

# CONDENSED INTERIM FINANCIAL INFORMATION

(UNAUDITED)

FOR THE THREE MONTHS PERIOD  
ENDED 30 SEPTEMBER 2015



**PSL**

PAKISTAN SERVICES LTD.

*PC*

Pearl-Continental  
HOTELS & RESORTS

Cultured like no other pearl in the world





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(UNAUDITED)

FOR THE THREE MONTHS PERIOD  
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Pearl-Continental

HOTELS & RESORTS

# 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 Excellence 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 Information

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 6 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,526 rooms. It also owns and manages another small hotel with 32 rooms in Lahore city.

## BOARD OF DIRECTORS

Mr. Sadruddin Hashwani Chairman & CEO  
 Ms. Sarah Hashwani  
 Mr. M.A. Bawany  
 Mr. Josef Kufer  
 Mr. Muhammad Rafique  
 Mr. Bashir Ahmed  
 Mr. H.A.S. Vellani  
 Mr. Talat Hameed  
 Mr. Shakir Abu Bakar

## AUDIT COMMITTEE

Mr. Shakir Abu Bakar  
 Ms. Sarah Hashwani  
 Mr. H.A.S. Vellani  
 Mr. Talat Hameed

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique

## COMPANY SECRETARY

Mr. Mansoor Khan

## AUDITORS

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

## LEGAL ADVISOR

M/s Liaquat Merchant & Associates

## BANKERS

National Bank of Pakistan  
 The Bank of Punjab  
 Habib Bank Limited  
 Soneri Bank Limited  
 United Bank Limited  
 Askari Bank Limited  
 Albaraka Islamic Bank (Pakistan) Limited  
 Bank Alfalah Limited  
 JS Bank Limited  
 NIB Bank Limited  
 Silk Bank Limited  
 Standard Chartered Bank (Pakistan) Limited  
 Industrial and Commercial Bank of China

## REGISTERED OFFICE

1st Floor, NESPAK House,  
 Sector G-5/2, Islamabad.  
 Tel: +92 51-2272890-8  
 Fax: +92 51-2878636  
<http://www.psl.com.pk>  
<http://www.pchotels.com>  
<http://www.pchotels.biz>  
<http://www.pchotels.com.pk>  
<http://www.pearlcontinental.biz>  
<http://www.pearlcontinental.com.pk>  
<http://www.hashoogroup.com>  
<http://www.hashoogroup.com.pk>  
<http://www.hashoogroup.biz>  
<http://www.hashoogroup.info>  
<http://www.hashoo.info>

## SHARE REGISTRAR

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

# DIRECTORS' REPORT

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial information on the performance of the Company for the three-month period ended on 30 September 2015.

## Economic Overview

Pakistan's GDP growth is expected to reach 5.5% in the FY 2015-16 from 4.2% of last year. Prospects for large-scale manufacturing remain subject to progress on power supply. Plans to build an economic corridor linking Kashgar in the People's Republic of China to the Pakistani port of Gwadar were announced in April 2015, and this megaproject could significantly boost private investments and growth in the coming years.

According to ADB, inflation is expected to be slightly higher in FY 2015-16 than in FY 2014-15 as oil prices recover. Inflationary pressures may come from food prices pushed higher by possible supply shortages following floods in July 2015. Monetary policy is expected to remain supportive.

In FY 2015-16, the current account deficit is expected to widen marginally as slightly higher oil prices and stronger growth in the advanced countries translates into an expansion in trade. Nevertheless, exports are expected to increase only slightly after 2 years of stagnation, as manufacturing continues to suffer under energy shortages and low cotton prices see only a modest increase.

While the regional and international political and security concerns will continue to affect international travel and tourism to Pakistan, improved law & order situation and a stable economy at home will increase domestic travel.

## Overall performance of the Company

The impact of improved domestic political and economic conditions is reflected in PSL's results. Total Sales & Services (net) increased 33% to PKR 2,082 million in the first quarter under report from PKR 1,566 million of the comparative period of last year. This was mainly due to 13% increase in occupancy, combined with a 12% growth in Average Daily Room Rate (ADR).

During the quarter PSL also benefitted from substantial appreciation in the market price of its investment in the shares of listed companies. This gain added PKR 371 million to the Company's Other Income compared to PKR 29 million of the corresponding period last year.

After-tax profit was recorded at PKR 538 million in the period under review as against after-tax loss of PKR 85 million of the corresponding period of last year.

**Highlights of Performance**

For the three months  
period ended  
30 September

2015                      2014  
(Rupees in Million)

Sales and services – net	2,082	1,566
Gross profit	883	511
Profit/(loss) before taxation	629	(18)
Profit/(loss) after taxation	538	(85)
Earnings/(loss) per share (Rupees)	16.55	(2.61)

**Performance of Rooms Department**

Revenue (net) from Rooms registered mammoth growth by 43% during period under review to PKR 993 million as against PKR 694 million of the comparative period of last year. The Average Daily Room Rate (ADR) improved by 12% during the quarter.

**Performance of Food & Beverage (F&B) Department**

Food & Beverage Revenue (net) for the three months period of current financial year was PKR 992 million as against PKR 783 million of the comparable period of last year, achieving a healthy growth of 27%.

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

Revenue (net) from this segment grew by 8% during the period under review to PKR 97 million as against PKR 90 million achieved in the same period of last year.

**Future Prospects**

As mentioned above, a stable political and economic environment, together with significant investments in the country's infrastructure, augur well for PSL's business prospects for FY 2015-16.

The Company's extensive strategic Balancing, Modernization and Replacement (BMR) program is nearing completion. PSL is also planning to invest in its MIS and Information Technology Infrastructure to improve its competitiveness in the market by providing enhanced products and services to the customers.

### Consolidated Results

The Group as a whole, including PSL and its subsidiary companies, during the period under review recorded Total Revenue (net) of PKR 2,104 million as against PKR 1,584 million of the corresponding period last year registering a significant overall growth of 33%.

Profit after-tax was Rs.541 million compared to a loss of Rs.84 million suffered in the first quarter of last year.

