

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 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. Vazir Ali F. Mohammad
Mr. Shiraz Noordin
Syed Sajid Ali
Mr. M. A. Bawany
Mr. Masood Hashim

AUDIT COMMITTEE

Mr. Sadruddin Hashwani
Ms. Sarah Hashwani
Mr. Vazir Ali F. Mohammad
Mr. M. A. Bawany

COMPENSATION COMMITTEE

Mr. Sadruddin Hashwani
Mr. Murtaza Hashwani
Mr. Vazir Ali F. Mohammad

HUMAN RESOURCE & RECRUITMENT COMMITTEE

Mr. Sadruddin Hashwani
Mr. Murtaza Hashwani
Mr. Vazir Ali F. Mohammad
Mr. Shiraz Noordin


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
Silk Bank Limited
The Bank of Khyber
United Bank Limited

REGISTERED OFFICE

3rd Floor, Saudi Pak Tower 61/A
Jinnah Avenue, Islamabad.
Tel: 0092-51-2800148
Fax: 0092-51-2800063
<http://www.pchotels.com>
<http://www.pchotels.biz>
<http://www.pchotels.com.pk>
<http://www.pearlcontinental.biz>
<http://www.pearlcontinental.com.pk>
<http://www.hashoogroup.com>
<http://www.hashoogroup.com.pk>
<http://www.hashoogroup.biz>
<http://www.hashoogroup.info>
<http://www.hashoo.info>

SHARE REGISTRAR

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

DIRECTORS' REPORT

Dear Members

The Board of Directors of Pakistan Services Limited is pleased to present the unaudited condensed interim financial information of the Company for the first quarter ended September 30, 2009

General Overview

The impact of prevailing economic downturn is being faced by every economy of the world but its impact on the fragile economy of Pakistan stands compounded due to the internal law & order situation and terrorist activities which in turn has shaken the confidence of stakeholders.

The hospitality industry in Pakistan, being one of the prime contributors to the country's economy, continues to suffer a lot due to prevailing pejorative economic scenario. In this quagmire your Company's Peshawar property in June 2009 came under terrorist attack, resulting in unfortunate loss of precious lives and causing massive damage to it. Our Pearl Continental Peshawar remained un-operational during the quarter under review since this cowardly attack.

In the background of the aforementioned scene the revenues earned by your Company for the first quarter of 2009-2010 lagged behind those of the corresponding quarter of last year. Since the beginning of the current financial year, the security and law & order situation deteriorated further coupled with cut throat competition for subsistence in hotel industry thereby we witnessed the massive effect of decrease in occupancy and average daily rate; thus the numbers could register trivial positive digit operationally but due to upturn of the stock market your Company managed to record unrealized gain of Rs.27 million in the quarter under review as against unrealized loss of Rs.302 million of the corresponding quarter of last year. This trend brought the bottom-line fairly reasonable as your Company was able to record profit after tax of Rs.52 million in the in the quarter under report, as against loss after tax of Rs.197 million in the corresponding quarter of last year.

Glimpse of the Operational Performance:

	For the quarter ended September 30,	
	2009	2008
	(Rupees '000)	
Sales and services-net	<u>945,876</u>	<u>1,242,024</u>
Gross profit	<u>257,952</u>	<u>396,450</u>
Profit/ (loss) before taxation	<u>69,299</u>	<u>(152,660)</u>
Profit/ (loss) after taxation	<u>51,919</u>	<u>(197,071)</u>
Earnings/ (loss) per share (Rupees)	<u>1.60</u>	<u>(6.06)</u>

Rooms Revenue

During the first quarter under report, revenue generated from this business segment was Rs.388 million in contrast to that of Rs.607 million recorded in the corresponding quarter of last year. There has been a decline in revenue by Rs.219 million because of drop in the average rooms' occupancy from fifty two percent to forty three percent in the reviewing quarter. On the other hand, to continue to operate in the competitive market, your Company had to compromise on Average Daily Rate (ADR) which declined from Rs.8,962 during the first quarter of 2008-09 to Rs.7,390 for the quarter under report.

