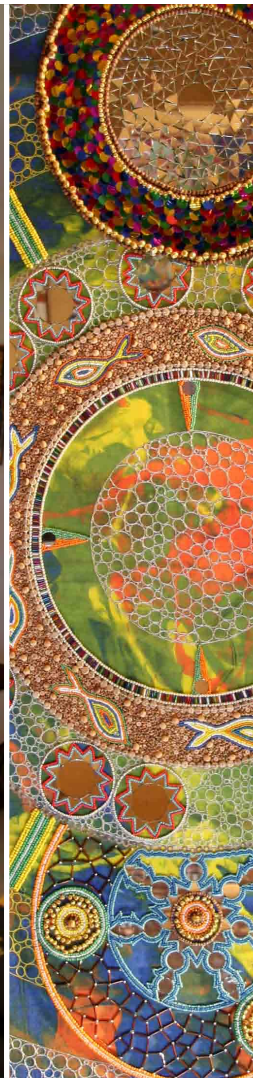


Condensed Interim Financial Information

for the six months period ended December 31, 2011

Cultured like no other pearl in the world™







Vision Statement

We are committed to dynamic growth and service excellence built upon our heritage of traditional hospitality. We strive to consistently meet and surpass guests', employees' and other stakeholders' expectations. We feel pride in making efforts to position Pakistan in the forefront of the international arena.

Mission Statement

Secrets to our sustained leadership in hospitality are Excellency and Dynamism through offering competitive and innovative high quality value added services to our guests and business partners.

To meet the challenges of modern business, we constantly upgrade our operations and services in line with the latest technological facilities.

As a responsible corporate citizen, maintaining the highest level of governance, ethical standards and prudence.

Keeping close-watch at socio-political environment to make use of all available growth opportunities through aggressive and proactive approach.

Believe in strong and professional workforce by providing challenging and rewarding environment and equal respect to all through creating the sense of participation towards the success of our vision.

Corporate Profile/ Information

Pearl Continental Hotels, a chain owned and operated by Pakistan Services Limited (the Company) sets the international standards for quality hotel accommodation in South Asia. The Company manages six luxury hotels at Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,448 rooms with registered office in Islamabad, Pakistan.

BOARD OF DIRECTORS

Mr. Sadruddin Hashwani Chairman
Mr. Murtaza Hashwani Chief Executive Officer
Ms. Sarah Hashwani
Mr. M. A. Bawany
Mr. Mansoor Akbar Ali
Syed Sajid Ali
Mr. Muhammad Rafique
Mr. Rolf Richard Bauer
Mr. Bashir Ahmed

AUDIT COMMITTEE

Mr. Sadruddin Hashwani
Ms. Sarah Hashwani
Mr. Mansoor Akbar Ali
Syed Sajid Ali

COMPENSATION COMMITTEE

Mr. Sadruddin Hashwani
Mr. Murtaza Hashwani
Mr. M. A. Bawany

HUMAN RESOURCE & RECRUITMENT COMMITTEE

Mr. Sadruddin Hashwani
Mr. Murtaza Hashwani
Mr. M.A. Bawany
Mr. Bashir Ahmed

CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
6th Floor, State Life Building No.5
Jinnah Avenue, Blue Area, Islamabad.

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
Albaraka Bank (Pakistan) Limited
Allied Bank Limited
JS Bank Limited
KASB Bank Limited
NIB Bank Limited
Silkbank Limited
Standard Chartered Bank (Pakistan) Limited
Bank Alfalah Limited

REGISTERED OFFICE

9th Floor, UBL Building, Jinnah Avenue,
Islamabad.

Tel: 0092-51-2812142

Fax: 0092-51-2812143

<http://www.pchotels.com>

<http://www.pchotels.biz>

<http://www.pchotels.com.pk>

<http://www.pearlcontinental.biz>

<http://www.pearlcontinental.com.pk>

<http://www.hashoogroup.com>

<http://www.hashoogroup.com.pk>

<http://www.hashoogroup.biz>

<http://www.hashoogroup.info>

<http://www.hashoo.info>

SHARE REGISTRAR

Technology Trade (Private) Limited.
Dagia House, 241-C, Block-2,
PECHS, Off Shahrah-e-Quaideen, Karachi.



Pearl-Continental Peshawar

Directors' Report

Dear Members

The Board of Directors of Pakistan Services Limited takes pleasure in presenting the unaudited condensed interim financial information of the Company for the six-month period ended on 31 December 2011 along with the Auditors' report thereon.

Economic Overview

The global economic picture continues to be under stress with European scene under close focus. The ailing European countries led by Greece are still struggling with imposing highly unpopular austerity measures to meet the requirements of donors. While the situation remains unsettled, more countries of the European Union are slipping down the dark alley of economic woes requiring for financial doleouts. The United States itself is pressing for cutting on frills and the cost of Government to ease its heavy debt buildup is lending a helping hand to Europe to tide over its financial difficulties. So is the case with China which is exploring how it can help Europe in lifting from its current economic depression having itself witnessed shrinkage in export and import volume. Another positive development is that the US has declared to wind down its military operations in Afghanistan earlier than the projected year of 2014. What will come in the wake of US Forces withdrawal introduces an element of uncertainty in the region.