### Acknowledgement

On behalf of the Board, we thank the Company's staff for their dedicated professional services. We also extend our thanks to our consultants, bankers, advisers, and the shareholders for the advice, understanding and support that are critical for the success of our programs, projects, and normal business operations. And finally, our valued guests, who encourage and expect from PSL and its staff to provide the best level of products and services to win their continued support and patronage.

For and on behalf of the Board of Directors



M. A. Bawany  
Director

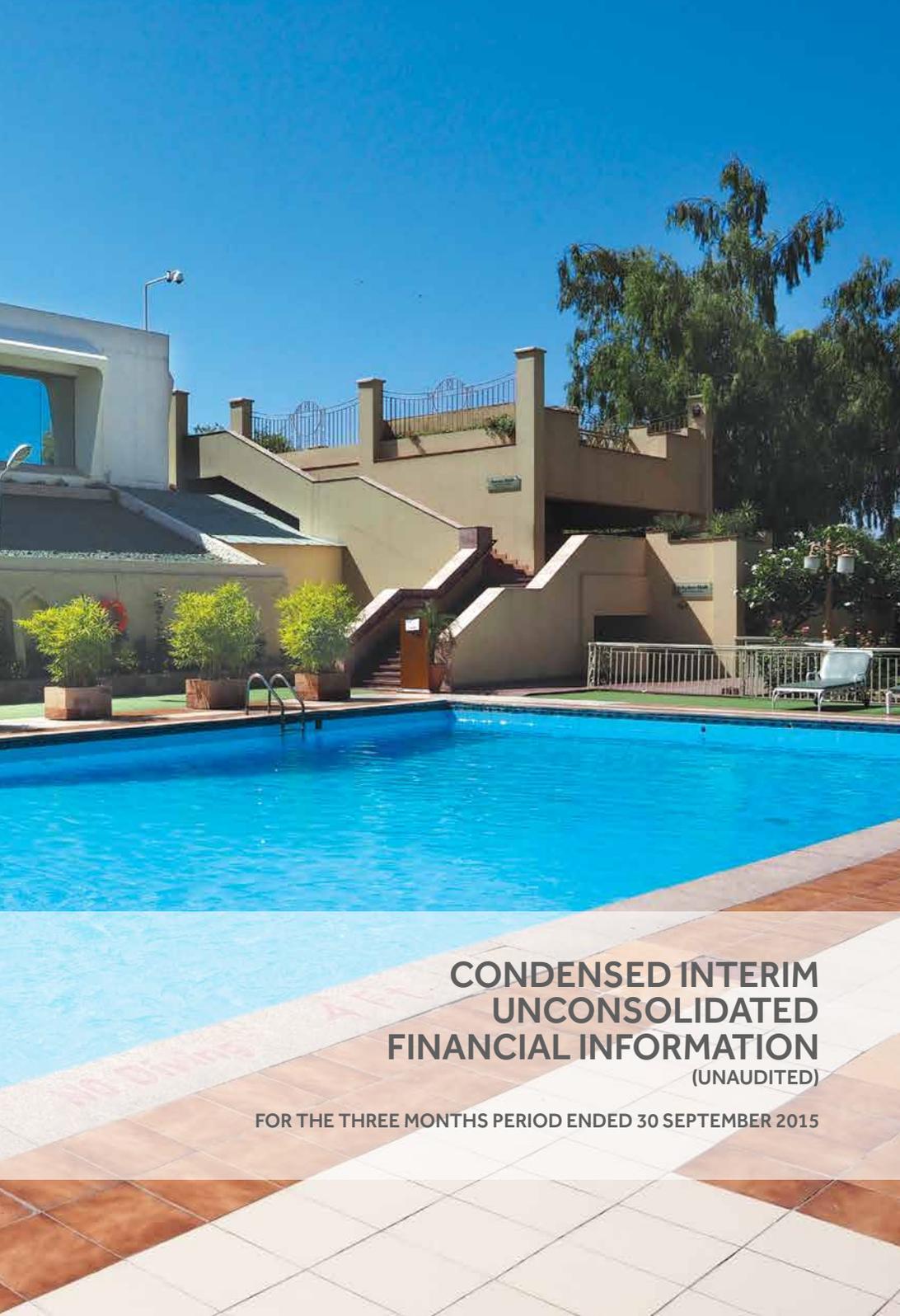


Muhammad Rafique  
Director

Islamabad: 29 October 2015







**CONDENSED INTERIM  
UNCONSOLIDATED  
FINANCIAL INFORMATION**  
(UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

# Condensed Interim Unconsolidated Balance Sheet

## As at 30 September 2015

		Unaudited 30 September 2015	Audited 30 June 2015
	Note	(Rupees'000)	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 50,000,000 (30 June 2015: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up share capital		325,242	325,242
Reserves		1,869,424	1,869,424
Unappropriated profit		5,666,707	5,290,960
		7,861,373	7,485,626
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		23,779,515	23,779,515
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	4	588,826	685,128
Liabilities against assets subject to finance lease - secured	5	-	-
Deferred liabilities		722,758	645,072
		1,311,584	1,330,200
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,860,838	1,632,709
Markup accrued		18,577	38,253
Short term borrowings - secured	7	-	-
Current portion of long term financing and liabilities against assets subject to finance lease		153,232	74,392
		2,032,647	1,745,354
		34,985,119	34,340,695
<b>CONTINGENCIES AND COMMITMENTS</b>	8		

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim unconsolidated financial information, as approved by the Board of Directors, have been signed by two Directors.

