

PACE (PAKISTAN) LIMITED

CONDENSED QUARTERLY ACCOUNTS (UN-AUDITED)

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2009**

VISION

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

OUR PRINCIPLES

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

MISSION STATEMENT



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

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

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COMPANY INFORMATION

Board of Directors	Sheikh Suleiman 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 Imran Rashid & Siddiqui Advocates and Solicitors
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 Office & Head Office	103-C/II, Gulberg-III Lahore, Pakistan  (042) 35757591-4 Fax: (042) 35757590, 35877920

DIRECTORS' REPORT TO THE SHAREHOLDERS

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 first quarter September 30, 2009.

Operating Results

The performance of the company remained satisfactory in the first quarter despite of very challenging business conditions especially in the real estate sector, comparison of the unaudited results for the first quarter ended September 30, 2009 as against September 30, 2008 is as under:

	Rupees in '000'	
	Jul-Sep 2009	Jul-Sep 2008
Gross Profit	22,755	72,789
Increase in fair value of investment property	-	462,897
Other operating income	187,778	43,140
Net Profit before tax	105,137	212,179
Earnings per share (PKR)	0.32	0.85
Earnings per share - Diluted (PKR)	0.27	0.75

Gross and net profits margin for the first quarter of the current financial year have declined as compared to the same period last year. This is primarily because of bearish trend in the real estate industry and inflationary pressures. Profit is primarily attributable to recording of revenue against the sale of residential houses, Pace towers project and Model town extension project.

During the quarter under review the company also received conversion notice from the holder of its 'foreign currency convertible bonds' amounting to USD 2.11 million including accrued interest for conversion in to the ordinary shares of the company, bonds were duly converted in to the ordinary shares of the company at a price of PKR 14.30 per share.

Subsequent to the quarter end the company has also received conversion notice from the holder of its 'foreign currency convertible bonds' amounting to USD 8.45 million including accrued interest for conversion in to the ordinary shares of the company, bonds were duly converted in to the ordinary shares of the company at a price of PKR 14.30 per share

Board of Directors

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

General

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

For and on behalf of the Board of Directors

Lahore
October 30, 2009

Salmaan Taseer
Chief Executive Officer

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PACE (PAKISTAN) LIMITED CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2009

Note	(Un-Audited) September 30, 2009	(Audited) 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 242,032,927 (June 30, 2009: 232,822,008) ordinary shares of Rs 10 each	2,420,329	2,328,220
Reserves	209,036	169,427
Unappropriated profit	2,773,670	2,696,752
	5,403,035	5,194,399
NON-CURRENT LIABILITIES		
Long term finances - secured	5	-
Redeemable Capital-secured (non-participatory)	6	1,498,800
Liabilities against assets subject to finance lease		46,387
Foreign currency convertible bonds-unsecured	7	1,911,567
Deferred liabilities		33,814
Advances against sale of property		45,589
Deferred income		55,903
	3,361,887	3,592,060
CURRENT LIABILITIES		
Current portion of long term liabilities	19,215	31,649
Creditors, accrued and other liabilities	137,140	207,134
Taxation	642	-
	156,997	238,783
CONTINGENCIES AND COMMITMENTS		
	8	-
	8,921,919	9,025,242

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

LAHORE

CHIEF EXECUTIVE

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**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

ASSETS	Note	(Un-Audited)	(Audited)
		September 30, 2009	June 30, 2009
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	9	465,344	474,066
Intangible assets		9,703	9,951
Assets subject to finance lease		69,865	70,502
Capital Work in progress		71,127	71,127
Investment property		4,057,297	4,103,602
Investments	10	600,239	600,237
Long term advances and deposits		19,402	19,402
Long term loans-unsecured	11	142,003	142,003
Advance against purchase of property-un secured		340,366	278,040
Deferred taxation		-	6,000
		<u>5,775,346</u>	<u>5,774,930</u>
CURRENT ASSETS			
Stock-in-trade		1,513,419	1,488,110
Trade debts - unsecured		1,273,702	1,316,281
Due from related parties - unsecured	12	66,725	44,845
Advances, deposits, prepayments and other receivables		137,494	60,384
Cash and bank balances		155,233	340,692
		<u>3,146,573</u>	<u>3,250,312</u>
		<u><u>8,921,919</u></u>	<u><u>9,025,242</u></u>

