



3rd Floor, Saudi Pak Tower, 61/A
Jinnah Avenue, Islamabad.

Owners and operators of



Pearl-Continental
HOTELS & RESORTS

KARACHI*

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LAHORE

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Fax: +92 42-6362760
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MUZAFFARABAD

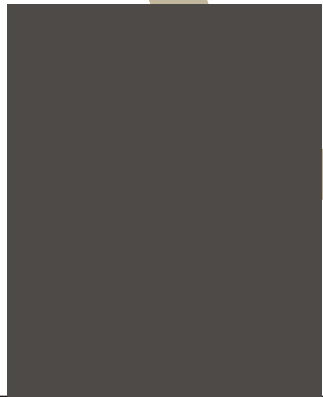
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A member of
The Leading Hotels of the World®



Pearl-Continental
HOTELS & RESORTS

**CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)**
for the six months period ended December 31, 2009





Vision

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

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, 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 1,480 rooms with registered office in Islamabad, Pakistan.

BOARD OF DIRECTORS

| | |
|------------------------|----------|
| Mr. Sadruddin Hashwani | Chairman |
| Mr. Murtaza Hashwani | CEO |
| Ms. Shazia Hashwani | |
| Ms. Sarah Hashwani | |
| Mr. Shiraz Noordin | |
| Syed Sajid Ali | |
| Mr. M. A. Bawany | |
| Mr. Masood Hashim | |
| Mr. Muhammad Rafique | |

AUDIT COMMITTEE

Mr. Sadruddin Hashwani
Ms. Sarah Hashwani
Mr. Shiraz Noordin
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. Shiraz Noordin
Mr. M. A. Bawany

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

Allied Bank Limited
Habib Bank Limited
KASB Bank Limited
mybank Limited
NIB Bank Limited
National Bank of Pakistan
Silkbank Limited
The Bank of Khyber
United Bank Limited

REGISTERED OFFICE

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<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.

Directors' report

Dear Members

The Board of Directors of Pakistan Services Limited feels pleasure in presenting the unaudited condensed interim financial information of the Company along with statutory auditors' limited scope review report thereon, as required under the Code of Corporate Governance. The unaudited condensed interim consolidated financial information of the Company for the six months period ended December 31, 2009 is also enclosed with this report.

Overview

The economic downturn with global recession that started last year is still having its impact on the economies of the world. The business environment of Pakistan continued its down-hill move with deteriorating security situation in the country in the wake of increasing terrorist attacks. So Pakistan is victim of two: recession as well as terrorism. An end to the adverse conditions is still not in sight.

The hospitality industry in Pakistan, which in normal circumstances plays the role of promoter of economic activities and also gains in the process, is at the forefront of facing the ill-effects of poor health of the national economy. With marginal business activity and fear in the minds of people to venture out, hotel occupancy is wearing thin. Our Pearl Continental Hotel, Peshawar remained out of operation throughout the preceding six months period since the unfortunate terrorist attack of June 09, 2009 on the hotel. Despite the grave challenge, the management of your Company succeeded in partially reopening the Pearl Continental Hotel Peshawar on January 01, 2010 which required untiring team work of the staff.

In the background of the grim business scenario in Pakistan, the total revenues earned by your Company for the six months period ended December 31, 2009 lagged behind that of the corresponding period of last year. As the room occupancy is dwindling, the Average Daily Room Rate (ADRR) has to be reduced to make-up for the lost customer base. We are facing a situation of competing demands to stay in the race. Even under conditions of very stiff competition and the need to continuously enhance the security systems of the property which also have heavy financial implications, your Company managed to achieve fairly reasonable results from operational standpoint.

The total revenue in the reviewing period registered a decrease of Rs.465 million but the cost & operational efficiency enabled us to achieve profit (before tax and gain/ loss on re-measurement of listed securities) of Rs.160 million as compared to that of Rs.187 million of the comparative period. The upswing of the stock market also paved the way further for the Company to record unrealized gain of Rs.39 million during the period under review as against unrealized loss of Rs.361 million recorded in the corresponding period of last year. This twin impact brought the bottom-line relatively at higher level and your Company was able to record profit after tax of Rs.142 million during the period under report as against loss after tax of Rs.253 million reported in corresponding period of last year.

Glimpse of Performance:

| | Six months ended December 31, | |
|------------------------------------|--------------------------------------|------------------|
| | 2009 | 2008 |
| | (Rupees'000) | |
| Sales and services-net | <u>1,934,059</u> | <u>2,399,354</u> |
| Gross profit | <u>585,318</u> | <u>748,620</u> |
| Profit/(loss) before taxation | <u>198,495</u> | <u>(173,775)</u> |
| Profit/(loss) after taxation | <u>142,040</u> | <u>(252,676)</u> |
| Earnings/(loss) per share (Rupees) | <u>4.37</u> | <u>(7.77)</u> |

Rooms Revenue

During the six months period under report, Rooms Revenue was recorded (exclusive of GST) at Rs.800 million as against that of Rs.1,121 million of the last year, registering a decline by Rs.321 million because of the room-occupancy ratio of the preceding period at 49 percent went down to 45 percent in the period under report. In order to continue to operate in the competitive market, your Company had to compromise on ADRR, which declined from Rs.8,697 of the corresponding period of year 2008-09 to Rs.7,222 in the period under report.

Food & Beverage Revenue

Food & Beverages Revenue during the six months period under report was recorded (exclusive of GST) at Rs.1,054 million as against Rs.1,158 million earned in the corresponding period of last year, resulted in drop of Rs.104 million.