		<b>Unaudited 30 September 2015</b>	Audited 30 June 2015
	Note	(Rupees'000)	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	29,142,879	28,897,404
Advance for capital expenditure	10	1,178,551	1,175,457
Investment property		45,000	45,000
Long term investments	11	328,360	328,360
Long term deposits and prepayments		23,158	18,864
		<b>30,717,948</b>	<b>30,465,085</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		154,579	150,389
Stock in trade - food and beverages		97,720	90,715
Trade debts		602,609	510,208
Advances	12	631,110	580,723
Trade deposits and prepayments		80,315	63,883
Interest accrued		18,045	5,768
Other receivables		55,029	35,518
Other financial assets	13	1,453,341	1,082,204
Non current assets held for sale	14	586,403	586,403
Advance tax - net		83,674	4,229
Cash and bank balances		504,346	765,570
		<b>4,267,171</b>	<b>3,875,610</b>
		<b>34,985,119</b>	<b>34,340,695</b>



M. A. Bawany  
Director



Muhammad Rafique  
Director

# Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the three months period ended 30 September 2015

	Note	Three months ended 30 September	
		2015	2014
		(Rupees'000)	
<b>Sales and services - net</b>	15	2,081,848	1,566,411
Cost of sales and services	16	(1,199,072)	(1,055,741)
<b>Gross profit</b>		882,776	510,670
Administrative expenses		(650,551)	(576,779)
Finance cost		(27,253)	(26,757)
Other income		423,798	74,387
<b>Profit/ (Loss) before taxation</b>		628,770	(18,479)
Taxation		(90,402)	(66,420)
<b>Profit/ (Loss) for the period</b>		538,368	(84,899)
Earnings/ (Loss) per share - basic and diluted (Rupees)	17	16.55	(2.61)

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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 2015

	Three months ended 30 September	
	2015	2014
	(Rupees'000)	
Profit/ (Loss) for the period	538,368	(84,899)
Other comprehensive income for the period	-	-
Total comprehensive income/(loss) for the period	<u>538,368</u>	<u>(84,899)</u>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim unconsolidated financial information, as approved by the Board of Directors, have been signed by two Directors.



M. A. Bawany  
Director



Muhammad Rafique  
Director

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the three months period ended 30 September 2015

	Note	Three months ended 30 September	
		2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flow from operating activities before working capital changes	18	414,420	95,490
Working capital changes			
Increase in current assets			
Stores, spare parts and loose tools		(4,190)	(18,244)
Stock in trade - food and beverages		(7,005)	(23,335)
Trade debts		(106,506)	(24,951)
Advances		(50,387)	(27,343)
Trade deposits and prepayments		(16,432)	(40,465)
Other receivables		(19,511)	(5,574)
Increase / (decrease) in current liabilities			
Trade and other payables		65,508	(44,577)
Cash used in operations		(138,523)	(184,489)
Staff retirement benefit - gratuity paid		(3,608)	(9,930)
Compensated leave absences paid		(4,288)	(4,105)
Income tax paid		(111,853)	(52,912)
Finance cost paid		(57,063)	(47,846)
Net cash generated from / (used in) operating activities		99,085	(203,792)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(370,790)	(227,943)
Advance for capital expenditure		(3,094)	(8,833)
Proceeds from disposal of property, plant and equipment		23,794	-
Refund of advance against equity investment		-	6,000
Proceeds from maturity of other financial assets		-	255,505
Dividend income		388	400
Return on bank deposits		12,763	5,717
Long term deposits / prepayments		(4,294)	3
Net cash (used in) / generated from investing activities		(341,233)	30,849
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(16,667)	(58,333)
Repayment of liabilities against assets subject to finance lease		(2,409)	(2,115)
Net cash used in financing activities		(19,076)	(60,448)
Net decrease in cash and cash equivalents		(261,224)	(233,391)
Cash and cash equivalents at beginning of the period		765,570	161,550
Cash and cash equivalents at end of the period	19	504,346	(71,841)

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim unconsolidated financial information, as approved by the Board of Directors, have been signed by two Directors.



M. A. Bawany  
Director



Muhammad Rafique  
Director

# Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited) For the three months period ended 30 September 2015

	Share capital	Capital Reserve	Revenue reserves		Total Equity
		Share Premium	General Reserve	Unappropriated Profit	
(Rupees'000)					
<b>Balance at 01 July 2014</b>	325,242	269,424	1,600,000	4,230,956	6,425,622
<i>Changes in equity for the period ended 30 September 2014</i>					
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(84,899)	(84,899)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(84,899)	(84,899)
<b>Balance at 30 September 2014</b>	325,242	269,424	1,600,000	4,146,057	6,340,723
<b>Balance at 01 July 2015</b>	325,242	269,424	1,600,000	5,290,960	7,485,626
<i>Changes in equity for the period ended 30 September 2015</i>					
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	538,368	538,368
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	538,368	538,368
Final cash dividend for the year ended 30 June 2015 declared subsequent to the year end (@ Rs. 5 per share)	-	-	-	(162,621)	(162,621)
<b>Balance at 30 September 2015</b>	325,242	269,424	1,600,000	5,666,707	7,861,373

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim unconsolidated financial information, as approved by the Board of Directors, have 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 2015

### 1. STATUS AND NATURE OF BUSINESS

Pakistan Services Limited ("the Company") was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange Limited. The Company's registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar and Muzaffarabad Azad Jammu & Kashmir. The Company also owns one small sized property in Lahore operating under the budget hotel concept. The Company also grants franchise to use its trade mark and name " Pearl Continental".

Further the Company is in process of constructing hotels in Multan and Mirpur- Azad Jammu & Kashmir.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim unconsolidated financial information do not include the information that reported for annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2015. Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2015, whereas comparative unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the three months period ended 30 September 2014.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim unconsolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited unconsolidated financial statements for the year ended 30 June 2015.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016 and are not expected to have any significant effect on condensed interim unconsolidated financial information of the Company:

- IAS 38 'Intangible Assets'	(effective 01 January 2016)
- IAS 16 'Property, Plant and Equipment'	(effective 01 January 2016)
- IFRS 10 'Consolidated Financial Statements'	(effective 01 January 2016)
- IAS 27 'Separate Financial Statement'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2012-2014, Most of amendments will apply prospectively for annual period beginning on or after 01 January 2016:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7 'Financial Instruments- Disclosures'
- IAS 19 'Employee Benefits'
- IAS 34 'Interim Financial Reporting'

Unaudited 30 September 2015	Audited 30 June 2015
(Rupees '000)	

#### 4. LONG TERM FINANCING - secured

From banking companies

Term finance loans	100,000	116,667
Syndicated term loan	636,743	635,128
	736,743	751,795
Current portion	(147,917)	(66,667)
	588,826	685,128

4.1 The markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2015.

#### 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured

The markup rate, facility limit and securities offered for this lease finance arrangement are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2015.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

	<b>Unaudited</b> <b>30 September</b> <b>2015</b>	Audited 30 June 2015
	(Rupees '000)	
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors	406,702	399,313
Accrued liabilities	538,757	503,639
Advances from customers	257,025	236,779
Due to related parties - unsecured	8,580	4,987
Sales tax - net	98,019	116,422
Bed tax	61,191	60,359
Un-earned income	127,197	129,049
Dividend payable	162,621	-
Others	200,746	182,161
	<u>1,860,838</u>	<u>1,632,709</u>

### 7. SHORT TERM BORROWINGS - secured

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2015.

