



Condensed Interim Financial Information (Unaudited)

for the three months period ended 30 September 2011

PSL
PAKISTAN SERVICES LTD.

VISION STATEMENT

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

MISSION STATEMENT

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

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

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

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

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

CORPORATE PROFILE/ INFORMATION

Pearl Continental Hotels, a chain owned and operated by Pakistan Services Limited (the Company) sets the international standards for quality hotel accommodation in South Asia. The Company manages 6 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,445 rooms with registered office in Islamabad, Pakistan.

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

COMPENSATION COMMITTEE

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

HUMAN RESOURCE & RECRUITMENT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

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

REGISTERED OFFICE

9th Floor, UBL Building, Jinnah
Avenue, Islamabad.
Tel: 0092-51-2812142
Fax: 0092-51-2812143
<http://www.pchotels.com>
<http://www.pchotels.biz>
<http://www.pchotels.com.pk>
<http://www.pearlcontinental.biz>
<http://www.pearlcontinental.com.pk>
<http://www.hashoogroup.com>
<http://www.hashoogroup.com.pk>
<http://www.hashoogroup.biz>
<http://www.hashoogroup.info>
<http://www.hashoo.info>

SHARE REGISTRAR

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

DIRECTORS' REPORT

Dear Members

The Board of Directors of Pakistan Services Limited takes pleasure in presenting the unaudited condensed interim financial information of the Company for the three-month period ended on 30 September 2011.

Economic Overview

The driving economies of the world continue to be under heavy stress. The conditions are far from stability. The debt crises in the US, and the financial woes of certain EU members, and their increasing number is alarming. The forecasts are not optimistic for the immediate future. In the East, Japan is still reeling from earthquake, tsunami and nuclear accident, one following the other, of March this year. China is so far maintaining its pace, thanks to growth of its indigenous demand. But it too is likely to be affected by happenings in the global economy. We are moving to a state where fittest will survive.

Pakistan, which to start with had a weak economic base, mired by plethora of problems leading among these being the unrest in the region and its spill over in the country, is worst sufferer. The security situation continues to be cause of concern. And even Karachi, the commercial hub of Pakistan has not been spared. There are issues of energy interruptions adding to the cost of business operations and loss of production. The inflation is rising in sympathy with world. The serious issues confronting trade & industry are making Pakistanis more innovative and production cost conscious. They have the will and confidence to successfully ride over rough patches in turbulent global economy.

What better example of that than the performance of your Company in difficult business environment, which despite the odds came out with results for the first quarter of the ongoing financial year that surpassed that of the corresponding period of preceding year.

The total revenue for the quarter under review was recorded at Rs. 1,182 million as against Rs. 1,090 million of the comparative quarter with an increase of Rs. 92 million reflecting 8 percent growth in the highly competitive market. Gross profit surged from 35 percent to 36 percent in the quarter under report which enabled your Company to achieve profit before tax of Rs. 104 million in contrast to Rs. 102 million of the comparative period of preceding year. Even the enhanced operational performance and cost efficiency however could not manage to fully compensate for the impact of taxation factor and thus lost slight ground when compared with figures for the corresponding period of last year inasmuch as for the period under review; profit after tax for the first quarter of the current financial year stood at Rs. 55 million as against that of Rs. 59 million achieved in the corresponding period of last year.

Glimpse of Performance:

	For the three-month period ended 30 September	
	2011	2010
	(Rupees '000)	
Sales and services-net	<u>1,182,229</u>	<u>1,089,902</u>
Gross profit	<u>424,886</u>	<u>376,231</u>
Profit before taxation	<u>103,884</u>	<u>102,427</u>
Profit after taxation	<u>54,834</u>	<u>59,166</u>
Earnings per share (Rupees)	<u>1.69</u>	<u>1.82</u>

Rooms Revenue

During the three-month period under review, Rooms Revenue (exclusive of GST) was recorded at Rs. 475 million as against Rs. 450 million of the corresponding quarter of last year and enabled the Company to register an increase in revenue by Rs. 25 million from this segment alone. This favourable impact was due to slight recovery in the Rooms Occupancy from 45 percent to 47 percent and the Average Daily Room Rate (ADR) from Rs.7,569/- to Rs.7,666/- when compared to the corresponding period of the preceding year.

