

PACE (PAKISTAN) LIMITED

**QUARTERLY ACCOUNTS
(Un-Audited)**

MARCH 31, 2007

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COMPANY INFORMATION

Board of Directors	Sulieaman Ahmed Said Al-Hoqani (Chairman) Salmaan Taseer (Chief Executive Officer) Aamna Taseer Sardar Ali Wattoo Abid Raza Jamal Said Al-Ojail Mahmood Ali Athar Imran Saeed Chaudhry
Chief Financial Officer	Muhammad Musharaf Khan
Audit Committee	Aamna Taseer (Chairman) Sardar Ali Wattoo Abid Raza
Company Secretary	Moeen Arshad
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisers	Imtiaz Siddiqui & Associates Advocates and Attorneys
Bankers	Allied Bank Limited Askari Commercial Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited Prime Commercial Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building- 3 Dr. Ziauddin Ahmed Road, Karachi ☎ (021) 111 000 322, 5689021
Registered Office/Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920

DIRECTORS' REPORT

The Directors of Pace (Pakistan) Limited ("the Company or "Pace") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the period ended March 31, 2007.

Operating Results

The comparison of the un-audited results for the quarter and nine months ended March 31, 2007 with the respective corresponding period is as under:

	Rupees in '000'			
	For the 3rd Quarter		Cumulative for three quarters	
	Jan-Mar 2007	Jan-Mar 2006	Jul-Mar 2007	Jul-Mar 2006
Gross Profit	4,828	3,972	18,921	9,021
Increase in fair value of investment property	44,327	-	165,463	33,393
Investment income	42,382	7,369	110,521	23,621
Net Profit	25,356	497	146,630	60,184
Earnings per share (PKR)	0.15	0.01	1.03	0.58

Gross and net profits for the quarter and nine months of current financial year have shown considerable increase as compared to the same period last year. Increase in profits is primarily attributable to recovery and consolidation in real estate sector, extended investing activities and cost control strategies successfully applied by the management. Despite the new challenges in the real estate sector, the management successfully applied its growth policy. Material prices especially cement and steel, showed upward trend during the quarter under review, however management foresighted the said increase and timely took effective measures to subdue its effects.

Initial Public Offer

During the period the management successfully completed the listing of the company's shares on both Lahore and Karachi stock exchanges. Millennium Global High Yield Fund (Millennium), the pre IPO investor, has been allotted 44.3 million ordinary shares. Whereas, 39.1 million Ordinary shares have been issued to the general public and other shareholders including employees of the company.

Issuance of Bonus Shares

Pursuant to its commitment to the investors/general public, the Board of Directors in their meeting held on February 26, 2007 recommended bonus shares out of the share premium

account, in proportion of 17.5 bonus shares for every 100 ordinary shares held. The bonus shares were subsequently approved by the share holders in their meeting held on March 30, 2007 and were allotted accordingly.

Future Outlook

After successful start of operations at M. M. Alam Road, the Company is looking forward for completing and handing over the possession of shops/counters at Gujranwala project. The management is also planning to launch the Model Town extension project during the current financial year; legal formalities regarding the land purchased have also been completed.

The company is also planning for the issuance of its first secured TFC (Term Finance Certificates) of PKR 1,500 million and foreign currency convertible bonds of US\$ 25 million in order to persuade its long term goal of nation wide expansion. In respect of TFCs the Pakistan Credit Rating Agency ("PACRA") has assigned initial rating of "AA-" to the instrument, which reflects very low expectation of credit risk and very strong capacity for discharging timely payment of financial commitments. PACRA has also assigned entity rating of A+ and A1 for long term and short term respectively. These ratings denote a low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

Board of Directors

During the period the Board appointed Mr. Mahmood Ali Athar, as nominee Director of Millennium and Mrs. Amna Taseer replacing Mian Ehsan-ul-Haq, outgoing Director. The Board of Directors welcomes the new directors and appreciates the services of outgoing director.

