Pearl-Continental
HOTELS & RESORTS

PAKISTAN SERVICES LTD.

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2013

*MODEL OF THE PEARL CONTINENTAL - MIRPUR AJ&K

Pearl-Continental
HOTELS & RESORTS
for the privileged ones
We wish our new guests the nicest possible
welcome into the privilege club
acceptable at Pearl Continental & Marriott Hotels*
008521-13078-01
SHAFAQAT ALI
09/14
for details contact:
111-505-505
www.pchotels.com
*Conditions Apply

PAKISTAN SERVICES LTD.

CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2013

Pearl-Continental
HOTELS & RESORTS

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 6 luxury hotels at Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,558 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. Bashir Ahmed	

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION 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 Islamic Bank (Pakistan) Limited
Allied Bank Limited
Bank Alfalah Limited
JS Bank Limited
KASB Bank Limited
NIB Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited

REGISTERED OFFICE

1st Floor, NESPAK House,
Sector G-5/2, Islamabad.
Tel: +92 51-2272890-8
Fax: +92 51-2878636
http://www.psl.com.pk
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

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

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 2013 together with Auditors' Review Report thereon.

Economic Overview

The world economic recovery still continues more or less with the pace as predicted. As for Pakistan, the picture continues to be grim primarily because of disturbed law & order and security concerns along with hyper-inflationary economic environment prevailing in the country.

The shortage of electricity and natural gas continues in the country, which has serious negative impact on the national economy. There is no hold on increasing cost of energy as well as prices of all the items across-the-board including those of daily use and food. The gap between the rich and the poor is maintaining its widening pace. The biggest challenges before the government today are: stabilization of economy, making-up for the shortfall in energy sector, and law & order situation.

Your Company through competence, hard work, meticulous planning and able leadership not only preserved its business but also took it forward despite the deleterious effects of overall environment in which it is operating. Your Company achieved a total net revenue (exclusive of GST) of Rs. 3,578 million in the reporting period, which is 11 percent growth over the corresponding period of last year with incremental revenue of Rs. 364 million surpassing revenue of Rs. 3,214 million of that period.

The profit before tax and gain on re-measurement of listed securities during the period under report was Rs. 544 million, against, Rs. 590 million of the corresponding period of last year. The promising performance of Stock Market witnessed over the period under review added further Rs. 106 million on account of "unrealized gain" on revaluation of your Company's investments in the marketable listed securities as compared to Rs. 119 million recorded in the corresponding period of last year. After-tax profit for the period under report worked out to Rs. 490 million as compared to Rs. 511 million achieved in the comparative period of last year.

Glimpse of Performance:	For the six months period ended 31 December	
	2013	2012
	(Rupees in million)	
Sales and services-net	**3,578**	3,214
Gross profit	**1,489**	1,357
Profit before taxation	**650**	709
Profit after taxation	**490**	511
Earnings per share (Rupees)	**15.08**	15.72

Performance of Rooms Department

Revenue (exclusive of GST) from Room Department for the period under report was recorded at Rs. 1,570 million as against Rs. 1,364 million of the corresponding period of the last year and thus registered an increase of 15 percent, which in terms of money comes to Rs. 206 million. Average Daily Room Rate (ADR) with 13 percent increase surged to Rs. 8,819 from Rs. 7,779 of the comparative period of the immediate preceding year.

Performance of Food & Beverage (F&B) Department

The F&B department continued to do good business in the period under report. Revenue (exclusive of GST) from Food & Beverage Department was Rs. 1,791 million as against Rs. 1,647 million of the corresponding period of the preceding year thus marking a growth of Rs. 144 million that constitutes nearly 9 percent rise.

Performance of Other Related Services/License Fee/ Travel and Tour Division

Revenue (exclusive of GST) from this segment during the period under review was recorded at Rs. 217 million as compared to Rs. 203 million of the comparative period of last year, which shows an increase of Rs. 14 million in the period under review.

Future Prospects

The new government is giving high priority to strengthening of economy, and add to the electrical energy generation capacity. It has recently made plans to build more nuclear power reactors with the help of China, who has agreed to advance loan for this project. With the surge that is taking place for large projects in the country, we foresee that the demand for the hotel rooms will increase.

Our performance during the period under review shows healthy growth in business. Your Company therefore, is maintaining, with full force, the planning and construction of new projects and expansion and quality enhancement of its existing hotels. Amongst the former, our projects of Pearl Continental Hotel, Multan; Pearl Continental Hotel, Mirpur; Nirvana Spa; Multistory Car Parking facility at Pearl Continental Hotel, Lahore and Office Block at Pearl Continental Hotel Peshawar, are under various stages of execution. As for upgrading, almost all the hotels of your Company continue to undergo improvements as a non-stop process. More high-style chandeliers have been installed at Pearl Continental Hotel, Lahore.

The energy saving campaign has been further strengthened through mandatory constitution of "Energy Conservation Committee" (ECC) at each hotel with defined terms of reference that seek elimination of waste of energy in all forms and increasing the efficiency of machines and appliances that consume energy. Distributed power factor improvement panels are installed close to the big load centers to achieve power factor unity. The program of switching to latest high efficiency LED lamps is being implemented rigorously.

With all our forward-looking projects and program activity areas, we are keeping your Company's assets best poised to take-up new business challenges effectively and efficiently without running the risk of obsolescence and losing our place as the front runner of the hospitality industry in Pakistan.

Consolidated Results

Your Company's total revenue (exclusive of GST) generation from Sales and Services based on the consolidated financial information for the six-month period under report fetched a revenue of Rs. 3,619 million against Rs. 3,263 million during the corresponding period of last year. This is an increase of nearly Rs. 356 million translating to 11 percent growth. The increased business yielded a profit of Rs. 665 million as against Rs. 549 million of the comparative period of last year, an upward surge of about 21 percent in growth.

Acknowledgement

On behalf of the Board, we thank your Company's staff for their continued dedication with commitment to achieve growth in the business with best of service and cultural traditions of hospitality. We value greatly and appreciate their contributions. We also greet our honored guests, bankers, consultants and the shareholders with our expression of gratefulness for their strong support that is so critical for reaching the level of excellence that your Company has in its overall conduct and business performance and further excelling in it.

For and on behalf of the Board of Directors

M. A. Bawany
Director

Muhammad Rafique
Director

Islamabad
Date: 11 February 2014

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 2013, 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

