	-	-	-	-	-	37,828	24,007	72,557	68,830	37,828	24,007	72,557	68,830
Sale of commodities		-	-	-	-	-	-	-	-	-	-	-	6,196	-	-	-	6,196
Gross sales		(44,981)	9,700	(17,381)	19,700	4,887	(25,499)	11,171	135,012	41,536	25,183	79,904	82,630	1,442	9,384	73,694	237,342
Less: Sales return at completion of project basis		(18,125)	(93,370)	(18,125)	(93,370)	-	-	-	-	-	-	-	-	(18,125)	(93,370)	(18,125)	(93,370)
		(63,106)	(83,670)	(35,506)	(73,670)	4,887	(25,499)	11,171	135,012	41,536	25,183	79,904	82,630	(16,683)	(83,986)	55,569	143,972
13.2.2 Cost of sales																	
Shops, houses and commercial buildings																	
- at completion of project basis		3,349	(8,551)	(22,020)	(14,167)	-	91,572	-	(46,075)	-	-	-	-	3,349	83,021	(22,020)	(60,242)
- at percentage of completion basis	- note 13.2.3	27,435	-	27,435	-	-	-	-	-	-	-	-	-	27,435	-	27,435	-
Plots sold		-	(145)	-	(1,729)	-	-	-	-	-	-	-	-	-	(145)	-	(1,729)
Commodities sold		-	-	-	-	-	-	-	-	-	1,033	-	(5,959)	-	1,033	-	(5,959)
Stores operating expenses		1,445	(7,509)	(24,769)	(9,382)	(10,997)	(86,171)	(16,965)	(106,228)	(84,906)	(27,472)	(121,346)	(48,229)	(94,458)	(121,152)	(163,080)	(163,839)
		32,229	(16,205)	(19,354)	(25,278)	(10,997)	5,401	(16,965)	(152,303)	(84,906)	(26,439)	(121,346)	(54,188)	(63,674)	(37,243)	(157,665)	(231,769)

13.2.3 This represents the impact of change in estimate in respect of total sales value and total cost for completion of 'Pace Towers' project. As referred to in note 1.2, the Company now expects to recommence work on its 'Pace Towers' project. During the period, the Company has reassessed its estimates for total sales value and total cost for completion of the project which has resulted in decrease in amount of revenue recognized with corresponding impact on receivables. This has also resulted in decrease in costs recognized with the corresponding increase in inventory (work-in-process).

14. Other operating expenses

This represents exchange loss on translation of foreign currency convertible bonds.

15. Transactions with related parties

Relationship with the Company	Nature of transaction	Half year ended December 31, 2011 (Rupees in thousand)	Half year ended December 31, 2010 (Rupees in thousand)
i. Associates	Purchase of goods & services	**2,597**	7,749
	Sale of goods and services	**3,630**	3,300
	Advance against purchase of property	**-**	36,127
	Guarantee commission income	**750**	750
	Disposal of vehicle	**-**	2,824
ii. Directors and key management personnel	Salaries and other employee benefits	**7,234**	11,387
	Advances	**-**	2,232
	Proceeds from sale of investment	**13,000**	-
iii. Post employment benefit plan	Expense charged in respect of benefit plans	**4,575**	3,905

Period end balances	Un-Audited December 31, 2011 (Rupees in thousand)	Audited June 30, 2011 (Rupees in thousand)
Receivable from related parties	**906,786**	931,584
Payable to related parties	**73,813**	61,960

16. Loss per share

16.1 Basic loss per share

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Half year ended December 31, 2011	Half year ended December 31, 2010
Loss for the period (Rupees in thousand)	(561,437)	(565,621)	(1,178,759)	(674,507)
Weighted average number of ordinary shares (Number)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(2.01)	(2.03)	(4.23)	(2.42)

16.2 Diluted loss per share

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

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Half year ended December 31, 2011	Half year ended December 31, 2010
Loss for the period (Rupees in thousand)	(561,437)	(565,621)	(1,178,759)	(674,507)
Markup on foreign currency convertible bonds (Rupees in thousand)	21,910	13,098	42,049	25,320
Exchange loss (Rupees in thousand)	35,324	2,692	55,302	2,692
Loss used to determine diluted loss per share	(504,203)	(549,831)	(1,081,408)	(646,495)
Weighted average number of ordinary shares (Number)	278,877	278,877	278,877	278,877
Assumed conversion of convertible bonds into ordinary shares (Number)	64,607	60,364	63,341	59,987
Weighted average number of shares for diluted loss per share (Number)	343,484	339,241	342,218	338,864
Loss per share - diluted (Rupees)	(1.47)	(1.62)	(3.16)	(1.91)
Restricted to basic loss per share in case of anti-dilution (Rupees)	(2.01)	(2.03)	(4.23)	(2.42)

The effect of the conversion of foreign currency convertible bonds into ordinary shares is anti-dilutive for the current period, accordingly the diluted loss per share has been restricted to the basic loss per share.