In Pakistan, we are seeing non-stop rise in the prices of energy and food items in sympathy with the world trend. A favourable development is the buildup of thaw in the US- Pakistan relationship and trade prospect with India after Pakistan having extended Most Favoured Nation status to that country. The law and order is showing some resilience. The acts of terrorism in the country have registered a downward trend and we see an improvement in hotel occupancies and Food & Beverage Business. Since we are sailing with the world at large, it is well understood that we cannot be any better than dictated by the global economic scenario. The year 2012 may see intense political activity in Pakistan towards General Elections and new hope of renewed vigour to address the indigenous problems of growing concern to lower echelons of society especially the issues arising from interruptions in the gas and electricity supply, rising inflation & unemployment and poor healthcare and education facilities. The election prelude will see more activity and projected enhanced business for the hotel industry in the country.

Your Company remained on the cutting edge of business and kept forward stride in the period under review. Its operational strategies have succeeded as confirmed by fair growth in its overall business as compared with the corresponding period of immediate preceding year.

Revenue for the period under review was recorded at Rs.2,506 million as against Rs.2,405 million of the comparative period of the last year showing incremental revenue of Rs.101 million. It is noteworthy that your Company achieved this growth in a highly competitive and volatile market. The Profit before tax and loss on re-measurement of listed securities during the period under review achieved to the tune of Rs.354 million. During the period under review performance of Stock Market could not come out of crises and remained sluggish that adversely affected profitability by Rs.49.786 million on account of revaluation of marketable securities as compared to unrealized loss of Rs.0.323 million of the corresponding period of last year. After tax profit number for the period under review worked out to Rs.206.159 million as compared to Rs.251.350 million achieved in the comparative period of the last year.

Glimpse of Performance:

For the six months period ended 31 December

	2011	2010
	(Rupees '000)	
Sales and services-net	<u>2,505,629</u>	<u>2,404,791</u>
Gross profit	<u>985,484</u>	<u>939,206</u>
Profit before taxation	<u>304,663</u>	<u>382,843</u>
Profit after taxation	<u>206,159</u>	<u>251,350</u>
Earnings per share (Rupees)	<u>6.34</u>	<u>7.73</u>

Rooms Revenue

The average rooms occupancy during the period under review marginally surpassed 51 percent of the corresponding period of last year, however average daily room rate (ADR) slightly went down from Rs.7,552 to Rs.7,545 when compared to the corresponding period of the year proceeding immediately. Based on these behaviors rooms revenue (exclusive of GST) for the reviewing period was recorded at Rs.1,026 million surpassing Rs.1,011 million (exclusive of GST) of the comparative period of last year by Rs.15 million.

Food & Beverage Revenue

During the period under review, food and beverage revenue (exclusive of GST) made a major contribution of 53 percent to the total revenue which was recorded at Rs.1,336 million and registered an increase of Rs.83 million. The increase in revenue from this segment reflects nearly 7 percent growth over that of the corresponding period which was recorded at Rs.1,253 million.

Other Related Services, Shop License Fees & Tour Division

Performance of these minor operating segments showed encouraging trend; revenue (exclusive of GST) from these segments for the period under review was recorded at Rs.144 million as compared to Rs.141 million of the corresponding period of last year.

Future Prospects

We see better times ahead and are leaving no stone unturned to improve our products and services. We have done additions to hotel security systems to respond to evolving threats and position ourselves better against our competitors by offering ironclad security to our guests, a significant edge and plus point for business. We have offered free broadband Internet service to the resident guests. To extend our reach to younger segment of populace Facebook presence has been established. Novel methods of business contact with our potential customers are being introduced, namely, text and graphic messages on cell phones advertising special events, a regular banner advertisement in popular newspapers, and showing attractive images of our hotels and their services as signatures on all email exchanges.

The plant rooms are being upgraded with addition of new machines like Chillers. We are in the process of doing the same for Guest Elevators which are either being thoroughly updated with latest designed hardware or replaced altogether. Kitchen and Laundry machines and Fire Safety systems are being extended as well as modernized. The renovation of the Company's properties is taking place without interlude and we are improving the getup of the bathrooms and guestrooms with new look in terms of furnishings. The PC Peshawar West Wing Rebuild project is in full swing and expected to be completed by end of March 2012. We are thus pursuing our relentless programmes for keeping ahead of our competitors bringing into action our long experience in the hospitality industry which as a matter of reality and for success needs constant revamping and reinvention of the product by bringing in new décor and styles of elegance. We have within our team what is required for facing all odd situations and coming out of these with flying colours. We have the capacity and imagination to measure up to the ever-scaling-up expectations of our valued guests/customers.

To reduce the operational and maintenance cost of the Company's properties there is system based on modern lines for monthly checking of cost of energy in all forms. Issue of advisories for energy conservations to properties not performing towards regular cost cutting is done at least once each month. Monitoring of engineering and ICT infrastructure each month and conduct of engineering audit of all the hotels and then following up on the engineering observations from the audit is our stringent policy pillars. The programme to replace the old machines with energy efficient machines continues. Standard lighting lamps are being phase wise replaced with LED lamps, and efficiency of utilization of energy are being enhanced bringing the benefits of reliability of performance, cost cutting and environmental conservation by reducing pollution.

Consolidated Results

The total revenue of your Company based on the consolidated financial information for the six months period under report was Rs.2,555 million against Rs.2,459 million that of corresponding period of the last year, reflecting increase in revenue by nearly Rs.96 million representing 4 percent growth. Profit before tax achieved is Rs.487 million in comparison with Rs.377 million that of corresponding period of last year. Profit after tax for the period under report was recorded at Rs.371 million as against Rs.238 million of the comparative period.

Acknowledgment

The Board of Directors wishes to express its deep appreciation for the professional and dedicated services of all the employees, consultants, associates of the Company in various capacities, and our bankers, valued guests, most importantly the shareholders and all other stakeholders for their strong support and faith in the management of your Company.

