

PACE (PAKISTAN) LIMITED

**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE PERIOD ENDED**

MARCH 31, 2008

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COMPANY INFORMATION

Board of Directors	Sheikh Sulieman Ahmed Said Al-Hoqani (Chairman) Salmaan Taseer (Chief Executive Officer) Aamna Taseer Sardar Ali Wattoo Abid Raza Jamal Said Al-Ojaili Mahmood Ali Athar Imran Saeed Chaudhry
Chief Financial Officer	Muhammad Musharaf Khan
Audit Committee	Aamna Taseer (Chairman) Sardar Ali Wattoo Abid Raza
Company Secretary	Mohammad Noaman Adil
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' REVIEW

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, 2008.

Operating Results

The comparison of the un-audited results for the quarter and nine months ended March 31, 2008 with the respective corresponding period is as under:

	For the 3rd Quarter		Rupees in '000'	
	Jan-Mar 2008	Jan-Mar 2007	Cumulative Jul-Mar 2008	Jul-Mar 2007
Gross Profit	47,279	4,828	56,222	18,921
Increase in fair value of investment property	182,024	44,327	355,214	165,463
Investment income	82,560	42,382	148,193	110,521
Net Profit	145,394	16,603	271,485	138,086
Earnings per share basic (PKR)	0.68	0.13	1.33	0.88

Gross and net profits for the third quarter and nine months of the current financial year have shown considerable increase as compare to the same period last year. Increase in profits is mainly attributable to the recording of sale of properties at Fortress stadium project. Increase in fair value of investment property mainly represents increase in property prices of Gujranwala project, as a normal trend positive variance is observed in the property prices, with the project becoming operational. With respect to operations the company is now successfully running four projects, with Gujranwala project as being the latest addition to its credit.

The company has entered in to an agreement with Oman Telecommunication Company (S.A.O.G) for the sale of 1.8 million shares of Worldcall Telecom Limited for a sale consideration of PKR 25 per share. The shares were acquired by the company at a total cost of PKR 12.13 million there by yielding a total profit before tax of PKR 32.87 million.

Financing Arrangements

During the quarter under review the management of your company has successfully completed the transaction for the issue of Foreign Currency Convertible Bonds amounting to USD 25 million in denomination of USD 1,000 each. The management has also issued the IPO portion of term finance certificates amounting to PKR 375 million to general public out of total of PKR 1,500 million, the subscription date for the same was on February 14 and 15. In addition to the above two financings the company has also raised funds amounting to PKR 1billion through issue of unsecured commercial papers.

Future Outlook

After successful start of operations of Gujranwala project, the Company is looking forward for start of commercial operations at Fortress Stadium and Gujrat Project.

In addition to the above mentioned projects the company has also identified the land in Karachi for the development of a multi use project, currently the land is in the process of verification and negotiation and management is expecting to acquire the land for Karachi project before the close of current financial year.

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 30, 2008

Salmaan Taseer
Chief Executive Officer

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

EQUITY AND LIABILITIES		Note	March 31, 2008	June 30, 2007
(Rupees in thousand)				
CAPITAL AND RESERVES				
Authorised capital				
400,000,000 (June 30, 2007: 230,000,000)				
ordinary shares of Rs 10 each			4,000,000	2,300,000
Issued, subscribed and paid up capital				
220,464,951 (June 30, 2007: 220,464,951)				
ordinary shares of Rs 10 each			2,204,650	2,204,650
Share deposit money			1,246	1,260
Reserves			150,131	138,162
Unappropriated profit			1,123,681	830,944
			3,479,708	3,175,016
NON-CURRENT LIABILITIES				
Term finance certificates-secured	5		1,500,000	-
Long term loans - secured	6		22,253	48,750
Liabilities against assets subject to finance lease			9,481	6,044
Deferred liabilities			42,526	59,239
Advances against sale of property			345,483	278,343
			1,919,743	392,376
CURRENT LIABILITIES				
Current maturity of long term loans - secured	6		30,195	105,750
Current maturity of liabilities against assets subject to finance lease			6,716	3,518
Foreign currency convertible bonds-unsecured	7		1,590,005	-
Short term finance-unsecured	8		1,000,000	-
Creditors, accrued and other liabilities			100,514	131,906
Provision for taxation			-	1,472
			2,727,430	242,646
CONTINGENCIES AND COMMITMENTS				
	9		-	-
			8,126,881	3,810,038

The annexed notes 1 to 20 form an integral part of this financial information.

