

PACE (PAKISTAN) LIMITED

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

DECEMBER 31, 2009

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT

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

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

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COMPANY INFORMATION

Board of Directors	Sheikh Sulieman Ahmed Said Al-Hoqani (Chairman) Salmaan Taseer (Chief Executive Officer) Aamna Taseer Shahbaz Ali Taseer Abid Raza Jamal Said Al-Ojaili Mahmood Ali Athar Imran Saeed Chaudhry
Chief Financial Officer	Muhammad Musharaf Khan
Audit Committee	Aamna Taseer (Chairperson) Shahbaz Ali Taseer Abid Raza
Company Secretary	Ahmad Bilal
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisers	M/s Imtiaz Siddique & Associates
Bankers	Allied Bank Limited Arif Habib Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Emirates Global Islamic Bank Limited Faysal Bank Limited Habib Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab The Hongkong and Shanghai Banking Corporation Limited The Royal Bank of Scotland
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 Directors of Pace (Pakistan) Limited ("the Company or "Pace") take pleasure in presenting to its shareholders the un-audited reviewed financial statements of the Company for the quarter and half year ended December 31, 2009

Operating Results

The performance of the company remained satisfactory in the first half of the financial year and company witnessed a 44% growth in sales from the corresponding period last year, un-audited results for the quarter and six months ended December 31, 2009 with respective corresponding periods is as under:

	Rupees in '000'			
	For the 2nd Quarter		Cumulative	
	Oct-Dec 2009	Oct-Dec 2008	Jul-Dec 2009	Jul-Dec 2008
Gross Profit	69,944	64,281	92,699	137,070
Increase in fair value of investment property	104,795	167,108	104,795	630,005
Other operating income	-	47,771	169,729	90,911
Net Profit before tax	88,791	130,423	193,928	342,602
Earnings per share (PKR)	0.43	0.72	0.75	1.57
Earnings per share - Diluted (PKR)	0.40	0.44	0.67	1.19

The gross and net margins have dropped as compared to the same period last year because properties carried at fair values have been disposed off during the period for which related gains were recorded previously. Moreover, bearish trend in the real estate sector prevailed affecting the selling prices and margin. Profit is primarily attributable to recording of revenue against the sale of commercial properties at operational malls, residential houses and apartments.

During the quarter under review the company also received conversion notice from the holder of its 'foreign currency convertible bonds' amounting to USD 8.447 million for conversion in to the ordinary shares of the company, bonds were duly converted in to the ordinary shares of the company at a price of PKR 14.30 per share.

Board of Directors

There is no change in the composition of the Board of Directors since last reported in the annual report of the company for the year ended June 30, 2009

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 25, 2010

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, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

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, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore
February 25, 2010

A.F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
MUHAMMAD MAQSOOD

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2009

EQUITY AND LIABILITIES	Note	December 31, 2009	June 30, 2009
		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 2009: 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 2009: 232,822,008) ordinary shares of Rs 10 each		2,788,766	2,328,220
Reserves		367,463	169,427
Unappropriated profit		2,889,180	2,696,752
		6,045,409	5,194,399
NON-CURRENT LIABILITIES			
Long term finances - secured	5	360,000	-
Redeemable capital - secured (non-participatory)	6	1,249,000	1,498,800
Liabilities against assets subject to finance lease		43,887	46,387
Foreign currency convertible bonds - unsecured	7	1,127,551	1,911,567
Deferred liabilities		33,655	33,814
Advances against sale of property		101,758	45,589
Deferred income		46,319	55,903
		2,962,170	3,592,060
CURRENT LIABILITIES			
Current portion of long term liabilities		312,551	31,649
Short term finances - secured		100,000	-
Creditors, accrued and other liabilities		191,113	207,134
		603,664	238,783
CONTINGENCIES AND COMMITMENTS	8	9,611,243	9,025,242

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE

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CHIEF EXECUTIVE

ASSETS	Note	December 31, 2009	June 30, 2009
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	454,982	474,066
Intangible assets		9,662	9,951
Assets subject to finance lease		68,156	70,502
Capital work in progress		86,759	71,127
Investment property	10	3,903,813	4,103,602
Investments	11	1,150,139	600,237
Long term advances and deposits		19,096	19,402
Long term loans - unsecured	12	100,900	142,003
Advance against purchase of property - unsecured		359,420	278,040
Deferred taxation		8,300	6,000
		6,161,227	5,774,930
CURRENT ASSETS			
Stock-in-trade		1,491,667	1,488,110
Trade debts - unsecured		1,266,240	1,316,281
Due from related parties - unsecured	13	89,200	44,845
Advances, deposits, prepayments and other receivables		277,680	60,384
Cash and bank balances		325,229	340,692
		3,450,016	3,250,312
		9,611,243	9,025,242