17. Cash used in operations

	Half year ended December 31, 2011 (Rupees in thousand)	Half year ended December 31, 2010 (Rupees in thousand)
Loss before tax	**(1,178,047)**	(812,988)
Adjustments for:		
- Depreciation on property, plant and equipment	**11,061**	19,153
- Depreciation on assets subject to finance lease	**10,352**	11,011
- Amortisation on intangible assets	**278**	282
- Amortisation of deferred income	**(9,583)**	(9,583)
- Gain on sale of property, plant and equipment	**(1,935)**	(1,639)
- Loss on sale of investment property	**-**	230,880
- Markup income	**(513)**	(2,088)
- Changes in fair value of investment property	**665,450**	115,370
- Finance costs	**237,395**	249,590
- Exchange loss on foreign currency convertible bonds	**55,302**	4,141
- Provision for doubtful receivables	**57,658**	23,650
- Advances written off	**2,509**	-
- Provision for gratuity and leave encashment	**4,575**	3,905
Loss before working capital changes	**(145,498)**	(168,316)
Effect on cash flow due to working capital changes		
- (Increase) / decrease in stock-in-trade	**(5,400)**	52,451
- Decrease in trade debts	**118,782**	91,465
- Decrease / (increase) in advance against purchase of property	**-**	(33,389)
- Decrease / (increase) in advances, deposits prepayments and other receivables	**21,071**	(3,790)
- Increase in creditors, accrued and other liabilities	**22,764**	5,958
	157,217	112,695
	11,719	(55,621)

18. Date of authorization for issue

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

19. Corresponding figures

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

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

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
(Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited ("the Group") take pleasure in presenting to its shareholders the reviewed consolidated condensed interim financial information of the Group (un-audited) for the quarter and half year ended December 31, 2011.

Operating Results

The political instability and economic slump in the country has lead to a bearish trend in the real estate sector affecting the selling prices and margin. The Group witnessed a total sale of Rupees 55.6 million during the half year as compared to sales of Rupees 143.9 million during the previous half year. Major decrease in gross margin is primarily due to the fact that properties sold were already carried at fair value in the books and sale of these properties resulted in realization of previously unrealized gain rather than having direct positive effect on gross margins. Increase in administrative expenses is primarily due to the addition of expenses of newly operational wing of Model Town Extension Mall for which discount on service charges has also been given to make it operationally successful. Shortage of power supply along with drastic increase in electricity and fuel prices has contributed a major part towards increase in expenditure. Increase in other income is mainly due to the increase in advertisement income, service charges and licensee income.

Un-audited results for the quarter and of half year ended December 31, 2011, with respective corresponding periods, are as under:

				Rupees in '000'
	For the 2nd Quarter		**Cumulative**	
	Oct-Dec 2011	Oct-Dec 2010	**Jul-Dec 2011**	Jul-Dec 2010
Gross Loss	**(80,625)**	(112,042)	**(104,745)**	(79,058)
Decrease in fair value of investment property	**(276,945)**	(303,771)	**(665,450)**	(303,771)
Other operating income	**13,176**	12,411	**24,305**	16,137
Net Loss before tax	**(569,619)**	(760,767)	**(1,216,106)**	(882,904)
Loss per share - basic (Rupees)	**(2.04)**	(2.20)	**(4.35)**	(2.63)
Loss per share - diluted (Rupees)	**(2.04)**	(1.66)	**(4.35)**	(2.09)

Due to liquidity issues, the Group has not been able to fulfill its commitments to the financial institutions and amount payable to financial institutions is currently in overdue status. However, the management is in process of rescheduling its financial obligations with financial institutions which is expected to be completed in due course.

