

PACE (PAKISTAN) LIMITED

**CONDENSED INTERIM FINANCIAL
REPORT (UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 31, 2010**

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 financial statements of the Company for the quarter and nine months ended March 31, 2010

Operating Results

The performance of the company remained satisfactory during the period under review despite the very challenging business conditions especially in the real estate sector, comparison of the un-audited results for the quarter and nine months ended March 31, 2010 with corresponding periods is as under:

	Rupees in '000'			
	For the 3rd Quarter		Cumulative	
	Jan-Mar 2010	Jan-Mar 2009	Jul-Mar 2010	Jul-Mar 2009
Sales	391,643	123,683	1,150,579	594,211
Gross Profit	91,896	18,918	184,595	155,988
Increase in fair value of investment property	68,781	145,308	173,576	775,313
Other operating income	21,018	30,986	190,747	121,897
Net Profit before tax	101,605	63,027	295,533	405,629
Earnings per share (PKR)	0.36	0.29	1.11	1.86
Earnings per share - Diluted (PKR)	0.24	0.26	0.91	1.45

During the current period sales and gross profits have shown considerable improvement compared with the corresponding period last year. Profit is primarily attributable to recording of revenue against the sale of commercial properties at operational malls, residential houses and apartments. During the period considerable portion of sales comprises of completed properties which were classified as investments properties during the past years and were being reported at fair values. Major portion of profits on the said properties have already been recognized in profit and loss statement of relevant periods therefore, affecting the current period margins. Moreover, bearish trend in the real estate sector prevailed affecting the selling prices and margins however recovery in prices and sales was noticed during the third quarter of current financial year. Management expects that worst has been over now and the recovery process which has been noticed recently would continue in future and real estate sector as well as the company would show improvement in the coming financial years.

During the nine months period under review the company received conversion notices from some of the holders of its 'foreign currency convertible bonds' amounting to USD 10.558 million, including mark-up of USD 0.558 million, for conversion into 46,054,596 ordinary shares of Rs. 10/- each. The bonds were duly converted into 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
April 27, 2010

Salmaan Taseer
Chief Executive Officer

PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2010

EQUITY AND LIABILITIES	Note	March	June
		31, 2010	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		354,360	169,427
Unappropriated profit		3,003,590	2,696,752
		6,146,716	5,194,399
NON-CURRENT LIABILITIES			
Long term finances - secured	5	320,000	-
Redeemable capital - secured (non-participatory)	6	999,200	1,498,800
Liabilities against assets subject to finance lease		38,258	46,387
Foreign currency convertible bonds - unsecured	7	1,144,223	1,911,567
Deferred liabilities		32,986	33,814
Advances against sale of property		110,380	45,589
Deferred income		41,528	55,903
		2,686,575	3,592,060
CURRENT LIABILITIES			
Current portion of long term liabilities		602,020	31,649
Short term finances - secured		100,000	-
Creditors, accrued and other liabilities		153,042	207,134
		855,062	238,783
CONTINGENCIES AND COMMITMENTS			
	8		
		9,688,353	9,025,242

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

LAHORE

CHIEF EXECUTIVE

ASSETS

	Note	March 31, 2010	June 30, 2009
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	9	445,713	474,066
Intangible assets		9,518	9,951
Assets subject to finance lease		61,828	70,502
Capital work in progress		86,758	71,127
Investment property	10	3,956,318	4,103,602
Investments	11	1,150,140	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		453,794	278,040
Deferred taxation		9,700	6,000
		<u>6,293,765</u>	<u>5,774,930</u>

CURRENT ASSETS

Stock-in-trade		1,380,471	1,488,110
Trade debts - unsecured		1,320,149	1,316,281
Due from related parties - unsecured	13	111,477	44,845
Advances, deposits, prepayments and other receivables		553,120	60,384
Cash and bank balances		29,371	340,692
		<u>3,394,588</u>	<u>3,250,312</u>

