



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

Owners and operators of



Pearl-Continental
HOTELS & RESORTS



Pearl-Continental
HOTELS & RESORTS



KARACHI*
Tel: +92 21-111-505-505
Fax: +92 213-5681835
E-mail: pchk@hashoogroup.com

LAHORE
Tel: +92 42-111-505-505
Fax: +92 423-6362760
E-mail: pchl@hashoogroup.com

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

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

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

MUZAFFARABAD
Tel: +92 5822 438000-14
Fax: +92 5822 438046
E-mail: pchm@hashoogroup.com

*A member of
The Leading Hotels of the World*

Produced by TOPNOTCH: 2653375

**CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)**
for the nine months period ended March 31, 2010



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 Chief Executive Officer
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
Mr. 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
Soneri Bank Limited

REGISTERED OFFICE

3rd Floor, Saudi Pak Tower,
61/A, Jinnah Avenue, Islamabad.
Tel: +92 51-2800148
Fax: +92 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,
Dagja 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 together with the unaudited condensed interim consolidated financial information of the Company for the nine months period ended March 31, 2010.

Overview

The economy of Pakistan till lately had been under pressure principally on account of global recession, power shortage and law and order situation. Under such an environment it is not difficult to see that your Company for the nine months period ended March 31, 2010 lost ground relative to the position held in the corresponding period of last year.

The room-occupancy, which is the major source of revenue, remained short of the target and caused further dip in the revenues. This compelled your Company to lower the Average Daily Room Rate (ADRR) to attract at least some clientele as room guests.

The prevailing fiercely competitive environment, further aggravated by the compelling need to continually enhance the hotel security systems, has on one hand depressed revenues and on the other hand inflated the overheads. Another overwhelming contributor to the operational cost is the surging cost energy. Because of long load-shedding hours, hotels are required to keep their own electricity generators running. It is a well-known fact that the diesel engine driven electricity generators may cost as much as 100% more for each KWhr than the utility supply tariff.

Despite the daunting challenges your Company is facing, it successfully managed to achieve fairly reasonable operating results.

Revenues in the reviewing period registered a decrease of Rs.437 million but the operational efficiency enabled your Company to achieve profit (before tax and loss/ gain on re-measurement of listed securities) of Rs.359 million as compared to Rs.240 million of the comparative period. The recovery of stock market also provided the basis to record unrealized gain of Rs.158 million during the period under review as against unrealized loss of Rs.559 million of the corresponding period of last year. This positive impact raised the bottom-line to relatively higher level and the Company was able to record profit after tax of Rs.392 million during the period under report as against loss after tax of Rs.410 million registered in the corresponding period of last year.

Glimpse of Performance:

Nine months ended March 31,

	2010	2009
	(Rupees'000)	
Sales and services-net	<u>2,989,103</u>	<u>3,425,777</u>
Gross profit	<u>984,601</u>	<u>1,045,921</u>
Profit/ (loss) before taxation	<u>517,136</u>	<u>(319,485)</u>
Profit/ (loss) after taxation	<u>391,752</u>	<u>(409,711)</u>
Earnings/ (loss) per share (Rupees)	<u>12.05</u>	<u>(12.59)</u>

Rooms Revenue

During the nine months period under report, Rooms Revenue (exclusive of GST) was recorded at Rs.1,256 million as against Rs.1,628 million of the comparative period of last year, registering a decline by Rs.372 million. The decline in the revenue is consequence of dilution in the room-occupancy and ADRR of the preceding period from 49 percent to 47 percent and Rs.8,316 to Rs.7,216 respectively in the nine months period under report.

Food & Beverage Revenue

Food & Beverage Revenue (exclusive of GST) during the nine months period under report was recorded at Rs.1,616 million as compared to Rs.1,671 million achieved in the corresponding period of last year. This result shows that revenue from this segment declined by Rs.55 million in the period under review.

Other Related Services, Shop License Fee & Tour Division

The business from these minor business segments for the nine months period under review was recorded (exclusive of GST) at Rs.117 million as compared to Rs.127 million in the corresponding period of last year. The revenue from these segments was reduced due to the lower occupancy-ratio.

Future Prospects

There are signs of recovery from the recession in the leading economies of the world which will in the natural course also impact the third world countries. But it is evident that more time will be required to enter the pre-recession era. Closer to home, action by the security forces has cleared the terrorists from their strongholds. Stock market is showing signs of recovery and the political situation in the country shows signs of mending with major political issues now standing resolved. The electricity load-shedding continues to be a hurdle but our team of professionals has infused in them a new spirit to find innovative ways and means of operational cost cutting and effective marketing for Company's products. Across the border in Afghanistan, a new NATO-led offensive is underway, which does bring business to Pakistan. The thaw with India appears over the horizon.