LAHORE

CHIEF EXECUTIVE

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ASSETS	Note	March 31, 2008 (Rupees in thousand)	June 30, 2007
NON-CURRENT ASSETS			
Property, plant and equipment	10	307,099	245,759
Intangible assets		1,186	1,282
Assets subject to finance lease		18,424	10,647
Capital work in progress		28,180	
Investment property		1,792,575	1,418,047
Investments	11	300,235	333,282
Long term deposits and Deferred Cost		23,640	23,532
Long term loans to subsidiaries and associated undertakings- unsecured	12	192,726	182,119
		2,664,065	2,214,668

CURRENT ASSETS

Stock-in-trade		1,529,813	751,408
Trade debts - unsecured		352,433	320,624
Due from subsidiaries and associated undertakings - unsecured	13	143,956	85,076
Advance against purchase of property-unsecured		106,788	20,000
Investments	14	1,067,957	-
Advances, deposits, prepayments and other receivables		199,067	110,319
Cash and bank balances		2,062,802	307,943
		5,462,816	1,595,370
		8,126,881	3,810,038

DIRECTOR

PACE (PAKISTAN) LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2008

	January to March 2008 (Rupees in thousand)		July to March 2008 (Rupees in thousand)	
	2008	2007	2008	2007
Sales	107,288	23,756	201,193	99,073
Cost of sales	(47,920)	(17,356)	(112,124)	(68,205)
Stores operating expenses	(12,089)	(1,572)	(32,847)	(11,947)
Gross profit	47,279	4,828	56,222	18,921
Administration and selling expenses	(28,127)	(12,113)	(77,295)	(33,513)
Changes in fair value of investment property	182,024	44,327	355,214	165,463
Other operating income	82,560	42,382	148,193	110,521
Profit from operations	283,736	79,424	482,334	261,392
Finance costs	(84,737)	(22,267)	(144,222)	(68,198)
Other charges	(53,605)	(40,554)	(66,627)	(55,108)
Profit before tax	145,394	16,603	271,485	138,086
Taxation	3,723	8,753	21,252	8,544
Profit for the period	149,117	25,356	292,737	146,630
Earnings per share				
- Basic	0.68	0.13	1.33	0.88

The annexed notes 1 to 20 form an integral part of this financial information.

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DIRECTOR

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

		July to March	
	Note	2008 (Rupees in thousand)	2007
Cash flows from operating activities			
Cash generated from operations	17	(1,116,375)	(817,950)
Advance against sale of property		67,140	96,333
Finance costs paid		(101,596)	(32,456)
Payment of gratuity and leave encashment		(926)	(359)
Taxes paid		(7,584)	(2,965)
Net cash from operating activities		(1,159,341)	(757,397)
Cash flows from investing activities			
Fixed capital expenditure		(112,217)	(18,029)
Additions in investment property		(19,314)	(43,989)
Investments made during the year		(1,000,000)	-
Net decrease in long term deposits and deferred cost		(108)	2,974
Proceeds from sales of assets		45	
Repayment / (disbursement) of loan from/to subsidiaries		(10,607)	18,751
Interest received		92,330	11,339
Net cash used in investing activities		(1,049,871)	(28,954)
Cash flows from financing activities			
Proceeds from issue of share capital		-	1,167,664
Proceeds from issue of term finance certificates		1,500,000	-
Proceeds from issue of foreign currency convertible bonds		1,559,500	-
Proceeds from issue of commercial paper		1,000,000	-
Surrender of share deposit money to SECP		(14)	-
Proceeds from long term loans		-	85,000
Repayment of long term loans		(102,052)	(90,000)
Availment/(Repayment) of finance lease liabilities		6,637	(1,947)
Net cash from financing activities		3,964,071	1,160,717
Net increase in cash and cash equivalents		1,754,859	374,366
Cash and cash equivalents at the beginning of the period		307,943	(503,783)
Cash and cash equivalents at the end of the period	18	2,062,802	(129,417)

The annexed notes 1 to 20 form an integral part of this financial information.