<u>9,688,353</u>	<u>9,025,242</u>
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DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Quarter ended		Nine Months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
(Rupees in thousand)				
Sales	391,643	123,683	1,150,579	594,211
Cost of sales	<u>(299,747)</u>	<u>(104,765)</u>	<u>(965,984)</u>	<u>(438,223)</u>
Gross profit	91,896	18,918	184,595	155,988
Administrative and selling expenses	<u>(28,653)</u>	<u>(24,955)</u>	<u>(101,101)</u>	<u>(89,243)</u>
Changes in fair value of investment property	68,781	145,308	173,576	775,313
Other operating income	21,018	30,986	190,747	121,897
Other charges	<u>-</u>	<u>(15,908)</u>	<u>(11,497)</u>	<u>(292,312)</u>
Profit from operations	153,042	154,349	436,320	671,643
Finance costs	<u>(51,437)</u>	<u>(91,322)</u>	<u>(140,787)</u>	<u>(266,014)</u>
Profit before tax	101,605	63,027	295,533	405,629
Taxation	<u>(300)</u>	<u>1,000</u>	<u>(1,800)</u>	<u>5,000</u>
Profit for the period	101,305	64,027	293,733	410,629
Earnings per share attributable to ordinary shareholders				
- basic	Rupees	<u>0.36</u>	<u>0.29</u>	<u>1.11</u>
- diluted	Rupees	<u>0.24</u>	<u>0.26</u>	<u>0.91</u>

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 COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Quarter ended		Nine Months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousand)			
Profit for the period	101,305	64,027	293,733	410,629
Other comprehensive income/(loss)				
- gain/(Loss) in fair value of				
available for sale investment	1	(4)	2	(10)
Total comprehensive income				
for the period	<u>101,306</u>	<u>64,023</u>	<u>293,735</u>	<u>410,619</u>

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 NINE MONTHS ENDED MARCH 31, 2010

	Note	Nine Months ended	
		March 31, 2010 (Rupees in thousand)	March 31, 2009
Cash flows from operating activities			
Cash used in operations	16	(57,600)	(98,677)
Net increase / (decrease) in advances against sale of property		64,791	(273,042)
Finance cost paid		(276,247)	(226,893)
Gratuity and leave encashment paid		(7,854)	(2,505)
Taxes paid		(7,452)	(10,470)
Net cash used in operating activities		<u>(284,362)</u>	<u>(611,587)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(272)	(24,444)
Additions in investment property		-	(11,064)
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 from associates		41,103	-
Markup received		3,169	76,699
Net cash (used in) / from investing activities		<u>(498,655)</u>	<u>42,175</u>
Cash flows from financing activities			
Surrender of share deposit money to Securities and Exchange Commission of Pakistan (SECP)		-	(665)
Proceeds from long term finances		400,000	-
Proceeds from short term finances		100,000	-
Repayment of redeemable capital		(600)	(600)
Repayment of long term finances		(11,376)	(26,126)
Repayment of finance lease liabilities		(16,328)	(5,477)
Net cash from / (used in) financing activities		<u>471,696</u>	<u>(32,868)</u>
Net decrease in cash and cash equivalents		<u>(311,321)</u>	<u>(602,280)</u>
Cash and cash equivalents at beginning of the period		<u>340,692</u>	<u>1,314,880</u>
Cash and cash equivalents at the end of the period		<u><u>29,371</u></u>	<u><u>712,600</u></u>

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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Share Capital	Share deposit money	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Un-appropriated profit	Total
Balance as on June 30, 2008	2,204,656	882	1,003	116,244	7	2,237,914	4,560,706
Total Comprehensive income for the period							
Profit for the period	-	-	-	-	-	410,629	410,629
Other comprehensive loss	-	-	-	-	(10)	-	(10)
Bonus shares issued during the period	40,682	(217)	37,509	-	(10)	410,629	410,619
Transfer of reserve relating to sale of investment property	27	-	(27)	-	-	-	77,974
Share deposit money surrendered to SECP	-	(665)	-	(22,042)	-	22,042	-
Balance as on March 31, 2009	2,245,365	-	38,485	94,202	(3)	2,670,585	5,048,634
Total Comprehensive income for the period							
Profit for the period	-	-	-	-	-	26,167	26,167
Other comprehensive loss	-	-	-	-	(1)	-	(1)
Issue of ordinary shares	82,855	-	36,744	-	(1)	26,166	26,166
Balance as on June 30, 2009	2,328,220	-	75,229	94,202	(4)	2,696,752	5,194,399
Total Comprehensive income for the period							
Profit for the period	-	-	-	-	-	293,733	293,733
Other comprehensive income	-	-	-	-	2	-	2
Issue of ordinary shares	460,546	-	198,036	-	-	293,733	293,735
Transfer of reserve relating to sale of investment property	-	-	-	(13,105)	-	-	658,582
Balance as on March 31, 2010	2,788,766	-	273,265	81,097	(2)	3,003,590	6,146,716