Other Related Services, Shop License Fee & Tour Division

Business from this segment for the six months period under review was recorded (exclusive of GST) at Rs.80 million as against Rs.121 million achieved in the corresponding period of last year. Decrease of revenue under this head was mainly due to lower occupancy-ratio.

Future Prospects

The global economy is showing signs of recovery. This fact combined with the world attention on Pakistan as the front-line state fighting terrorism and the help it is receiving from world community towards that effort gives us a hopeful picture of future of the hotel business in the country. The rebuilding of the destroyed portion of the Pearl Continental Hotel, Peshawar is underway with the underlying scheme of progressively opening more guestrooms of the property; and the project of completion of 50 new rooms in the Pearl Continental Hotel, Lahore are other plus points leading to high spirits. The management of your Company is determined to spare no effort in combating the ill-effects of unfavourable business environment.

Consolidated Results

The consolidated revenues of your Company for the six months period under report achieved was at Rs.1,982 million as against Rs.2,450 million recorded in the corresponding period of last year. It shows nearly Rs.468 million drop in the revenues during the six months period under report.

Acknowledgement

On behalf of the Board, I wish to express my profound appreciation to the entire team of the Company, our bankers, the valued guests, the worthy shareholders as well as all other stakeholders for their sustained confidence in the Company.

For and on behalf of the Board of Directors

Murtaza Hashwani
Chief Executive

Dubai: February 20, 2010

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Services Limited ("the Company") as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the six months period then ended. 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 the 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 as at and for the six months period ended December 31, 2009 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 periods ended December 31, 2009 and December 31, 2008 in the interim financial information have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2009.

Islamabad: February 20, 2010

KPMG TASEER HADI & Co.
Chartered Accountants
Engagement Partner: Riaz Akbar Ali Pesnani



PEARL-CONTINENTAL HOTEL, BHURBAN

**Condensed Interim
Financial Information (Unaudited)**
for the six months period ended December 31, 2009



Condensed interim balance sheet
as at December 31, 2009

| | Note | Unaudited December 31, 2009 (Rupees'000) | Audited June 30, 2009 |
|--|------|---|-----------------------------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 50,000,000 (June 30, 2009: 50,000,000) ordinary shares of Rs. 10 each | | <u>500,000</u> | <u>500,000</u> |
| Issued, subscribed and paid up share capital | | 325,242 | 325,242 |
| Reserves | | 1,869,424 | 1,869,424 |
| Unappropriated profit | | <u>303,704</u> | <u>161,664</u> |
| | | 2,498,370 | 2,356,330 |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | |
| | | 8,624,854 | 8,624,854 |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 4 | <u>72,000</u> | 108,000 |
| Long term deposits | | 81,877 | 82,813 |
| Deferred liabilities | | <u>381,751</u> | <u>399,588</u> |
| | | 535,628 | 590,401 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | <u>1,263,972</u> | <u>1,379,077</u> |
| Markup payable | | 179,814 | 173,528 |
| Short term borrowings | | 788,368 | 767,230 |
| Current portion of long term financing | | 72,000 | 72,000 |
| Provision for taxation | | <u>1,875</u> | <u>24,306</u> |
| | | 2,306,029 | 2,416,141 |
| | | <u>13,964,881</u> | <u>13,987,726</u> |

CONTINGENCIES AND COMMITMENTS

5

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

| | Note | Unaudited December 31, 2009 (Rupees'000) | Audited June 30, 2009 |
|-------------------------------------|------|---|-----------------------------|
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | <u>10,647,851</u> | 10,720,517 |
| Advance for capital expenditure | | 677,221 | 693,712 |
| Investment property | | 41,500 | 41,500 |
| Long term investments | | 1,065,455 | 1,065,455 |
| Advance for equity investment | 7 | 30,000 | - |
| Long term deposits | | <u>3,613</u> | <u>3,613</u> |
| | | 12,465,640 | 12,524,797 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | <u>81,871</u> | 86,567 |
| Stock in trade – food and beverages | | 42,036 | 42,867 |
| Trade debts | | 265,696 | 228,534 |
| Advances | | 104,123 | 98,626 |
| Trade deposits and prepayments | | 45,552 | 39,565 |
| Interest accrued | | 10,921 | 12,667 |
| Other receivables | | 67,108 | 116,096 |
| Other financial assets | | 805,159 | 766,398 |
| Cash and bank balances | | <u>76,775</u> | <u>71,609</u> |
| | | 1,499,241 | 1,462,929 |
| | | <u>13,964,881</u> | <u>13,987,726</u> |

Murtaza Hashwani
Chief Executive

M.A. Bawany
Director

Condensed interim profit and loss account/ statement of comprehensive income (unaudited) for the six months period ended December 31, 2009

| | Note | Three months ended December 31, | | Six months ended December 31, | |
|---|------|------------------------------------|-----------|----------------------------------|-------------|
| | | 2009 | 2008 | 2009 | 2008 |
| (Rupees'000) | | | | | |
| Sales and services-net | 8 | 988,183 | 1,157,330 | 1,934,059 | 2,399,354 |
| Cost of sales and services | 9 | (660,817) | (805,159) | (1,348,741) | (1,650,734) |
| Gross profit | | 327,366 | 352,171 | 585,318 | 748,620 |
| Administrative expenses | | (238,523) | (288,431) | (469,079) | (529,465) |
| Other operating expenses | | - | (58,796) | - | (360,562) |
| Finance cost | | (43,438) | (59,908) | (84,897) | (106,007) |
| Other operating income | | 83,791 | 33,849 | 167,153 | 73,639 |
| Profit/ (loss) before taxation | | 129,196 | (21,115) | 198,495 | (173,775) |
| Taxation | | (39,075) | (29,635) | (56,455) | (78,901) |
| Profit/ (loss) for the period | | 90,121 | (50,750) | 142,040 | (252,676) |
| Earnings/ (loss) per share - basic and diluted (Rupees) | 10 | 2.77 | (1.56) | 4.37 | (7.77) |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Condensed interim cash flow statement (unaudited) for the six months period ended December 31, 2009