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

Contingencies are the same as disclosed in the audited unconsolidated annual financial statements of the Company for the year ended 30 June 2015 except for the commitments and guarantees as disclosed below:

	<b>Unaudited</b> <b>30 September</b> <b>2015</b>	Audited 30 June 2015
	(Rupees '000)	
<b>8.1.1 Guarantees - secured</b>	<u>186,873</u>	<u>188,173</u>

This includes guarantee of Rs. 50 million (30 June 2015: Rs. 50 million), issued on behalf of a subsidiary company.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

**Unaudited**     Audited  
**30 September**     30 June  
**2015**             2015  
**(Rupees '000)**

### 8.2 Commitments

Commitments for capital expenditure	877,665	819,189
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### 9. PROPERTY, PLANT AND EQUIPMENT

	Owned Assets	Leased Assets	Capital work in progress	Total
<b>Unaudited 30 September 2015 - (Rupees in '000)</b>				
Carrying value at beginning of the period	27,841,967	21,144	1,034,293	28,897,404
Additions during the period	175,982	-	206,555	382,537
Transfer from capital work in progress	105,062	-	(105,062)	-
Disposal during the period	(21,671)	-	-	(21,671)
Depreciation charge for the period	(114,608)	(783)	-	(115,391)
Carrying value at end of the period	27,986,732	20,361	1,135,786	29,142,879

Audited 30 June 2015 - (Rupees in '000)

Carrying value at beginning of the year	23,660,402	24,589	643,764	24,328,755
Additions during the year	224,039	-	842,756	1,066,795
Transfer from capital work in progress	452,227	-	(452,227)	-
Surplus on revaluation	3,925,950	-	-	3,925,950
Disposal during the year	(6,346)	-	-	(6,346)
Depreciation charge for the year	(414,305)	(3,445)	-	(417,750)
Carrying value at end of the year	27,841,967	21,144	1,034,293	28,897,404

### 10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2015: Rs. 1,048.48 million). Advance for purchase of land includes amount of Rs. 381.66 million paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Company being aggrieved and dissatisfied with this impugned judgment

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

for dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Company will seek recovery of purchase consideration and land regularization fee paid to the seller and Land Regularization Department respectively.

### 11 LONG TERM INVESTMENTS

Pursuant to the directions of the Honourable Islamabad High Court, the members of Bhurban Resorts (Private) Limited and the Pakistan Services Limited have approved the merger of Bhurban Resorts (Private) Limited into Pakistan Services Limited vide their special resolution passed at their joint Extra Ordinary General Meeting held on 03 August 2015. Final order of the Honourable Islamabad High Court regarding subsequent approval of merger is still awaited.

### 12. ADVANCES

This mainly includes short term advance of Rs. 500 million (30 June 2015: Rs. 500 million) extended to an associated company M/s Hashwani Hotels Limited carrying markup rate of 1- year KIBOR plus 3% (30 June 2015: 1- year KIBOR plus 3%) per annum and secured against ranking charge on Karachi Marriott Hotel.

### 13. OTHER FINANCIAL ASSETS

This mainly includes investment in an associated company having carrying value of Rs.1,443 million (30 June 2015 : Rs. 1,071 million).

### 14. NON CURRENT ASSETS HELD FOR SALE

This represents 98,000 shares in Hashoo Group Limited - British Virgin Island. The Company has agreed to sell these shares for a total consideration of USD 5.99 million. The sale is expected to be finalized before the year end.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30 September 2015

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Rupees '000)</b>	
<b>15. SALES AND SERVICES - net</b>		
Rooms	1,155,348	804,768
Food and beverages	1,168,015	926,614
Other related services	123,321	113,920
Shop license fees	8,059	6,985
	<u>2,454,743</u>	<u>1,852,287</u>
Discounts and commissions	(34,430)	(31,560)
Sales tax	(338,465)	(254,316)
	<u>2,081,848</u>	<u>1,566,411</u>
<b>16. COST OF SALES AND SERVICES</b>		
<b>Food and beverages</b>		
Opening balance	90,715	87,021
Purchases during the period	383,536	315,341
Closing balance	(97,720)	(110,356)
Consumption during the period	<u>376,531</u>	<u>292,006</u>
<b>Direct expenses</b>		
Salaries, wages and benefits	283,025	247,120
Heat, light and power	233,063	236,963
Repairs and maintenance	65,359	65,034
Depreciation	103,852	93,346
Guest supplies	52,037	41,928
Linen, china and glassware	27,008	28,650
Communication and other related services	18,406	17,473
Banquet and decoration	16,017	11,723
Transportation	11,567	8,217
Uniforms	5,989	6,353
Music and entertainment	2,779	3,210
Others	3,439	3,718
	<u>1,199,072</u>	<u>1,055,741</u>

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30 September 2015

	Unaudited Three months ended 30 September	
	2015	2014
<b>17. EARNINGS / (LOSS) PER SHARE</b>		
Profit/ (Loss) for the period (Rupees '000)	538,368	(84,899)
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170
Earnings/ (Loss) per share - basic (Rupees)	16.55	(2.61)

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

	Unaudited Three months ended 30 September	
	2015	2014
	(Rupees '000)	
<b>18. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>		
Profit/ (Loss) before taxation	628,770	(18,479)
<b>Adjustments for:</b>		
Depreciation	115,391	103,718
Gain on disposal of property, plant and equipment	(2,123)	-
Provision for staff retirement benefit - gratuity	18,945	17,214
Provision for compensated leave absences	8,644	5,860
Provision for doubtful debts	14,105	11,685
Return on bank deposits	(12,261)	(4,976)
Interest on short term advance to related party	(12,779)	(16,925)
Finance cost	27,253	26,757
Dividend income	(388)	(400)
Gain on remeasurement of investments to fair value - net	(371,137)	(28,964)
	414,420	95,490