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
February 25, 2012

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2011

EQUITY AND LIABILITIES	Notes	**December 31, 2011**	June 30, 2011
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 2011: 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 2011: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**543,333**	651,379
Unappropriated profit		**457,909**	1,671,644
		3,790,008	5,111,789
NON-CONTROLLING INTEREST		**(15,515)**	(15,514)
		3,774,493	5,096,275
NON-CURRENT LIABILITIES			
Long term finances			
-Secured	5	**-**	228,000
-Unsecured		**5,637**	5,637
Redeemable capital - secured (non-participatory)	6	**-**	1,497,600
Liabilities against assets subject to finance lease		**-**	1,890
Foreign currency convertible bonds - unsecured	7	**-**	1,248,567
Deferred liabilities		**32,324**	32,828
Advances against sale of property		**134,089**	112,330
		172,050	3,126,852
CURRENT LIABILITIES			
Deferred income		**7,986**	17,569
Current portion of long term liabilities		**3,660,333**	643,362
Short term finances - secured		**100,000**	104,457
Creditors, accrued and other liabilities		**584,544**	370,313
		4,352,863	1,135,701
CONTINGENCIES AND COMMITMENTS	8		
		8,299,406	9,358,828

The annexed notes 1 to 20 form an integral part of this consolidated condensed interim financial information.

LAHORE **CHIEF EXECUTIVE**

ASSETS	Notes	December 31, 2011	June 30, 2011
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	**403,562**	516,419
Assets subject to finance lease		**14,907**	25,259
Capital work-in-progress		**-**	6,672
Investment property	10	**3,177,810**	3,828,426
Intangible assets		**8,530**	8,808
Investments	11	**1,156,789**	1,311,550
Long term advances and deposits		**13,022**	13,533
Advance against purchase of property - unsecured		**-**	662,392
Deferred taxation		**-**	-
		4,774,620	6,373,059
CURRENT ASSETS			
Stock-in-trade	12	**2,405,184**	1,646,405
Trade debts - unsecured		**843,055**	1,019,495
Advances, deposits, prepayments and other receivables		**243,102**	260,277
Cash and bank balances		**33,445**	59,592
		3,524,786	2,985,769
		8,299,406	9,358,828

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2011

	Note	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Half year ended December 31, 2011	Half year ended December 31, 2010
		(Rupees in thousand)			
Sales	13.2.1	**(16,683)**	(83,986)	**55,569**	143,972
Cost of sales	13.2.2	**(63,942)**	(28,056)	**(160,314)**	(223,030)
Gross loss		**(80,625)**	(112,042)	**(104,745)**	(79,058)
Administrative and selling expenses		**(66,367)**	(76,939)	**(140,557)**	(136,602)
Other operating income		**13,176**	12,411	**24,305**	16,137
Other operating expenses	14	**(32,218)**	(4,141)	**(55,302)**	(4,141)
Loss from operations		**(166,034)**	(180,711)	**(276,299)**	(203,664)
Finance costs		**(118,100)**	(167,468)	**(237,559)**	(255,129)
Changes in fair value of investment property		**(276,945)**	(303,771)	**(665,450)**	(303,771)
Share of loss from associates		**(8,540)**	(108,817)	**(36,798)**	(120,340)
Loss before tax		**(569,619)**	(760,767)	**(1,216,106)**	(882,904)
Taxation					
-Group		**(462)**	140,621	**(712)**	138,481
-Associated companies		**-**	6,653	**3,083**	10,716
Loss for the period		**(570,081)**	(613,493)	**(1,213,735)**	(733,707)
Other comprehensive loss					
Changes in fair value of available for sale investment		**(1,029)**	1	**(736)**	-
Share in capital reserve of associates		**(106,994)**	863	**(107,310)**	26,213
Total comprehensive loss for the period		**(678,104)**	(612,629)	**(1,321,781)**	(707,494)
Loss attributable to:					
Equity holders of the Parent		**(677,849)**	(609,520)	**(1,321,780)**	(702,382)
Non-Controlling interest		**(255)**	(3,109)	**(1)**	(5,112)
		(678,104)	(612,629)	**(1,321,781)**	(707,494)
Loss per share attributable to ordinary shareholders					
- basic (Rupees)	16.1	**(2.04)**	(2.20)	**(4.35)**	(2.63)
- diluted (Rupees)	16.2	**(2.04)**	(1.66)	**(4.35)**	(2.09)

The annexed notes 1 to 20 form an integral part of this consolidated condensed interim financial information.

LAHORE: CHIEF EXECUTIVE DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Note	Half year ended December 31, 2011	December 31, 2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from / (used in) operations	17	**11,773**	(36,834)
Net increase in advances against sale of property		**21,758**	21,956
Finance cost paid		**(3,937)**	(192,432)
Gratuity and leave encashment paid		**(5,079)**	(1,487)
Taxes paid		**(5,727)**	(4,950)
Net cash generated from / (used in) operating activities		**18,788**	(213,747)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,965)**	-
Proceeds from sale of property, plant and equipment		**3,899**	3,475
Proceeds from sale of investment property		**-**	86,330
Decrease in long term advances and deposits		**511**	368
Proceeds from disposal of investment		**13,000**	-
Markup received		**513**	2,443
Net cash generated from investing activities		**15,958**	92,616
Cash flows from financing activities			
Long term finances - net		**(54,200)**	24,930
Short term borrowing		**(4,457)**	(5,501)
Repayment of finance lease liabilities		**(2,236)**	(11,062)
Net cash (used in) / generated from financing activities		**(60,893)**	8,367
Net decrease in cash and cash equivalents		**(26,147)**	(112,764)
Cash and cash equivalents at beginning of the period		**59,592**	177,505
Cash and cash equivalents at the end of the period		**33,445**	64,741

The annexed notes 1 to 20 form an integral part of this consolidated condensed interim financial information.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

(Rupees in thousand)

	Attributable to equity holders of the parent							Non-Controlling Interest	Total Equity
	Share capital	Share premium reserve	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Share in capital reserves of associates	Unappropriated profit	Total		
Balance as on July 1, 2010 (Audited)	2,788,766	273,265	81,097	(3)	331,731	4,142,326	7,617,182	(10,154)	7,607,028
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(733,707)	(733,707)	(5,112)	(738,819)
Other comprehensive loss	-	-	(81,097)	-	26,213	81,097	26,213	-	26,213
	-	-	(81,097)	-	26,213	(652,610)	(707,494)	(5,112)	(712,606)
Transactions with owners	-	-	-	-	-	-	-	-	-
Balance as on December 31, 2010 (Unaudited)	2,788,766	273,265	-	(3)	357,944	3,489,716	6,909,688	(15,266)	6,894,422
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(1,818,072)	(1,818,072)	(248)	(1,818,320)
Other comprehensive loss	-	-	-	(102)	20,275	-	20,173	-	20,173
	-	-	-	(102)	20,275	(1,818,072)	(1,797,899)	(248)	(1,798,147)
Transactions with owners	-	-	-	-	-	-	-	-	-
Balance as on June 30, 2011 (Audited)	2,788,766	273,265	-	(105)	378,219	1,671,644	5,111,789	(15,514)	5,096,275
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(1,213,735)	(1,213,735)	(1)	(1,213,736)
Other comprehensive loss	-	-	-	(736)	(107,310)	-	(108,046)	-	(108,046)
	-	-	-	(736)	(107,310)	(1,213,735)	(1,321,781)	(1)	(1,321,782)
Transactions with owners	-	-	-	-	-	-	-	-	-
Balance as on December 31, 2011 (Unaudited)	**2,788,766**	**273,265**	**-**	**(841)**	**270,909**	**457,909**	**3,790,008**	**(15,515)**	**3,774,493**

The annexed notes 1 to 20 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 AND HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated condensed financial information of the Pace (Pakistan) Group comprise of the financial statements 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 Woodlands (Private) Limited

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

1.2 Activities of the Group

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

1.3 Going concern assumption

During the period, the Group has incurred a loss of Rs 1,213.735 million (year ended June 30, 2011: Rs 2,557.139 million). As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 828.077 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its long term borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and facing difficulties in sale of its inventory, being principally encumbered against borrowings from lenders of long term financing. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent upon the ability of the Group to restructure its long term borrowings on account of relaxation in terms of repayment as well as its

ability to generate liquid funds from realization of its receivables and inventory. In view of the above, the Group has requested its lenders, on bilateral as well as consortium basis, for restructuring of borrowings and while, no formal agreements have been reached, the management considers that it is in the advance stages of negotiations with its lenders and feels confident that the lenders will agree to its proposals for restructuring seeking relaxation in payment terms, in addition to the following salient features:

- Partial settlement of principal amount against properties of the Group on market value and adjustment of markup through receivables of sold shops; and

- Swap of collateral given to the providers of Redeemable Capital (note 6) with that given to the syndicate finance lenders (note 5). This shall entail transfer of encumbrance over the Pace Towers (currently under construction) to syndicate finance lenders against that on the fully developed properties in Model Town, Lahore and Gujranwala to the providers of Redeemable Capital.

The above restructuring is expected to be augmented by other actions of the management of the Group for improving operational efficiency of its projects, which include changes in the mechanism for reimbursement of service charges, reduction of cost and enhancement of operational revenues.

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

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

- the Group will be able to obtain relaxations from its lenders as highlighted above, and

- the Group will be able to readily realize its receivables and inventory and be able to utilize the resultant liquidity for completion and sale of the 'Pace Towers' Project.

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

2. Statement of compliance

This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2011 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This consolidated condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2011.

3. Significant accounting policies

Except as described below, the accounting policies adopted for the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2011.

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

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

3.1.1 Standards, amendments to published standards and interpretations that are effective in 2011 and are applicable to the Group

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 24 (revised) - Related party disclosures	July 01, 2011
- IFRS 7 (amendment) - Disclosures on de-recognition	July 01, 2011

3.1.2 Standards, amendments and interpretations to existing standards effective in 2011 that are not relevant to the Group

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption on fixed dates and hyperinflation	July 01, 2011
- IFRIC 14 - Prepayments of a minimum funding requirement	July 01, 2011

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

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 1 (amendments)	July 01, 2012
- IAS 12 - Income taxes	January 01, 2012
- IAS 19 (revised 2011) - Employee benefits	January 01, 2013
- IAS 27 (revised 2011) - Separate financial statements	January 01, 2013
- IAS 28 (revised 2011) - Associates and joint ventures	January 01, 2013
- IFRS 9 - Financial instruments	January 01, 2013
- IFRS 10 - Consolidated financial statements	January 01, 2013
- IFRS 11 - Joint arrangements	January 01, 2013
- IFRS 12 - Disclosures of interests in other entities	January 01, 2013
- IFRS 13 - Fair value measurement	January 01, 2013

4. Taxation

The provision for taxation for the half year ended December 31, 2011 has been made on an estimated basis.

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
5. Long term finances - secured			
Opening balance		**827,422**	836,563
Add: Term finance obtained		**-**	40,000
		827,422	876,563
Less: Repayment during the period / year		**54,200**	49,141
		778,859	827,422
Less: Current portion shown under current liabilities	- note 5.1	**773,222**	599,422
		-	233,637

5.1 The aggregate current portion of Rs 773.222 million includes principal instalments aggregating to Rs 264 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2012. However, as the Group could not repay on a timely basis the instalments due uptil the half year ended December 31, 2011 and is not compliant with certain debt covenants, which

represents a breach of the respective agreements, therefore these loans have been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Group is in negotiation with lenders for relaxation in payment terms and certain other covenants. The banks have not demanded any early repayment nor have levied any penalties.

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
6. Redeemable capital - secured (non-participatory)			
Opening balance		**1,498,200**	1,498,200
Less: Redeemed during the period / year		**-**	-
		1,498,200	1,498,200
Less: Current portion shown under current liabilities	- note 6.1	**(1,498,200)**	600
		-	1,497,600

6.1 The aggregate current portion of Rs 1,498.200 million includes principal instalments aggregating to Rs 1,347.800 million, which, under the terms of loan agreements were due for repayment in period subsequent to December 31, 2012. However, as the Group could not repay on a timely basis the instalments due uptil the half year ended December 31, 2011 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been classified as a current liability under the guidance contained in IAS 1 "Presentation of financial statements". The Group is in negotiation with lenders for relaxation in payment terms and certain other covenants. TFC holders have not demanded any early repayment nor have levied any penalties.

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured			
Opening balance		**1,254,643**	1,181,561
Markup accrued for the period / year		**42,049**	78,073
		1,296,692	1,259,634
Markup paid during the period / year		**-**	(11,490)
Exchange loss for the period / year		**55,302**	6,499
		1,351,994	1,254,643
Less: Current portion shown under current liabilities	- note 7.1	**1,351,994**	6,076
		-	1,248,567

7.1 The aggregate current portion of Rs 1,351.994 million includes accreted principal amount of Rs. 1,338.832 million, which, under the terms of foreign currency convertible bonds was due for repayment in period subsequent to December 31, 2012. However, as the Group could not repay on a timely basis the coupon payments due uptil the half year ended December 31, 2011 and is not compliant with certain debt covenants, which represents a breach of the respective agreement, therefore the entire outstanding amount has been disclosed as a current liability under the guidance contained in IAS 1 "Presentation of financial statements".

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs 21.644 million (June 30, 2011: Rs 21.644 million).

(ii) Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favour of The Bank of Punjab, amounting to Rs 900 million (June 30, 2011: 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 (June 30, 2011: 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.

8.2 Commitments

(i) Contract for purchase of properties from Pace Barka Properties Limited, amounting to Rs 301.708 (June 30, 2011: Rs 301.708)

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

	Un-Audited December 31, 2011	Audited June 30, 2011
	(Rupees in thousand)	
Not later than one year	**6,300**	7,326
Later than one year and not later than five years	**29,138**	38,129
Later than five years	**765,912**	25,689
	801,350	71,144

9. Property, plant and equipment

Opening book value		**516,419**	550,444
Add: Additions during the period / year	- note 9.1	**8,637**	80
Add: Transfers from assets subject to finance lease (at book value)		**-**	7,184
		8,637	7,264
		525,056	557,708
Less: Disposals during the period / year (at book value)		**1,964**	2,799
Less: Transfer to inventory during the period / year (at book value)		**93,635**	-
Less: Transfer to investment property during the period / year (at book value)		**14,834**	-
Less: Depreciation charged during the period / year		**11,061**	38,490
		121,494	41,289
Closing book value		**403,562**	516,419

9.1 Following is the detail of additions during the period / year:

Electrical equipment	**6,672**	-
Computers	**-**	80
Vehicles	**1,965**	-
	8,637	80

10. Investment property

Opening fair value	**3,828,426**	4,935,576
Add: Additions to cost during the period / year		
- Direct additions	**-**	17,300
- Transfer from stock-in-trade	**-**	12,639
- Transfer from fixed assets	**14,834**	-
- Transfer to stock in trade	**-**	(116,305)
- Disposals of investment property	**-**	(232,626)
Closing value before revaluation	**3,843,260**	4,616,584
Add: Fair value loss recognised during the period / year	**(665,450)**	(788,158)
Closing value after revaluation	**3,177,810**	3,828,426

		Un-Audited December 31, 2011	Audited June 30, 2011
		(Rupees in thousand)	

11. Investments

In equity instruments of:			
- associated undertakings - unquoted	- note 11.1	**1,153,848**	1,307,873
Available for sale - quoted	- note 11.2	**2,941**	3,677
		1,156,789	1,311,550

11.1 Associated undertakings - unquoted

Pace Barka Properties Limited 75,875,000 (June 2011: 77,500,000) fully paid ordinary shares of Rs 10 each Equity held 24.86% (June 2011: 25.39%)	- note 11.1.1	**1,305,398**	1,462,673
Pace Super Mall (Private) Limited 18,000 (June 2011: 18,000) fully paid ordinary shares of Rs 10 each Equity held 40% (June 2011: 40%)		**180**	180
		1,305,578	1,462,853
Less: Cumulative impairment losses recognized	- note 11.1.2	**(151,730)**	(154,980)
		1,153,848	1,307,873

11.1.1 Pace Barka Properties Limited

Cost	**758,651**	774,901
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account	**687,772**	1,114,587
	1,446,423	1,889,488
Share of movement in reserves during the year	**(107,310)**	46,488
Share of loss for the period/year		
- before taxation	**(17,888)**	(136,676)
- provision for taxation	**3,083**	18,195
Loss on sale of investment	**(18,910)**	(354,822)
	(33,715)	(473,303)
	1,305,398	1,462,673

11.1.2 Cumulative impairment losses recognized

Opening balance	**154,980**	-
Recognised during the period / year	**-**	154,980
Derecognised on disposal of investment	**(3,250)**	-
	151,730	154,980

11.2 Available for sale - quoted

At cost		**3,782**	3,782
Less : Cumulative fair value loss	- note 11.2.1	**(841)**	(105)
		2,941	3,677

11.2.1 Cumulative fair value loss

Opening balance	**105**	3
Fair value loss during the period / year	**736**	102
	841	105

	Un-Audited December 31, 2011	Audited June 30, 2011
	(Rupees in thousand)	

12. Stock-in-trade

Work-in-process		
- Pace Towers	**1,232,093**	1,204,659
- Pace Circle	**662,392**	-
Shops and houses	**500,711**	394,643
Woodland plots	**9,216**	46,316
	2,404,412	1,645,618
Stores inventory	**772**	787
	2,405,184	1,646,405

13. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer, Group Director Finance, Chief Operating Officer and the Chief Financial Officer.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

13.1 For management purposes, the activities of the Group are organised into business units based on the nature of activities:

(a) Real Estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Woodlands and Model Town Extension on completed of project basis and sale of Pace Towers on percentage of completion basis.

(b) Investment Properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments".

(Rupees in

	Real estate				Investment properties				Others				Total			
	Quarter ended		Six months ended		Quarter ended		Six months ended		Quarter ended		Six months ended		Quarter ended		Six months ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
13.2 Segment results																
Sales - note 13.2.1	(63,106)	(83,670)	(35,506)	(73,670)	4,887	(25,499)	11,171	135,012	41,536	25,183	79,904	82,630	(16,683)	(83,986)	55,569	143,972
Cost of sales - note 13.2.2	31,961	(7,018)	(22,003)	(16,539)	(10,997)	5,401	(16,965)	(152,303)	(84,906)	(26,439)	(121,346)	(54,188)	(63,942)	(28,056)	(160,314)	(223,030)
Gross loss	(31,145)	(90,688)	(57,509)	(90,209)	(6,110)	(20,098)	(5,794)	(17,291)	(43,370)	(1,256)	(41,442)	28,442	(80,625)	(112,042)	(104,745)	(79,058)
- Changes in fair value of investment property	-	-	-	-	(276,945)	(303,771)	(665,450)	(303,771)	-	-	-	-	(276,945)	(303,771)	(665,450)	(303,771)
Segment results	(31,145)	(90,688)	(57,509)	(90,209)	(283,055)	(323,869)	(671,244)	(321,062)	(43,370)	(1,256)	(41,442)	28,442	(357,570)	(415,813)	(770,195)	(382,829)
Administrative and selling expenses													(66,367)	(76,939)	(140,557)	(136,602)
Other operating income													13,176	12,411	24,305	16,137
Finance costs													(118,100)	(167,468)	(237,559)	(255,129)
Other operating expenses													(32,218)	(4,141)	(55,302)	(4,141)
Share of loss from associates													(8,540)	(108,817)	(36,798)	(120,340)
Loss before tax													(569,619)	(760,767)	(1,216,106)	(882,904)
Taxation																
-Group													(462)	140,621	(712)	138,481
-Associated companies													-	6,653	3,083	10,716
Loss for the period													(570,081)	(613,493)	(1,213,735)	(733,707)

(Rupees in thousand)

		Real estate				Investment properties				Others				Total			
		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,		Quarter ended December 31,		Six months ended December 31,	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
13.2.1 Sales																	
Shops, houses and commercial buildings																	
- at completion of project basis		6,835	9,700	34,435	17,500	-	(32,258)	-	116,304	-	-	-	-	6,835	(22,558)	34,435	133,804
- at percentage of completion basis	- note 13.2.3	(51,816)	-	(51,816)	-	-	-	-	-	-	-	-	-	(51,816)	-	(51,816)	-
Plots		-	-	-	2,200	-	-	-	-	-	-	-	-	-	-	-	2,200
Licensee fee		-	-	-	-	4,887	6,759	11,171	18,708	-	-	-	-	4,887	6,759	11,171	18,708
Display advertisements and miscellaneous income		-	-	-	-	-	-	-	-	3,708	1,176	7,347	7,604	3,708	1,176	7,347	7,604
Service charges		-	-	-	-	-	-	-	-	37,828	24,007	72,557	68,830	37,828	24,007	72,557	68,830
Sale of commodities		-	-	-	-	-	-	-	-	-	-	-	6,196	-	-	-	6,196
Gross sales		(44,981)	9,700	(17,381)	19,700	4,887	(25,499)	11,171	135,012	41,536	25,183	79,904	82,630	1,442	9,384	73,694	237,342
Less: Sales return at completion of project basis		(18,125)	(93,370)	(18,125)	(93,370)	-	-	-	-	-	-	-	-	(18,125)	(93,370)	(18,125)	(93,370)
		(63,106)	(83,670)	(35,506)	(73,670)	4,887	(25,499)	11,171	135,012	41,536	25,183	79,904	82,630	(16,683)	(83,986)	55,569	143,972
13.2.2 Cost of sales																	
Shops, houses and commercial buildings																	
- at completion of project basis		3,081	636	(24,669)	(5,428)	-	91,572	-	(46,075)	-	-	-	-	3,081	92,208	(24,669)	(51,503)
- at percentage of completion basis	- note 13.2.3	27,435	-	27,435	-	-	-	-	-	-	-	-	-	27,435	-	27,435	-
Plots sold		-	(145)	-	(1,729)	-	-	-	-	-	-	-	-	-	(145)	-	(1,729)
Commodities sold		-	-	-	-	-	-	-	-	-	1,033	-	(5,959)	-	1,033	-	(5,959)
Stores operating expenses		1,445	(7,509)	(24,769)	(9,382)	(10,997)	(86,171)	(16,965)	(106,228)	(84,906)	(27,472)	(121,346)	(48,229)	(94,458)	(121,152)	(163,080)	(163,839)
		31,961	(7,018)	(22,003)	(16,539)	(10,997)	5,401	(16,965)	(152,303)	(84,906)	(26,439)	(121,346)	(54,188)	(63,942)	(28,056)	(160,314)	(223,030)

13.2.3 This represents the impact of change in estimate in respect of total sales value and total cost for completion of 'Pace Towers' project. As referred to in note 1.2, the Group now expects to recommence work on its 'Pace Towers' project. During the period, the Group has reassessed its estimates for total sales value and total cost for completion of the project which has resulted in decrease in amount of revenue recognized with corresponding impact on receivables. This has also resulted in decrease in costs recognized with the corresponding increase in inventory (work-in-process).

