PACE (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

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	Sulaiman Ahmed Saeed Al-Hoqani (Chairman) Aamna Taseer (Chief Executive Officer) Shahbaz Ali Taseer Shehryar Ali Taseer Shehrbano Taseer Jamal Said Al-Ojaili Mahmood Ali Athar Imran Saeed Chaudhry
Chief Financial Officer	Imran Hafeez
Audit Committee	Shehryar Ali Taseer (Chairman) Shahbaz Ali Taseer Shehrbano Taseer
Company Secretary	Ahmad Bilal
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisers	M/s Imtiaz Siddique & Associates
Bankers	Albaraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Limited KASB Bank Limited National Bank Limited NIB Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building- 3 Dr. Ziauddin Ahmed Road, Karachi ☎ (021) 111 000 322
Registered / Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 35757591-4 Fax: (042) 35757590, 35877920

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited ("the Company") take pleasure in presenting to its shareholders the un-audited financial statements of the Company for the quarter and nine months ended March 31, 2011.

Operating Results

The economic conditions in general and specific to real estate sector remained depressed during the period under review. In addition to the market conditions management of the Company also took a strategic decision during the previous quarter of cancelling the properties of PKR 94 million relating to the clients not been able to service their installments in order to sell those properties at better rates and terms. Sales of PKR 227.8 million appearing in the financial statements have been reported after taking the effect of these cancellations and the actual gross sales achieved by the company during the nine months of the financial year under review amounts to PKR 321.8 million. Major decrease in gross margin is primarily due to the fact that properties sold during the nine months were already carried at fair value in the books and sale of these properties resulted in realization of previously unrealized gain rather than having direct positive effect on gross margins. Increase in administrative expenses is primarily due to the addition of expenses of newly operational wing of model town extension mall for which discount on service charges has also been given to make it operationally successful and also due to the sharp increase in electricity cost. In addition to these factors additional expenses have also been incurred on renovation of existing malls for improving the efficiency and keeping the services up to mark. Due to cessation of capitalization of finance costs, charge to profit and loss account on account of finance costs have also increased.

The continued depression and recent sale transactions have lead to the downward revision in fair values of certain investment properties resulting in recognition of loss on re-measurement to fair value at the reporting date.

Un-audited results for the quarter and nine months ended March 31, 2011 with respective corresponding periods is as under:

	For the 3rd Quarter		Cumulative	Rupees in '000'
	Jan-Mar 2011	Jan-Mar 2010	**Jul-Mar 2011**	Jul-Mar 2010
Gross (Loss)/Profit	**(40,917)**	91,896	**(128,714)**	184,595
(Decrease)/Increase in fair value of investment property	**(147,108)**	68,781	**(496,708)**	173,576
Other operating income	**16,837**	21,018	**27,438**	190,747
Net (Loss)/Profit before tax	**(322,667)**	101,605	**(1,135,655)**	295,533
Loss / Earnings per share (PKR)	**(0.95)**	0.36	**(3.37)**	1.11
Loss / Earnings per share-Diluted (PKR)	**(0.75)**	0.24	**(2.67)**	0.91

Your company has successfully paid the redemption proceeds amounting to PKR 111.5 Million against the TFC issue of PKR 1,500 Million during the first week preceding the reporting date.

General

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

For and on behalf of the Board of Directors

Lahore
April 26, 2011

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2011

EQUITY AND LIABILITIES	Note	**March 31, 2011**	June 30, 2010
		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 2010: 600,000,000) ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital 278,876,604 (June 2010: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**273,596**	354,359
Unappropriated profit		**2,484,693**	3,343,021
		5,547,055	6,486,146
NON-CURRENT LIABILITIES			
Long term finances - secured	5	**436,571**	756,563
Redeemable capital - secured (non-participatory)	6	**1,497,600**	999,200
Liabilities against assets subject to finance lease		**18,490**	32,514
Foreign currency convertible bonds - unsecured	7	**1,220,406**	1,176,425
Deferred liabilities		**30,223**	88,236
Advances against sale of property		**64,045**	44,255
Deferred income		**22,361**	36,736
		3,289,696	3,133,929
CURRENT LIABILITIES			
Current portion of long term liabilities		**456,170**	606,894
Short term finances - secured		**100,000**	100,000
Creditors, accrued and other liabilities		**346,262**	232,393
		902,432	939,287
CONTINGENCIES AND COMMITMENTS	8		
		9,739,183	10,559,362

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE

CHIEF EXECUTIVE

ASSETS	Note	March 31, 2011	June 30, 2010
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	**523,603**	550,444
Intangible assets		**8,949**	9,372
Assets subject to finance lease		**33,994**	53,791
Capital work in progress		**6,672**	6,672
Investment property	10	**4,252,223**	4,935,576
Investments	11	**1,154,248**	1,150,139
Long term advances and deposits		**25,907**	25,979
Advance against purchase of property - unsecured		**600,746**	567,357
Deferred taxation		**145,000**	-
		6,751,342	7,299,330
CURRENT ASSETS			
Stock-in-trade		**1,110,603**	1,088,554
Trade debts - unsecured		**1,542,965**	1,651,599
Advances, deposits, prepayments and other receivables		**314,862**	343,228
Cash and bank balances		**19,411**	176,651
		2,987,841	3,260,032
		9,739,183	10,559,362