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 (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010**

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 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 nine months ended March 31, 2010 has been made on an estimated basis.

Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
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5. Long term finances - secured

Opening balance	11,375	48,658
Add: Musharika finance obtained	400,000	-
	<u>411,375</u>	<u>48,658</u>
Less: Repayment during the period	11,375	37,283
	<u>400,000</u>	<u>11,375</u>
Less: Current portion shown under current liabilities	80,000	11,375
	<u>320,000</u>	<u>-</u>

6. Redeemable capital - secured (non-participatory)

Opening balance	1,499,400	1,500,000
Less: Redeemed during the period	600	600
	<u>1,498,800</u>	<u>1,499,400</u>
Less: Current portion shown under current liabilities	499,600	600
	<u>999,200</u>	<u>1,498,800</u>

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	22,280	130,757
	<u>1,275,266</u>	<u>1,691,748</u>
Markup paid during the period	(10,680)	(19,813)
Exchange (gain) / loss for the period	(120,362)	239,632
	<u>1,144,223</u>	<u>1,911,567</u>

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

Total commitments in respect of bill of quantities for finishing of under construction projects amounting to Rs.200.01 million (June 2009:Nil).

Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
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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	2,262	-
	<u>2,534</u>	<u>76,599</u>
Less: Transfers to investment property / stock-in-trade (at book value)	-	2,232
	<u>476,600</u>	<u>508,752</u>
Less: Disposals during the period (at book value)	2,316	947
Less: Depreciation charged during the period	28,571	33,739
	<u>30,887</u>	<u>34,686</u>
Closing book value	<u>445,713</u>	<u>474,066</u>

9.1 Following is the detail of additions and transfers 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	2,262	22,088
	<u>2,534</u>	<u>76,599</u>

	Un-Audited March 31, 2010 (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	(316,860)	(142,185)
- Disposals during the period	(3,350)	-
- Loss on property disposed	(650)	-
Closing value before revaluation	3,782,742	3,630,725
Add: Fair value gain recognised during the period	173,576	472,877
Closing value after revaluation	3,956,318	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	Note 11.1	55	55
- associated undertakings - unquoted	Note 11.2	1,150,081	600,180
Available for sale - quoted	Note 11.3	4	2
		1,150,140	600,237

11.1 Subsidiaries - unquoted

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

11.2 Associated undertakings - unquoted

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

11.3 Available for sale - quoted

At cost		6	6
Add: Cumulative fair value loss	Note 11.3.1	(2)	(4)
		4	2

	Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
11.3.1 Cumulative fair value gain		
As at July 1st	(4)	7
Fair value gain / (loss) during the period	2	(11)
	(2)	(4)

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
	100,900	142,003

13. Due from related parties - unsecured

Subsidiaries

Pace Woodlands (Private) Limited	64,644	3,690
Pace Gujrat (Private) Limited	46,833	41,155
	111,477	44,845

Nine Months ended

March 31, 2010	March 31, 2009
(Rupees in thousand)	

14. Transactions with related parties

Relationship with the Company Nature of transaction

i. Subsidiaries	Short term advances given	44,230	14,488
	Short term advances received back	900	48,807
	Mark up income	23,300	27,832
	Purchase of goods & services	-	20,400
ii. Associates	Purchase of goods & services	165,916	142,326
	Investment in equity instruments	549,901	-
	Loans repayments received	41,103	-
	Advance against purchase of property	175,755	9,855
	Mark up income	3,169	5,363
	Guarantee commission	3,375	3,375
	Sales of goods and services	249,118	49,395
iii. Key management personnel	Short term employee benefits	24,053	34,929
	Termination Benefits	1,220	150
	Post Employment Benefits	5,641	75
	Advances	4,936	3,583