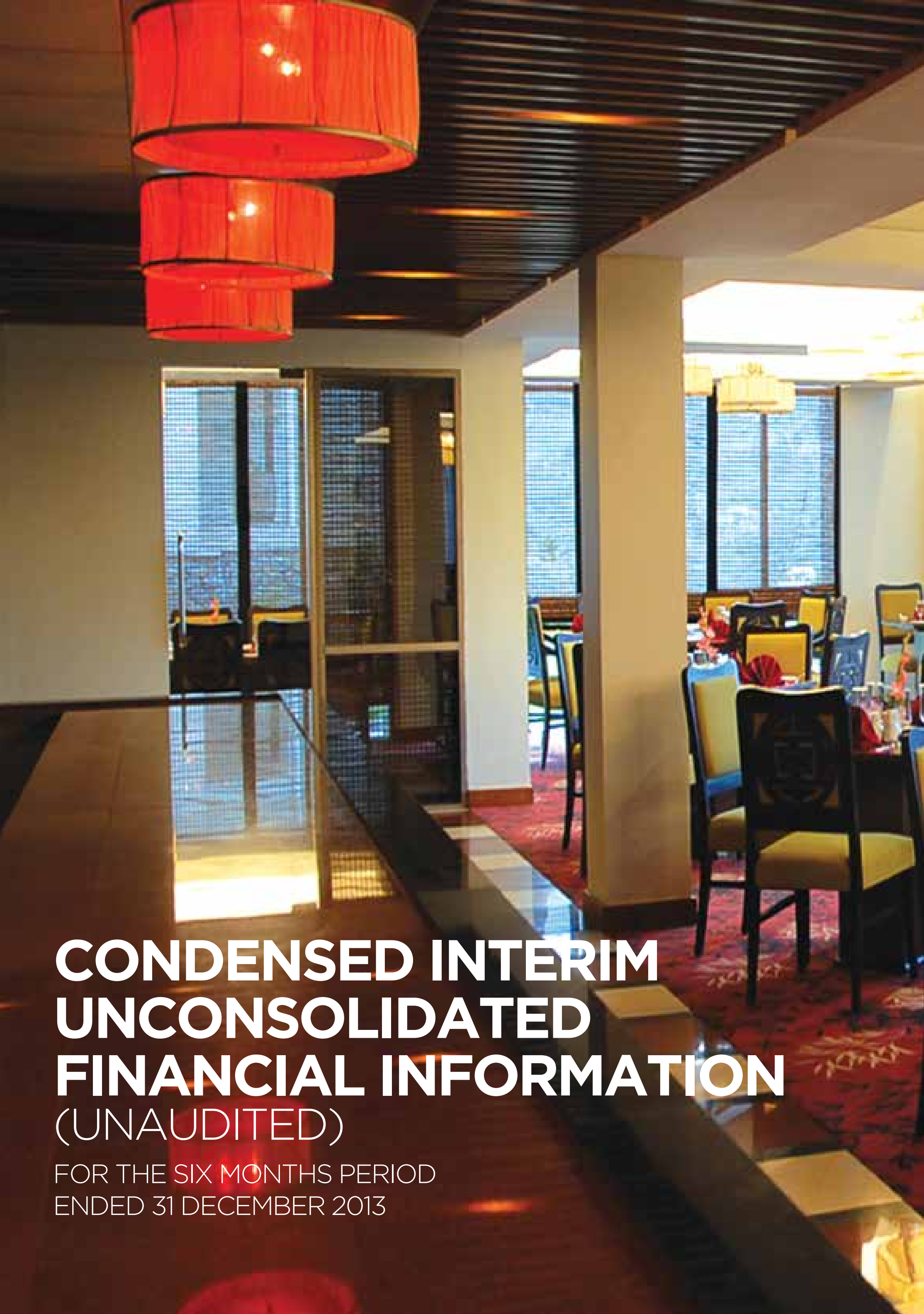
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2013, in the conensed 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.

KPMG Taseer Hadi & Co.

Islamabad
Date: 11 February 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Muhammad Rehan Chughtai



CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2013

PEARL CONTINENTAL - MUZAFFARABAD

Condensed Interim Unconsolidated Balance Sheet
As at 31 December 2013

SHARE CAPITAL AND RESERVES	Note	Unaudited 31 December 2013	Audited 30 June 2013 Restated
		(Rupees'000)	
Authorised share capital			
50,000,000 (30 June 2013: 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		**3,318,448**	2,935,524
		5,513,114	5,130,190
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		**19,988,725**	19,988,725
NON CURRENT LIABILITIES			
Long term financing - secured	4	**233,334**	350,000
Liabilities against assets subject to finance lease - secured	5	**12,360**	16,651
Deferred liabilities		**566,113**	461,856
		811,807	828,507
CURRENT LIABILITIES			
Trade and other payables	6	**1,468,915**	1,458,466
Markup accrued		**22,750**	20,689
Short term borrowings - secured	7	**229,037**	75,395
Provision for taxation - net		**-**	6,335
Current portion of long term financing and liabilities against assets subject to finance lease		**241,634**	241,186
		1,962,336	1,802,071
		28,275,982	27,749,493

CONTINGENCIES AND COMMITMENTS 8

The annexed notes 1 to 21 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.

	Note	Unaudited 31 December 2013	Audited 30 June 2013
		(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	9	**23,605,315**	22,987,048
Advance for capital expenditure	10	**1,066,297**	1,099,645
Investment property		**47,000**	47,000
Long term investments	11	**279,360**	781,635
Long term deposits and prepayments		**58,782**	35,049
		25,056,754	24,950,377
CURRENT ASSETS			
Stores, spare parts and loose tools		**132,191**	129,770
Stock in trade - food and beverages		**91,651**	80,533
Trade debts		**714,898**	554,553
Advances	12	**657,701**	588,170
Trade deposits and prepayments		**96,530**	71,965
Interest accrued		**39,429**	6,510
Other receivables		**65,918**	42,302
Other financial assets	13	**741,076**	631,787
Non current assets held for sale	14	**586,403**	586,403
Advance tax - net		**3,423**	-
Cash and bank balances		**90,008**	107,123
		3,219,228	2,799,116
		28,275,982	27,749,493

M. A. Bawany
Director

Muhammad Rafique
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)
For the six months period ended 31 December 2013

	Note	Three months ended 31 December 2013	Three months ended 31 December 2012	Six months ended 31 December 2013	Six months ended 31 December 2012
		(Rupees'000)			
Sales and services - net	15	**1,929,047**	1,727,824	**3,577,798**	3,213,506
Cost of sales and services	16	**(1,023,117)**	(908,128)	**(2,088,768)**	(1,856,668)
Gross profit		**905,930**	819,696	**1,489,030**	1,356,838
Administrative expenses		**(483,197)**	(412,356)	**(931,349)**	(772,088)
Finance cost		**(34,445)**	(46,209)	**(64,930)**	(87,992)
Other income		**46,181**	80,167	**194,347**	211,875
Other expenses	11	**(36,762)**	-	**(36,762)**	-
Profit before taxation		**397,707**	441,298	**650,336**	708,633
Taxation		**(87,421)**	(138,402)	**(159,899)**	(197,341)
Profit for the period		**310,286**	302,896	**490,437**	511,292
Earnings per share - basic and diluted (Rupees)	17	**9.54**	9.31	**15.08**	15.72

The annexed notes 1 to 21 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 2013

	Three months ended 31 December		Six months ended 31 December	
	2013	2012	**2013**	2012
	(Rupees'000)			
Profit for the period	**310,286**	302,896	**490,437**	511,292
Other comprehensive income for the period				
Experience adjustments on defined benefit obligation (Note 3.1)	**(50,978)**	-	**(50,978)**	-
Tax effect on experience adjustments	**17,333**	-	**17,333**	-
Total other comprehensive income	**(33,645)**	-	**(33,645)**	-
Total comprehensive income for the period	**276,641**	302,896	**456,792**	511,292

The annexed notes 1 to 21 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 Cash Flow Statement (Unaudited)
For the six months period ended 31 December 2013