Food & Beverage Revenue

Revenue from Food & Beverage Department during the quarter under report was recorded at Rs.517 million as against Rs.568 million earned in the corresponding quarter of last year, thus resulting into a dip of Rs.51 million in revenue from this segment.

Other Related Services, Shop License Fee & Tour Division

Business from this segment for the quarter under review was recorded at Rs.41 million as against Rs.67 million of the corresponding quarter of last year. Decrease under this head was the repercussion of unfavorable business situation prevailed during the quarter.

Future Prospects

In purview of the global economic recession and the deteriorating law and order situation in the country, the picture looks gloomy.

The management of your Company is confident that our gallant army will free the country from terrorism and the economy will start picking up in the near future. The overall business environment in the country will show upsurge and the hospitality industry will revive. Nevertheless, the Pearl Team which is well experienced and trained will spare no efforts in achieving the set targets despite the odds described supra.

Consolidated Results

The consolidated revenues of your Company for the first quarter under report stood at Rs.971 million as compared to Rs.1,276 million recorded in the corresponding quarter of last year. It shows nearly Rs.305 million drop in the consolidated revenue during the quarter under report.

Acknowledgement

On behalf of the Board, I wish to express my deep gratitude to the entire team of the Company, our bankers, the valued guests, the worthy shareholders and all other stakeholders for their firm confidence which enabled the Company to keep pursuing its growth and attain best performance, even in the face of adverse circumstances.

For and on behalf of the Board of Directors

Shiraz Noordin
Executive Director

Islamabad: October 30, 2009



PEARL CONTINENTAL, LAHORE



**Condensed Interim
Financial Information (Unaudited)**
for three months ended September 30, 2009

**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2009**

	Note	Unaudited September 30, 2009	Audited June 30, 2009
		(Rupees'000)	
EQUITY AND LIABILITIES			
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	4	1,869,424	1,869,424
Unappropriated profit		<u>213,583</u>	<u>161,664</u>
		2,408,249	<u>2,356,330</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		8,624,854	8,624,854
NON CURRENT LIABILITIES			
Long term financing	5	<u>90,000</u>	108,000
Long term deposits		<u>83,127</u>	82,813
Deferred liabilities		<u>393,509</u>	399,588
		566,636	590,401
CURRENT LIABILITIES			
Trade and other payables		<u>1,384,397</u>	1,379,077
Markup payable		<u>174,454</u>	173,528
Short term borrowings		<u>769,445</u>	767,230
Current portion of long term borrowings		<u>72,000</u>	72,000
Provision for taxation		<u>27,255</u>	24,306
		2,427,551	2,416,141
		<u>14,027,290</u>	<u>13,987,726</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

The Chief Executive for the time being is not in Pakistan. As such this condensed interim financial information, as approved by the Board of Directors, has been signed by two Directors.

Note	Unaudited September 30, 2009	Audited June 30, 2009
	(Rupees'000)	

ASSETS

NON CURRENT ASSETS

Property, plant and equipment	7	10,695,524	10,720,517
Advance for capital expenditure		672,453	693,712
Investment property		41,500	41,500
Long term investments		1,065,455	1,065,455
Long term deposits		3,627	3,613
		12,478,559	12,524,797

CURRENT ASSETS

Stores, spare parts and loose tools	85,963	86,567
Stock in trade – food and beverages	48,918	42,867
Trade debts	250,291	228,534
Advances	112,717	98,626
Trade deposits and prepayments	56,716	39,565
Interest accrued	32,921	12,667
Other receivables	70,154	116,096
Other financial assets	793,325	766,398
Cash and bank balances	97,726	71,609
	1,548,731	1,462,929

	14,027,290	13,987,726
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Shiraz Noordin
Executive Director

M.A.Bawany
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THREE MONTHS ENDED SEPTEMBER 30, 2009**