Period end balances

	Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
Long term loans to related parties	100,900	142,003
Receivable from related parties	639,988	448,828
Advances to related parties	629,241	260,995
Payable to related parties	23,530	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			Nine months ended			Quarter ended			Nine months ended			Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
15.2 Segment results																								
Segment revenue	318,705	103,183	706,020	533,691	29,387	20,500	323,765	57,832	43,551	-	120,794	2,688	391,643	123,683	1,150,579	594,211								
Segment expenses																								
- Cost of sales	(234,753)	(93,480)	(523,611)	(398,880)	(16,276)	-	(275,618)	-	(4,443)	-	(16,011)	(1,378)	(255,472)	(93,480)	(815,240)	(400,258)								
- Stores operating expenses	-	-	-	-	(12,876)	(11,285)	(42,418)	(37,211)	(31,399)	-	(108,326)	(754)	(44,275)	(11,285)	(150,744)	(37,965)								
Gross profit	83,952	9,703	182,409	134,811	235	9,215	5,729	20,621	7,709	-	(3,543)	556	91,896	18,918	184,595	155,988								
- Changes in fair value of investment property	-	-	-	-	68,781	145,308	173,576	775,313	-	-	-	-	68,781	145,308	173,576	775,313								
Segment results	83,952	9,703	182,409	134,811	69,015	154,523	179,304	795,934	7,709	-	(3,543)	556	160,677	164,226	358,171	931,301								
Administrative and selling expenses														(28,653)	(24,955)	(101,101)	(89,243)							
Other operating income														21,018	30,986	190,747	121,897							
Finance costs														(51,437)	(91,322)	(140,787)	(266,014)							
Other operating expenses														-	(15,908)	(11,497)	(292,312)							
Profit before tax														101,605	63,027	295,533	405,629							
Taxation														(300)	1,000	(1,800)	5,000							
Profit for the period														101,305	64,027	293,733	410,629							

16. Cash used in operations

	Nine months ended	
	March 31, 2010	March 31, 2009
	(Rupees in thousand)	
Profit before tax	295,533	405,629
Adjustments for:		
- Depreciation on property, plant and equipment	28,571	24,748
- Depreciation on assets subject to finance lease	17,362	2,663
- Amortisation on intangible assets	434	444
- Amortisation of deferred income	(14,375)	-
- Gain on sale of property, plant and equipment	(1,274)	(132)
- Loss on sale of investment property	650	-
- Markup Income	(26,470)	(104,638)
- Changes in fair value of investment property	(173,576)	(775,313)
- Finance costs	140,787	266,014
- Liabilities written back	(936)	-
- Exchange (gain) / loss on foreign currency convertible bonds	(120,362)	292,072
- Provision for gratuity and leave encashment	7,026	8,643
Profit before working capital changes	153,369	120,130

Effect on cash flow due to working capital changes

- Decrease / (increase) in stock-in-trade	505,069	(7,572)
- (increase)/ decrease in trade debts	(3,868)	37,585
- (Increase) / decrease in due from related parties	(43,331)	18,154
- Increase in advance against purchase of property	(175,754)	(171,776)
- Increase in advances, deposits		
prepayments and other receivables	(490,784)	(59,000)
- Decrease in creditors, accrued and other liabilities	(2,301)	(36,198)
	(210,969)	(218,807)
	<u>(57,600)</u>	<u>(98,677)</u>

17. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 27, 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 90,287

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 CONDENSED
INTERIM FINANCIAL REPORT
(UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 31, 2010

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited ("the group") is pleased to present un-audited consolidated financial statements of the group for the quarter and nine months ended March 31, 2010.