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011

	Quarter ended		Nine Months ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees in thousand)			
Sales	**83,891**	391,643	**227,863**	1,150,579
Cost of sales	**(124,808)**	(299,747)	**(356,577)**	(965,984)
Gross (loss)/ profit	**(40,917)**	91,896	**(128,714)**	184,595
Administrative and selling expenses	**(39,089)**	(28,653)	**(175,691)**	(101,101)
Changes in fair value of investment property	**(147,108)**	68,781	**(496,708)**	173,576
Other operating income	**16,837**	21,018	**27,438**	190,747
Other charges	**-**	-	**-**	(11,497)
(Loss)/ profit from operations	**(210,277)**	153,042	**(773,675)**	436,320
Finance costs	**(112,390)**	(51,437)	**(361,980)**	(140,787)
(Loss)/ profit before tax	**(322,667)**	101,605	**(1,135,655)**	295,533
Taxation	**57,749**	(300)	**196,230**	(1,800)
(Loss)/ profit for the period	**(264,918)**	101,305	**(939,425)**	293,733
Other comprehensive income				
- gain in fair value of available for sale investment	334	1	334	2
Total other comprehensive income	334	1	334	2
Total comprehensive (loss)/ income for the period	(264,584)	101,306	(939,091)	293,735
(Loss)/ earnings per share attributable to ordinary shareholders				
- basic **Rupees**	(0.95)	0.36	(3.37)	1.11
- diluted **Rupees**	(0.75)	0.24	(2.67)	0.91

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE: **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011

	Note	Nine Months ended March 31, 2011	Nine Months ended March 31, 2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash used in operations	14	**(62,666)**	(57,600)
Net increase in advances against sale of property		**19,790**	64,791
Finance cost paid		**(207,884)**	(276,247)
Gratuity and leave encashment paid		**(5,130)**	(7,854)
Taxes paid		**(6,584)**	(7,452)
Net cash used in operating activities		**(262,474)**	(284,362)
Cash flows from investing activities			
Purchase of property, plant and equipment		**-**	(272)
Investment in equity instrument		**(3,776)**	(549,901)
Proceeds from sale of property, plant and equipment		**5,525**	3,590
Proceeds from sale of investment property		**86,330**	3,350
Decrease in long term advances and deposits		**72**	306
Proceeds of loans to subsidiaries		**-**	41,103
Markup received		**2,690**	3,169
Net cash generated from/ (used in) investing activities		**90,841**	(498,655)
Cash flows from financing activities			
Proceeds from long term finances		**40,000**	400,000
Proceeds from short term finances		**-**	100,000
Repayment of redeemable capital		**-**	(600)
Repayment of long term finances		**(9,140)**	(11,376)
Repayment of finance lease liabilities		**(16,467)**	(16,328)
Net cash generated from financing activities		**14,393**	471,696
Net decrease in cash and cash equivalents		**(157,240)**	(311,321)
Cash and cash equivalents at beginning of the period		**176,651**	340,692
Cash and cash equivalents at the end of the period		**19,411**	29,371

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011

(Rupees in thousand)

	Share capital	Share premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Un-appropriated profit	Total
Balance as on June 30, 2009	2,328,220	75,229	94,202	(4)	2,696,752	5,194,399
Total Comprehensive income for the period						
Profit for the period	-	-	-	-	293,733	293,733
Other comprehensive income	-	-	-	2	-	2
	-	-	-	2	293,733	293,735
Issue of ordinary shares	460,546	198,036	-	-	-	658,582
Transfer of reserve relating to sale of investment property	-	-	(13,105)	-	13,105	-
Balance as on March 31, 2010	2,788,766	273,265	81,097	(2)	3,003,590	6,146,716
Total Comprehensive income for the period						
Profit for the period	-	-	-	-	339,431	339,431
Other comprehensive loss	-	-	-	(1)	-	(1)
	-	-	-	(1)	339,431	339,430
Balance as on June 30, 2010	2,788,766	273,265	81,097	(3)	3,343,021	6,486,146
Total Comprehensive income for the period						
Loss for the period	-	-	-	-	(939,425)	(939,425)
Other comprehensive income	-	-	-	334	-	334
	-	-	-	334	(939,425)	(939,091)
Transfer of reserve relating to sale of investment property	-	-	(81,097)	-	81,097	-
Balance as on March 31, 2011	2,788,766	273,265	-	331	2,484,693	5,547,055

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011

1. The Company and its operations

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan and listed on Karachi and Lahore Stock Exchanges. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

2. Statement of compliance

These condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but in accordance with the requirements of the Code of Corporate Governance promulgated by SECP.

3. Significant accounting policies

Except as described below, the accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2010.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 01, 2010. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company.

IAS 32 (Amendment); 'Classification of right issues'
IAS 39 (Amendment); 'Cash flow hedge accounting'
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2011 or later periods, but the company has not early adopted them:

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until July 1, 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The company has not yet decided when to adopt IFRS 9.

- Revised IAS 24, 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised IAS 24 is required to be applied from July 1, 2011. Earlier application, in whole or in part, is permitted.

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning July 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and improvements to International Financial Reporting Standards 2010, issued in May 2010 (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.

4. Taxation

The provision for taxation for the nine months ended March 31, 2011 has been made on an estimated basis.