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, 2007

Salmaan Taseer
Chief Executive Officer

PACE (PAKISTAN) LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2007

	Note	March 31, 2007 (Rupees in thousand)	June 30, 2006
CAPITAL AND RESERVES			
Authorized capital 230,000,000 (June 30, 2006: 115,000,000) ordinary shares of Rs 10 each		<u>2,300,000</u>	<u>1,150,000</u>
Issued, subscribed and paid up capital 187,628,746 (June 30, 2006: 104,083,558) ordinary shares of Rs 10 each		1,876,287	1,040,836
Share deposit money		2,863	-
Reserves		451,472	118,129
Unappropriated profit		<u>477,431</u>	<u>330,801</u>
		<u>2,808,053</u>	<u>1,489,766</u>
NON-CURRENT LIABILITIES			
Long term loans - secured	5	74,375	94,500
Liabilities against assets subject to finance lease		5,987	8,100
Deferred liabilities		9,501	7,238
Advance against sale of property		<u>327,404</u>	<u>231,071</u>
		<u>417,267</u>	<u>340,909</u>
CURRENT LIABILITIES			
Current maturity of long term loans - secured		136,625	121,500
Current maturity of liabilities against assets subject to finance lease		3,443	3,276
Finances under mark up arrangements - secured	6	600,000	528,780
Creditors, accrued and other liabilities		144,448	152,103
Provision for taxation		637	2,555
		<u>885,153</u>	<u>808,214</u>
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>4,110,473</u>	<u>2,638,889</u>

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	8	255,927	271,835
Intangible assets		1,317	1,424
Assets subject to finance lease		11,204	12,208
Investment property		985,986	776,534
Investments	9	318,244	314,251
Long term deposits and Deferred Cost		2,562	5,536
Long term loans to subsidiaries and associated undertakings- unsecured	10	227,803	246,554
Deferred taxation		<u>11,592</u>	<u>2,000</u>
		<u>1,814,635</u>	<u>1,630,342</u>

CURRENT ASSETS

Stock-in-trade		926,750	522,271
Trade debts - unsecured		39,927	71,430
Due from subsidiaries and associated undertakings - unsecured	11	742,232	318,234
Advances, deposits, prepayments and other receivables		116,346	71,615
Cash and bank balances		<u>470,583</u>	<u>24,997</u>
		<u>2,295,838</u>	<u>1,008,547</u>
		<u>4,110,473</u>	<u>2,638,889</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2007

	January to March 2007		July to March 2007	
	2006		2006	
	(Rupees in thousand)		(Rupees in thousand)	
Sales	23,756	8,334	99,073	155,778
Cost of sales	(18,928)	(4,362)	(80,152)	(146,757)
Gross profit	4,828	3,972	18,921	9,021
Administration and selling expenses	(12,113)	(10,210)	(33,513)	(27,984)
Changes in fair value of investment property	44,327	-	165,463	33,393
Other operating income	42,382	7,369	110,521	23,621
Profit from operations	79,424	1,131	261,392	38,051
Finance costs	(22,267)	(244)	(68,198)	(652)
Other charges	(40,554)	(351)	(55,108)	(1,320)
Profit before tax	16,603	536	138,086	36,079
Taxation	8,753	(39)	8,544	24,105
Profit for the period	25,356	497	146,630	60,184
Earnings per share				
- basic and diluted	Rupees			
	0.15	0.01	1.03	0.58

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007

	Note	July to March 2007		2006
		(Rupees in thousand)		
Cash flow from operating activities				
Cash generated from operations	13	(817,950)	(86,123)	
Advance against sale of property		96,333	248,489	
Finance costs paid		(32,456)	(13,744)	
Payment of gratuity and leave encashment		(359)	-	
Taxes paid		(2,965)	(653)	
Net cash from operating activities		(757,397)	147,969	
Cash flows from investing activities				
Fixed capital expenditure		(18,029)	(6,482)	
Additions in investment property		(43,989)	-	
Investments made during the year		-	(153,542)	
Net decrease in long term loans and deposits		2,974	1,630	
Repayment / (disbursement) of loan from/to subsidiaries and associated		18,751	(80,938)	
Interest received		11,339	1,336	
Net cash used in investing activities		(28,954)	(237,996)	
Cash flows from financing activities				
Proceeds from issue of share capital		1,167,664	-	
Proceeds from long term loans		85,000	92,500	
Repayment of long term loans		(90,000)	(13,000)	
Repayment of finance lease liabilities		(1,947)	(4,322)	
Net cash from financing activities		1,160,717	75,178	
Net increase in cash and cash equivalents		374,366	(14,849)	
Cash and cash equivalents at the beginning of the period		(503,783)	24,845	
Cash and cash equivalents at the end of the period	14	(129,417)	9,996	