	Note	Six months ended 31 December 2013	2012
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	18	**829,156**	815,289
Working capital changes			
Increase in current assets			
Stores, spare parts and loose tools		**(2,421)**	(10,116)
Stock in trade - food and beverages		**(11,118)**	(12,913)
Trade debts		**(174,995)**	(197,125)
Advances		**(69,531)**	(53,819)
Trade deposits and prepayments		**(23,095)**	(1,317)
Other receivables		**(23,616)**	(2,274)
Increase in current liabilities			
Trade and other payables		**25,083**	116,223
Cash used in operations		**(279,693)**	(161,341)
Staff retirement benefit - gratuity paid		**(8,350)**	(13,988)
Compensated leave absences paid		**(14,349)**	(12,172)
Income tax paid		**(121,032)**	(151,059)
Finance cost paid		**(62,869)**	(87,876)
Net cash generated from operating activities		**342,863**	388,853
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(350,453)**	(106,267)
Advance for capital expenditure		**(18,956)**	(370,350)
Proceeds from disposal of property, plant and equipment		**7,403**	11,295
Advance for equity investment		**-**	(12,500)
Proceeds from disposal of non current assets held for sale		**-**	57,500
Purchase of long term investments		**(14,767)**	-
Dividend income received		**488**	113
Receipts of return on bank deposits		**5,981**	2,899
Long term deposits		**(23,733)**	(6,617)
Net cash used in investing activities		**(394,037)**	(423,927)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(116,666)**	(100,000)
Repayment of liabilities against assets subject to finance lease		**(3,843)**	(10,337)
Net cash used in financing activities		**(120,509)**	(110,337)
Net decrease in cash and cash equivalents		**(171,683)**	(145,411)
Cash and cash equivalents at beginning of the period		**31,728**	64,833
Cash and cash equivalents transferred from MIPL under scheme of merger		**926**	-
Cash and cash equivalents at end of the period	19	**(139,029)**	(80,578)

The annexed notes 1 to 21 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 2013

	Share capital	Capital reserve	Revenue reserves		Total equity
		Share premium	General reserve	Unappropriated profit	
	(Rupees'000)				
Balance at 01 July 2012 - as previously reported	325,242	269,424	1,600,000	2,041,979	4,236,645
Effect of change in accounting policy (Note 3.1)	-	-	-	6,409	6,409
Balance at 01 July 2012 - as restated	325,242	269,424	1,600,000	2,048,388	4,243,054
Changes in equity for the period ended 31 December 2012					
Total comprehensive income for the period					
Profit for the period	-	-	-	511,292	511,292
Balance at 31 December 12 - restated	325,242	269,424	1,600,000	2,559,680	4,754,346
Balance at 01 July 2013 - as previously reported	**325,242**	**269,424**	**1,600,000**	**2,929,115**	**5,123,781**
Effect of change in accounting policy (Note 3.1)	**-**	**-**	**-**	**6,409**	**6,409**
Balance at 01 July 2013 - as restated	**325,242**	**269,424**	**1,600,000**	**2,935,524**	**5,130,190**
Changes in equity for the period ended 31 December 2013					
Total comprehensive income for the period					
Profit for the period	**-**	**-**	**-**	**490,437**	**490,437**
Other comprehensive income for the period	**-**	**-**	**-**	**(33,645)**	**(33,645)**
Total comprehensive income for the period	**-**	**-**	**-**	**456,792**	**456,792**
Amount recognized pursuant to scheme of merger (Note 1.1.1)	**-**	**-**	**-**	**(73,868)**	**(73,868)**
Balance at 31 December 2013	**325,242**	**269,424**	**1,600,000**	**3,318,448**	**5,513,114**

The annexed notes 1 to 21 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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

1. STATUS AND NATURE OF BUSINESS

Pakistan Services Limited ("the Company") was incorporated on 6th December 1958 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange. The Company is principally engaged in the hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu & Kashmir. The Company also owns one small sized property in Lahore operating under the budget hotel concept. The Company's registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad.

1.1 **Merger of Musafa International (Private) Limited with the Company**

Musafa International (Private) Limited ("MIPL") was subsidiary of the Company by virtue of its 100% shareholding as at 30 June 2013. Shareholders of the Company in their Extra Ordinary General Meeting held on 17 June 2013 approved the proposed Scheme of merger of MIPL with the Company. The Scheme was sanctioned by the Honourable High Court of Islamabad and submitted to the registrar on 26 September 2013 ("Effective Date").

The Scheme envisages the merger by way of deemed transfer of all assets and liabilities of MIPL to the Company at their respective book values, as disclosed in the financial statements of MIPL as of the Effective Date.

The merger and the transfer to and vesting of MIPL in the Company is deemed to have been so transferred and vested in the Company under this Scheme from the Effective Date and consequently, the financial results of MIPL have been amalgamated with the Company from 26 September 2013. The assets and liabilities and items of profit and loss of MIPL have been included in these condensed interim unconsolidated financial information from 26 September 2013 and therefore the comparative figures of condensed interim unconsolidated balance sheet, condensed interim unconsolidated profit and loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity relates to the Company only.

1.1.1 Details of the assets and liabilities transferred by MIPL and used for merger, on the basis of their respective book values on the Effective Date are presented below:

	Unaudited 26 September 2013 (Rupees'000)
Non current assets	381,765
Current assets	25,711
Total assets	**407,476**
Non current liabilities	-
Current liabilities	1,064
Total liabilities	1,064
Net assets	**406,412**

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

	Unaudited 26 September 2013 (Rupees'000)
Amount recorded in retained earnings is made up as follows:	
Cost of investment in MIPL	480,280
Net assets of MIPL as at 26 September 2013	(406,412)
Amount recognised in retained earning	**(73,868)**

Breakup of amounts recorded in profit and loss account in respect of the Company and MIPL are as follows:

	Unaudited		
	PSL Operations (01 July 2013 to 31 December 2013)	MIPL Operations (26 September 2013 to 31 December 2013)	Total
	(Rupees'000)		
Revenue	3,574,968	2,830	3,577,798
Expenses	3,109,829	11,980	3,121,809
Other income	194,347	-	194,347
Profit before tax	**659,486**	**(9,150)**	**650,336**

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 2013 has been prepared in accordance with the requirements of the 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 this condensed interim unconsolidated financial information do not include the information that reported for annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2013. Comparative unconsolidated balance sheet is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2013, 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 2012.

This condensed interim unconsolidated financial information is unaudited and being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange Limited.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim unconsolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited unconsolidated financial statements for the year ended 30 June 2013 except the following:

3.1 IAS 19 (as revised in June 2011) "Employees Benefits" became effective during the period. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The Company has applied IAS 19 (as revised in June 2011) retrospectively in accordance with requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, opening balance sheet of the earliest comparative period presented (01 July 2012) has been restated. This change has resulted in decrease in the balance of deferred liabilities - staff retirement benefit (gratuity) and deferred tax liability by amounts mentioned below with corresponding effect on equity. The effect on the condensed interim statement of comprehensive income for the six months period ended 31 December 2012 has not been disclosed separately since the actuarial valuation is carried out on annual basis. However, there is no impact of this change in accounting policy on condensed interim profit and loss account and condensed interim cash flow statement.

Effect due to change in accounting policy is given below:	30 June 2013	01 July 2012
	(Rupees'000)	
Present value of defined benefit obligation - as previously reported	291,048	267,918
Effect of change in accounting policy	(9,711)	(9,711)
Present value of defined benefit obligation - as restated	281,337	258,207
Deferred tax liability - as previously reported	91,326	149,710
Effect of change in accounting policy	3,302	3,302
Deferred tax liability - as restated	94,628	153,012
Net effect of change in accounting policy on equity recognized in unappropriated profit	6,409	6,409

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

This change has also resulted in recognition of experience adjustments on defined benefit obligation amounting to Rs. 33.64 million, net of tax in other comprehensive income for the six months period ended 31 December 2013.