| | Six months ended December 31, | |
|--|-------------------------------|-------------|
| | 2009 | 2008 |
| (Rupees'000) | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/ (loss) before taxation | 198,495 | (173,775) |
| Adjustments for: | | |
| Depreciation | 124,344 | 125,087 |
| Gain on disposal of property, plant and equipment | (745) | (506) |
| Provision for staff retirement benefit - gratuity | 16,299 | 15,104 |
| Provision for doubtful debts | 4,712 | 814 |
| Return on bank deposits, term deposit receipts and certificates of investments/ letters of placement | (41,199) | (54,030) |
| Finance cost | 84,897 | 106,007 |
| Dividend income | (550) | (30) |
| Unrealised (gain)/ loss on remeasurement of investments to fair value | (38,761) | 360,562 |
| Exchange loss/ (gain) - net | 3,610 | (2,898) |
| | 351,102 | 376,335 |
| Working capital changes | | |
| (Increase)/ decrease in current assets | | |
| Stores, spare parts and loose tools | 4,696 | (5,323) |
| Stock in trade - food and beverages | 831 | (16,430) |
| Trade debts | (41,874) | 24,709 |
| Advances | (5,497) | (39,107) |
| Trade deposits and prepayments | (5,987) | (16,822) |
| Other receivables | 56,188 | (6,159) |
| (Decrease)/ increase in current liabilities | | |
| Trade and other payables | (115,105) | 263,312 |
| | (106,748) | 204,180 |
| Cash generated from operations | 244,354 | 580,515 |
| Staff retirement benefit - gratuity paid | (24,472) | (12,157) |
| Income tax paid | (88,552) | (68,152) |
| Finance cost paid | (78,611) | (68,641) |
| Net cash generated from operating activities | 52,719 | 431,565 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (37,155) | (668,641) |
| Advance for capital expenditure | (7,149) | - |
| Proceeds from disposal of property, plant and equipment | 2,664 | 1,309 |
| Purchase of long term investments | - | (175,000) |
| Advance for equity investment | (30,000) | - |
| Dividend received | 550 | 30 |
| Receipt of return on bank deposits, term deposit receipts and certificates of investments | 42,945 | 45,049 |
| Long term deposits | (936) | (549) |
| Net cash used in investing activities | (29,081) | (797,802) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term financing | (36,000) | (66,000) |
| Repayment of redeemable capital | - | (99,940) |
| Dividend paid | - | (41,593) |
| Net cash used in financing activities | (36,000) | (207,533) |
| Net decrease in cash and cash equivalents | (12,362) | (573,770) |
| Cash and cash equivalents at beginning of the period | (195,621) | 269,560 |
| Effects of exchange rate changes | (3,610) | 2,898 |
| Cash and cash equivalents at end of the period | (211,593) | (301,312) |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 76,775 | 238,302 |
| Running finance | (788,368) | (1,039,614) |
| Letters of placement/ certificates of investments | 500,000 | 500,000 |
| | (211,593) | (301,312) |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Condensed interim statement of changes in equity (unaudited) for the six months period ended December 31, 2009

| | Share Capital | Capital reserve-share premium | Revenue reserves | | Total equity |
|--|------------------|-------------------------------------|------------------|---------------------------|------------------|
| | | | General reserve | Un-appropriated profit | |
| ----- (Rupees '000) ----- | | | | | |
| Balance as at July 01, 2008 | 325,242 | 269,424 | 1,100,000 | 940,288 | 2,634,954 |
| Transferred to general reserve | - | - | 500,000 | (500,000) | - |
| Total comprehensive income for the period | | | | | |
| Loss for the period | - | - | - | (252,676) | (252,676) |
| Total comprehensive income/ (loss) for the period | - | - | - | (252,676) | (252,676) |
| Distribution to owners | | | | | |
| Final dividend for the year ended June 30, 2008 declared subsequent to the year end (@ Rs. 1.5 per share) | - | - | - | (48,786) | (48,786) |
| Total transactions with owners | - | - | - | (48,786) | (48,786) |
| Balance as at December 31, 2008 | 325,242 | 269,424 | 1,600,000 | 138,826 | 2,333,492 |
| Balance as at July 01, 2009 | 325,242 | 269,424 | 1,600,000 | 161,664 | 2,356,330 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 142,040 | 142,040 |
| Total comprehensive income for the period | - | - | - | 142,040 | 142,040 |
| Balance as at December 31, 2009 | 325,242 | 269,424 | 1,600,000 | 303,704 | 2,498,370 |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Notes to the condensed interim financial information (unaudited) for the six months period ended December 31, 2009

1. STATUS AND NATURE OF BUSINESS

Pakistan Services Limited (the Company) was incorporated in 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 & Kashmir. The Company's registered office is situated at 3rd Floor, Saudi Pak Tower, 61/A, Jinnah Avenue, Islamabad.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information is presented in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". This does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2009. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2009, whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim financial information for the six months period ended December 31, 2008.

3. ACCOUNTING POLICIES AND ESTIMATES

Except as described below, the accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2009.