DIRECTOR

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PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Quarter ended		Half year ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Rupees in thousand)			
Sales	630,506	273,724	758,936	527,442
Cost of sales	(560,562)	(209,443)	(666,237)	(390,372)
Gross profit	69,944	64,281	92,699	137,070
Administrative and selling expenses	(48,968)	(39,584)	(72,448)	(64,288)
Changes in fair value of investment property	104,795	167,108	104,795	630,005
Other operating income	-	47,771	169,729	90,911
Other charges	(29,546)	(18,330)	(11,497)	(276,404)
Profit from operations	96,225	221,246	283,278	517,294
Finance costs	(7,434)	(90,823)	(89,350)	(174,692)
Profit before tax	88,791	130,423	193,928	342,602
Taxation	26,719	29,461	(1,500)	4,000
Profit for the period	115,510	159,884	192,428	346,602
Earnings per share attributable to ordinary shareholders				
- basic	Rupees 0.43	0.72	0.75	1.57
- diluted	Rupees 0.40	0.44	0.67	1.19

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE:

CHIEF EXECUTIVE

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DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Quarter ended		Half year ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Rupees in thousand)			
Profit for the period	115,510	159,884	192,428	346,602
Other comprehensive (loss) / income				
- (Loss) / gain in fair value of available for sale investment	(1)	(4)	1	(10)
Total comprehensive income for the period	115,509	159,880	192,429	346,592

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE:

CHIEF EXECUTIVE

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DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

Note	Half year ended	
	December 31, 2009 (Rupees in thousand)	December 31, 2008
Cash flows from operating activities		
Cash used in operations	16	112,142
Net increase / (decrease) in advances against sale of property		(76,846)
Finance cost paid		56,169
Gratuity and leave encashment paid		(279,463)
Taxes paid		(112,505)
		(6,215)
		(546)
		(5,711)
		(7,439)
Net cash used in operating activities	5,472	(476,799)
Cash flows from investing activities		
Purchase of property, plant and equipment	(272)	(23,887)
Additions in investment property	-	(11,065)
Proceeds from sale of property, plant and equipment	3,590	495
Proceeds from sale of investment property	3,350	-
Decrease in long term advances and deposits	306	489
Investment in equity instrument of Pace Barka Properties Limited	(549,901)	-
Proceeds of loans to subsidiaries	41,103	-
Markup received	3,169	56,233
Net cash (used in) / from investing activities	(498,655)	22,265
Cash flows from financing activities		
Surrender of share deposit money to Securities and Exchange Commission of Pakistan (SECP)	-	(609)
Proceeds / (repayment) from long term finances	400,000	(15,000)
Proceeds from short term finances	100,000	-
Repayment of redeemable capital	(300)	(300)
Repayment of long term finances	(11,375)	-
Repayment of finance lease liabilities	(10,605)	(4,047)
Net cash from / (used in) financing activities	477,720	(19,956)
Net decrease in cash and cash equivalents	(15,463)	(474,490)
Cash and cash equivalents at beginning of the period	340,692	1,314,880
Cash and cash equivalents at the end of the period	325,229	840,390

The annexed notes 1 to 18 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, 2009

	(Rupees in thousand)				
	Share Capital	Share deposit money	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments
Balance as on June 30, 2008	2,204,656	882	1,003	116,244	7
Total Comprehensive income for the period					
Profit for the period	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-
Issue of ordinary shares	145	-	58	-	-
Bonus shares issued during the year	25	(203)	(25)	-	-
Transfer of reserve relating to sale of investment property	-	-	-	(22,042)	-
Share deposit money surrendered to SECP	-	(609)	-	-	-
Balance as on December 31, 2008	2,204,826	70	1,036	94,202	(3)
Total Comprehensive income for the period					
Profit for the period	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-
Issue of ordinary shares	123,392	(14)	74,195	-	(1)
Bonus shares issued during the year	2	-	(2)	-	-
Transfer of reserve relating to sale of investment property	-	-	-	-	-
Share deposit money surrendered to SECP	-	(56)	-	-	-
Balance as on June 30, 2009	2,328,220	-	75,229	94,202	(4)
Total Comprehensive income for the period					
Profit for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Issue of ordinary shares	460,546	-	198,035	-	1
Balance as on December 31, 2009	2,788,766	-	273,264	94,202	(3)

The annexed notes 1 to 18 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, 2009 (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 and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

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

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, 2009.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 01, 2009.

- IAS 1 (Revised), 'Presentation of financial statements' is effective from July 01, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

- IFRS 8, 'Operating segments' is effective from July 01, 2009 and replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in reportable segments being presented for current and prior periods as reviewed for management decision making. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The application of the standard will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

- In addition to above, following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 1, 2009 and are also relevant to the company. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company:

- IAS 23 (Amendment) - Borrowing costs
- IFRS 4 - Insurance contracts
- IFRIC 15 - Agreements for the construction of real estate
- IFRIC 16 - Hedge of net investment in a foreign operation
- IFRIC 17 - Distribution of non-cash assets to owners
- IFRIC 18 - Transfer of assets from customers

4. Taxation

The provision for taxation for the half year ended December 31, 2009 has been made on an estimated basis.