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007

	Share Capital	Share Premium	Share Deposit Money	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Reserve for issue of bonus share	Accumulated profit	Total
Balance as on June 30, 2005	776,743	-	-	109,197	-	-	267,926	1,153,866
Issue of bonus shares	264,093	-	-	-	-	-	(264,093)	-
Gain on transfer from property, plant and equipment	-	-	-	7,047	-	-	-	7,047
Gain in fair value of investments classified as 'available for sale'	-	-	-	-	1,885	-	-	1,885
Net profit for the period	-	-	-	-	-	-	326,968	326,968
Balance as on June 30, 2006	1,040,836	-	-	116,244	1,885	-	330,801	1,489,766
Issue of ordinary shares	835,451	329,350	-	-	-	-	-	1,164,801
Gain in fair value of investments classified as 'available for sale'	-	-	-	-	3,993	-	-	3,993
Share deposit money	-	-	2,863	-	-	328,708	-	2,863
Reserve for bonus shares	-	(328,708)	-	-	-	-	146,630	146,630
Net profit for the period	-	-	-	-	-	-	477,431	2,808,053
Balance as on March 31, 2007	1,876,287	642	2,863	116,244	5,878	328,708	477,431	2,808,053

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007

- These financial statements are un-audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
- The accounting policies adopted for the preparation of these nine months financial statements are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended June 30, 2006.
- These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- The provision for taxation for the period ended March 31, 2007 has been made on an estimated basis.

	March 31, 2007	June 30, 2006
	(Rupees in thousand)	
5. Long term loans - secured		
Opening balance	216,000	197,500
Add: Disbursement during the period	85,000	68,000
	<u>301,000</u>	<u>265,500</u>
Less: Repayment during the period	90,000	49,500
	<u>211,000</u>	<u>216,000</u>
Less: Current portion shown under current liabilities	136,625	121,500
	<u>74,375</u>	<u>94,500</u>

6. Finances under mark up arrangements-secured

The company has obtained a short term loan of Rs 600 million from the Bank of Punjab to provide an unsecured bridge finance facility of equal amount to its subsidiary company, Pace Barka Properties Limited, included in 'Due from subsidiary and associated undertakings-considered good' as referred to in note 11. The facility is secured by first charge amounting to Rs 629.550 million on the land and building of Pace Gulberg Project, Main Boulevard, Lahore.

7. Contingencies and commitments

7.1 Contingencies

There is no change in contingencies from the preceding annual financial statements of the company for the year ended June 30, 2006.

7.2 Commitments - Nil

8. Property, plant and equipment

	Note	March 31, 2007	June 30, 2006
		(Rupees in thousand)	
Opening book value		271,835	260,903
Add: Additions during the period	8.1	17,281	62,244
Transfers to stock-in-trade / investment property		(22,650)	(15,581)
		<u>266,466</u>	<u>307,566</u>
Less: Disposals during the period (at book value)		-	22,905
Depreciation charged during the period		10,539	12,826
		<u>10,539</u>	<u>35,731</u>
		<u>255,927</u>	<u>271,835</u>