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014 and are not expected to have any significant effect on condensed interim unconsolidated financial information of the Company:

- IFRIC 21 'Levies'	(effective 01 January 2014)
- IAS 32 'Financial Instruments: Presentation'	(effective 01 January 2014)
- IAS 36 'Impairment of Assets'	(effective 01 January 2014)
- IAS 39 'Financial Instruments: Recognition and Measurement'	(effective 01 January 2014)
- IAS 19 'Employee Benefits'	(effective 01 July 2014)
- IAS 27 'Consolidated and Separate Financial Statements'	(effective 01 January 2014)

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 1 July 2014:

- IFRS 2 'Share-based Payment'
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, plant and equipment
- IAS 24 Related Party Disclosure
- IAS 40 Investment Property

	Unaudited 31 December 2013	Audited 30 June 2013
4. LONG TERM FINANCING - secured	**(Rupees'000)**	
From banking companies	**466,667**	583,333
Current portion	**(233,333)**	(233,333)
	233,334	350,000

The markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2013. During the period total borrowings of Rs. 116.67 million were repaid by the Company.

	Unaudited 31 December 2013	Audited 30 June 2013
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured	**(Rupees'000)**	
Present value of minimum lease payments		
Balance at beginning of the period / year	**24,504**	30,968
Repayments during the period / year	**(3,843)**	(6,464)
	20,661	24,504
Current portion	**(8,301)**	(7,853)
	12,360	16,651

The markup rate, facility limit and securities offered for this lease finance arrangement are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2013.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

6. TRADE AND OTHER PAYABLES

	Unaudited 31 December 2013	Audited 30 June 2013
	(Rupees'000)	
Creditors	**294,284**	265,424
Accrued liabilities	**458,809**	452,249
Advances from customers	**231,539**	189,151
Due to related parties - unsecured	**10,504**	84,226
Sales tax - net	**102,862**	140,606
Bed tax	**79,757**	81,518
Un-earned income	**119,830**	116,733
Others	**171,330**	128,559
	1,468,915	1,458,466

7. SHORT TERM BORROWINGS - secured

Running finance from banking companies	**229,037**	75,395

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2013 except the following :

During the period, the Company availed an additional short term running finance facility of Rs. 350 million (31 December 2012: Nil) from a scheduled bank. This facility carries mark-up of 3- month KIBOR plus 1.5% per annum. The charge on existing facilities from the bank has been enhanced to cover this additional facility.

8. CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies are the same as disclosed in the audited unconsolidated annual financial statements of the Company for the year ended 30 June 2013 except for the guarantees and commitments as disclosed below:

	Unaudited 31 December 2013	Audited 30 June 2013
	(Rupees'000)	
Guarantees	**128,186**	128,736
Commitments		
Commitments for capital expenditure	**44,616**	65,757

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
	Unaudited 31 December 2013 - Rupees in '000			
Carrying value at beginning of the period	**22,777,896**	**28,595**	**180,557**	**22,987,048**
Additions during the period	**131,443**	**-**	**271,315**	**402,758**
Transfer from capital work in progress	**72,089**	**-**	**(72,089)**	**-**
Carrying amount of assets transferred upon amalgamation of MIPL	**381,765**	**-**	**-**	**381,765**
Disposals / transfer during the period	**(3,005)**	**-**	**-**	**(3,005)**
Depreciation charge for the period	**(161,172)**	**(2,079)**	**-**	**(163,251)**
Carrying value at end of the period	**23,199,016**	**26,516**	**379,783**	**23,605,315**
	Audited 30 June 2013 - Rupees in '000			
Carrying value at beginning of the year	22,320,922	30,987	155,456	22,507,365
Additions during the year	587,325	2,210	168,830	758,365
Transfer from capital work in progress	143,729	-	(143,729)	-
Disposals / transfer during the year	(35,486)	-	-	(35,486)
Depreciation charge for the year	(238,594)	(4,602)	-	(243,196)
Carrying value at end of the year	22,777,896	28,595	180,557	22,987,048

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,008.48 million (30 June 2013: Rs. 1,005.98 million). Advance for purcahse of land includes amount paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Company being aggrieved and dissatisfied with this impugned judgment for dismissal of its Constitution Petition has filed an Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Company will be able to recover the purchase consideration and land regularization fee paid to the Land Regularization Department.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

	Note	Unaudited 31 December 2013	Audited 30 June 2013
11. LONG TERM INVESTMENTS		(Rupees'000)	
Balance at beginning of the period / year		**781,635**	1,315,377
Investment made during the period / year	**11.1**	**14,767**	125,580
Transferred to non-current asset held for sale		**-**	(586,403)
Impairment loss recognised during the period / year	**11.2**	**(36,762)**	(72,919)
Merger of subsidiary company during the period	**11.3**	**(480,280)**	-
		279,360	781,635

11.1 This represents investment made in wholly owned subsidiary company M/s Pearl Tours and Travels (Private) Limited against issuance of 1,476,700 ordinary shares of Rs. 10 each.

11.2 During the period, the Company has recognised impairment of Rs. 36.76 million (31 December 2012: Nil) against its investment in Hotel One (Private) Limited.

11.3 As explained in note 1.1, pursuant to the approval of the Scheme of Amalgamation by the Islamabad High Court, all assets and liabilities of MIPL have been transferred to the Company effective 26 September 2013. Accordingly the cost of the Company's investment in MIPL has been eliminated against net assets of MIPL as at 26 September 2013 and the residual amount has been recognised in retained earnings.

12. ADVANCES

This mainly includes short term advance of Rs. 500 million (30 June 2013: Rs. 500 million) extended to an associated company M/s Hashwani Hotels Limited carrying markup rate of 1- year KIBOR plus 3% (30 June 2013: 1- year KIBOR plus 3%) per annum and secured against ranking charge on Karachi Marriott Hotel.

13. OTHER FINANCIAL ASSETS

This represents investment in shares of listed companies classified as financial assets at fair value through profit or loss - held for trading which mainly includes investment in shares of an associated company having carrying value of Rs. 724.5 million (30 June 2013: Rs. 621 million).

14. NON CURRENT ASSETS HELD FOR SALE

This represents 98,000 shares in Hashoo Group Limited - British Virgin Island. The Company intends to sell these shares and has received an offer for purchase for total consideration of USD 5.99 million.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

		Unaudited		Unaudited	
		Three months ended 31 December		Six months ended 31 December	
		2013	2012	**2013**	2012
15.	**SALES AND SERVICES - net**	(Rupees'000)			
	Rooms	**1,006,911**	880,506	**1,852,066**	1,611,681
	Food and beverages	**1,133,073**	1,026,061	**2,102,118**	1,929,421
	Other related services	**140,795**	138,151	**275,588**	257,033
	Shop license fees	**5,854**	2,843	**11,026**	4,562
		2,286,633	2,047,561	**4,240,798**	3,802,697
	Discounts and commissions	**(36,448)**	(29,928)	**(69,622)**	(57,122)
	Sales tax	**(321,138)**	(289,809)	**(593,378)**	(532,069)
		1,929,047	1,727,824	**3,577,798**	3,213,506
16.	**COST OF SALES AND SERVICES**				
	Food and beverages				
	Opening balance	**103,273**	81,408	**80,533**	65,589
	Purchases during the period	**332,738**	302,599	**666,525**	595,684
	Closing balance	**(91,651)**	(76,950)	**(91,651)**	(76,950)
	Consumption during the period	**344,360**	307,057	**655,407**	584,323
	Direct expenses				
	Salaries, wages and benefits	**240,691**	198,459	**487,477**	415,992
	Heat, light and power	**179,248**	141,830	**418,546**	368,391
	Repairs and maintenance	**49,167**	88,833	**119,916**	148,963
	Depreciation	**77,848**	57,709	**146,926**	118,828
	Guest supplies	**48,629**	40,934	**97,175**	80,334
	Linen, china and glassware	**29,301**	26,377	**56,766**	51,732
	Communication and other related services	**16,156**	13,914	**32,830**	27,857
	Banquet and decoration	**12,796**	16,133	**27,761**	26,265
	Transportation	**13,230**	9,434	**22,916**	15,528
	Uniforms	**6,648**	5,487	**12,377**	10,963
	Music and entertainment	**2,694**	1,520	**5,043**	3,308
	Others	**2,349**	441	**5,628**	4,184
		1,023,117	908,128	**2,088,768**	1,856,668
17.	**EARNINGS PER SHARE**				
	Profit for the period (Rupees '000)	**310,286**	302,896	**490,437**	511,292
	Weighted average number of ordinary shares (Numbers)	**32,524,170**	32,524,170	**32,524,170**	32,524,170
	Earnings per share - basic (Rupees)	**9.54**	9.31	**15.08**	15.72

