

**PACE (PAKISTAN) LIMITED**

**HALF YEARLY ACCOUNTS  
(Un-Audited)**

**DECEMBER 31, 2008**

## **VISION**

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

## **OUR PRINCIPLES**

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

## **MISSION STATEMENT**

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

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

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## COMPANY INFORMATION

|   |  |
|---|--|
| <b>Board of Directors</b>                   | Sheikh Sulieman Ahmed Said Al-Hoqani (Chairman)<br>Salmaan Taseer (Chief Executive Officer)<br>Aamna Taseer<br>Sardar Ali Wattoo<br>Abid Raza<br>Jamal Said Al-Ojail<br>Mahmood Ali Athar<br>Imran Saeed Chaudhry  |
| <b>Chief Financial Officer</b>              | Muhammad Musharaf Khan   |
| <b>Audit Committee</b>                      | Aamna Taseer (Chairperson)<br>Sardar Ali Wattoo<br>Abid Raza   |
| <b>Company Secretary</b>                    | Ahmad Bilal  |
| <b>Auditors</b>                             | A.F. Ferguson & Co.<br>Chartered Accountants   |
| <b>Legal Advisers</b>                       | Imtiaz Siddiqui & Associates<br>Advocates and Attorneys  |
| <b>Bankers</b>                              | Allied Bank Limited<br>Arif Habib Bank Limited<br>Bank Alfalah Limited<br>Bank Al-Habib Limited<br>Emirates Global Islamic Bank Limited<br>Faysal Bank Limited<br>Habib Bank Limited<br>Soneri Bank Limited<br>Standard Chartered Bank (Pakistan) Limited<br>The Bank of Punjab<br>The Hongkong and Shanghai Banking Corporation Limited<br>The Royal Bank of Scotland |
| <b>Registrar and Shares Transfer Office</b> | THK Associates (Pvt.) Limited<br>Ground Floor, State Life Building- 3<br>Dr. Ziauddin Ahmed Road, Karachi<br>☎ (021) 111 000 322   |
| <b>Registered Office/Head Office</b>        | 103-C/II, Gulberg-III<br>Lahore, Pakistan<br>☎ (042) 5757591-4<br>Fax: (042) 5757590, 5877920  |

## DIRECTORS' REPORT

The Directors of Pace (Pakistan) Limited ("the Company or "Pace") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the period ended December 31, 2008.

### Operating Results

The comparison of the un-audited results for the quarter and six months ended December 31, 2008 with the respective corresponding periods is as under:

|   | Rupees in '000'     |                 |                 |                 |
|---|---------------------|-----------------|-----------------|-----------------|
|   | For the 2nd Quarter |                 | Cumulative      |                 |
|   | Oct-Dec<br>2008     | Oct-Dec<br>2007 | Jul-Dec<br>2008 | Jul-Dec<br>2007 |
| Gross Profit                                  | 64,281              | 2,390           | 137,070         | 8,943           |
| Increase in fair value of investment property | 167,108             | 132,110         | 630,005         | 173,190         |
| Other operating income                        | 47,771              | 39,775          | 90,911          | 65,633          |
| Net Profit before tax                         | 130,423             | 98,681          | 342,602         | 126,091         |
| Earnings per share (PKR)                      |                     |                 |                 |                 |
| - Basic                                       | 0.72                | 0.51            | 1.57            | 0.65            |
| - Diluted                                     | 0.44                | -               | 1.19            | -               |

Gross and net profits for the second quarter and first half of current financial year have although declined relative to the year end results but as compared to the same periods last year still have shown considerable increase. Increase in profits is primarily attributable to recording of revenue against the sale of properties in Pace shopping mall located at 124 E-Gulberg and Pace towers. This reflects extended investing activities and revenue enhancement strategies successfully applied by the management. During the period under review full commercial operations for Gujrat and Fortress shopping malls have been formally inaugurated in the month of November 2008.

Keeping in view the challenging business environment owing to global recession, bearish trend in real estate industry and inflationary pressures, management of your Company is constantly reviewing and changing its business policies and strategies in order to cope with current competitive business dynamics. Under the circumstances, the management is concentrating on completion of current projects in hand to retain its present position of market leader rather than pursuing its aggressive expansion plans.

### Future Outlook

Management of your Company is striving hard and constantly looking for alternate opportunities in the local and international markets for raising funds in order to achieve its goals in line with its envisaged financial plan however the management has decided to hold its decision for the secondary listing of the company share capital at Dubai stock exchange owing to global recession, the secondary listing of the company at Dubai or some other international stock market will be considered later at some appropriate time.

### Subsequent Events

Subsequent to period end the Company received notice from the holders of its 'Foreign Currency Convertible Bonds' amounting to USD 12,50,000 for conversion of the same in to the ordinary shares of the Company, pursuant to which 4.053 million ordinary shares of PKR 10 each have been issued at an issue price of PKR 19.24 per share.

### General

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

For and on behalf of the Board of Directors

Lahore  
February 27, 2009

Salmaan 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** as at December 31, 2008, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity 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. 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, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

### Scope of Review

We conducted our review in accordance with the 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, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore  
February 27, 2009