Operating Results

Following are the comparative financial results of the group for the quarter and nine months ended March 31, 2010 and March 31, 2009:

	Rupees in '000'			
	For the 3rd Quarter		Cumulative	
	Jan-Mar 2010	Jan-Mar 2009	Jul-Mar 2010	Jul-Mar 2009
Sales	391,643	123,683	1,150,579	594,211
Gross Profit	89,383	18,918	181,482	155,988
Increase in fair value of investment property	68,781	145,308	173,576	775,313
Other operating income	14,476	23,583	174,810	99,768
Net Profit before tax	189,361	59,439	831,719	407,465
Earnings per share (PKR)	0.69	0.26	3.21	1.83
Earnings per share - Diluted (PKR)	0.53	0.25	2.55	1.43

During the period sales and profit margins have improved compared with the corresponding period last year. Increase in profitability is a result of increase in sales and increase in share of profits from associates. Management expects that worst in the real estate sector has been over now and the recovery process which has been noticed recently would continue in future and real estate sector as well as the group would show improvement in the coming financial years.

Pace Woodlands (Pvt.) Limited ("PWL")

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

Pace Gujrat (Pvt.) Limited ("PGL")

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 PGL is planning for new projects at the right time.

For and on behalf of the Board of Directors

Lahore
April 27, 2010

Salmaan Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2010

EQUITY AND LIABILITIES		Note	March 31, 2010	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			389,282	387,753
Unappropriated profit			3,965,727	3,082,853
			7,143,775	5,798,826
			10,185	30,266
			7,153,960	5,829,092
MINORITY INTEREST				
NON-CURRENT LIABILITIES				
Long term finances				
- secured	5		320,000	36,375
- unsecured			41,250	202,980
Redeemable capital - secured (non-participatory)	6		999,200	1,498,800
Liabilities against assets subject to finance lease			38,258	46,387
Foreign currency convertible bonds - unsecured	7		1,144,223	1,911,567
Deferred liabilities			32,986	33,814
Advances against sale of property			110,380	45,589
Deferred income			41,528	55,903
			2,727,825	3,831,415
CURRENT LIABILITIES				
Current portion of long term liabilities			644,020	68,774
Finances under mark-up arrangements			35,957	35,011
Short term finances - secured			100,000	-
Creditors, accrued and other liabilities			199,249	250,867
Taxation			4,493	4,493
			983,719	359,145
CONTINGENCIES AND COMMITMENTS				
	8			
			10,865,504	10,019,652

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

LAHORE

CHIEF EXECUTIVE

ASSETS

NON-CURRENT ASSETS

	Note	March 31, 2010 (Rupees in thousand)	June 30, 2009
Property, plant and equipment	9	445,713	474,066
Intangible assets		9,518	9,951
Assets subject to finance lease		61,828	70,502
Capital work in progress		86,758	71,127
Investment property	10	4,227,865	4,375,149
Investments	11	2,126,354	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		453,794	278,040
Deferred taxation		9,700	6,000
		<u>7,479,597</u>	<u>6,544,988</u>

CURRENT ASSETS

Stock-in-trade		1,386,002	1,496,754
Trade debts - unsecured		1,382,896	1,559,785
Due from related parties - unsecured	13	22,789	15,433
Advances, deposits, prepayments and other receivables		564,247	61,410
Cash and bank balances		29,973	341,282
		<u>3,385,907</u>	<u>3,474,664</u>

10,865,504 10,019,652

DIRECTOR

PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Quarter ended		Nine Months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousand)			
Sales	391,643	123,683	1,150,579	594,211
Cost of sales	(302,260)	(104,765)	(969,097)	(438,223)
Gross profit	89,383	18,918	181,482	155,988
Administrative and selling expenses	(28,778)	(24,955)	(101,372)	(89,245)
Changes in fair value of investment property	68,781	145,308	173,576	775,313
Other operating income	14,476	23,583	174,810	99,768
Other charges	-	(15,908)	(11,497)	(292,312)
Profit from operations	143,862	146,946	416,999	649,512
Finance costs	(53,338)	(91,322)	(164,688)	(266,014)
Share of profit of associates	98,837	3,815	579,408	23,967
Profit before tax	189,361	59,439	831,719	407,465
Taxation				
- Group	(300)	400	(1,800)	3,833
- Associates	15,218	(1,189)	19,769	(7,469)
Profit for the period	204,279	58,650	849,688	403,829
Profit for the period attributable to:				
Owners of the parent	208,638	58,650	869,769	403,829
Minority interests	(4,359)	-	(20,081)	-
	<u>204,279</u>	<u>58,650</u>	<u>849,688</u>	<u>403,829</u>
Earnings per share attributable to ordinary shareholders				
- basic	Rupees 0.69	0.26	3.21	1.83
- diluted	Rupees 0.53	0.25	2.55	1.43