LAHORE

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DIRECTOR

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PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

	(Rupees in thousand)				
	Share Capital	Share deposit money	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments
Balance as on June 30, 2006	1,040,836	-	-	116,244	1,885
Receipt of share deposit money					
Issue of ordinary shares	835,452	1,172,495	-	-	-
Cost on issue of ordinary shares		(1,169,633)	334,181	-	-
Gain in fair value of investments classified as 'available for sale'			(4,831)	-	-
Reserve for bonus shares			-	-	3,993
Net profit for the period			(328,708)	-	-
Balance as on March 31, 2007	1,876,288	2,862	642	116,244	5,878
Receipt of share deposit money					
Issue of ordinary shares	10	(14)	4	-	-
Payment against share deposit money		(1,588)	-	-	-
Bonus shares issued during the period	328,352		-	-	(328,352)
Gain in fair value of investment					15,038
Profit for the period					20,916
Balance as on June 30, 2007	2,204,650	1,260	646	116,244	356
Surrendered to SECP					
Profit for the period		(14)			292,737
Gain in fair value of investment					(14)
Balance as on March 31, 2008	2,204,650	1,246	646	116,244	1,123,681
					353,513
					830,944
					3,175,016
					15,038
					353,513
					292,737
					11,969
					3,479,708

The annexed notes 1 to 20 form an integral part of this financial information.

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DIRECTOR

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PACE (PAKISTAN) LIMITED
SELECTED NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

1. This condensed interim financial information is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.
2. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements, and this condensed interim financial information should be read in conjunction with the financial statements of the company for the year ended June 30, 2007.
3. The accounting policies adopted for the preparation of this 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, 2007. During the period, the Company has entered into sale and repurchase agreements of securities and made investment in open ended mutual funds which are classified as financial assets at fair value through profit and loss. The policies in respect of accounting under these arrangements are as follows:

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statement as investments and the amount extended to the counter party is included in other receivables. The difference between the sale and repurchase price is recognised as mark-up earned and included in other income.

Financial assets at fair value through profit or loss includes investments held for trading and investment designated upon initial recognition as at fair value through profit or loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit and loss account.

4. The provision for taxation for the period ended March 31, 2008 has been made on an estimated basis.
5. This represents listed Term Finance Certificates (TFC's) with the face value of Rs 5,000 each. These TFC's are redeemable in six equal semi-annual installments after a grace period of 2 years starting from February 2010. Profit rate is charged at six months Karachi Interbank Offered Rate plus 1.5% per annum with no floor and cap.

Security

The TFC's are secured by a first exclusive charge by way of equitable mortgage on the properties situated at 124/E-1, Main Boulevard Gulberg III, Lahore, 40-Block P, Model Town, Lahore, 27-H College Road, Gulberg II, Lahore, G.T. Road, Gujranwala and Barki Road, Lahore and first exclusive hypothecation charge over certain specific fixed assets to the extent of Rs 2 billion.

6. Long term loans - secured

	March 31, 2008 (Rupees in thousand)	June 30, 2007
Opening balance	154,500	216,000
Add: Disbursement during the period	-	85,000
	154,500	301,000
Less: Repayment during the period	102,052	146,500
	52,448	154,500
Less: Current portion shown under current liabilities	30,195	105,750
	22,253	48,750

7. This represent convertible Bonds listed on Singapore Stock Exchange with the face value of US\$ 1,000 each. The Principal of the Bonds will accrete at 6.5% per annum, compounded semi annually, calculated on the basis of a 360- day year consisting of twelve 30- day months. The Bonds bear an interest rate at 6.5% per annum, compounded semi-annually, calculated on the basis of a 360-day.

The Bonds will be redeemed 5 years 1 day from the date of the issue. Unless the bonds have been previously redeemed, repurchased or converted.

8. This represents unsecured Commercial papers issued by the Company as on January 10, 2008 with the face value of Rs. 5,000,000 each. The maturity of these commercial papers are 180 days from the disbursement date. These carries markup at six months Karachi Interbank Offered Rate plus maximum 0.70% per annum.

9. Contingencies and commitments

9.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs 21.644 million (June 2007: Rs 21.644 million).
- (ii) Bank guarantee amounting to Rs Nil (June 2007: Rs 60 million) in favour of Karachi Port Trust against the bid of Port Shopping District in Karachi.
- (iii) 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 2007: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.
- (iv) A penalty of Rs. 3.87 million (June 2007: Nil), 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) for cancellation of the order.

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.