	Note	Three months ended September 30,	
		2009	2008
(Rupees'000)			
Sales and services-net		945,876	1,242,024
Cost of sales and services	8	(687,924)	(845,574)
Gross profit		257,952	396,450
Administrative expenses		(230,556)	(241,035)
Other operating expenses		-	(301,766)
Other operating income		83,362	39,790
Finance cost		(41,459)	(46,099)
Profit/ (loss) before taxation		69,299	(152,660)
Taxation :			
Provision for taxation - current		(25,385)	(46,421)
Deferred		8,005	2,010
		(17,380)	(44,411)
Profit/ (loss) for the period		51,919	(197,071)
Earnings/ (loss) per share - basic and diluted (Rupees)	9	1.60	(6.06)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

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Shiraz Noordin
Executive Director

M.A.Bawany
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THREE MONTHS ENDED SEPTEMBER 30, 2009**

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
Profit/ (loss) for the period	51,919	(197,071)
Other comprehensive income	-	-
Total comprehensive income for the period	<u>51,919</u>	<u>(197,071)</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

The Chief Executive for the time being is not in Pakistan. As such this condensed interim financial information, as approved by the Board of Directors, has been signed by two Directors.

Shiraz Noordin
Executive Director

M.A.Bawany
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THREE MONTHS ENDED SEPTEMBER 30, 2009

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	69,299	(152,660)
Adjustments for:		
Depreciation	62,149	62,019
Gain on disposal of property, plant and equipment	(608)	(186)
Provision for staff retirement benefit - gratuity	8,414	7,215
Provision for doubtful debts	2,159	220
Return on bank deposits, term deposit receipts and certificates of investments	(21,012)	(31,051)
Finance cost	41,459	46,099
Dividend income	(525)	(30)
Unrealised (gain)/ loss on remeasurement of investments to fair value	(26,927)	301,766
	<u>134,408</u>	<u>233,392</u>
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	604	(15,955)
Stock in trade - food and beverages	(6,051)	(12,765)
Trade debts	(23,916)	33,892
Advances	(14,091)	(270,282)
Trade deposits and prepayments	(17,151)	(80,503)
Other receivables	45,942	(867)
Increase in current liabilities		
Trade and other payables	5,320	70,078
	<u>(9,343)</u>	<u>(276,402)</u>
Cash generated from operations	125,065	(43,010)
Staff retirement benefit - gratuity paid	(6,490)	(8,057)
Income tax paid	(22,436)	(29,052)
Finance cost paid	(40,533)	(21,095)
Net cash generated from/ (used in) operating activities	<u>55,606</u>	<u>(101,214)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(14,947)	(29,188)
Additions to advance for capital expenditure	(2,380)	-
Proceeds from disposal of property, plant and equipment	2,039	941
Purchase of long term investments	-	(50,000)
Dividend income received	525	30
Receipt of return on bank deposits, term deposit receipts and certificates of investments	759	29,002
Long term deposits	300	-
Net cash used in investing activities	<u>(13,704)</u>	<u>(49,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(18,000)	(18,000)
Net cash used in financing activities	<u>(18,000)</u>	<u>(18,000)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>23,902</u>	<u>(168,429)</u>
Cash and cash equivalents at the beginning of the period	<u>(195,621)</u>	<u>269,560</u>
Cash and cash equivalents at the end of the period	<u>(171,719)</u>	<u>101,131</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	97,726	101,131
Running finance	(769,445)	(500,000)
Certificates of investments	500,000	500,000
	<u>(171,719)</u>	<u>101,131</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

The Chief Executive for the time being is not in Pakistan. As such this condensed interim financial information, as approved by the Board of Directors, has been signed by two Directors.