DIRECTOR

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	July to September	
	2009	2008
(Rupees in thousand)		
Sales	128,430	223,351
Cost of sales	(105,675)	(150,562)
Gross profit	<u>22,755</u>	<u>72,789</u>
Administration and selling expenses	(23,480)	(24,704)
Changes in fair value of investment property	-	462,897
Other operating income	187,778	43,140
Other operating expenses	-	(258,074)
Profit from operations	<u>187,053</u>	<u>296,048</u>
Finance costs	(81,916)	(83,869)
Profit before tax	<u>105,137</u>	<u>212,179</u>
Taxation	(28,219)	(25,461)
Profit for the period	<u><u>76,918</u></u>	<u><u>186,718</u></u>
Earnings per share		
- Basic	Rupees	0.32
-Diluted	Rupees	0.75

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	<u>Quarter ended</u>	
	<u>September 30,</u> <u>2009</u> <u>(Rupees in thousand)</u>	<u>September 30,</u> <u>2008</u> <u>(Rupees in thousand)</u>
Profit after taxation	76,918	186,718
Other comprehensive income		
(Deficit) / surplus on remeasurement of available for sale financial assets	2	(6)
Total comprehensive income for the period	<u>76,920</u>	<u>186,712</u>

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

LAHORE

CHIEF EXECUTIVE

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DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Note	<u>July to September</u>	
		<u>2009</u>	<u>2008</u>
(Rupees in thousand)			
Cash flows from operating activities			
Cash used in operations	15	(79,680)	(98,651)
increase/(decrease) in Advance against sale of property		21,890	(141,304)
Finance costs paid		(120,384)	(90,466)
Gratuity and leave encashment paid		(1,839)	(451)
Taxes paid		(3,006)	(3,557)
Net cash used in operating activities		(183,019)	(334,429)
Cash flows from investing activities			
Purchase of property, plant, equipments		(4,481)	(34,305)
Disposal of investment property		4,001	(42,956)
Proceed from sales of property plant and equipment		1,796	-
Net increase in long term advances and deposits		-	(95)
Markup received		7,566	51,706
Net cash from/(used) in investing activities		8,882	(25,650)
Cash flows from financing activities			
Repayment of redeemable capital		(300)	(300)
Surrender of share deposit money to SECP		-	(294)
Repayment of long term finances		(11,376)	(3,773)
Availment/(Repayment) of finance lease liabilities		354	(248)
Net cash used in financing activities		(11,322)	(4,615)
Net decrease in cash and cash equivalents		(185,459)	(364,694)
Cash and cash equivalents at the beginning of the period		340,692	1,314,880
Cash and cash equivalents at the end of the period	16	155,233	950,186

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

LAHORE

CHIEF EXECUTIVE

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DIRECTOR

**PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Share Capital	Share deposit money	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Accumulated profit	Total
Balance as on June 30, 2008	2,204,656	882	1,003	116,244	7	2,237,914	4,560,706
Surrendered to SECP	-	(294)	-	-	-	-	(294)
Total comprehensive income for the period	-	-	-	-	(6)	186,718	186,712
Balance as on September 30, 2008	2,204,656	588	1,003	116,244	1	2,424,682	4,747,124
Issue of ordinary shares	123,537	(217)	74,253	-	-	-	197,573
Bonus shares issued during the period	27	-	(27)	-	-	-	-
Transferred of reserve relating to sales of investment property	-	-	-	(22,042)	-	22,042	-
Share deposit money surrendered to SECP	-	(371)	-	-	-	-	(371)
Total comprehensive income for the period	-	-	-	-	(5)	250,078	250,073
Balance as on June 30, 2009	2,328,220	-	75,229	94,202	(4)	2,696,762	5,194,399
Issue of ordinary shares	92,109	-	39,607	-	-	-	131,716
Total comprehensive income for the period	-	-	-	-	2	76,918	76,920
Balance as on September 30, 2009	2,420,329	-	114,836	94,202	(2)	2,773,670	5,403,035

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

- This Condensed interim financial statements is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulation of the Karachi and Lahore stock exchanges.
- This condensed interim financial statements has been prepared in accordance with the requirement of the accounting standard (IAS) 34 " interim financial reporting". They do not include all the information required for full annual financial statement, and this condensed interim financial statements should be read in conjunction with the financial statements of the company for the year ended June 30, 2009. In accordance with revised International Accounting Standard (IAS) 1 " Presentation of Financial Statements" which is applicable for accounting years beginning on or after January 01, 2009, 'non-owner changes in equity' have been presented separately as "Condensed Statement of Comprehensive Income" thereby separated from owner changes in equity classified under "Condensed Statement of Changes in Equity".
- The accounting policies adopted for the preparation of this Condensed interim financial statements 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 provision for taxation for the period ended September 30, 2009 has been made on an estimated basis.