Your Company is pursuing its policies of modernization of its hotels and improving Food & Beverage Services. Work is being vigorously pursued to complete the remaining few items of the 50-Room project of the Pearl-Continental Hotel, Lahore. All told, we are upbeat since we have a strong faith in the resilience of the people of Pakistan to bounce back from their current predicament to prosperous heights. And we as a Company stand prepared to avail any opportunity that presents itself.

Consolidated Results

The consolidated revenues of your Company for the nine months period under report stood at Rs.3,064 million as against Rs.3,486 million of the corresponding period of last year. It shows nearly a drop of Rs.422 million.

Acknowledgement

On behalf of the Board, I wish to express my profound appreciation to the entire team of Pakistan Services Limited, 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: April 23, 2010



Pearl-Continental, Bhurban



**Condensed Interim
Financial Information (Unaudited)**
for the nine months period ended March 31, 2010

Condensed Interim balance sheet as at March 31, 2010

	Note	Unaudited March 31, 2010	Audited June 30, 2009
(Rupees'000)			
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>553,416</u>	<u>161,664</u>
		2,748,082	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>54,000</u>	108,000
Long term deposits		51,677	82,813
Deferred liabilities		<u>370,495</u>	399,588
		476,172	590,401
CURRENT LIABILITIES			
Trade and other payables		<u>1,319,708</u>	1,379,077
Markup payable		180,736	173,528
Short term borrowings	5	<u>709,803</u>	767,230
Current portion of long term financing		72,000	72,000
Provision for taxation		<u>43,394</u>	24,306
		2,325,641	2,416,141
		<u>14,174,749</u>	<u>13,987,726</u>

CONTINGENCIES AND COMMITMENTS

6

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

NON CURRENT ASSETS

	Note	Unaudited March 31, 2010	Audited June 30, 2009
(Rupees'000)			
Property, plant and equipment	7	10,613,712	10,720,517
Advance for capital expenditure		679,604	693,712
Investment property		41,500	41,500
Long term investments		1,065,455	1,065,455
Advance for equity investment	8	82,300	-
Long term deposits		<u>3,613</u>	<u>3,613</u>
		12,486,184	12,524,797

CURRENT ASSETS

Stores, spare parts and loose tools	76,063	86,567
Stock in trade – food and beverages	47,194	42,867
Trade debts	289,945	228,534
Advances	108,282	98,626
Trade deposits and prepayments	31,930	39,565
Interest accrued	29,224	12,667
Other receivables	65,557	116,096
Other financial assets	899,435	766,398
Cash and bank balances	<u>140,935</u>	<u>71,609</u>
	1,688,565	1,462,929
	<u>14,174,749</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 nine months period ended March 31, 2010

	Note	Three months ended March 31,		Nine months ended March 31,	
		2010	2009	2010	2009
(Rupees'000)					
Sales and services-net	9	1,055,044	1,026,423	2,989,103	3,425,777
Cost of sales and services	10	(655,761)	(729,122)	(2,004,502)	(2,379,856)
Gross profit		399,283	297,301	984,601	1,045,921
Administrative expenses		(221,323)	(241,616)	(690,402)	(771,081)
Other operating expenses		-	(198,478)	-	(559,040)
Finance cost		(40,364)	(53,718)	(125,261)	(159,725)
Other operating income		181,045	50,801	348,198	124,440
Profit/ (loss) before taxation		318,641	(145,710)	517,136	(319,485)
Taxation		(68,929)	(11,325)	(125,384)	(90,226)
Profit/ (loss) for the period		249,712	(157,035)	391,752	(409,711)
Earnings/ (loss) per share - basic and diluted (Rupees)	11	7.68	(4.83)	12.05	(12.59)

The annexed notes 1 to 13 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 nine months period ended March 31, 2010