For and on behalf of the Board of Directors

M. A. Bawany

Director

Islamabad: 22 February 2012

Muhammad Rafique

Director

Auditors' Report to Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Services Limited ("the Company") as at 31 December 2011, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (the interim financial information).

Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

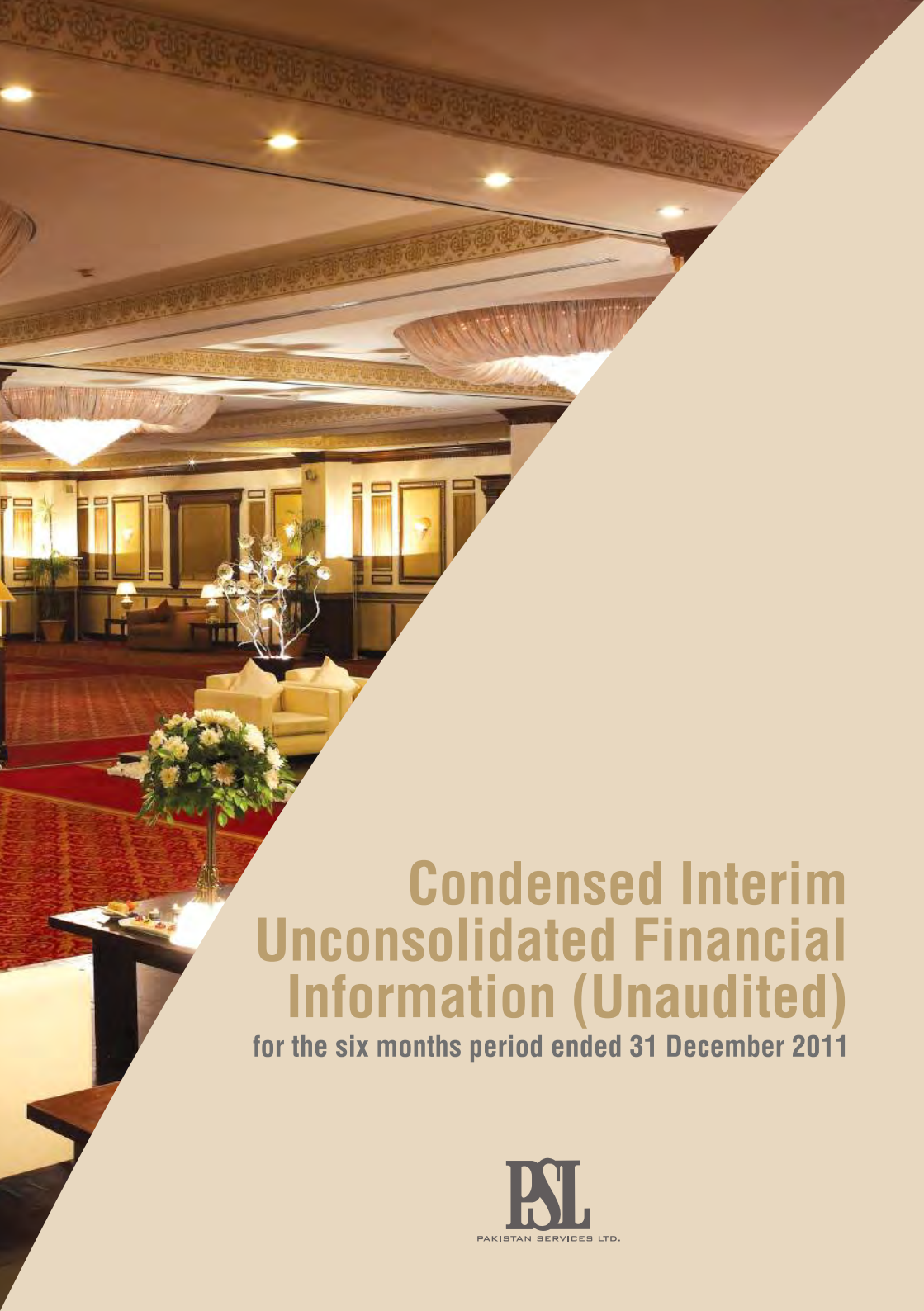
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2011, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Islamabad: 22 February 2012

**KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani**





**Condensed Interim
Unconsolidated Financial
Information (Unaudited)**
for the six months period ended 31 December 2011

PSL

PAKISTAN SERVICES LTD.

Condensed Interim Unconsolidated Balance Sheet as at 31 December 2011

	Unaudited 31 December 2011	Audited 30 June 2011
Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES		
Authorised share capital 50,000,000 (30 June 2011: 50,000,000) ordinary shares of Rs. 10 each	500,000	500,000
Issued, subscribed and paid up share capital	325,242	325,242
Reserves	1,869,424	1,869,424
Unappropriated profit	1,464,287	1,258,128
	3,658,953	3,452,794
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	20,007,770	20,007,770
NON CURRENT LIABILITIES		
Long term financing - secured	416,667	500,000
Long term deposits	51,834	50,884
Deferred liabilities	374,432	365,219
	842,933	916,103
CURRENT LIABILITIES		
Trade and other payables	1,325,907	1,327,119
Markup accrued	39,786	31,484
Short term borrowings - secured	480,151	390,233
Current portion of long term financing	83,333	36,000
Provision for taxation	-	47,339
	1,929,177	1,832,175
	26,438,833	26,208,842
CONTINGENCIES AND COMMITMENTS	6	