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

	Unaudited Six months ended 31 December	
	2013	2012
	(Rupees'000)	
18. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	**650,336**	708,633
Adjustments for non-cash items:		
Depreciation	**163,251**	135,640
Gain on disposal of property, plant and equipment	**(4,398)**	(5,995)
Gain on disposal of non current assets held for sale	**-**	(1,545)
Provision for staff retirement benefit - gratuity	**29,600**	27,520
Provision for compensated leave absences	**15,657**	10,217
Provision for doubtful debts	**18,295**	14,898
Return on bank deposits	**(6,299)**	(3,984)
Interest on short term advance to related party	**(32,531)**	(38,766)
Finance cost	**64,930**	87,992
Dividend income	**(488)**	(113)
Impairment on long term investments recording during the period	**36,762**	-
Unrealised gain on remeasurement of investments to fair value - net	**(105,959)**	(119,208)
	829,156	815,289

	Unaudited 31 December 2013	Unaudited 31 December 2012
	(Rupees'000)	
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	**90,008**	89,471
Running finance	**(229,037)**	(170,049)
	(139,029)	(80,578)

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and staff retirement fund of the Company. Balances with related parties are disclosed in note 6, 12 and 13 to the condensed unconsolidated financial information. Other balances and transactions with related parties are as follows:

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

	Unaudited	
	Six months ended 31 December	
	2013	2012
	(Rupees'000)	
Transactions and balances with subsidiary companies		
Sales	**786**	783
Services provided	**2,071**	1,277
Services availed	**23,632**	20,528
Advances	**35,000**	-
Advance for equity investment	**-**	12,500
Investment made during the period	**14,767**	113,080
Balances at the period end:		
- Trade debts	**2,440**	* 1,754
- Investments	**68,227**	* 533,740
Transactions and balances with associated undertakings		
Sales	**565**	705
Services provided	**407**	1,384
Services availed	**53,197**	45,271
Purchases	**72,793**	74,674
Purchase of air tickets	**12,293**	10,489
Franchise fee - income	**1,027**	1,150
Franchise and management fee - (expense)	**4,056**	4,008
Purchase of property, plant and equipment	**5,815**	10,215
Advance for purchase of land	**-**	53,788
Contribution to defined contribution plan	**12,895**	11,460
Donation	**-**	10,000
Interest on short term advance	**32,531**	38,766
Balances at the period end:		
- Trade debts	**11,142**	* 9,852
- Investments	**211,133**	* 247,895
- Advance for capital expenditure	**626,820**	* 626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	**44,610**	22,369
Personal guarantees to Banks against the Company's borrowings (Note 4 & 5)		

* Audited balance as at 30 June 2013.

21. DATE OF APPROVAL

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in its meeting held on 11 February 2014.

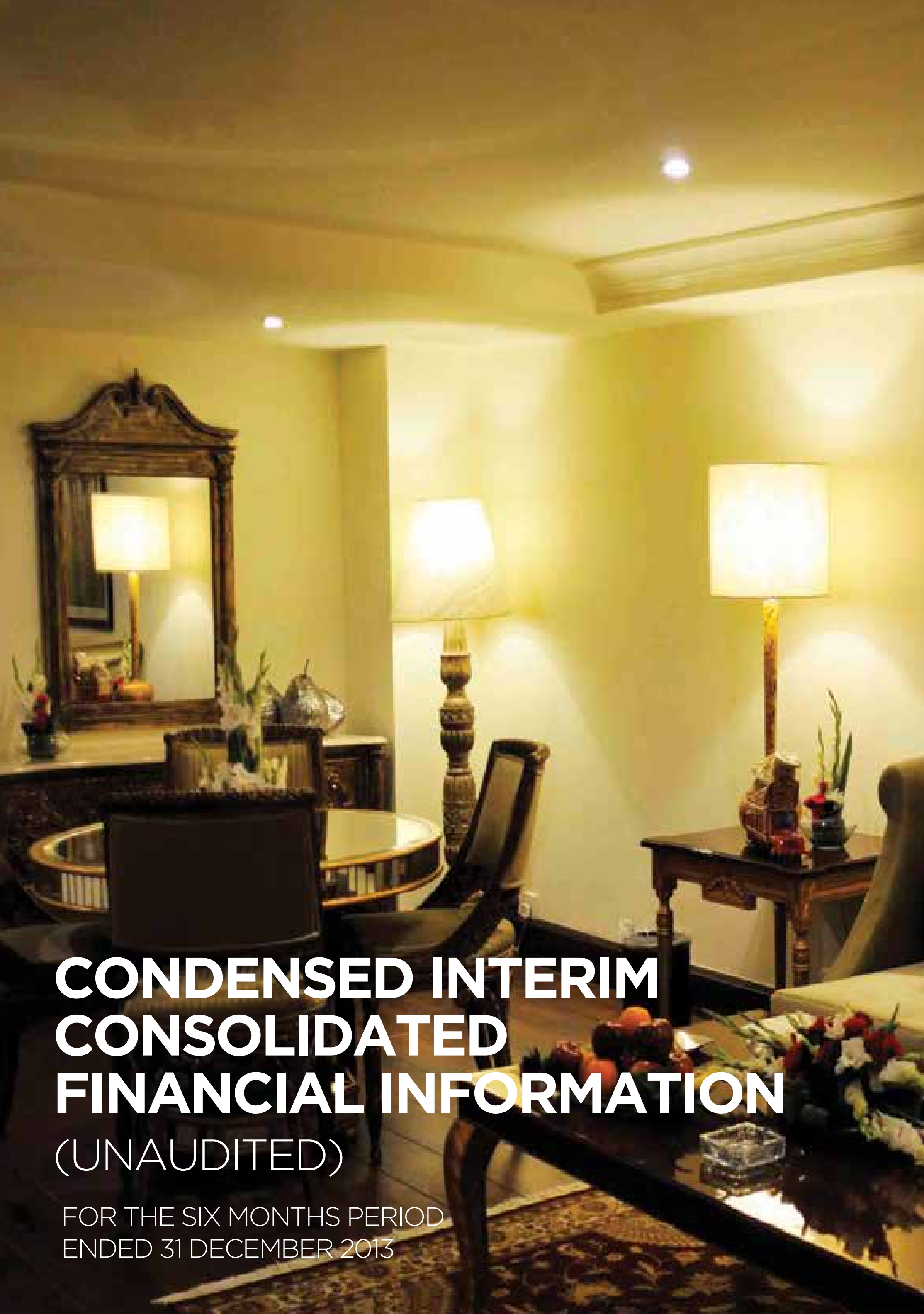
STATEMENT UNDER SECTION 241 (2) OF THE COMPANIES ORDINANCE, 1984

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.

Bawany

M. A. Bawany
Director

Muhammad Rafique
Director



CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2013

PEARL CONTINENTAL - LAHORE

Condensed Interim Consolidated Balance Sheet
As at 31 December 2013

	Note	Unaudited 31 December 2013	Audited 30 June 2013 Restated
		(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
50,000,000 (30 June 2013: 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		**2,585,859**	2,574,085
Unappropriated profit		**2,795,713**	2,328,099
		5,706,814	5,227,426
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		**19,988,725**	19,988,725
NON CURRENT LIABILITIES			
Long term financing - secured	4	**233,334**	350,000
Liabilities against assets subject to finance lease - secured	5	**23,322**	16,651
Deferred liabilities		**482,324**	373,036
		738,980	739,687
CURRENT LIABILITIES			
Trade and other payables	6	**1,490,417**	1,457,944
Markup accrued		**23,221**	20,689
Short term borrowings - secured	7	**229,037**	75,395
Current portion of long term financing and liabilities against assets subject to finance lease		**253,685**	243,081
		1,996,360	1,797,109
		28,430,879	27,752,947
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 to 19 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.

	Note	Unaudited 31 December 2013	Audited 30 June 2013
		(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	9	**23,722,701**	23,449,336
Advance for capital expenditure	10	**1,066,297**	1,099,645
Investment property		**47,000**	47,000
Long term investments		**938,409**	859,751
Long term deposits and prepayments		**61,451**	35,049
		25,835,858	25,490,781
CURRENT ASSETS			
Stores, spare parts and loose tools		**132,191**	129,770
Stock in trade - food and beverages		**91,651**	80,533
Trade debts		**748,054**	570,770
Advances	11	**661,109**	590,273
Trade deposits and prepayments		**98,798**	77,970
Interest accrued		**39,983**	7,202
Other receivables		**32,146**	28,794
Other financial assets		**35,919**	32,652
Non current assets held for sale	12	**629,148**	597,203
Advance tax - net		**27,840**	17,726
Cash and bank balances		**98,182**	129,273
		2,595,021	2,262,166
		28,430,879	27,752,947

M. A. Bawany
Director

Muhammad Rafique
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)
For the six months period ended 31 December 2013

	Note	Three months ended 31 December 2013	Three months ended 31 December 2012	Six months ended 31 December 2013	Six months ended 31 December 2012
		(Rupees'000)			
Sales and services - net	13	**1,951,714**	1,754,220	**3,618,907**	3,263,072
Cost of sales and services	14	**(1,049,764)**	(933,879)	**(2,146,606)**	(1,909,469)
Gross profit		**901,950**	820,341	**1,472,301**	1,353,603
Administrative expenses		**(484,014)**	(422,956)	**(933,261)**	(791,765)
Finance cost		**(34,949)**	(46,280)	**(65,719)**	(88,152)
Other income		**54,752**	63,325	**183,086**	173,760
Other expenses	15	**(27,617)**	-	**(27,617)**	-
		410,122	414,430	**628,790**	647,446
Share of gain / (loss) in equity accounted investments-net		**21,487**	(115,843)	**35,967**	(98,825)
Profit before taxation		**431,609**	298,587	**664,757**	548,621
Taxation		**(88,215)**	(146,559)	**(163,498)**	(206,616)
Profit for the period		**343,394**	152,028	**501,259**	342,005

The annexed notes 1 to 19 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 2013

	Three months ended 31 December		Six months ended 31 December	
	2013	2012	**2013**	2012
	(Rupees'000)			
Profit for the period	**343,394**	152,028	**501,259**	342,005
Other comprehensive income for the period				
Experience adjustments on defined benefit obligation (Note 3.1)	**(50,978)**	-	**(50,978)**	-
Exchange gain on translation of long term investments in equity accounted investees	**3,479**	52,300	**6,958**	60,219
Surplus on remeasurement of available for sale securities	**3,591**	1,700	**7,182**	3,400
Deferred tax on other comprehensive income	**16,150**	(18,305)	**14,967**	(21,077)
Other comprehensive income for the period	**(27,758)**	35,695	**(21,871)**	42,542
Total comprehensive income for the period	**315,636**	187,723	**479,388**	384,547

The annexed notes 1 to 19 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 Cash Flow Statement (Unaudited)
For the six months period ended 31 December 2013

	Note	Six months ended 31 December 2013	2012
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	16	**827,877**	820,683
Working capital changes			
Increase in current assets			
Stores, spare parts and loose tools		**(2,421)**	(10,116)
Stock in trade - food and beverages		**(11,118)**	(12,913)
Trade debts		**(195,579)**	(191,983)
Advances		**(70,836)**	(53,056)
Trade deposits and prepayments		**(20,828)**	1,150
Other receivables		**(3,352)**	(2,071)
Increase in current liabilities			
Trade and other payables		**32,473**	102,203
Cash used in operations		**(271,661)**	(166,786)
Staff retirement benefit - gratuity paid		**(8,350)**	(13,988)
Compensated leave absences paid		**(14,349)**	(12,172)
Income tax paid		**(122,893)**	(153,397)
Finance cost paid		**(63,187)**	(88,036)
Net cash generated from operating activities		**347,437**	386,304
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(383,815)**	(111,503)
Advance for capital expenditure		**(18,956)**	(370,350)
Proceeds from disposal of property, plant and equipment		**14,084**	12,493
Proceeds from disposal of non current assets held for sale		**-**	57,500
Purchase of other financial assets		**(808)**	(695)
Dividend income received		**488**	113
Receipts of return on bank deposits and term deposits receipts		**7,703**	4,308
Long term deposits		**(26,402)**	(4,484)
Net cash used in investing activities		**(407,706)**	(412,618)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(116,666)**	(100,000)
Repayment of liabilities against assets subject to finance lease		**(7,798)**	(15,735)
Net cash used in financing activities		**(124,464)**	(115,735)
Net decrease in cash and cash equivalents		**(184,733)**	(142,049)
Cash and cash equivalents at beginning of the period		**53,878**	76,854
Cash and cash equivalents at end of the period	17	**(130,855)**	(65,195)

The annexed notes 1 to 19 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 2013

	Share capital	Capital reserve		Revenue reserves			Unappropriated profit	Total equity
		Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Surplus on remeasurement of available for sale securities		
	(Rupees'000)							
Balance at 01 July 2012 - as previously reported	325,242	269,424	147,221	1,600,000	409,384	80,049	1,850,057	4,681,377
Effect of change in accounting policy (Note 3.1)	-	-	-	-	-	-	6,409	6,409
Balance at 01 July 2012 - as restated	325,242	269,424	147,221	1,600,000	409,384	80,049	1,856,466	4,687,786
Changes in equity for the period ended 31 December 2012								
Total comprehensive income for the period								
Profit for the period - as previously reported	-	-	-	-	-	-	345,405	345,405
Other comprehensive income for the period	-	-	-	-	39,142	3,400	(3,400)	39,142
Total comprehensive income for the period	-	-	-	-	39,142	3,400	342,005	384,547
Balance at 31 December 2012 - Restated	325,242	269,424	147,221	1,600,000	448,526	83,449	2,198,471	5,072,333
Balance at 01 July 2013 - as previously reported	325,242	269,424	147,221	1,600,000	463,027	94,413	2,321,690	5,221,017
Effect of change in accounting policy (Note 3.1)	-	-	-	-	-	-	6,409	6,409
Balance at 01 July 2013 - as restated	325,242	269,424	147,221	1,600,000	463,027	94,413	2,328,099	5,227,426
Changes in equity for the period ended 31 December 2013								
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	501,259	501,259
Other comprehensive income for the period	-	-	-	-	4,592	7,182	(33,645)	(21,871)
Total comprehensive income for the period	-	-	-	-	4,592	7,182	467,614	479,388
Balance at 31 December 2013	325,242	269,424	147,221	1,600,000	467,619	101,595	2,795,713	5,706,814

The annexed notes 1 to 19 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.

Bawany
M. A. Bawany
Director

Muhammad Rafique
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

1. THE GROUP AND ITS OPERATIONS

Pakistan Services Limited ("the Parent Company") was incorporated on 6th December 1958 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange. The Parent Company is principally engaged in the hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu & Kashmir. The Parent Company also owns one small sized property in Lahore operating under the budget hotel concept. The Parent Company's registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, 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%

Consequent to the approval of Honourable High Court of Islamabad, effective 26 September 2013 M/s. Musafa International (Private) Limited has been merged into the Parent Company and necessary accounting adjustments have been incorporated in these financial information.

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 2013 has been prepared in accordance with the requirements of the 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 this condensed interim consolidated financial information do not include the information that reported for annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2013. Comparative consolidated balance sheet is extracted from the annual audited consolidated financial statements for the year ended 30 June 2013, 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 2012.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

This condensed interim consolidated financial information is unaudited and being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange Limited.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim consolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited consolidated financial statements for the year ended 30 June 2013, except the following:

3.1 IAS 19 (as revised in June 2011) "Employees Benefits" became effective during the period. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The Company has applied IAS 19 (as revised in June 2011) retrospectively in accordance with requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, opening balance sheet of the earliest comparative period presented (01 July 2012) has been restated. This change has resulted in decrease in the balance of deferred liabilities - staff retirement benefit (gratuity) and deferred tax liability by amounts mentioned below with corresponding effect on equity. The effect on the condensed interim statement of comprehensive income for the six months period ended 31 December 2012 has not been disclosed separately since the actuarial valuation is carried out on annual basis. However, there is no impact of this change in accounting policy on condensed interim profit and loss account and condensed interim cash flow statement.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

Effect due to change in accounting policy is given below:

	30 June 2013	01 July 2012
	(Rupees '000)	
Present value of defined benefit obligation - as previously reported	291,048	267,918
Effect of change in accounting policy	(9,711)	(9,711)
Present value of defined benefit obligation - as restated	281,337	258,207
Deferred tax liability - as previously reported	2,506	215,106
Effect of change in accounting policy	3,302	3,302
Deferred tax liability - as restated	5,808	218,408
Net effect of change in accounting policy on equity recognized in unappropriated profit	6,409	6,409

This change has also resulted in recognition of experience adjustments on defined benefit obligation amounting to Rs. 33.64 million , net of tax in other comprehensive income for the six months period ended 31 December 2013.

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014 and are not expected to have any significant effect on condensed interim consolidated financial information of the Group:

- IFRIC 21 'Levies' (effective 01 January 2014)
- IAS 32 'Financial Instruments: Presentation' (effective 01 January 2014)
- IAS 36 'Impairment of Assets' (effective 01 January 2014)
- IAS 39 'Financial Instruments: Recognition and Measurement' (effective 01 January 2014)
- IAS 19 'Employee Benefits' (effective 01 July 2014)
- IAS 27 'Consolidated and Separate Financial Statements' (effective 01 January 2014)

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 1 July 2014:

- IFRS 2 'Share-based Payment'
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, plant and equipment
- IAS 24 Related Party Disclosure
- IAS 40 Investment Property

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

	Unaudited 31 December 2013	Audited 30 June 2013
4. LONG TERM FINANCING - secured	**(Rupees'000)**	
From banking companies	**466,667**	583,333
Current portion	**(233,333)**	(233,333)
	233,334	350,000

The markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the audited consolidated financial statements of the Parent Company for the year ended 30 June 2013. During the period total borrowings of Rs. 116.67 million were repaid by the Parent Company.

	Unaudited 31 December 2013	Audited 30 June 2013
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured	**(Rupees'000)**	
Present value of minimum lease payments		
Balance at beginning of the period/ year	**26,399**	38,952
Additions during the period	**25,073**	-
Repayments made during the period/ year	**(7,798)**	(12,553)
	43,674	26,399
Current portion	**(20,352)**	(9,748)
	23,322	16,651

The markup rates, facility limits and securities offered for these lease finance arrangements are the same as disclosed in the audited consolidated financial statements of the group for the year ended 30 June 2013 except the following:

- during the period the group availed a fresh lease finance facility of Rs. 25.073 million (30 June 2013: Nil) out of total limit of Rs. 50 million. The facility carries markup equal to 6- month KIBOR plus 1.45% per annum (30 June 2013: Nil) and secured by way of ownership of leased vehicles.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

	Unaudited 31 December 2013	Audited 30 June 2013
6. TRADE AND OTHER PAYABLES	(Rupees'000)	
Creditors	**301,545**	271,020
Accrued liabilities	**468,249**	460,522
Advances from customers	**231,606**	189,219
Due to related parties - unsecured	**14,118**	69,281
Sales tax - net	**103,981**	140,606
Bed tax	**79,757**	81,518
Un-earned income	**119,830**	116,733
Others	**171,331**	129,045
	1,490,417	1,457,944

7. SHORT TERM BORROWINGS - secured

Running finance from banking companies	**229,037**	75,395

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited consolidated financial statements of the Parent Company for the year ended 30 June 2013 except the following:

During the period the Parent Company availed an additional short term running finance facility of Rs. 350 million (31 December 2012: Nil) from a scheduled bank. This facility carries mark-up of 3- month KIBOR plus 1.5% per annum. The charge on existing facilities from the bank has been enhanced to cover this additional facility.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Contingencies are the same as disclosed in the audited consolidated annual financial statements of the group for the year ended 30 June 2013, except for the guarantees and commitments as disclosed below:

	Unaudited 31 December 2013	Audited 30 June 2013
	(Rupees'000)	
8.1.1 Guarantees	**128,187**	128,737
8.2 Commitments		
Commitments for capital expenditure	**44,616**	65,757

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
	Unaudited 31 December 2013 - Rupees '000			
Carrying value at beginning of the period	**23,236,914**	**31,865**	**180,557**	**23,449,336**
Additions during the period	**546,391**	**25,253**	**271,315**	**842,959**
Transfer from CWIP/ leased assets	**75,236**	**(3,147)**	**(72,089)**	**-**
Carrying amount of assets transferred upon amalgamation of MIPL	**(381,765)**	**-**	**-**	**(381,765)**
Disposals/ transfer during the period	**(7,272)**	**-**	**-**	**(7,272)**
Depreciation charge for the period	**(177,318)**	**(3,239)**	**-**	**(180,557)**
Carrying value at end of the period	**23,292,186**	**50,732**	**379,783**	**23,722,701**
	Audited 30 June 2013 - Rupees '000			
Carrying value at beginning of the year	22,800,818	60,083	155,456	23,016,357
Additions during the year	598,177	2,210	168,830	769,217
Transfer from CWIP/ leased assets	168,347	(24,618)	(143,729)	-
Disposals/ transfer during the year	(37,215)	-	-	(37,215)
Depreciation charge for the year	(293,213)	(5,810)	-	(299,023)
Carrying value at end of the year	23,236,914	31,865	180,557	23,449,336

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,008.48 million (30 June 2013: Rs. 1,005.98 million). Advance for purchase of land includes amount paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Company being aggrieved and dissatisfied with this impugned judgment for dismissal of its Constitution Petition has filed an Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Company will be able to recover the purchase consideration and land regularization fee paid to the Land Regularization Department.