A.F. FERGUSON & CO.  
CHARTERED ACCOUNTANTS

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## PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2008

|   | Note | December<br>31, 2008 | June<br>30, 2008 |
|---|------|----------------------|------------------|
| (Rupees in thousand)  |      |                      |                  |
| <b>EQUITY AND LIABILITIES</b>   |      |                      |                  |
| <b>CAPITAL AND RESERVES</b>   |      |                      |                  |
| Authorised capital<br>600,000,000 (June 2008: 600,000,000) ordinary<br>shares of Rs 10 each                     |      | <u>6,000,000</u>     | <u>6,000,000</u> |
| Issued, subscribed and paid up capital<br>220,482,561 (June 2008: 220,465,538) ordinary<br>shares of Rs 10 each |      | 2,204,826            | 2,204,656        |
| Share deposit money   |      | 70                   | 882              |
| Reserves  |      | 95,235               | 117,254          |
| Unappropriated profit   |      | <u>2,606,558</u>     | <u>2,237,914</u> |
|   |      | <u>4,906,689</u>     | 4,560,706        |
| <b>NON-CURRENT LIABILITIES</b>  |      |                      |                  |
| Long term finances - secured  | 5    | -                    | 11,051           |
| Redeemable capital - secured (non-participatory)  | 6    | 1,499,100            | 1,499,400        |
| Liabilities against assets subject to finance lease   |      | 6,674                | 9,001            |
| Deferred liabilities  |      | 110,139              | 108,923          |
| Advances against sale of property   |      | <u>50,961</u>        | <u>330,424</u>   |
|   |      | 1,666,874            | 1,958,799        |
| <b>CURRENT LIABILITIES</b>  |      |                      |                  |
| Current portion of long term liabilities  |      | <u>40,716</u>        | 44,843           |
| Foreign currency convertible bonds - unsecured  | 7    | 2,080,865            | 1,758,565        |
| Creditors, accrued and other liabilities  |      | <u>220,463</u>       | 238,209          |
|   |      | 2,342,044            | 2,041,617        |
| <b>CONTINGENCIES AND COMMITMENTS</b>  |      |                      |                  |
|   | 8    | <u>8,915,607</u>     | <u>8,561,122</u> |

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

LAHORE

CHIEF EXECUTIVE

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**PACE (PAKISTAN) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2008**

| <b>ASSETS</b>   | Note | <b>December<br/>31, 2008</b> | June<br>30, 2008 |
|---|------|------------------------------|------------------|
|   |      | (Rupees in thousand)         |                  |
| <b>NON-CURRENT ASSETS</b>                             |      |                              |                  |
| Property, plant and equipment                         | 9    | 457,470                      | 434,385          |
| Intangible assets                                     |      | 10,247                       | 10,543           |
| Assets subject to finance lease                       |      | 18,108                       | 18,385           |
| Capital work in progress                              |      | 66,170                       | 47,603           |
| Investment property                                   |      | 4,192,130                    | 3,580,870        |
| Investments   | 10   | 600,238                      | 600,248          |
| Long term advances and deposits                       |      | 29,390                       | 29,879           |
| Long term loans - unsecured                           | 11   | 142,003                      | 142,003          |
|   |      | <b>5,515,756</b>             | 4,863,916        |
| <b>CURRENT ASSETS</b>                                 |      |                              |                  |
| Stock-in-trade  |      | 1,277,612                    | 1,189,809        |
| Trade debts - unsecured                               |      | 884,506                      | 974,764          |
| Due from related parties - unsecured                  | 12   | 127,552                      | 132,975          |
| Advance against purchase of property - unsecured      |      | 165,776                      | 5,000            |
| Advances, deposits, prepayments and other receivables |      | 104,015                      | 79,778           |
| Cash and bank balances                                |      | 840,390                      | 1,314,880        |
|   |      | <b>3,399,851</b>             | 3,697,206        |
|   |      | <b>8,915,607</b>             | 8,561,122        |

DIRECTOR

|  | Quarter ended        |                      | Half year ended      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2008 | December 31,<br>2007 | December 31,<br>2008 | December 31,<br>2007 |
|  | (Rupees in thousand) |                      |                      |                      |
| Sales  | 273,724              | 65,813               | 470,528              | 93,905               |
| Cost of sales  | (209,443)            | (63,423)             | (333,458)            | (84,962)             |
| <b>Gross profit</b>                                      | <b>64,281</b>        | 2,390                | <b>137,070</b>       | 8,943                |
| Administrative and selling expenses                      | (39,584)             | (24,475)             | (64,288)             | (49,168)             |
| Changes in fair value of investment property             | 167,108              | 132,110              | 630,005              | 173,190              |
| Other operating income                                   | 47,771               | 39,775               | 90,911               | 65,633               |
| Other operating expenses                                 | (18,330)             | (13,022)             | (276,404)            | (13,022)             |
| <b>Profit from operations</b>                            | <b>221,246</b>       | 136,778              | <b>517,294</b>       | 185,576              |
| Finance costs  | (90,823)             | (38,097)             | (174,692)            | (59,485)             |
| <b>Profit before tax</b>                                 | <b>130,423</b>       | 98,681               | <b>342,602</b>       | 126,091              |
| Taxation   | 29,461               | 14,097               | 4,000                | 17,529               |
| <b>Profit for the period</b>                             | <b>159,884</b>       | 112,778              | <b>346,602</b>       | 143,620              |
| Earnings per share attributable to ordinary shareholders |                      |                      |                      |                      |
| - basic earnings per share                               | Rupees 0.72          | 0.51                 | 1.57                 | 0.65                 |
| - diluted earnings per share                             | Rupees 0.44          |                      | 1.19                 |                      |

The annexed notes 1 to 17 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, 2008**