9.2 Commitments - Nil

- (i) Letters of credit other than capital expenditure amounting to Rs Nil (June 2007: Rs 5.757 million)
- (ii) Letters of credit for capital expenditure amounting to Rs Nil (June 2007: Rs 1.43 million)

10. Property, plant and equipment

	March 31, 2008 (Rupees in thousand)	June 30, 2007
Opening book value	245,759	271,835
Add: Additions during the period - note 10.1	73,778	85,872
Less: Transfers to stock-in-trade / investment property	-	101,261
	319,537	256,446
Less: Disposals during the period (at book value)	49	-
Less: Depreciation charged during the period	12,389	10,687
	12,438	10,687
Closing book value	307,099	245,759

10.1 Following is the detail of additions during the period

Freehold land	-	14,959
Buildings on freehold land	50,474	37,256
Plant and machinery	6,129	8,573
Electrical equipment	9,880	9,457
Furniture and fixtures	2,958	1,595
Computers	3,350	2,435
Others	987	11,597
	73,778	85,872

	March 31, 2008 (Rupees in thousand)	June 30, 2007
11. Investments		
Equity instruments of:		
- subsidiaries - unquoted	- note 11.1 55	55
- associated undertakings - unquoted	- note 11.2 300,180	300,180
Available for sale - quoted	- note 11.3 -	33,047
	<u>300,235</u>	<u>333,282</u>
11.1 Subsidiaries - unquoted		
Pace Woodlands (Private) Limited	30	30
3,000 (June 2007: 3,000) fully paid ordinary shares of Rs 10 each		
Pace Gujrat (Private) Limited	25	25
2,450 (June 2007: 2,450) fully paid ordinary shares of Rs 10 each	<u>55</u>	<u>55</u>
11.2 Associated undertakings - unquoted		
Pace Barka Properties Limited	300,000	300,000
30,000,000 (June 2007: 30,000,000) fully paid ordinary shares of Rs 10 each		
Pace Super Mall (Private) Limited	180	180
18,000 (June 2007: 18,000) fully paid ordinary shares of Rs 10 each	<u>300,180</u>	<u>300,180</u>
11.3 Available for sale - quoted		
Cost	-	12,131
Add: Fair value adjustment	-	20,916
	<u>-</u>	<u>33,047</u>
11.3.1 Cumulative fair value gain		
As at July 1	-	1,885
Add: Fair value adjustment	-	19,031
	<u>-</u>	<u>20,916</u>
12. Long term loans - unsecured		
These represent loans given to the following related parties:		
Subsidiaries		
Pace Woodlands (Private) Limited	100,900	100,900
Pace Gujrat (Private) Limited	50,723	40,116
	<u>151,623</u>	<u>141,016</u>
Associated undertaking		
Media Times Limited	41,103	41,103
	<u>192,726</u>	<u>182,119</u>
13. Due from related parties - unsecured		
Subsidiaries		
Pace Woodlands (Private) Limited	96,389	72,727
Pace Gujrat (Private) Limited	24,749	11,786
	<u>121,138</u>	<u>84,513</u>
Associated undertaking		
Pace Barka Properties Limited	22,818	563
	<u>143,956</u>	<u>85,076</u>

	March 31, 2008 (Rupees in thousand)	June 30, 2007
14. Investments		
Available for sale	- note 14.1 45,016	-
At fair value through profit and loss	<u>1,022,941</u>	<u>-</u>
14.1 Available for sale - quoted	<u>1,067,957</u>	<u>-</u>
Cost	12,131	-
Add: Fair value adjustment	<u>32,885</u>	<u>-</u>
	<u>45,016</u>	<u>-</u>
14.2 Cumulative fair value gain		
As at July 1	20,916	-
Add: Fair value adjustment	<u>11,969</u>	<u>-</u>
	<u>32,885</u>	<u>-</u>
15. Related party transactions		
	Nature of transaction	
i. Subsidiaries		
Loans disbursed	20,612	-
Loan Received Back	10,000	20,000
Short term advance	17,509	378,905
Short term advance received back	10,112	-
Advance against purchase of property	-	7,250
Mark up income	29,241	94,470
ii. Associates		
Loans disbursed	-	6,300
Loan Received Back	-	5,051
Purchase of goods & services	81,334	-
Mark up income	5,854	4,701
Commission income	3,375	-
Sales of goods & Services	52,565	-
Short term advance given	45,108	-
Short term advance Received	25,199	-
iii. Key management personnel		
Short term employee benefits	5,525	4,428
	March 31, 2008 (Rupees in thousand)	June 30, 2007
Period end balances		
Long term loan to related parties	192,726	182,119
Receivable from related parties	263,356	173,720
Payable to related parties	6,100	58,406