Un-Audited	Audited
December	June
31, 2009	30, 2009
(Rupees in thousand)	

5. Long term finances - secured

Opening balance	11,375	48,658
Add: Musharika finance obtained	400,000	-
	411,375	48,658
Less: Repayment during the period	11,375	37,283
	400,000	11,375
Less: Current portion shown under current liabilities	40,000	11,375
	360,000	-

6. Redeemable capital - secured (non-participatory)

Opening balance	1,499,400	1,500,000
Less: Redeemed during the period	300	600
	1,499,100	1,499,400
Less: Current portion shown under current liabilities	250,100	600
	1,249,000	1,498,800

7. Foreign currency convertible bonds - unsecured

Opening balance as at July 1	1,911,567	1,758,565
Converted into equity shares	(658,581)	(197,574)
Markup accrued for the period	4,248	130,757
	1,257,234	1,691,748
Markup paid during the period	(10,680)	(19,813)
Exchange (gain) / loss for the period	(119,003)	239,632
	1,127,551	1,911,567

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs 21.644 million (June 2009: 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 2009: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.

8.2 Commitments

- (i) Letters of credit for capital expenditure amounting to Rs 20.118 million (June 2009: Rs Nil).
- (ii) Total commitments in respect of bill of quantities for finishing of under construction projects amounting to Rs.120.550 million (June 2009:Nil).

9. Property, plant and equipment

	Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
Opening book value	474,066	434,385
Add: Additions during the period	272	76,599
Add: Transfers from assets subject to finance lease	1,894	-
	2,166	76,599
Less: Transfers to investment property / stock-in-trade (at book value)	-	2,232
	476,232	508,752
Less: Disposals during the period (at book value)	2,316	947
Less: Depreciation charged during the period	18,934	33,739
	21,250	34,686
Closing book value	454,982	474,066

9.1 Following is the detail of additions during the period

Buildings on freehold land	-	18,827
Buildings on leasehold land	-	912
Plant and machinery	-	8,489
Electrical equipment	-	24,865
Office equipment and appliances	-	20
Furniture and fixtures	46	602
Computers	226	796
Vehicles	1,894	22,088
	2,166	76,599

Un-Audited
December
31, 2009
(Rupees in thousand)

Audited
June
30, 2009

10. Investment property

Opening fair value	4,103,602	3,580,870
Add: Additions to cost during the period		
- Direct additions	-	171,464
- Transfers from stock in trade and property, plant and equipment	-	20,576
- Transfers to stock in trade	(300,584)	(142,185)
- Disposals during the period	(3,350)	-
- Loss on property disposed	(650)	-
Closing value before revaluation	3,799,018	3,630,725
Add: Fair value gain recognised during the period	104,795	472,877
Closing value after revaluation	3,903,813	4,103,602

Investment property includes property amounting to Rs. 140 million (June 2009: 140 million) which is under the process of mutation in the name of the company.

11. Investments

Equity instruments of:		
- subsidiaries - unquoted	11.1	55
- associated undertakings - unquoted	11.2	600,180
Available for sale - quoted	11.3	2
		1,150,139

11.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited	30	30
3,000 (June 2009: 3,000) fully paid ordinary shares of Rs 10 each		
Pace Gujrat (Private) Limited	25	25
2,450 (June 2009: 2,450) fully paid ordinary shares of Rs 10 each		
	55	55

11.2 Associated undertakings - unquoted

Pace Barka Properties Limited	1,149,901	600,000
115,000,000 (June 2009: 60,000,000) fully paid ordinary shares of Rs 10 each		
Pace Super Mall (Private) Limited	180	180
18,000 (June 2009: 18,000) fully paid ordinary shares of Rs 10 each		
	1,150,081	600,180

11.3 Available for sale - quoted

At cost	6	6
Add: Cumulative fair value (loss)/gain	(3)	(4)
	3	2

	Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
11.3.1 Cumulative fair value gain		
As at July 1st 2009	(4)	7
Fair value gain / (loss) during the period	1	(11)
	<u>(3)</u>	<u>(4)</u>

12. Long term loans - unsecured

These represent loans given to the following related parties:

Subsidiaries

Pace Woodlands (Private) Limited	100,900	100,900
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Associated undertaking

Media Times Limited	-	41,103
	<u>100,900</u>	<u>142,003</u>

13. Due from related parties - unsecured

Subsidiaries

Pace Woodlands (Private) Limited	44,305	3,690
Pace Gujrat (Private) Limited	44,895	41,155
	<u>89,200</u>	<u>44,845</u>

Half year ended	
December 31, 2009	December 31, 2008
(Rupees in thousand)	

14. Transactions with related parties

Relationship with the Company Nature of transaction

i. Subsidiaries	Short term advances given	30,048	8,737
	Short term advances received back	-	17,304
	Mark up income	14,307	18,544
	Purchase of goods & services	-	20,400
ii. Associates	Purchase of goods & services	133,895	142,326
	Investment in equity instruments	549,901	-
	Loans repayments received	41,103	-
	Advance against purchase of property	81,380	3,855
	Mark up income	3,169	3,482
	Guarantee commission	2,250	2,250
	Sales of goods and services	244,618	49,395
iii. Key management personnel	Short term employee benefits	16,889	24,678
	Termination Benefits	1,366	150
	Post Employment Benefits	490	75
	Advances	5,595	2,700

Period end balances

	Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
Long term loans to related parties	100,900	142,003
Receivable from related parties	620,697	448,828
Advances to related parties	542,584	260,995
Payable to related parties	23,290	37,764

15. 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.