Food & Beverage Revenue

Food and Beverage Revenue (exclusive of GST) for the quarter under review was recorded at Rs. 634 million, reflecting increase of Rs. 67 million; it shows 12% growth when compared with Rs. 567 million recorded in the corresponding period of last year.

Other Related Services, Shop License Fees & Tour Division

Performance of these minor revenue generating segments remained satisfactory. Revenue (exclusive of GST) during the period under review stood at Rs. 74 million as compared to Rs. 73 million of the corresponding period of last year. This nominal growth in the revenue from these segments can be attributed to improved occupancy, as discussed supra.

Future Prospects

With our sights on the future and our firm belief in the intrinsic strength of Pakistani people to withstand difficult periods in its short history, Pakistan is still young by any standards, we continue to forge ahead with our modernization projects being pursued in your Company's properties. Renovation programme is in progress at the PC hotels at Karachi and Bhurban. The PC Hotel, Peshawar's West Wing damaged after event of 09 June 2009, is being systematically rebuilt. Continuous modernization of properties of your Company is an inbuilt feature of our operational policies. So are our efforts to remain competitive in the market through latest technological tools. The energy saving campaign is being vigorously implemented. Its progress is gauged each month when the comprehensive reports on prescribed format are received from each property. These are closely scrutinized at the Corporate level. Advisories based on the analysis are sent to the General Manager of each property for required corrective actions. A database of monthly energy returns with details of energy in different forms: electrical, fuels, gas consumed is being maintained for comparative studies. The Company's invented devices are being progressively installed close to the heavy load centres to ensure optimum utilization of electrical energy. Conventional light bulbs are being substituted with latest energy saving LED lamps. Special films imported from the US have been installed on glass panels to reduce solar heat flux by as much as 65 percent. While we are cutting down the cost of operations, we do not lose sight of our obligation to our guests for measuring up to their ever-rising expectations. On another front, latest security devices are regularly added to the existing security systems for iron-clad security to our guests in fast changing security threat scenario.

We are confident of our team, as borne out from its track record that they will continue to tread new ground to ward off impact of negative influences on the business environment to keep course to best possible business growth of your Company. Pakistan is a country of 170 million plus of human resource and the country is rich in natural resources in its large territorial boundaries. Pakistanis know of the indigenous solutions to their problems and in not too distant a future it will emerge as a viable economic power in South Asia. So we as a Company while cognizant of the challenges that we face, are not deterred by these and move forward with our sharp-tuned business plans. We believe that had it not been for the dire need for solutions, humankind would not have ascended so much on the horizon of achievements. Challenge is essential ingredient for progress.

Consolidated Results

The Total Revenue of your Company based on the consolidated financial information for the three months period under report was Rs. 1,210 million against Rs.1,113 million that of corresponding period of the last year, registering an increase of nearly Rs. 97 million. The 9 percent growth in overall revenue made it further possible to surpass profit before tax from Rs. 123 million of the comparative quarter of last year to Rs. 129 million of the quarter under review. Profit after tax for the quarter under report was recorded at Rs. 77 million as against Rs.75 million of the comparative quarter and managed to register nearly 3% increase.

Acknowledgement

On behalf of the Board, we wish to express our profound appreciation to the highly professional and dedicated employees of the Pakistan Services Limited and all those associated with the Company in various capacities, our bankers, our valued guests, and the worthy shareholders for their confidence in the Company and for their unwavering support. We will prove worthy of the confidence they have reposed in us.

For and on behalf of the Board of Directors

M. A. Bawany
Director

Islamabad: 29 October 2011

Muhammad Rafique
Director



Condensed Interim Unconsolidated Financial Information (Unaudited)

for the three months period ended 30 September 2011

PSL

PAKISTAN SERVICES LTD.