The annexed notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan. As such this condensed interim unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

		Unaudited 31 December 2011	Audited 30 June 2011
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	7	22,104,473	21,990,412
Advance for capital expenditure		757,711	778,817
Investment property		391,763	391,763
Long term investments	8	1,315,378	1,222,418
Advance for equity investment	9	7,750	40,700
Long term deposits		13,382	13,382
		24,590,457	24,437,492
CURRENT ASSETS			
Stores, spare parts and loose tools		96,657	86,121
Stock in trade - food and beverages		62,813	53,833
Trade debts		394,759	319,190
Advances		640,341	602,955
Advance tax - net		9,218	-
Trade deposits and prepayments		46,324	37,163
Interest accrued		47,559	49,340
Other receivables		31,456	53,296
Other financial assets		406,974	456,760
Non current assets held for sale		-	35,700
Cash and bank balances		112,275	76,992
		1,848,376	1,771,350
		26,438,833	26,208,842

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) for the six months period ended 31 December 2011

		Three months ended 31 December		Six months ended 31 December	
		2011	2010	2011	2010
	Note	(Rupees'000)			
Sales and services - net	10	1,323,400	1,314,889	2,505,629	2,404,791
Cost of sales and services	11	(762,802)	(751,914)	(1,520,145)	(1,465,585)
Gross profit		560,598	562,975	985,484	939,206
Administrative expenses		(325,905)	(280,245)	(628,767)	(525,237)
Other operating expenses		(33,071)	(9,258)	(49,800)	(9,581)
Finance cost		(48,834)	(49,122)	(96,142)	(89,494)
Other operating income		47,991	56,066	93,888	67,949
Profit before taxation		200,779	280,416	304,663	382,843
Taxation		(49,454)	(88,232)	(98,504)	(131,493)
Profit for the period		151,325	192,184	206,159	251,350
Earnings per share - basic and diluted (Rupees)	12	4.65	5.91	6.34	7.73

The annexed notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan. As such this condensed interim unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) for the six months period ended 31 December 2011

	Three months ended 31 December		Six months ended 31 December	
	2011	2010	2011	2010
	(Rupees'000)			
Profit for the period	151,325	192,184	206,159	251,350
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	151,325	192,184	206,159	251,350

The annexed notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan. As such this condensed interim unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) for the six months period ended 31 December 2011

	Six months ended 31 December	
	2011	2010
	(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	304,663	382,843
Adjustments for:		
Depreciation	107,402	110,927
Provision for staff retirement benefit - gratuity	20,460	20,644
Provision for doubtful debts	4,776	4,726
Return on bank deposits, letters of placements and short term advance	(46,552)	(39,829)
Finance cost	96,142	89,494
Dividend income	(875)	(740)
Unrealised loss on remeasurement of investments to fair value - net	49,786	323
	535,802	568,388
Working capital changes (Increase) / decrease in current assets		
Stores, spare parts and loose tools	(10,536)	(4,716)
Stock in trade - food and beverages	(8,980)	(15,290)
Trade debts	(80,345)	(56,475)
Advances	(37,386)	3,124
Trade deposits and prepayments	(9,161)	(20,212)
Other receivables	(11,620)	3,372
(Decrease)/ increase in current liabilities		
Trade and other payables	(1,212)	87,139
Cash used in operations	(159,240)	(3,058)
Staff retirement benefit - gratuity paid	(9,037)	(6,882)
Income tax paid	(157,271)	(118,759)
Finance cost paid	(87,840)	(78,666)
Net cash generated from operating activities	122,414	361,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(200,357)	(75,898)
Additions to advance for capital expenditure	-	(257,600)
Advance for equity investment	(26,550)	(67,000)
Dividend income received	875	740
Receipts of return on bank deposits and letters of placements	48,333	36,452
Proceeds from disposal of non current assets held for sale	35,700	-
Long term deposits	950	(264)
Net cash used in investing activities	(141,049)	(363,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term financing	(36,000)	(36,000)
Net cash used in financing activities	(36,000)	(36,000)
Net decrease in cash and cash equivalents	(54,635)	(38,547)
Cash and cash equivalents at beginning of the period	(313,241)	(816,691)
Cash and cash equivalents at end of the period	(367,876)	(855,238)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	112,275	83,276
Short term borrowings	(480,151)	(938,514)
	(367,876)	(855,238)

The annexed notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan. As such this condensed interim unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) for the six months period ended 31 December 2011

Share capital	Capital reserve	Revenue reserves		Total equity
	Share premium	General reserve	Unappropriated profit	

(Rupees'000)

Balance at 01 July 2010 **325,242 269,424 1,600,000 589,596 2,784,262**

Changes in equity for the period ended 31 December 2010

Total comprehensive income for the period

Profit for the period - - - 251,350 251,350

Total comprehensive income for the period - - - 251,350 251,350

Balance at 31 December 2010 **325,242 269,424 1,600,000 840,946 3,035,612**

Balance at 01 July 2011 **325,242 269,424 1,600,000 1,258,128 3,452,794**

Changes in equity for the period ended 31 December 2011

Total comprehensive income for the period

Profit for the period - - - 206,159 206,159

Total comprehensive income for the period - - - 206,159 206,159

Balance at 31 December 2011 **325,242 269,424 1,600,000 1,464,287 3,658,953**

The annexed notes 1 to 14 form an integral part of this condensed interim unconsolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan. As such this condensed interim unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) for the six months period ended 31 December 2011

1. STATUS AND NATURE OF BUSINESS

Pakistan Services Limited (the Company) was incorporated on 06 December 1958 in Karachi, Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange (Guarantee) Limited. The Company is principally engaged in hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu and Kashmir. The Company's registered office is situated at 9th Floor, UBL Building, Jinnah Avenue, Islamabad.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2011 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim unconsolidated financial information do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2011. Comparative unconsolidated balance sheet is extracted from audited annual financial statements as of 30 June 2011, whereas comparative unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the six months period ended 31 December 2010.

