



PAKISTAN SERVICES LTD.



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2016

Cultured like no other pearl in the world



PEARL - CONTINENTAL BHURBAN



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HOTELS & RESORTS

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FINANCIAL INFORMATION
(UNAUDITED)**

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PAKISTAN SERVICES LTD.



Vision Statement

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

Mission Statement

Secrets to our sustained leadership in hospitality are 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
 Mr. Murtaza Hashwani
 Mr. M.A. Bawany
 Mr. Mansoor Akbar Ali
 Syed Sajid Ali
 Mr. Nikolaos Fragkos
 Mr. Shakir Abu Bakar
 Syed Haseeb Amjad Gardezi
 Mr. M. Ahmed Ghazali Marghoob

AUDIT COMMITTEE

Mr. M. Ahmed Ghazali Marghoob
 Mr. Mansoor Akbar Ali
 Syed Sajid Ali
 Mr. Shakir Abu Bakar

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. M.A. Bawany
 Syed Sajid Ali
 Mr. Shakir Abu Bakar

CHIEF FINANCIAL OFFICER

Mr. Abdul Qadeer Khan

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
 JS Bank Limited
 NIB Bank Limited
 Silk Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 Industrial and Commercial Bank of China
 Dubai Islamic Bank (Pakistan) Limited

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.com.pk>
<http://www.pearlcontinental.com.pk>
<http://www.hashoogroup.com>
<http://www.hashoogroup.com.pk>
<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) is pleased to present the condensed interim financial information on the performance of the Company for the six-month period ended on 31 December 2016.

Economic Overview

With the CPEC taking shape and a possible end to the power crisis, economic outlook of the country is prosperous. The global players are also entering in the Pakistani market. With the initiation of the CPEC, Pakistan's economy will be benefited vastly due to better infrastructure, which could lead to a higher rate of employment. The economy is also supported by relatively stable oil prices and a tangible improvement in security.

The macroeconomic and structural reform program of the government will lead to better growth of the economy. Pakistan's GDP growth is expected to reach 5.2% in the FY 2016-17 from 4.5% of last year.

Overall performance of the Company

During the six month period ended 31 December 2016, the Company achieved revenue (net) of Rs. 4,938 million, which is 10% higher than the revenue of Rs. 4,495 million recorded in the comparative period of the last year. Gross Profit was higher by 9% increasing from Rs. 2,054 million to Rs. 2,243 million compared to the corresponding period last year. Profit before Taxation, recorded at Rs. 983 million as compared to Rs. 1,080 million for the corresponding period. After tax profit was recorded at Rs. 714 million as compared to Rs. 819 million for the same period last year. The decrease in profit is attributable to lesser gains from market securities as well as increase in finance cost as a result of increased gearing since the company has aggressive plans to expand and diversify its activities. It is expected that the profitability will surpass the historical performance as soon as the new projects will come in operating phase.

Highlights of Performance:

	For the six months period ended 31 December	
	2016	2015
	(Rupees in million)	
Sales and Services – net	4,938	4,495
Gross profit	2,243	2,054
Profit before taxation	983	1,080
Profit after taxation	714	819
Earnings per share (Rupees)	21.96	25.19

Interim Dividend

The Board of Directors has declared interim cash dividend of 50% that is Rs.5/- per share.

Performance of Rooms Department

During the period Room revenue (net) was recorded at Rs. 2,407 million against Rs. 2,169 million for the corresponding period of last year, registering a growth of 11% by driving Average Daily Room Rate (ADR) which increased by 14%.

Performance of Food & Beverage (F&B) Department

During the period an increase of 9% in net revenue from this segment has been recorded at Rs. 2,311 million as compared to Rs. 2,123 million for the same period last year.

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

The growth of 5% is recorded from this segment during the period under review, achieving the revenue (net) of Rs. 220 million as compared to Rs. 203 million of corresponding period of last year.

Future Prospects

The stable economic activities and law & order situation coupled with developmental projects and massive investments specially from China are good indications for business prospects in the country and your Company is looking to capitalize utmost benefits from these emerging opportunities.

Your Company is continuously focused on the projects that gear towards modernization and expansion of its existing facilities and infrastructure.

Consolidated Results

During the current period the group recorded a revenue (net) of Rs. 4,987 million as compared to Rs. 4,546 million for the same period last year registering an increase of 10%. Profit after taxation is recorded at Rs. 705 million in comparison with Rs. 838 million for the corresponding period of last year.

Acknowledgement

On behalf of the Board, we thank the employees of the Company' for their dedicated professional services. We also extend our gratitude 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 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.

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 Directors' Report, as approved by the Board of Directors, have been signed by two Directors.

For and on behalf of the Board of Directors



M.A. Bawany
Director



Shakir Abu Bakar
Director

Islamabad: February 22, 2017

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والی ششماہی مدت کیلئے کمپنی کی کارکردگی کے بارے میں مالیاتی معلومات کا عبوری خلاصہ مسرت کے ساتھ پیش کیا جاتا ہے۔

اقتصادی جائزہ:

چین پاکستان اقتصادی راہداری منصوبے اور توانائی کے بحران کے نکلنے سے ملکی اقتصادی صورتحال خوشحال ہو رہی ہے۔ دنیا کے سرمایہ کاروں کا رجحان بھی پاکستان کی طرف بڑھ رہا ہے۔ چین پاکستان اقتصادی راہداری منصوبے کے آغاز سے بہتر بنیادی ڈھانچے کی بدولت پاکستان کی معیشت کو مثبت ثمرات حاصل ہوں گے جس سے روزگار کے مواقع کی شرح بڑھ سکتی ہے۔ سیوریٹی میں نمایاں بہتری اور تیل کی قیمتوں میں قدرے استحکام کی وجہ سے معیشت کافی حد تک مستحکم ہوئی ہے۔ حکومت کی وسیع تر معاشی اقدامات اور بنیادی اصلاحاتی پروگرام معیشت میں بہتری کا باعث ہوگا۔ پاکستان کی مجموعی ملکی پیداوار میں گزشتہ مالی سال کی ۵.۵ فی صد کے مقابلے میں مالی سال ۲۰۱۶-۱۷ میں ۵.۲ فی صد تک اضافہ متوقع ہے۔

کمپنی کی مجموعی کارکردگی:

۳۱ دسمبر ۲۰۱۶ تک ختم ہونے والی چھ ماہ کی مدت کے دوران کمپنی نے ۹۳۸ ملین روپے کی خالص آمدنی حاصل کی ہے جو گزشتہ سال کے اسی عرصے کے دوران ریکارڈ ہونے والے ۴۹۵،۲۹۵ روپے کے کمالات سے ۱۰ فی صد زیادہ ہے۔ مجموعی منافع گزشتہ سال کے اسی عرصے میں ۲،۰۵۴ ملین روپے کے مقابلے میں بڑھ کر ۲،۲۴۳ ملین روپے ہو گیا جو ۹ فی صد زیادہ ہے۔ قبل ازینکس منافع گزشتہ برس کے اسی عرصے میں ۱،۰۸۰ ملین روپے کے مقابلے میں ۱،۹۸۳ ملین روپے ریکارڈ کیا گیا۔ بعد ازینکس منافع گزشتہ برس کے اسی عرصے میں ۸۱۹ ملین روپے کے مقابلے میں ۱،۱۴۷ ملین روپے ریکارڈ کیا گیا۔ منافع میں کمی کی وجہ مارکیٹ حصص کی قیمتوں میں کمی اور مالیاتی لاگت میں اضافہ ہے، جو کمپنی نے جارحانہ پلان کے تحت اپنی مختلف سرگرمیوں کو وسعت دینے کی غرض سے حاصل کیا ہے، توقع ہے کہ جیسے ہی نئے منصوبے چلنے کا مرحلہ شروع ہوگا، منافع تاریخی کارکردگی کی حد عبور کر جائے گا۔

کارکردگی کی جھلکیاں:

	ششماہی مدت اختتام ۳۱ دسمبر ۲۰۱۶	
	۲۰۱۶	۲۰۱۵
	(ملین روپے)	
فروخت اور خدمات (خالص)	۴,۹۳۸	۴,۴۹۵
کل منافع	۲,۲۳۳	۲,۰۵۴
قبل از ٹیکس منافع	۹۸۳	۱,۰۸۰
بعد از ٹیکس منافع	۷۱۴	۸۱۹
فی حصہ آمدنی (روپے میں)	۲۱.۹۶	۲۵.۱۹

عبوری منافع

بورڈ آف ڈائریکٹرز نے ۵۰ فی صد کی شرح سے جو کہ ۵/۱ روپے فی حصہ بنتا ہے عبوری منافع دینے کا اعلان کیا ہے۔

رومزڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے ۲,۱۶۹ ملین روپے کی نسبت آمدنی (خالص) ۱۱ فیصد اضافے کے ساتھ ۲,۴۰۷ ملین روپے ریکارڈ کی گئی۔ رومز ریونیو (خالص) میں اضافے سے اوسط یومیہ کمرے کی شرح (اے ڈی آر) میں ۱۴ فیصد اضافہ ہوا۔

فوڈز اور بیوریج (F&B) ڈیپارٹمنٹ کی کارکردگی:

اس عرصے میں ۹ فیصد اضافے کے ساتھ اس شعبے کی خالص آمدن ۲,۳۱۱ ملین روپے ریکارڈ کی گئی جو گزشتہ اسی عرصے میں ۲,۱۲۳ ملین روپے تھا۔

دیگر متعلقہ خدمات لائسنس فیس / ٹریپول وٹورڈیزن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران ۵ فیصد اضافہ ریکارڈ کیا گیا۔ گزشتہ برس کے اسی عرصے کے دوران ۲۰۳ ملین روپے کے مقابلے میں ۲۲۰ ملین روپے کی آمدنی (خالص) حاصل کی گئی۔

مستقبل کے امکانات:

مستحکم اقتصادی سرگرمیوں اور امن و امان کی صورت حال خاص طور پر چین کی طرف سے ترقیاتی منصوبوں اور بڑے پیمانے پر سرمایہ کاری کے امکانات ملک میں کاروبار کے لیے یقیناً مفید ثابت ہوں گے اور آپ کی کمپنی ان ابھرتے ہوئے مواقع سے بھرپور فائدہ اٹھانے کی کوشش کر رہی ہے۔

آپ کی کمپنی مسلسل منصوبوں پر توجہ دے رہی ہے جو اس کی موجودہ سہولتوں اور بنیادی ڈھانچے کی توسیع اور جدت کی جانب پیش قدمی ہے۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے ۱۰ فی صد اضافے کے ساتھ ۴،۹۸۷ ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں ۴،۵۳۶ ملین روپے تھے۔ گزشتہ برس اسی عرصے کے دوران ۸۳۸ ملین روپے کی نسبت ۷۵ ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا گیا۔


اظہار تشکر

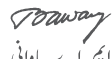
ہم بورڈ کی جانب سے خصوصی پیشہ ورانہ خدمات کے لیے کمپنی کے عملے کا شکریہ ادا کرتے ہیں۔ ہم اس مشورے، سمجھ بوجھ اور تعاون کے لیے اپنے کنسلٹنٹس، بینکاروں، ہشیران اور شراکت داران کے بھی ممنون ہیں۔ جو ہمارے پروگراموں، پروجیکٹس اور عمومی کاروباری امور میں کامیابی کے لیے انتہائی اہم ہیں اور آخر میں ہم اپنے معزز مہمانوں کے شکر گزار ہیں، جو ہماری حوصلہ افزائی کرتے ہیں تاکہ بہترین پروڈکٹس اور خدمات کی فراہمی میں ان کا مسلسل تعاون اور سرپرستی حاصل رہے۔

کمپنیز آرڈیننس ۱۹۸۴ کی دفعہ نمبر (۲) ۲۳۱ کی رو سے بیان:

بورڈ آف ڈائریکٹرز کے اجلاس کے دوران چیف ایگزیکٹو پاکستان میں موجود نہ تھے۔ اور اس طرح یہ ڈائریکٹرز رپورٹ جو کہ بورڈ آف ڈائریکٹرز نے منظور کی ہے، جس پر بورڈ آف ڈائریکٹرز کے دستخط ہیں۔

منجانب بورڈ آف ڈائریکٹرز


شاہد علی
ڈائریکٹر


ایم۔ اے۔ بادانی
ڈائریکٹر

اسلام آباد: ۲۲ فروری ۲۰۱۷

Auditors' Report to Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Pakistan Services Limited ("the Company") as at 31 December 2016, and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred as 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.

Other matters

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the quarter ended 31 December 2016, have not been reviewed and we do not express a conclusion on them.

Date: February 22, 2017
Islamabad



KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani





Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

Condensed Interim Unconsolidated Balance Sheet

As at 31 December 2016

	Note	Unaudited 31 December 2016	Audited 30 June 2016
		(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	325,242	325,242
Reserves		1,869,424	1,869,424
Unappropriated profit		6,051,184	5,580,999
		<u>8,245,850</u>	<u>7,775,665</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		23,779,515	23,779,515
NON CURRENT LIABILITIES			
Long term financing	5	4,365,050	2,187,001
Deferred liabilities		699,408	703,672
		<u>5,064,458</u>	<u>2,890,673</u>
CURRENT LIABILITIES			
Trade and other payables	6	1,842,017	1,603,418
Markup accrued	7	85,478	84,856
Short term borrowings	8	560,769	-
Provision for taxation- net		3,721	-
Current portion of long term financing	5	466,667	500,000
		<u>2,958,652</u>	<u>2,188,274</u>
		<u>40,048,475</u>	<u>36,634,127</u>
CONTINGENCIES AND COMMITMENTS		9	

The annexed notes 1 to 30 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.

		Unaudited 31 December 2016	Audited 30 June 2016
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	10	31,849,518	31,647,432
Advance for capital expenditure	11	3,639,608	1,173,612
Investment property		45,000	45,000
Long term investments	12	1,099,794	1,037,794
Long term advance	13	400,000	-
Long term deposits and prepayments	14	19,015	23,838
		<u>37,052,935</u>	<u>33,927,676</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		185,002	188,338
Stock in trade - food and beverages		88,176	96,189
Trade debts		770,499	528,735
Advances	15	151,276	100,198
Trade deposits and prepayments	16	116,046	69,269
Interest accrued		5,883	1,011
Other receivables	17	55,878	48,650
Other financial assets	18	1,310,766	1,208,587
Advance tax - net		-	86,344
Cash and bank balances	19	312,014	379,130
		<u>2,995,540</u>	<u>2,706,451</u>
		<u>40,048,475</u>	<u>36,634,127</u>



M.A. Bawany
Director



Shakir Abu Bakar
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the six months period ended 31 December 2016

	Note	Three months ended 31 December		Six months ended 31 December	
		2016	2015	2016	2015
		(Rupees'000)			
Sales and services - net	20	2,490,020	2,412,816	4,938,439	4,494,664
Cost of sales and services	21	(1,355,485)	(1,195,282)	(2,695,712)	(2,440,572)
Gross profit		1,134,535	1,217,534	2,242,727	2,054,092
Administrative expenses		(612,766)	(588,196)	(1,321,900)	(1,192,529)
Finance cost	22	(77,207)	(32,310)	(146,159)	(59,563)
Other income/ (loss) - net	23	101,622	(145,800)	208,677	277,998
Profit before taxation		546,184	451,228	983,345	1,079,998
Taxation		(130,801)	(170,433)	(269,229)	(260,835)
Profit for the period		415,383	280,795	714,116	819,163
Earnings per share - basic and diluted (Rupees)	24	12.77	8.63	21.96	25.19

The annexed notes 1 to 30 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



Shakir Abu Bakar
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) For the six months period ended 31 December 2016

	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
	(Rupees'000)			
Profit for the period	415,383	280,795	714,116	819,163
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	415,383	280,795	714,116	819,163

The annexed notes 1 to 30 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



Shakir Abu Bakar
Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the six months period ended 31 December 2016

	Note	Six months ended 31 December	
		2016	2015
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	25	1,389,469	1,213,586
Working capital changes (Increase)/ decrease in current assets			
Stores, spare parts and loose tools		3,336	(31,119)
Stock in trade		8,013	11,699
Trade debts		(242,784)	(177,557)
Advances		(51,078)	(5,270)
Trade deposits and prepayments		(46,777)	(48,684)
Other receivables		(7,228)	(24,875)
Increase / (decrease) in trade and other payables			
Trade and other payables		117,339	80,826
Cash used in operations		(219,179)	(194,980)
Staff retirement benefit - gratuity paid		(20,745)	(12,314)
Compensated leave absences paid		(10,763)	(16,461)
Income tax paid		(195,296)	(234,536)
Finance cost paid		(142,487)	(76,898)
Net cash generated from operating activities		800,999	678,397
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipmen		(538,618)	(631,564)
Advance for capital expenditure		(2,465,996)	(46,229)
Proceeds from disposal of property, plant and equipmen		3,399	24,575
Long term investmen		(62,000)	(610,978)
Long term advance		(400,000)	-
Dividend income received		350	18,241
Return on bank deposits		10,162	21,233
Long term deposits and prepayments		4,823	(3,267)
Net cash used in investing activities		(3,447,880)	(1,227,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(258,333)	(33,334)
Proceeds from long term financing		2,400,000	300,000
Dividend paid		(122,671)	(39,166)
Repayment of liabilities against assets subject to finance lease		-	(4,878)
Net cash from financing activities		2,018,996	222,622
Net decrease in cash and cash equivalents		(627,885)	(326,970)
Cash and cash equivalents at beginning of the period		379,130	765,570
Cash and cash equivalents at end of the period	26	(248,755)	438,600

The annexed notes 1 to 30 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


Shakir Abu Bakar
Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the six months period ended 31 December 2016

	Share capital	Capital reserve	Revenue reserves		Total equity
		Share premium	General reserve	Unappropriated profit	
(Rupees'000)					
Balance at 01 July 2015	325,242	269,424	1,600,000	5,296,346	7,491,012
Total comprehensive income for the period					
Profit for the period	-	-	-	819,163	819,163
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	819,163	819,163
Transaction with owners of the Company					
Distribution					
Final cash dividend for the year ended 30 June 2015 declared subsequent to the year end (@ Rs. 5 per share)	-	-	-	(162,621)	(162,621)
Balance at 31 December 2015	325,242	269,424	1,600,000	5,952,888	8,147,554
Balance at 01 July 2016	325,242	269,424	1,600,000	5,580,999	7,775,665
Total comprehensive income for the period					
Profit for the period	-	-	-	714,116	714,116
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	714,116	714,116
Transaction with owners of the Company					
Distribution					
Final cash dividend for the year ended 30 June 2016 declared subsequent to the year end (@ Rs. 2.50 per share)	-	-	-	(81,310)	(81,310)
First interim cash dividend for the year 2016-17 (@ Rs. 5.0 per share)	-	-	-	(162,621)	(162,621)
Total distribution	-	-	-	(243,931)	(243,931)
Balance at 31 December 2016	325,242	269,424	1,600,000	6,051,184	8,245,850

The annexed notes 1 to 30 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



Shakir Abu Bakar
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

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 Pakistan 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 six months period ended 31 December 2016 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 2016. Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2016, 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 2015.

This condensed interim unconsolidated financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan 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 2016.
- 3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017 and are not expected to have any significant effect on condensed interim unconsolidated financial information of the Company:

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

- Amendments to IAS 7 'Statement of Cash Flows'	(effective 01 January 2017)
- Amendments to IAS 12 'Income Taxes'	(effective 01 January 2017)
- Amendments to IFRS 2 - 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IAS 40 'Investment Property'	(effective 01 January 2018)

Amendments to following standards as annual improvements cycle of 2016-17:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entity'	(effective 01 January 2017)
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2017)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	(effective 01 January 2018)

The above amendments are not likely to have an impact on the Company's financial information.

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2016.

		Unaudited 31 December 2016	Audited 30 June 2016
5 LONG TERM FINANCING - secured	Note	(Rupees'000)	
From banking companies - Conventional banks			
Term Finance Loan - 1		16,667	50,000
Term Finance Loan - 2		850,000	850,000
Syndicated term loan		1,575,000	1,800,000
Transaction cost		(9,950)	(12,999)
		1,565,050	1,787,001
Term Finance Loan - 3	5.2	900,000	-
Term Finance Loan - 4	5.3	1,500,000	-
		4,831,717	2,687,001
Current portion of long term financing		(466,667)	(500,000)
		<u>4,365,050</u>	<u>2,187,001</u>

- 5.1 Except for the facilities as disclosed in note 5.2 and 5.3 below, the markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2016.
- 5.2 This represent utilized amount of term finance loan of Rs. 2,150 million carrying markup of 3-month KIBOR plus 0.75% per annum payable quarterly (30 June 2016: Nil). This utilized facility is secured against ranking charge over land and building of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 1,200 million (30 June 2016: Nil). The loan is repayable in twenty equal quarterly installments commencing from March 2019.
- 5.3 This represent utilized amount of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% per annum payable quarterly (30 June 2016: Nil). This facility is secured against ranking equitable mortgage charge over land and building of Pearl Continental Hotel, Karachi and ranking hypothecation charge on all present and future fixed and current assets of Pearl Continental Hotel, Karachi to the extent of Rs. 4,000 million (30 June 2016: Nil). The loan is repayable in eighteen equal quarterly installments commencing from September 2018.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

		Unaudited 31 December 2016	Audited 30 June 2016
6	TRADE AND OTHER PAYABLES		
	Note	(Rupees'000)	
	Creditors	292,451	296,075
	Accrued liabilities	577,943	540,656
	Advances from customers	341,541	260,598
	Shop deposits	55,630	54,395
	Due to related parties - unsecured	8,405	9,416
	Sales tax	140,167	96,159
	Bed tax	2,405	60,359
	Un-earned income	153,580	147,472
	Unclaimed dividend	129,860	8,600
	6.1	85,868	83,138
	Retention money	54,167	46,550
	Others	1,842,017	1,603,418
		<u>1,842,017</u>	<u>1,603,418</u>

6.1 It includes an amount of Rs. 16.192 (30 June 2016: Rs. 0.015) million of related parties.

7 MARKUP ACCRUED - Conventional Banks

Accrued markup pertains to financing facilities availed from conventional banks.

8 SHORT TERM BORROWINGS - secured - Conventional Banks

The facility limits of the short term borrowings have increased to Rs. 1,250 (30 June 2016: Rs. 1,050) million. The markup rates and securities offered for these short term borrowings are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2016.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

Contingencies are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2016 except for the guarantees as disclosed below:

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

	Unaudited 31 December 2016	Audited 30 June 2016
	(Rupees'000)	
9.1.1 Guarantees - secured	<u>202,148</u>	<u>190,243</u>
This includes guarantee of Rs. 50 million (30 June 2016: Rs. 50 million), issued on behalf of a subsidiary company.		

	Unaudited 31 December 2016	Audited 30 June 2016
	(Rupees'000)	
9.2 Commitments		
Commitments for capital expenditure	<u>2,114,973</u>	<u>426,609</u>

10 PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
	Unaudited 31 December 2016 - (Rupees '000)			
Carrying value at beginning of the period	29,132,365	1,323,790	1,191,277	31,647,432
Additions during the period	210,804	-	327,814	538,618
Transfer from capital work in progress	173,984	-	(173,984)	-
Disposal during the period	(31,462)	-	-	(31,462)
Depreciation charge for the period	(305,070)	-	-	(305,070)
Carrying value at end of the period	<u>29,180,621</u>	<u>1,323,790</u>	<u>1,345,107</u>	<u>31,849,518</u>
	Audited 30 June 2016 - (Rupees '000)			
Carrying value at beginning of the year	26,518,177	1,344,934	1,034,293	28,897,404
Additions during the year	2,642,899	-	649,191	3,292,090
Transfer from capital work in progress	492,207	-	(492,207)	-
Disposal during the year	(33,011)	-	-	(33,011)
Depreciation charge for the year	(506,089)	(2,962)	-	(509,051)
Transfer from leased assets	18,182	(18,182)	-	-
Carrying value at end of the year	<u>29,132,365</u>	<u>1,323,790</u>	<u>1,191,277</u>	<u>31,647,432</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

		Unaudited 31 December 2016	Audited 30 June 2016
11	ADVANCE FOR CAPITAL EXPENDITURE		
	Purchase of land	3,066,820	666,820
	Purchase of apartment	40,509	40,509
	Malir Delta Land	381,656	381,656
	Advance for purchase of fixed assets	150,623	84,627
		<u>3,639,608</u>	<u>1,173,612</u>

11.1 During the period the Company paid Rs.2,400 million to its associated company, Gulf Properties (Private) Limited, for purchase of 4.18 acres of land located in Karachi.

11.2 This represents amount 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 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.

12 LONG TERM INVESTMENTS

During the period the Company made further investment of Rs. 57 million towards 5,700,000 ordinary shares of Rs.10/- each and Rs.5 million towards 500,000 ordinary shares of Rs.10/- each in City Properties (Private) Limited and Elite Properties (Private) Limited respectively, which are wholly owned subsidiary companies.

13 LONG TERM ADVANCE - interest bearing

During the period, the Company extended a long term advance of Rs. 400 million (30 June 2016: Nil) to its wholly owned subsidiary company City Properties (Private) Limited for a period not exceeding five years which carries markup of 3-month KIBOR plus 1.5% (30 June 2016: Nil) per annum.

14 LONG TERM DEPOSITS AND PREPAYMENTS

This includes deposit amounting to Rs. 16.393 million (2015: Rs. 19.975 million) with an Islamic bank to acquire assets under Ijarah agreements.

15 ADVANCES - Non-interest bearing

These includes advances to related parties for rendering of services and purchase of goods aggregating Rs. 36.936 million (30 June 2016: Rs. 20.716 million).

16 TRADE DEPOSITS AND PREPAYMENTS

The trade deposits are non - interest bearing.

17 OTHER RECEIVABLES

These are general receivables and does not include receivables to be classified under conventional or Islamic mode of banking.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

18	OTHER FINANCIAL ASSETS	Note	Unaudited	Audited
			31 December 2016	30 June 2016
			(Rupees'000)	
	Shares of listed companies - Non shariah compliant	18.1	1,301,243	1,199,064
	Term Deposit Receipt - Conventional banks		9,523	9,523
			<u>1,310,766</u>	<u>1,208,587</u>
18.1	This mainly includes investment in an associated company having carrying value of Rs.1,291 million (30 June 2016 : Rs.1,190 million).			

19 CASH AND BANK BALANCES

The funds are placed with the conventional banks.

20	SALES AND SERVICES - net	Note	Unaudited		Unaudited	
			Three months ended	2015	Six months ended	2015
			(Rupees'000)			
	Rooms		1,434,538	1,370,844	2,798,717	2,526,192
	Food and beverages		1,339,241	1,328,410	2,710,927	2,496,425
	Other related services	20.1	140,460	132,379	272,878	255,700
	Shop license fees		10,504	8,354	20,286	16,413
			<u>2,924,743</u>	<u>2,839,987</u>	<u>5,802,808</u>	<u>5,294,730</u>
	Discounts and commissions		(40,582)	(36,753)	(79,772)	(71,183)
	Sales tax		(394,141)	(390,418)	(784,597)	(728,883)
			<u>2,490,020</u>	<u>2,412,816</u>	<u>4,938,439</u>	<u>4,494,664</u>

20.1 This includes revenue from telephone, laundry, discount cards and other ancillary services.

21 COST OF SALES AND SERVICES

Food and beverages

Opening balance	99,908	97,720	96,189	90,715
Purchases during the period	383,223	377,675	796,371	761,211
Closing balance	(88,176)	(79,016)	(88,176)	(79,016)
Consumption during the period	<u>394,955</u>	<u>396,379</u>	<u>804,384</u>	<u>772,910</u>
Direct expenses				
Salaries, wages and benefits	344,219	324,170	698,920	649,577
Heat, light and power	135,911	146,083	355,452	379,146
Repairs and maintenance	185,882	69,465	255,704	134,824
Depreciation	138,303	111,252	274,563	215,104
Guest supplies	56,539	54,624	112,912	106,661
Linen, china and glassware	29,210	28,538	53,481	55,546
Communication and other related services	19,091	16,646	37,227	36,118
Banquet and decoration	15,942	17,783	35,952	33,800
Transportation	12,977	12,897	26,643	24,464
Uniforms	7,484	6,249	13,616	12,238
Music and entertainment	3,339	3,138	6,076	5,917
Others	11,633	8,058	20,782	14,267
	<u>1,355,485</u>	<u>1,195,282</u>	<u>2,695,712</u>	<u>2,440,572</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

22 FINANCE COST

The finance cost relates to borrowing arrangements from conventional banks.

	Note	Unaudited Three months ended 31 December		Unaudited Six months ended 31 December	
		2016	2015	2016	2015
23 OTHER INCOME/ (LOSS)- NET		(Rupees'000)			
<i>Income from financial assets</i>					
Return on bank deposits / Certificate of investments - (Conventional banks)		5,082	8,752	10,569	21,013
Exchange gain - net - actual currency		1,015	1,767	2,207	2,727
Dividend income	23.1	-	17,853	350	18,241
Unrealised gain/(loss) on remeasurement of investments to fair value - net (Non shariah compliant)		90,047	(218,003)	102,180	153,134
Interest on short term advance to related party		-	12,780	-	25,559
Interest on long term advance to related party		4,465	-	4,465	-
		100,609	(176,851)	119,771	220,674
<i>Income from non financial assets</i>					
Concessions and commissions		2,463	2,582	4,233	3,606
(Loss)/ gain on disposal of property, plant and equipment		(28,380)	133	(28,063)	2,256
Liabilities written back		-	-	63,910	-
Communication towers and other rental income		18,576	15,760	34,797	32,411
Scrap sales		2,779	6,961	4,416	9,172
Others - net		5,575	5,615	9,613	9,879
		1,013	31,051	88,906	57,324
		101,622	(145,800)	208,677	277,998
23.1 Dividend income					
Pakistan Telecommunication Company Limited		-	-	350	-
Jubilee General Insurance Company Limited - an associated company		-	17,853	-	17,853
Fauji Fertilizer Bin Qasim Limited		-	-	-	388
		-	17,853	350	18,241
24 EARNINGS PER SHARE					
Profit for the period (Rupees '000)		415,383	280,795	714,116	819,163
Weighted average number of ordinary shares (Numbers)		32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share - basic (Rupees)		12.77	8.63	21.96	25.19

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

25 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Unaudited Six months ended 31 December 2016 2015 (Rupees'000)	
	Profit before taxation	983,345
Adjustments for:		
Depreciation	305,070	239,004
Loss/ (gain) on disposal of property, plant and equipment	28,063	(2,256)
Provision for staff retirement benefit - gratuity	24,995	27,496
Provision for compensated leave absences	18,381	15,437
Provision for doubtful debts	1,020	12,290
Return on bank deposits	(10,569)	(21,013)
Interest on short term advance to related party	-	(25,558)
Interest on long term advance to related party	(4,465)	-
Finance cost	146,159	59,563
Dividend income	(350)	(18,241)
Unrealised Gain on remeasurement of investments to fair value - net	(102,180)	(153,134)
	<u>1,389,469</u>	<u>1,213,586</u>
26 CASH AND CASH EQUIVALENTS		
Cash and bank balances	312,014	815,886
Short term borrowings	(560,769)	(377,286)
	<u>(248,755)</u>	<u>438,600</u>
27 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. Transactions and balances as of this reporting date with related parties are disclosed in notes 6, 9, 11, 12, 13, 15 and 18 to the condensed interim unconsolidated financial information. Other balances and transactions with related parties are as follows:

Transactions and balances with subsidiary companies	Unaudited Six months ended 31 December 2016 2015 (Rupees'000)	
	Sales	1,437
Services provided	6,508	2,683
Services availed	31,582	29,465
Interest income on advance	4,465	-
Balances as at the period end:		
- Trade debts	4,784	*2,484
- Long term investments	1,099,794	* 1,037,794
- Accrued interest on Advance	4,465	* -

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

	Unaudited Six months ended 31 December	
	2016	2015
	(Rupees'000)	
Transactions and balances with associated undertakings		
Sales	333	615
Services provided	909	878
Services availed	22,146	14,367
Purchases	59,416	31,694
Purchase of air tickets	-	21,433
Franchise fee - income	2,537	1,850
Franchise and management fee - expense	5,600	5,495
Sale of Construction Material	-	763
Interest income on advance	-	25,559
Dividend Income	-	17,854
Dividend paid	31,864	27,902
Balances as at the period end:		
- Trade debts	15,335	*3,917
- Prepayments	6,232	* -
- Advance for capital expenditure	-	* 3,500
Transactions and balances with other related parties		
Sales	9	12
Services provided	52	301
Services availed	21,889	21,591
Purchases	1,607	16,855
Contribution to defined contribution plan - provident fund	18,406	16,237
Purchase of property, plant and equipment	-	205,623
Dividend paid	2	2
Balances as at the period end:		
- Trade debts	740	*11,172
- Advance for capital expenditure	626,820	* 626,820
- Prepayments	-	*5,208
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	29,973	25,777
Dividend paid	4,330	-
Personal guarantees to Banks against the Company's borrowings (Note 5)		

*Represents balance as at 30 June 2016

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

28.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Carrying amount			Fair value	
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1
On-balance sheet financial instruments						
<u>31-December 2016</u>						
		(Rupees'000)				
Financial assets measured at fair value						
Other financial assets		1,301,243	-	-	1,301,243	1,301,243
Financial assets not measured at fair value	28.2					
Long term deposits		-	18,631	-	18,631	-
Trade debts		-	770,499	-	770,499	-
Advance to employees		-	28,721	-	28,721	-
Trade deposits		-	19,822	-	19,822	-
Interest accrued		-	5,883	-	5,883	-
Other receivables		-	55,878	-	55,878	-
Term Deposit Receipt		-	9,523	-	9,523	-
Long term advance		-	400,000	-	400,000	-
Cash and bank balances		-	312,014	-	312,014	-
		-	1,620,971	-	1,620,971	-

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

	Note	Carrying amount			Fair value	
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1
(Rupees'000)						
Financial liabilities not measured at fair value	28.2					
Long term financing - secured		-	-	4,831,717	4,831,717	-
Short term borrowings		-	-	560,769	560,769	-
Trade and other payables	28.3	-	-	1,191,432	1,191,432	-
Markup accrued		-	-	85,478	85,478	-
		-	-	<u>6,669,396</u>	<u>6,669,396</u>	-
30 June 2016						
Financial assets measured at fair value						
Other financial assets		1,199,064	-	-	1,199,064	1,199,064
Financial assets not measured at fair value	28.2					
Long term deposits		-	22,213	-	22,213	-
Trade debts		-	528,735	-	528,735	-
Advance to employees		-	24,674	-	24,674	-
Trade deposits		-	17,209	-	17,209	-
Interest accrued		-	1,011	-	1,011	-
Other receivables		-	48,650	-	48,650	-
Term Deposit Receipt		-	9,523	-	9,523	-
Cash and bank balances		-	379,130	-	379,130	-
		-	<u>1,031,145</u>	-	<u>1,031,145</u>	-
Financial liabilities not measured at fair value	28.2					
Long term financing - secured		-	-	2,687,001	2,687,001	-
Short term borrowings		-	-	-	-	-
Trade and other payables	28.3	-	-	1,032,353	1,032,353	-
Markup accrued		-	-	84,856	84,856	-
		-	-	<u>3,804,210</u>	<u>3,804,210</u>	-

28.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

28.3 It excludes advances from customers, federal excise duty, bed tax and sales tax payable, banquet/beverage tax, unearned income and income tax deducted at source.

29 NON- ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in its meeting held on 22 February 2017, has declared an interim cash dividend of Rs. 5 per share.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the six months period ended 31 December 2016

30 DATE OF APPROVAL

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in their meeting held on February 22, 2017.

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



Shakir Abu Bakar
Director





Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

Condensed Interim Consolidated Balance Sheet

As at 31 December 2016

	Note	Unaudited 31 December 2016	Audited 30 June 2016
		(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	325,242	325,242
Reserves		2,628,220	2,650,630
Unappropriated profit		5,314,613	4,853,511
		<u>8,268,075</u>	<u>7,829,383</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		23,779,515	23,779,515
NON CURRENT LIABILITIES			
Long term financing	5	4,365,050	2,187,001
Liabilities against assets subject to finance lease	6	16,810	6,565
Deferred liabilities		697,846	700,166
		<u>5,079,706</u>	<u>2,893,732</u>
CURRENT LIABILITIES			
Trade and other payables	7	1,864,173	1,619,775
Markup accrued	8	85,830	85,032
Short term borrowings	9	560,769	-
Current portion of long term financing and liabilities against assets subject to finance lease		481,052	512,308
		<u>2,991,824</u>	<u>2,217,115</u>
		<u>40,119,120</u>	<u>36,719,745</u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 28 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.

		Unaudited	Audited
		31 December	30 June
		2016	2016
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	11	32,234,011	32,019,383
Advance for capital expenditure	12	3,639,608	1,173,612
Investment property		45,000	45,000
Long term investments		1,291,421	1,190,250
Long term deposits and prepayments	13	22,962	26,332
		<u>37,233,002</u>	<u>34,454,577</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		185,002	188,338
Stock in trade - food and beverages		88,176	96,189
Development properties		1,080,331	592,901
Trade debts		799,457	550,167
Advances	14	163,690	103,268
Trade deposits and prepayments	15	120,102	74,913
Interest accrued		1,418	1,011
Other receivables	16	56,454	48,832
Other financial assets	17	19,345	27,613
Advance tax - net		31,028	122,157
Cash and bank balances	18	341,115	459,779
		<u>2,886,118</u>	<u>2,265,168</u>
		<u>40,119,120</u>	<u>36,719,745</u>



M.A. Bawany
Director



Shakir Abu Bakar
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited) For the six months period ended 31 December 2016

	Note	Three months ended 31 December		Six months ended 31 December	
		2016	2015	2016	2015
		(Rupees'000)			
Sales and services - net	19	2,514,072	2,442,008	4,986,699	4,546,075
Cost of sales and services	20	(1,382,175)	(1,223,138)	(2,747,739)	(2,492,521)
Gross profit		1,131,897	1,218,870	2,238,960	2,053,554
Administrative expenses		(632,624)	(590,847)	(1,341,380)	(1,194,897)
Finance cost	21	(77,580)	(33,048)	(147,511)	(61,181)
Other income/ (loss) - net	22	95,297	(145,731)	197,007	241,737
Share of gain in equity accounted investment-net		516,990	449,244	947,076	1,039,213
Profit before taxation		14,207	19,386	32,390	45,178
Taxation		531,197	468,630	979,466	1,084,391
Profit for the period		(133,113)	(171,688)	(274,433)	(246,289)
		398,084	296,942	705,033	838,102

The annexed notes 1 to 28 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



Shakir Abu Bakar
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) For the six months period ended 31 December 2016

	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
	(Rupees'000)			
Profit for the period	398,084	296,942	705,033	838,102
Other comprehensive income for the period				
Items to be reclassified to profit and loss account in subsequent periods				
Exchange gain on translation of long term investments in equity accounted investees	-	1,568	-	3,135
Surplus on remeasurement of available for sale securities	(11,205)	(19,036)	(22,410)	(8,461)
Deferred Tax on other comprehensive income	-	(470)	-	(941)
Other comprehensive income for the period	(11,205)	(17,938)	(22,410)	(6,267)
Total comprehensive income for the period	<u>386,879</u>	<u>279,004</u>	<u>682,623</u>	<u>831,835</u>

The annexed notes 1 to 28 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



Shakir Abu Bakar
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the six months period ended 31 December 2016

	Note	Six months ended 31 December	
		2016	2015
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	23	1,376,425	1,220,493
Working capital changes (Increase)/ decrease in current assets			
Stores, spare parts and loose tools		3,336	(31,119)
Stock in trade		8,013	11,699
Development Property		(487,430)	(532,901)
Trade debts		(250,310)	(175,848)
Advances		(60,422)	(71,705)
Trade deposits and prepayments		(45,189)	(51,245)
Other receivables		(7,622)	(25,803)
Increase in trade and other payables			
Trade and other payables		123,138	95,046
Cash used in operations		(716,486)	(781,876)
Staff retirement benefit - gratuity paid		(20,745)	(12,314)
Compensated leave absences paid		(10,763)	(16,461)
Income tax paid		(197,491)	(242,448)
Finance cost paid		(143,664)	(78,667)
Net cash generated from operating activities		287,276	88,727
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(539,215)	(644,219)
Advance for capital expenditure		(2,465,996)	(46,229)
Proceeds from disposal of property, plant and equipment		4,449	24,575
Purchase of other financial assets		-	(674)
Proceeds from other financial assets		9,277	-
Dividend income received		350	18,241
Return on bank deposits and term deposits receipts		11,589	22,309
Long term deposits and prepayments		3,370	(773)
Net cash used in investing activities		(2,976,176)	(626,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(258,333)	(33,334)
Proceeds from long term financing		2,400,000	300,000
Dividend paid		(122,671)	(39,166)
Repayment of liabilities against assets subject to finance lease		(9,529)	(12,348)
Net cash from financing activities		2,009,467	215,152
Net decrease in cash and cash equivalents		(679,433)	(322,891)
Cash and cash equivalents at beginning of the period		459,779	780,396
Cash and cash equivalents at end of the period	24	(219,654)	457,505

The annexed notes 1 to 28 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



Shakir Abu Bakar
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the six months period ended 31 December 2016

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 2015	325,242	269,424	147,221	1,600,000	470,594	185,365	4,577,399	7,575,245
Total comprehensive income for the period								

Profit for the period	-	-	-	-	-	-	838,102	838,102
Other comprehensive income for the period	-	-	-	-	2,194	(8,461)	-	(6,267)
Total comprehensive income for the period	-	-	-	-	2,194	(8,461)	838,102	831,835

Transaction with owners of the Company

Distribution

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 31 December 2015

Balance at 01 July 2016	325,242	269,424	147,221	1,600,000	472,788	176,904	5,252,880	8,244,459
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Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	705,033	705,033
Other comprehensive income for the period	-	-	-	-	-	(22,410)	-	(22,410)
Total comprehensive income for the period	-	-	-	-	-	(22,410)	705,033	682,623

Transaction with owners of the Company

Distribution

Final cash dividend for the year ended
30 June 2016 declared subsequent to the
year end (@ Rs. 2.50 per share)

	-	-	-	-	-	-	(81,310)	(81,310)
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First interim cash dividend for the year
2016-17 (@ Rs. 5.0 per share)

	-	-	-	-	-	-	(162,621)	(162,621)
	-	-	-	-	-	-	(243,931)	(243,931)

Balance at 31 December 2016	325,242	269,424	147,221	1,600,000	493,439	118,136	5,314,613	8,268,075
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The annexed notes 1 to 28 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

Shakir Abu Bakar
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

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 Pakistan 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%
City Properties (Private) Limited	Real Estate Development	100%
Elite Properties (Private) Limited	Real Estate Development	100%

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 2016 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 2016. Comparative consolidated balance sheet numbers are extracted from the annual audited consolidated financial statements for the year ended 30 June 2016, 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 six months period ended 31 December 2015.

This condensed interim consolidated financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan 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 2016.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017 and are not expected to have any significant effect on condensed interim consolidated financial information of the Group:

- Amendments to IAS 7 'Statement of Cash Flows'	(effective 01 January 2017)
- Amendments to IAS 12 'Income Taxes'	(effective 01 January 2017)
- Amendments to IFRS 2 - 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IAS 40 'Investment Property'	(effective 01 January 2018)

Amendments to following standards as annual improvements cycle of 2016-17:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entity'	(effective 01 January 2017)
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2017)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	(effective 01 January 2018)

The above amendments are not likely to have an impact on the Group's financial information.

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Group from 30 June 2016.

		Unaudited 31 December 2016	Audited 30 June 2016
5 LONG TERM FINANCING - secured	Note	(Rupees'000)	
From banking companies - Conventional banks			
Term Finance Loan - 1		16,667	50,000
Term Finance Loan - 2		850,000	850,000
Syndicated term loan		1,575,000	1,800,000
Transaction cost		(9,950)	(12,999)
		<u>1,565,050</u>	<u>1,787,001</u>
		2,431,717	2,687,001
Term Finance Loan - 3	5.2	900,000	-
Term Finance Loan - 4	5.3	1,500,000	-
		4,831,717	2,687,001
Current portion of long term financing		<u>(466,667)</u>	<u>(500,000)</u>
		<u>4,365,050</u>	<u>2,187,001</u>

5.1 Except for the facilities as disclosed in note 5.2 and 5.3 below, the markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2016.

5.2 This represent utilized amount of term finance loan of Rs. 2,150 million carrying markup of 3-month KIBOR plus 0.75% per annum payable quarterly (30 June 2016: Nil). This utilized facility is secured against ranking charge over land and building of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 1,200 million (30 June 2016: Nil). The loan is repayable in twenty equal quarterly installments commencing from March 2019.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

- 5.3 This represent utilized amount of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% per annum payable quarterly (30 June 2016: Nil). This facility is secured against ranking equitable mortgage charge over land and building of Pearl Continental Hotel, Karachi and ranking hypothecation charge on all present and future fixed and current assets of Pearl Continental Hotel, Karachi to the extent of Rs. 4,000 million (30 June 2016: Nil). The loan is repayable in eighteen equal quarterly installments commencing from September 2018.

Unaudited	Audited
31 December	30 June
2016	2016

(Rupees'000)

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE- secured

Conventional bank

Present value of minimum lease payments

Balance at beginning of the period/ year	18,873	41,680
Asset acquired during the period	21,851	-
Repayments made during the period/ year	(9,529)	(22,807)
	31,195	18,873
Current portion	(14,385)	(12,308)
	16,810	6,565

The markup rate, facility limit and securities offered for these lease finance arrangement are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2016.

Unaudited	Audited
31 December	30 June
2016	2016

7 TRADE AND OTHER PAYABLES

Note

(Rupees'000)

Creditors		295,483	298,820
Accrued liabilities		588,602	547,187
Advances from customers		341,541	260,598
Shop deposits		55,630	54,395
Due to related parties - unsecured		13,703	14,814
Sales tax		140,167	97,516
Bed tax		2,405	60,359
Un-earned income		153,580	147,472
Unclaimed dividend	7.1	129,860	8,600
Retention money		85,868	83,138
Others		57,334	46,876
		1,864,173	1,619,775

- 7.1 It includes an amount of Rs. 16.192 (30 June 2016: Rs. 0.015) million of related parties.

8 MARKUP ACCRUED - Conventional Banks

Accrued markup pertains to financing facilities availed from conventional banks.