| Note  | Half year ended                           |                   |
|---|---|-------------------|
|   | December 31, 2008<br>(Rupees in thousand) | December 31, 2007 |
| <b>Cash flows from operating activities</b>   |   |                   |
| Cash used in operations   | 15 (76,846)                               | (348,575)         |
| Net (decrease)/increase in advances against sale of property                              | (279,463)                                 | 44,397            |
| Finance costs paid  | (112,505)                                 | (10,480)          |
| Gratuity and leave encashment paid  | (546)                                     | (392)             |
| Taxes paid  | (7,439)                                   | (4,465)           |
| <b>Net cash used in operating activities</b>  | <b>(476,799)</b>                          | <b>(319,515)</b>  |
| <b>Cash flows from investing activities</b>   |   |                   |
| Purchase of property, plant and equipment   | (23,887)                                  | (64,031)          |
| Additions in investment property  | (11,065)                                  | (10,926)          |
| Proceeds from sale of property, plant and equipment                                       | 495                                       | 45                |
| Decrease in long term advances and deposits   | 489                                       | 43                |
| Disbursement of loans to subsidiaries   | -   | (20,000)          |
| Markup received   | 56,233                                    | 44,737            |
| <b>Net cash (used in)/from investing activities</b>                                       | <b>22,265</b>                             | <b>(50,132)</b>   |
| <b>Cash flows from financing activities</b>   |   |                   |
| Surrender of share deposit money to Securities and Exchange Commission of Pakistan (SECP) | (609)                                     | (14)              |
| Proceeds from long term finances  | -   | 1,125,000         |
| Repayment of redeemable capital   | (300)                                     | -                 |
| Repayment of long term finances   | (15,000)                                  | (98,259)          |
| (Repayment)/availment of finance lease liabilities  | (4,047)                                   | 5,511             |
| <b>Net cash (used in)/from financing activities</b>                                       | <b>(19,956)</b>                           | <b>1,032,238</b>  |
| <b>Net increase in cash and cash equivalents</b>  | <b>(474,490)</b>                          | <b>662,591</b>    |
| <b>Cash and cash equivalents at beginning of the period</b>                               | <b>1,314,880</b>                          | <b>307,943</b>    |
| <b>Cash and cash equivalents at the end of the period</b>                                 | <b>840,390</b>                            | <b>970,534</b>    |

The annexed notes 1 to 17 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, 2008**

|   | Share Capital    | Share deposit money | Share Premium | Revaluation reserve for investment property | Reserve for changes in fair value of investments | Un-appropriated profit | Total            |
|---|------------------|---------------------|---------------|---|--|------------------------|------------------|
| <b>Balance as on June 30, 2007</b>  | 2,204,650        | 1,260               | 1,002         | 116,244                                     | 20,916   | 830,944                | 3,175,016        |
| Loss on fair value of investment  | -                | -                   | -             | -   | (3,152)  | -                      | (3,152)          |
| Share deposit money surrendered to SECP   | -                | (14)                | -             | -   | -  | -                      | (14)             |
| Profit for the period   | -                | -                   | -             | -   | -  | 143,620                | 143,620          |
| <b>Balance as on December 31, 2007</b>  | <b>2,204,650</b> | <b>1,246</b>        | <b>1,002</b>  | <b>116,244</b>                              | <b>17,764</b>                                    | <b>974,564</b>         | <b>3,315,470</b> |
| Issue of ordinary shares  | 5                | (7)                 | 2             | -   | -  | -                      | -                |
| Bonus shares issued during the year   | 1                | -                   | (1)           | -   | -  | -                      | -                |
| Transferred to profit and loss account on disposal of shares in Worldcall Telecom Limited | -                | -                   | -             | -   | (20,906)   | -                      | (20,906)         |
| Loss in fair value of investment  | -                | -                   | -             | -   | 3,149  | -                      | 3,149            |
| Share deposit money surrendered to SECP   | -                | (657)               | -             | -   | -  | -                      | (357)            |
| Profit for the year   | -                | -                   | -             | -   | -  | 1,263,350              | 1,263,350        |
| <b>Balance as on June 30, 2008</b>  | <b>2,204,656</b> | <b>882</b>          | <b>1,003</b>  | <b>116,244</b>                              | <b>7</b>   | <b>2,237,914</b>       | <b>4,560,706</b> |
| Issue of ordinary shares  | 145              | (203)               | 58            | -   | -  | -                      | -                |
| Bonus shares issued during the year   | 25               | -                   | (25)          | -   | -  | -                      | -                |
| Loss in fair value of investment  | -                | -                   | -             | -   | (10)   | -                      | (10)             |
| Share deposit money surrendered to SECP   | -                | (609)               | -             | -   | -  | -                      | (609)            |
| Transferred to retained earning on disposal of investment property                        | -                | -                   | -             | (22,042)                                    | -  | 22,042                 | -                |
| Profit for the period   | -                | -                   | -             | -   | -  | 346,602                | 346,602          |
| <b>Balance as on December 31, 2008</b>  | <b>2,204,826</b> | <b>70</b>           | <b>1,036</b>  | <b>94,202</b>                               | <b>(9)</b>                                       | <b>2,606,558</b>       | <b>4,906,689</b> |

The annexed notes 1 to 17 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, 2008 (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.

**2. Statement of compliance**

These condensed interim financial information have been prepared in accordance with 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but have been reviewed by the external auditors in accordance with the requirements of the Code of Corporate Governance promulgated by SECP.

**3. Significant accounting policies**

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, 2008.

**4. Taxation**

The provision for taxation for the half year ended December 31, 2008 has been made on an estimated basis.

**5. Long term finances - secured**

|   | December<br>31, 2008 | June<br>30, 2008 |
|---|----------------------|------------------|
|   | (Rupees in thousand) |                  |
| Opening balance                                       | 48,658               | 154,500          |
| Less: Repayment during the period                     | 15,000               | 105,842          |
|   | <u>33,658</u>        | 48,658           |
| Less: Current portion shown under current liabilities | 33,658               | 37,607           |
|   | <u>-</u>             | <u>11,051</u>    |

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

|   | December<br>31, 2008 | June<br>30, 2008 |
|---|----------------------|------------------|
|   | (Rupees in thousand) |                  |
| Opening balance                                       | 1,500,000            | -                |
| Add: Disbursement during the period                   | -                    | 1,500,000        |
|   | <u>1,500,000</u>     | 1,500,000        |
| Less: Redeemed during the period                      | 300                  | -                |
|   | <u>1,499,700</u>     | 1,500,000        |
| Less: Current portion shown under current liabilities | 600                  | 600              |
|   | <u>1,499,100</u>     | <u>1,499,400</u> |

|  | December<br>31, 2008 | June<br>30, 2008 |
|--|----------------------|------------------|
|  | (Rupees in thousand) |                  |

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

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Opening balance as at July 1  | 1,758,565        | -                |
| Issued during the period      | -                | 1,559,500        |
| Markup accrued for the period | 65,948           | 53,565           |
|                               | <u>1,824,513</u> | 1,613,065        |
| Markup paid during the period | (19,812)         | -                |
| Exchange loss for the period  | 276,164          | 145,500          |
|                               | <u>2,080,865</u> | <u>1,758,565</u> |

**8. Contingencies and commitments**

**8.1 Contingencies**

There has been no material change in contingencies since last audited financial information.