	Note	March 31, 2007 (Rupees in thousand)	June 30, 2006
8.1	Following is the detail of additions during the period		
Freehold land		-	25,659
Building on freehold land		146	12,061
Plant and machinery		1,616	2,093
Electrical equipment		5,331	17,544
Office equipment and appliances		-	491
Furniture and fixtures		1,236	691
Computers		2,128	1,017
Vehicles		6,824	2,688
		<u>17,281</u>	<u>62,244</u>
9. Investments			
Equity instruments of subsidiaries	9.1	265	245
Available for sale	9.2	18,009	14,016
Advance against purchase of ordinary shares		299,970	299,990
		<u>318,244</u>	<u>314,251</u>
9.1 Equity instruments of subsidiaries-unquoted			
Subsidiaries			
Pace Woodlands (Private) Limited 3,000 (June 30, 2006: 3,000) fully paid ordinary shares of Rs 10 each		30	30
Pace Barka properties Limited 3,000 (June 30, 2006: 1,000) fully paid ordinary shares of Rs 10 each		30	10
Pace Gujrat (Private) Limited 2,450 (June 30, 2006: 2,450) fully paid ordinary shares of Rs 10 each		25	25
Pace Supermall (Private) Limited 18,000 (June 30, 2006: 18,000) fully paid ordinary shares of Rs 10 each		180	180
		<u>265</u>	<u>245</u>
9.2 Available for sale			
Cost		12,131	12,131
Add: Fair value adjustment		5,878	1,885
		<u>18,009</u>	<u>14,016</u>
10. Long term loans to subsidiaries and associated undertakings-unsecured			
Subsidiaries			
Pace Woodlands (Private) Limited		100,900	100,900
Pace Supermall (Private) Limited		25,973	25,973
Pace Gujrat (Private) Limited		61,364	81,364
Associated undertakings			
Media Times (Private) Limited		39,566	38,317
		<u>227,803</u>	<u>246,554</u>
11. Due from subsidiaries and associated undertakings-unsecured			
Pace Woodlands (Private) Limited - subsidiary		71,136	47,783
Pace Supermall (Private) Limited - subsidiary		9,922	9,940
Pace Gujrat (Private) Limited - subsidiary		12,690	3,116
Pace Barka Properties Limited - subsidiary		646,848	255,677

	March 31, 2007 (Rupees in thousand)	June 30, 2006
Media Times (Private) Limited - associated undertaking	1,636	1,335
World Press (Pvt) Limited - associated undertaking	-	383
	<u>742,232</u>	<u>318,234</u>
12. Related party transactions	July to March	
	2007	2006
	(Rupees in thousand)	
Purchase of goods and services	-	8,389
Purchases of property, plant and equipment	-	232
Short term advances	378,905	5,864
Advance against purchase of property	7,250	15,000
Mark-up income on balances with related parties	99,173	20,402
Long term loans received back	25,051	-
Long term loans paid	6,300	81,453
Key management personnel compensation	4,428	3,091
	March	June
	31, 2007	30, 2006
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	970,035	582,788
Payable to related parties	-	1,678
	July to March	
	2007	2006
	(Rupees in thousand)	
13. Cash generated from operations		
Profit before taxation	138,086	36,079
Add/(less) adjustment for non-cash charges and other items:		
Depreciation on:		
- property, plant and equipment	10,539	10,513
- assets subject to finance lease	1,752	1,035
Amortisation on :		
- deferred income	-	(34)
- intangible assets	107	249
Provision for gratuity and leave encashment	2,263	1,189
Interest income	(110,521)	(23,587)
Change in fair value of investment property	(165,463)	(33,393)
Cost transferred to inventory	22,650	-
Cost transferred to investment property	-	(3,677)
Finance cost	68,198	652
	<u>(32,389)</u>	<u>(10,974)</u>
Profit before working capital changes		
Effect on cash flow due to working capital changes:		
- (Increase) in stock-in-trade	(404,479)	(98,211)
- Decrease in trade debts	31,503	54,870
- (Increase)/decrease in due from associated undertakings	(324,816)	11,092
- Increase in advance against purchase of property	-	9,000
- (Increase) in advances, deposits prepayments and other receivables	(44,731)	(67,473)
- (Decrease)/increase in creditors, accrued and other liabilities	(43,038)	15,573
	<u>(785,561)</u>	<u>(75,149)</u>
	<u>(817,950)</u>	<u>(86,123)</u>

	March 31, 2007 (Rupees in thousand)	June 30, 2006
14. Cash and cash equivalents		
Finances under mark-up arrangements - secured	(600,000)	(528,780)
Cash and bank balances	470,583	24,997
	<u>(129,417)</u>	<u>(503,783)</u>

15. Issue of bonus shares

Pursuant to initial public offering, shares were allotted to all the successful applicants other than against 409 applications where some discrepancies were observed and were referred to Securities and Exchange Commission of Pakistan "SECP" for necessary advice. Further, the Board of Director in their meeting held on February 26, 2007 recommended bonus shares out of the share premium account, in proportion of 17.5 bonus shares for every 100 ordinary shares held. The bonus shares were subsequently approved by the share holders in their meeting held on March 30, 2007 and were allotted accordingly to all the shareholders other than those mentioned above. Shares along with bonus shares will be issued against the pending application accordingly after decision from SECP.