The condensed interim unconsolidated financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the listing regulation of the Karachi Stock Exchange (Guarantee) Limited.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of this condensed interim unconsolidated financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2011. The following standards, amendments and interpretations of approved accounting standards become effective during the period are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's condensed interim unconsolidated financial information other than certain additional disclosures:

- Amendments to IFRS 7 – Financial Instruments Disclosures (effective 01 July 2011)

4. LONG TERM FINANCING - secured

During the six months period ended 31 December 2011, the Company made repayments towards principal loan outstanding amounting to Rs.36 million (31 December 2010: Rs.36 million) whereas repayments of Rs.83.33 million (31 December 2010: Rs.72 million) are due within the next twelve months.

The base markup rates and securities offered for these long term financing facilities are the same as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2011 except the nature of charge offered to M/s Habib Bank Limited and M/s The Bank of Punjab on land and building of Pearl Continental Hotel, Rawalpindi which has been modified as first pari passu.

	Unaudited 31 December 2011	Audited 30 June 2011
5. SHORT TERM BORROWINGS - secured	(Rupees'000)	
Running finance from banking companies		
National Bank of Pakistan	336,062	200,822
Habib Bank Limited	112,511	139,188
Soneri Bank Limited	30,097	223
The Bank of Punjab	1,481	50,000
	<u>480,151</u>	<u>390,233</u>

The base markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2011 except those disclosed in above reference note 4.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Contingencies are the same as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2011, except for the guarantees as disclosed below:

	Unaudited 31 December 2011	Audited 30 June 2011
	(Rupees'000)	
6.1.1 Guarantees	<u>117,228</u>	<u>100,824</u>
6.2 Commitments - capital expenditure	<u>74,290</u>	<u>75,940</u>

7. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 December 2011, the Company acquired property, plant and equipment aggregating Rs.221.463 million (31 December 2010: Rs.82.230 million) and property, plant and equipment with carrying value of Rs. Nil (31 December 2010: Rs. Nil) were disposed off during the same period.

	Unaudited 31 December 2011	Audited 30 June 2011
8. LONG TERM INVESTMENTS	(Rupees'000)	
Opening balance	1,222,418	1,065,455
Purchase of investment during the period/ year	92,960	156,963
Closing balance	<u>1,315,378</u>	<u>1,222,418</u>

- 8.1** This represents investment made during the six months period ended 31 December 2011 in wholly owned subsidiary companies M/s Musafa International (Private) Limited of Rs.59.500 million and M/s Pearl Tours and Travels (Private) Limited of Rs.33.460 million.

9. ADVANCE FOR EQUITY INVESTMENT

During the six months period ended 31 December 2011, the Company made payments of Rs.26.550 million (31 December 2010: Rs.67 million) for issuance of 265,500 (31 December 2010: 670,000) ordinary shares of Rs. 100 each whereas Rs.59.500 million (31 December 2010: Rs.95.70 million) were transferred to long term investment pursuant to issue of ordinary share of 595,000 (31 December 2010: 957,000) of Rs.100 each.

	Three months ended 31 December		Six months ended 31 December	
	2011	2010	2011	2010
	(Rupees'000)			
10. SALES AND SERVICES - net				
Rooms	648,527	672,149	1,206,132	1,203,420
Food and beverages	819,153	806,809	1,553,444	1,467,154
Other related services	79,949	76,907	162,371	158,930
Shop license fees	1,820	1,642	3,513	3,252
	1,549,449	1,557,507	2,925,460	2,832,756
Discounts and commissions	(2,969)	(3,692)	(5,308)	(7,194)
Sales tax	(223,080)	(238,926)	(414,523)	(420,771)
	1,323,400	1,314,889	2,505,629	2,404,791

11. COST OF SALES AND SERVICES

Food and beverages

Balance at beginning of the period	61,247	63,090	53,833	44,435
Purchases during the period	243,734	254,152	481,899	480,820
	304,981	317,242	535,732	525,255
Balance at end of the period	(62,813)	(59,725)	(62,813)	(59,725)
Consumption during the period	242,168	257,517	472,919	465,530

Direct expenses

Salaries, wages and benefits	196,192	172,517	386,177	342,745
Heat, light and power	122,978	102,584	277,814	230,310
Repairs and maintenance	53,905	81,009	101,379	148,407
Depreciation	53,111	50,148	96,661	99,835
Guest supplies	32,488	30,452	64,301	56,640
Linen, china and glassware	24,630	23,432	47,012	49,689
Communication and other related services	14,953	13,708	29,291	25,834
Banquet and decoration	8,718	7,720	18,628	21,435
Transportation	5,173	5,706	9,144	8,531
Uniforms	4,940	4,451	9,626	8,859
Music and entertainment	1,680	1,156	3,269	3,099
Others	1,866	1,514	3,924	4,671
	762,802	751,914	1,520,145	1,465,585

	Three months ended 31 December		Six months ended 31 December	
	2011	2010	2011	2010
12. EARNINGS PER SHARE				
Profit for the period (Rupees '000)	151,325	192,184	206,159	251,350
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share- basic (Rupees)	4.65	5.91	6.34	7.73