**8.2 Commitments**

Letters of credit for capital expenditure amounting to Nil (June 2008: Rs 3.161 million).

|  | December<br>31, 2008 | June<br>30, 2008 |
|--|----------------------|------------------|
|  | (Rupees in thousand) |                  |

**9. Property, plant and equipment**

|   |                |                |
|---|----------------|----------------|
| Opening book value                                | 434,385        | 245,759        |
| Add: Additions during the period - note 9.1       | 41,943         | 209,543        |
| Less: Transfers to stock-in-trade                 | (2,232)        | -              |
|   | <u>474,096</u> | 455,302        |
| Less: Disposals during the period (at book value) | 363            | 2,639          |
| Less: Depreciation charged during the period      | 16,263         | 18,278         |
|   | <u>16,626</u>  | 20,917         |
| Closing book value                                | <u>457,470</u> | <u>434,385</u> |

**9.1 Following is the detail of additions during the period**

|                                 |               |                |
|---------------------------------|---------------|----------------|
| Freehold land                   | -             | 3,380          |
| Buildings on freehold land      | 18,827        | 39,536         |
| Buildings on leasehold land     | 912           | 134,225        |
| Plant and machinery             | 8,292         | 4,828          |
| Electrical equipment            | 12,710        | 11,827         |
| Office equipment and appliances | 20            | 231            |
| Furniture and fixtures          | 580           | 6,787          |
| Computers                       | 382           | 4,183          |
| Vehicles                        | 220           | 4,546          |
|                                 | <u>41,943</u> | <u>209,543</u> |

**10. Investments**

|  |                |                |
|--|----------------|----------------|
| Equity instruments of:                           |                |                |
| - subsidiaries - unquoted - note 10.1            | 55             | 55             |
| - associated undertakings - unquoted - note 10.2 | 600,180        | 600,180        |
| Available for sale - quoted - note 10.3          | 3              | 13             |
|  | <u>600,238</u> | <u>600,248</u> |

|   | December<br>31, 2008<br>(Rupees in thousand) | June<br>30, 2008 |
|---|--|------------------|
| <b>10.1 Subsidiaries - unquoted</b>   |  |                  |
| Pace Woodlands (Private) Limited<br>3,000 (June 2008: 3,000) fully paid ordinary shares of Rs 10 each           | 30   | 30               |
| Pace Gujrat (Private) Limited<br>2,450 (June 2008: 2,450) fully paid ordinary shares of Rs 10 each              | 25   | 25               |
|   | <u>55</u>                                    | <u>55</u>        |
| <b>10.2 Associated undertakings - unquoted</b>  |  |                  |
| Pace Barka Properties Limited<br>60,000,000 (June 2008: 60,000,000) fully paid<br>ordinary shares of Rs 10 each | 600,000                                      | 600,000          |
| Pace Super Mall (Private) Limited<br>18,000 (June 2008: 18,000) fully paid<br>ordinary shares of Rs 10 each     | 180  | 180              |
|   | <u>600,180</u>                               | <u>600,180</u>   |
| <b>10.3 Available for sale - quoted</b>   |  |                  |
| At cost   | 6  | 6                |
| Add: Cumulative fair value (loss)/gain - note 10.3.1  | (3)  | 7                |
|   | <u>3</u>                                     | <u>13</u>        |
| <b>10.3.1 Cumulative fair value gain</b>  |  |                  |
| As at July 1  | 7  | 20,916           |
| Fair value loss during the period   | (10)   | (3)              |
| Transfer to profit and loss account   | -  | (20,906)         |
|   | <u>(3)</u>                                   | <u>7</u>         |
| <b>11. Long term loans - unsecured</b>  |  |                  |
| These represent loans given to the following related parties:   |  |                  |
| <b>Subsidiaries</b>   |  |                  |
| Pace Woodlands (Private) Limited  | 100,900                                      | 100,900          |
| <b>Associated undertaking</b>   |  |                  |
| Media Times Limited   | 41,103                                       | 41,103           |
|   | <u>142,003</u>                               | <u>142,003</u>   |
| <b>12. Due from related parties - unsecured</b>   |  |                  |
| <b>Subsidiaries</b>   |  |                  |
| Pace Woodlands (Private) Limited  | 89,750                                       | 91,420           |
| Pace Gujrat (Private) Limited   | 37,802                                       | 41,555           |
|   | <u>127,552</u>                               | <u>132,975</u>   |