16. Date of authorisation

These financial statements were authorised for issue on April 27, 2007 by the Board of Directors of the Company.

17. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison. Significant re-arrangements made are as follows ;

	(Rupees in thousand)
Licensee income classified as sales	19,335
Operating expenses classified as cost of sales	20,444
Advertisement and miscellaneous income classified as sales instead of other income	7,471
Advance against purchase of property classified as inventory	15,000

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

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP

**CONSOLIDATED QUARTERLY
ACCOUNTS
(Un-Audited)**

MARCH 31, 2007

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited is pleased to present unaudited consolidated financial statements of the group for the nine months ended March 31, 2007.

Financial overview

Following are the comparative financial results for the nine months ended March 31, 2007 and March 31, 2006;

	Rupees in '000'	
	Jul - Mar 2007	Jul - Mar 2006
Sales	99,073	155,778
Gross profit	18,921	9,021
Profit from operations	166,922	22,829
Net profit	52,160	44,962
Net Assets	3,576,423	1,728,912
Earnings per Share (PKR)	0.31	0.43

Gross profit and net profit are showing considerable increase over the corresponding period last year whereas EPS of the group is lower as compared to the corresponding period. Decrease in EPS is attributable to issue of capital during the period. Moreover, net assets have almost doubled in the current reporting period, which is mainly attributable to issue of shares / equity injection by the shareholders. Company wise latest update in respect of subsidiaries is as under:

Pace Supermall (Pvt) Limited

The Company has acquired twin plots measuring total of 5 Kanals, 18 Marlas and 50 square feet opposite Rahat Bakery on Main Aziz Bhatti Road near Fortress stadium for construction of double story business units. Permissions from the relevant authorities have been applied for and construction activities will be started as soon as the permissions are in place.

Pace Woodlands (Pvt) Limited

The company has secured land measuring approximately 160 kanals on Bedian Road, Lahore Cantt for establishing housing scheme. Necessary permissions have already been applied for. Besides land development activities have been started and will be completed in due course of time.

Pace Gujrat (Pvt) Limited

The company has acquired land measuring 15 Kanals and 8 Marlas for construction of a shopping mall and a three star hotel in the city of Gujrat. Shopping mall will be completed in the first phase whereas hotel will be built in the second phase after completion of mall. Contracts for civil and structure works of mall have been awarded whereas civil work has been started on the project.

Pace Barka Properties Limited

The company is building a mix use complex consisting of a five star hotel under the brand name of 'Hyatt Regency', apartment buildings and a shopping mall near Allama Iqbal International Airport, Lahore on land area measuring approximately 40 Kanals and 14 Marlas. After completion of excavation and allied works, civil and structure work on the project has already been started under the supervision/consultation of world renowned consultants, architects and designers.

For and on behalf of the Board of Directors

Lahore
April 27, 2007

Salmaan Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2007

Note	March 31, 2007 (Rupees in thousand)	June 30, 2006
CAPITAL AND RESERVES		
Authorized capital 230,000,000 (June 30, 2006: 115,000,000) ordinary shares of Rs 10 each	<u>2,300,000</u>	<u>1,150,000</u>
Issued, subscribed and paid up capital 187,628,746 (June 30, 2006: 104,083,558) ordinary shares of Rs 10 each	1,876,287	1,040,836
Share deposit money	906,802	280,245
Reserves	451,472	118,129
Unappropriated profit	<u>341,862</u>	<u>289,702</u>
	<u>3,576,423</u>	<u>1,728,912</u>
Minority interest	300	295
NON-CURRENT LIABILITIES		
Long term loans - secured	74,375	94,500
Long term loans - unsecured	186,425	184,643
Liabilities against assets subject to finance lease	7,234	8,100
Deferred liabilities	9,501	7,238
Advance against sale of property	<u>550,202</u>	<u>232,071</u>
	<u>827,737</u>	<u>526,552</u>
CURRENT LIABILITIES		
Current maturity of long term loans - secured	136,625	121,500
Current maturity of liabilities against assets subject to finance lease	3,443	3,276
Finances under mark up arrangements - secured	615,000	528,780
Creditors, accrued and other liabilities	197,281	190,684
Provision for taxation	<u>637</u>	<u>2,555</u>
	<u>952,986</u>	<u>846,795</u>
CONTINGENCIES AND COMMITMENTS		
	-	-
	<u>5,357,446</u>	<u>3,102,554</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