**CONDENSED INTERIM UNCONSOLIDATED
BALANCE SHEET (UNAUDITED)
AS AT 30 SEPTEMBER 2011**

	Note	Unaudited 30 September 2011 (Rupees'000)	Audited 30 June 2011
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (30 June 2011: 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>1,312,962</u>	<u>1,258,128</u>
		3,507,628	3,452,794
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		20,007,770	20,007,770
NON CURRENT LIABILITIES			
Long term financing - secured	4	458,333	500,000
Long term deposits		51,384	50,884
Deferred liabilities		<u>362,362</u>	<u>365,219</u>
		872,079	916,103
CURRENT LIABILITIES			
Trade and other payables		1,374,991	1,327,119
Markup accrued		36,307	31,484
Short term borrowings - secured	5	487,188	390,233
Current portion of long term financing	4	59,667	36,000
Provision for taxation		<u>6,764</u>	<u>47,339</u>
		1,964,917	1,832,175
		<u>26,352,394</u>	<u>26,208,842</u>
CONTINGENCIES AND COMMITMENTS			
	6		

The annexed notes 1 to 13 form an integral part of this condensed interim unconsolidated 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 unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

		Unaudited 30 September 2011	Audited 30 June 2011
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	7	22,020,484	21,990,412
Advance for capital expenditure		821,872	778,817
Investment property		391,763	391,763
Long term investments		1,222,418	1,222,418
Advance for equity investment	8	54,300	40,700
Long term deposits		13,382	13,382
		24,524,219	24,437,492

CURRENT ASSETS

Stores, spare parts and loose tools	98,843	86,121
Stock in trade - food and beverages	61,247	53,833
Trade debts	342,933	319,190
Advances	620,825	602,955
Trade deposits and prepayments	61,751	37,163
Interest accrued	25,802	49,340
Other receivables	54,440	53,296
Other financial assets	440,030	456,760
Non current assets held for sale	35,700	35,700
Cash and bank balances	86,604	76,992
	1,828,175	1,771,350
	<u>26,352,394</u>	<u>26,208,842</u>

M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

Three months ended 30 September			
(Rupees'000)			
	Note	2011	2010
Sales and services - net	9	1,182,229	1,089,902
Cost of sales and services	10	(757,343)	(713,671)
Gross profit		424,886	376,231
Administrative expenses		(302,862)	(244,992)
Other operating expenses		(16,729)	(21,808)
Finance cost		(47,308)	(40,372)
Other operating income		45,897	33,368
Profit before taxation		103,884	102,427
Taxation		(49,050)	(43,261)
Profit for the period		<u>54,834</u>	<u>59,166</u>
Earnings per share - basic and diluted (Rupees)	11	<u>1.69</u>	<u>1.82</u>

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M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Three months ended 30 September	
	2011	2010
	(Rupees'000)	
Profit for the period	54,834	59,166
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>54,834</u>	<u>59,166</u>

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M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Three months ended 30 September	
	2011	2010
	(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	103,884	102,427
Adjustments for:		
Depreciation	48,389	55,207
Provision for staff retirement benefit - gratuity	10,880	9,278
Provision for doubtful debts	2,403	1,711
Return on bank deposits, letters of placements and short term advance	(23,210)	(20,079)
Finance cost	47,308	40,372
Dividend income	(725)	(678)
Unrealised loss on remeasurement of investments to fair value-net	16,729	21,808
Exchange gain - net	(391)	(364)
	205,267	209,682
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(12,722)	(9,656)
Stock in trade - food and beverages	(7,414)	(18,655)
Trade debts	(26,146)	9,972
Advances	(17,870)	(2,744)
Trade deposits and prepayments	(24,588)	(23,071)
Other receivables	(1,144)	(5,367)
Increase/ (decrease) in current liabilities		
Trade and other payables	47,873	93,885
Cash (used in)/ generated from operations	(42,011)	44,364
Staff retirement benefit - gratuity paid	(6,529)	(2,280)
Income tax paid	(96,833)	(27,093)
Finance cost paid	(42,485)	(34,708)
Net cash from operating activities	17,409	189,965
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(78,461)	(37,543)
Additions to advance for capital expenditure	(43,055)	(162,479)
Advance for equity investment	(13,600)	(53,100)
Dividend income received	725	678
Receipts of return on bank deposits and letters of placements	46,748	929
Long term deposits	500	(314)
Net cash used in investing activities	(87,143)	(251,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(18,000)	(18,000)
Net cash used in financing activities	(18,000)	(18,000)
Net decrease in cash and cash equivalents	(87,734)	(79,864)
Cash and cash equivalents at beginning of the period	(313,241)	(816,691)
Exchange gain - net	391	364
Cash and cash equivalents at end of the period	(400,584)	(896,191)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	86,604	61,413
Short term borrowings	(487,188)	(957,604)
	(400,584)	(896,191)