		Un-Audited March 31, 2011	Audited June 30, 2010
		(Rupees in thousand)	
5. Long term finances - secured			
Opening balance		**836,563**	11,376
Add: Term finance obtained		**40,000**	836,563
		876,563	847,939
Less: Repayment during the period		**9,141**	11,376
		867,422	836,563
Less: Current portion shown under current liabilities		**430,851**	80,000
		436,571	756,563
6. Redeemable capital - secured (non-participatory)			
Opening balance		**1,498,800**	1,499,400
Less: Redeemed during the period		**-**	600
		1,498,800	1,498,800
Less: Current portion shown under current liabilities	- note 6.1	**1,200**	499,600
		1,497,600	999,200

6.1 Restructuring of term finance certificates

The Company successfully completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holder's addendum to the trust deed was executed between the Company and trustee 'IGI Investment Bank Limited' under which the Company is allowed one year six months grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be six and a half years effective from August 15, 2010. As a result current liability of the Company has been reduced by Rs. 499.6 million.

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured		
Opening balance as at July 1	**1,181,561**	1,911,567
Converted into equity shares	**-**	(658,581)
Markup accrued for the period	**58,710**	40,870
	1,240,271	1,293,856
Markup paid during the period	**(11,490)**	(10,679)
Exchange gain for the period	**(5,365)**	(101,616)
	1,223,416	1,181,561
Less: Current portion shown under current liabilities	**3,010**	5,136
	1,220,406	1,176,425

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs 21.644 million (June 2010: 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 2010: 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 2010: Rs 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 filed appeal before CIT (A) for cancellation of the order. After the dismissal of appeal by CIT(A), the Company has filed appeal in 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 meritious 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:

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
Not later than one year	**1,868**	1,738
Later than one year and not later than five years	**7,438**	8,872
Later than five years	**9,264**	9,264
	18,570	19,874

		Un-Audited March 31, 2011	Audited June 30, 2010
		(Rupees in thousand)	
9. Property, plant and equipment			
Opening book value		**550,444**	474,066
Add: Additions during the period	- note 9.1	**-**	114,772
Add: Transfers from assets subject to finance lease (at book value)		**4,626**	4,359
		4,626	119,131
		555,070	593,197
Less: Disposals during the period (at book value)		**2,767**	4,027
Less: Depreciation charged during the period		**28,700**	38,726
		31,467	42,753
Closing book value		**523,603**	550,444

9.1 Following is the detail of additions during the period

Freehold land	**-**	61,593
Buildings on freehold land	**-**	50,970
Electrical equipment	**-**	1,937
Furniture and fixtures	**-**	46
Computers	**-**	226
	-	114,772

10. Investment property

Opening fair value	**4,935,576**	4,103,602
Add: Additions to cost during the period		
- Direct additions	**-**	146,297
- Transfers from stock in trade	**12,639**	345,288
- Transfers to stock in trade	**(116,304)**	(300,439)
- Disposals during the period	**(86,330)**	(68,996)
Closing value before revaluation	**4,745,581**	4,225,752
Add: Fair value (loss)/gain recognised during the period	**(493,358)**	709,824
Closing value after revaluation	**4,252,223**	4,935,576

11. Investments

Equity instruments of:			
- subsidiaries - unquoted	Note 11.1	**55**	55
- associated undertakings - unquoted	Note 11.2	**1,150,081**	1,150,081
Available for sale - quoted	Note 11.3	**4,113**	3
		1,154,248	1,150,139

11.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited 3,000 (June 2010: 3,000) fully paid ordinary shares of Rs 10 each	**30**	30
Pace Gujrat (Private) Limited 2,450 (June 2010: 2,450) fully paid ordinary shares of Rs 10 each	**25**	25
	55	55

		Un-Audited March 31, 2011	Audited June 30, 2010
		(Rupees in thousand)	
11.2 Associated undertakings - unquoted			
Pace Barka Properties Limited 115,000,000 (June 2010: 115,000,000) fully paid ordinary shares of Rs 10 each		**1,149,901**	1,149,901
Pace Super Mall (Private) Limited 18,000 (June 2010: 18,000) fully paid ordinary shares of Rs 10 each		**180**	180
		1,150,081	1,150,081
11.3 Available for sale - quoted			
At cost		**3,782**	6
Add: Cumulative fair value gain/(loss)	Note 11.3.1	**331**	(3)
		4,113	3
11.3.1 Cumulative fair value gain			
As at July 1st		**(3)**	4
Fair value gain during the period		**334**	1
		331	(3)

12. Transactions with related parties

Relationship with the Company	Nature of transaction	Nine Months ended March 31, 2011	Nine Months ended March 31, 2010
		(Rupees in thousand)	
i. Subsidiaries	Short term advances given	**-**	44,230
	Short term advances received back	**-**	900
	Mark up income	**-**	23,300
ii. Associates	Purchase of goods & services	**8,820**	165,916
	Investment in equity instruments	**3,772**	549,901
	Loans repayments received	**-**	41,103
	Advance against purchase of property	**36,127**	175,755
	Mark up income	**-**	3,169
	Guarantee commission	**1,125**	3,375
	Sales of goods and services	**4,950**	249,118
	Disposal of vehicles	**2,824**	-
iii. Key management personnel	Short term employee benefits	**15,248**	24,053
	Termination benefits	**475**	1,220
	Post employment benefits	**1,901**	5,641
	Advances	**2,045**	4,936

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	**1,080,704**	1,237,913
Payable to related parties	**705**	863

13. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer, Group Director Finance, Chief Operating Officer and the Chief Financial Officer.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

13.1 For management purposes, the activities of the Company are organised into business units based on the nature of activities:

(a) Real Estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Woodlands, Pace Towers and Model Town Extension on percentage of completion basis.