3.1 Change in accounting policy

The Company has applied revised IAS-1; "Presentation of Financial Statements", which became effective as of January 01, 2009. This change requires the Company to present all transactions with owners in the statement of changes in equity, whereas all other changes in equity are presented in statement of comprehensive income. However, separate statement of comprehensive income has not been presented in this condensed interim financial information as there was no item to report for the six months period ended December 31, 2009 except for the profit/ (loss) for the period.

Notes to the condensed interim financial information (unaudited)
for the six months period ended December 31, 2009

This presentation has been applied in this condensed interim financial information as of and for the six months period ended December 31, 2009. Comparative information has also been presented in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

| | Unaudited December 31, 2009 | Audited June 30, 2009 |
|------------------------------------|-----------------------------------|-----------------------------|
| 4. LONG TERM FINANCING | (Rupees'000) | |
| Balance at beginning of the period | 180,000 | 312,000 |
| Repayments during the period | <u>(36,000)</u> | <u>(132,000)</u> |
| | 144,000 | 180,000 |
| Current maturity | <u>(72,000)</u> | <u>(72,000)</u> |
| Balance at the end of the period | <u>72,000</u> | <u>108,000</u> |

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

Contingencies are the same as disclosed in the annual financial statements for the year ended June 30, 2009.

| | Unaudited December 31, 2009 | Audited June 30, 2009 |
|---|-----------------------------------|-----------------------------|
| 5.2 Commitments | (Rupees'000) | |
| 5.2.1 Guarantees | <u>69,474</u> | <u>55,939</u> |
| 5.2.2 Commitment for capital expenditure | <u>114,247</u> | <u>121,396</u> |

This includes commitments for acquisition of land in Gwadar and in addition the Company is liable to pay the differential amount against Malir Delta land on the value assessed, as determined by the Land Regularisation Committee.

Notes to the condensed interim financial information (unaudited)
for the six months period ended December 31, 2009

| | Unaudited December 31, 2009 | Audited June 30, 2009 |
|---|-----------------------------------|-----------------------------|
| 6. PROPERTY, PLANT AND EQUIPMENT | (Rupees'000) | |
| Carrying value at beginning of the period | 10,720,517 | 10,758,776 |
| Additions during the period | 60,796 | 463,278 |
| Disposals/ adjustments during the period | (9,118) | (244,956) |
| Depreciation charge for the period | <u>(124,344)</u> | <u>(256,581)</u> |
| Carrying value at end of the period | <u>10,647,851</u> | <u>10,720,517</u> |

7. ADVANCE FOR EQUITY INVESTMENT

This represents advance given to M/s Musafa International (Private) Limited (wholly owned subsidiary company) for issuance of 300,000 shares of Rs. 100 each.

| | Three months ended December 31, | | Six months ended December 31, | |
|------------------------------------|------------------------------------|------------------|----------------------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Rupees'000) | | | |
| 8. SALES AND SERVICES - net | | | | |
| Rooms | 483,587 | 605,463 | 940,090 | 1,317,666 |
| Food and beverages | 624,137 | 683,496 | 1,223,753 | 1,342,072 |
| Other related services | 48,784 | 61,275 | 99,246 | 134,446 |
| Shop license fees | <u>1,637</u> | <u>1,562</u> | <u>3,265</u> | <u>3,203</u> |
| | 1,158,145 | 1,351,796 | 2,266,354 | 2,797,387 |
| Discounts and commissions | (2,287) | (6,724) | (6,928) | (12,395) |
| Sales tax | <u>(167,675)</u> | <u>(187,742)</u> | <u>(325,367)</u> | <u>(385,638)</u> |
| | <u>988,183</u> | <u>1,157,330</u> | <u>1,934,059</u> | <u>2,399,354</u> |

8.1 During the six months period Pearl Continental Hotel Peshawar with a capacity of 148 rooms remained out of operation due to the incident of last year.

Notes to the condensed interim financial information (unaudited)
for the six months period ended December 31, 2009

| | Three months ended December 31, | | Six months ended December 31, | |
|--|------------------------------------|----------|----------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Rupees'000) | | | |
| 9. COST OF SALES AND SERVICES | | | | |
| Food and beverages | | | | |
| Balance at beginning of the period | 48,918 | 58,485 | 42,867 | 45,721 |
| Purchases during the period | 192,004 | 193,430 | 382,395 | 396,536 |
| | 240,922 | 251,915 | 425,262 | 442,257 |
| Balance at end of the period | (42,036) | (51,043) | (42,036) | (51,043) |
| Consumption during the period | 198,886 | 200,872 | 383,226 | 391,214 |
| Direct expenses | | | | |
| Salaries, wages and benefits | 149,732 | 150,475 | 301,793 | 309,458 |
| Heat, light and power | 94,162 | 96,264 | 214,179 | 218,962 |
| Repairs and maintenance | 85,125 | 200,268 | 180,029 | 413,027 |
| Depreciation | 55,976 | 56,761 | 111,910 | 112,578 |
| Guest supplies | 23,996 | 37,287 | 49,433 | 72,456 |
| Linen, china and glassware | 19,511 | 25,647 | 43,587 | 53,839 |
| Communication and other related services | 10,738 | 11,886 | 21,075 | 24,517 |
| Banquet and decoration | 11,512 | 13,109 | 21,705 | 27,829 |
| Transportation | 3,900 | 4,725 | 6,051 | 11,658 |
| Uniforms | 3,881 | 4,228 | 8,216 | 7,690 |
| Music and entertainment | 1,718 | 1,943 | 3,562 | 4,082 |
| Others | 1,680 | 1,694 | 3,975 | 3,424 |
| | 660,817 | 805,159 | 1,348,741 | 1,650,734 |

Notes to the condensed interim financial information (unaudited)
for the six months period ended December 31, 2009

| | Three months ended December 31, | | Six months ended December 31, | |
|---|------------------------------------|------------|----------------------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| 10. EARNINGS/ (LOSS) PER SHARE | | | | |
| Profit/ (loss) for the period (Rupees '000) | 90,121 | (50,750) | 142,040 | (252,676) |
| Weighted average number of ordinary shares (Numbers) | 32,524,170 | 32,524,170 | 32,524,170 | 32,524,170 |
| Earnings/ (loss) per share- basic (Rupees) | 2.77 | (1.56) | 4.37 | (7.77) |

There is no dilution effect on the basic earnings/(loss) per share of the Company.