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M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Share capital	Capital reserve share premium	Revenue reserves		Total equity
			General reserve	Unappropriated profit	
(Rupees'000)					
Balance as at 01 July 2010	325,242	269,424	1,600,000	589,596	2,784,262
Changes in equity for the period ended 30 September 2010					
Total comprehensive income for the period					
Profit for the period	-	-	-	59,166	59,166
Total comprehensive income for the period	-	-	-	59,166	59,166
Balance as at 30 September 2010	<u>325,242</u>	<u>269,424</u>	<u>1,600,000</u>	<u>648,762</u>	<u>2,843,428</u>
Balance as at 01 July 2011	325,242	269,424	1,600,000	1,258,128	3,452,794
Changes in equity for the period ended 30 September 2011					
Total comprehensive income for the period					
Profit for the period	-	-	-	54,834	54,834
Total comprehensive income for the period	-	-	-	54,834	54,834
Balance as at 30 September 2011	<u>325,242</u>	<u>269,424</u>	<u>1,600,000</u>	<u>1,312,962</u>	<u>3,507,628</u>

The annexed notes 1 to 13 form an integral part of this condensed interim unconsolidated 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 unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in this condensed interim unconsolidated financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2011, Comparative balance sheet is extracted from audited annual financial statements as of 30 June 2011, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the three months period ended 30 September 2010.

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

This condensed interim unconsolidated financial information is separate financial information of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Condensed interim consolidated financial information is prepared separately.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

- Amendments to IFRS 7 – Financial Instruments Disclosures (effective 01 July 2011)
- Amendments to IAS 12 – Deferred Tax (effective 01 January 2012)
- Amendments to IAS 1 – Presentation of Financial Statements (effective 01 July 2012)
- Amendments to IAS 19 – Employee Benefits (effective 01 January 2013)
- IAS 28 – Investments in Associates and Joint Ventures (2011) (effective 01 January 2013)

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Note	Unaudited 30 September 2011 (Rupees'000)	Audited 30 June 2011
4. LONG TERM FINANCING - secured			
From banking companies:			
Habib Bank Limited	4.1	18,000	36,000
The Bank of Punjab	4.1	<u>500,000</u>	<u>500,000</u>
		518,000	536,000
Current portion of long term financing		<u>(59,667)</u>	<u>(36,000)</u>
Balance at the end of the period/ year		<u>458,333</u>	<u>500,000</u>

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

		Unaudited 30 September 2011 (Rupees'000)	Audited 30 June 2011
5. SHORT TERM BORROWINGS - secured			
Running finance from banking companies			
National Bank of Pakistan		297,040	200,822
Habib Bank Limited		161,483	139,188
Soneri Bank Limited		27,184	223
The Bank of Punjab		<u>1,481</u>	<u>50,000</u>
		<u>487,188</u>	<u>390,233</u>

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2011, except those disclosed in above reference note 4.1.