There is no dilution effect on the basic earnings per share of the Company.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and their close family members, companies with common directorship, executives, key management personnel, major shareholders and staff retirement fund of the Company. Transactions with related parties are as follows:

	Six months ended 31 December	
	2011	2010
	(Rupees'000)	
Transactions with subsidiary companies		
Sales	254	274
Services provided	1,044	536
Services availed	18,242	15,963
Advance for equity investment	26,550	67,000
Investment made during the period	92,960	95,700
Transactions with associated undertakings		
Sales	1,011	1,262
Services provided	13,034	2,915
Services availed	28,161	18,480
Purchases	88,391	61,862
Purchase of air tickets	6,329	6,454
Purchase of property, plant and equipment	2,421	1,223
Contribution to the defined contribution plan	10,037	9,140
Part payment for purchase of investment property	-	257,600
Donation	36,500	16,000
Transactions with key management personnel		
Remuneration and allowances	31,236	24,928

14. DATE OF AUTHORISATION FOR ISSUE

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in their meeting held on 22 February 2012.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan. As such this condensed interim unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.





Condensed Interim Consolidated Financial Information (Unaudited)

for the six months period ended 31 December 2011

PSL

PAKISTAN SERVICES LTD.

Condensed Interim Consolidated Balance Sheet as at 31 December 2011

	Unaudited 31 December 2011	Audited 30 June 2011
Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES		
Authorised share capital 50,000,000 (30 June 2011: 50,000,000) ordinary shares of Rs. 10 each	500,000	500,000
Issued, subscribed and paid up share capital	325,242	325,242
Reserves	2,150,897	2,102,445
Unappropriated profit	1,545,379	1,174,103
	4,021,518	3,601,790
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	20,007,770	20,007,770
NON CURRENT LIABILITIES		
Long term financing - secured	416,667	500,000
Liabilities against assets subject to finance lease	4,738	7,996
Long term deposits	51,834	50,884
Deferred liabilities	545,912	494,931
	1,019,151	1,053,811
CURRENT LIABILITIES		
Trade and other payables	1,348,711	1,368,282
Markup accrued	39,786	31,484
Short term borrowings - secured	480,151	390,233
Current portion of long term financing	94,798	51,764
Provision for taxation	-	29,692
	1,963,446	1,871,455
	27,011,885	26,534,826
CONTINGENCIES AND COMMITMENTS		
	7	

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan. As such this condensed interim consolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

		Unaudited 31 December 2011	Audited 30 June 2011
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	8	22,494,987	22,353,007
Advance for capital expenditure		807,863	840,405
Investment property		391,763	391,763
Long term investments		1,781,998	1,577,088
Long term deposits		17,045	17,045
		25,493,656	25,179,308
CURRENT ASSETS			
Stores, spare parts and loose tools		96,657	86,121
Stock in trade - food and beverages		62,813	53,833
Trade debts		414,302	332,043
Advances		641,811	604,871
Advance tax - net		27,880	-
Trade deposits and prepayments		48,395	39,222
Interest accrued		48,220	49,591
Other receivables		33,410	26,541
Other financial assets		22,103	9,160
Non current assets held for sale		-	35,700
Cash and bank balances		122,638	118,436
		1,518,229	1,355,518
		27,011,885	26,534,826

Condensed Interim Consolidated Profit and Loss Account (Unaudited) for the six months period ended 31 December 2011

	Note	Three months ended 31 December		Six months ended 31 December	
		2011	2010	2011	2010
(Rupees'000)					
Sales and services - net	9	1,344,982	1,345,900	2,555,322	2,458,657
Cost of sales and services	10	(772,980)	(769,687)	(1,548,618)	(1,496,078)
Gross profit		572,002	576,213	1,006,704	962,579
Administrative expenses		(337,060)	(290,222)	(648,630)	(544,446)
Other operating expenses		(76,024)	(9,258)	(76,403)	(9,258)
Finance cost		(49,435)	(50,329)	(97,517)	(92,003)
Other operating income		49,530	37,164	97,669	72,099
		159,013	263,568	281,823	388,971
Share of gain/ (loss) in equity accounted investment		198,567	(9,058)	204,747	(11,633)
Profit before taxation		357,580	254,510	486,570	377,338
Taxation		(63,672)	(90,730)	(115,294)	(139,039)
Profit for the period		293,908	163,780	371,276	238,299

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan. As such this condensed interim consolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) for the six months period ended 31 December 2011

	Three months ended 31 December		Six months ended 31 December	
	2011	2010	2011	2010
	(Rupees'000)			
Profit for the period	293,908	163,780	371,276	238,299
Other comprehensive income for the period				
Exchange gain on translation of long term investments	54,899	(4,365)	74,541	4,365
Income tax on other comprehensive income	(19,214)	1,528	(26,089)	(1,528)
Other comprehensive income for the period	35,685	(2,837)	48,452	2,837
Total comprehensive income for the period	329,593	160,943	419,728	241,136

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan. As such this condensed interim consolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

Condensed Interim Consolidated Cash Flow Statement (Unaudited) for the six months period ended 31 December 2011