(b) Investment Properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments"

(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, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
13.2 Segment results																
Segment revenue	36,910	318,705	79,544	706,020	7,600	29,387	26,308	323,765	39,381	43,551	122,011	120,794	83,891	391,643	227,863	1,150,579
Segment expenses																
- Cost of sales	(32,380)	(234,753)	(48,276)	(523,611)	-	(16,276)	(46,075)	(275,618)	-	(4,443)	(5,959)	(16,011)	(32,380)	(255,472)	(100,309)	(815,240)
- Stores operating expenses	(5,293)	-	(14,675)		(59.928)	(12,876)	(166,156)	(42,418)	(27,208)	(31,399)	(75,437)	(108,326)	(92,428)	(44,275)	(256,268)	(150,744)
Gross (loss) / profit	(762)	83,952	(99,910)	182,409	(52,328)	235	(69,619)	5,729	12,173	7,709	40,815	(3,543)	(40,917)	91,896	(128,714)	184,595
- Changes in fair value of investment property	-	-	-	-	(147,108)	68,781	(496,708)	173,576	-	-	-	-	(147,108)	68,781	(496,708)	173,576
Segment results	(762)	83,952	(99,910)	182,409	(199,436)	69,016	(566,327)	179,305	12,173	7,709	40,815	(3,543)	(188,025)	160,677	(625,422)	358,171
Administrative and selling expenses													(39,089)	(28,653)	(175,691)	(101,101)
Other operating income													16,837	21,018	27,438	190,747
Finance costs													(112,390)	(51,437)	(361,980)	(140,787)
Other operating expenses													-	-	-	(11,497)
(Loss) / profit before tax													(322,667)	101,605	(1,135,655)	295,533
Taxation													57,749	(300)	196,230	(1,800)
(Loss) / profit for the period													(264,918)	101,305	(939,425)	293,733

	Nine months ended	
	March 31, 2011	March 31, 2010
	(Rupees in thousand)	
14. Cash used in operations		
(Loss)/ profit before tax	**(1,135,655)**	295,533
Adjustments for:		
- Depreciation on property, plant and equipment	**28,700**	28,571
- Depreciation on assets subject to finance lease	**16,564**	17,362
- Amortisation of intangible assets	**424**	434
- Amortisation of deferred income	**(14,375)**	(14,375)
- Gain on sale of property, plant and equipment	**(2,757)**	(1,274)
- Loss on sale of investment property	**-**	650
- Mark up income	**(2,690)**	(26,470)
- Changes in fair value of investment property	**493,358**	(173,576)
- Finance costs	**361,980**	140,786
- Liabilities written back	**-**	(936)
- Exchange gain on foreign currency convertible bonds	**(5,365)**	(120,362)
- Provision for doubtful receivables	**23,650**	-
- Provision for gratuity and leave encashment	**4,110**	7,026
(Loss)/profit before working capital changes	**(232,056)**	153,369
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	**81,616**	505,069
- Decrease / (increase) in trade debts	**84,984**	(3,868)
- Increase in due from related parties	**-**	(43,331)
- Increase in advance against purchase of property	**(33,389)**	(175,754)
- Decrease / (increase) in advances, deposits prepayments and other receivables	**31,379**	(490,784)
- Increase / (decrease) in creditors, accrued and other liabilities	**4,800**	(2,301)
	169,390	(210,969)
	(62,666)	(57,600)

15. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 16, 2011 by the Board of Directors of the Company.

16. Corresponding figures

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

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

LAHORE	**CHIEF EXECUTIVE**	**DIRECTOR**

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED
INTERIM FINANCIAL REPORT
(UN-AUDITED)
FOR THE PERIOD ENDED
MARCH 31, 2011

DIRECTORS' REPORT

The Board of Directors of Pace (Pakistan) Limited take pleasure in presenting to its shareholders the un-audited consolidated financial statements of the Group for the quarter and nine months ended March 31, 2011.

Operating Results

Following are the comparative financial results of the group for the quarter and nine months ended March 31, 2011 and March 31, 2010.

				Rupees in '000'
	For the 3rd Quarter		Cumulative	
	Jan-Mar 2011	Jan-Mar 2010	**Jul-Mar 2011**	Jul-Mar 2010
Gross (Loss)/Profit	**(47,344)**	89,383	**(126,402)**	181,482
(Decrease)/Increase in fair value of investment property	**(147,108)**	68,781	**(450,879)**	173,576
Other operating income	**17,616**	14,476	**29,612**	174,810
Net (Loss)/Profit before tax	**(352,991)**	189,361	**(1,235,895)**	831,719
(Loss)/Earnings per share (PKR)	**(1.03)**	0.69	**(3.66)**	3.21
(Loss)/Earnings per share-Diluted (PKR)	**(0.82)**	0.53	**(2.91)**	2.55

Major decrease in gross margin is primarily due to the fact that properties sold during the period were already carried at fair value in the books and sale of these properties resulted in realization of previously unrealized gain rather than having direct positive effect on gross margins.

Increase in administrative expenses is primarily due to the addition of expenses of newly operational wing of model town extension mall for which discount on service charges has also been given to make it operationally successful and also due to the sharp increase in electricity cost. In addition to these factors additional expenses have also been incurred on renovation of existing malls for improving the efficiency and keeping the services up to mark. Due to cessation of capitalization of finance costs charge to profit and loss account on account of finance costs have also increased.