16. Segment results

	(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, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2007	March 31, 2008	March 31, 2007
Segment revenue	89,000	14,220	157,270	68,735	15,418	7,987	36,410	24,177	2,870	1,549	7,513	6,161
Segment expenses												
- Cost of sales	(47,113)	(17,121)	(110,434)	(67,076)	-	-	-	-	(807)	(235)	(1,690)	(1,129)
- Stores operating expenses	-	-	-	-	(12,089)	(1,572)	(32,847)	(11,947)	-	-	-	-
Gross profit	41,887	(2,901)	46,836	1,659	3,329	6,415	3,563	12,230	2,063	1,314	5,823	5,032
- Changes in fair value of investment property	-	-	-	-	182,024	44,327	355,214	165,463	-	-	-	-
Segment results	41,887	(2,901)	46,836	1,659	185,353	50,742	358,777	177,693	2,063	1,314	5,823	5,032
Administration and selling expenses												
Other operating income												
Finance costs												
Other charges												
Profit before tax												
Taxation												
Profit for the period												

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17. Cash generated from operations

	July to March	
	2008	2007
	(Rupees in thousand)	
Profit before taxation	271,485	138,086
Add/(less) adjustment for non-cash charges and other items:		
Depreciation on:		
- property, plant and equipment	12,389	10,539
- assets subject to finance lease	2,482	1,752
Amortisation on :		
- intangible assets	96	107
Loss on sale of assets	4	
Provision for gratuity and leave encashment	6,678	2,263
Interest income	(146,858)	(110,521)
Change in fair value of investment property	(355,214)	(165,463)
Cost transferred to inventory	-	22,650
Foreign exchange loss	6,750	-
Liabilities written back	(1,335)	-
Finance cost	144,222	68,198

Profit before working capital changes	(59,301)	(32,389)
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Effect on cash flow due to working capital changes:

- (Increase)/decrease in stock-in-trade
- (Increase)/decrease in trade debts
- (Increase) in due from associated undertakings
- (Increase) in advance against purchase of property
- (Increase) in advances, deposits
- prepayments and other receivables
- (Decrease) in creditors, accrued and other liabilities

(778,405)	(404,479)
(31,809)	31,503
(27,678)	(324,816)
(86,788)	-
(83,999)	(44,731)
(48,395)	(43,038)
(1,057,074)	(785,561)
(1,116,375)	(817,950)

March 31, 2008 June 30, 2007
(Rupees in thousand)

18. Cash and cash equivalents

Cash and bank balances	2,062,802	307,943
	2,062,802	307,943

19. Date of authorisation

These financial statements were authorised for issue on April 30, 2008 by the Board of Directors of the company.

20. Corresponding figures

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

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(Rupees in thousand)

Payable to customers classified from trade debts to creditors,	4,479
Advance to Pace Super Mall (Private) Limited against purchase of property classified from short term to long term	21,600
Licensee income receivable classified from other receivables to trade debts	5,639

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

LAHORE

CHIEF EXECUTIVE

DIRECTOR

PACE (PAKISTAN) GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED

MARCH 31, 2008

DIRECTORS' REVIEW

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, 2008.

Financial overview

Following are the comparative financial results for the nine months ended March 31, 2008 and March 31, 2007;

Description	Rupees in '000'	
	Jul-Mar 2008	Jul-Mar 2007
Sales	201,175	99,073
Gross profit	56,204	18,921
Profit from operations	452,093	166,922
Net profit after tax	262,496	52,160
Net Assets	3,356,860	3,576,423
Earnings per Share Basic (PKR)	1.19	0.26

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

Pace Woodlands (Pvt.) Limited

The main objective of the company is to construct, develop and manage a housing society. The company has secured land on Bedian Road, Lahore Cantonment near Defence Housing Authority for establishing the housing scheme. Beside land development and houses construction activities are at full swing and booking of sales will be launched shortly.

Pace Gujrat (Pvt.) Limited

Subsequent to the March 31 2008 The Company has entered in to an agreement to sell with the parent company for the sale of its shopping mall project. Civil work on the project is almost complete whereas the finishing will be done by the purchaser.