	Six months ended 31 December	
	2011	2010
	(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	486,570	377,338
Adjustments for:		
Depreciation	113,354	117,719
Gain on disposal of property, plant and equipment	(1,942)	(637)
Provision for staff retirement benefit - gratuity	20,460	20,644
Provision for doubtful debts	4,776	4,726
Return on bank deposits, letters of placements and short term advance	(47,780)	(40,975)
Share of (gain)/ loss of associated companies	(204,747)	11,633
Finance cost	97,517	92,003
Dividend income	(875)	(740)
Unrealised loss/ (gain) on re-measurement of investments to fair value - net	2,011	(1,898)
Impairment loss on investment in associated companies	74,378	-
	543,722	579,813
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(10,536)	(4,716)
Stock in trade - food and beverages	(8,980)	(15,290)
Trade debts	(87,035)	(55,316)
Advances	(36,940)	2,796
Trade deposits and prepayments	(9,173)	(20,597)
Other receivables	(6,869)	4,062
(Decrease)/ increase in current liabilities		
Trade and other payables	(19,571)	89,793
Cash (used in)/ generated from operations	(179,104)	732
Staff retirement benefit - gratuity paid	(9,037)	(6,882)
Income tax paid	(159,397)	(121,036)
Finance cost paid	(89,215)	(81,175)
Net cash generated from operating activities	106,969	371,452
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(223,993)	(98,981)
Additions to advance for capital expenditure	-	(306,626)
Proceeds from disposal of property, plant and equipment	3,143	1,811
Purchase of other financial assets	(14,954)	-
Dividend income received	875	740
Receipts of return on bank deposits and letters of placements	49,151	37,266
Proceeds from disposal of non current assets held for sale	35,700	-
Long term deposits	950	(1,794)
Net cash used in investing activities	(149,128)	(367,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term financing	(36,000)	(36,000)
Repayments of lease liability	(7,557)	(10,462)
Net cash used in financing activities	(43,557)	(46,462)
Net decrease in cash and cash equivalents	(85,716)	(42,594)
Cash and cash equivalents at beginning of the period	(271,797)	(788,160)
Cash and cash equivalents at end of the period	(357,513)	(830,754)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	122,638	107,760
Short term borrowings	(480,151)	(938,514)
	(357,513)	(830,754)

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan. As such this condensed interim consolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) for the six months period ended 31 December 2011

Share capital	Capital reserve	Revenue reserves			Total equity
	Share premium	General reserve	Exchange gain on translation of long term investments	Unappropriated profit	

(Rupees'000)

Balance at 01 July 2010 325,242 269,424 1,600,000 228,765 453,984 2,877,415

Changes in equity for the period ended 31 December 2010

Total comprehensive income for the period

Profit for the period	-	-	-	-	238,299	238,299
Exchange gain on translation of long term investments - net of tax	-	-	-	2,837	-	2,837
Total comprehensive income for the period	-	-	-	2,837	238,299	241,136

Balance at 31 December 2010 325,242 269,424 1,600,000 231,602 692,283 3,118,551

Balance at 01 July 2011 325,242 269,424 1,600,000 233,021 1,174,103 3,601,790

Changes in equity for the period ended 31 December 2011

Total comprehensive income for the period

Profit for the period	-	-	-	-	371,276	371,276
Exchange gain on translation of long term investments - net of tax	-	-	-	48,452	-	48,452
Total comprehensive income for the period	-	-	-	48,452	371,276	419,728

Balance at 31 December 2011 325,242 269,424 1,600,000 281,473 1,545,379 4,021,518

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan. As such this condensed interim consolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the six months period ended 31 December 2011

1. THE GROUP AND ITS OPERATIONS

Pakistan Services Limited (the Parent Company) was incorporated on 06 December 1958 in Karachi, Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange (Guarantee) Limited. The Parent Company is principally engaged in hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu and Kashmir. The Parent Company's registered office is situated at 9th Floor, UBL Building, Jinnah Avenue, Islamabad.

- 1.1 This condensed interim consolidated financial information includes the condensed interim financial information of the Parent Company and the following Subsidiary Companies together constituting "the group":

Subsidiary Companies	Nature of business	Holding
Pearl Tours and Travels (Private) Limited	Rent a car, tour packages and travel related work	100%
Pearl Continental Hotels (Private) Limited	Non-operational	100%
Bhurban Resorts (Private) Limited	Non-operational	100%
Musafa International (Private) Limited	Project management	100%

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the group for the six months period ended 31 December 2011 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim consolidated financial information do not include the information reported for full audited annual consolidated financial statements and should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended 30 June 2011. Comparative consolidated balance sheet is extracted from audited annual consolidated financial statements as of 30 June 2011, whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information for the six months period ended 31 December 2010.

The condensed interim consolidated financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and listing regulation of the Karachi Stock Exchange (Guarantee) Limited.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of this condensed interim consolidated financial information are the same as those applied in preparation of audited annual consolidated financial statements for the year ended 30 June 2011. The following standards, amendments and interpretations of approved accounting standards, become effective during the period are either not relevant to the the group's current operations or are not expected to have significant impact on the group's condensed interim consolidated financial information other than certain additional disclosures:

- Amendments to IFRS 7 – Financial Instruments Disclosures (effective 01 July 2011)

4. LONGTERM FINANCING - secured

During the six months period ended 31 December 2011, the Parent Company made repayments towards principal loan outstanding amounting to Rs.36 million (31 December 2010: Rs.36 million) whereas repayments of Rs.83.33 million (31 December 2010: Rs.72 million) are due within the next twelve months.

The base markup rates and securities offered for these long term financing facilities are the same as disclosed in the audited annual consolidated financial statements of the Parent Company for the year ended 30 June 2011, except the nature of charge offered to M/s Habib Bank Limited and M/s The Bank of Punjab on land and building of Pearl Continental Hotel, Rawalpindi which has been modified as first pari passu.