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 STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

	Quarter ended		Nine Months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousand)			
Profit for the period	204,279	58,650	849,688	403,829
Other comprehensive (loss) / income				
- gain/(Loss) in fair value of available for sale investment	1	(4)	2	(10)
- Share in capital reserves of associates	(153,001)	-	(183,403)	-
Total other comprehensive (loss)	(153,000)	(4)	(183,401)	(10)
Total comprehensive income for the period	<u>51,279</u>	<u>58,646</u>	<u>666,287</u>	<u>403,819</u>

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
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010

Note	Nine Months ended	
	March 31, 2010 (Rupees in thousand)	March 31, 2009
Cash flows from operating activities		
Cash from/(used in) operations	16	155,963
Net increase / (decrease) in advances against sale of property		(127,103)
Finance cost paid		64,791
Gratuity and leave encashment paid		(231,095)
Taxes paid		(297,514)
		(7,854)
		(2,505)
		(7,452)
		(10,486)
Net cash used in operating activities		(92,066)
Cash flows from investing activities		
Purchase of property, plant and equipment		(272)
Additions in investment property		(24,444)
Proceeds from sale of property, plant and equipment		-
Proceeds from sale of investment property		(29,845)
Decrease in long term advances and deposits		3,590
Investment in equity instrument of Pace Barka Properties Limited		495
Proceeds of loans from associates		3,350
Markup received		-
		306
		489
		(549,901)
		41,103
		3,169
		76,832
Net cash (used in) / from investing activities		(498,655)
Cash flows from financing activities		
Surrender of share deposit money to Securities and Exchange Commission of Pakistan (SECP)		-
Proceeds from long term finances		(665)
Proceeds from short term finances		357,124
Repayment of redeemable capital		32,250
Repayment of long term finances		100,000
Repayment of finance lease liabilities		-
		(600)
		(161,730)
		(5,477)
Net cash from / (used in) financing activities		278,466
Net decrease in cash and cash equivalents		(312,255)
Cash and cash equivalents at beginning of the period		306,271
Cash and cash equivalents at the end of the period		(5,984)
		677,766

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
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Share Capital	Share Deposit Money	Share Premium	Share Revaluation Reserve for investment property	Reserve for changes in fair value of investments	Share capital reserves of associates	Unappropriated profit	Total	(Rupees in thousand) Minority Interest	Total Equity
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	-	-	-	-	-	-	403,829	403,829	-	403,829
Other comprehensive loss	-	-	-	-	(10)	(10)	-	(10)	-	403,819
Issue of ordinary shares	40,682	(217)	37,509	-	-	-	-	77,974	-	77,974
Bonus shares issued during the period	27	-	(27)	-	-	-	-	-	-	-
Transfer of reserve relating to sale of investment property	-	-	-	(22,042)	-	-	22,042	-	-	-
Share deposit money surrendered to SECP	-	(665)	-	-	-	-	-	(665)	-	(665)
Balance as on March 31, 2009	2,245,365	-	38,485	94,202	(3)	-	2,678,694	5,056,743	27	5,056,770
Total Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	404,159	404,159	30,239	434,398
Other comprehensive (loss) / income for the period	-	-	-	-	(1)	(1)	-	218,325	-	218,325
Issue of ordinary shares	82,853	-	36,746	-	-	-	-	119,599	-	119,599
Bonus shares issued during the year	2	-	(2)	-	-	-	-	-	-	-
Share deposit money surrendered to SECP	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	869,769	869,769	(20,081)	849,688
Other comprehensive income / (loss)	-	-	-	-	2	(183,403)	-	(183,401)	-	(183,401)
Issue of ordinary shares	460,546	-	198,035	(13,105)	-	-	869,769	686,368	(20,081)	666,287
Balance as on March 31, 2010	2,788,766	-	273,264	81,097	(2)	-	3,965,727	7,143,775	10,185	7,153,960

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010**

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 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 nine months ended March 31, 2010 has been made on an estimated basis.