	Nine months ended March 31,	
	2010	2009
(Rupees'000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	517,136	(319,485)
Adjustments for:		
Depreciation	186,619	190,250
Gain on disposal of property, plant and equipment	(1,365)	(506)
Provision for staff retirement benefit - gratuity	22,634	23,340
Provision for doubtful debts	6,100	15,074
Return on bank deposits, term deposit receipts and certificates of investments/ letters of placements	(62,992)	(71,928)
Finance cost	125,261	159,725
Dividend income	(725)	(30)
Unrealised (gain)/ loss on remeasurement of investments to fair value	(158,037)	559,040
Exchange loss/ (gain) - net	3,376	(4,211)
	638,007	551,269
Working capital changes		
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	10,504	(20,831)
Stock in trade - food and beverages	(4,327)	(6,049)
Trade debts	(67,511)	52,043
Advances	(9,656)	(22,453)
Trade deposits and prepayments	7,635	2,129
Other receivables	50,539	(5,237)
(Decrease)/ increase in current liabilities		
Trade and other payables	(59,369)	308,402
	(72,185)	308,004
Cash generated from operations	565,822	859,273
Staff retirement benefit - gratuity paid	(31,808)	(17,050)
Income tax paid	(126,216)	(96,249)
Finance cost paid	(118,053)	(100,546)
Net cash generated from operating activities	289,745	645,428
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(58,493)	(716,860)
Advance for capital expenditure	(9,532)	-
Proceeds from disposal of property, plant and equipment	3,685	1,309
Purchase of long term investments	-	(175,000)
Advance for equity investment	(82,300)	-
Dividend received	725	30
Receipt of return on bank deposits, term deposit receipts and certificates of investments/ letters of placements	46,435	44,457
Long term deposits	(31,136)	(1,952)
Net cash used in investing activities	(130,616)	(848,016)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(54,000)	(84,000)
Repayment of redeemable capital	-	(99,940)
Dividend paid	-	(48,786)
Net cash used in financing activities	(54,000)	(232,726)
Net increase/ (decrease) in cash and cash equivalents	105,129	(435,314)
Cash and cash equivalents at beginning of the period	(195,621)	269,560
Effects of exchange rate changes	(3,376)	4,211
Cash and cash equivalents at end of the period	(93,868)	(161,543)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	140,935	86,487
Running finance	(709,803)	(748,030)
Letters of placements/ certificates of investments	475,000	500,000
	(93,868)	(161,543)

The annexed notes 1 to 13 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 nine months period ended March 31, 2010

	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	-	-	-	(409,711)	(409,711)
Total comprehensive loss for the period	-	-	-	(409,711)	(409,711)
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 March 31, 2009	325,242	269,424	1,600,000	(18,209)	2,176,457
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	-	-	-	391,752	391,752
Total comprehensive income for the period	-	-	-	391,752	391,752
Balance as at March 31, 2010	325,242	269,424	1,600,000	553,416	2,748,082

The annexed notes 1 to 13 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 nine months period ended March 31, 2010

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 do 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 nine months period ended March 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 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 nine months period ended March 31, 2010

Notes to the condensed interim financial information (unaudited) for the nine months period ended March 31, 2010

except for the profit/ (loss) for the period. This presentation has been applied in this condensed interim financial information as of and for the nine months period ended March 31, 2010. 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 March 31, 2010	Audited June 30, 2009
	(Rupees'000)	
4. LONG TERM FINANCING		
Balance at beginning of the period	180,000	312,000
Repayments during the period	<u>(54,000)</u>	<u>(132,000)</u>
	126,000	180,000
Current maturity	<u>(72,000)</u>	<u>(72,000)</u>
Balance at the end of the period	<u>54,000</u>	<u>108,000</u>

5. SHORT TERM BORROWINGS

The Company has obtained a fresh running finance facility of Rs. 100 million from M/s Soneri Bank Limited at markup rate of 6-month KIBOR plus 2.50% per annum payable quarterly. The facility is secured against lien on shares of listed companies owned by the Company with 50% margin and ranking hypothecation charge over all the present and future current assets of the Pearl Continental Hotel, Rawalpindi for Rs.133 million. Balance outstanding in respect of this facility as at March 31, 2010 amounted to Rs. 99.991 million (June 30, 2009: Rs.Nil).

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.

	Unaudited March 31, 2010	Audited June 30, 2009
	(Rupees'000)	
6.2 Commitments		
6.2.1 Guarantees	<u>69,474</u>	<u>55,939</u>
6.2.3 Commitment for capital expenditure	<u>111,864</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 Regularization Committee.

Notes to the condensed interim financial information (unaudited) for the nine months period ended March 31, 2010

	Unaudited March 31, 2010	Audited June 30, 2009
	(Rupees'000)	

7. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2010	Audited June 30, 2009
Carrying value at beginning of the period	10,720,517	10,758,776
Additions during the period	89,334	463,278
Disposals/ adjustments during the period	(9,520)	(244,956)
Depreciation charge for the period	<u>(186,619)</u>	<u>(256,581)</u>
Carrying value at end of the period	<u>10,613,712</u>	<u>10,720,517</u>

8. ADVANCE FOR EQUITY INVESTMENT

This represents advance given to M/s Musafa International (Private) Limited (wholly owned subsidiary company) for issuance of 823,000 shares of Rs. 100 each.