<b>19. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	504,346	72,072
Running finance	-	(143,913)
	504,346	(71,841)

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

### 20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and Provident Fund. Balances with related parties are disclosed in notes 6, 8.1.1, 12, 13 and 14 to the condensed interim unconsolidated financial information. Other balances and transactions with related parties are as follows:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Rupees '000)</b>	
<b>Transactions and balances with subsidiary companies</b>		
Sales	266	317
Services provided	1,063	271
Services availed	14,665	10,699
Advance for equity investment	-	49,000
Refund of advance against equity investment	-	6,000
Balances at the period end:		
- Trade debts	2,840	* 2,431
- Investments	117,227	* 117,227
<b>Transactions and balances with associated undertakings</b>		
Sales	196	668
Services provided	535	545
Services availed	19,423	23,326
Purchases	19,341	23,176
Purchase of air tickets	7,503	3,200
Franchise fee - income	814	766
Franchise and management fee - expense	2,360	1,809
Contribution to defined contribution plan- Provident Fund	8,087	6,647
Donation	-	20,000
Interest income on advance	12,779	16,925
Balances at the period end:		
- Trade debts	9,268	* 18,584
- Investments	211,133	* 211,133
- Advance for capital expenditure	626,820	* 626,820
- Accrued interest on advance	17,501	* 4,723
<b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	14,379	18,718
Personal guarantees to Banks against the Company's borrowings (Notes 4 and 5)		

\*Represents balance as at 30 June 2015.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2015

## 21. DATE OF APPROVAL

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in its meeting held on 29 October 2015.

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

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim unconsolidated financial information, as approved by the Board of Directors, have been signed by two Directors.



M. A. Bawany  
Director

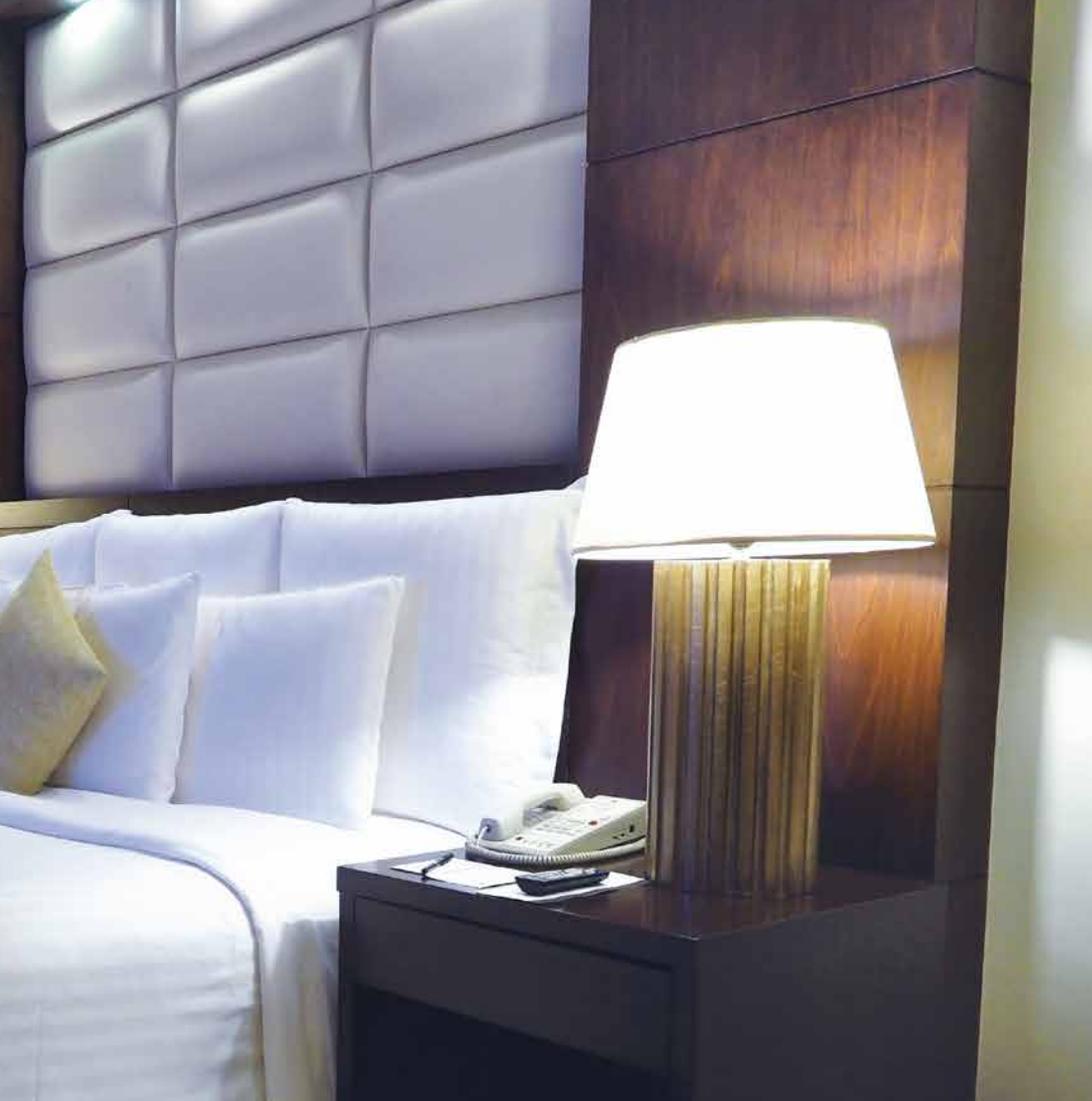


Muhammad Rafique  
Director



PEARL CONTINENTAL - PESHAWAR





**CONDENSED INTERIM  
CONSOLIDATED  
FINANCIAL INFORMATION**  
(UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

# Condensed Interim Consolidated Balance Sheet

As at 30 September 2015

	Note	Unaudited 30 September 2015 (Rupees'000)	Audited 30 June 2015
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 50,000,000 (30 June 2015: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up share capital		325,242	325,242
Reserves		2,675,866	2,664,194
Unappropriated profit		4,982,233	4,603,638
		7,983,341	7,593,074
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		23,779,515	23,779,515
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	4	588,826	685,128
Liabilities against assets subject to finance lease - secured	5	15,942	19,009
Deferred liabilities		682,337	620,489
		1,287,105	1,324,626
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,881,706	1,649,219
Markup accrued		18,933	38,669
Short term borrowings - secured	7	-	-
Current portion of long term financing and liabilities against assets subject to finance lease		167,510	89,338
		2,068,149	1,777,226
		35,118,110	34,474,441

**CONTINGENCIES AND COMMITMENTS**

8

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan, as such this condensed interim consolidated financial information, as approved by the Board of Directors, have been signed by two Directors.

	<b>Unaudited</b> <b>30 September</b> <b>2015</b>	Audited 30 June 2015
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(Rupees'000)

Note

**NON CURRENT ASSETS**

Property, plant and equipment	9	29,262,913	29,022,076
Advance for capital expenditure	10	1,178,551	1,175,457
Investment property		45,000	45,000
Long term investments		1,653,439	1,280,225
Long term deposits and prepayments		27,429	24,027
		<b>32,167,332</b>	<b>31,546,785</b>

**CURRENT ASSETS**

Stores, spare parts and loose tools		154,579	150,389
Stock in trade - food and beverages		97,720	90,715
Trade debts		629,716	539,518
Advances	11	635,128	583,668
Trade deposits and prepayments		83,913	66,431
Interest accrued		18,225	5,982
Other receivables		55,182	35,673
Other financial assets	12	31,596	32,179
Non current assets held for sale	13	607,985	607,985
Advance tax - net		115,096	34,720
Cash and bank balances		521,638	780,396
		<b>2,950,778</b>	<b>2,927,656</b>
		<b>35,118,110</b>	<b>34,474,441</b>



M. A. Bawany  
Director



Muhammad Rafique  
Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the three months period ended 30 September 2015

	Note	Three months ended 30 September	
		2015	2014
		(Rupees'000)	
Sales and services - net	14	2,104,067	1,584,236
Cost of sales and services	15	(1,223,165)	(1,077,488)
<b>Gross profit</b>		880,902	506,748
Administrative expenses		(650,268)	(577,703)
Finance cost		(28,133)	(27,512)
Other income		388,403	46,214
Other expenses		(935)	(792)
		589,969	(53,045)
Share of gain in equity accounted investments-net		25,792	24,318
<b>Profit/ (Loss) before taxation</b>		615,761	(28,727)
Taxation		(74,601)	(55,568)
<b>Profit/ (Loss) for the period</b>		541,160	(84,295)

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan, as such this condensed interim consolidated financial information, as approved by the Board of Directors, have 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 2015

	<b>Three months ended 30 September</b>	
	2015	2014
	(Rupees'000)	
Profit / (Loss) for the period	541,160	(84,295)
<b>Other comprehensive income for the period</b>		
<i>Items to be reclassified to profit and loss account in subsequent periods</i>		
Exchange gain / (loss) on translation of long term investments in equity accounted investees	1,567	(1,308)
Surplus on remeasurement of available for sale securities	10,575	5,071
Share of experience adjustments on defined benefit obligation of associate	56	-
Deferred tax on other comprehensive income	(470)	458
Other comprehensive income for the period	11,728	4,221
<b>Total comprehensive income / (loss) for the period</b>	<b>552,888</b>	<b>(80,074)</b>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan, as such this condensed interim consolidated financial information, as approved by the Board of Directors, have been signed by two Directors.



M. A. Bawany  
Director



Muhammad Rafique  
Director

# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

## For the three months period ended 30 September 2015

	Note	Three months ended 30 September	
		2015	2014
		(Rupees'000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flow from operating activities before working capital changes	16	417,605	95,182
<b>Working capital changes</b>			
Increase in current assets			
Stores, spare parts and loose tools		(4,190)	(18,244)
Stock in trade - food and beverages		(7,005)	(23,335)
Trade debts		(104,303)	(16,670)
Advances		(51,460)	(28,105)
Trade deposits and prepayments		(17,482)	(40,618)
Other receivables		(19,509)	(5,535)
Increase/ (decrease) in current liabilities			
Trade and other payables		69,866	(58,847)
Cash used in operations		(134,083)	(191,354)
Staff retirement benefit - gratuity paid		(3,608)	(9,930)
Compensated leave absences paid		(4,288)	(4,105)
Income tax paid		(113,295)	(53,920)
Finance cost paid		(58,003)	(48,613)
Net cash generated from / (used in) operating activities		104,328	(212,740)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(370,839)	(228,029)
Advance for capital expenditure		(3,094)	(8,833)
Proceeds from disposal of property, plant and equipment		23,794	-
Proceeds from disposal of non current assets held for sale		-	7,000
Purchase of other financial assets		(352)	-
Proceeds from maturity of other financial assets		-	255,505
Dividend income		388	400
Return on bank deposits and term deposits receipts		13,230	5,985
Long term deposits / prepayments		(3,402)	(229)
Net cash (used in)/ generated from investing activities		(340,275)	31,799
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(16,667)	(58,333)
Repayment of liabilities against assets subject to finance lease		(6,144)	(3,866)
Net cash used in financing activities		(22,811)	(62,199)
Net decrease in cash and cash equivalents		(258,758)	(243,140)
Cash and cash equivalents at beginning of the period		780,396	188,904
Cash and cash equivalents at end of the period	17	521,638	(54,236)

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan, as such this condensed interim consolidated financial information, as approved by the Board of Directors, have 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 2015

Share capital	Capital reserve		Revenue reserves				Unappropriated profit	Total equity
	Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Surplus on remeasurement of available for sale securities			

(Rupees' 000)

Balance at 01 July 2014	325,242	269,424	147,221	1,600,000	457,794	143,065	3,632,865	6,575,611
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Changes in equity for the period ended 30 September 2014

**Total comprehensive income for the period**

Loss for the period	-	-	-	-	-	-	(84,295)	(84,295)
Other comprehensive income for the period	-	-	-	-	(850)	5,071	-	4,221
Total comprehensive income for the period	-	-	-	-	(850)	5,071	(84,295)	(80,074)

Balance at 30 September 2014

325,242	269,424	147,221	1,600,000	456,944	148,136	3,548,570	6,495,537
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Balance at 01 July 2015

325,242	269,424	147,221	1,600,000	462,184	185,365	4,603,638	7,593,074
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Changes in equity for the period ended 30 September 2015

**Total comprehensive income for the period**

Profit for the period	-	-	-	-	-	541,160	541,160
Other comprehensive income for the period	-	-	-	1,097	10,575	56	11,728
Total comprehensive income for the period	-	-	-	1,097	10,575	541,216	552,888

Final cash dividend for the year ended 30 June 2015 declared subsequent to the year end (@ Rs. 5 per share)

-	-	-	-	-	-	(162,621)	(162,621)
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Balance at 30 September 2015

325,242	269,424	147,221	1,600,000	463,281	195,940	4,982,233	7,983,341
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The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan, as such this condensed interim consolidated financial information, as approved by the Board of Directors, have 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 2015

## 1. THE GROUP AND ITS OPERATIONS

Pakistan Services Limited (“the Parent Company”) was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange Limited. The Parent Company’s registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Parent Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar and Muzaffarabad Azad Jammu & Kashmir. The Parent Company also owns one small sized property in Lahore operating under the budget hotel concept. The Parent Company also grants franchise to use its trade mark and name “ Pearl Continental”.

Further the Parent Company is in process of constructing hotels in Multan and Mirpur- Azad Jammu & Kashmir.

- 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%

Pursuant to the directions of the Honourable Islamabad High Court, the members of Bhurban Resorts (Private) Limited and the Pakistan Services Limited have approved the merger of Bhurban Resorts (Private) Limited into Pakistan Services Limited vide their special resolution passed at their joint Extra Ordinary General Meeting held on 03 August 2015. Final order of the Honourable Islamabad High Court regarding subsequent approval of merger is still awaited.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the three months period ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim consolidated financial information do not include the information that reported for annual audited consolidated financial statements and should

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2015. Comparative consolidated balance sheet numbers are extracted from the annual audited consolidated financial statements for the year ended 30 June 2015, 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 2014.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

**3.1** The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim consolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited consolidated financial statements for the year ended 30 June 2015.

**3.2** The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016 and are not expected to have any significant effect on condensed interim Consolidated financial information of the Group:

- IAS 38 'Intangible Assets'	(effective 01 January 2016)
- IAS 16 'Property, Plant and Equipment'	(effective 01 January 2016)
- IFRS 10 'Consolidated Financial Statements'	(effective 01 January 2016)
- IAS 27 'Separate Financial Statement'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2012-2014, Most of amendments will apply prospectively for annual period beginning on or after 01 January 2016:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7 'Financial Instruments- Disclosures'
- IAS 19 'Employee Benefits'
- IAS 34 'Interim Financial Reporting'

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30 September 2015

	<b>Unaudited 30 September 2015</b>	Audited 30 June 2015
	(Rupees '000)	
<b>4. LONG TERM FINANCING - secured</b>		
From banking companies		
Term finance loans	100,000	116,667
Syndicated term loan	636,743	635,128
	<u>736,743</u>	<u>751,795</u>
Current portion	(147,917)	(66,667)
	<u>588,826</u>	<u>685,128</u>

- 4.1 The markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the audited consolidated financial statements of the Parent Company for the year ended 30 June 2015.

	<b>Unaudited 30 September 2015</b>	Audited 30 June 2015
	(Rupees '000)	
<b>5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured</b>		
Present value of minimum lease payments		
Balance at beginning of the period/ year	41,680	37,279
Additions during the period/ year	-	24,941
Repayments made during the period/ year	(6,144)	(20,540)
	<u>35,536</u>	<u>41,680</u>
Current portion	(19,594)	(22,671)
	<u>15,942</u>	<u>19,009</u>

- 5.1 The markup rates, facility limits and securities offered for these lease finance arrangements are the same as disclosed in the audited consolidated financial statements of the Group for the year ended 30 June 2015.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

	Unaudited 30 September 2015	Audited 30 June 2015
	(Rupees '000)	
<b>6. TRADE AND OTHER PAYABLES</b>		
Creditors	410,267	405,876
Accrued liabilities	545,816	509,974
Advances from customers	257,025	236,846
Due to related parties - unsecured	15,044	7,340
Sales tax - net	98,019	116,422
Bed tax	61,191	60,359
Un-earned income	127,197	129,049
Dividend payable	162,621	-
Others	204,526	183,353
	<u>1,881,706</u>	<u>1,649,219</u>

### 7. SHORT TERM BORROWINGS - secured

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited consolidated financial statements of the Parent Company for the year ended 30 June 2015.

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

Contingencies are the same as disclosed in the audited consolidated annual financial statements of the Group for the year ended 30 June 2015, except for the guarantees and commitments as disclosed below:

	Unaudited 30 September 2015	Audited 30 June 2015
	(Rupees '000)	
<b>8.1.1 Guarantees</b>	<u>186,874</u>	<u>188,174</u>
<b>8.2 Commitments</b>		
Commitments for capital expenditure	<u>877,665</u>	<u>819,189</u>

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30 September 2015

## 9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
Unaudited 30 September 2015 - (Rupees in '000)				
Carrying value at beginning of the period	27,924,553	63,230	1,034,293	29,022,076
Additions during the period	176,034	-	206,555	382,589
Transfer from CWIP	105,062	-	(105,062)	-
Disposal during the period	(21,671)	-	-	(21,671)
Depreciation charge for the period	(117,720)	(2,361)	-	(120,081)
Carrying value at end of the period	28,066,258	60,869	1,135,786	29,262,913
Audited 30 June 2015 - (Rupees '000)				
Carrying value at beginning of the year	23,757,380	46,911	643,764	24,448,055
Additions during the year	226,678	24,941	842,756	1,094,375
Transfer from CWIP / leased assets	452,227	-	(452,227)	-
Surplus on revaluation	3,925,950	-	-	3,925,950
Disposal during the year	(8,843)	-	-	(8,843)
Depreciation charge for the year	(428,839)	(8,622)	-	(437,461)
Carrying value at end of the year	27,924,553	63,230	1,034,293	29,022,076

## 10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2015: Rs. 1,048.48 million). Advance for purchase of land includes amount of Rs. 381.66 million paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Parent Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Parent Company being aggrieved and dissatisfied with this impugned judgment for dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Parent Company will seek recovery of purchase consideration and land regularization fee paid to the seller and Land Regularization Department respectively.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

### 11. ADVANCES

This mainly includes short term advance of Rs. 500 million (30 June 2015: Rs. 500 million) extended to an associated company M/s Hashwani Hotels Limited carrying markup rate of 1- year KIBOR plus 3% (30 June 2015: 1- year KIBOR plus 3%) per annum and secured against ranking charge on Karachi Marriott Hotel.

<b>Unaudited</b>	Audited
<b>30 September</b>	30 June
<b>2015</b>	2015
<b>(Rupees '000)</b>	

### 12. OTHER FINANCIAL ASSETS

Investment in :

- Shares of listed companies
- Certificate of Musharaka

10,044	10,979
21,552	21,200
<u>31,596</u>	<u>32,179</u>

### 13. NON CURRENT ASSETS HELD FOR SALE

This represents 98,000 shares in Hashoo Group Limited - British Virgin Island. The Parent Company has agreed to sell these shares for a total consideration of USD 5.99 million. The sale is expected to be finalized before the year end.

<b>Unaudited</b>	
<b>Three months ended</b>	
<b>30 September</b>	
2015	2014
<b>(Rupees '000)</b>	

### 14. SALES AND SERVICES - net

Rooms	1,154,285	804,497
Food and beverages	1,167,749	926,297
Other related services	125,185	114,568
Vehicles rental	25,970	20,940
Shop license fees	8,059	6,985
	<u>2,481,248</u>	<u>1,873,287</u>
Discounts and commissions	(34,430)	(31,560)
Sales tax	(342,751)	(257,491)
	<u>2,104,067</u>	<u>1,584,236</u>

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30 September 2015

	Unaudited	
	Three months ended 30 September	
	2015	2014
	(Rupees '000)	
<b>15. COST OF SALES AND SERVICES</b>		
<b>Food and beverages</b>		
Opening balance	90,715	87,021
Purchases during the period	383,270	315,024
Closing balance	(97,720)	(110,356)
Consumption during the period	376,265	291,689
<b>Direct expenses</b>		
Salaries, wages and benefits	294,763	256,425
Heat, light and power	233,063	236,963
Repairs and maintenance	65,801	65,430
Depreciation	108,073	97,414
Guest supplies	52,037	41,928
Linen, china and glassware	27,008	28,650
Communication and other related services	18,406	17,473
Banquet and decoration	16,017	11,723
Transportation	4,395	2,868
Uniforms	5,989	6,353
Music and entertainment	2,779	3,210
Insurance	1,152	1,301
Vehicle operating expense	8,513	8,655
Vehicle rental and registration charges	5,173	3,399
Others	3,731	4,007
	1,223,165	1,077,488

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Rupees '000)</b>	
<b>16. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>		
Profit/ (Loss) before taxation	615,761	(28,727)
<b>Adjustments for:</b>		
Depreciation	120,081	108,238
Gain on disposal of property, plant and equipment	(2,123)	-
Provision for staff retirement benefit - gratuity	18,945	17,214
Provision for compensated leave absences	8,644	5,860
Provision for doubtful debts	14,105	11,685
Return on bank deposits / Certificate of Musharaka	(12,694)	(5,749)
Interest income on short term advance to related party	(12,779)	(16,925)
Share of profit in equity accounted investments	(25,792)	(24,318)
Finance cost	28,133	27,512
Dividend income	(388)	(400)
Loss on remeasurement of investments to fair value - net	935	792
Reversal of impairment on investment in associated company	(335,223)	-
	<u>417,605</u>	<u>95,182</u>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	521,638	89,677
Running finance	-	(143,913)
	<u>521,638</u>	<u>(54,236)</u>
<b>18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>		

The related parties comprise associated companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and Provident Fund. Balances with related parties are disclosed in note 6, 11 and 13 to the condensed interim consolidated financial information. Other balances and transactions with related parties are as follows :

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

## For the three months period ended 30 September 2015

	<b>Unaudited Three months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Rupees '000)</b>	
<b>Transactions and balances with associated undertakings</b>		
Sales	196	668
Services provided	3,523	2,096
Services availed	19,848	23,761
Purchases	19,341	23,176
Purchase of air tickets	7,503	3,200
Franchise fee - income	814	766
Franchise and management fee - expense	2,360	1,809
Contribution to the defined contribution plan - Provident Fund	8,087	6,647
Donation	-	20,000
Interest income on advance	12,779	16,925
 Balances at the period end:		
- Trade debts	16,712	* 28,418
- Investments	1,653,439	* 1,280,225
- Advance for capital expenditure	626,820	* 626,820
- Accrued interest on advance	17,501	* 4,723
 <b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	14,379	18,718
Personal guarantees to Banks against the group's borrowings (Note 4 & 5)		

\* Represents balance as at 30 June 2015.

### 19. DATE OF APPROVAL

This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in its meeting held on 29 October 2015.

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

At the time of the meeting of the Board of Directors, the Chief Executive of the Parent Company was not in Pakistan, as such this condensed interim consolidated financial information, as approved by the Board of Directors, have been signed by two Directors.



M. A. Bawany  
Director



Muhammad Rafique  
Director





PAKISTAN SERVICES LTD.

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

OWNERS AND OPERATORS OF



Pearl-Continental  
HOTELS & RESORTS

**KARACHI**

Tel: +92 21-111-505-505  
Fax: +92 21-5681835  
E-mail: pchk@pchotels.com

**LAHORE**

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

**RAWALPINDI**

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

**PESHAWAR**

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

**BHURBAN**

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

**MUZAFFARABAD**

Tel: +92 5822 438000-14  
Fax: +92 58822 438046  
E-mail: pchm@pchotels.com