Note	March 31, 2007 (Rupees in thousand)	June 30, 2006
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	255,927	271,835
Intangible assets	1,317	1,424
Assets subject to finance lease	12,464	12,208
Investment property	985,986	776,534
Investments	18,009	14,016
Long term deposits and Deferred Cost	3,708	6,176
Long term loans to associated undertaking-unsecured	39,566	38,317
Deferred taxation	<u>11,592</u>	<u>2,000</u>
	<u>1,328,569</u>	<u>1,122,510</u>
CURRENT ASSETS		
Stock-in-trade	2,829,455	1,744,033
Trade debts - unsecured	39,927	71,430
Due from associated undertakings - unsecured	1,636	1,718
Advances, deposits, prepayments and other receivables	384,137	73,399
Cash and bank balances	<u>773,722</u>	<u>89,464</u>
	<u>4,028,877</u>	<u>1,980,044</u>
	<u>5,357,446</u>	<u>3,102,554</u>

DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2007

	January to March 2007		July to March 2007	
	(Rupees in thousand)		(Rupees in thousand)	
Sales	23,756	8,334	99,073	155,778
Cost of sales	(18,928)	(4,362)	(80,152)	(146,757)
Gross profit	4,828	3,972	18,921	9,021
Administration and selling expenses	(12,113)	(10,210)	(33,513)	(27,984)
Changes in fair value of investment property	44,327	-	165,463	33,393
Other operating income	8,545	1,264	16,051	8,399
Profit from operations	45,587	(4,974)	166,922	22,829
Finance costs	(22,267)	(244)	(68,198)	(652)
Other charges	(40,554)	(351)	(55,108)	(1,320)
(Loss) / Profit before tax	(17,234)	(5,569)	43,616	20,857
Taxation	8,753	(39)	8,544	24,105
(Loss) / Profit for the period	(8,481)	(5,608)	52,160	44,962
Earnings per share				
- basic and diluted	Rupees			
	(0.06)	(0.05)	0.31	0.43

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE:

CHIEF EXECUTIVE

23

DIRECTOR

PACE (PAKISTAN) GROUP
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007

		July to March 2007		2006
		(Rupees in thousand)		
Cash flows from operating activities				
Cash generated from operations	13	(1,425,023)	(212,959)	
Advance against sale of property		318,131	238,489	
Finance costs paid		(28,426)	(2,323)	
Payment of gratuity and leave encashment		(359)	-	
Taxes paid		(2,965)	(653)	
Net cash from operating activities		(1,138,642)	22,554	
Cash flows from investing activities				
Fixed capital expenditure		(19,335)	(6,482)	
Additions in investment property		(43,989)	-	
Investments made during the year		-	88,223	
Net decrease in long term loans and deposits		2,468	1,605	
Net cash flow from investment in subsidiaries		-	2,364	
Repayment / (disbursement) of loan from/ to				
Associated undertakings		(1,249)	(7,167)	
Interest received		11,339	1,336	
Net cash used in / generated from investing activities		(50,766)	79,879	
Cash flows from financing activities				
Proceeds from issue of share capital/share deposit money		1,791,363	75,914	
Proceeds from long term loans		86,782	30,000	
Repayment of long term loans		(90,000)	(37,580)	
Repayment of finance lease liabilities		(699)	(4,322)	
Net cash from financing activities		1,787,446	64,012	
Net increase in cash and cash equivalents		598,038	166,445	
Cash and cash equivalents at the beginning of the period		(439,316)	24,882	
Cash and cash equivalents at the end of the period	14	158,722	191,327	