**Un-Audited
March
31, 2010
(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
	484,876	206,158
Less: Repayment during the period	42,876	121,282
	442,000	84,876
Less: Current portion shown under current liabilities	122,000	48,501
	320,000	36,375

6. Redeemable capital - secured (non-participatory)

Opening balance	1,499,400	1,500,000
Less: Redeemed during the period	600	600
	1,498,800	1,499,400
Less: Current portion shown under current liabilities	499,600	600
	999,200	1,498,800

7. Foreign currency convertible bonds - unsecured

Opening balance as at July 1st	1,911,567	1,758,565
Converted into equity shares	(658,581)	(197,574)
Markup accrued for the period	22,280	130,757
	1,275,266	1,691,748
Markup paid during the period	(10,680)	(19,813)
Exchange (gain) / loss for the period	(120,362)	239,632
	1,144,223	1,911,567

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) Total commitments in respect of bill of quantities for finishing of under construction projects amounting to Rs.200.01 million (June 2009:Nil).
- (ii) The Group entered into an agreement with Worldcall Telecom Limited (WTL) for Rs 12.138 million (June 2009:12.138) to provide dark optical fibre services (installation and maintenance) for a period of twenty years on the existing WTL metro optical fibre network.

		Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
9. Property, plant and equipment			
Opening book value		474,066	434,385
Add: Additions during the period	Note 9.1	272	76,599
Add: Transfers from assets subject to finance lease	Note 9.1	2,262	-
		2,534	76,599
Less: Transfers to investment property / stock-in-trade (at book value)		-	2,232
		476,600	508,752
Less: Disposals during the period (at book value)		2,316	947
Less: Depreciation charged during the period		28,571	33,739
		30,887	34,686
Closing book value		445,713	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	2,262	22,088
	2,534	76,599

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	(316,860)	(142,185)
- Disposals during the period	(3,350)	-
- Loss on property disposed	(650)	-
Closing value before revaluation	4,054,289	3,683,437
Add: Fair value gain recognised during the period	173,576	691,712
Closing value after revaluation	4,227,865	4,375,149

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	Note 11.1	2,126,350	1,160,675
Available for sale - quoted	Note 11.2	4	2
		2,126,354	1,160,677

		Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
11.1 Associated undertakings - unquoted			
Pace Barka Properties Limited	Note 11.1.1	2,126,170	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			
		2,126,350	1,160,675
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		560,495	109,114
		1,710,396	709,114
Share of movement in reserves during the year		(183,403)	218,326
Share of profit/(loss) for the year			
- before taxation		(86,814)	224,710
- provision for taxation		19,769	8,345
- Profit on increase in investment in associate		492,594	-
		599,177	233,055
		2,126,170	1,160,495
11.2 Available for sale - quoted			
At cost		6	6
Add: Cumulative fair value loss	Note 11.2.1	(2)	(4)
		2	2
11.2.1 Cumulative fair value gain			
As at July 1st		(4)	7
Fair value gain / (loss) during the period		2	(11)
		(2)	(4)

	Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
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>22,789</u>	<u>15,433</u>
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Nine Months ended
March 31, March 31,
2010 2009
(Rupees in thousand)

14. Transactions with related parties

Relationship with the Group	Nature of transaction		
i. Associates	Purchase of goods & services	165,916	142,326
	Investment in equity instruments	549,901	-
	Loans repayments received	41,103	16,000
	Mark up income	10,525	11,632
	Mark up expenses	7,427	25,103
	Guarantee commission	3,375	3,375
	Sales of goods and services	249,118	49,395
	Short term advances given	-	15,620
	Short term advances received back	-	581
	Advance against purchase of property	175,755	-
ii. Key management personnel	Short term employee benefits	24,053	34,929
	Termination Benefits	1,220	150
	Post Employment Benefits	5,641	75
	Advances	4,936	3,583