Shiraz Noordin
Executive Director

M.A.Bawany
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THREE MONTHS ENDED SEPTEMBER 30, 2009**

	Share Capital	Capital reserve-share premium	Revenue reserves		Total equity
			General reserve (Rupees'000)	Un-appropriated profit	
Balance as at July 01, 2008	325,242	269,424	1,100,000	940,288	2,634,954
Transfer to general reserve	-	-	500,000	(500,000)	-
Total comprehensive income					
Loss for the period	-	-	-	(197,071)	(197,071)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(197,071)	(197,071)
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)
Balance as at September 30, 2008	325,242	269,424	1,600,000	194,431	2,389,097
Balance as at July 01, 2009	325,242	269,424	1,600,000	161,664	2,356,330
Total comprehensive income					
Profit for the period	-	-	-	51,919	51,919
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	51,919	51,919
Distribution to owners	-	-	-	-	-
Balance as at September 30, 2009	325,242	269,424	1,600,000	213,583	2,408,249

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

The Chief Executive for the time being is not in Pakistan. As such this condensed interim financial information, as approved by the Board of Directors, has been signed by two Directors.

Shiraz Noordin
Executive Director

M.A.Bawany
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THREE MONTHS ENDED SEPTEMBER 30, 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 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information is unaudited and is being submitted to members as required by Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information should be read in conjunction with annual audited financial statements of the Company for the year ended June 30, 2009. Comparative figures for balance sheet are extracted from annual audited 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 three months ended September 30, 2008.

3. PRESENTATION OF FINANCIAL INFORMATION

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 The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The Company has accordingly presented all changes in owners equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied as of and for the three months period ended September 30, 2009.

Unaudited September 30, 2009	Audited June 30, 2009
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(Rupees'000)

4. RESERVES

Capital reserve	269,424	269,424
General reserve	1,600,000	1,600,000
	<u>1,869,424</u>	<u>1,869,424</u>

	Note	Unaudited September 30, 2009	Audited June 30, 2009
5. LONG TERM FINANCING		(Rupees'000)	
From banking companies:			
Habib Bank Limited	5.1	<u>162,000</u>	<u>180,000</u>
		162,000	180,000
Current maturity shown under current liabilities		<u>(72,000)</u>	<u>(72,000)</u>
		<u>90,000</u>	<u>108,000</u>

- 5.1** This represents original term finance loan of Rs. 360 million (June 30, 2009: Rs. 360 million) which carries markup equal to 3-month KIBOR plus 3% (June 30, 2009: 3-month KIBOR plus 3%) per annum and is secured against equitable mortgage of land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs.480 million (June 30, 2009: Rs.480 million) and first hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi for Rs. 250 million (June 30, 2009: Rs.250 million). This loan is repayable in twenty equal quarterly installments of Rs. 18 million each commenced from February, 2007.

6. CONTINGENCIES AND COMMITMENTS

- 6.1** The income tax assessment of the Company have been finalised and returns have been filed upto and including the tax year 2008. For the assessment year 1999-2000, an appeal is pending with the Income Tax Appellate Tribunal. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (June 30, 2009: Rs. 73.165 million) would arise against the Company for which no provision has been recognised by the Company in the books. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Company. Based on appellate history and merits, the Company is confident of a favourable outcome in the appeal. Therefore, the Company considers that provision against this tax liability is not required.

		Unaudited September 30, 2009	Audited June 30, 2009
(Rupees'000)			
6.2	Guarantees	<u>61,918</u>	<u>55,939</u>
6.3	Commitment for capital expenditure	<u>119,013</u>	<u>121,396</u>
7. PROPERTY, PLANT AND EQUIPMENT			
	Carrying value as at beginning of the period	10,720,517	10,758,776
	Additions	38,587	463,278
	Disposals/ adjustments	(1,431)	(244,956)
	Depreciation	(62,149)	(256,581)
	Carrying value as at end of the period	<u>10,695,524</u>	<u>10,720,517</u>