The continued depression and recent sale transactions have lead to the downward revision in fair values of certain investment properties resulting in recognition of loss on re-measurement to fair value at the reporting date.

The group has successfully paid the redemption proceeds amounting to PKR 111.5 Million against the TFC issue of PKR 1,500 Million during the first week preceding the reporting date.

Disposal of Subsidiaries

The shareholders of the PACE Pakistan Limited have approved a special resolution for divestment / disposal of equity investments in subsidiaries namely PACE Woodlands (Private) Limited (PWL) and PACE Gujrat (Private) Limited (PGL) in the Annual General Meeting held on October 30, 2010 as recommended by the Board of Directors.

Both the subsidiaries were incorporated for specific projects jointly with the owners of the properties identified for the required projects and the projects undertaken have successfully been completed and share of revenues and returns relating to respective project of each subsidiary has been realized and no other project is in the pipeline for both the companies. The divestment / disposal transaction shall be executed as soon as an appropriate buyer will be available.

For and on behalf of the Board of Directors

Lahore
April 26, 2011

Aamna Taseer
Chief Executive Officer

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2011

EQUITY AND LIABILITIES	Note	**March 31, 2011**	June 30, 2010
		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (June 2010: 600,000,000) ordinary shares of Rs 10 each		**6,000,000**	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (June 2010: 278,876,604) ordinary shares of Rs 10 each		**2,788,766**	2,788,766
Reserves		**638,943**	686,090
Unappropriated profit		**3,202,467**	4,142,326
		6,630,176	7,617,182
NON-CONTROLLING INTEREST		**(17,474)**	(10,154)
		6,612,702	7,607,028
NON-CURRENT LIABILITIES			
Long term finances			
- secured	5	**436,571**	756,563
- unsecured		**82,328**	82,328
Redeemable capital - secured (non-participatory)	6	**1,497,600**	999,200
Liabilities against assets subject to finance lease		**18,490**	32,514
Foreign currency convertible bonds - unsecured	7	**1,220,406**	1,176,425
Deferred liabilities		**30,223**	88,236
Advances against sale of property		**64,045**	44,255
Deferred income		**22,361**	36,736
		3,372,024	3,216,257
CURRENT LIABILITIES			
Current portion of long term liabilities		**463,170**	638,394
Finances under mark-up arrangements		**114,457**	135,958
Creditors, accrued and other liabilities		**405,984**	284,119
Taxation		**5,533**	5,533
		989,144	1,064,004
CONTINGENCIES AND COMMITMENTS	8		
		10,973,870	11,887,289

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

LAHORE

CHIEF EXECUTIVE

ASSETS	Note	March 31, 2011	June 30, 2010
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	**523,603**	550,444
Intangible assets		**8,949**	9,372
Assets subject to finance lease		**33,994**	53,791
Capital work in progress		**6,672**	6,672
Investment property	10	**4,352,223**	5,035,576
Investments	11	**2,178,481**	2,264,671
Long term advances and deposits		**25,907**	25,979
Advance against purchase of property - unsecured		**600,746**	567,357
Deferred taxation		**145,000**	-
		7,875,575	8,513,862
CURRENT ASSETS			
Stock-in-trade		**1,181,761**	1,111,571
Trade debts - unsecured		**1,552,489**	1,714,345
Due from related parties - unsecured	12	**17,905**	15,750
Advances, deposits, prepayments and other receivables		**325,890**	354,256
Cash and bank balances		**20,250**	177,505
		3,098,295	3,373,427
		10,973,870	11,887,289

DIRECTOR

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011

		Quarter ended		Nine Months ended	
		March 31, 2011	March 31, 2010	**March 31, 2011**	March 31, 2010
		(Rupees in thousand)			
Sales		83,891	391,643	227,863	1,150,579
Cost of sales		(131,235)	(302,260)	(354,265)	(969,097)
Gross (loss)/profit		(47,344)	89,383	(126,402)	181,482
Administrative and selling expenses		(39,089)	(28,778)	(175,691)	(101,372)
Changes in fair value of investment property		(147,108)	68,781	(450,879)	173,576
Other operating income		17,616	14,476	29,612	174,810
Other charges		-	-	-	(11,497)
(Loss) / profit from operations		(215,925)	143,862	(723,360)	416,999
Finance costs		(114,782)	(53,338)	(369,911)	(164,688)
Share of (loss)/ profit of associates		(22,284)	98,837	(142,624)	579,408
(Loss) / profit before tax		(352,991)	189,361	(1,235,895)	831,719
Taxation					
- Group		57,750	(300)	196,231	(1,800)
- Associates		7,992	15,218	18,708	19,769
(Loss) / profit for the period		(287,249)	204,279	(1,020,956)	849,688
Other comprehensive (loss) / income					
- Gain in fair value of available for sale investment		334	1	334	2
- Share in capital reserves of associates		7,403	(153,001)	33,616	(183,403)
Total other comprehensive income/(loss)		7,737	(153,000)	33,950	(183,401)
Total comprehensive (loss) / income for the period		(279,512)	51,279	(987,006)	666,287
(Loss)/profit for the period Attributable to:					
Owners of the parent		(277,304)	55,638	(979,686)	686,368
Minority interests		(2,208)	(4,359)	(7,320)	(20,081)
		(279,512)	51,279	(987,006)	666,287
(Loss)/earnings per share attributable to ordinary shareholders					
- basic	**Rupees**	(1.03)	0.69	(3.66)	3.21
- diluted	**Rupees**	(0.82)	0.53	(2.91)	2.55