|  |   | Half year ended              |                          |
|--|---|------------------------------|--------------------------|
|  |   | December 31,<br>2008         | December 31,<br>2007     |
|  |   | (Rupees in thousand)         |                          |
| <b>13. Transactions with related parties</b> |   |                              |                          |
| <b>Relationship with the Company</b>         | <b>Nature of transaction</b>            |                              |                          |
| i. Subsidiaries                              | Loans Disbursed                         | -                            | 20,000                   |
|  | Short term advances given               | 8,737                        | 4,875                    |
|  | Purchase of goods & services            | 20,400                       | -                        |
|  | Short term advances<br>received back    | 17,304                       | -                        |
|  | Mark up income                          | 18,544                       | 19,157                   |
| ii. Associates                               | Purchase of goods & services            | 142,326                      | 48,989                   |
|  | Advance against purchase of<br>property | 3,855                        | -                        |
|  | Mark up income                          | 3,482                        | 3,595                    |
|  | Guarantee commission                    | 2,250                        | 2,250                    |
|  | Sales of goods and services             | 49,395                       | 52,565                   |
|  | Short term advances given               | 214                          | 33,799                   |
|  | Short term advances received back       | 214                          | 23,109                   |
| iii. Key management personnel                | Short term employee benefits            | 6,149                        | 3,380                    |
|  |   | <b>December<br/>31, 2008</b> | <b>June<br/>30, 2008</b> |
|  |   | (Rupees in thousand)         |                          |
|  | <b>Period end balances</b>              |                              |                          |
|  | Long term loans to related parties      | 142,003                      | 142,003                  |
|  | Receivable from related parties         | 678,247                      | 597,445                  |
|  | Payable to related parties              | 67,415                       | 51,643                   |





**PACE (PAKISTAN) GROUP**

**CONSOLIDATED HALF YEARLY  
ACCOUNTS  
(Un-Audited)**

**DECEMBER 31, 2008**

## DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited is pleased to present unaudited consolidated financial statements of the Group for the six months ended December 31, 2008.

### Financial overview

Following are the comparative financial results for the six months and quarter ended December 31, 2008 and December 31, 2007;

|   | Rupees in '000'     |                 |                 |                 |
|---|---------------------|-----------------|-----------------|-----------------|
|   | For the 2nd Quarter |                 | Cumulative      |                 |
|   | Oct-Dec<br>2008     | Oct-Dec<br>2007 | Jul-Dec<br>2008 | Jul-Dec<br>2007 |
| Gross Profit                                  | 64,281              | 2,372           | 137,070         | 8,925           |
| Increase in fair value of investment property | 167,108             | 132,110         | 630,005         | 173,190         |
| Other operating income                        | 39,965              | 29,236          | 76,185          | 45,892          |
| Net Profit before tax                         | 142,767             | 88,124          | 348,026         | 106,332         |
| Earnings per share (PKR)                      |                     |                 |                 |                 |
| - Basic                                       | 0.76                | 0.46            | 1.57            | 0.56            |
| - Diluted                                     | 0.46                | -               | 1.18            | -               |

Net profit is showing considerable increase over the corresponding period last year whereas EPS of the group has also improved as compare to the corresponding period. Increase in profits and EPS is attributable to the recording of new sales and mark-up income received against investments. Company wise latest update in respect of subsidiaries is as under:

#### Pace Woodlands (Pvt.) Limited

The housing project is located on Bedian Road, Lahore Cantonment near Defense Housing Authority. Gray structure of the houses is almost 90% complete whereas land development activities are also under way. Soft launch of the project regarding sales have been initiated successfully and advance booking for the first lot of houses is almost 80% achieved.

#### Pace Gujrat (Pvt.) Limited

Pace Gujrat Limited was incorporated as Private Limited Company in July 2005, after the complete sale of its shopping mall project and open land the company is identifying / working on new ventures to be executed.

For and on behalf of the Board of Directors

Lahore  
February 27, 2009

Salmaan Taseer  
Chief Executive Officer

## PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2008

| EQUITY AND LIABILITIES  | Note | December  | June      |
|---|------|-----------|-----------|
|   |      | 31, 2008  | 30, 2008  |
| (Rupees in thousand)  |      |           |           |
| <b>CAPITAL AND RESERVES</b>   |      |           |           |
| Authorized capital<br>600,000,000 (June 2008: 600,000,000) ordinary<br>shares of Rs 10 each                     |      | 6,000,000 | 6,000,000 |
| Issued, subscribed and paid up capital<br>220,482,561 (June 2008: 220,465,538) ordinary<br>shares of Rs 10 each |      | 2,204,826 | 2,204,656 |
| Share deposit money   |      | 70        | 882       |
| Reserves  |      | 95,235    | 117,254   |
| Unappropriated profit   |      | 2,489,543 | 2,122,322 |
|   |      | 4,789,674 | 4,445,114 |
| <b>MINORITY INTEREST</b>  |      | 27        | 27        |
|   |      | 4,789,701 | 4,445,141 |
| <b>NON-CURRENT LIABILITIES</b>  |      |           |           |
| Long term finances  |      |           |           |
| - secured   | 5    | 46,875    | 78,926    |
| - unsecured   |      | 202,730   | 186,730   |
| Redeemable capital - secured (non-participatory)  | 6    | 1,499,100 | 1,499,400 |
| Liabilities against assets subject to finance lease   |      | 6,674     | 9,001     |
| Deferred liabilities  |      | 110,139   | 108,923   |
| Advances against sale of property   |      | 61,406    | 330,424   |
|   |      | 1,926,924 | 2,213,404 |
| <b>CURRENT LIABILITIES</b>  |      |           |           |
| Current portion of long term liabilities  |      | 77,841    | 60,968    |
| Foreign currency convertible bonds - unsecured  | 7    | 2,080,865 | 1,758,565 |
| Finances under mark-up arrangements   |      | 35,011    | 30,284    |
| Creditors, accrued and other liabilities  |      | 299,844   | 302,838   |
| Taxation  |      | 4,286     | 3,719     |
|   |      | 2,497,847 | 2,156,374 |
| <b>CONTINGENCIES AND COMMITMENTS</b>  | 8    |           |           |
|   |      | 9,214,472 | 8,814,919 |