	Un-Audited March 31, 2010 (Rupees in thousand)	Audited June 30, 2009
Period end balances		
Long term loans to related parties	38,971	80,074
Receivable from related parties	512,276	403,983
Advances to related parties	629,241	260,995
Payable to related parties	23,530	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 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		Nine months ended		Quarter ended		Nine months ended		Quarter ended		Nine months ended		Quarter ended		Nine months ended	
	March 31, 2010	31, 2009	March 31, 2010	31, 2009	March 31, 2010	31, 2009	March 31, 2010	31, 2009	March 31, 2010	31, 2009	March 31, 2010	31, 2009	March 31, 2010	31, 2009	March 31, 2010	31, 2009
15.2 Segment results																
Segment revenue	318,705	103,183	706,020	533,691	29,387	20,500	323,765	57,832	43,551	-	120,794	2,688	391,643	123,683	1,150,579	594,211
Segment expenses																
- Cost of sales	(237,266)	(93,480)	(526,724)	(398,880)	(16,276)	-	(275,618)	-	(4,443)	-	(16,011)	(1,378)	(257,985)	(93,480)	(818,353)	(400,258)
- Stores operating expenses	-	-	-	-	(12,876)	(11,285)	(42,418)	(37,211)	(31,399)	-	(108,326)	(754)	(44,275)	(11,285)	(150,744)	(37,965)
Gross profit	81,439	9,703	179,296	134,811	235	9,215	5,729	20,621	7,709	-	(3,543)	556	89,383	18,918	181,482	155,988
- Changes in fair value of investment property	-	-	-	-	68,781	145,308	173,576	775,313	-	-	-	-	68,781	145,308	173,576	775,313
Segment results	81,439	9,703	179,296	134,811	69,016	154,523	179,305	795,934	7,709	-	(3,543)	556	158,164	164,226	355,058	931,301
Administrative and selling expenses													(28,778)	(24,955)	(101,372)	(89,245)
Other operating income													14,476	23,583	174,810	99,768
Finance costs													(53,338)	(91,322)	(164,688)	(266,014)
Other operating expenses													-	(15,908)	(11,497)	(292,312)
Share of profit of associates													98,837	3,815	579,408	23,967
Profit before tax													189,361	59,439	831,719	407,465
Taxation																
Group													(300)	400	(1,800)	3,833
Associates													15,218	(1,189)	19,769	(7,469)
Profit for the period													204,279	58,650	849,688	403,829

16. Cash used in operations

	Nine Months ended	
	March 31, 2010	March 31, 2009
	(Rupees in thousand)	
Profit before tax	831,719	407,465
Adjustments for:		
- Depreciation on property, plant and equipment	28,571	24,748
- Depreciation on assets subject to finance lease	17,362	2,663
- Amortisation on intangible assets	434	444
- Amortisation of deferred income	(14,375)	-
- Gain on sale of property, plant and equipment	(1,274)	(132)
- Loss on sale of investment property	650	-
- Markup Income	(3,169)	(83,209)
- Changes in fair value of investment property	(173,576)	(775,313)
- Finance costs	164,688	266,014
- Liabilities written back	(936)	-
- Exchange (gain) / loss on foreign currency convertible bonds	(120,362)	292,072
- Share of profit of associate	(579,408)	(23,967)
- Provision for gratuity and leave encashment	7,026	8,643
Profit before working capital changes	157,350	119,428
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	508,183	108
- Decrease in trade debts	176,889	37,585
- Increase in due from related parties	(7,356)	(16,163)
- Increase in advance against purchase of property	(175,754)	(171,776)
- Increase in advances, deposits prepayments and other receivables	(500,885)	(57,846)
- Decrease in creditors, accrued and other liabilities	(2,464)	(38,439)
	(1,387)	(246,531)
	155,963	(127,103)

17. Detail of subsidiaries

Name of the subsidiaries	Accounting period end	Percentage of holding	Country of incorporation
Pace Woodlands (Private) Limited	31-Mar-10	52%	Pakistan
Pace Gujrat (Private) Limited	31-Mar-10	100%	Pakistan

18. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 27, 2010 by the Board of Directors of the group.

19. Corresponding figures

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

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. Significant re-arrangement made is as follows:

(Rupees in thousand)	
Service charges reclassified from Cost of sales to sales	90,287

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