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
5. Long term finances - secured		
Opening balance	11,376	48,658
Add: Disbursement during the period	-	-
	<u>11,376</u>	<u>48,658</u>
Less: Repayment during the period	11,376	37,282
	-	11,376
Less: Current portion shown under current liabilities	-	11,376
	<u>-</u>	<u>11,376</u>
6. Redeemable capital - secured (non-participatory)		
Opening balance	1,499,400	-
Add: Disbursement during the period	-	1,499,400
	<u>1,499,400</u>	<u>1,499,400</u>
Less: Redeemed during the period	300	-
	<u>1,499,100</u>	<u>1,499,400</u>
Less: Current portion shown under current liabilities	600	600
	<u>1,498,500</u>	<u>1,498,800</u>
7. Foreign currency convertible bonds - unsecured		
Opening balance	1,911,567	1,758,565
Converted into Equity Share	(131,654)	(197,574)
Markup accrued for the year	31,038	130,757
	<u>1,810,951</u>	<u>1,691,748</u>
Markup paid during the year	-	(19,813)
Exchange (gain)/ loss for the period/year	(172,905)	239,632
	<u>1,638,046</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).		

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- (ii) Corporate guarantee on behalf of Pace Barka Properties Limited, an associated undertaking, 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.
- (iii) A penalty of Rs. 3.87 million (June 2009: 3.87 million) , for an alleged non-filing of Wealth Tax returns for assessment years 1996-97 to 1998-99, has been imposed vide order dated 4th September, 2007 by the Wealth Tax Officer. The Company has filed appeal before CIT (A) which was rejected. The Company has filed appeal in Income Tax Appellate Tribunal Lahore "ITAT" against the order of CIT(A).

Pending the outcome of the appeal the amount has not been provided as management is of the opinion that there are meritorious grounds that the ultimate decision would be in its favour.

8.2 Commitments

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

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
Not later than one year	1,619	1,580
Later than one year and not later than five years	8,267	8,065
Later than five years	11,172	11,808
	<u>21,058</u>	<u>21,453</u>

9. Property, plant and equipment

Opening book value	474,066	434,385
Add: Additions during the period/year - note 9.1	55	76,599
	<u>474,121</u>	<u>510,984</u>
Less: Disposals during the period/year (at book value)	1,207	947
Transfer to investment property/ stock-in-trade (at book value)	-	2,232
Depreciation charged during the period/year	7,570	33,739
	<u>8,777</u>	<u>36,918</u>
	<u>465,344</u>	<u>474,066</u>

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

Building on freehold land	-	18,827
Building on leasehold land	-	912
Plant and machinery	-	8,489
Electrical equipment	-	24,865
Office Equipment and appliance	-	20
Furniture and fixtures	55	602
Computers	-	796
Others	-	22,088
	<u>55</u>	<u>76,599</u>

10. Investments

Equity instruments of:

- subsidiaries-unquoted - note 10.1	55	55
- associated undertakings-unquoted - note 10.2	600,180	600,180
- available for sales-quoted - note 10.3	4	2
	<u>600,239</u>	<u>600,237</u>

September
30, 2009

June
30, 2009

(Rupees in thousand)

10.1 Subsidiaries-unquoted

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

10.2 Associated undertakings-unquoted

Pace Barka Properties Limited 60,000,000 (June 30, 2009: 60,000,000) fully paid ordinary shares of Rs 10 each	600,000	600,000
Pace Supermall (Private) Limited 18,000 (June 30, 2009: 18,000) fully paid ordinary shares of Rs 10 each	180	180
	<u>600,180</u>	<u>600,180</u>

10.3 Available for sale-quoted

Cost	6	6
Add: Fair value adjustment	(2)	(4)
	<u>4</u>	<u>2</u>

10.3.1 Cumulative fair value gain

As at July 1	(4)	7
Fair value loss during the period/year	2	(11)
	<u>(2)</u>	<u>(4)</u>

11. 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 undertakings

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

12. Due from related parties- unsecured

Subsidiaries

Pace Woodlands (Private) Limited	23,754	3,690
Pace Gujrat (Private) Limited	42,971	41,155
	<u>66,725</u>	<u>44,845</u>

		July to September	
		2009	2008
		(Rupees in thousand)	
13. Transactions with related parties			
i. Subsidiaries			
	Short term advance	15,161	2,710
	Short term advance received back	-	8,550
	Purchase of good and services	-	22,500
	Mark up income	6,718	8,934
ii. Associates			
	Sales of goods & services	-	8,449
	Mark up income	1,813	1,595
	Commission income	1,125	1,125
	Advance against purchase of property	62,326	-
	Short term advance given	-	70
iii. Key management personnel	Short term employee benefits	2,448	2,688
		September 30, 2009	June 30, 2009
		(Rupees in thousand)	
Period end balances			
	Long term loans to related parties	142,003	142,003
	Receivable from related parties	793,583	708,041
	Payable to related parties	19,946	31,922

	(Rupees in thousand)							
	Real estate sales		Investment properties		Others		Total	
	Quarter ended September 30, 2009	September 30, 2008	Quarter ended September 30, 2009	September 30, 2008	Quarter ended September 30, 2009	September 30, 2008	Quarter ended September 30, 2009	September 30, 2008
Segment revenue	65,563	177,313	28,194	15,961	34,673	30,077	128,430	228,351
- Cost of sales	(52,139)	(111,228)	-	-	(8,323)	(1,503)	(60,462)	(112,732)
- Stores operating expenses	(9,232)	-	(12,238)	(10,213)	(23,743)	(27,617)	(45,213)	(37,630)
Gross profit	4,192	66,084	15,956	5,748	2,607	957	22,755	72,789
- Changes in fair value of investment property	-	-	-	462,897	-	-	-	462,897
Segment results	4,192	66,084	15,956	468,645	2,607	957	22,755	535,686
Administration and selling expenses							(23,480)	(24,704)
Other operating income							187,778	43,140
Finance costs							(81,916)	(83,869)
Other operating expenses							-	(258,074)
Profit before tax							105,137	212,179
Taxation							(28,219)	(25,461)
Profit for the period							76,918	186,718

July to September
2009 **2008**
(Rupees in thousand)

15. Cash used in operations

Profit before taxation	105,137	212,179
Add/(less) adjustment for non-cash charges and other items:		
Depreciation on:		
- property, plant and equipment	7,570	7,893
- assets subject to finance lease	5,062	912
Amortisation on :		
- intangible assets	249	146
Deferred income	(4,611)	-
Provision for gratuity and leave encashment	3,381	2,879
markup income	(14,284)	(43,140)
Change in fair value of investment property	-	(462,897)
Exchange gain on foreign currency convertible bonds	(172,905)	-
Gain on disposal of property plant and equipment	(589)	-
Exchange loss on foreign currency convertible bonds	-	257,854
Finance costs	81,916	83,869
Profit before working capital changes	10,926	59,695
Effect on cash flow due to working capital changes:		
- Decrease in stock-in-trade	27,626	7,869
- Decrease in trade debts	42,579	62,334
- Decrease/(increase) in due from related parties	(15,162)	4,646
- Increase in advance against purchase of property	(62,326)	5,000
- Increase in advances, deposits		
prepayments and other receivables	(74,489)	(167,257)
- Decrease in creditors, accrued and other liabilities	(8,834)	(70,938)
	(90,606)	(158,346)
	(79,680)	(98,651)

September **June**
30, 2009 **30, 2009**
(Rupees in thousand)

16. Cash and cash equivalents

Cash and bank balances	155,233	340,692
	155,233	340,692

17. Date of authorization for issue

This condensed interim financial information was authorised for issue on October 30, 2009 by the Board of Directors of the Company.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP

**CONDENSED CONSOLIDATED
QUARTERLY FINANCIAL ACCOUNTS
(UN-AUDITED)**

**FOR THE PERIOD ENDED
SEPTEMBER 30, 2009**

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Pace (Pakistan) Limited ("the Group") is pleased to present unaudited consolidated financial statements of the Group for the first quarter ended September 30, 2009.