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
	(Rupees'000)			

9. SALES AND SERVICES - net

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
Rooms	534,224	596,050	1,474,314	1,913,716
Food and beverages	655,356	600,793	1,879,109	1,942,865
Other related services	47,275	21,333	146,521	155,779
Shop license fees	1,694	1,714	4,959	4,917
	<u>1,238,549</u>	<u>1,219,890</u>	<u>3,504,903</u>	<u>4,017,277</u>
Discounts and commissions	(1,802)	(5,347)	(8,730)	(17,742)
Sales tax	<u>(181,703)</u>	<u>(188,120)</u>	<u>(507,070)</u>	<u>(573,758)</u>
	<u>1,055,044</u>	<u>1,026,423</u>	<u>2,989,103</u>	<u>3,425,777</u>

**Notes to the condensed interim financial information (unaudited)
for the nine months period ended March 31, 2010**

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009

(Rupees'000)

10. COST OF SALES AND SERVICES

Food and beverages

Balance at beginning of the period	42,036	51,043	42,867	45,721
Purchases during the period	218,064	187,726	600,459	584,262
	260,100	238,769	643,326	629,983

Balance at end of the period	(47,194)	(51,769)	(47,194)	(51,769)
Consumption during the period	212,906	187,000	596,132	578,214

Direct expenses

Salaries, wages and benefits	159,275	157,437	461,068	466,895
Heat, light and power	95,892	84,486	310,071	303,448
Repairs and maintenance	46,994	116,422	227,023	529,449
Depreciation	56,047	58,647	167,957	171,225
Guest supplies	25,027	37,278	74,460	109,734
Linen, china and glassware	24,142	47,778	67,729	101,617
Communication and other related services	11,092	12,837	32,167	37,354
Banquet and decoration	13,150	12,885	34,855	40,714
Transportation	3,606	5,136	9,657	16,794
Uniforms	4,069	6,102	12,285	13,792
Music and entertainment	1,822	2,306	5,384	6,388
Others	1,739	808	5,714	4,232
	655,761	729,122	2,004,502	2,379,856

**Notes to the condensed interim financial information (unaudited)
for the nine months period ended March 31, 2010**

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009

11. EARNINGS/ (LOSS) PER SHARE

Profit/ (loss) for the period (Rupees '000)	249,712	(157,035)	391,752	(409,711)
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)	7.68	(4.83)	12.05	(12.59)

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 nine months period ended March 31, 2010

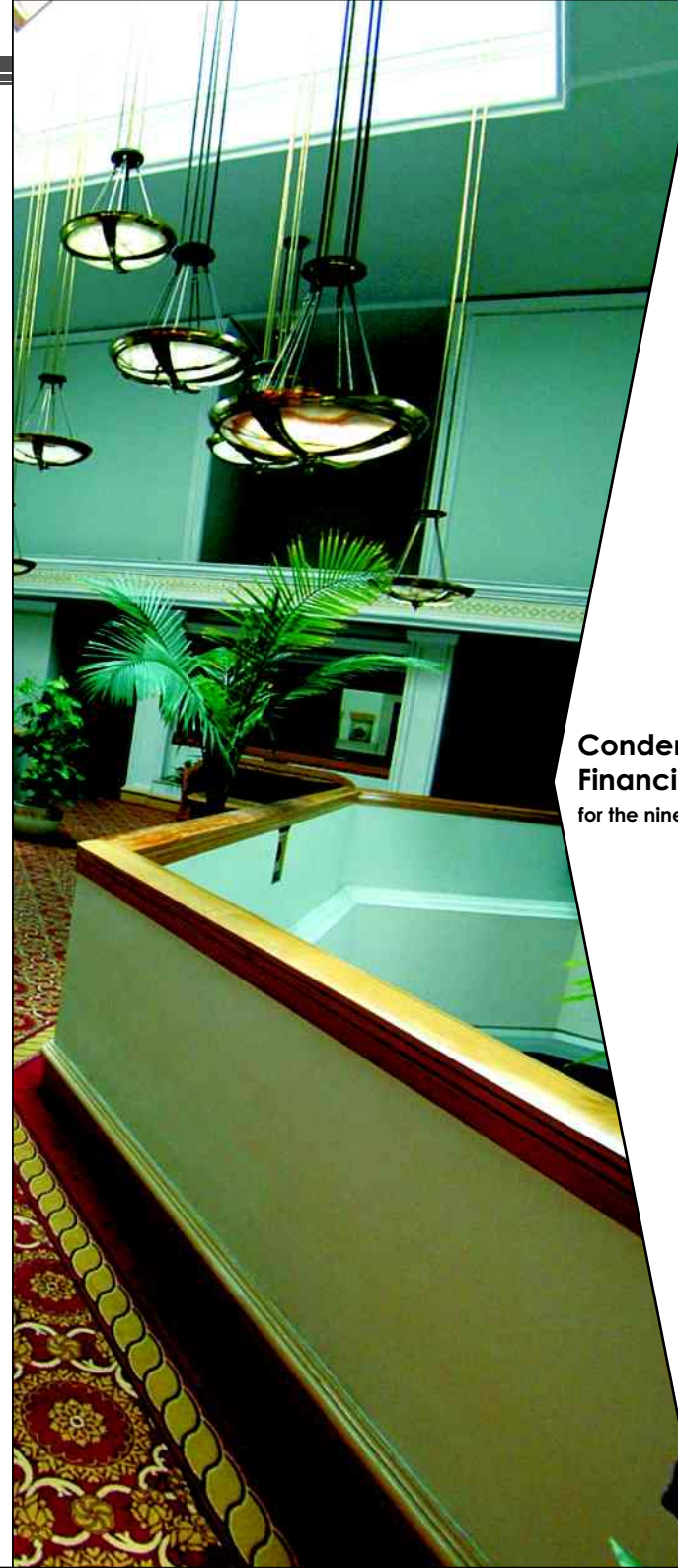
12. TRANSACTIONS WITH RELATED PARTIES

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:

	Nine months ended March 31,	
	2010	2009
	(Rupees'000)	
Transactions/ balances with subsidiary companies		
Sales	227	814
Services provided	480	2,653
Services availed	15,410	22,232
Purchases	-	3,195
Purchase of air tickets	-	3,236
Advance for equity investment	82,300	-
Balance due to	2,025	2,159
Balance due from	31,878	33,937
Transactions/ balances with associated undertakings		
Sales	3,480	3,732
Services provided	4,924	3,752
Services availed	22,395	30,827
Purchases	66,662	82,003
Purchase of air tickets	9,522	10,182
Purchase of property, plant and equipment	4,259	3,332
Insurance premium paid	-	27,612
Insurance claims received	56,278	-
Contribution to the defined contribution plan	12,301	11,025
Advance for purchase of land	-	555,095
Dividend paid	-	37,354
Long term investment	-	125,000
Donation	-	30,900
Balance due to (against trade creditors)	13,119	25,412
Balance due from (against trade debts/ trade advances)	20,786	21,138
Transactions with key management personnel		
Remuneration and allowances	21,560	21,560

13. 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 April 23, 2010.



**Condensed Interim Consolidated
Financial Information (Unaudited)**
for the nine months period ended March 31, 2010

Condensed interim consolidated balance sheet as at March 31, 2010

	Note	Unaudited March 31, 2010	Audited June 30, 2009
SHARE CAPITAL AND RESERVES (Rupees'000)			
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		2,098,059	2,070,632
Unappropriated profit		<u>462,260</u>	<u>67,372</u>
		2,885,561	2,463,246
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		8,624,854	8,624,854
NON CURRENT LIABILITIES			
Long term financing	4	54,000	108,000
Liabilities against assets subject to finance lease	5	29,159	11,107
Long term deposits		51,677	82,813
Deferred liabilities		495,580	508,231
		630,416	710,151
CURRENT LIABILITIES			
Trade and other payables		1,335,098	1,389,964
Markup payable		180,736	173,528
Short term borrowings	6	709,803	767,230
Current portion of long term financing		90,191	80,386
Provision for taxation		29,714	14,225
		2,345,542	2,425,333
		<u>14,486,373</u>	<u>14,223,584</u>
CONTINGENCIES AND COMMITMENTS	7		

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

	Note	Unaudited March 31, 2010	Audited June 30, 2009
NON CURRENT ASSETS (Rupees'000)			
Property, plant and equipment	8	10,899,259	10,860,819
Advance for capital expenditure		697,200	693,712
Investment property		41,500	41,500
Long term investments		1,116,487	1,074,292
Long term deposits		9,398	7,368
		12,763,844	12,677,691
CURRENT ASSETS			
Stores, spare parts and loose tools		76,063	88,182
Stock in trade – food and beverages		47,194	42,867
Trade debts		312,068	247,499
Advances		108,646	127,071
Trade deposits and prepayments		37,052	43,812
Interest accrued		29,275	12,687
Other receivables		41,855	94,369
Other financial assets		899,435	766,398
Cash and bank balances		170,941	123,008
		1,722,529	1,545,893
		<u>14,486,373</u>	<u>14,223,584</u>

Murtaza Hashwani
Chief Executive

M.A. Bawany
Director

**Condensed interim consolidated profit and loss account (unaudited)
for the nine months period ended March 31, 2010**

	Note	Three months ended March 31,		Nine months ended March 31,	
		2010	2009	2010	2009
(Rupees'000)					
Sales and services-net	9	1,081,718	1,036,119	3,063,879	3,486,231
Cost of sales and services	10	(670,572)	(737,789)	(2,026,184)	(2,418,060)
Gross profit		411,146	298,330	1,037,695	1,068,171
Administrative expenses		(233,091)	(264,748)	(743,472)	(798,449)
Other operating expenses		-	(198,478)	-	(559,040)
Finance cost		(41,976)	(54,363)	(129,668)	(162,028)
Other operating income		182,574	56,019	358,350	135,968
Profit/ (loss) before taxation		318,653	(163,240)	522,905	(315,378)
Taxation		(69,956)	(9,163)	(128,017)	(88,339)
Profit/ (loss) for the period		248,697	(172,403)	394,888	(403,717)
Earnings/ (loss) per share - basic and diluted (Rupees)	11	7.65	(5.30)	12.14	(12.41)