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

LAHORE

CHIEF EXECUTIVE

| ASSETS  | Note | December<br>31, 2008    | June<br>30, 2008        |
|---|------|-------------------------|-------------------------|
| (Rupees in thousand)                                  |      |                         |                         |
| <b>NON-CURRENT ASSETS</b>                             |      |                         |                         |
| Property, plant and equipment                         | 9    | 457,470                 | 434,385                 |
| Intangible assets                                     |      | 10,247                  | 10,543                  |
| Assets subject to finance lease                       |      | 18,108                  | 18,385                  |
| Capital work in progress                              |      | 99,064                  | 80,497                  |
| Investment property                                   |      | 4,190,511               | 3,580,870               |
| Investments   | 10   | 614,055                 | 600,193                 |
| Long term advances and deposits                       |      | 29,390                  | 29,879                  |
| Long term loans - unsecured                           | 11   | 80,074                  | 80,074                  |
|   |      | <u>5,498,919</u>        | <u>4,834,826</u>        |
| <b>CURRENT ASSETS</b>                                 |      |                         |                         |
| Stock-in-trade  |      | 1,662,348               | 1,548,449               |
| Trade debts - unsecured                               |      | 884,506                 | 974,764                 |
| Due from related parties - unsecured                  | 12   | 11,101                  | 6,959                   |
| Advance against purchase of property - unsecured      |      | 165,776                 | -                       |
| Advances, deposits, prepayments and other receivables |      | 151,285                 | 128,187                 |
| Cash and bank balances                                |      | 840,537                 | 1,321,734               |
|   |      | <u>3,715,553</u>        | <u>3,980,093</u>        |
|   |      | <u><u>9,214,472</u></u> | <u><u>8,814,919</u></u> |

DIRECTOR

**PACE (PAKISTAN) GROUP  
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS  
ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2008**

|  | Quarter ended         |                       | Half year ended       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | December 31,<br>2008  | December 31,<br>2007  | December 31,<br>2008  | December 31,<br>2007  |
| (Rupees in thousand)                                     |                       |                       |                       |                       |
| Sales  | 273,724               | 65,795                | 470,528               | 93,887                |
| Cost of sales  | <u>(209,443)</u>      | <u>(63,423)</u>       | <u>(333,458)</u>      | <u>(84,962)</u>       |
| <b>Gross profit</b>                                      | <b>64,281</b>         | <b>2,372</b>          | <b>137,070</b>        | <b>8,925</b>          |
| Administrative and selling expenses                      | <u>(39,586)</u>       | <u>(24,475)</u>       | <u>(64,290)</u>       | <u>(49,168)</u>       |
| Changes in fair value of investment property             | 167,108               | 132,110               | 630,005               | 173,190               |
| Other operating income                                   | 39,965                | 29,236                | 76,185                | 45,892                |
| Other operating expenses                                 | <u>(18,330)</u>       | <u>(13,022)</u>       | <u>(276,404)</u>      | <u>(13,022)</u>       |
| <b>Profit from operations</b>                            | <b>213,438</b>        | <b>126,221</b>        | <b>502,566</b>        | <b>165,817</b>        |
| Finance costs  | <u>(90,823)</u>       | <u>(38,097)</u>       | <u>(174,692)</u>      | <u>(59,485)</u>       |
| Share of profit of associates                            | 20,152                | -                     | 20,152                | -                     |
| <b>Profit before tax</b>                                 | <b>142,767</b>        | <b>88,124</b>         | <b>348,026</b>        | <b>106,332</b>        |
| <b>Taxation</b>  |                       |                       |                       |                       |
| - Group  | 30,391                | 14,097                | 3,433                 | 17,529                |
| - Associates   | <u>(6,280)</u>        | <u>-</u>              | <u>(6,280)</u>        | <u>-</u>              |
| <b>Profit for the period</b>                             | <b><u>166,878</u></b> | <b><u>102,221</u></b> | <b><u>345,179</u></b> | <b><u>123,861</u></b> |
| Earnings per share attributable to ordinary shareholders |                       |                       |                       |                       |
| - basic earnings per share                               | <b>Rupees 0.76</b>    | <b>0.46</b>           | <b>1.57</b>           | <b>0.56</b>           |
| - diluted earnings per share                             | <b>Rupees 0.46</b>    | <b>-</b>              | <b>1.18</b>           | <b>-</b>              |

The annexed notes 1 to 19 form an integral part of this 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, 2008**

| Note   | Half year ended                           |                   |
|--|---|-------------------|
|  | December 31, 2008<br>(Rupees in thousand) | December 31, 2007 |
| <b>Cash flows from operating activities</b>                  |   |                   |
| Cash used in operations                                      | (85,772)                                  | (344,339)         |
| Net (decrease)/increase in advances against sale of property | (269,018)                                 | 68,076            |
| Finance costs paid   | (122,779)                                 | (37,066)          |
| Gratuity and leave encashment paid                           | (546)                                     | (392)             |
| Taxes paid   | (7,456)                                   | (4,465)           |
| <b>Net cash used in operating activities</b>                 | <b>(485,571)</b>                          | <b>(318,186)</b>  |
| <b>Cash flows from investing activities</b>                  |   |                   |
| Purchase of property, plant and equipment                    | (23,887)                                  | (64,031)          |
| Additions in investment property                             | (29,846)                                  | (10,926)          |
| Proceeds from sale of property, plant and equipment          | 495                                       | 45                |
| Decrease in long term advances and deposits                  | 489                                       | 43                |
| Markup received  | 56,352                                    | 44,468            |
| <b>Net cash from/(used in) investing activities</b>          | <b>3,603</b>                              | <b>(30,401)</b>   |
| <b>Cash flows from financing activities</b>                  |   |                   |
| Surrender of share deposit money to SECP                     | (609)                                     | (14)              |
| Proceeds from long term finances                             | 16,000                                    | 1,150,000         |
| Repayment of redeemable capital                              | (300)                                     | -                 |
| Repayment of long term finances                              | (15,000)                                  | (98,259)          |
| (repayment)/availability of finance lease liabilities        | (4,047)                                   | 5,511             |
| <b>Net cash (used in)/flow from financing activities</b>     | <b>(3,956)</b>                            | <b>1,057,238</b>  |
| <b>Net increase in cash and cash equivalents</b>             | <b>(485,924)</b>                          | <b>708,651</b>    |
| <b>Cash and cash equivalents at beginning of the period</b>  | <b>1,291,450</b>                          | <b>278,185</b>    |
| <b>Cash and cash equivalents at the end of the period</b>    | <b>805,526</b>                            | <b>986,836</b>    |