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

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

	Unaudited 30 September 2011	Audited 30 June 2011
(Rupees'000)		
6.1.1 Guarantees	<u>102,824</u>	<u>100,824</u>
6.2 Commitments		
6.2.1 Commitments for capital expenditure	<u>73,940</u>	<u>75,940</u>

	Unaudited 30 September 2011	Audited 30 June 2011
(Rupees'000)		
7. PROPERTY, PLANT AND EQUIPMENT		
Carrying value at beginning of the period/ year	21,990,412	21,972,632
Additions during the period/ year	78,461	287,786
Disposals/ adjustments during the period/ year	-	(2,131)
Transfer to non current assets held for sale	-	(41,664)
Depreciation charge for the period/ year	(48,389)	(226,211)
Carrying value at end of the period/ year	<u>22,020,484</u>	<u>21,990,412</u>

8. ADVANCE FOR EQUITY INVESTMENT

This represents advance given to wholly owned subsidiary company M/s Musafa International (Private) Limited for issuance of 543,000 ordinary shares of Rs. 100/- each.

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Unaudited three months ended 30 September	
	2011	2010
	(Rupees'000)	
9. SALES AND SERVICES - net		
Rooms	557,605	531,271
Food and beverages	734,291	660,345
Other related services	82,422	82,023
Shop license fees	1,693	1,610
	<u>1,376,011</u>	<u>1,275,249</u>
Discounts and commissions	(2,339)	(3,502)
Sales tax	(191,443)	(181,845)
	<u>1,182,229</u>	<u>1,089,902</u>

	Unaudited three months ended 30 September	
	2011	2010
	(Rupees'000)	
10. COST OF SALES AND SERVICES		
Food and beverages		
Balance at beginning of the period	53,833	44,435
Purchases during the period	238,165	226,668
	<u>291,998</u>	<u>271,103</u>
Balance at end of the period	(61,247)	(63,090)
Consumption during the period	<u>230,751</u>	<u>208,013</u>
Direct expenses		
Salaries, wages and benefits	189,985	170,228
Heat, light and power	154,836	127,726
Repairs and maintenance	47,474	67,398
Depreciation	43,550	49,687
Guest supplies	31,813	26,188
Linen, china and glassware	22,382	26,257
Communication and other related services	14,338	12,126
Banquet and decoration	9,910	13,715
Transportation	3,971	2,825
Uniforms	4,686	4,408
Music and entertainment	1,589	1,943
Others	2,058	3,157
	<u>757,343</u>	<u>713,671</u>

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Unaudited three months ended 30 September	
	2011	2010
11. EARNINGS PER SHARE		
Profit for the period (Rupees '000)	<u>54,834</u>	<u>59,166</u>
Weighted average number of ordinary shares (Numbers)	<u>32,524,170</u>	<u>32,524,170</u>
Earnings per share- basic (Rupees)	<u>1.69</u>	<u>1.82</u>

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

12. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited three months ended 30 September	
	2011	2010
	(Rupees'000)	
Transactions with subsidiary companies		
Sales	188	193
Services provided	613	320
Services availed	8,152	7,099
Advance for equity investment	13,600	53,100
Transactions with associated undertakings		
Sales	944	871
Services provided	9,424	634
Services availed	10,120	10,466
Purchases	37,749	26,410
Purchase of air tickets	1,643	2,057
Purchase of property, plant and equipment	-	1,017
Contribution to the defined contribution plan	4,767	4,421
Part payment for purchase of investment property	-	161,000
Donation	20,000	-
Transactions with key management personnel		
Remuneration and allowances	15,618	12,094

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

13. DATE OF AUTHORISATION FOR ISSUE

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in their meeting held on 29 October 2011.

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 unconsolidated financial information, as approved by the Board of Directors, has been signed by two Directors.

M. A. Bawany
Director

Muhammad Rafique
Director



Condensed Interim Consolidated Financial Information (Unaudited)

for the three months period ended 30 September 2011

PSL

PAKISTAN SERVICES LTD.