The annexed notes 1 to 13 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 nine months period ended March 31, 2010**

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
(Rupees'000)				
Profit/ (loss) for the period	248,697	(172,403)	394,888	(403,717)
Other comprehensive income for the period				
Exchange gain/ (loss) on translation of long term investments	(1,455)	21,825	42,195	177,510
Deferred tax relating to component of other comprehensive income	509	(7,639)	(14,768)	(62,129)
Other comprehensive income for the period-net off deferred tax	(946)	14,186	27,427	115,381
Total comprehensive income/ (loss) for the period	247,751	(158,217)	422,315	(288,336)

The annexed notes 1 to 13 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 nine months period ended March 31, 2010

	Nine months ended March 31,	
	2010	2009
	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	522,905	(315,378)
Adjustments for:		
Depreciation	197,740	200,122
Gain on disposal of property, plant and equipment	(4,305)	(5,162)
Provision for staff retirement benefit - gratuity	22,634	23,340
Provision for doubtful debts	6,100	15,074
Return on bank deposits, term deposit receipts and certificates of investments/ letters of placements	(65,683)	(78,574)
Finance cost	129,668	162,028
Dividend income	(725)	(30)
Unrealised (gain)/ loss on remeasurement of investments to fair value	(158,037)	559,040
Exchange loss/ (gain) - net	3,360	(4,241)
	<u>653,557</u>	<u>556,219</u>
Working capital changes		
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	12,119	(20,832)
Stock in trade - food and beverages	(4,327)	(6,049)
Trade debts	(70,669)	52,452
Advances	18,425	(58,229)
Trade deposits and prepayments	6,760	1,052
Other receivables	59,714	(3,049)
(Decrease)/ increase in current liabilities		
Trade and other payables	(54,864)	303,790
	<u>(32,842)</u>	<u>269,135</u>
Cash generated from operations	620,815	825,354
Staff retirement benefit - gratuity paid	(31,808)	(17,050)
Income tax paid	(130,775)	(97,250)
Finance cost paid	(122,460)	(102,849)
Net cash generated from operating activities	335,772	608,205
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(185,336)	(735,464)
Advance for capital expenditure	(27,128)	-
Proceeds from disposal of property, plant and equipment	10,521	9,197
Purchase of long term investments	-	(50,000)
Dividend received	725	30
Receipt of return on bank deposits, term deposit receipts and certificates of investments/ letters of placements	49,095	51,175
Long term deposits	(33,166)	(1,953)
Net cash used in investing activities	(185,289)	(727,015)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(12,763)	(10,150)
Repayment of long term financing	(54,000)	(84,000)
Repayment of redeemable capital	-	(99,940)
Dividend paid	-	(48,786)
Net cash used in financing activities	(66,763)	(242,876)
Net increase/ (decrease) in cash and cash equivalents	83,720	(361,686)
Cash and cash equivalents at the beginning of the period	(144,222)	297,159
Effects of exchange rate changes	(3,360)	4,241
Cash and cash equivalents at the end of the period	<u>(63,862)</u>	<u>(60,286)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	170,941	187,744
Running finance	(709,803)	(748,030)
Letters of placements/ Certificates of investments	475,000	500,000
	<u>(63,862)</u>	<u>(60,286)</u>

The annexed notes 1 to 13 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 nine months period ended March 31, 2010

	Revenue reserves					Total equity
	Share Capital	Capital reserve-share premium	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	118,945	893,533	2,707,144
Transferred to general reserve	-	-	500,000	-	(500,000)	-
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(403,717)	(403,717)
Other comprehensive income	-	-	-	115,381	-	115,381
Total comprehensive income/ (loss) for the period	-	-	-	115,381	(403,717)	(288,336)
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 March 31, 2009 - Restated	325,242	269,424	1,600,000	234,326	(58,970)	2,370,022
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	-	-	-	-	394,888	394,888
Other comprehensive income for the period	-	-	-	27,427	-	27,427
Total comprehensive income for the period	-	-	-	27,427	394,888	422,315
Balance as at March 31, 2010	325,242	269,424	1,600,000	228,635	462,260	2,885,561

The annexed notes 1 to 13 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 nine months period ended March 31, 2010

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 do 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 statement of cash flows are stated from unaudited condensed interim consolidated financial information for the nine months period ended March 31, 2009.