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

LAHORE

CHIEF EXECUTIVE

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DIRECTOR

**PACE (PAKISTAN) GROUP  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

|   | Attributable to equity holders of the parent |                     |               |   |  | Total     | (Rupees in thousand)<br>Minority Interest | Total Equity |
|---|--|---------------------|---------------|---|--|-----------|---|--------------|
|   | Share Capital                                | Share Deposit Money | Share Premium | Revaluation reserve for investment property | Reserve for changes in fair value of investments |           |   |              |
| <b>Balance as on June 30, 2007</b>  | 2,204,650                                    | 1,246               | 1,002         | 116,244                                     | 17,764   | 3,203,104 | 27  | 3,203,131    |
| Loss on fair value of investment  | -  | -                   | -             | -   | (3,152)  | (3,152)   | -   | (3,152)      |
| Surrendered to SECP   | -  | (14)                | -             | -   | -  | (14)      | -   | (14)         |
| Profit for the period   | -  | -                   | -             | -   | 123,861  | 123,861   | -   | 123,861      |
| <b>Balance as on December 31, 2007</b>  | 2,204,650                                    | 1,246               | 1,002         | 116,244                                     | 17,764   | 3,203,104 | 27  | 3,203,131    |
| Issue of ordinary shares  | 5  | (7)                 | 2             | -   | -  | -         | -   | -            |
| Bonus shares issued during the year   | 1  | -                   | (1)           | -   | -  | -         | -   | -            |
| Transferred to profit and loss account on disposal of shares in Worldcall Telecom Limited | -  | -                   | -             | (20,906)                                    | 3,149  | (20,906)  | -   | (20,906)     |
| Loss in fair value of investment  | -  | (357)               | -             | -   | -  | (357)     | -   | (357)        |
| Share deposit money surrendered to SECP   | -  | -                   | -             | -   | -  | -         | -   | -            |
| Profit for the year   | -  | -                   | -             | (22,042)                                    | -  | 22,042    | -   | -            |
| <b>Balance as on June 30, 2008</b>  | 2,204,656                                    | 882                 | 1,003         | 116,244                                     | 7  | 4,445,114 | 27  | 4,445,141    |
| Issue of ordinary shares  | 145  | (208)               | 58            | -   | -  | -         | -   | -            |
| Bonus shares issued during the year   | 25   | -                   | (25)          | -   | -  | -         | -   | -            |
| Loss in fair value of investment  | -  | -                   | -             | (10)  | -  | (10)      | -   | (10)         |
| Share deposit money surrendered to SECP   | -  | (609)               | -             | -   | -  | (609)     | -   | (609)        |
| Transferred to retained earning on disposal of investment property                        | -  | -                   | -             | -   | 22,042   | 22,042    | -   | -            |
| Profit for the year   | -  | -                   | -             | 94,202                                      | -  | 345,179   | -   | 345,179      |
| <b>Balance as on December 31, 2008</b>  | 2,204,826                                    | 70                  | 1,036         | 94,202                                      | (3)  | 4,789,674 | 27  | 4,789,701    |

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) GROUP**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR**  
**ENDED DECEMBER 31, 2008 (UN-AUDITED)**

**1. Legal status and nature of business**

**1.1 Constitution and ownership**

The consolidated condensed financial statements 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. The subsidiary commenced its operations in March, 2008. By virtue of resolution passed by the shareholders on 29 April, 2008, the subsidiary has sold its total land measuring 15 kanal and 8 marlas, out of which 9 kanal and 8 marlas have been sold to Pace Barka Properties Limited and 6 kanals have been sold to 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.

**2. Statement of compliance**

These condensed interim financial information have been prepared in accordance with 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but have been reviewed by the external auditors in accordance with the requirements of the Code of Corporate Governance promulgated by SECP.

**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 preceding annual published financial statements of the Group for the year ended June 30, 2008.

**4. Taxation**

The provision for taxation for the half year ended December 31, 2008 has been made on an estimated basis.

**5. Long term finances - secured**

|   | <b>December<br/>31, 2008</b> | June<br>30, 2008 |
|---|------------------------------|------------------|
|   | <b>(Rupees in thousand)</b>  |                  |
| Opening balance                                       | <b>132,658</b>               | 214,500          |
| Add: Disbursement during the period                   | -                            | 84,000           |
|   | <b>132,658</b>               | 298,500          |
| Less: Repayment during the period                     | <b>15,000</b>                | 165,842          |
|   | <b>117,658</b>               | 132,658          |
| Less: Current portion shown under current liabilities | <b>70,783</b>                | 53,732           |
|   | <b>46,875</b>                | 78,926           |

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

|   |                  |           |
|---|------------------|-----------|
| Opening balance                                       | <b>1,500,000</b> | -         |
| Add: Disbursement during the period                   | -                | 1,500,000 |
|   | <b>1,500,000</b> | 1,500,000 |
| Less: Redeemed during the period                      | <b>300</b>       | -         |
|   | <b>1,499,700</b> | 1,500,000 |
| Less: Current portion shown under current liabilities | <b>600</b>       | 600       |
|   | <b>1,499,100</b> | 1,499,400 |

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

|                               |                  |           |
|-------------------------------|------------------|-----------|
| Opening balance as at July 1  | <b>1,758,565</b> | -         |
| Issued during the period      | -                | 1,559,500 |
| Markup accrued for the period | <b>65,948</b>    | 53,565    |
|                               | <b>1,824,513</b> | 1,613,065 |
| Markup paid during the period | <b>(19,812)</b>  | -         |
| Exchange loss for the period  | <b>276,164</b>   | 145,500   |
|                               | <b>2,080,865</b> | 1,758,565 |

**8. Contingencies and commitments**

**8.1 Contingencies**

There has been no material change in contingencies since last audited financial information.