	Unaudited 31 December 2011	Audited 30 June 2011
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
(Rupees'000)		
Present value of minimum lease payments		
Balance as at beginning of the period	23,760	38,474
Assets acquired during the period	-	5,100
Repayments made during the period	(7,557)	(19,814)
	16,203	23,760
Current maturity	(11,465)	(15,764)
Balance as at end of the period	4,738	7,996
6. SHORT TERM BORROWINGS - secured		
Running finance from banking companies		
National Bank of Pakistan	336,062	200,822
Habib Bank Limited	112,511	139,188
Soneri Bank Limited	30,097	223
The Bank of Punjab	1,481	50,000
	480,151	390,233

The base markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited annual consolidated financial statements of the Parent Company for the year ended 30 June 2011, except those disclosed in above reference note 4.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Contingencies are the same as disclosed in the audited annual consolidated financial statements of the group for the year ended 30 June 2011, except for the guarantees as disclosed below:

	Unaudited 31 December 2011	Audited 30 June 2011
(Rupees'000)		
7.1.1 Guarantees	117,863	101,459
7.2 Commitments - capital expenditure	74,290	97,940

8. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 December 2011, the group acquired property, plant and equipment aggregating owned Rs.256.540 million; leased Rs. Nil (31 December 2010 owned: Rs.98.981 million; leased Rs.5.100 million) and the property, plant and equipment with carrying value of owned Rs.1.201 million; leased Rs. Nil (31 December 2010 owned: Rs.1.174 million; leased Rs. Nil) were disposed off during the same period.

Three months ended 31 December		Six months ended 31 December	
2011	2010	2011	2010
(Rupees'000)			

9. SALES AND SERVICES - net

Rooms	648,096	671,933	1,205,088	1,202,884
Food and beverages	819,087	806,728	1,553,190	1,466,880
Other related services	83,439	86,800	177,295	173,659
Vehicles rental	18,589	21,415	36,067	39,947
Shop license fees	1,820	1,642	3,513	3,252
	1,571,031	1,588,518	2,975,153	2,886,622
Discounts and commissions	(2,969)	(3,692)	(5,308)	(7,194)
Sales tax	(223,080)	(238,926)	(414,523)	(420,771)
	1,344,982	1,345,900	2,555,322	2,458,657

10. COST OF SALES AND SERVICES

Food and beverages

Balance at beginning of the period	61,247	63,090	53,833	44,435
Purchases during the period	243,668	254,071	481,645	480,546
	304,915	317,161	535,478	524,981
Balance at end of the period	(62,813)	(59,725)	(62,813)	(59,725)
Consumption during the period	242,102	257,436	472,665	465,256

Direct expenses

Salaries, wages and benefits	196,192	172,517	386,177	342,745
Heat, light and power	122,978	102,584	277,814	230,310
Repairs and maintenance	54,264	81,423	102,322	149,266
Depreciation	55,789	53,253	102,019	105,948
Guest supplies	32,488	30,452	64,301	56,640
Linen, china and glassware	24,630	23,432	47,012	49,689
Communication and other related services	14,953	13,708	29,291	25,834
Banquet and decoration	8,718	7,720	18,628	21,435
Transportation	2,063	4,897	7,471	5,783
Uniforms	4,940	4,451	9,626	8,859
Music and entertainment	1,680	1,156	3,269	3,099
Insurance	906	946	1,831	1,831
Vehicle operating expense	8,157	9,716	17,710	19,099
Vehicle rental and clearance charges	520	526	961	979
Hotel bookings	621	3,718	3,048	4,288
Others	1,979	1,752	4,473	5,017
	772,980	769,687	1,548,618	1,496,078

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and their close family members, companies with common directorship, executives, key management personnel, major shareholders and staff retirement fund of the group. Transactions with related parties are as follows:

	Six months ended 31 December	
	2011	2010
	(Rupees'000)	
Transactions with associated undertakings		
Sales	1,279	1,504
Services provided	16,665	6,257
Services availed	28,242	21,519
Purchases	88,391	61,862
Purchase of air tickets	11,428	13,267
Purchase of property, plant and equipment	2,421	1,223
Contribution to the defined contribution plan	10,037	9,140
Part payment for purchase of investment property	-	257,600
Donation	36,500	16,000
Transactions with key management personnel		
Remuneration and allowances	31,236	24,928

12. DATE OF AUTHORISATION FOR ISSUE

This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in their meeting held on 22 February 2012.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan. As such this condensed interim consolidated financial information, as approved by the Board of Directors, has been signed by two Directors.



Pearl-Continental Karachi



Pearl-Continental
HOTELS & RESORTS

KARACHI*

Tel: +92 21-111-505-505
Fax: +92 21-5681835
E-mail: pchk@hashoogroup.com

LAHORE

Tel: +92 42-111-505-505
Fax: +92 42-6362760
E-mail: pchl@hashoogroup.com

RAWALPINDI

Tel: +92 51-111-505-505
Fax: +92 51-5563927
E-mail: pchr@hashoogroup.com

PESHAWAR

Tel: +92 91-111-505-505
Fax: +92 91-5276465
E-mail: pchp@hashoogroup.com

BHURBAN

Tel: +92 51-3355700
Fax: +92 51-3355574
E-mail: pchb@hashoogroup.com

MUZAFFARABAD

Tel: +92 58810 38000-19
Fax: +92 58810 38058-9
E-mail: pchm@hashoogroup.com



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