**CONDENSED INTERIM CONSOLIDATED
BALANCE SHEET (UNAUDITED)
AS AT 30 SEPTEMBER 2011**

	Note	Unaudited 30 September 2011 (Rupees'000)	Audited 30 June 2011
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (30 June 2011: 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		2,115,213	2,102,445
Unappropriated profit		<u>1,251,471</u>	<u>1,174,103</u>
		3,691,926	3,601,790
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		20,007,770	20,007,770
NON CURRENT LIABILITIES			
Long term financing - secured	4	458,333	500,000
Liabilities against assets subject to finance lease	5	5,065	7,996
Long term deposits		51,384	50,884
Deferred liabilities		500,936	494,931
		1,015,718	1,053,811
CURRENT LIABILITIES			
Trade and other payables		1,398,918	1,368,282
Markup accrued		36,307	31,484
Short term borrowings - secured	6	487,188	390,233
Current portion of long term financing		74,661	51,764
Provision for taxation		-	29,692
		<u>1,997,074</u>	<u>1,871,455</u>
		26,712,488	26,534,826
CONTINGENCIES AND COMMITMENTS			
	7		

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

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

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.

	Unaudited 30 September 2011	Audited 30 June 2011
Note	(Rupees'000)	
NON CURRENT ASSETS		
Property, plant and equipment	8 22,379,969	22,353,007
Advance for capital expenditure	891,092	840,405
Investment property	391,763	391,763
Long term investments	1,602,910	1,577,088
Long term deposits	17,045	17,045
	25,282,779	25,179,308
CURRENT ASSETS		
Stores, spare parts and loose tools	98,843	86,121
Stock in trade - food and beverages	61,247	53,833
Trade debts	362,785	332,043
Advances	622,221	604,871
Advance tax - net	11,399	-
Trade deposits and prepayments	63,540	39,222
Interest accrued	25,934	49,591
Other receivables	23,961	26,541
Other financial assets	23,734	9,160
Non current assets held for sale	35,700	35,700
Cash and bank balances	100,345	118,436
	1,429,709	1,355,518
	<u>26,712,488</u>	<u>26,534,826</u>

M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Note	Three months ended 30 September	
		2011 (Rupees'000)	2010
Sales and services - net	9	1,210,340	1,112,757
Cost of sales and services	10	<u>(775,638)</u>	<u>(726,391)</u>
Gross profit		434,702	386,366
Administrative expenses		(311,570)	(254,224)
Other operating expenses		(379)	-
Finance cost		(48,082)	(41,674)
Other operating income		<u>48,139</u>	<u>34,935</u>
		122,810	125,403
Share of profit/ (loss) in equity accounted investment		<u>6,180</u>	<u>(2,575)</u>
Profit before taxation		128,990	122,828
Taxation		(51,622)	(48,309)
Profit for the period		<u><u>77,368</u></u>	<u><u>74,519</u></u>

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

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

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.

M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Three months ended 30 September	
	2011	2010
	(Rupees'000)	
Profit for the period	77,368	74,519
Other comprehensive income for the period		
Exchange gain on translation of long term investments	19,643	8,730
Income tax on other comprehensive income	(6,875)	(3,056)
Other comprehensive income for the period	12,768	5,674
Total comprehensive income for the period	90,136	80,193

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

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

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M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Three months ended 30 September	
	2011	2010
	(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	128,990	122,828
Adjustments for:		
Depreciation	51,366	58,553
Gain on disposal of property, plant and equipment	(1,283)	-
Provision for staff retirement benefit - gratuity	10,880	9,278
Provision for doubtful debts	2,403	1,711
Return on bank deposits, letters of placements/term deposits receipts and short term advance	(23,813)	(20,625)
Share of (gain)/ loss of associated companies	(6,180)	2,575
Finance cost	48,082	41,674
Dividend income	(725)	(678)
Unrealised loss/ (gain) on remeasurement of investments to fair value	379	(453)
Exchange gain - net	(414)	(365)
	209,685	214,498
Working capital changes (Increase) / decrease in current assets		
Stores, spare parts and loose tools	(12,722)	(9,656)
Stock in trade - food and beverages	(7,414)	(18,655)
Trade debts	(33,145)	10,999
Advances	(17,350)	(3,209)
Trade deposits and prepayments	(24,318)	(23,308)
Other receivables	2,580	(4,564)
Increase/ (decrease) in current liabilities		
Trade and other payables	30,638	95,602
Cash (used in)/ generated from operations	(61,731)	47,209
Staff retirement benefit - gratuity paid	(6,529)	(2,280)
Income tax paid	(97,934)	(28,014)
Finance cost paid	(43,259)	(36,010)
Net cash from operating activities	232	195,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(78,882)	(48,654)
Additions to advance for capital expenditure	(50,687)	(209,202)
Proceeds from disposal of property, plant and equipment	1,837	-
Purchase of other financial assets	(14,954)	-
Dividend income received	725	678
Receipts of return on bank deposits, letters of placements and term deposit receipts	47,470	1,406
Long term deposits	500	(314)
Net cash used in investing activities	(93,991)	(256,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(18,000)	(18,000)
Repayments of lease liability	(3,701)	(4,972)
Net cash used in financing activities	(21,701)	(22,972)
Net decrease in cash and cash equivalents	(115,460)	(83,655)
Cash and cash equivalents at beginning of the period	(271,797)	(788,160)
Exchange gain - net	414	365
Cash and cash equivalents at end of the period	(386,843)	(871,450)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	100,345	86,154
Short term borrowings	(487,188)	(957,604)
	(386,843)	(871,450)