**8.2 Commitments**

Letters of credit for capital expenditure amounting to Rs. Nil (June 2008: Rs 3.161 million).



(Rupees in thousand)

|  | 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, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007     | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | December 31, 2008 |
| <b>14. Segment results</b>                     |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Segment revenue                                | 253,195           | 52,722            | 430,508           | 68,252            | 19,823                | 12,046            | 37,332            | 23,742            | 706               | 1,027             | 2,688             | 1,893             | 273,724           | 65,795            | 470,528           | 93,887            |
| Segment expenses                               |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Cost of sales                                | (194,171)         | (52,301)          | (305,400)         | (63,321)          | -                     | -                 | -                 | -                 | (199)             | (474)             | (1,378)           | (853)             | (194,370)         | (52,775)          | (306,778)         | (64,204)          |
| - Stores operating expenses                    | -                 | -                 | -                 | (14,638)          | (14,638)              | (10,348)          | (25,926)          | (20,172)          | (435)             | (300)             | (754)             | (586)             | (15,073)          | (10,648)          | (26,680)          | (20,758)          |
| Gross profit                                   | 59,024            | 421               | 125,108           | 4,931             | 5,185                 | 1,698             | 11,406            | 3,570             | 72                | 253               | 556               | 424               | 64,281            | 2,372             | 137,070           | 8,925             |
| - Changes in fair value of investment property | -                 | -                 | -                 | -                 | 167,108               | 132,110           | 630,005           | 173,190           | -                 | -                 | -                 | -                 | 167,108           | 132,110           | 630,005           | 173,190           |
| Segment results                                | 59,024            | 421               | 125,108           | 4,931             | 172,293               | 133,808           | 641,411           | 176,760           | 72                | 253               | 556               | 424               | 231,389           | 134,482           | 767,075           | 182,115           |
| Administrative and selling expenses            |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | (39,566)          | (24,475)          | (64,290)          | (49,168)          |
| Other operating income                         |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | 39,965            | 29,236            | 76,185            | 45,892            |
| Finance costs                                  |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | (90,823)          | (38,097)          | (174,692)         | (59,485)          |
| Other operating expenses                       |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | (18,330)          | (13,022)          | (276,404)         | (13,022)          |
| Share of (loss) / profit of associates         |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | 20,152            | -                 | 20,152            | -                 |
| <b>Profit before tax</b>                       |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | 142,767           | 88,124            | 348,026           | 106,332           |
| Taxation                                       |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | 30,391            | 14,097            | 3,433             | 17,529            |
| - Group  |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | (6,280)           | -                 | (6,280)           | -                 |
| - Associates                                   |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   | 166,878           | 102,221           | 345,179           | 123,861           |
| <b>Profit for the period</b>                   |                   |                   |                   |                   |                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |

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**15. Cash used in operations**

|  | Half year ended      |                   |
|--|----------------------|-------------------|
|  | December 31, 2008    | December 31, 2007 |
|  | (Rupees in thousand) |                   |
| Profit before tax                                      | 348,026              | 106,332           |
| Adjustments for:                                       |                      |                   |
| - Depreciation on property, plant and equipment        | 16,263               | 7,704             |
| - Depreciation on assets subject to finance lease      | 1,827                | 1,564             |
| - Amortisation on intangible assets                    | 296                  | 64                |
| - (Gain)/loss on sale of property, plant and equipment | (132)                | 4                 |
| - Markup Income  | (60,493)             | (44,557)          |
| - Changes in fair value of investment property         | (630,005)            | (173,190)         |
| - Finance costs  | 174,692              | 59,485            |
| - Liabilities written back                             | -                    | (1,335)           |
| - Exchange loss on Foreign Currency Convertible Bonds  | 276,164              | -                 |
| - Share of profit of associate                         | (20,152)             | -                 |
| - Provision for gratuity and leave encashment          | 5,762                | 4,583             |

**Profit/(loss) before working capital changes**

Effect on cash flow due to working capital changes

|  |           |           |
|--|-----------|-----------|
| - Increase in stock-in-trade                                       | (67,069)  | (157,299) |
| - Decrease in trade debts  | 81,598    | 3,702     |
| - Increase in due from related parties                             | -         | (14,414)  |
| - Increase in advance against purchase of property                 | (165,776) | (10,000)  |
| - Increase in advances, deposits prepayments and other receivables | (15,642)  | (84,610)  |
| - Decrease in creditors, accrued and other liabilities             | (31,131)  | (42,372)  |

|                  |                  |
|------------------|------------------|
| <b>(198,020)</b> | <b>(304,993)</b> |
| <b>(85,772)</b>  | <b>(344,339)</b> |

December 31, 2008      December 31, 2007  
(Rupees in thousand)

**16. Cash and cash equivalents**

|   |                |                |
|---|----------------|----------------|
| Cash and bank balances                        | 840,537        | 1,016,483      |
| Finances under mark-up arrangements - secured | (35,011)       | (29,647)       |
|   | <b>805,526</b> | <b>986,836</b> |

**17. Detail of subsidiaries**

| Name of the subsidiaries         | Accounting period end | Percentage of holding | Country of incorporation |
|----------------------------------|-----------------------|-----------------------|--------------------------|
| Pace Woodlands (Private) Limited | 31-Dec-08             | 52%                   | Pakistan                 |
| Pace Gujrat (Private) Limited    | 31-Dec-08             | 100%                  | Pakistan                 |

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**18. Date of authorization for issue**

This consolidated condensed interim financial information was authorised for issue on February 27, 2009 by the Board of Directors of the Group.

**19. Corresponding figures**

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR