



PAKISTAN SERVICES LTD.



Pearl-Continental
HOTELS & RESORTS

Cultured like no other pearl in the world.



CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2014



Pearl-Continental
HOTELS & RESORTS

for the privileged ones

We wish our new guests the nicest possible
welcome into the privilege club
acceptable at Pearl Continental & Marriott Hotels*



for details contact:
111-505-505
www.pchotels.com

*Conditions Apply

The logo for Pakistan Services Limited (PSL) consists of the letters 'PSL' in a large, bold, serif font. Below the letters, the full name 'PAKISTAN SERVICES LTD.' is written in a smaller, all-caps, sans-serif font.

PSL

PAKISTAN SERVICES LTD.

The logo for Pearl Continental (PC) is a stylized, cursive monogram of the letters 'PC' in a light color, set against a dark background.

PC

Pearl-Continental
HOTELS & RESORTS

Experience
the
unsurpassed
level of quality
service and
highest
standards of
excellence

Pakistan Services Limited, the owners and operators of Pearl Continental Hotels & Resorts in Pakistan, is pleased to introduce the facility of a secured and cost-benefit luxury accommodation in its invulnerables 5-Star Hotels on monthly and yearly rent basis, perfect choice for short term assignments and relocations. In addition to the privileged access to all the facilities that our 5-Star hotels offer such as round the clock high-speed internet facility, fitness club, housekeeping, foolproof security, uninterrupted electricity due to in-house self-power generation, the residents will be entitled to discounts and laundry/dry-cleaning, food at any of our restaurants, rent a car and much more!

For inquiries, please contact our staff who will do everything they can to ensure you enjoy your stay, your way.

Karachi
021-111-505-505

Lahore
042-111-505-505

Rawalpindi
051-111-505-505

Peshawar
091-111-505-505

Bhurban
051-3355700

Muzaffarabad
05822-438000-14



PAKISTAN SERVICES LTD.

1st floor, NESPAK House, Sector G-5/2, Islamabad

Tel: +92-51-2272890-8, Fax: +92-51-2878636

Website: www.psl.com.pk

Email: psl@hashoogroup.com

OWNERS AND OPERATORS OF



Pearl-Continental

HOTELS & RESORTS

KARACHI

Tel: +92 21-111-505-505

Fax: +92 21-35681835

E-mail: pchk@hashoogroup.com

LAHORE

Tel: +92 42-111-505-505

Fax: +92 42-36362760

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 51-3355700-30

Fax: +92 51-3355574

E-mail: pchb@hashoogroup.com

MUZAFFARABAD

Tel: +92 5822 438000-14

Fax: +92 5822 438046

E-mail: pchm@hashoogroup.com



Pearl-Continental
HOTELS & RESORTS



PAKISTAN SERVICES LTD.

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2014

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 and operated by Pakistan Services Limited, “the Company” sets the international standards for quality hotel accommodation in South Asia. The Company manages 6 luxury hotels at Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,558 rooms with registered office in Islamabad, Pakistan.

BOARD OF DIRECTORS

Non Executive

Mr. Sadruddin Hashwani Chairman & CEO
 Ms. Sarah Hashwani
 Mr. Josef Kufer
 Mr. Bashir Ahmed
 Mr. Hassan Ali Vellani
 Mr. Talat Hameed

EXECUTIVE

Mr. M. A. Bawany
 Mr. Muhammad Rafique

AUDIT COMMITTEE

Ms. Sarah Hashwani
 Mr. Hassan Ali 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
 Allied Bank Limited
 Bank Alfalah Limited
 JS Bank Limited
 KASB 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

The Board of Directors of Pakistan Services Limited takes pleasure in presenting the condensed interim financial information on the performance of the Company for the six-month period ended on 31 December 2014 together with auditors' limited scope review and their report.

Economic Overview

The year 2014 saw the World more in turmoil. Fighting in Libya, Syria, and Iraq assumed new dimensions, then the Gaza conflict and the trouble in Yemen and the territorial conflicts in East Asia. Tension between India and Pakistan heightened after the induction of new government in India and there were almost daily firing incidents across the international border as well as the Line of Control in Jammu & Azad Kashmir. Protracted negotiations of five permanent members of the Security Council and Germany with Iran on nuclear programme of the latter have failed to hammer out a consensus agreement so far with consequential threat of enhanced sanctions on Iran and tensions in the region close to Pakistan. The year 2014 also saw the flaring-up of conflict in Ukraine and sanctions imposed on Russia. The US led International Security Assistance Force in Afghanistan completed its withdrawal end of 2014.

Pakistan continues to grapple with its economic woes. It has bolstered its foreign exchange reserves to about US\$15 billion through international borrowings, donations, etc.; the remittances of Pakistanis working abroad increased. These combined with the drastic reduction by more than 50 percent in the prices of crude oil in the international market came to cushion the impact of foreign exchange spendings of the Country on imports. There have been political agitations and incidents of terrorism, some of which have been lethal in terms of loss of human lives. The position of energy supply, as electricity and gas, remained precarious. The launch of Zarb-e-Azb operation in North Waziristan continues with considerable success and besides this national security initiatives have contributed to enhance confidence of the business community. The stock market surge touched historic highs in terms of value and volume. We are very optimistic that with firm resolve of Pakistan's Armed Forces to root out terrorism from the Country and with active support of the government's civilian arm as well as the public in general, Pakistan must be able to take grip on its myriad problems, bulk of which stem from uncertain security situation. By surmounting the fragile security situation and with good governance there should be the enabling environment for the country to move forward on trajectory of high GDP growth to compensate fast population growth and rising expectations of its youthful population.

Your Company even in the face of unfavorable environment, remained continue to move forward successfully charting its course to progress. It earned total revenue (exclusive of GST) of Rs. 3,630 million in the period under review, which marks an improvement of Rs. 52 million over revenue of Rs. 3,578 million of the corresponding period of last year. In this performance, a helping hand was also extended by the stellar performance of the stock market, which resulted in an increased market price of Company's investment in the shares of the listed companies yielding a gain of Rs. 172 million during the period under review as against Rs. 106 million of the corresponding period of the last year. Your Company not only made up for the loss of Rs. 85 million suffered in the first quarter but also earned after-tax profit of Rs.459 million on an overall basis during the six-month period under review, which is reasonably well with the after-tax profit of Rs. 490 million recorded in the corresponding period of last year.

Glimpse of Performance:	For the six months period ended 31 December	
	2014	2013
	(Rupees in million)	
Sales and services-net	3,630	3,578
Gross profit	1,511	1,489
Profit before taxation	595	650
Profit after taxation	459	490
Earnings per share (Rupees)	14.12	15.08

Performance of Rooms Department

Revenue (exclusive of GST) from Room Department for the period under report was recorded at Rs. 1,695 million as against Rs. 1,570 million of the corresponding period of last year. This represents an increase of Rs. 125 million with growth of 8 percent which was possible despite reduction in the occupancy from 63 percent of the last year to 55 percent in the period under review by an increase of 23 percent in the Average Daily Room Rate (ADR) amounting to Rs. 10,840 as against Rs. 8,819 of the comparative period of the immediate preceding year. This not only maintained last year's revenue but also surpassed it, as stated supra.

Performance of Food & Beverage (F&B) Department

Food & Beverage Revenue (exclusive of GST) for the six-month period of current financial year was recorded at Rs. 1,746 million as against Rs. 1,791 million of the corresponding period of preceding year; showing a marginal decline of 3 percent in revenue from this segment.

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

Revenue (exclusive of GST) from this segment during the period under review was Rs. 189 million as compared with Rs. 217 million of the comparative period of last year, which means a decline of 13 percent with Rs.28 million.

Future Prospects

The hospitality industry rests upon tourism, trade, industry, economic activities and developmental projects. Although, the travel of foreign tourists to Pakistan has been adversely impacted by the bad security environment in the Country, however, it has been adequately compensated by increased travel by the locals spurred by the increasing number of youthful population, a large number of which finds overseas employment, or goes abroad for higher studies and even travels to foreign lands for pleasure. Pakistan is foreseeing the launch of multibillion dollar projects of hydropower, conventional and nuclear power plants, energy security, road network, airports and rehabilitation of railways. We believe that the essentials for the growth of hospitality industry in Pakistan are strong.

Your Company's policy is to continuously and vigorously pursue projects that are geared towards modernization and expansion of its facilities. At no stage, stalemate is allowed to set-in. Our focus of attention continues to be the guestrooms, restaurants, banquet halls, business centres, conference halls and meeting rooms, and hotel lobbies. Steady progress is being maintained in the induction of high energy efficiency machinery like the air-conditioning plants, laundry machines, kitchen equipment, elevators, electric drive motors, and electricity generators. The energy conservation programme is moving ahead having already achieved the transformation to LED for lighting purposes. Projects for alternative energy like solar are proposed to be implemented. The IT infrastructure is being regularly updated with latest technology high-class computers and business centre equipment as well as high speed internet connectivity especially for mobile devices. The landline communication equipment is being replaced with current technology PABXs.

The large scale expansion projects of your Company's operations, including construction of Pearl Continental Hotel Mirpur (Azad & Jammu Kashmir) and Pearl Continental Hotel at Multan, are progressing at a satisfactory pace.

Your Company is thus relentlessly endeavouring with successful outcomes to remain in the forefront of the hospitality industry by pursuing international standards to meet the demands of time.

Consolidated Results

The group as a whole including PSL and its subsidiary companies recorded total revenue (exclusive of GST) from Sales and Services, based on the consolidated financial information, for the six-month period under report was Rs. 3,677 million as against Rs. 3,619 million during the corresponding period of last year. Thus there was an increase in revenue by nearly Rs. 58 million with 2 percent moderate growth. Profit after-tax achieved at Rs.406 million as against Rs. 501 million of the comparative period of last year.

Change in Board of Directors

During the period under review, a casual vacancy occurred as a result of resignation of Mr. Ahmed Elsayed-Mohammad Youssef Aly, which remained vacant and will be filled within the prescribed time limit.

The Board in its meeting held on 16th February 2015 has approved the remuneration of Mr. Sadruddin Hashwani, CEO. Information pursuant to Section 218 of the Companies Ordinance, 1984 is attached with this report.

Acknowledgement

On behalf of the Board, we thank the Company's staff for their dedicated professional services during the tight business environment. We also extend our thanks to our consultants, bankers, advisers, and the shareholders for the advice, understanding and support that are critical for success of our programmes, projects, and normal business operations. And finally, at the focus of our attention for thanks are our valued guests, who encourage us through their patronage and appreciation of what your Company is doing for their comfort, pleasure, and well-being.

For and on behalf of the Board of Directors



M. A. Bawany
Director



Muhammad Rafique
Director

Rawalpindi: 16 February 2015

Auditors' Report to Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Services Limited ("the Company") as at 31 December 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (the interim financial information).

Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2014, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Islamabad
Date: 16 February 2015



KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Muhammad Rehan Chughtai





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

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2014

Condensed Interim Unconsolidated Balance Sheet As at 31 December 2014

		Unaudited 31 December 2014	Audited 30 June 2014
	Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (30 June 2014: 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		4,690,179	4,230,956
		6,884,845	6,425,622
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		19,853,565	19,853,565
NON CURRENT LIABILITIES			
Long term financing - secured	4	714,333	347,667
Liabilities against assets subject to finance lease - secured	5	2,882	7,748
Deferred liabilities		681,129	642,532
		1,398,344	997,947
CURRENT LIABILITIES			
Trade and other payables	6	1,741,062	1,865,041
Markup accrued		35,043	35,063
Short term borrowings - secured	7	-	-
Provision for taxation - net		-	37,617
Current portion of long term financing and liabilities against assets subject to finance lease		159,432	242,195
		1,935,537	2,179,916
		30,072,291	29,457,050
CONTINGENCIES AND COMMITMENTS			
	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, has been signed by two Directors.

Unaudited
31 December
2014

Audited
30 June
2014

Note **(Rupees'000)**

NON CURRENT ASSETS

Property, plant and equipment	9	24,733,937	24,328,755
Advance for capital expenditure	10	1,215,912	1,185,480
Investment property		45,000	45,000
Long term investments	11	328,360	279,360
Advance for equity investment		-	55,000
Long term deposits and prepayments		21,152	20,335
		26,344,361	25,913,930

CURRENT ASSETS

Stores, spare parts and loose tools		149,084	145,619
Stock in trade - food and beverages		88,860	87,021
Trade debts		710,849	583,847
Advances	12	572,035	574,928
Trade deposits and prepayments		86,556	59,057
Interest accrued		41,193	7,610
Other receivables		33,663	28,130
Other financial assets	13	1,225,405	1,308,955
Non current assets held for sale	14	586,403	586,403
Advance tax - net		1,206	-
Cash and bank balances		232,676	161,550
		3,727,930	3,543,120
		30,072,291	29,457,050



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the six months period ended 31 December 2014

	Note	Three months ended 31 December		Six months ended 31 December	
		2014	2013	2014	2013
(Rupees'000)					
Sales and services - net	15	2,063,790	1,929,047	3,630,201	3,577,798
Cost of sales and services	16	(1,063,806)	(1,023,117)	(2,119,547)	(2,088,768)
Gross profit		999,984	905,930	1,510,654	1,489,030
Administrative expenses		(545,327)	(483,197)	(1,122,106)	(931,349)
Finance cost		(28,778)	(34,445)	(55,535)	(64,930)
Other income		187,398	46,181	261,785	194,347
Other expenses		-	(36,762)	-	(36,762)
Profit before taxation		613,277	397,707	594,798	650,336
Taxation		(69,155)	(87,421)	(135,575)	(159,899)
Profit for the period		544,122	310,286	459,223	490,437
Earnings per share - basic and diluted (Rupees)	17	16.73	9.54	14.12	15.08

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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) For the six months period ended 31 December 2014

	Three months ended 31 December		Six months ended 31 December	
	2014	2013	2014	2013
	(Rupees'000)			
Profit for the period	544,122	310,286	459,223	490,437
Other comprehensive income for the period				
Items not to be reclassified to profit and loss account in subsequent periods				
Experience adjustments on defined benefit obligation	-	(50,978)	-	(50,978)
Tax effect on experience adjustments	-	17,842	-	17,842
	-	(33,136)	-	(33,136)
Total comprehensive income for the period	544,122	277,150	459,223	457,301

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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the six months period ended 31 December 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Six months ended 31 December	
		2014	2013
		(Rupees'000)	
Cash flow from operating activities before working capital changes	18	730,477	829,156
Working capital changes			
Increase in current assets			
Stores, spare parts and loose tools		(3,465)	(2,421)
Stock in trade - food and beverages		(1,839)	(11,118)
Trade debts		(155,214)	(174,995)
Advances		2,893	(69,531)
Trade deposits and prepayments		(27,499)	(23,095)
Other receivables		(5,533)	(23,616)
(Decrease) / increase in current liabilities			
Trade and other payables		(123,979)	25,083
Cash used in operations		(314,636)	(279,693)
Staff retirement benefit - gratuity paid		(34,613)	(8,350)
Compensated leave absences paid		(12,977)	(14,349)
Income tax paid		(151,886)	(121,032)
Finance cost paid		(77,466)	(62,869)
Net cash generated from operating activities		138,899	342,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(589,885)	(350,452)
Advance for capital expenditure		(30,432)	(18,956)
Proceeds from disposal of property, plant and equipment		2,013	7,403
Refund of advance against equity investment		6,000	-
Proceeds from maturity / sale of other financial assets		255,505	-
Purchase of long term investments		-	(14,767)
Dividend income received		438	488
Receipts of return on bank deposits		10,368	5,981
Long term deposits / prepayments		(817)	(23,733)
Net cash used in investing activities		(346,810)	(394,036)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(116,667)	(116,667)
Proceeds from syndicated term finance		400,000	-
Repayment of liabilities against assets subject to finance lease		(4,296)	(3,843)
Net cash generated / (used in) financing activities		279,037	(120,510)
Net increase/ (decrease) in cash and cash equivalents		71,126	(171,683)
Cash and cash equivalents at beginning of the period		161,550	31,728
Cash and cash equivalents transferred from MIPL under scheme of merger		-	926
Cash and cash equivalents at end of the period	19	232,676	(139,029)

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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the six months period ended 31 December 2014

Share capital	Capital reserve	Revenue reserves		Total equity
	Share premium	General reserve	Unappropriated profit	

(Rupees'000)

Balance at 01 July 2013	325,242	269,424	1,600,000	2,935,427	5,130,093
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Changes in equity for the
period ended 31 December 2013

Total comprehensive income for the period

Profit for the period	-	-	-	490,437	490,437
Other comprehensive income for the period	-	-	-	(33,136)	(33,136)
Total comprehensive income for the period	-	-	-	457,301	457,301

Amount recognized

pursuant to scheme of merger	-	-	-	(73,868)	(73,868)
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Balance at 31 December 2013

325,242	269,424	1,600,000	3,318,860	5,513,526
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Balance at 01 July 2014

325,242	269,424	1,600,000	4,230,956	6,425,622
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Changes in equity for the
period ended 31 December 2014

Total comprehensive income for the period

Profit for the period	-	-	-	459,223	459,223
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	459,223	459,223

Balance at 31 December 2014

325,242	269,424	1,600,000	4,690,179	6,884,845
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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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

1. STATUS AND NATURE OF BUSINESS

Pakistan Services Limited (“the Company”) was incorporated on 6th 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. 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 operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu & Kashmir. The Company also owns one small sized property in Lahore operating under the budget hotel concept.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2014 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 2014. Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2014, 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 six months period ended 31 December 2013.

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 2014.
- 3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015 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 2015)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

- IFRS 11 'Joint Arrangements'	(effective 01 January 2015)
- IFRS 12 'Disclosure of Interest in Other Entities'	(effective 01 January 2015)
- IFRS 13 'Fair Value Measurement'	(effective 01 January 2015)
- IAS 27 'Separate Financial Statement'	(effective 01 January 2016)
- IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 01 July 2014:

- IFRS 2 'Share-based Payment'	- IAS 16 'Property, plant and equipment'
- IFRS 3 'Business Combinations'	- IAS 24 'Related Party Disclosure'
- IFRS 8 'Operating Segments'	- IAS 40 'Investment Property'

Amendments to following standards as annual improvements cycle of 2012-2014. Most 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 31 December 2014	Audited 30 June 2014
	Note	(Rupees'000)
4. LONG TERM FINANCING - secured		
From banking companies		
Term finance loans	233,333	350,000
Syndicated term loan	631,000	231,000
	4.1 & 4.2	581,000
Current portion of long term financing	(150,000)	(233,333)
	<u>714,333</u>	<u>347,667</u>
	Unaudited Six months ended 31 December 2014	Audited Year ended 30 June 2014
		(Rupees'000)
4.1 Movement during the period / year is as follows:		
Opening balance	581,000	583,333
Loans received during the period / year	400,000	231,000
Loans repaid during the period / year	(116,667)	(233,333)
Closing balance	<u>864,333</u>	<u>581,000</u>

4.2 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 2014.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

	Unaudited 31 December 2014	Audited 30 June 2014
5. LIABILITIES AGAINST ASSETS		
SUBJECT TO FINANCE LEASE - secured		
	(Rupees'000)	
Present value of minimum lease payments		
Balance at beginning of the period / year	16,610	24,504
Repayments during the period / year	(4,296)	(7,894)
	<u>12,314</u>	<u>16,610</u>
Current portion	(9,432)	(8,862)
	<u>2,882</u>	<u>7,748</u>

- 5.1 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 2014.

	Unaudited 31 December 2014	Audited 30 June 2014
6. TRADE AND OTHER PAYABLES		
	(Rupees'000)	
Creditors	402,248	607,592
Accrued liabilities	521,388	468,599
Advances from customers	314,393	277,775
Due to related parties - unsecured	8,438	50,248
Sales tax - net	126,192	109,814
Bed tax	59,808	60,710
Un-earned income	131,892	125,045
Others	176,703	165,258
	<u>1,741,062</u>	<u>1,865,041</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 2014, except the following :

Securities offered on borrowing by way of charge on Pearl Continental Hotel Karachi has been reduced by Rs. 400 million. Mark-up rates range has reduced from 1-month KIBOR to 6-month KIBOR plus 1.50% to 2.50% to 1-month KIBOR to 6-month KIBOR plus 1.50% to 2%.

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 2014 except for the commitments and guarantees as disclosed below:

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

	Unaudited 31 December 2014	Audited 30 June 2014
	(Rupees'000)	
8.1.1 Guarantees- secured	182,720	182,524
This includes guarantee of Rs. 50 million (30 June 2014: Rs. 50 million), issued on behalf of a subsidiary company.		
8.2 Commitments		
Commitments for capital expenditure	838,182	978,665

9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
	Unaudited 31 December 2014 - (Rupees in '000)			
Carrying value at beginning of the period	23,660,402	24,589	643,764	24,328,755
Additions during the period	76,334	-	535,461	611,795
Transfer from capital work in progress	94,193	-	(94,193)	-
Disposals / transfer during the period	(283)	-	-	(283)
Depreciation charge for the period	(204,543)	(1,787)	-	(206,330)
Carrying value at end of the period	<u>23,626,103</u>	<u>22,802</u>	<u>1,085,032</u>	<u>24,733,937</u>
	Audited 30 June 2014 - (Rupees in '000)			
Carrying value at beginning of the year	22,777,896	28,595	180,557	22,987,048
Additions during the year	299,484	-	1,205,720	1,505,204
Transfer from capital work in progress	742,513	-	(742,513)	-
Carrying amount of assets transferred upon amalgamation of MIPL	381,765	-	-	381,765
Disposals / transfer during the year	(200,610)	-	-	(200,610)
Depreciation charge for the year	(340,646)	(4,006)	-	(344,652)
Carrying value at end of the year	<u>23,660,402</u>	<u>24,589</u>	<u>643,764</u>	<u>24,328,755</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2014: 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 for dismissal of its Constitution Petition has filed an 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

The Board of Directors of Bhurban Resorts (Private) Limited, a subsidiary company through resolution dated 28 April 2014 have proposed the merger of Bhurban Resorts (Private) Limited into the Company for which shareholders' and Islamabad High Court approval is awaited. Accordingly, accounting adjustments relating to merger have not been incorporated in this condensed interim unconsolidated financial information .

12. ADVANCES

This mainly includes short term advance of Rs. 500 million (30 June 2014: Rs. 500 million) extended to an associated company M/s Hashwani Hotels Limited carrying markup rate of 1- year KIBOR plus 3% (30 June 2014: 1- year KIBOR plus 3%) per annum and secured against ranking charge on Karachi Marriott Hotel.

13. OTHER FINANCIAL ASSETS

	Unaudited 31 December 2014	Audited 30 June 2014
Note	(Rupees'000)	

Investment in:

- Shares of listed companies	13.1	1,225,405	1,053,450
- Mutual funds		-	250,505
- Certificate of Musharika		-	5,000
		<u>1,225,405</u>	<u>1,308,955</u>

13.1 This mainly includes investment in an associated company having carrying value of Rs. 1,214 million (30 June 2014 : Rs. 1,041 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 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 six months period ended 31 December 2014

15. SALES AND SERVICES - net	Unaudited		Unaudited	
	Three months ended		Six months ended	
	2014	2013	2014	2013
	(Rupees'000)			
Rooms	1,169,389	1,006,911	1,974,157	1,852,066
Food and beverages	1,135,635	1,133,073	2,062,249	2,102,118
Other related services	126,502	140,795	240,422	275,588
Shop license fees	6,098	5,854	13,083	11,026
	<u>2,437,624</u>	<u>2,286,633</u>	<u>4,289,911</u>	<u>4,240,798</u>
Discounts and commissions	(30,599)	(36,448)	(62,159)	(69,622)
Sales tax	(343,235)	(321,138)	(597,551)	(593,378)
	<u>2,063,790</u>	<u>1,929,047</u>	<u>3,630,201</u>	<u>3,577,798</u>

16. COST OF SALES AND SERVICES

Food and beverages

Opening balance	110,356	103,273	87,021	80,533
Purchases during the period	318,543	332,738	633,884	666,525
Closing balance	(88,860)	(91,651)	(88,860)	(91,651)
Consumption during the period	<u>340,039</u>	<u>344,360</u>	<u>632,045</u>	<u>655,407</u>

Direct expenses

Salaries, wages and benefits	259,923	240,691	507,043	487,477
Heat, light and power	186,882	179,248	423,845	418,546
Repairs and maintenance	53,291	49,167	118,325	119,916
Depreciation	92,351	77,848	185,697	146,926
Guest supplies	45,452	48,629	87,380	97,175
Linen, china and glassware	25,924	29,301	54,574	56,766
Communication and other related services	18,045	16,156	35,518	32,830
Banquet and decoration	16,693	12,796	28,416	27,761
Transportation	12,284	13,230	20,501	22,916
Uniforms	5,982	6,648	12,335	12,377
Music and entertainment	2,966	2,694	6,176	5,043
Others	3,974	2,349	7,692	5,628
	<u>1,063,806</u>	<u>1,023,117</u>	<u>2,119,547</u>	<u>2,088,768</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

17. EARNINGS PER SHARE	Unaudited Three months ended 31 December		Unaudited Six months ended 31 December	
	2014	2013	2014	2013
Profit for the period (Rupees '000)	544,122	310,286	459,223	490,437
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share - basic (Rupees)	16.73	9.54	14.12	15.08

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

18. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Unaudited six months ended 31 December	
	2014	2013
	(Rupees'000)	
Profit before taxation	594,798	650,336
Adjustments for:		
Depreciation	206,330	163,251
Gain on disposal of property, plant and equipment	(1,730)	(4,398)
Provision for staff retirement benefit - gratuity	53,166	29,600
Provision for compensated leave absences	10,510	15,657
Provision for doubtful debts	28,212	18,295
Return on bank deposits	(10,100)	(6,299)
Interest on short term advance to related party	(33,851)	(32,531)
Finance cost	55,535	64,930
Dividend income	(438)	(488)
Impairment on long term investments recorded during the period	-	36,762
Unrealised gain on remeasurement of investments to fair value - net	(171,955)	(105,959)
	730,477	829,156
	Unaudited 31 December 2014	Unaudited 31 December 2013
	(Rupees'000)	
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	232,676	90,008
Running finance	-	(229,037)
	232,676	(139,029)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

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 staff retirement fund of the Company. Balances with related parties are disclosed in notes 6, 12, 13.1 and 14 to the condensed interim unconsolidated financial information. Other balances and transactions with related parties are as follows:

	Unaudited six months ended 31 December	
	2014	2013
	(Rupees'000)	
Transactions and balances with subsidiary companies		
Sales	734	786
Services provided	1,966	2,071
Services availed	24,149	23,632
Advances	-	35,000
Investment made during the period	-	14,767
Advance against equity converted into investment	49,000	-
Refund of advance against equity investment	6,000	-
Balances at the period end:		
- Trade debts	2,544	* 2,803
- Investments	117,227	* 68,227
- Advance for equity investment	-	* 55,000
Transactions and balances with associated undertakings		
Sales	1,173	565
Services provided	1,527	407
Services availed	43,999	53,197
Purchases	45,348	72,793
Purchase of air tickets	8,090	12,293
Franchise fee - income	920	1,027
Franchise and management fee - expense	4,648	4,056
Purchase of property, plant and equipment	-	5,815
Contribution to defined contribution plan	14,188	12,895
Donation	20,000	-
Interest income on advance	33,851	32,531
Balances at the period end:		
- Trade debts	15,138	* 12,511
- Investments	211,133	* 211,133
- Advance for capital expenditure	626,820	* 626,820
- Accrued interest on advance	40,106	* 6,225
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	37,042	44,610

Personal guarantees to Banks against the Company's borrowings (Notes 4 and 5)

* Represents balance as at 30 June 2014.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

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 16 February 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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director







**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION**

(UNAUDITED)

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2014

Condensed Interim Consolidated Balance Sheet

As at 31 December 2014

	Unaudited 31 December 2014	Audited 30 June 2014
Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES		
Authorised share capital 50,000,000 (30 June 2014: 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	2,642,900	2,617,504
Unappropriated profit	4,039,356	3,632,865
	7,007,498	6,575,611
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	19,853,565	19,853,565
NON CURRENT LIABILITIES		
Long term financing - secured	4 714,333	347,667
Liabilities against assets subject to finance lease - secured	5 17,300	20,949
Deferred liabilities	638,444	575,879
	1,370,077	944,495
CURRENT LIABILITIES		
Trade and other payables	6 1,757,186	1,894,235
Markup accrued	35,451	35,476
Short term borrowings - secured	7 -	-
Provision for taxation - net	-	10,815
Current portion of long term financing and liabilities against assets subject to finance lease	169,096	249,663
	1,961,733	2,190,189
	30,192,873	29,563,860
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, has been signed by two Directors.

		Unaudited 31 December 2014	Audited 30 June 2014
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	9	24,851,610	24,448,055
Advance for capital expenditure	10	1,215,912	1,185,480
Investment property		45,000	45,000
Long term investments		1,419,299	1,245,897
Long term deposits and prepayments		24,553	23,004
		27,556,374	26,947,436
CURRENT ASSETS			
Stores, spare parts and loose tools		149,084	145,619
Stock in trade - food and beverages		88,860	87,021
Trade debts		735,800	610,178
Advances	11	575,829	577,428
Trade deposits and prepayments		89,267	61,272
Interest accrued		41,556	7,940
Other receivables		34,707	28,272
Other financial assets	12	31,644	287,592
Non current assets held for sale	13	615,198	622,198
Advance tax - net		29,327	-
Cash and bank balances		245,227	188,904
		2,636,499	2,616,424
		<u>30,192,873</u>	<u>29,563,860</u>



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited) For the six months period ended 31 December 2014

	Note	Three months ended 31 December		Six months ended 31 December	
		2014	2013	2014	2013
		(Rupees'000)			
Sales and services - net	14	2,093,048	1,951,714	3,677,284	3,618,907
Cost of sales and services	15	(1,091,565)	(1,049,764)	(2,169,053)	(2,146,606)
Gross profit		1,001,483	901,950	1,508,231	1,472,301
Administrative expenses		(545,418)	(484,014)	(1,123,121)	(933,261)
Finance cost		(29,365)	(34,949)	(56,877)	(65,719)
Other income		154,174	54,752	199,596	183,086
Other expenses		-	(27,617)	-	(27,617)
		580,874	410,122	527,829	628,790
Share of gain in equity accounted investments-net		14,387	21,487	38,705	35,967
Profit before taxation		595,261	431,609	566,534	664,757
Taxation		(104,475)	(88,215)	(160,043)	(163,498)
Profit for the period		490,786	343,394	406,491	501,259

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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) For the six months period ended 31 December 2014

	Three months ended 31 December		Six months ended 31 December	
	2014	2013	2014	2013
	(Rupees'000)			
Profit for the period	490,786	343,394	406,491	501,259
Other comprehensive income for the period				
Items not to be reclassified to profit and loss account in subsequent periods				
Experience adjustments on defined benefit obligation	-	(50,978)	-	(50,978)
Tax effect on experience adjustments	-	17,842	-	17,842
	-	(33,136)	-	(33,136)
Items to be reclassified to profit and loss account in subsequent periods				
Exchange gain on translation of long term investments in equity accounted investees	3,182	3,479	1,874	6,958
Surplus on remeasurement of available for sale securities	19,107	3,591	24,178	7,182
Deferred tax on other comprehensive income	(1,114)	(1,218)	(656)	(2,435)
Other comprehensive income for the period	21,175	5,852	25,396	11,705
Total comprehensive income for the period	511,961	316,110	431,887	479,828

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

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M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the six months period ended 31 December 2014

	Note	Six months ended 31 December	
		2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees'000)			
Cash flow from operating activities before working capital changes	16	736,212	827,877
Working capital changes			
Increase / (decrease) in current assets			
Stores, spare parts and loose tools		(3,465)	(2,421)
Stock in trade - food and beverages		(1,839)	(11,118)
Trade debts		(153,834)	(195,579)
Advances		1,599	(70,836)
Trade deposits and prepayments		(27,995)	(20,828)
Other receivables		(6,435)	(3,352)
Increase / (decrease) in current liabilities			
Trade and other payables		(137,049)	32,473
Cash used in operations		(329,018)	(271,661)
Staff retirement benefit - gratuity paid		(34,613)	(8,350)
Compensated leave absences paid		(12,977)	(14,349)
Income tax paid		(154,363)	(122,893)
Finance cost paid		(78,813)	(63,187)
Net cash generated from operating activities		126,428	347,437
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(590,096)	(383,814)
Advance for capital expenditure		(30,432)	(18,956)
Proceeds from disposal of property, plant and equipment		2,014	14,084
Proceeds from disposal of non current assets held for sale		7,000	-
Purchase of other financial assets		(189)	(808)
Proceeds from maturity / sale of other financial assets		255,505	-
Dividend income received		438	488
Receipts of return on bank deposits and term deposits receipts		12,075	7,703
Long term deposits / prepayments		(1,549)	(26,402)
Net cash used in investing activities		(345,234)	(407,705)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(116,667)	(116,667)
Proceeds from syndicated term finance		400,000	-
Repayment of liabilities against assets subject to finance lease		(8,204)	(7,798)
Net cash generated / (used in) financing activities		275,129	(124,465)
Net increase/ (decrease) in cash and cash equivalents		56,323	(184,733)
Cash and cash equivalents at beginning of the period		188,904	53,878
Cash and cash equivalents at end of the period	17	245,227	(130,855)

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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the six months period ended 31 December 2014

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 2013	325,242	269,424	147,221	1,600,000	463,027	94,413	2,328,002	5,227,329
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Changes in equity for the
period ended 31 December 2013

Total comprehensive income for the period

Profit for the period	-	-	-	-	-	-	501,259	501,259
Other comprehensive income for the period	-	-	-	-	4,523	7,182	(33,136)	(21,431)
Total comprehensive income for the period	-	-	-	-	4,523	7,182	468,123	479,828

Balance at 31 December 2013

325,242	269,424	147,221	1,600,000	467,550	101,595	2,796,125	5,707,157
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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 31 December 2014

Total comprehensive income for the period

Profit for the period	-	-	-	-	-	-	406,491	406,491
Other comprehensive income for the period	-	-	-	-	1,218	24,178	-	25,396
Total comprehensive income for the period	-	-	-	-	1,218	24,178	406,491	431,887

Balance at 31 December 2014

325,242	269,424	147,221	1,600,000	459,012	167,243	4,039,356	7,007,498
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Statement under section 241(2) of the Companies Ordinance, 1984

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M. A. Bawany
Director



Muhammad Rafique
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2014

1. THE GROUP AND ITS OPERATIONS

Pakistan Services Limited ("the Parent Company") was incorporated on 6th 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. 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 operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu & Kashmir. The Parent Company also owns one small sized property in Lahore operating under the budget hotel concept.

- 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%

The Board of Directors of M/s Bhurban Resorts (Private) Limited through resolution dated 28 April 2014 have proposed the merger of M/s Bhurban Resorts (Private) Limited into the Parent Company for which shareholders' and Islamabad High Court approval is awaited. Accordingly, accounting adjustments relating to merger have not been incorporated in these condensed interim consolidated financial information.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the six months period ended 31 December 2014 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 therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2014. Comparative consolidated balance sheet numbers are extracted from the annual audited consolidated financial statements for the year ended 30 June 2014, whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

stated from unaudited condensed interim consolidated financial information for the six months period ended 31 December 2013.

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 2014.

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015 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 2015)
- IFRS 11 'Joint Arrangements'	(effective 01 January 2015)
- IFRS 12 'Disclosure of Interest in Other Entities'	(effective 01 January 2015)
- IFRS 13 'Fair Value Measurement'	(effective 01 January 2015)
- IAS 27 'Separate Financial Statement'	(effective 01 January 2016)
- IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 01 July 2014:

- IFRS 2 'Share-based Payment'	- IAS 16 'Property, plant and equipment'
- IFRS 3 'Business Combinations'	- IAS 24 'Related Party Disclosure'
- IFRS 8 'Operating Segments'	- IAS 40 'Investment Property'

Amendments to following standards as annual improvements cycle of 2012-2014. Most 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 six months period ended 31 December 2014

		Unaudited 31 December 2014	Audited 30 June 2014
4. LONG TERM FINANCING - secured			
From banking companies	Note	(Rupees'000)	
Term finance loans		233,333	350,000
Syndicated term loan		631,000	231,000
	4.1 & 4.2	864,333	581,000
Current portion of long term financing		(150,000)	(233,333)
		<u>714,333</u>	<u>347,667</u>
		Unaudited Six months ended 31 December 2014	Audited Year ended 30 June 2014
4.1 Movement during the period/ year is as follows:		(Rupees'000)	
Opening balance		581,000	583,333
Loans received during the period/ year		400,000	231,000
Loans repaid during the period/ year		(116,667)	(233,333)
Closing balance		<u>864,333</u>	<u>581,000</u>
4.2 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 2014.			
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured		Unaudited 31 December 2014	Audited 30 June 2014
		(Rupees'000)	
Present value of minimum lease payments			
Balance at beginning of the period/ year		37,279	26,399
Additions during the period/ year		7,321	25,253
Repayments made during the period/ year		(8,204)	(14,373)
		36,396	37,279
Current portion		(19,096)	(16,330)
		<u>17,300</u>	<u>20,949</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 2014.			

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

	Unaudited 31 December 2014	Audited 30 June 2014
6. TRADE AND OTHER PAYABLES	(Rupees'000)	
Creditors	406,286	615,413
Accrued liabilities	526,838	477,037
Advances from customers	314,480	284,842
Due to related parties - unsecured	13,299	54,341
Sales tax - net	126,192	109,814
Bed tax	59,808	60,710
Un-earned income	131,892	125,045
Others	178,391	167,033
	<u>1,757,186</u>	<u>1,894,235</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 2014, except the following:

Securities offered on borrowing by way of charge on Pearl Continental Hotel Karachi has been reduced by Rs. 400 million. Mark-up rates range has reduced from 1-month KIBOR to 6-month KIBOR plus 1.50% to 2.50% to 1-month KIBOR to 6-month KIBOR plus 1.50% to 2%.

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 2014, except for the guarantees and commitments as disclosed below:

	Unaudited 31 December 2014	Audited 30 June 2014
8.1.1 Guarantees	<u>182,721</u>	<u>182,525</u>
8.2 Commitments		
Commitments for capital expenditure	<u>838,182</u>	<u>978,665</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
Unaudited 31 December 2014 - Rupees in '000				
Carrying value at beginning of the period	23,759,333	44,958	643,764	24,448,055
Additions during the period	76,547	7,321	535,461	619,329
Transfer from CWIP	94,193	-	(94,193)	-
Disposals/ transfer during the period	(283)	-	-	(283)
Depreciation charge for the period	(211,852)	(3,639)	-	(215,491)
Carrying value at end of the period	<u>23,717,938</u>	<u>48,640</u>	<u>1,085,032</u>	<u>24,851,610</u>
Audited 30 June 2014 - Rupees in '000				
Carrying value at beginning of the year	23,236,914	31,865	180,557	23,449,336
Additions during the year	351,624	25,253	1,205,720	1,582,597
Transfer from CWIP/ leased assets	747,613	(5,100)	(742,513)	-
Disposals/ transfer during the year	(203,626)	-	-	(203,626)
Depreciation charge for the year	(364,907)	(7,060)	-	(371,967)
Transfer to non current asset held for sale	(8,285)	-	-	(8,285)
Carrying value at end of the year	<u>23,759,333</u>	<u>44,958</u>	<u>643,764</u>	<u>24,448,055</u>

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2014: 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 an 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.

11. ADVANCES

This mainly includes short term advance of Rs. 500 million (30 June 2014: Rs. 500 million) extended to an associated company M/s Hashwani Hotels Limited carrying markup rate of 1-year KIBOR plus 3% (30 June 2014: 1- year KIBOR plus 3%) per annum and secured against ranking charge on Karachi Marriott Hotel.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

	Unaudited 31 December 2014	Audited 30 June 2014
	(Rupees'000)	
12. OTHER FINANCIAL ASSETS		
Investment in :		
- Shares of listed companies	11,351	11,982
- Mutual funds	-	250,505
- Certificate of Musharika /Treasury bills	20,293	25,105
	<u>31,644</u>	<u>287,592</u>

13. 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 total consideration of USD 5.99 million. The sale is expected to be finalized before the year end.

	Unaudited Three months ended 31 December 2014		Unaudited Six months ended 31 December 2014	
	2013		2013	
	(Rupees'000)			
14. SALES AND SERVICES - net				
Rooms	1,167,694	1,007,199	1,972,191	1,851,300
Food and beverages	1,135,218	1,132,645	2,061,515	2,101,332
Other related services	129,089	140,816	243,657	276,461
Vehicles rental	33,475	22,786	54,415	40,808
Parking fee	-	-	-	980
Shop license fees	6,098	5,854	13,083	11,026
	<u>2,471,574</u>	<u>2,309,300</u>	<u>4,344,861</u>	<u>4,281,907</u>
Discounts and commissions	(30,599)	(36,448)	(62,159)	(69,622)
Sales tax	(347,927)	(321,138)	(605,418)	(593,378)
	<u>2,093,048</u>	<u>1,951,714</u>	<u>3,677,284</u>	<u>3,618,907</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

	Unaudited Three months ended 31 December 2014		Unaudited Six months ended 31 December 2014	
	2013	2013	2013	2013

(Rupees'000)

15. COST OF SALES AND SERVICES

Food and beverages

Opening balance	110,356	103,273	87,021	80,533
Purchases during the period	318,126	332,310	633,150	665,739
Closing balance	(88,860)	(91,651)	(88,860)	(91,651)
Consumption during the period	339,622	343,932	631,311	654,621

Direct expenses

Salaries, wages and benefits	272,039	252,990	528,464	509,862
Heat, light and power	186,882	179,248	423,845	418,846
Repairs and maintenance	53,940	49,943	119,370	121,204
Depreciation	96,529	81,573	193,943	163,530
Guest supplies	45,452	48,629	87,380	97,175
Linen, china and glassware	25,924	29,301	54,574	56,766
Communication and other related services	18,045	16,156	35,518	32,847
Banquet and decoration	16,693	12,796	28,416	27,761
Transportation	6,309	7,104	9,177	10,538
Uniforms	5,982	6,648	12,335	12,377
Music and entertainment	2,966	2,694	6,176	5,043
Insurance	1,295	1,022	2,596	2,063
Vehicle operating expense	10,360	11,554	19,015	21,966
Vehicle rental and registration charges	5,666	3,543	9,065	5,506
Others	3,861	2,631	7,868	6,501
	<u>1,091,565</u>	<u>1,049,764</u>	<u>2,169,053</u>	<u>2,146,606</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

	Unaudited Six months ended 31 December	
	2014	2013
	(Rupees'000)	
16. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	566,534	664,757
Adjustments for non-cash items:		
Depreciation	215,491	180,557
Gain on disposal of property, plant and equipment	(1,730)	(6,813)
Provision for staff retirement benefit - gratuity	53,166	29,600
Provision for compensated leave absences	10,510	15,657
Provision for doubtful debts	28,212	18,295
Return on bank deposits/ TDR / Treasury bills	(11,840)	(7,953)
Interest income on short term advance to related party	(33,851)	(32,531)
Share of profit in equity accounted investments	(38,705)	(35,967)
Finance cost	56,877	65,719
Dividend income	(438)	(488)
Unrealised loss /(gain) on remeasurement of investments to fair value - net	632	(2,459)
Impairment on long term investment recorded during the period	-	27,617
Reversal of impairment on investment in associated companies	(108,646)	(88,114)
	<u>736,212</u>	<u>827,877</u>
	Unaudited 31 December 2014	Unaudited 31 December 2013
	(Rupees'000)	
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	245,227	98,182
Running finance	-	(229,037)
	<u>245,227</u>	<u>(130,855)</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

18. TRANSACTIONS WITH RELATED PARTIES

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 staff retirement fund of the group. 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:

	Unaudited Six months ended 31 December	
	2014	2013
Transactions and balances with associated undertakings	(Rupees'000)	
Sales	1,173	565
Services provided	5,708	5,939
Services availed	44,202	53,344
Purchases	46,008	73,501
Purchase of air tickets	8,090	12,343
Franchise fee - income	920	1,027
Franchise and management fee - expense	4,648	4,056
Purchase of property, plant and equipment	-	5,815
Contribution to the defined contribution plan	14,188	12,895
Donation	20,000	-
Interest income on advance	33,851	32,531
Balances at the period end:		
- Trade debts	21,053	* 19,644
- Investments	1,419,299	* 1,245,897
- Advance for capital expenditure	626,820	* 626,820
- Accrued interest on advance	40,106	* 6,225
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	37,042	44,610
Personal guarantees to Banks against the group's borrowings (Note 4 & 5)		

* Represents balance as at 30 June 2014.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2014

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 16 February 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, has been signed by two Directors.



M. A. Bawany
Director



Muhammad Rafique
Director

TO ALL MEMBERS OF THE COMPANY

February 20, 2015

Dear Sir / Madam,

INFORMATION PURSUANT TO SECTION 218 OF THE COMPANIES ORDINANCE, 1984

This is to inform the members of the Company in terms of Section 218 of the Companies Ordinance that the Board of Directors in its meeting held on February 16, 2015 has approved the following remuneration of Mr. Sadruddin Hashwani Chief Executive Officer from the date of his appointment:

1. Salary	Rs. 1,500,000/- Per month
2. Annual Increment	As Approved by the Board
3. Residence	Company maintained fully furnished house
4. Retirement & Other Benefits	As per Company Policy

Yours faithfully,

For PAKISTAN SERVICES LIMITED

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**MANSOOR KHAN
COMPANY SECRETARY**