For and on behalf of the Board of Directors

Lahore
April 30, 2008

Salmaan Taseer
Chief Executive Officer

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

EQUITY AND LIABILITIES	Note	March	June
		31, 2008	30, 2007
		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorized capital			
400,000,000 (June 30, 2007: 230,000,000) ordinary shares of Rs 10 each		4,000,000	2,300,000
Issued, subscribed and paid up capital			
220,464,951 (June 30, 2007: 220,464,951) ordinary shares of Rs 10 each		2,204,650	2,204,650
Share deposit money		1,246	1,260
Reserves		150,131	138,162
Unappropriated profit		1,000,833	738,337
		3,356,860	3,082,409
Minority interest		27	27
NON-CURRENT LIABILITIES			
Long term loans and finances			
-Secured	6	91,628	108,750
-unsecured		170,880	173,580
Term finance certificates-secured	5	1,500,000	-
Liabilities against assets subject to finance lease		9,481	6,044
Deferred liabilities		42,526	59,239
Advances against sale of property		399,335	293,220
		2,213,850	640,833
CURRENT LIABILITIES			
Current maturity of long term loans - secured	6	65,820	105,750
Current maturity of liabilities against assets subject to finance lease		6,716	3,518
Foreign currency convertible bonds-unsecured	7	1,590,005	-
Finances under mark-up arrangements-secured		35,728	29,998
Short term finances-unsecured	8	1,000,000	-
Creditors, accrued and other liabilities		183,452	165,345
Provision for taxation		-	1,472
		2,881,721	306,083
CONTINGENCIES AND COMMITMENTS			
	9	-	-
		8,452,459	4,029,352

The annexed notes 1 to 21 form an integral part of this financial information.

LAHORE

CHIEF EXECUTIVE

ASSETS

NON-CURRENT ASSETS

	Note	March 31, 2008 (Rupees in thousand)	June 30, 2007
Property, plant and equipment	10	307,099	245,759
Intangible assets		1,186	1,282
Assets subject to finance lease		18,424	10,647
Capital work in progress		73,212	-
Investment property		1,792,575	1,418,047
Investments	11	300,180	333,227
Long term deposits and Deferred Cost		23,640	23,532
Long term loans to associated undertaking-unsecured	12	80,074	80,074
		<u>2,596,390</u>	<u>2,112,568</u>

CURRENT ASSETS

Stock-in-trade		2,024,397	1,143,655
Trade debts - unsecured		352,433	320,624
Due from associated undertakings - unsecured	13	27,989	742
Investments	14	1,067,957	-
Advance against purchase of property-unsecured		74,088	15,000
Advances, deposits, prepayments and other receivables		245,016	128,580
Cash and bank balances		2,064,189	308,183
		<u>5,856,069</u>	<u>1,916,784</u>

<u>8,452,459</u>	<u>4,029,352</u>
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DIRECTOR

PACE (PAKISTAN) GROUP CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2008

	January to March 2008		July to March 2008	
	2008	2007	2008	2007
	(Rupees in thousand)			
Sales	107,288	23,756	201,175	99,073
Cost of sales	(47,920)	(17,356)	(112,124)	(68,205)
Stores operating expense	(12,089)	(1,572)	(32,847)	(11,947)
Gross profit	47,279	4,828	56,204	18,921
Administration and selling expenses	(28,127)	(12,113)	(77,295)	(33,513)
Changes in fair value of investment property	182,024	44,327	355,214	165,463
Other operating income	72,078	8,545	117,970	16,051
Profit from operations	273,254	45,587	452,093	166,922
Finance costs	(84,737)	(22,267)	(144,222)	(68,198)
Other charges	(53,605)	(40,554)	(66,627)	(55,108)
Profit / (Loss) before tax	134,912	(17,234)	241,244	43,616
Taxation	3,723	8,753	21,252	8,544
Profit / (Loss) for the period	138,635	(8,481)	262,496	52,160
Earnings per share				
- Basic	Rupees 0.63	(0.05)	1.19	0.26

The annexed notes 1 to 21 form an integral part of this financial information.

LAHORE:

CHIEF EXECUTIVE

DIRECTOR

Cash flows from operating activities

Cash flows from investing activities

Cash flows from financing activities**Net cash from financing activities**

The annexed notes 1 to 21 form an integral part of this financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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	Share Capital	Share deposit money	Share Premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Reserve for issue of Bonus shares	Accumulated profit	Total
Balance as on June 30, 2006	1,040,836	280,245	-	116,244	1,885	-	289,702	1,728,912
Receipt of share deposit money		1,796,189						1,796,189
Issue of ordinary shares	835,452	(1,169,633)	334,181	-	-	-	-	-
Cost on issue of ordinary shares			(4,831)					(4,831)
Gain in fair value of investments classified as available for sale	-	-	-	-	3,993	-	-	3,993
Share deposit money		-						-
Reserve for bonus shares			(328,708)			328,708		-
Net profit for the period				-	-		52,160	52,160
Balance as on March 31, 2007	1,876,288	906,801	642	116,244	5,878	328,708	341,862	3,576,423
Receipt of share deposit money		-	-					-
Issue of ordinary shares	10	(14)	4					-
Effect of relinquishment of control on subsidiaries		(903,939)						(903,939)
Payment against share deposit money		(1,588)						(1,588)
Bonus shares issued during the period	328,352	-				(328,352)		-
Gain in fair value of investment					15,038			15,038
Profit for the period							396,475	396,475
Balance as on June 30, 2007	2,204,650	1,280	646	116,244	20,916	356	738,337	3,082,409
Surrendered to SECP		(14)	-					(14)
Profit for the period							262,496	262,496
Gain in fair value of investment		1,246	646	116,244	11,969	356	1,000,833	11,969
	2,204,650	1,246	646	116,244	32,885	356	1,000,833	3,356,860

The annexed notes 1 to 21 form an integral part of this financial information.

LAHORE

CHIEF EXECUTIVE

DIRECTOR

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PACE (PAKISTAN) GROUP
SELECTED NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

1. This consolidated condensed interim financial information is un-audited and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.
2. The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2007. During the period, the group has entered into sale and repurchase agreements of securities and made investment in open ended mutual funds which are classified as financial assets at fair value through profit and loss. The policies in respect of accounting under these arrangements are as follow:

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statement as investments and the amount extended to the counter party is included in other receivables. The difference between the sale and repurchase price is recognised as mark-up earned and included in other income.

Financial assets at fair value through profit or loss includes investments held for trading and investment designated upon initial recognition as at fair value through profit or loss.

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit and loss account.
3. This consolidated condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements, and this condensed interim financial information should be read in conjunction with the financial statements of the Group for the year ended June 30, 2007.
4. The provision for taxation for the period ended march 31, 2008 has been made on an estimated basis.
5. This represents listed Term Finance Certificates (TFC's) with the face value of Rs 5,000 each. These TFC's are redeemable in six equal semi-annual instalments after a grace period of 2 years starting from February 2010. Profit rate is charged at six months Karachi Interbank Offered Rate plus 1.5% per annum with no floor and cap.

Security

The TFC's are secured by a first exclusive charge by way of equitable mortgage on the properties situated at 124/E-1, Main Boulevard Gulberg III, Lahore, 40-Block P, Model Town, Lahore, 27-H College Road, Gulberg II, Lahore, G.T. Road, Gujranwala and Barki Road, Lahore and first exclusive hypothecation charge over certain specific fixed assets to the extent of Rs 2 billion.

	March 31, 2008	June 30, 2007
	(Rupees in thousand)	
6. Long term loans - secured		
Opening balance	214,500	216,000
Add: Disbursement during the period	45,000	145,000
	<u>259,500</u>	<u>361,000</u>
Less: Repayment during the period	102,052	146,500
	<u>157,448</u>	<u>214,500</u>
Less: Current portion shown under current liabilities	65,820	105,750
	<u>91,628</u>	<u>108,750</u>

7. This represent convertible Bonds listed on Singapore Stock Exchange with the face value of US\$ 1,000 each. The Principal of the Bonds will accrete at 6.5% per annum, compounded semi annually, calculated on the basis of a 360- day year consisting of twelve 30- day months. The Bonds bears an interest rate at 6.5% per annum, compounded semi-annually, calculated on the basis of a 360-day.

The Bonds will be redeemed 5 years 1 day from the date of the issue. Unless the bonds have been previously redeemed, repurchased or converted.

8. This represents an unsecured Commercial papers issued by the group as on January 10, 2008 with the face value of Rs. 5,000,000 each. The maturity of these commercial papers are 180 days from the disbursement date. These carries mark-up at six months Karachi Interbank Offered Rate plus maximum 0.70% per annum.

9. Contingencies and commitments

9.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs 21.644 million (June 2007: Rs 21.644 million).
- (ii) Bank guarantee amounting to Rs Nil (June 2007: Rs 60 million) in favour of Karachi Port Trust against the bid of Port Shopping District in Karachi.
- (iii) 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 2007: Rs 900 million) as per the approval of shareholders through the special resolution dated July 29, 2006.
- (iv) A penalty of Rs. 3.87 million (June 2007: Nil) , 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) for cancellation of the order.

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.