15.1 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, Pace Towers and Model Town Extension 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"

Mark-up on loans for general purposes are capitalised on the basis of weighted average interest rate and cost incurred. Mark-up on specific loans is being capitalised completely to the relevant real-estate project.

(Rupees in thousand)

	Real estate						Investment properties						Others						Total					
	Quarter ended		Six months ended		Quarter ended		Quarter ended		Six months ended		Quarter ended		Quarter ended		Six months ended		Quarter ended		Quarter ended		Quarter ended		Six months ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
15.2 Segment results																								
Segment revenue	321,752	253,195	387,315	430,508	294,378	19,823	294,378	37,332	14,376	57,620	77,243	59,602	630,506	330,638	758,936	527,442								
Segment expenses																								
- Cost of sales	(236,719)	(194,171)	(288,858)	(305,400)	(259,342)	-	(259,342)	-	(3,246)	(199)	(11,568)	(1,377)	(499,307)	(194,370)	(559,768)	(306,777)								
- Stores operating expenses	-	-	-	-	(25,610)	(14,541)	(28,042)	(25,829)	(35,645)	(57,446)	(78,427)	(57,766)	(61,255)	(71,987)	(106,469)	(83,595)								
Gross profit	85,033	59,024	98,457	125,108	9,426	5,282	6,994	11,503	(24,515)	(25)	(12,752)	459	69,944	64,281	92,699	137,070								
- Changes in fair value of investment property	-	-	-	-	104,795	167,108	104,795	630,005	-	-	-	-	104,795	167,108	104,795	630,005								
Segment results	85,033	59,024	98,457	125,108	114,221	172,390	111,789	641,508	(24,515)	(25)	(12,752)	459	174,739	231,389	197,494	767,075								
Administrative and selling expenses													(48,968)	(39,584)	(72,448)	(64,288)								
Other operating income													-	47,771	169,729	90,911								
Finance costs													(7,434)	(90,823)	(89,350)	(174,692)								
Other operating expenses													(29,546)	(18,330)	(11,497)	(276,404)								
Profit before tax													88,791	130,423	193,928	342,602								
Taxation													26,719	29,461	(1,500)	4,000								
Profit for the period													115,510	159,884	192,428	346,602								

16. Cash used in operations

	Half year ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousand)	
Profit before tax	193,928	342,602
Adjustments for:		
- Depreciation on property, plant and equipment	18,934	16,263
- Depreciation on assets subject to finance lease	11,401	1,827
- Amortisation on intangible assets	289	296
- Amortisation of deferred income	(9,584)	-
- Loss on sale of property, plant and equipment	(1,274)	(132)
- (Gain) on sale of investment property	650	-
- Markup Income	(17,476)	(74,777)
- Changes in fair value of investment property	(104,795)	(630,005)
- Finance costs	89,350	174,692
- Liabilities written back	(936)	-
- Exchange (gain) / loss on foreign currency convertible bonds	(119,003)	276,164
- Provision for gratuity and leave encashment	6,056	5,762
Profit/(loss) before working capital changes	67,540	112,692
Effect on cash flow due to working capital changes		
- Decrease / (increase) in stock-in-trade	338,200	(68,485)
- Decrease in trade debts	50,041	81,598
- (Increase) / decrease in due from related parties	(30,048)	8,567
- Increase in advance against purchase of property	(81,380)	(165,776)
- Increase in advances, deposits		
prepayments and other receivables	(215,451)	(16,798)
- Decrease in creditors, accrued and other liabilities	(16,760)	(28,644)
	44,602	(189,538)
	112,142	(76,846)

17. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 25, 2010 by the Board of Directors of the Company.

18. 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. Significant re-arrangement made is as follows:

(Rupees in thousands)

Service charges reclassified from Cost of sales to sales	56,914
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The above figures have been re-arranged as the reclassification made is considered more appropriate for the purposes of presentation.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED HALF YEARLY ACCOUNTS (Un-Audited)

DECEMBER 31, 2009

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited is pleased to present un-audited consolidated financial statements of the group for the quarter and half year ended December 31, 2009.

Operating Results

Following are the comparative financial results for the six months and quarter ended December 31, 2009 and December 31, 2008.

	Rupees in '000'			
	For the 2nd Quarter		Cumulative	
	Oct-Dec 2009	Oct-Dec 2008	Jul-Dec 2009	Jul-Dec 2008
Gross Profit	69,344	64,281	92,099	137,070
Increase in fair value of investment property	104,795	167,108	104,795	630,005
Other operating income	-	39,965	160,334	76,185
Net Profit before tax	554,701	142,767	642,358	348,026
Earnings per share (PKR)	2.23	0.76	2.52	1.57
Earnings per share - Diluted (PKR)	1.80	0.46	2.02	1.18

Net profit is showing increase over the corresponding period last year whereas EPS of the group has also improved as compare to the corresponding period. Increase in profit and EPS is attributable primarily to the share of profit from associated undertaking ,as additional 55 million shares of 'Pace Barka Properties Limited' were acquired during the quarter as per special resolution passed by shareholders in Annual General Meeting of the company held on October 31, 2009.