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

LAHORE: **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011

	Note	Nine Months ended March 31, 2011	Nine Months ended March 31, 2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash (used in)/generated from operations	15	**(9,525)**	155,963
Net increase in advances against sale of property		**19,790**	64,791
Finance cost paid		**(215,038)**	(297,514)
Gratuity and leave encashment paid		**(5,130)**	(7,854)
Taxes paid		**(6,584)**	(7,452)
Net cash used in operating activities		**(216,487)**	(92,066)
Cash flows from investing activities			
Purchase of property, plant and equipment		**-**	(272)
Proceeds from sale of property, plant and equipment		**5,525**	3,590
Proceeds from sale of investment property		**86,330**	3,350
Decrease in long term advances and deposits		**72**	306
Investment in equity instruments		**(3,776)**	(549,901)
Proceeds of loans to subsidiaries		**-**	41,103
Markup received		**2,690**	3,169
Net cash generated from/(used in) investing activities		**90,841**	(498,655)
Cash flows from financing activities			
Proceeds of long term finances		**40,000**	357,124
Proceeds from short term finances		**-**	100,000
Repayment of redeemable capital		**-**	(600)
Repayment of long term finances		**(33,641)**	(161,730)
Repayment of short term finances		**(21,501)**	-
Repayment of finance lease liabilities		**(16,467)**	(16,328)
Net cash (used in)/generated from financing activities		**(31,609)**	278,466
Net decrease in cash and cash equivalents		**(157,255)**	(312,255)
Cash and cash equivalents at beginning of the period		**177,505**	306,271
Cash and cash equivalents at the end of the period		**20,250**	(5,984)

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

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011

(Rupees in thousand)

	Attributable to equity holders of the parent							Non-Controlling Interest	Total equity
	Share capital	Share premium	Revaluation reserve for investment property	Reserve for changes in fair value of investments	Share in capital reserves of associates	Un-appro-priated profit	Total		
Balance as on June 30, 2009 as restated	2,328,220	75,229	94,202	(4)	218,326	3,012,809	5,728,782	30,266	5,759,048
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	849,688	849,688	(20,081)	829,607
Other comprehensive income/(loss)	-	-	-	2	(183,403)	-	(183,401)	-	(183,401)
	-	-	-	2	(183,403)	849,688	666,287	(20,081)	646,206
Issue of ordinary shares	460,546	198,036	-	-	-	-	658,582	-	658,582
Transfer of reserve relating to sale of investment property	-	-	(13,105)	-	-	13,105	-	-	-
Balance as on March 31, 2010	2,788,766	273,265	81,097	(2)	34,923	3,875,602	7,053,651	10,185	7,063,836
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	266,724	266,724	(20,339)	246,385
Other comprehensive (loss) / income for the period	-	-	-	(1)	296,808	-	296,807	-	296,807
	-	-	-	(1)	296,808	266,724	563,531	(20,339)	543,192
Balance as on June 30, 2010	2,788,766	273,265	81,097	(3)	331,731	4,142,326	7,617,182	(10,154)	7,607,028
Total Comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(1,020,956)	(1,020,956)	(7,320)	(1,028,276)
Other comprehensive (loss) / income	-	-	(81,097)	334	33,616	81,097	33,950	-	33,950
	-	-	(81,097)	334	33,616	(939,859)	(987,006)	(7,320)	(994,326)
Balance as on March 31, 2011	2,788,766	273,265	-	331	365,347	3,202,467	6,630,176	(17,474)	6,612,702

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

Lahore **Chief Executive** **Director**

PACE (PAKISTAN) GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated condensed financial statements of the Pace (Pakistan) Group comprise of the financial statements of:

Pace (Pakistan) Limited

Pace (Pakistan) Limited (the "holding company") is a public limited company incorporated in Pakistan and listed on Karachi and Lahore Stock Exchanges. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

Pace Gujrat (Private) Limited

Pace Gujrat (Private) Limited (a subsidiary) was incorporated on July 8, 2005 as a private limited company under Companies Ordinance, 1984. The object of the company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc. It is a wholly owned company of Pace (Pakistan) Limited.

Pace Woodlands (Private) Limited

Pace Woodlands (Private) Limited (a subsidiary) was incorporated on July 27, 2004 as a private limited company under Companies Ordinance, 1984. The object of the company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc.

1.2 Activities of the group

The object of the group is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

2. Statement of compliance

These condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but are in accordance with the requirements of the Code of Corporate Governance promulgated by SECP.

3. Significant accounting policies

Except as described below, the accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2010.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 01, 2010. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the group:

IAS 32 (Amendment); 'Classification of right issues'
IAS 39 (Amendment); 'Cash flow hedge accounting'
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2011 or later periods, but the group has not early adopted them:

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until July 1, 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The group has not yet decided when to adopt IFRS 9.

- Revised IAS 24, 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised IAS 24 is required to be applied from July 1, 2011. Earlier application, in whole or in part, is permitted.

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning July 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and improvements to International Financial Reporting Standards 2010, issued in May 2010 (not addressed above). These amendments are unlikely to have any impact on the group's financial statements and therefore have not been analyzed in detail.

4. Taxation

The provision for taxation for the nine months ended March 31, 2011 has been made on an estimated basis.