Notes to the condensed interim financial information (unaudited)
for the six months period ended December 31, 2009

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and 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 December 31 | |
|--|-------------------------------------|-------------|
| | 2009 | 2008 |
| | (Rupees'000) | |
| Transactions/ balances with subsidiary companies | | |
| Sales | 149 | 150 |
| Services provided | 324 | 2,170 |
| Services availed | 12,000 | 14,333 |
| Long term investment | - | 75,000 |
| Advance for equity investment | 30,000 | - |
| Balance due to | 2,276 | 2,081 |
| Balance due from | 32,153 | 34,074 |
| Transactions/ balances with associated undertakings | | |
| Sales | 3,158 | 4,230 |
| Services provided | 4,096 | 1,123 |
| Services availed | 12,742 | 32,247 |
| Purchases | 35,105 | 49,926 |
| Purchase of air tickets | 7,263 | 7,810 |
| Purchase of property, plant and equipment | 3,084 | 1,548 |
| Insurance premium paid | - | 18,279 |
| Insurance claims received | 56,278 | - |
| Contribution to the defined contribution plan | 8,187 | 9,323 |
| Advance for purchase of land | - | 517,440 |
| Dividend paid | - | 37,354 |
| Long term investment | - | 50,000 |
| Donation | - | 30,900 |
| Balance due to (against trade creditors) | 7,752 | 53,080 |
| Balance due from (against trade debts/ trade advances) | 17,150 | 19,575 |
| Transactions with key management personnel | | |
| Remuneration and allowances | 13,691 | 13,011 |

12. DATE OF AUTHORISATION FOR ISSUE

This unaudited condensed interim financial information was authorised for issue by the Board of Directors of the Company in their meeting held on February 20, 2010.

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Condensed Interim Consolidated Financial Information (Unaudited)

for the six months period ended December 31, 2009



Condensed interim consolidated balance sheet
as at December 31, 2009

| | Note | Unaudited December 31, 2009 (Rupees'000) | Audited June 30, 2009 |
|--|------|---|-----------------------------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 50,000,000 (June 30, 2009: 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 | | 2,099,004 | 2,070,632 |
| Unappropriated profit | | 213,563 | 67,372 |
| | | 2,637,809 | 2,463,246 |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | |
| | | 8,624,854 | 8,624,854 |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 4 | 72,000 | 108,000 |
| Liabilities against assets subject to finance lease | 5 | 32,324 | 11,107 |
| Long term deposits | | 81,877 | 82,813 |
| Deferred liabilities | | 506,468 | 508,231 |
| | | 692,669 | 710,151 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,280,399 | 1,389,964 |
| Markup payable | | 179,814 | 173,528 |
| Short term borrowings | | 788,368 | 767,230 |
| Current portion of long term financing | | 92,032 | 80,386 |
| Provision for taxation | | - | 14,225 |
| | | 2,340,613 | 2,425,333 |
| | | 14,295,945 | 14,223,584 |

CONTINGENCIES AND COMMITMENTS

6

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

| | Note | Unaudited December 31, 2009 (Rupees'000) | Audited June 30, 2009 |
|-------------------------------------|------|---|-----------------------------|
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 10,885,795 | 10,860,819 |
| Advance for capital expenditure | | 697,082 | 693,712 |
| Investment property | | 41,500 | 41,500 |
| Long term investments | | 1,117,942 | 1,074,292 |
| Long term deposits | | 9,398 | 7,368 |
| | | 12,751,717 | 12,677,691 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 81,871 | 88,182 |
| Stock in trade – food and beverages | | 42,036 | 42,867 |
| Trade debts | | 286,484 | 247,499 |
| Advances | | 98,909 | 127,071 |
| Trade deposits and prepayments | | 50,393 | 43,812 |
| Interest accrued | | 10,973 | 12,687 |
| Other receivables | | 53,518 | 94,369 |
| Other financial assets | | 805,159 | 766,398 |
| Advance tax - net | | 10,682 | - |
| Cash and bank balances | | 104,203 | 123,008 |
| | | 1,544,228 | 1,545,893 |
| | | 14,295,945 | 14,223,584 |

Murtaza Hashwani
Chief Executive

M.A. Bawany
Director

Condensed interim consolidated
profit and loss account (unaudited)
for the six months period ended December 31, 2009

| | Note | Three months ended December 31, | | Six months ended December 31, | |
|--|------|------------------------------------|-----------|----------------------------------|-------------|
| | | 2009 | 2008 | 2009 | 2008 |
| (Rupees'000) | | | | | |
| Sales and services-net | 8 | 1,010,857 | 1,174,107 | 1,982,161 | 2,450,112 |
| Cost of sales and services | 9 | (661,369) | (844,230) | (1,355,612) | (1,680,271) |
| Gross profit | | 349,488 | 329,877 | 626,549 | 769,841 |
| Administrative expenses | | (258,577) | (272,704) | (510,381) | (553,352) |
| Other operating expenses | | - | (58,796) | - | (360,562) |
| Finance cost | | (45,283) | (60,667) | (87,692) | (107,665) |
| Other operating income | | 86,859 | 37,544 | 175,776 | 79,949 |
| Profit/ (loss) before taxation | | 132,487 | (24,746) | 204,252 | (171,789) |
| Taxation | | (40,202) | (25,440) | (58,061) | (79,176) |
| Profit/ (loss) for the period | | 92,285 | (50,186) | 146,191 | (250,965) |
| Earnings/ (loss) per share - basic and diluted (Rupees) | 10 | 2.84 | (1.54) | 4.49 | (7.72) |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Condensed interim consolidated statement of comprehensive
income (unaudited)
for the six months period ended December 31, 2009