Pace Woodlands (Pvt.) Limited

The housing project is located on Bedian Road, Lahore Cantonment near Defense Housing Authority. Construction of Grey structure of all the houses was completed during last year and sales were also recorded. However the company still has a piece of land available in the project for which company is analyzing various options of development and Sale.

Pace Gujrat (Pvt.) Limited

Pace Gujrat Limited was incorporated as Private Limited Company in July 2005 and acquired land of 15 Kanal and 8 Marlas at GT Road, Gujrat from Services Industries Textile Limited ("Services Industries") for the purpose of development of its project. After the sale of the initially conceived project the company is planning for new projects at the right time.

For and on behalf of the Board of Directors

Lahore
February 25, 2010

Salmaan Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2009

EQUITY AND LIABILITIES	Note	December 31, 2009	June 30, 2009
		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorised capital 600,000,000 (June 2009: 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 2009: 232,822,008) ordinary shares of Rs 10 each		2,788,766	2,328,220
Reserves		555,387	387,753
Unappropriated profit		3,743,984	3,082,853
		7,088,137	5,798,826
MINORITY INTEREST		14,544	30,266
		7,102,681	5,829,092
NON-CURRENT LIABILITIES			
Long term finances			
- secured	5	370,500	36,375
- unsecured		41,250	202,980
Redeemable capital - secured (non-participatory)	6	1,249,000	1,498,800
Liabilities against assets subject to finance lease		43,887	46,387
Foreign currency convertible bonds - unsecured	7	1,127,551	1,911,567
Deferred liabilities		33,655	33,814
Advances against sale of property		101,758	45,589
Deferred income		46,319	55,903
		3,013,920	3,831,415
CURRENT LIABILITIES			
Current portion of long term liabilities		354,551	68,774
Finances under mark-up arrangements		35,057	35,011
Short term finances - secured		100,000	-
Creditors, accrued and other liabilities		239,037	250,867
Taxation		4,494	4,493
		733,139	359,145
CONTINGENCIES AND COMMITMENTS	8	10,849,740	10,019,652

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

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ASSETS	Note	December 31, 2009	June 30, 2009
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	454,982	474,066
Intangible assets		9,662	9,951
Assets subject to finance lease		68,156	70,502
Capital work in progress		86,759	71,127
Investment property	10	4,175,360	4,375,149
Investments	11	2,165,299	1,160,677
Long term advances and deposits		19,096	19,402
Long term loans - unsecured	12	38,971	80,074
Advance against purchase of property - unsecured		359,420	278,040
Deferred taxation		8,300	6,000
		7,386,005	6,544,988
CURRENT ASSETS			
Stock-in-trade		1,499,711	1,496,754
Trade debts - unsecured		1,328,987	1,559,785
Due from related parties - unsecured	13	20,338	15,433
Advances, deposits, prepayments and other receivables		288,807	61,410
Cash and bank balances		325,892	341,282
		3,463,735	3,474,664
		10,849,740	10,019,652

DIRECTOR

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PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Quarter ended		Half year ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Rupees in thousand)			
Sales	630,506	273,724	758,936	527,442
Cost of sales	(561,162)	(209,443)	(666,837)	(390,372)
Gross profit	69,344	64,281	92,099	137,070
Administrative and selling expenses	(49,066)	(39,586)	(72,594)	(64,290)
Changes in fair value of investment property	104,795	167,108	104,795	630,005
Other operating income	-	39,965	160,334	76,185
Other charges	(35,322)	(18,330)	(11,497)	(276,404)
Profit from operations	89,751	213,438	273,137	502,566
Finance costs	(11,350)	(90,823)	(111,350)	(174,692)
Share of profit of associates	476,300	20,152	480,571	20,152
Profit before tax	554,701	142,767	642,358	348,026
Taxation				
- Group	26,719	30,391	(1,500)	3,433
- Associates	5,649	(6,280)	4,551	(6,280)
Profit for the period	587,069	166,878	645,409	345,179
Profit for the period attributable to:				
Owners of the parent	592,072	166,878	661,131	345,179
Minority interests	(5,003)	-	(15,722)	-
	587,069	166,878	645,409	345,179

Earnings per share attributable to ordinary shareholders

- basic	Rupees	<u>2.23</u>	<u>0.76</u>	<u>2.52</u>	<u>1.57</u>
- diluted	Rupees	<u>1.80</u>	<u>0.46</u>	<u>2.02</u>	<u>1.18</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE: CHIEF EXECUTIVE DIRECTOR
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PACE (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Quarter ended		Half year ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Rupees in thousand)			
Profit for the period	587,069	166,878	645,409	345,179
Other comprehensive (loss) / income				
- (Loss) / gain in fair value of available for sale investment	(1)	(4)	1	(10)
- Share in capital reserves of associates	(30,402)	-	(30,402)	-
Total other comprehensive (loss)	(30,403)	(4)	(30,401)	(10)
Total comprehensive income for the period	556,666	166,874	615,008	345,169

Total comprehensive income attributable to:

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE: CHIEF EXECUTIVE DIRECTOR
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**PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