		Three months ended September 30,	
	Note	2009	2008
		(Rupees'000)	
8. COST OF SALES AND SERVICES			
Food and beverages			
Balance as at beginning of the period		42,867	45,720
Purchases during the period		<u>190,391</u>	<u>203,106</u>
		<u>233,258</u>	<u>248,826</u>
Balance as at end of the period		<u>(48,918)</u>	<u>(58,485)</u>
Consumption during the period		<u>184,340</u>	<u>190,341</u>
Direct expenses			
Salaries, wages and benefits	8.1	152,061	158,983
Heat, light and power		120,017	122,698
Repairs and maintenance		94,904	212,759
Depreciation		55,934	55,817
Guest supplies		25,437	35,169
Linen, china and glassware		24,076	28,192
Communication and other related services		10,337	12,631
Banquet and decoration		10,193	14,720
Transportation		2,151	6,933
Uniforms		4,335	3,462
Music and entertainment		1,844	2,139
Others		2,295	1,730
		<u>687,924</u>	<u>845,574</u>

- 8.1** Salaries, wages and benefits includes staff retirement benefits amounting to Rs. 12.52 million (2008: Rs.7.36 million).

		Three months ended September 30,	
		2009	2008
		(Rupees'000)	
9. EARNINGS/ (LOSS) PER SHARE			
Profit/ (loss) after taxation (Rupees '000)		<u>51,919</u>	<u>(197,071)</u>
Weighted average number of ordinary shares (Numbers)		<u>32,524,170</u>	<u>32,524,170</u>
Earnings/ (loss) per share- basic (Rupees)		<u>1.60</u>	<u>(6.06)</u>

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

10. 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:

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
Transactions with subsidiary companies		
Sales	38	114
Services provided	244	954
Services availed	5,851	7,338
Transactions with associated undertakings		
Sales	668	1,072
Services provided	2,614	1,356
Services availed	17,902	10,128
Purchases	19,110	33,336
Purchase of air tickets	2,191	3,823
Purchase of property, plant and equipment	2,725	94
Insurance premium	6,688	7,203
Contribution to the defined contribution plan	4,113	3,902
Donation	-	900
Transactions with key management personnel		
Remuneration and allowances	6,845	6,845

11. COMPARATIVE FIGURES

Following comparative figures have been reclassified in this condensed interim financial information for better presentation.

Reclassification from Component	Reclassification to Component	September 30, 2008 (Rupees '000)
Cost of sales and services	Administrative expenses	14,757

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 October 30, 2009.

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

The Chief Executive for the time being is not in Pakistan. As such this condensed interim financial information, as approved by the Board of Directors, has been signed by two Directors.

Shiraz Noordin
Executive Director

M.A.Bawany
Director



**Condensed Interim Consolidated
Financial Information (Unaudited)**
for three months ended September 30, 2009

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2009**

	Note	Unaudited September 30, 2009	Audited June 30, 2009
(Rupees'000)			
EQUITY AND LIABILITIES			
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	4	2,089,547	2,070,632
Unappropriated profit		<u>121,278</u>	<u>67,372</u>
		2,536,067	2,463,246
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		8,624,854	8,624,854
NON CURRENT LIABILITIES			
Long term financing	5	90,000	108,000
Liabilities against assets subject to finance lease	6	37,618	11,107
Long term deposits		83,127	82,813
Deferred liabilities		512,480	508,231
		723,225	710,151
CURRENT LIABILITIES			
Trade and other payables		1,396,176	1,389,964
Markup payable		174,454	173,528
Short term borrowings		769,445	767,230
Current portion of long term borrowings		91,289	80,386
Provision for taxation		16,936	14,225
		2,448,300	2,425,333
		<u>14,332,446</u>	<u>14,223,584</u>
CONTINGENCIES AND COMMITMENTS	7		

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

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

The Chief Executive of the Parent Company for the time being is 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 September 30, 2009	Audited June 30, 2009
(Rupees'000)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	10,907,121	10,860,819
Advance for capital expenditure		691,928	693,712
Investment property		41,500	41,500
Long term investments		1,103,392	1,074,292
Long term deposits		9,413	7,368
		12,753,354	12,677,691
CURRENT ASSETS			
Stores, spare parts and loose tools		85,963	88,182
Stock in trade – food and beverages		48,918	42,867
Trade debts		269,709	247,499
Advances		113,575	127,071
Trade deposits and prepayments		61,072	43,812
Interest accrued		33,191	12,687
Other receivables		48,313	94,369
Other financial assets		793,325	766,398
Cash and bank balances		125,026	123,008
		1,579,092	1,545,893
		14,332,446	14,223,584