| | Three months ended December 31, | | Six months ended December 31, | |
|---|------------------------------------|----------|----------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| (Rupees'000) | | | | |
| Profit/ (loss) for the period | 92,285 | (50,186) | 146,191 | (250,965) |
| Other comprehensive income for the period | | | | |
| Exchange gain on translation of long term investments | 14,550 | 10,185 | 43,650 | 155,685 |
| Deferred tax relating to component of other comprehensive income | (5,093) | (3,565) | (15,278) | (54,490) |
| Other comprehensive income for the period-net off deferred tax | 9,457 | 6,620 | 28,372 | 101,195 |
| Total comprehensive income for the period | 101,742 | (43,566) | 174,563 | (149,770) |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Condensed interim consolidated cash flow statement (unaudited) for the six months period ended December 31, 2009

| | Six months ended December 31, | |
|--|-------------------------------|------------------|
| | 2009 | 2008 |
| | (Rupees'000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/ (loss) before taxation | 204,252 | (171,789) |
| Adjustments for: | | |
| Depreciation | 131,431 | 131,720 |
| Gain on disposal of property, plant and equipment | (3,282) | (4,702) |
| Provision for staff retirement benefit - gratuity | 16,299 | 15,104 |
| Provision for doubtful debts | 4,712 | 814 |
| Return on bank deposits, term deposit receipts and certificates of investments/ letters of placement | (43,086) | (56,150) |
| Finance cost | 87,692 | 107,665 |
| Dividend income | (550) | (30) |
| Unrealised (gain)/ loss on remeasurement of investments to fair value | (38,761) | 360,562 |
| Exchange loss / (gain) - net | 3,593 | (2,884) |
| | <u>362,300</u> | <u>380,310</u> |
| Working capital changes | | |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools | 6,311 | (16,431) |
| Stock in trade - food and beverages | 831 | (5,323) |
| Trade debts | (43,697) | 26,885 |
| Advances | 28,162 | (69,451) |
| Trade deposits and prepayments | (6,581) | (17,121) |
| Other receivables | 48,051 | (2,183) |
| (Decrease)/ increase in current liabilities | | |
| Trade and other payables | (109,569) | 269,686 |
| | <u>(76,492)</u> | <u>186,062</u> |
| Cash generated from operations | 285,808 | 566,372 |
| Staff retirement benefit - gratuity paid | (24,471) | (12,157) |
| Income tax paid | (91,835) | (69,238) |
| Finance cost paid | (81,406) | (70,299) |
| Net cash generated from operating activities | 88,096 | 414,678 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (105,114) | (687,822) |
| Advance for capital expenditure | (27,009) | - |
| Proceeds from disposal of property, plant and equipment | 9,050 | 8,447 |
| Purchase of long term investments | - | (50,000) |
| Dividend received | 550 | 30 |
| Receipt of return on bank deposits, term deposit receipts and certificates of investments | 44,800 | 47,241 |
| Long term deposits | (2,966) | (550) |
| Net cash used in investing activities | (80,689) | (682,654) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of lease liability | (7,757) | (6,651) |
| Repayment of long term financing | (36,000) | (66,000) |
| Repayment of redeemable capital | - | (99,940) |
| Dividend paid | - | (41,594) |
| Net cash used in financing activities | (43,757) | (214,185) |
| Net decrease in cash and cash equivalents | (36,350) | (482,161) |
| Cash and cash equivalents at the beginning of the period | (144,222) | 297,159 |
| Effects of exchange rate changes | (3,593) | 2,884 |
| Cash and cash equivalents at the end of the period | <u>(184,165)</u> | <u>(182,118)</u> |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 104,203 | 357,496 |
| Running finance | (788,368) | (1,039,614) |
| Letters of placement/ Certificates of investments | 500,000 | 500,000 |
| | <u>(184,165)</u> | <u>(182,118)</u> |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Condensed interim consolidated statement of changes in equity (unaudited) for the six months period ended December 31, 2009

| | Share Capital | Capital reserve-share premium | Revenue reserves | | Un-appropriated profit | Total equity |
|--|-------------------------|-------------------------------|------------------|--|------------------------|------------------|
| | | | General reserve | Exchange gain/(loss) on translation of long term investments | | |
| | ------(Rupees'000)----- | | | | | |
| Balance as at July 01, 2008 | 325,242 | 269,424 | 1,100,000 | 77,314 | 893,533 | 2,665,513 |
| Transferred to general reserve | - | - | 500,000 | - | (500,000) | - |
| Total comprehensive income for the period | | | | | | |
| Loss for the period | - | - | - | - | (250,965) | (250,965) |
| Other comprehensive income | - | - | - | 101,195 | - | 101,195 |
| Total comprehensive income/ (loss) for the period | - | - | - | 101,195 | (250,965) | (149,770) |
| Distribution to owners | | | | | | |
| Final dividend for the year ended June 30, 2008 declared subsequent to the year end (@ Rs.1.5 per share) | - | - | - | - | (48,786) | (48,786) |
| Total transactions with owners | - | - | - | - | (48,786) | (48,786) |
| Balance as at December 31, 2008 - Restated | 325,242 | 269,424 | 1,600,000 | 178,509 | 93,782 | 2,466,957 |
| Balance as at July 01, 2009 | 325,242 | 269,424 | 1,600,000 | 201,208 | 67,372 | 2,463,246 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 146,191 | 146,191 |
| Other comprehensive income | - | - | - | 28,372 | - | 28,372 |
| Total comprehensive income for the period | - | - | - | 28,372 | 146,191 | 174,563 |
| Balance as at December 31, 2009 | 325,242 | 269,424 | 1,600,000 | 229,580 | 213,563 | 2,637,809 |