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
5. Long term finances - secured		
Opening balance	**868,063**	84,876
Add: Term finance obtained	**40,000**	836,563
	908,063	921,439
Less: Repayment during the period	**33,641**	53,376
	874,422	868,063
Less: Current portion shown under current liabilities	**437,851**	111,500
	436,571	756,563
6. Redeemable capital - secured (non-participatory)		
Opening balance	**1,498,800**	1,499,400
Less: Redeemed during the period	**-**	600
	1,498,800	1,498,800
Less: Current portion shown under current liabilities - note 6.1	**1,200**	499,600
	1,497,600	999,200

6.1 Restructuring of term finance certificates

The Group successfully completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holder's addendum to the trust deed was executed between the Company and trustee 'IGI Investment Bank Limited' under which the Group is allowed one year six months grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be six and a half years effective from August 15, 2010. As a result current liability of the Group has been reduced by Rs. 499.6 million.

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
7. Foreign currency convertible bonds - unsecured		
Opening balance as at July 1	**1,181,561**	1,911,567
Converted into equity shares	**-**	(658,581)
Markup accrued for the period	**58,710**	40,870
	1,240,271	1,293,856
Markup paid during the period	**(11,490)**	(10,679)
Exchange gain for the period	**(5,365)**	(101,616)
	1,223,416	1,181,561
Less: Current portion shown under current liabilities	**3,010**	5,136
	1,220,406	1,176,425

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs 21.644 million (June 2010: 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 2010: 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 2010: Rs 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 filed appeal before CIT (A) for cancellation of the order. After the dismissal of appeal by CIT(A), the Company has filed appeal in 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 meritious grounds that the ultimate decision would be in its favour.

8.2 Commitments

(i) The Group entered into an agreement with Worldcall Telecom Limited (WTL) for Rs 12.138 million (June 2010:12.138 million) to provide dark optical fibre services (installation and maintenance) for a period of twenty years on the existing WTL metro optical fibre network.

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

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
Not later than one year	**1,868**	1,738
Later than one year and not later than five years	**7,438**	8,872
Later than five years	**9,264**	9,264
	18,570	19,874
9. Property, plant and equipment		
Opening book value	**550,444**	474,066
Add: Additions during the period - note 9.1	**-**	114,772
Add: Transfers from assets subject to finance lease	**4,626**	4,359
(at book value)	**4,626**	119,131
	555,070	593,197
Less: Disposals during the period (at book value)	**2,767**	4,027
Less: Depreciation charged during the period	**28,700**	38,726
	31,467	42,753
Closing book value	**523,603**	550,444
9.1 Following is the detail of additions during the period		
Freehold land	**-**	61,593
Buildings on freehold land	**-**	50,970
Electrical equipment	**-**	1,937
Furniture and fixtures	**-**	46
Computers	**-**	226
	-	114,772

		Un-Audited March 31, 2011	Audited June 30, 2010
		(Rupees in thousand)	
10. Investment property			
Opening fair value		**5,035,576**	4,375,149
Add: Additions to cost during the period			
- Direct additions		**-**	146,297
- Transfers from stock in trade		**12,639**	345,288
- Transfers to stock in trade		**(116,304)**	(300,439)
- Disposals during the period		**(86,330)**	(246,092)
Closing value before revaluation		**4,845,581**	4,320,203
Add: Fair value (loss)/gain recognised during the period		**(493,358)**	715,373
Closing value after revaluation		**4,352,223**	5,035,576
11. Investments			
Equity instruments of:			
- associated undertakings - unquoted	- note 11.1	**2,174,368**	2,264,668
Available for sale - quoted	- note 11.2	**4,113**	3
		2,178,481	2,264,671
11.1 Associated undertakings - unquoted			
Pace Barka Properties Limited 115,000,000 (June 2010: 115,000,000) fully paid ordinary shares of Rs 10 each	- note 11.1.1	**2,174,188**	2,264,488
Pace Super Mall (Private) Limited 18,000 (June 2010: 18,000) fully paid ordinary shares of Rs 10 each		**180**	180
		2,174,368	2,264,668
11.1.1 Pace Barka Properties Limited			
Cost		**1,149,901**	1,149,901
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account		**1,114,587**	490,451
		2,264,488	1,640,352
Share of movement in reserves during the period		**33,616**	113,405
Share of (loss) / profit for the year			
- before taxation		**(142,624)**	(10,054)
- provision for taxation		**18,708**	30,236
- Profit on increase in investment in associate		**-**	490,549
		(123,916)	510,731
		2,174,188	2,264,488

		Un-Audited March 31, 2011	Audited June 30, 2010
		(Rupees in thousand)	
11.2 Available for sale - quoted			
At cost		**3,782**	6
Add: Cumulative fair value gain / (loss)	- note 11.2.1	**331**	(3)
		4,113	3
11.2.1 Cumulative fair value gain			
As at July 1		**(3)**	(4)
Fair value gain during the period		**334**	1
		331	(3)
12. Due from related parties - unsecured			
Due from related party	- note 12.1	**17,905**	15,750

12.1 These advances are considered good and carry mark-up at the rate ranging from 16.5% to 17.5% per annum (June 2010: 16.5% to 17.5%)