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

24

DIRECTOR

**PACE (PAKISTAN) GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	Share Capital	Share Premium	Share Deposit Money	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Reserve for issue of bonus share	Accumulated profit	Total
Balance as on June 30, 2005	776,743	-	-	109,197	-	-	254,179	1,140,119
Issue of bonus shares	264,093	-	-	-	-	-	(264,093)	-
Gain on transfer from property, plant and equipment	-	-	-	7,047	-	-	-	7,047
Gain in fair value of investments classified as 'available for sale'	-	-	-	-	1,885	-	-	1,885
Share deposit money	-	-	280,245	-	-	-	-	280,245
Net profit for the period	-	-	-	-	-	-	299,616	299,616
Balance as on June 30, 2006	1,040,836	-	280,245	116,244	1,885	-	289,702	1,728,912
Issue of ordinary shares	835,451	329,350	-	-	-	-	-	1,164,801
Gain in fair value of investments classified as 'available for sale'	-	-	-	-	3,993	-	-	3,993
Share deposit money	-	-	626,557	-	-	-	-	626,557
Reserve for bonus shares	-	(328,708)	-	-	-	328,708	-	-
Net profit for the period	-	-	-	-	-	-	52,160	52,160
Balance as on March 31, 2007	1,876,287	642	906,802	116,244	5,878	328,708	341,862	3,576,423

The annexed notes 1 to 17 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

- These financial statements are being presented in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
- The accounting policies adopted for the preparation of these nine months ended consolidated financial statements are the same as those applied in the preparation of preceding annual financial statements of the Group for the year ended June 30, 2006.
- Basis of consolidation**

The consolidated financial statements include the accounts of the Pace (Pakistan) Limited and its subsidiaries Pace Woodlands (Pvt) Limited, Pace Supermall (Pvt) Limited, Pace Gujrat (Pvt) Limited and Pace Barka Properties Limited. All material inter-company balances, transactions and resulting unrealized profits/losses have been eliminated.
- The provision for taxation for the period ended March 31, 2007 has been made on an estimated basis.

	March 31, 2007 (Rupees in thousand)	June 30, 2006
5. Long term loans - secured		
Opening balance	216,000	197,500
Add: Disbursement during the period	85,000	68,000
	301,000	265,500
Less: Repayment during the period	90,000	49,500
	211,000	216,000
Less: Current portion shown under current liabilities	136,625	121,500
	74,375	94,500
6. Finances under mark up arrangements-secured		

The Group has availed a facility of short term loan from The Bank of Punjab for an amount of Rs.600 million (June 30, 2006 : Rs 467.2 million). The rate of mark-up is Rs. 0.378 per thousand per diem and is payable on quarterly basis. The facility is secured by first charge amounting to Rs. 954 million on the land of Pace Supermall (Pvt) Limited & land and building of Pace Gulberg Project, Main Boulevard, Lahore.

7. Contingencies and commitments

7.1 Contingencies

There is no change in contingencies from the preceding annual financial statements for the year ended June 30, 2006.

7.2 Commitments - Nil

8. Property, plant and equipment

	Note	March 31, 2007 (Rupees in thousand)	June 30, 2006
Opening book value		271,835	260,903
Add: Additions during the period	8.1	17,281	62,244
Transfers to stock-in-trade / investment property		(22,650)	(15,581)
		266,466	307,566
Less: Disposals during the period (at book value)		-	22,905
Depreciation charged during the period		10,539	12,826
		255,927	271,835

	Note	March 31, 2007 (Rupees in thousand)	June 30, 2006
8.1	Following is the detail of additions during the period		
Freehold land		-	25,659
Building on freehold land		146	12,061
Plant and machinery		1,616	2,093
Electrical equipment		5,331	17,544
Office equipment and appliances		-	491
Furniture and fixtures		1,236	691
Computers		2,128	1,017
Vehicles		6,824	2,688
		<u>17,281</u>	<u>62,244</u>
9. Investments - Available for sale			
Cost		12,131	12,131
Add: Fair value adjustment		5,878	1,885
		<u>18,009</u>	<u>14,016</u>
10. Long term loans to associated undertakings - unsecured			
Media Times (Private) Limited		39,566	38,317
		<u>39,566</u>	<u>38,317</u>
11. Due from undertakings-unsecured			
Media Times (Private) Limited - associated undertaking		1,636	1,335
World press (Pvt) Limited - associated undertaking		-	383
		<u>1,636</u>	<u>1,718</u>
		July to March	
		2007	2006
		(Rupees in thousand)	
12. Related party transactions			
Purchase of goods and services		-	8,389
Purchases of property, plant and equipment		-	232
Mark-up income on balances with related parties		4,701	2,466
Mark-up expenses on balances with related parties		6,924	11,231
Long term loans received back		7,267	-
Long term loans paid		6,300	33,642
Investment		623,699	-
Key management personnel compensation		4,428	3,091
		<u>638,922</u>	<u>47,758</u>
		March	June
		31, 2007	30, 2006
		(Rupees in thousand)	
Period end balances			
Receivable from related parties		41,202	40,035
Payable to related parties		-	1,678
		<u>41,202</u>	<u>41,713</u>
		July to March	
		2007	2006
		(Rupees in thousand)	
13. Cash generated from operations			
Profit before taxation		43,616	20,857
Add/(less) adjustment for non-cash charges and other items:			
Depreciation on:			
- property, plant and equipment		10,539	10,513