14. Other operating expenses

This represents exchange loss on translation of foreign currency convertible bonds.

15. Transactions with related parties

Relationship with the Company	Nature of transaction	Half year ended December 31, 2011 (Rupees in thousand)	Half year ended December 31, 2010 (Rupees in thousand)
i. Associates	Purchase of goods & services	**2,597**	7,749
	Sale of goods and services	**3,630**	3,300
	Advance against purchase of property	**-**	36,127
	Mark up income	**1,389**	1,389
	Guarantee commission income	**750**	750
	Disposal of vehicle	**-**	2,824
ii. Directors and key management personnel	Salaries and other employee benefits	**7,234**	11,387
	Advances	**-**	2,232
	Proceeds from sale of investment	**13,000**	-
iii. Post employment benefit plan	Expense charged in respect of benefit plans	**4,575**	3,905

	Un-Audited December 31, 2011 (Rupees in thousand)	Audited June 30, 2011 (Rupees in thousand)
Period end balances		
Receivable from related parties	**906,786**	931,584
Payable to related parties	**73,813**	61,960

16. Loss per share

16.1 Basic loss per share

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Half year ended December 31, 2011	Half year ended December 31, 2010
Loss for the period (Rupees in thousand)	(570,081)	(613,493)	(1,213,735)	(733,707)
Weighted average number of ordinary shares (Number)	278,877	278,877	278,877	278,877
Loss per share (Rupees)	(2.04)	(2.20)	(4.35)	(2.63)

16.2 Diluted loss per share

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

	Quarter ended		Half year ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Loss for the period (Rupees in thousand)	**(570,081)**	(613,493)	**(1,213,735)**	(733,707)
Markup on foreign currency convertible bonds (Rupees in thousand)	**21,910**	13,098	**42,049**	25,320
Exchange loss (Rupees in thousand)	**35,324**	2,692	**55,302**	2,692
Loss used to determine diluted loss per share	**(512,847)**	(597,703)	**(1,116,384)**	(705,695)
Weighted average number of ordinary shares (Number)	**278,877**	278,877	**278,877**	278,877
Assumed conversion of convertible bonds into ordinary shares (Number)	**64,607**	60,364	**63,341**	59,987
Weighted average number of shares for diluted loss per share (Number)	**343,484**	339,241	**342,218**	338,864
Loss per share - diluted (Rupees)	**(1.49)**	(1.76)	**(3.26)**	(2.08)
Restricted to basic loss per share in case of anti-dilution (Rupees)	**(2.04)**	(2.20)	**(4.35)**	(2.63)

The effect of the conversion of foreign currency convertible bonds into ordinary shares is anti-dilutive for the current period, accordingly the diluted loss per share has been restricted to the basic loss per share.

17. Cash used in operations

	Half year ended	
	December 31, 2011	December 31, 2010
	(Rupees in thousand)	
Loss before tax	**(1,216,106)**	(882,904)
Adjustments for:		
- Depreciation on property, plant and equipment	**11,061**	19,153
- Depreciation on assets subject to finance lease	**10,352**	11,011
- Amortisation on intangible assets	**278**	282
- Amortisation of deferred income	**(9,583)**	(9,583)
- Gain on sale of property, plant and equipment	**(1,935)**	(1,639)
- Loss on sale of investment property	**-**	-
- Markup income	**(513)**	(2,088)
- Changes in fair value of investment property	**665,450**	303,771
- Finance costs	**237,559**	255,129
- Exchange loss on foreign currency convertible bonds	**55,302**	4,141
- Provision for doubtful receivables	**57,658**	23,650
- Advances written off	**2,509**	-
- Provision for gratuity and leave encashment	**4,575**	3,905
- Share of loss from associates	**36,798**	120,340
Loss before working capital changes	**(146,595)**	(154,832)
Effect on cash flow due to working capital changes		
- (Increase) / decrease in stock-in-trade	**(2,751)**	52,451
- Decrease in trade debts	**118,782**	110,347
- Decrease / (increase) in advance against purchase of property	**-**	(33,389)
- Decrease / (increase) in advances, deposits prepayments and other receivables	**19,682**	(3,790)
- Increase / (decrease) in creditors, accrued and other liabilities	**22,655**	(7,621)
	158,368	117,998
	11,773	(36,834)

18. Detail of subsidiaries

Name of the Subsidiary	Accounting period end	Percentage of holding	Country of Incorporation
Pace Woodlands (Private) Limited	31-Dec-11	52%	Pakistan
Pace Gujrat (Private) Limited	31-Dec-11	100%	Pakistan

19. Date of authorization for issue

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

20. Corresponding figures

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

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

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**