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

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

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.

M. A. Bawany
Director

Muhammad Rafique
Director

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Share capital	Capital reserve share premium	Revenue reserves		Unappropriated profit	Total equity
			General reserve	Exchange gain on translation of long term investments		
(Rupees'000)						
Balance as at 01 July 2010	325,242	269,424	1,600,000	228,765	453,984	2,877,415
Changes in equity for the period ended 30 September 2010						
Total comprehensive income for the period						
Profit for the period	-	-	-	-	74,519	74,519
Exchange gain on translation of long term investments - net of tax	-	-	-	5,674	-	5,674
Total comprehensive income for the period	-	-	-	5,674	74,519	80,193
Balance as at 30 September 2010	<u>325,242</u>	<u>269,424</u>	<u>1,600,000</u>	<u>234,439</u>	<u>528,503</u>	<u>2,957,608</u>
Balance as at 01 July 2011	325,242	269,424	1,600,000	233,021	1,174,103	3,601,790
Changes in equity for the period ended 30 September 2011						
Total comprehensive income for the period						
Profit for the period	-	-	-	-	77,368	77,368
Exchange gain on translation of long term investments - net of tax	-	-	-	12,768	-	12,768
Total comprehensive income for the period	-	-	-	12,768	77,368	90,136
Balance as at 30 September 2011	<u>325,242</u>	<u>269,424</u>	<u>1,600,000</u>	<u>245,789</u>	<u>1,251,471</u>	<u>3,691,926</u>

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

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

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.

M. A. Bawany
Director

Muhammad Rafique
Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

1. THE GROUP AND ITS OPERATIONS

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

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the group has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim consolidated financial information do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 30 June 2011. Comparative consolidated balance sheet is extracted from annual consolidated financial statements as of 30 June 2011, whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information for the three months period ended 30 September 2010.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates applied by the group for the preparation of this condensed interim consolidated financial information are the same as those applied by the group in preparation of annual consolidated financial statements for the year ended 30 June 2011.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Note	Unaudited 30 September 2011 (Rupees'000)	Audited 30 June 2011
4. LONG TERM FINANCING - secured			
From banking companies:			
Habib Bank Limited	4.1	18,000	36,000
The Bank of Punjab	4.1	500,000	500,000
		<u>518,000</u>	<u>536,000</u>
Current portion of long term financing		(59,667)	(36,000)
Balance at the end of the period/ year		<u>458,333</u>	<u>500,000</u>

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

	Note	Unaudited 30 September 2011 (Rupees'000)	Audited 30 June 2011
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments			
Balance as at beginning of the period		23,760	38,474
Assets acquired during the period		-	5,100
Repayments made during the period		(3,701)	(19,814)
		<u>20,059</u>	<u>23,760</u>
Current maturity		(14,994)	(15,764)
Balance as at end of the period		<u>5,065</u>	<u>7,996</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