13. Transactions with related parties

Relationship with the Group	Nature of transaction	Nine Months ended March 31, 2011	Nine Months ended March 31, 2010
		(Rupees in thousand)	
i. Associates	Purchase of goods & services	**8,820**	165,916
	Investment in equity instruments	**3,772**	549,901
	Loans repayments received	**-**	41,103
	Mark up income	**2,155**	10,525
	Mark up expenses	**-**	7,427
	Guarantee commission	**1,125**	3,375
	Sales of goods and services	**4,950**	249,118
	Advance against purchase of property	**36,127**	175,755
	Disposal of vehicles	**2,824**	-
ii. Key management personnel	Short term employee benefits	**15,248**	24,053
	Termination benefits	**475**	1,220
	Post employment benefits	**1,901**	5,641
	Advances	**2,045**	4,936

	Un-Audited March 31, 2011	Audited June 30, 2010
	(Rupees in thousand)	
Period end balances		
Receivable from related parties	**1,098,609**	1,253,663
Payable to related parties	**705**	863

14. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer, Group Director Finance, Chief Operating Officer and the Chief Financial Officer.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets. Unallocated items include corporate assets and liabilities.

The Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

14.1 For management purposes, the activities of the Group are organised into business units based on the nature of activities:

(a) Real Estate

This segment relates to the sale of land, condominiums, shops/counters and villas. This also includes sale of Pace Woodlands, Pace Towers and Model Town Extension on percentage of completion basis.

(b) Investment Properties

The segment relates to the properties held to earn rentals or for capital appreciation or for both.

(c) Others

Businesses that individually do not meet the criteria of a reportable segment as per IFRS - 8, "Operating Segments"

(Rupees in thousand)

14.2 Segment results	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, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Segment revenue	36,910	318,705	(36,960)	706,020	7,600	29,387	142,612	323,765	39,381	43,551	122,211	120,794	83,891	391,643	227,863	1,150,579
Segment expenses - Cost of sales	(38,805)	(237,266)	(45,964)	(526,724)	-	(16,276)	(46,075)	(275,618)	-	(4,443)	(5,958)	(16,011)	(38,807)	(257,985)	(97,998)	(818,353)
- Stores operating expenses	(5,293)	-	(14,675)	-	(59,929)	(12,876)	(166,156)	(42,418)	(27,208)	(31,399)	(75,437)	(108,326)	(92,427)	(44,275)	(256,267)	(150,744)
Gross (loss)/profit	(7,188)	81,439	(97,599)	179,296	(52,329)	235	(69,619)	5,729	12,173	7,709	40,816	(3,543)	(47,344)	89,383	(126,402)	181,482
- Changes in fair value of investment property	-	-	-	-	(147,108)	68,781	(450,879)	173,576	-	-	-	-	(147,108)	68,781	(450,879)	173,576
Segment results	(7,188)	81,439	(97,599)	179,296	(199,437)	69,016	(520,498)	179,305	12,173	7,709	40,816	(3,543)	(194,452)	158,164	(577,281)	355,058
Administrative and selling expenses													(39,089)	(28,778)	(175,691)	(101,372)
Other operating income													17,616	14,476	29,612	174,810
Finance costs													(114,782)	(53,338)	(369,911)	(164,688)
Other operating expenses													-	-	-	(11,497)
Share of (loss)/profit of associates													(22,284)	98,837	(142,624)	579,408
(Loss)/profit before tax													(352,991)	189,361	(1,235,895)	831,719
Taxation																
Group													57,750	(300)	196,231	(1,800)
Associates													7,992	15,218	18,708	19,769
(Loss)/profit for the period													(287,249)	204,279	(1,020,956)	849,688

15. Cash (used in)/ generated from operations

	Nine Months ended March 31, 2011	Nine Months ended March 31, 2010
	(Rupees in thousand)	
(Loss)/ profit before tax	**(1,235,895)**	831,719
Adjustments for:		
- Depreciation on property, plant and equipment	**28,700**	28,571
- Depreciation on assets subject to finance lease	**16,564**	17,362
- Amortisation of intangible assets	**424**	434
- Amortisation of deferred income	**(14,375)**	(14,375)
- Gain on sale of property, plant and equipment	**(2,757)**	(1,274)
- Loss on sale of investment property	**-**	650
- Mark up income	**(2,690)**	(3,169)
- Changes in fair value of investment property	**450,879**	(173,576)
- Finance costs	**369,912**	164,688
- Liabilities written back	**-**	(936)
- Exchange gain on foreign currency convertible bonds	**(5,365)**	(120,362)
- Share of profit of associate	**142,6224**	(579,408)
- Provision for doubtful receivables	**23,650**	-
- Provision for gratuity and leave encashment	**4,110**	7,026
(Loss)/profit before working capital changes	**(224,219)**	157,350
Effect on cash flow due to working capital changes		
- Decrease in stock-in-trade	**81,616**	508,183
- Decrease in trade debts	**138,208**	176,889
- Increase in due from related parties	**(2,155)**	(7,356)
- Increase in advance against purchase of property	**(33,389)**	(175,754)
- Decrease/(increase) in advances, deposits prepayments and other receivables	**31,379**	(500,885)
- Decrease in creditors, accrued and other liabilities	**(965)**	(2,464)
	214,694	(1,387)
	(9,525)	155,963

16. Detail of subsidiaries

Name of the subsidiaries	Accounting period end	Percentage of holding	Country of incorporation
Pace Woodlands (Private) Limited	31-Mar-11	52%	Pakistan
Pace Gujrat (Private) Limited	31-Mar-11	100%	Pakistan

17. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 16, 2011 by the Board of Directors of the group.

18. Corresponding figures

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

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

LAHORE **CHIEF EXECUTIVE** **DIRECTOR**