Financial overview

Following are the comparative financial results for the quarter ended September 30, 2009 and September 30, 2008.

	Rupees in '000'	
	Jul-Sep 2009	Jul-Sep 2008
Gross Profit	22,755	72,789
Increase in fair value of investment property	-	462,897
Other operating income	184,159	36,220
Net Profit before tax	87,657	205,259
Earnings per share (PKR)	0.29	0.81
Earnings per share - Diluted (PKR)	0.22	0.72

Gross and net profits for the first quarter have shown a decline as compare to the same period last year, Profits for the period is attributable to the recording of new sales increase in the other operating income. Company wise latest update in respect of subsidiaries is as under:

Pace Woodlands (Pvt.) Limited

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

Pace Gujrat (Pvt.) Limited

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

For and on behalf of the Board of Directors

Lahore
October 30, 2009

Salmaan Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2009

	Note	(Un-Audited) September 30, 2009	(Audited) June 30, 2009
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 30, 2009: 600,000,000) ordinary shares of Rs 10 each		<u>6,000,000</u>	<u>6,000,000</u>
Issued, subscribed and paid up capital			
242,032,927 (June 30, 2009: 232,822,008) ordinary shares of Rs 10 each		2,420,329	2,328,220
Reserves		427,361	387,752
Unappropriated profit		<u>3,151,913</u>	<u>3,082,854</u>
		<u>5,999,603</u>	<u>5,798,826</u>
Minority interest		19,547	30,266
		<u>6,019,150</u>	<u>5,829,092</u>
NON-CURRENT LIABILITIES			
Long term finances			
-Secured	5	27,375	36,375
-unsecured		202,980	202,980
Redeemable capital-secured (non-participatory)	6	1,498,500	1,498,800
Liabilities against assets subject to finance lease		47,800	46,387
Foreign currency convertible bonds - unsecured	7	1,638,046	1,911,567
Deferred liabilities		58,772	33,814
Advances against sale of property		67,479	45,589
Deferred Income		51,291	55,903
		<u>3,592,243</u>	<u>3,831,415</u>
CURRENT LIABILITIES			
Current portion of long term finances - secured		56,340	68,774
Finances under mark-up arrangements-secured		35,057	35,011
Creditors, accrued and other liabilities		190,584	250,867
Taxation		<u>5,135</u>	<u>4,493</u>
		<u>287,116</u>	<u>359,145</u>
CONTINGENCIES AND COMMITMENTS	8	-	-
		<u>9,898,509</u>	<u>10,019,652</u>

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

LAHORE

CHIEF EXECUTIVE

**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	July to September	
	2009	2008
	(Rupees in thousand)	
Sales	128,430	223,351
Cost of sales	(105,675)	(150,562)
Gross profit	22,755	72,789
Administration and selling expenses	(23,528)	(24,704)
Changes in fair value of investment property	-	462,897
Other operating income	184,159	36,220
Other operating expenses	-	(258,074)
Profit from operations	183,386	289,128
Finance costs	(100,000)	(83,869)
Share of profit from associated company	4,271	-
Profit before tax	87,657	205,259
Taxation	(28,219)	(26,958)
Taxation on associated profit	(1,098)	-
Profit for the period	58,340	178,301
Profit for period	58,340	178,301
Attributeable to :		
Equity holder	69,059	-
Minority interest	(10,719)	-
	58,340	-
Earnings per share		
- Basic	Rupees 0.29	0.81
-Diluted	Rupees 0.22	0.72

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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ASSETS	Note	(Un-Audited)	(Audited)
		September 30, 2009	June 30, 2009
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	9	465,344	474,066
Intangible assets		9,703	9,951
Assets subject to finance lease		69,865	70,502
Capital work in progress		71,127	71,127
Investment property		4,328,844	4,375,149
Investments	10	1,163,852	1,160,677
Long term advances and deposits		19,402	19,402
Long term loans-unsecured	11	80,074	80,074
Advance against purchase of property-unsecured		340,366	278,040
Deferred taxation		-	6,000
		6,548,577	6,544,988
CURRENT ASSETS			
Stock-in-trade		1,522,063	1,496,754
Trade debts - unsecured		1,515,706	1,559,785
Due from associated undertakings - unsecured	12	17,833	15,433
Advances, deposits, prepayments and other receivables		138,520	61,410
Cash and bank balances		155,810	341,282
		3,349,932	3,474,664
		9,898,509	10,019,652