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

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director

Notes to the condensed interim consolidated financial information (unaudited) for the six months period ended December 31, 2009

1. THE GROUP AND ITS OPERATIONS

Pakistan Services Limited (the Parent Company) was incorporated in 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 & Kashmir. The Parent Company's registered office is situated at 3rd Floor, Saudi Pak Tower, 61/A, 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

This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial information is presented in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". This does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended June 30, 2009. Comparative figures of the balance sheet are extracted from the audited annual consolidated financial statements for the year ended June 30, 2009, whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim consolidated financial information for the six months period ended December 31, 2008.

Notes to the condensed interim consolidated financial information (unaudited) for the six months period ended December 31, 2009

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Except as described below, the accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual consolidated audited financial statements for the year ended June 30, 2009.

3.1 Change in accounting policy

The group applies revised IAS-1; "Presentation of Financial Statements", which became effective as of January 01, 2009. The group has accordingly presented all transactions with owners in the statement of changes in equity, whereas all other changes in equity are presented in statement of comprehensive income. This presentation has been applied in this condensed interim consolidated financial information for the six months period ended December 31, 2009. Comparative information has also been presented in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

| | |
|--|--------------------------------------|
| Unaudited December 31, 2009 | Audited June 30, 2009 |
| (Rupees'000) | |

4. LONG TERM FINANCING

| | | |
|------------------------------------|-----------------|-----------|
| Balance at beginning of the period | 180,000 | 312,000 |
| Repayments during the period | (36,000) | (132,000) |
| | 144,000 | 180,000 |
| Current maturity | (72,000) | (72,000) |
| Balance at the end of the period | 72,000 | 108,000 |

Notes to the condensed interim consolidated financial information (unaudited) for the six months period ended December 31, 2009

| | Unaudited December 31, 2009 | Audited June 30, 2009 |
|---|-----------------------------------|-----------------------------|
| (Rupees'000) | | |
| 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured | | |
| Present value of minimum lease payments: | | |
| Balance as at beginning of the period | 19,493 | 32,707 |
| Assets acquired during the period | 40,620 | - |
| Repayments made during the period | <u>(7,757)</u> | <u>(13,214)</u> |
| | 52,356 | 19,493 |
| Current maturity | <u>(20,032)</u> | <u>(8,386)</u> |
| Balance as at end of the period | <u><u>32,324</u></u> | <u><u>11,107</u></u> |

5.1 Lease payments are due as under:

| | December 31, 2009 | | | June 30, 2009 | | |
|--|---|--|------------------------|---|--|------------------------|
| | Present value of minimum lease payments | Financial charges for future periods | Total lease rentals | Present value of minimum lease payments | Financial charges for future periods | Total lease rentals |
| | ------(Rupees'000)----- | | | | | |
| Not later than one year | 20,032 | 5,640 | 25,672 | 8,386 | 1,468 | 9,854 |
| Later than one year and not later than five years | 32,324 | 3,394 | 35,718 | 11,107 | 373 | 11,480 |
| | <u>52,356</u> | <u>9,034</u> | <u>61,390</u> | <u>19,493</u> | <u>1,841</u> | <u>21,334</u> |

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Contingencies are the same as disclosed in the annual financial statements for the year ended June 30, 2009.

Notes to the condensed interim consolidated financial information (unaudited) for the six months period ended December 31, 2009

6.2 Commitments

| | Unaudited December 31, 2009 | Audited June 30, 2009 |
|---|-----------------------------------|-----------------------------|
| (Rupees'000) | | |
| 6.2.1 Guarantees | <u>71,024</u> | <u>56,574</u> |
| 6.2.2 Commitment for capital expenditure | <u><u>241,782</u></u> | <u><u>315,094</u></u> |

This includes commitments for acquisition of land in Gwadar and in addition the Parent Company is liable to pay the differential amount against Malir Delta land on the value assessed, as determined by the Land Regularisation Committee.

7. PROPERTY, PLANT AND EQUIPMENT

| | December 31, 2009 | | | June 30, 2009 | | |
|---|-------------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Owned assets | Leased assets | Total | Owned assets | Leased assets | Total |
| | ------(Rupees'000)----- | | | | | |
| Carrying value at beginning of the period | 10,831,283 | 29,536 | 10,860,819 | 10,805,550 | 36,748 | 10,842,298 |
| Additions during the period | 128,755 | 40,620 | 169,375 | 542,206 | - | 542,206 |
| Disposals/ adjustments during the period | (11,072) | (1,896) | (12,968) | (252,170) | (1,700) | (253,870) |
| Depreciation charge for the period | (127,181) | (4,250) | (131,431) | (264,303) | (5,512) | (269,815) |
| Carrying value at end of the period | <u>10,821,785</u> | <u>64,010</u> | <u>10,885,795</u> | <u>10,831,283</u> | <u>29,536</u> | <u>10,860,819</u> |

| | Three months ended December 31, | | Six months ended December 31, | |
|--|------------------------------------|------|----------------------------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| | ------(Rupees'000)----- | | | |