Note	Half year ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousand)	
Cash flows from operating activities		
Cash used in operations	16 307,997	(85,772)
Net increase / (decrease) in advances against sale of property	56,169	(269,018)
Finance cost paid	(168,562)	(122,779)
Gratuity and leave encashment paid	(6,215)	(546)
Taxes paid	(1,159)	(7,456)
Net cash used in operating activities	188,230	(485,571)
Cash flows from investing activities		
Purchase of property, plant and equipment	(272)	(23,887)
Additions in investment property	-	(29,846)
Proceeds from sale of property, plant and equipment	3,590	495
Proceeds from sale of investment property	3,350	-
Decrease in long term advances and deposits	306	489
Investment in equity instrument of Pace Barka Properties Limited	(549,901)	-
Proceeds of loans to subsidiaries	41,103	-
Markup received	3,169	56,352
Net cash (used in) / from investing activities	(498,655)	3,603
Cash flows from financing activities		
Surrender of share deposit money to Securities and Exchange Commission of Pakistan (SECP)	-	(609)
Proceeds / (repayment) from long term finances	467,624	16,000
Repayment of redeemable capital	(300)	(300)
Repayment of long term finances	(161,730)	(15,000)
Repayment of short term finances	46	-
Repayment of finance lease liabilities	(10,605)	(4,047)
Net cash from / (used in) financing activities	295,035	(3,956)
Net decrease in cash and cash equivalents	(15,390)	(485,924)
Cash and cash equivalents at beginning of the period	341,282	1,291,450
Cash and cash equivalents at the end of the period	325,892	805,526

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

Attributable to equity holders of the parent										(Rupees in thousand)	
										Minority Interest	Total Equity
	Share Capital	Share Deposit Money	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Share capital reserves of associates	Unappropriated profit	Total			
Balance as on June 30, 2008	2,204,656	882	1,003	116,244	7	-	2,252,823	4,575,615	27	4,575,642	
Total Comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	345,179	345,179	-	345,179	
Other comprehensive loss	-	-	-	-	(10)	-	(10)	(10)	-	(10)	
	-	-	-	-	(10)	-	345,179	345,169	-	345,169	
Issue of ordinary shares	145	(203)	58	-	-	-	-	-	-	-	
Bonus shares issued during the year	25	-	(25)	-	-	-	-	-	-	-	
Transfer of reserve relating to sale of investment property	-	-	-	(22,042)	-	-	22,042	-	-	-	
Share deposit money surrendered to SECP	-	(609)	-	-	-	-	-	(609)	-	(609)	
Balance as on December 31, 2008	2,204,826	70	1,036	94,202	(3)	-	2,620,044	4,920,175	27	4,920,202	
Total Comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	462,809	462,809	30,239	493,048	
Other comprehensive (loss) / income for the period	-	-	-	-	(1)	-	-	218,325	-	218,325	
	-	-	-	-	(1)	-	462,809	681,134	30,239	711,373	
Issue of ordinary shares	123,392	(14)	74,195	-	-	-	-	197,573	-	197,573	
Bonus shares issued during the year	2	-	(2)	-	-	-	-	-	-	-	
Share deposit money surrendered to SECP	-	(56)	-	-	-	-	-	(56)	-	(56)	
Balance as on June 30, 2009	2,328,220	-	75,229	94,202	(4)	-	3,082,853	5,798,826	30,266	5,829,092	
Total Comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	661,131	661,131	(15,722)	645,409	
Other comprehensive income / (loss)	-	-	-	-	1	(30,402)	-	(30,401)	-	(30,401)	
	-	-	-	-	1	(30,402)	661,131	630,730	(15,722)	615,008	
Issue of ordinary shares	460,546	-	198,035	-	-	-	-	658,581	-	658,581	
Balance as on December 31, 2009	2,788,766	-	273,264	94,202	(3)	-	3,743,984	7,088,137	14,544	7,102,681	
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.											
CHIEF EXECUTIVE										DIRECTOR	

CHIEF EXECUTIVE

DIRECTOR

LAHORE

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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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, 2009 (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 and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

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

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 Group for the year ended June 30, 2009.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 01, 2009.

- IAS 1 (Revised), 'Presentation of financial statements' is effective from July 01, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The group has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

- IFRS 8, 'Operating segments' is effective from July 01, 2009 and replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in reportable segments being presented for current and prior periods as reviewed for management decision making. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The application of the standard will not affect the results or net assets of the group as it is only concerned with presentation and disclosures.

- In addition to above, following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 1, 2009 and are also relevant to the group. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the group:

- IAS 23 (Amendment) - Borrowing costs
- IFRS 4 - Insurance contracts
- IFRIC 15 - Agreements for the construction of real estate
- IFRIC 16 - Hedge of net investment in a foreign operation
- IFRIC 17 - Distribution of non-cash assets to owners
- IFRIC 18 - Transfer of assets from customers

4. Taxation

The provision for taxation for the half year ended December 31, 2009 has been made on an estimated basis.

	Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
5. Long term finances - secured		
Opening balance	84,876	132,658
Add: Musharika finance obtained	400,000	73,500
	<u>484,876</u>	<u>206,158</u>
Less: Repayment during the period	32,376	121,282
	<u>452,500</u>	<u>84,876</u>
Less: Current portion shown under current liabilities	82,000	48,501
	<u>370,500</u>	<u>36,375</u>
6. Redeemable capital - secured (non-participatory)		
Opening balance	1,499,400	1,500,000
Less: Redeemed during the period	300	600
	<u>1,499,100</u>	<u>1,499,400</u>
Less: Current portion shown under current liabilities	250,100	600
	<u>1,249,000</u>	<u>1,498,800</u>
7. Foreign currency convertible bonds - unsecured		
Opening balance as at July 1st 2009	1,911,567	1,758,565
Converted into equity shares	(658,581)	(197,574)
Markup accrued for the period	4,248	130,757
	<u>1,257,234</u>	<u>1,691,748</u>
Markup paid during the period	(10,680)	(19,813)
Exchange (gain) / loss for the period	(119,003)	239,632
	<u>1,127,551</u>	<u>1,911,567</u>
8. Contingencies and commitments		
8.1 Contingencies		
(i) Claims against the group not acknowledged as debts Rs 21.644 million (June 2009: 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 2009: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.		
8.2 Commitments		
(i) Letters of credit for capital expenditure amounting to Rs 20.118 million (June 2009: Rs Nil).		
(ii) Total commitments in respect of bill of quantities for finishing of under construction projects amounting to Rs.120.550 million (June 2009:Nil).		
(iii) The Group entered into an agreement with Worldcall Telecom Limited (WTL) for Rs 12.138 million (June 2009:Nil) to provide dark optical fiber services (installation and maintenance) for a period of twenty years on the existing WTL metro optical fibre network.		

	Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
9. Property, plant and equipment		
Opening book value	474,066	434,385
Add: Additions during the period	272	76,599
Add: Transfers from assets subject to finance lease	1,894	-
	<u>2,166</u>	<u>76,599</u>
Less: Transfers to investment property / stock-in-trade (at book value)	-	2,232
	<u>476,232</u>	<u>508,752</u>
Less: Disposals during the period (at book value)	2,316	947
Less: Depreciation charged during the period	18,934	33,739
	<u>21,250</u>	<u>34,686</u>
Closing book value	<u>454,982</u>	<u>474,066</u>
9.1 Following is the detail of additions during the period		
Buildings on freehold land	-	18,827
Buildings on leasehold land	-	912
Plant and machinery	-	8,489
Electrical equipment	-	24,865
Office equipment and appliances	-	20
Furniture and fixtures	46	602
Computers	226	796
Vehicles	1,894	22,088
	<u>2,166</u>	<u>76,599</u>
10. Investments Property		
Opening fair value	4,375,149	3,580,870
Add: Additions to cost during the period		
- Direct additions	-	151,064
- Transfers from stock in trade and property, plant and equipment	-	93,688
- Transfers to stock in trade	(300,584)	(142,185)
- Disposals during the period	(3,350)	-
- Loss on property disposed	(650)	-
Closing value before revaluation	<u>4,070,565</u>	<u>3,683,437</u>
Add: Fair value gain recognised during the period	104,795	691,712
Closing value after revaluation	<u>4,175,360</u>	<u>4,375,149</u>
Investment property includes property amounting to Rs. 140 million (June 2009: 140 million) which is under the process of mutation in the name of the group.		
11. Investments		
Equity instruments of:		
- associated undertakings - unquoted	11.1	2,165,296
Available for sale - quoted	11.2	3
		<u>2,165,299</u>
		<u>1,160,675</u>

		Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
11.1 Associated undertakings - unquoted			
Pace Barka Properties Limited	11.1.1	2,165,116	1,160,495
115,000,000 (June 2009: 60,000,000) fully paid ordinary shares of Rs 10 each			
Pace Super Mall (Private) Limited		180	180
18,000 (June 2009: 18,000) fully paid ordinary shares of Rs 10 each			
		<u>2,165,296</u>	<u>1,160,675</u>
		2009	2008 Restated
		(Rupees in thousand)	
11.1.1 Pace Barka Properties Limited			
Cost		1,149,901	600,000
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account		<u>560,495</u>	<u>109,114</u>
		1,710,396	709,114
Share of movement in reserves during the year		(30,402)	218,326
Share of profit/(loss) for the year			
- before taxation		(12,023)	224,710
- provision for taxation		4,551	8,345
- Profit on increase in investment in associate		492,594	-
		<u>485,122</u>	<u>233,055</u>
		2,165,116	1,160,495
Less: Share of profits of associates: disposed off during the year		-	-
		<u>2,165,116</u>	<u>1,160,495</u>
11.2 Available for sale - quoted			
At cost		6	6
Add: Cumulative fair value (loss)/gain	11.2.1	(3)	(4)
		<u>3</u>	<u>2</u>

		Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
11.2.1 Cumulative fair value gain			
As at July 1st 2009		(4)	7
Fair value gain / (loss) during the period		1	(11)
		<u>(3)</u>	<u>(4)</u>
12. Long term loans - unsecured			
These represent loans given to the following related parties:			
Associated undertaking			
Pace Super Mall (Private) Limited		38,971	38,971
Media Times Limited		-	41,103
		<u>38,971</u>	<u>80,074</u>
13. Due from related parties - unsecured			
Associates			
Pace Super Mall (Private) Limited		<u>20,338</u>	<u>15,433</u>
Half year ended			
		December 31, 2009	December 31, 2008
		(Rupees in thousand)	
14. Transactions with related parties			
Relationship with the Company	Nature of transaction		
i. Associates	Purchase of goods & services	133,895	142,326
	Investment in equity instruments	549,901	-
	Loans repayments received	41,103	16,000
	Mark up income	8,074	7,624
	Mark up expenses	7,427	16,219
	Guarantee commission	2,250	2,250
	Sales of goods and services	244,618	49,395
	Advance against purchase of property	81,380	-
ii. Key management personnel	Short term employee benefits	16,889	24,678
	Termination Benefits	1,366	150
	Post Employment Benefits	490	75
	Advances	5,595	2,700

15. Operating Segments

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.