Notes to the condensed interim consolidated financial information (unaudited) for the nine months period ended March 31, 2010

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 transaction 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 as of and for the nine months period ended March 31, 2010. 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 March 31, 2010	Audited June 30, 2009
	(Rupees'000)	
4. LONG TERM FINANCING		
Balance at beginning of the period	180,000	312,000
Repayments during the period	(54,000)	(132,000)
	<u>126,000</u>	<u>180,000</u>
Current maturity	(72,000)	(72,000)
Balance at the end of the period	<u>54,000</u>	<u>108,000</u>

Notes to the condensed interim consolidated financial information (unaudited) for the nine months period ended March 31, 2010

	Unaudited March 31, 2010	Audited June 30, 2009
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured	(Rupees'000)	
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>(12,763)</u>	<u>(13,214)</u>
	47,350	19,493
Current maturity	<u>(18,191)</u>	<u>(8,386)</u>
Balance as at end of the period	<u>29,159</u>	<u>11,107</u>

5.1 Lease payments are due as under:

	March 31, 2010			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	<u>32,324</u>	<u>3,394</u>	<u>35,718</u>	11,107	373	11,480
	<u>52,356</u>	<u>9,034</u>	<u>61,390</u>	19,493	1,841	21,334

6. SHORT TERM BORROWINGS

The Parent Company has obtained a fresh running finance facility of Rs. 100 million from M/s Soneri Bank Limited at markup rate of 6-month KIBOR plus 2.50% per annum payable quarterly. The facility is secured against lien on shares of listed companies owned by the Parent Company with 50% margin and ranking hypothecation charge over all the present and future current assets of the Pearl Continental Hotel, Rawalpindi for Rs.133 million. Balance outstanding in respect of this facility as at March 31, 2010 amounted to Rs.99.991 million (June30,2009:Rs.Nil).

7. CONTINGENCIES AND COMMITMENTS

7.1 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 nine months period ended March 31, 2010

	Unaudited March 31, 2010	Audited June 30, 2009
7.2 Commitments	(Rupees'000)	
7.2.1 Guarantees	<u>70,109</u>	<u>56,574</u>
7.2.2 Commitment for capital expenditure	<u>185,241</u>	<u>315,094</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 Regularization Committee.

8. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2010			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	208,977	40,620	249,597	542,206	-	542,206
Disposals/ adjustments during the period	(11,521)	(1,896)	(13,417)	(252,170)	(1,700)	(253,870)
Depreciation charge for the period	(190,864)	(6,876)	(197,740)	(264,303)	(5,512)	(269,815)
Carrying value at end of the period	<u>10,837,875</u>	<u>61,384</u>	<u>10,899,259</u>	<u>10,831,283</u>	<u>29,536</u>	<u>10,860,819</u>

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
	(Rupees'000)			

9. SALES AND SERVICES - net

Rooms	534,068	595,715	1,473,834	1,911,063
Food and beverages	655,278	599,979	1,878,882	1,942,051
Other related services	54,355	23,262	171,758	185,242
Vehicle rental	19,828	8,916	50,246	34,458
Shop license fees	1,694	1,714	4,959	4,917
	<u>1,265,223</u>	<u>1,229,586</u>	<u>3,579,679</u>	<u>4,077,731</u>
Discounts and commissions	(1,802)	(5,347)	(8,730)	(17,742)
Sales tax	(181,703)	(188,120)	(507,070)	(573,758)
	<u>1,081,718</u>	<u>1,036,119</u>	<u>3,063,879</u>	<u>3,486,231</u>

**Notes to the condensed interim consolidated financial information (unaudited)
for the nine months period ended March 31, 2010**

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
	(Rupees'000)			
10. COST OF SALES AND SERVICES				
Food and beverages				
Balance at beginning of the period	42,036	51,043	42,867	45,721
Purchases during the period	217,986	186,912	600,232	583,448
	260,022	237,955	643,099	629,169
Balance at end of the period	(47,194)	(51,769)	(47,194)	(51,769)
Consumption during the period	212,828	186,186	595,905	577,400
Direct expenses				
Salaries, wages and benefits	159,275	157,439	461,068	466,897
Heat, light and power	95,892	84,486	310,071	303,448
Repairs and maintenance	46,994	116,422	227,023	529,449
Depreciation	67,168	61,886	179,078	181,097
Guest supplies	25,027	37,278	74,460	109,734
Linen, china and glassware	24,142	47,778	67,729	101,617
Communication and other related services	11,092	14,336	32,167	38,853
Banquet and decoration	13,150	12,885	34,855	40,714
Transportation	5,243	106	8,493	1,731
Uniforms	4,069	6,102	12,285	13,792
Music and entertainment	1,822	2,306	5,384	6,388
Hotel booking	2,094	3,072	6,220	8,478
Others	1,776	7,507	11,446	38,462
	670,572	737,789	2,026,184	2,418,060

**Notes to the condensed interim consolidated financial information (unaudited)
for the nine months period ended March 31, 2010**

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
11. EARNINGS/ (LOSS) PER SHARE				
Profit/ (loss) after taxation (Rupees '000)	248,697	(172,403)	394,888	(403,717)
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)	7.65	(5.30)	12.14	(12.41)

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 nine months period ended March 31, 2010