6. SHORT TERM BORROWINGS - secured	Unaudited 30 September 2011	Audited 30 June 2011
	(Rupees'000)	
Running finance from banking companies		
National Bank of Pakistan	297,040	200,822
Habib Bank Limited	161,483	139,188
Soneri Bank Limited	27,184	223
The Bank of Punjab	1,481	50,000
	<u>487,188</u>	<u>390,233</u>

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Parent Company for the year ended 30 June 2011, except those disclosed in reference note 4.1.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

	Unaudited 30 September 2011	Audited 30 June 2011
	(Rupees'000)	
7.1.1 Guarantees	<u>103,459</u>	<u>101,459</u>
7.2 Commitments		
7.2.1 Commitments for capital expenditure	<u>88,140</u>	<u>97,940</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30 September 2011			Audited 30 June 2011		
	Owned assets	Leased assets	Total	Owned assets	Leased assets	Total
	(Rupees'000)					
Carrying value at beginning of the period/ year	22,318,776	34,231	22,353,007	22,219,109	58,749	22,277,858
Additions during the period/ year	78,882	-	78,882	355,326	5,100	360,426
Disposals/ adjustments during the period/ year	(554)	-	(554)	(3,596)	-	(3,596)
Adjustments during the period/ year	-	-	-	23,804	(23,804)	-
Transfer to non current assets held for sale	-	-	-	(41,664)	-	(41,664)
Depreciation charge for the period/ year	(50,082)	(1,284)	(51,366)	(234,203)	(5,814)	(240,017)
Carrying value at end of the period/ year	<u>22,347,022</u>	<u>32,947</u>	<u>22,379,969</u>	<u>22,318,776</u>	<u>34,231</u>	<u>22,353,007</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	Unaudited three months ended 30 September	
	2011	2010
	(Rupees'000)	
9. SALES AND SERVICES - net		
Rooms	556,992	530,951
Food and beverages	734,103	660,152
Other related services	93,856	86,859
Vehicles rental	17,478	18,532
Shop license fees	1,693	1,610
	<u>1,404,122</u>	<u>1,298,104</u>
Discounts and commissions	(2,339)	(3,502)
Sales tax	(191,443)	(181,845)
	<u>1,210,340</u>	<u>1,112,757</u>

	Unaudited three months ended 30 September	
	2011	2010
	(Rupees'000)	
10. COST OF SALES AND SERVICES		
Food and beverages		
Balance at beginning of the period	53,833	44,435
Purchases during the period	237,977	226,475
	<u>291,810</u>	<u>270,910</u>
Balance at end of the period	(61,247)	(63,090)
Consumption during the period	<u>230,563</u>	<u>207,820</u>
Direct expenses		
Salaries, wages and benefits	189,985	170,228
Heat, light and power	154,836	127,726
Repairs and maintenance	48,058	67,843
Depreciation	46,230	52,695
Guest supplies	31,813	26,188
Linen, china and glassware	22,382	26,257
Communication and other related services	14,338	12,126
Banquet and decoration	9,910	13,715
Transportation	5,408	886
Uniforms	4,686	4,408
Music and entertainment	1,589	1,943
Insurance	925	885
Vehicle operating expense	9,553	9,383
Vehicle rental and clearance charges	441	453
Hotel bookings	2,427	570
Others	2,494	3,265
	<u>775,638</u>	<u>726,391</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

11. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited three months ended 30 September	
	2011	2010
	(Rupees'000)	
Transactions with associated undertakings		
Sales	1,075	1,004
Services provided	11,035	2,207
Services availed	10,396	10,604
Purchases	37,749	26,410
Purchase of air tickets	5,128	4,424
Purchase of property, plant and equipment	-	1,017
Contribution to the defined contribution plan	4,767	4,421
Part payment for purchase of investment property	-	161,000
Donation	20,000	-
Transactions with key management personnel		
Remuneration and allowances	15,618	12,094

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 29 October 2011.

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.

M. A. Bawany
Director

Muhammad Rafique
Director



PEARL-CONTINENTAL MUZAFFARABAD



PEARL-CONTINENTAL LAHORE