	July to March	
	2007	2006
	(Rupees in thousand)	
- assets subject to finance lease	1,798	1,035
Amortisation on :		
- deferred income	-	(34)
- intangible assets	107	249
Provision for gratuity and leave encashment	2,263	1,189
Interest income	(16,051)	(8,365)
Changes in fair value of investment property	(165,463)	(33,393)
Cost transferred to inventory	22,650	-
Cost transferred to investment property	-	(3,677)
Finance cost	68,198	652
Profit before working capital changes	(32,343)	(10,974)
Effect on cash flow due to working capital changes:		
- (Increase) in stock-in-trade	(1,085,422)	(136,766)
- Decrease in trade debts	31,503	54,870
- Decrease in due from associated undertakings	4,794	17,288
- (Increase) in advance against purchase of property	-	(80,091)
- (Increase) in advances, deposits		
prepayments and other receivables	(310,738)	(72,121)
- (Decrease)/increase in creditors, accrued and other liabilities	(32,817)	14,835
	<u>(1,392,680)</u>	<u>(201,985)</u>
	<u>(1,425,023)</u>	<u>(212,959)</u>
	March	June
	31, 2007	30, 2006
	(Rupees in thousand)	
14. Cash and cash equivalents		
Finances under mark-up arrangements - secured	(615,000)	(528,780)
Cash and bank balances	773,722	89,464
	<u>158,722</u>	<u>(439,316)</u>
15. Issuance of bonus shares		

Pursuant to initial public offering of Pace (Pakistan) Limited, shares were allotted to all the successful applicants other than against 409 applications where some discrepancies were observed and were referred to Securities and Exchange Commission of Pakistan "SECP" for necessary advice. Further, the Board of Director in their meeting held on February 26, 2007 recommended bonus shares out of the share premium account, in proportion of 17.5 bonus shares for every 100 ordinary shares held. The bonus shares were subsequently approved by the share holders in their meeting held on March 30, 2007 and were allotted accordingly to all the shareholders other than those mentioned above. Shares along with bonus shares will be issued against the pending application accordingly after decision from SECP.

16. Date of authorisation

These financial statements were authorised for issue on April 27, 2007 by the Board of Directors of the Company.

17. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison. Significant re-arrangements made are as follows ;

	(Rupees in thousand)
Licensee income classified as sales	19,335
Operating expenses classified as cost of sales	20,444
Advertisement and miscellaneous income classified as sales instead of other income	7,471

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

CHIEF EXECUTIVE

DIRECTOR

16. Date of authorisation

These financial statements were authorised for issue on April 27, 2007 by the Board of Directors of the Company.

17. Detail of subsidiaries

Following subsidiary companies have been consolidated in the financial statements of the parent company:

Name of the subsidiaries	Accounting period end	percentage of holding	country of incorporation
Pace Woodlands (Pvt) Limited	31-Mar-07	60%	Pakistan
Pace Gujrat (Pvt) Limited	31-Mar-07	100%	Pakistan
Pace Barka Properties Limited	31-Mar-07	75%	Pakistan
Pace Supermall (Pvt) Limited	31-Mar-07	40%	Pakistan

18. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison. Significant re-arrangements made are as follow ;

Licensee income classified as sales	19,335
Operating expenses classified as cost of sales	20,444
Advertisement and miscellaneous income classified as sales instead of other income	7,471

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

CHIEF EXECUTIVE**DIRECTOR**