12. 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:

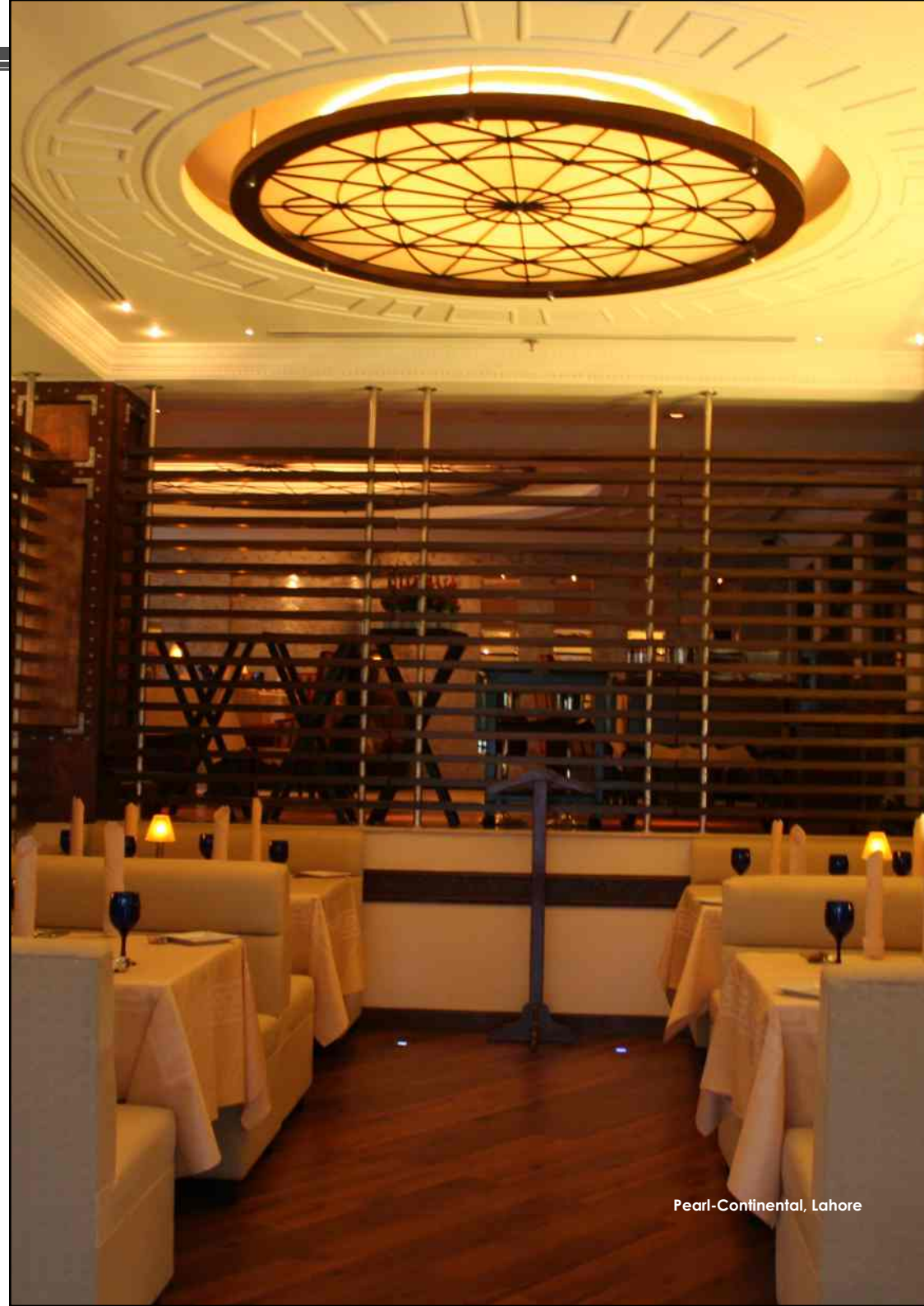
	Nine months ended March 31,	
	2010	2009
	(Rupees'000)	
Transactions/ balances with associated undertakings		
Sales	3,480	2,548
Services provided	9,198	10,143
Services availed	37,361	36,537
Purchases	66,943	82,003
Purchase of air tickets	23,880	21,570
Purchase of property, plant and equipment	4,259	3,332
Insurance expense paid	-	30,807
Insurance claims received	56,278	-
Contribution to the defined contribution plan	12,301	11,025
Advance for purchase of land	-	555,095
Dividend paid	-	37,354
Donation	-	30,900
Balances due to (against trade creditors)	13,503	28,445
Balances due from (against trade debts/ trade advances)	13,236	25,086
Transactions with key management personnel		
Remuneration and allowances	21,560	21,560

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 April 23, 2010.

Murtaza Hashwani
Chief Executive

M.A. Bawany
Director



Pearl-Continental, Lahore