Shiraz Noordin
Executive Director

M.A.Bawany
Director

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THREE MONTHS ENDED SEPTEMBER 30, 2009**

	Note	Three months ended September 30,	
		2009	2008
(Rupees'000)			
Sales and services-net		971,304	1,276,005
Cost of sales and services	9	(694,243)	(862,787)
Gross profit		277,061	413,218
Administrative expenses		(251,804)	(253,902)
Other operating expenses		-	(301,766)
Other operating income		88,917	42,405
Finance cost		(42,409)	(46,998)
Profit/ (loss) before taxation		71,765	(147,043)
Taxation :			
Provision for taxation - current		(25,721)	(47,613)
Deferred		7,862	1,268
		(17,859)	(46,345)
Profit/ (loss) for the period		53,906	(193,388)
Earnings/ (loss) per share - basic and diluted (Rupees)	10	1.66	(5.95)

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Shiraz Noordin
Executive Director

M.A.Bawany
Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
FOR THREE MONTHS ENDED SEPTEMBER 30, 2009**

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
Profit/ (loss) for the period	53,906	(193,388)
Other comprehensive income		
Exchange gain on translation of long term investments	29,100	145,500
Deferred tax relating to component of other comprehensive income	(10,185)	(50,925)
Other comprehensive income for the period-net of deferred tax	18,915	94,575
Total comprehensive income for the period	72,821	(98,813)

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Shiraz Noordin
Executive Director

M.A.Bawany
Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) FOR THREE MONTHS ENDED SEPTEMBER 30, 2009

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	71,765	(147,043)
Adjustments for:		
Depreciation	65,154	65,070
Gain on disposal of property, plant and equipment	(1,147)	(2,612)
Provision for staff retirement benefit - gratuity	8,414	7,215
Provision for doubtful debts	2,159	221
Return on bank deposits, term deposit receipts and certificates of investments	(21,781)	(31,149)
Finance cost	42,409	46,998
Dividend income	(525)	(30)
Unrealised (gain)/ loss on remeasurement of investments to fair value	(26,927)	301,766
	139,521	240,436
Working capital changes		
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	2,219	(15,955)
Stock in trade - food and beverages	(6,051)	(12,765)
Trade debts	(24,369)	29,801
Advances	13,496	(270,645)
Trade deposits and prepayments	(17,260)	(82,053)
Other receivables	46,056	4,629
Increase in current liabilities		
Trade and other payables	6,212	62,029
	20,303	(284,959)
Cash generated from operations	159,824	(44,523)
Staff retirement benefit - gratuity paid	(6,490)	(8,053)
Income tax paid	(23,010)	(29,765)
Finance cost paid	(41,483)	(21,994)
Net cash generated from/ (used in) operating activities	88,841	(104,335)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(50,118)	(32,700)
Additions to advance for capital expenditure	(21,855)	-
Proceeds from disposal of property, plant and equipment	4,070	4,617
Purchase of long term investments	-	(50,000)
Dividend income received	525	30
Receipt of return on bank deposits, term deposit receipts and certificates of investments	1,277	29,099
Long term deposits	(1,731)	-
Net cash used in investing activities	(67,832)	(48,954)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(3,206)	(3,268)
Repayment of long term financing	(18,000)	(18,000)
Net cash used in financing activities	(21,206)	(21,268)
Net decrease in cash and cash equivalents	(197)	(174,557)
Cash and cash equivalents at the beginning of the period	(144,222)	297,159
Cash and cash equivalents at the end of the period	(144,419)	122,602
CASH AND CASH EQUIVALENTS		
Cash and bank balances	125,026	122,602
Running finance	(769,445)	(500,000)
Certificates of investments	500,000	500,000
	(144,419)	122,602