DIRECTOR

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**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Quarter ended	
	September 30, 2009 (Rupees in thousand)	September 30, 2008
Profit after taxation	58,340	178,301
Other comprehensive income		
(Deficit) / surplus on remeasurement of available for sale financial assets	2	(6)
Minority interest	10,719	-
Total comprehensive income for the period	69,061	178,295

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Note	July to September	
		2009	2008
(Rupees in thousand)			
Cash flows from operating activities			
Cash used in operations	15	(63,065)	(109,769)
increase/(decrease) in Advance against sale of property		21,890	(139,604)
Finance costs paid		(128,758)	(94,817)
Gratuity and leave encashment paid		(1,839)	(451)
Taxes paid		(3,006)	(3,574)
Net cash used in operating activities		(174,778)	(348,215)
Cash flows from investing activities			
Purchase of property, plant, equipment		(4,481)	(34,305)
Disposal of investment property		4,001	(39,237)
Net decrease in long term advances and deposits		-	(95)
Proceeds from sales of property plant and equipment		1,796	-
Mark up received		8,265	34,339
Net cash from/(used) in investing activities		9,581	(39,298)
Cash flows from financing activities			
Surrender of share deposit money to SECP		-	(294)
Repayments of redeemable capital		(300)	(300)
Proceeds from long term finances		-	16,000
Repayment of long term finances		(20,376)	(3,773)
Availment/(repayment) of finance lease liabilities		355	(248)
Net cash (used)/from financing activities		(20,321)	11,385
Net (decrease)/ increase in cash and cash equivalents		(185,518)	(376,128)
Cash and cash equivalents at the beginning of the period		306,271	1,291,450
Cash and cash equivalents at the end of the period	16	120,753	915,322

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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**PACE (PAKISTAN) GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

(Rupees in thousand)

	Attributable to equity holders of the parent					Reserve for changes in fair value of investments	Accumulated profit	Total	Minority interest	Total equity
	Share Capital	Share deposit money	Share Premium	Realisation reserve for investment property	Share for investment property					
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	
Surrendered to SECP	-	(294)	-	-	-	-	(294)	-	(294)	
Total comprehensive income for the period	-	-	-	-	(6)	178,901	178,285	-	178,285	
Balance as on September 30, 2008	2,204,656	588	1,003	116,244	1	2,431,124	4,753,616	27	4,753,643	
Issue of ordinary shares	129,537	(217)	74,258	-	-	-	197,573	-	197,573	
Bonus shares issued during the period	27	-	(27)	-	-	-	-	-	-	
Transfers of reserves relating to sales of investment property	-	-	-	(22,042)	-	22,042	-	-	-	
Share deposit money surrendered to SECP	-	(371)	-	-	-	-	(371)	-	(371)	
Share capital reserve of associated	-	-	-	-	218,326	-	218,326	-	218,326	
Total comprehensive income for the period	-	-	-	-	(6)	629,688	629,682	30,239	659,921	
Balance as on June 30, 2009	2,328,220	-	75,229	94,202	218,321	3,082,854	5,798,826	30,266	5,829,092	
Issue of ordinary shares	92,109	-	39,607	-	-	-	131,716	-	131,716	
Total comprehensive income for the period	-	-	-	-	2	69,059	69,061	(10,719)	58,342	
Balance as on September 30, 2009	2,420,329	-	114,836	94,202	218,323	3,151,913	5,969,603	19,547	6,019,150	

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

**PACE (PAKISTAN) GROUP
NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

- This Condensed interim financial statements is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulation of the Karachi and Lahore stock exchanges.
- The accounting policies adopted for the preparation of this Condensed interim financial statements are same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2009. In accordance with revised International Accounting Standard (IAS) 1 "Presentation of Financial Statements" which is applicable for accounting years beginning on or after January 01, 2009, 'non-owner changes in equity' have been presented separately as "Condensed Statement of Comprehensive Income" thereby separated from owner changes in equity classified under "Condensed Statement of Changes in Equity".
- This condensed interim financial statements has been prepared in accordance with the requirement of the accounting standard (IAS) 34 "interim financial reporting". They do not include all the information required for full annual financial statement, and this condensed interim financial statements should be read in conjunction with the financial statements of the Company for the year ended June 30, 2009.
- The provision for taxation for the period ended September 30, 2009 has been made on an estimated basis.