9.2 Commitments - Nil

- (i) Letters of credit other than capital expenditure amounting to Rs Nil (June 2007: Rs 5.757 million)
- (ii) Letters of credit for capital expenditure amounting to Rs Nil (June 2007: Rs 1.43 million)

	March 31, 2008	June 30, 2007
	(Rupees in thousand)	
10. Property, plant and equipment		
Opening book value	245,759	271,835
Add: Additions during the period - note 10.1	73,778	85,872
Less: Transfers to stock-in-trade / investment property	-	101,261
	<u>319,537</u>	<u>256,446</u>
Less: Disposals during the period (at book value)	49	-
Less: Depreciation charged during the period	12,389	10,687
	<u>12,438</u>	<u>10,687</u>
Closing book value	<u>307,099</u>	<u>245,759</u>

10.1 Following is the detail of additions during the period

Freehold land	-	14,959
Buildings on freehold land	50,474	37,256
Plant and machinery	6,129	8,573
Electrical equipment	9,880	9,457
Furniture and fixtures	2,958	1,595
Computers	3,350	2,435
Others	987	11,597
	<u>73,778</u>	<u>85,872</u>

16. Segment results

	(Rupees in thousand)											
	Real estate			Investment properties			Others			Total		
	Quarter ended			Quarter ended			Quarter ended			Quarter ended		
	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2007	March 31, 2008	March 31, 2007
Segment revenue	89,000	14,220	157,252	68,735	15,418	7,987	36,410	24,177	2,870	1,549	107,288	23,756
Segment expenses												
- Cost of sales	(47,113)	(17,121)	(110,434)	(67,076)	-	-	-	-	(807)	(235)	(47,920)	(17,356)
- Stores operating expenses	-	-	-	-	(12,089)	(1,572)	(32,847)	(11,947)	-	-	(12,089)	(1,572)
Gross profit	41,887	(2,901)	46,818	1,659	3,329	6,415	3,563	12,230	2,063	1,314	47,279	4,828
- Changes in fair value of investment property	-	-	-	-	182,024	44,327	355,214	165,463	-	-	182,024	44,327
Segment results	41,887	(2,901)	46,818	1,659	185,353	50,742	358,777	177,693	2,063	1,314	229,303	49,155
Administration and selling expenses											(28,127)	(12,113)
Other operating income											72,078	8,545
Finance costs											(84,737)	(22,267)
Other charges											(53,605)	(40,554)
Profit before tax											134,912	(17,234)
Taxation											3,723	8,753
Profit for the period											138,635	(8,481)
											262,496	52,160

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17. Cash used in operations

	July to March	
	2008	2007
	(Rupees in thousand)	
Profit before taxation	241,244	43,616
Add/(less) adjustment for non-cash charges and other items:		
Depreciation on:		
- property, plant and equipment	12,389	10,539
- assets subject to finance lease	2,482	1,798
Amortisation on :		
- deferred income	-	-
- intangible assets	96	107
Loss on sales of assets	4	
Provision for gratuity and leave encashment	6,678	2,263
Interest income	(116,635)	(16,051)
Change in fair value of investment property	(355,214)	(165,463)
Cost transferred to inventory	-	22,650
Foreign exchange loss	6,750	-
Liabilities written back	(1,335)	-
Finance cost	144,222	68,198
Profit before working capital changes	(59,319)	(32,343)

Effect on cash flow due to working capital changes:

- (Increase) in stock-in-trade	(880,742)	(1,085,422)
- (Increase)/decrease in trade debts	(31,809)	31,503
- (Increase)/decrease in due from associated undertakings	(26,268)	4,794
- (Increase) in advance against purchase of property	(59,088)	-
- (Increase) in advances, deposits prepayments and other receivables	(111,629)	(310,738)
- (Decrease) in creditors, accrued and other liabilities	(3,756)	(32,817)
	(1,113,292)	(1,392,680)
	(1,172,611)	(1,425,023)

March 31, 2008
June 30, 2007
(Rupees in thousand)

18. Cash and cash equivalents

Finances under mark-up arrangements - secured	(35,728)	(29,998)
Cash and bank balances	2,064,189	308,183
	2,028,461	278,185

19. Date of authorisation

These financial statements were authorised for issue on April 30, 2008 by the Board of Directors of the company.

20. 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-08	52%	Pakistan
Pace Gujrat (Pvt) Limited	31-Mar-08	100%	Pakistan

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21. Corresponding figures

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

(Rupees in thousand)	
Payable to customers classified from trade debts to creditors,	4,479
Advance to pace Super Mall (Private) Limited against purchase of property classified from short term to long term	21,600
Licensee income receivable classified from other receivables to trade debts	5,639

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