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

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Shiraz Noordin
Executive Director

M.A.Bawany
Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THREE MONTHS ENDED SEPTEMBER 30, 2009**

	Share Capital	Capital reserve-share premium	Revenue reserves			Total equity
			General reserve	Exchange gain/(loss) on translation of long term investments	Un-appropriated profit	
(Rupees'000)						
Balance as at July 01, 2008	325,242	269,424	1,100,000	77,314	893,533	2,665,513
Transfer to general reserve	-	-	500,000	-	(500,000)	-
Total comprehensive income						
Loss for the period	-	-	-	-	(193,388)	(193,388)
Other comprehensive income	-	-	-	94,575	-	94,575
Total comprehensive income for the period	-	-	-	94,575	(193,388)	(98,813)
Distributions 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)
Balance as at September 30, 2008-Restated	<u>325,242</u>	<u>269,424</u>	<u>1,600,000</u>	<u>171,889</u>	<u>151,359</u>	<u>2,517,914</u>
Balance as at July 01, 2009	325,242	269,424	1,600,000	201,208	67,372	2,463,246
Total comprehensive income						
Profit for the period	-	-	-	-	53,906	53,906
Other comprehensive income	-	-	-	18,915	-	18,915
Total comprehensive income for the period	-	-	-	18,915	53,906	72,821
Distributions to owners	-	-	-	-	-	-
Balance as at September 30, 2009	<u>325,242</u>	<u>269,424</u>	<u>1,600,000</u>	<u>220,123</u>	<u>121,278</u>	<u>2,536,067</u>

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

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

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Shiraz Noordin
Executive Director

M.A.Bawany
Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THREE MONTHS ENDED SEPTEMBER 30, 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 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 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim consolidated financial information is unaudited and is being submitted to members as required by Section 245 of the Companies Ordinance, 1984.

This condensed interim consolidated financial information should be read in conjunction with annual audited consolidated financial statements of the group for the year ended June 30, 2009. Comparative figures for consolidated balance sheet are extracted from annual audited consolidated financial statements for the year ended June 30, 2009 whereas comparative consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement are stated from unaudited condensed interim consolidated financial information for the three months ended September 30, 2008.

3. PRESENTATION OF FINANCIAL INFORMATION

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 The group applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The group has accordingly presented all changes in owners equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied as of and for the three months period ended September 30, 2009.

	Unaudited September 30, 2009	Audited June 30, 2009
	(Rupees'000)	
4. RESERVES		
Capital reserve	269,424	269,424
Revenue reserve -General reserve	1,600,000	1,600,000
-Exchange gain on translation of long term investments	220,123	201,208
	<u>2,089,547</u>	<u>2,070,632</u>

5. LONG TERM FINANCING

From banking companies:

Habib Bank Limited	5.1	162,000	180,000
		162,000	180,000
Current maturity shown under current liabilities		(72,000)	(72,000)
		<u>90,000</u>	<u>108,000</u>

- 5.1 This represents original term finance loan of Rs. 360 million (June 30, 2009: Rs. 360 million) which carries markup equal to 3-month KIBOR plus 3% (June 30, 2009: 3-month KIBOR plus 3%) per annum and is secured against equitable mortgage of land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs.480 million (June 30, 2009: Rs.480 million) and first hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi for Rs. 250 million (June 30, 2009: Rs.250 million). This loan is repayable in twenty equal quarterly installments of Rs. 18 million each commenced from February, 2007.