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
5. Long term finances - secured		
Opening balance	84,876	132,658
Add: Disbursement during the period	-	73,500
	84,876	206,158
Less: Repayment during the period	20,376	121,282
	64,500	84,876
Less: Current portion shown under current liabilities	37,125	48,501
	27,375	36,375
6. Redeemable capital - secured (non-participatory)		
Opening balance	1,499,400	-
Add: Disbursement during the period	-	1,499,400
	1,499,400	1,499,400
Less: Redeemed during the period	300	-
	1,499,100	1,499,400
Less: Current portion shown under current liabilities	600	600
	1,498,500	1,498,800
7. Foreign currency convertible bonds - unsecured		
Opening balance	1,911,567	1,758,565
Issued during the year	-	-
Converted into Equity Share	(131,654)	(197,574)
Markup accrued for the year	31,038	130,757
	1,810,951	1,691,748
Markup paid during the year	-	(19,813)
Exchange (gain)/ loss for the period/year	(172,905)	239,632
	1,638,046	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.

(iii) A penalty of Rs. 3.87 million (June 2009: 3.87 million), for an alleged non-filing of Wealth Tax returns for assessment years 1996-97 to 1998-99, has been imposed vide order dated 4th September, 2007 by the Wealth Tax Officer. The Group has filed appeal before CIT (A) which was rejected. The Group has filed appeal in Income Tax Appellate Tribunal Lahore "ITAT" against the order of CIT(A).

Pending the outcome of the appeal the amount has not been provided as management is of the opinion that there are meritorious grounds that the ultimate decision would be in its favour.

8.2 Commitments

(i) The Group has entered into an agreement with Worldcall Telecom Limited, a related party, for installation and maintenance of dark fiber, broadband telephony and interactive vigilance system at Group properties for an aggregate amount of Rs 12.138 million.

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

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
Not later than one year	1,619	1,580
Later than one year and not later than five years	8,267	8,065
Later than five years	11,172	11,808
	<u>21,058</u>	<u>21,453</u>

9. Property, plant and equipment

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
Opening book value	474,066	434,385
Add: Additions during the period/year - note 9.1	55	76,599
	<u>474,121</u>	<u>510,984</u>
Less: Disposals during the period/year (at book value)	1,207	947
Transfer to investment property/ stock-in-trade (at book value)	-	2,232
Depreciation charged during the period/year	7,570	33,739
	<u>8,777</u>	<u>36,918</u>
	<u>465,344</u>	<u>474,066</u>

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

Building on freehold land	-	18,827
Building on leasehold land	-	912
Plant and machinery	-	8,489
Electrical equipment	-	24,865
Office Equipment and appliance	-	20
Furniture and fixtures	55	602
Computers	-	796
Others	-	22,088
	<u>55</u>	<u>76,599</u>

10. Investments

Equity instruments of:

- Associated undertakings-unquoted - note 10.1	1,163,848	1,160,675
- Available for sale-quoted - note 10.2	4	2
	<u>1,163,852</u>	<u>1,160,677</u>

September
30, 2009

June
30, 2009

(Rupees in thousand)

10.1 Associated undertakings-unquoted

Pace Barka properties Limited 60,000,000 (June 30, 2009: 60,000,000) fully paid ordinary shares of Rs 10 each share of profit Taxation	1,160,495	1,160,495
	4,271	-
	(1,098)	-
	<u>1,163,668</u>	<u>1,160,495</u>

Pace Supermall (Private) Limited 18,000 (June 30, 2009: 18,000) fully paid ordinary shares of Rs 10 each	180	180
	<u>1,163,848</u>	<u>1,160,675</u>