11. ADVANCES

This mainly includes short term advance of Rs. 500 million (30 June 2013: Rs. 500 million) extended to an associated company M/s Hashwani Hotels Limited carrying markup rate of 1- year KIBOR plus 3% (30 June 2013: 1- year KIBOR plus 3%) per annum and secured against ranking charge on Karachi Marriott Hotel.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

12. NON CURRENT ASSETS HELD FOR SALE

This represents 98,000 shares in Hashoo Group Limited - British Virgin Island. The Parent Company intends to sell these shares and has received an offer for purchase for total consideration of USD 5.99 million.

13. SALES AND SERVICES - net

	Unaudited		Unaudited	
	Three months ended 31 December		Six months ended 31 December	
	2013	2012	**2013**	2012
	(Rupees'000)			
Rooms	**1,007,199**	880,027	**1,851,300**	1,610,404
Food and beverages	**1,132,645**	1,025,650	**2,101,332**	1,928,638
Other related services	**138,036**	139,342	**273,631**	264,363
Vehicles rental	**22,786**	25,065	**40,808**	42,698
Parking fee	**2,780**	1,030	**3,810**	1,598
Shop license fees	**5,854**	2,843	**11,026**	4,562
	2,309,300	2,073,957	**4,281,907**	3,852,263
Discounts and commissions	**(36,448)**	(29,928)	**(69,622)**	(57,122)
Sales tax	**(321,138)**	(289,809)	**(593,378)**	(532,069)
	1,951,714	1,754,220	**3,618,907**	3,263,072

14. COST OF SALES AND SERVICES

Food and beverages				
Opening balance	**103,273**	81,408	**80,533**	65,589
Purchases during the period	**332,310**	302,188	**665,739**	594,901
Closing balance	**(91,651)**	(76,950)	**(91,651)**	(76,950)
Consumption during the period	**343,932**	306,646	**654,621**	583,540
Direct expenses				
Salaries, wages and benefits	**252,990**	199,320	**509,862**	417,763
Heat, light and power	**179,248**	144,094	**418,846**	370,655
Repairs and maintenance	**49,943**	89,423	**121,204**	149,973
Depreciation	**81,573**	71,314	**163,530**	146,345
Guest supplies	**48,629**	40,934	**97,175**	80,334
Linen, china and glassware	**29,301**	26,377	**56,766**	51,732
Communication and other related services	**16,156**	13,933	**32,847**	27,889
Banquet and decoration	**12,796**	16,133	**27,761**	26,265
Transportation	**7,104**	3,573	**10,538**	8,971
Uniforms	**6,648**	5,487	**12,377**	10,963
Music and entertainment	**2,694**	1,533	**5,043**	3,339
Insurance	**1,022**	976	**2,063**	1,959
Vehicle operating expense	**11,554**	12,037	**21,966**	22,718
Vehicle rental and registration charges	**3,543**	464	**5,506**	751
Hotel bookings	**346**	325	**416**	398
Others	**2,285**	1,310	**6,085**	5,874
	1,049,764	933,879	**2,146,606**	1,909,469

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

15. OTHER EXPENSES

During the period, the Parent Company has recorded an impairment loss of Rs. 27.617 million against its investment in M/s. Hotel One (Private) Limited.

16. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Unaudited Six months ended 31 December 2013	2012
	(Rupees'000)	
Profit before taxation	**664,757**	548,621
Adjustments for non-cash items:		
Depreciation	**180,557**	163,688
Gain on disposal of property, plant and equipment	**(6,813)**	(6,826)
Gain on disposal of non current assets held for sale	**-**	(1,545)
Provision for staff retirement benefit - gratuity	**29,600**	27,520
Provision for compensated leave absences	**15,657**	10,217
Provision for doubtful debts	**18,295**	14,898
Return on bank deposits and term deposits receipts	**(7,953)**	(5,342)
Interest on short term advance to related party	**(32,531)**	(38,766)
Share of profit/ (loss) in equity accounted investments	**(35,967)**	105,632
Finance cost	**65,719**	88,152
Dividend income	**(488)**	(113)
Unrealised gain on remeasurement of investments to fair value - net	**(2,459)**	(1,218)
Impairment on long term investments recording during the period	**27,617**	-
Reversal of impairment loss on investment in associated companies	**(88,114)**	(84,235)
	827,877	820,683

17. CASH AND CASH EQUIVALENTS

	Unaudited 31 December 2013	Unaudited 31 December 2012
	(Rupees'000)	
Cash and bank balances	**98,182**	104,854
Running finance	**(229,037)**	(170,049)
	(130,855)	(65,195)

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and staff retirement fund of the group. Balances with related parties are disclosed in note 6 and 11 to the condensed consolidated financial information. Other balances and transactions with related parties are as follows:

	Unaudited	
	Six months ended 31 December	
	2013	2012
Transactions and balances with associated undertakings	(Rupees'000)	
Sales	**565**	705
Services provided	**5,939**	7,843
Services availed	**53,344**	46,574
Purchases	**73,501**	74,806
Purchase of air tickets	**12,343**	15,182
Franchise fee - income	**1,027**	1,150
Franchise and management fee - (expense)	**4,056**	4,008
Purchase of property, plant and equipment	**5,815**	10,215
Advance for purchase of land	**-**	53,788
Contribution to the defined contribution plan	**12,895**	11,460
Donation	**-**	10,000
Interest on short term advance	**32,531**	38,766
Balances at the period end:		
- Trade debts	**15,306**	* 11,952
- Investments	**938,409**	* 859,751
- Advance for capital expenditure	**626,820**	*626,820
Transactions with the key management personnel		
Remuneration and allowances including staff retirement benefits	**44,610**	22,369
Personal guarantees to Banks against the group's borrowings (Note 4 & 5)		

* Audited balance as at 30 June 2013.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)
For the six months period ended 31 December 2013

19. DATE OF APPROVAL

This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in its meeting held on 11 February 2014.

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

Pearl-Continental
KARACHI

PEARL CONTINENTAL CAR PARK

FOR CONVENIENT PARKING

The Pearl Continental Car Park features parking area allocated for about 1000 vehicles, adjacent to the Pearl Continental Karachi. Self-service parking payment kiosk at the entrance of the hotel. The parking facility is also open for the general public.

For special daily, weekly and monthly deals/packages Please Call

021-111-505-505

PEARL CONTINENTAL - RAWALPINDI

PAKISTAN SERVICES LTD.

1st floor, NESPAK House, Sector G-5/2, Islamabad
Tel: +92-51-2272890-8, Fax: +92-51-2878636
Email: psl@hashoogroup.com

OWNERS AND OPERATORS OF

Pearl-Continental
HOTELS & RESORTS

KARACHI
Tel: +92 21-111-505-505
Fax: +92 21-35681835
E-mail: pchk@hashoogroup.com

LAHORE
Tel: +92 42-111-505-505
Fax: +92 42-36362760
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 5822 438000-14
Fax: +92 5822 438046
E-mail: pchm@hashoogroup.com