	Unaudited September 30, 2009	Audited June 30, 2009
	(Rupees'000)	
6. 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	40,620	-
Repayments made during the period	(3,206)	(13,214)
	56,907	19,493
Current maturity shown under current liabilities	(19,289)	(8,386)
Balance as at end of the period	<u>37,618</u>	<u>11,107</u>

6.1 Lease payments are due as under:

	September 30, 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	19,289	6,381	25,670	8,386	1,468	9,854
Later than one year and not later than five year	37,618	4,511	42,129	11,107	373	11,480
	<u>56,907</u>	<u>10,892</u>	<u>67,799</u>	<u>19,493</u>	<u>1,841</u>	<u>21,334</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 The income tax assessment of the Parent Company have been finalised and returns have been filed upto and including the tax year 2008. For the assessment year 1999-2000, an appeal is pending with the Income Tax Appellate Tribunal. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (June 30, 2009: Rs. 73.165 million) would arise against the Parent Company for which no provision has been recognised by the Parent Company in the books. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Parent Company. Based on appellate history and merits, the Parent Company is confident of a favourable outcome in the appeal. Therefore, the Parent Company considers that provision against this tax liability is not required.

	Unaudited September 30, 2009	Audited June 30, 2009
	(Rupees'000)	
7.2 Guarantees	<u>62,553</u>	<u>56,574</u>
7.3 Commitment for capital expenditure	<u>285,943</u>	<u>315,094</u>

8. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2009			June 30, 2009		
	Owned assets	Leased assets	Total	Owned assets	Leased assets	Total
	(Rupees'000)					
Carrying value as at beginning of the period	10,831,283	29,536	10,860,819	10,805,550	36,748	10,842,298
Additions	73,758	40,620	114,378	542,206	-	542,206
Disposals/ adjustments	(1,905)	(1,017)	(2,922)	(252,170)	(1,700)	(253,870)
Depreciation	(63,535)	(1,619)	(65,154)	(264,303)	(5,512)	(269,815)
Carrying value as at end of the period	10,839,601	67,520	10,907,121	10,831,283	29,536	10,860,819

**Three months ended
September 30,**

Note 2009 2008

(Rupees'000)

9. COST OF SALES AND SERVICES

Food and beverages

Balance as at beginning of the period	42,867	45,720
Purchases during the period	190,354	203,106
	233,221	248,826
Balance as at end of the period	(48,918)	(58,485)
Consumption during the period	184,303	190,341

Direct expenses

Salaries, wages and benefits	9.1	152,061	158,983
Heat, light and power		120,017	122,698
Repairs and maintenance		94,904	212,759
Depreciation		55,934	55,817
Guest supplies		25,437	35,169
Linen, china and glassware		24,076	28,192
Communication and other related services		10,337	12,631
Banquet and decoration		10,193	14,720
Transportation		541	1,796
Uniforms		4,335	3,462
Music and entertainment		1,844	2,139
Hotel booking		1,275	3,640
Others		8,986	20,440
		694,243	862,787

9.1 Salaries, wages and benefits includes staff retirement benefits amounting to Rs. 12.52 million (2008: Rs.7.36 million)

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
10. EARNINGS/ (LOSS) PER SHARE		
Profit/ (loss) after taxation (Rupees '000)	<u>53,906</u>	<u>(193,388)</u>
Weighted average number of ordinary shares (Numbers)	<u>32,524,170</u>	<u>32,524,170</u>
Earnings/ (loss) per share- basic (Rupees)	<u>1.66</u>	<u>(5.95)</u>

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

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:

	Three months ended September 30,	
	2009	2008
	(Rupees'000)	
Transactions with associated undertakings		
Sales	668	377
Services provided	8,847	2,858
Services availed	19,068	13,506
Purchases	19,110	33,336
Purchase of air tickets	3,555	7,546
Purchase of property, plant and equipment	2,725	94
Insurance premium	6,688	8,761
Contribution to the defined contribution plan	4,113	3,902
Donation	-	900
Transactions with key management personnel		
Remuneration and allowances	6,845	6,845

12. COMPARATIVE FIGURES

Following comparative figures have been reclassified in this condensed interim consolidated financial information for better presentation.

Reclassification from Component	Reclassification to Component	September 30, 2008 (Rupees '000)
Cost of sales and services	Administrative expenses	14,757

13. 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 October 30, 2009

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

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

Shiraz Noordin
Executive Director

M.A.Bawany
Director



PEARL-CONTINENTAL, BHURBAN