8. SALES AND SERVICES - net

| | | | | |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Rooms | 483,507 | 604,213 | 939,766 | 1,315,348 |
| Food and beverages | 624,026 | 683,496 | 1,223,604 | 1,342,072 |
| Other related services | 57,414 | 69,469 | 117,403 | 161,980 |
| Vehicle rental | 14,235 | 9,833 | 30,418 | 25,542 |
| Shop license fees | 1,637 | 1,562 | 3,265 | 3,203 |
| | <u>1,180,819</u> | <u>1,368,573</u> | <u>2,314,456</u> | <u>2,848,145</u> |
| Discounts and commissions | (2,287) | (6,724) | (6,928) | (12,395) |
| Sales tax | <u>(167,675)</u> | <u>(187,742)</u> | <u>(325,367)</u> | <u>(385,638)</u> |
| | <u><u>1,010,857</u></u> | <u><u>1,174,107</u></u> | <u><u>1,982,161</u></u> | <u><u>2,450,112</u></u> |

Notes to the condensed interim consolidated
financial information (unaudited)
for the six months period ended December 31, 2009

8.1 During the six months period Pearl Continental Hotel Peshawar with a capacity of 148 rooms remained out of operation due to the incident of last year.

| | Three months ended December 31, | | Six months ended December 31, | |
|--|------------------------------------|----------------|----------------------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Rupees'000) | | | |
| 9. COST OF SALES AND SERVICES | | | | |
| Food and beverages | | | | |
| Balance at beginning of the period | 48,918 | 58,485 | 42,867 | 45,721 |
| Purchases during the period | 191,892 | 193,430 | 382,246 | 396,536 |
| | <u>240,810</u> | <u>251,915</u> | <u>425,113</u> | <u>442,257</u> |
| Balance at end of the period | (42,036) | (51,043) | (42,036) | (51,043) |
| Consumption during the period | <u>198,774</u> | <u>200,872</u> | <u>383,077</u> | <u>391,214</u> |
| Direct expenses | | | | |
| Salaries, wages and benefits | 149,732 | 175,090 | 301,793 | 309,458 |
| Heat, light and power | 94,162 | 96,789 | 214,179 | 218,962 |
| Repairs and maintenance | 85,125 | 201,027 | 180,029 | 413,027 |
| Depreciation | 55,976 | 63,394 | 111,910 | 119,211 |
| Guest supplies | 23,996 | 38,316 | 49,433 | 72,456 |
| Linen, china and glassware | 19,511 | 25,647 | 43,587 | 53,839 |
| Communication and other related services | 10,738 | 13,398 | 21,075 | 24,517 |
| Banquet and decoration | 11,512 | 13,109 | 21,705 | 27,829 |
| Transportation | 2,709 | 2,695 | 3,250 | 1,625 |
| Uniforms | 3,881 | 4,228 | 8,216 | 7,690 |
| Music and entertainment | 1,718 | 1,943 | 3,562 | 4,082 |
| Hotel booking | 2,851 | 1,766 | 4,126 | 5,406 |
| Others | 684 | 5,956 | 9,670 | 30,955 |
| | <u>661,369</u> | <u>844,230</u> | <u>1,355,612</u> | <u>1,680,271</u> |

Notes to the condensed interim consolidated
financial information (unaudited)
for the six months period ended December 31, 2009

| | Three months ended December 31, | | Six months ended December 31, | |
|---|------------------------------------|-------------------|----------------------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Rupees'000) | | | |
| 10. EARNINGS/ (LOSS) PER SHARE | | | | |
| Profit/ (loss) for the period (Rupees '000) | <u>92,285</u> | <u>(50,186)</u> | <u>146,191</u> | <u>(250,965)</u> |
| Weighted average number of ordinary shares (Numbers) | <u>32,524,170</u> | <u>32,524,170</u> | <u>32,524,170</u> | <u>32,524,170</u> |
| Earnings/ (loss) per share- basic (Rupees) | <u>2.84</u> | <u>(1.54)</u> | <u>4.49</u> | <u>(7.72)</u> |

There is no dilution effect on the basic earnings/ (loss) per share of the Parent Company.

Notes to the condensed interim consolidated financial information (unaudited) for the six months period ended December 31, 2009

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and 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 December 31, | |
|--|--------------------------------------|-------------|
| | 2009 | 2008 |
| | (Rupees'000) | |
| Transactions/ balances with associated undertakings | | |
| Sales | 3,158 | 2,227 |
| Services provided | 6,924 | 5,542 |
| Services availed | 13,316 | 49,934 |
| Purchases | 35,105 | 49,926 |
| Purchase of air tickets | 16,920 | 14,323 |
| Purchase of property, plant and equipment | 3,084 | 1,548 |
| Insurance expense paid | - | 20,429 |
| Insurance claims received | 56,278 | - |
| Contribution to the defined contribution plan | 8,187 | 9,323 |
| Advance for purchase of land | - | 517,440 |
| Dividend paid | - | 37,354 |
| Long term investment | - | 50,000 |
| Donation | - | 30,900 |
| Balances due to (against trade creditors) | 8,136 | 53,080 |
| Balances due from (against trade debts/ advances) | 18,487 | 22,772 |
| Transactions with key management personnel | | |
| Remuneration and allowances | 13,691 | 13,011 |

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 February 20, 2010.

Murtaza Hashwani
Chief Executive

M.A.Bawany
Director



PEARL-CONTINENTAL HOTEL, KARACHI