10.2 Available for sale-quoted

Cost	6	6
Add: Fair value adjustment	(2)	(4)
	<u>4</u>	<u>2</u>

10.2.1 Cumulative fair value gain

As at July 1	(4)	7
Fair value loss during the period/year	2	(11)
	<u>(2)</u>	<u>(4)</u>

11. Long term loans -unsecured

These represent loans given to the following related parties:

Media Times Limited	41,103	41,103
Pace Supermall (Private) Limited	38,971	38,971
	<u>80,074</u>	<u>80,074</u>

12. Due from related parties- unsecured

Pace Supermall (Private) Limited	17,833	15,433
	<u>17,833</u>	<u>15,433</u>

July to September
2009

2008

(Rupees in thousand)

13. Transactions with related parties

i. Associates	Loan Received	-	16,000
	Short term advance given	-	70
	Mark up income	1,813	3,476
	Commission income	1,125	1,125
	Markup expenses	-	7,717
	Sales of goods & Services	-	8,449
	Advance against purchase of property	62,326	-
ii. Key management personnel	Short term employee benefits	2,448	2,688

September
30, 2009

June
30, 2009

(Rupees in thousand)

Period end balances

Long term loan to related parties	80,074	80,074
Receivable from related parties	726,859	663,196
Payable to related parties	19,946	31,922

	(Rupees in thousand)							
	Real estate sales		Investment properties		Others		Total	
	Quarter ended September 30, 2009	Quarter ended September 30, 2008	Quarter ended September 30, 2009	Quarter ended September 30, 2008	Quarter ended September 30, 2009	Quarter ended September 30, 2008	Quarter ended September 30, 2009	Quarter ended September 30, 2008
Segment revenue	65,563	177,313	28,194	15,961	34,673	30,077	128,430	223,951
- Cost of sales	(52,139)	(111,229)	-	-	(8,323)	(1,503)	(60,462)	(112,732)
- Stores operating expenses	(9,232)	-	(12,239)	(10,213)	(23,743)	(27,617)	(45,213)	(37,830)
Gross profit	4,192	66,084	15,956	5,748	2,607	957	22,755	72,789
- Changes in fair value of investment property	-	-	-	462,897	-	-	-	462,897
Segment results	4,192	66,084	15,956	468,645	2,607	957	22,755	535,686
Administration and selling expenses							(23,528)	(24,704)
Other operating income							184,159	36,220
Finance costs							(100,000)	(83,869)
Share of profit form associated							4,271	-
Other operating expenses							-	(258,074)
Profit before tax							87,657	205,259
Taxation							(28,219)	(26,958)
Taxation on associated profit							(1,098)	-
Profit for the period							58,340	178,301

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	July to September	
	2009	2008
(Rupees in thousand)		
15. Cash used in operations		
Profit before taxation	87,657	205,259
Add/(less) adjustment for non-cash charges and other items:		
Depreciation on:		
- property, plant and equipment	7,570	7,893
- assets subject to finance lease	5,062	912
Amortisation on :		
- intangible assets	249	146
Deferred income	(4,612)	-
Provision for gratuity and leave encashment	3,381	2,879
Share of profit from associated companies	(4,271)	-
Mark up income	(10,665)	(36,220)
Change in fair value of investment property	-	(462,897)
Gain on disposal of property plant and equipment	(589)	-
Exchange gain on foreign currency convertible bonds	(172,905)	257,854
Finance cost	100,000	83,869
Profit before working capital changes	10,877	59,695
Effect on cash flow due to working capital changes:		
- Decrease in stock-in-trade	27,626	9,285
- Decrease in trade debts	44,079	62,334
- Increase in due from related parties	-	(1,195)
- Increase in advance against purchase of property	(62,326)	-
- Increase in advances, deposits prepayments and other receivables	(74,489)	(166,113)
- Decrease in creditors, accrued and other liabilities	(8,832)	(73,775)
	(73,942)	(169,464)
	(63,065)	(109,769)
	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
16. Cash and cash equivalents		
Finances under mark-up arrangements - secured	(35,057)	(35,011)
Cash and bank balances	155,810	341,282
	120,753	306,271

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17. Date of authorization for issue

This condensed interim financial statements was authorised for issue on October 30, 2009 by the Board of Directors of the Company.

18. 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	30-Sep-09	52%	Pakistan
Pace Gujrat (Pvt) Limited	30-Sep-09	100%	Pakistan