15.1 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, Pace Towers and Model Town Extension 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"

Mark-up on loans for general purposes are capitalised on the basis of weighted average interest rate and cost incurred. Mark-up on specific loans is being capitalised completely to the relevant real-estate project.

(Rupees in thousand)																	
	Real estate				Investment properties				Others		Total						
	Quarter ended		Six months ended		Quarter ended		Six months ended		Quarter ended		Six months ended						
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008					
15.2 Segment results																	
Segment revenue	321,752	253,195	387,315	430,508	294,378	19,823	294,378	37,332	14,376	57,620	77,243	59,602	630,506	330,638	758,936	527,442	
Segment expenses																	
- Cost of sales	(236,719)	(194,171)	(288,858)	(305,400)	(259,342)	-	(259,342)	-	(3,246)	(199)	(12,168)	(1,377)	(495,907)	(194,370)	(560,368)	(306,777)	
- Stores operating expenses	-	-	-	-	(25,610)	(14,541)	(28,042)	(25,829)	(35,645)	(57,446)	(78,427)	(57,766)	(61,255)	(71,987)	(106,469)	(83,595)	
Gross profit	85,033	59,024	98,457	125,108	9,426	5,282	6,994	11,503	(24,515)	(25)	(13,352)	459	69,344	64,281	92,099	137,070	
- Changes in fair value of investment property	-	-	-	-	104,795	167,108	104,795	630,005	-	-	-	-	-	104,795	167,108	104,795	630,005
Segment results	85,033	59,024	98,457	125,108	114,221	172,390	111,789	641,508	(24,515)	(25)	(13,352)	459	174,139	231,389	197,894	767,075	
Administrative and selling expenses													(49,066)	(39,586)	(72,594)	(64,290)	
Other operating income													-	39,965	160,334	76,185	
Finance costs													(11,350)	(90,823)	(111,350)	(174,692)	
Other operating expenses													(35,322)	(18,330)	(11,497)	(276,404)	
Share of (Loss) / profit of association													476,300	20,152	480,571	20,152	
Profit before tax													554,701	142,767	642,358	348,026	
Taxation																	
Group													26,719	30,391	(1,500)	3,433	
Associates													5,649	(6,280)	4,551	(6,280)	
Profit for the period													587,069	166,878	645,409	345,179	

	Un-Audited December 31, 2009 (Rupees in thousand)	Audited June 30, 2009
16. Cash used in operations		
Profit before tax	642,358	348,026
Adjustments for:		
- Depreciation on property, plant and equipment	18,934	16,263
- Depreciation on assets subject to finance lease	11,401	1,827
- Amortisation on intangible assets	289	296
- Amortisation of deferred income	(9,584)	-
- Gain on sale of property, plant and equipment	(1,274)	(132)
- Loss on sale of investment property	650	-
- (Gain) on investment in associated companies	-	-
- Markup Income	(3,169)	(60,493)
- Changes in fair value of investment property	(104,795)	(630,005)
- Finance costs	111,350	174,692
- Liabilities written back	(936)	-
- Exchange (gain) / loss on foreign currency convertible bonds	(119,003)	276,164
- Share of profit of associate	(485,122)	(20,152)
- Provision for gratuity and leave encashment	6,056	5,762
Profit/(loss) before working capital changes	67,155	112,248
Effect on cash flow due to working capital changes		
- Decrease / (increase) in stock-in-trade	338,801	(67,069)
- Decrease in trade debts	230,798	81,598
- (Increase) / decrease in due from related parties	(4,905)	-
- Increase in advance against purchase of property	(81,380)	(165,776)
- Increase in advances, deposits prepayments and other receivables	(225,552)	(15,642)
- Decrease in creditors, accrued and other liabilities	(16,920)	(31,131)
	240,842	(198,020)
	<u>307,997</u>	<u>(85,772)</u>

17. Detail of subsidiaries

Name of the subsidiaries	Accounting period end	Percentage of holding	Country of incorporation
Pace Woodlands (Private) Limited	31-Dec-09	52%	Pakistan
Pace Gujrat (Private) Limited	31-Dec-09	100%	Pakistan

17. Date of authorization for issue

This condensed interim financial information was authorised for issue on February 25, 2010 by the Board of Directors of the group.

18. 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. Significant re-arrangement made is as follows:

(Rupees in thousand)

Service charges reclassified from Cost of sales to sales 56,914

The above figures have been re-arranged as the reclassification made is considered more appropriate for the purposes of presentation.

LAHORE

CHIEF EXECUTIVE

DIRECTOR