9 SHORT TERM BORROWINGS - secured - Conventional Banks

The facility limits of these short term borrowing are Rs. 1,250 (30 June 2016: Rs. 1,050) million. The markup rates and securities offered for these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2016.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Contingencies are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2016 except for the guarantees as disclosed below:

	Unaudited 31 December 2016	Audited 30 June 2016
	(Rupees'000)	
10.1.1 Guarantees - secured	203,148	190,243
10.2 Commitments		
Commitments for capital expenditure	2,114,973	426,609

11 PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
Unaudited 31 December 2016 - (Rupees'000)				
Carrying value at beginning of the period	29,468,537	1,359,563	1,191,283	32,019,383
Additions during the period	211,400	21,851	327,814	561,065
Transfer from capital work in progress	173,984	-	(173,984)	-
Disposal during the period	(31,901)	-	-	(31,901)
Transfer from leased assets	15,569	(15,569)	-	-
Depreciation charge for the period	(311,957)	(2,579)	-	(314,536)
Carrying value at end of the period	<u>29,525,632</u>	<u>1,363,266</u>	<u>1,345,113</u>	<u>32,234,011</u>
Audited 30 June 2016 - (Rupees '000)				
Carrying value at beginning of the year	26,600,763	1,387,020	1,034,293	29,022,076
Additions during the year	2,916,454	-	649,191	3,565,645
Transfer from capital work in progress	492,201	-	(492,201)	-
Disposal during the year	(39,731)	-	-	(39,731)
Transfer from leased assets	18,182	(18,182)	-	-
Depreciation charge for the year	(519,332)	(9,275)	-	(528,607)
Carrying value at end of the year	<u>29,468,537</u>	<u>1,359,563</u>	<u>1,191,283</u>	<u>32,019,383</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

		Unaudited 31 December 2016	Audited 30 June 2016
12	ADVANCE FOR CAPITAL EXPENDITURE	Note	(Rupees'000)
	Purchase of land	12.1	3,066,820
	Purchase of apartment		40,509
	Malir Delta Land	12.2	381,656
	Advance for purchase of fixed assets		150,623
			<u>3,639,608</u>
			<u>1,173,612</u>

12.1 During the period the Parent Company paid Rs. 2,400 million to its associated company, Gulf Properties (Private) Limited, for purchase of 4.18 acres of land located in Karachi.

12.2 This represents amount 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.

13 LONG TERM DEPOSITS AND PREPAYMENTS

This includes deposit amounting to Rs. 16.393 million (2015: Rs. 19.975 million) with an Islamic bank to acquire assets under Ijarah agreements.

14 ADVANCES - Non-interest bearing

These includes advances to related parties for rendering of services and purchase of goods aggregating Rs. 36.936 million (30 June 2016: Rs. 20.716 million).

15 TRADE DEPOSITS AND PREPAYMENTS

The trade deposits are non - interest bearing.

16 OTHER RECEIVABLES

These are general receivables and does not include receivables to be classified under conventional or Islamic mode of banking.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

	Unaudited 31 December 2016	Audited 30 June 2016
	(Rupees'000)	
17 OTHER FINANCIAL ASSETS		
Shares of listed companies - Non shariah compliant	9,822	8,813
Term Deposit Receipt - Conventional banks	9,523	9,523
Certificate of Musharika - Islamic bank	-	9,277
	<u>19,345</u>	<u>27,613</u>
18 CASH AND BANK BALANCES		

The funds are placed with the conventional banks.

	Unaudited Three months ended 31 December		Unaudited Six months ended 31 December	
Note	2016	2015	2016	2015
	(Rupees'000)			
19 Sales and services - net				
Rooms	1,431,040	1,369,224	2,792,209	2,523,509
Food and beverages	1,338,529	1,328,060	2,709,490	2,495,809
Other related services 19.1	146,284	135,981	283,883	261,166
Vehicles Rental	41,324	38,792	82,696	64,762
Shop license fees	10,504	8,354	20,286	16,413
	<u>2,967,681</u>	<u>2,880,411</u>	<u>5,888,564</u>	<u>5,361,659</u>
Discounts and commissions	(50,599)	(36,753)	(100,276)	(71,183)
Sales tax	(403,010)	(401,650)	(801,589)	(744,401)
	<u>2,514,072</u>	<u>2,442,008</u>	<u>4,986,699</u>	<u>4,546,075</u>

19.1 This includes revenue from telephone, laundry, discount cards and other ancillary services.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

	Note	Unaudited Three months ended 31 December		Unaudited Six months ended 31 December	
		2016	2015	2016	2015
(Rupees'000)					
20 COST OF SALES AND SERVICES					
Food and beverages					
Opening balance		99,908	97,720	96,189	90,715
Purchases during the period		383,948	377,325	796,371	760,595
Closing balance		(88,176)	(79,016)	(88,176)	(79,016)
Consumption during the period		395,680	396,029	804,384	772,294
Direct expenses					
Salaries, wages and benefits		357,939	336,101	724,986	673,246
Heat, light and power		135,911	146,083	355,452	379,146
Repairs and maintenance		186,467	69,917	256,837	135,718
Depreciation		142,589	115,618	282,636	223,691
Guest supplies		56,539	54,624	112,912	106,661
Linen, china and glassware		29,210	28,538	53,481	55,546
Communication and other related services		19,091	16,646	37,227	36,118
Banquet and decoration		15,942	17,783	35,952	33,800
Transportation		4,625	6,048	10,852	10,443
Uniforms		7,484	6,249	13,616	12,238
Music and entertainment		3,339	3,138	6,076	5,917
Insurance		793	1,406	2,327	2,558
Vehicle Operating Expense		6,900	8,795	14,495	17,308
Vehicle Rental and registration charges		8,003	7,010	14,596	12,183
Others		11,663	9,153	21,910	15,654
		1,382,175	1,223,138	2,747,739	2,492,521
21 FINANCE COST					
The finance cost relates to borrowing arrangements from conventional banks.					
22 OTHER INCOME					
Income from financial assets					
Return on bank deposits / Certificate of investments (- Conventional banks)		5,734	9,355	11,996	22,049
Exchange gain - net - actual currency		1,015	1,767	2,207	2,727
Dividend income	22.1	-	-	350	388
Unrealised gain/(loss) on remeasurement of investments to fair value - net - (Non shariah compliant)		(293)	(664)	1,009	(1,599)
Interest on short term advance to related party		-	12,779	-	25,558
Reversal/ (loss) of impairment		87,338	(200,203)	91,191	135,020
		93,794	(176,966)	106,753	184,143
Income from non financial assets					
Concessions and commissions		2,463	2,582	4,233	3,606
(Loss) / gain on disposal of property, plant and equipment		(28,380)	133	(27,452)	2,256
Liabilities written back		-	-	63,910	-
Communication towers and other rental income		18,576	15,760	34,797	32,411
Scrap sales		2,779	6,961	4,416	9,172
Others - net		6,065	5,799	10,350	10,149
		1,503	31,235	90,254	57,594
		95,297	(145,731)	197,007	241,737
22.1 Dividend income					
Pakistan Telecommunication Company Limited		-	-	350	-
Fauji Fertilizer Bin Qasim Limited		-	-	-	388
		-	-	350	388

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

23 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Unaudited Six months ended 31 December	
	2016	2015
	(Rupees'000)	
Profit before taxation	979,466	1,084,391
Adjustments for:		
Depreciation	314,536	248,547
Loss/ (gain) on disposal of property, plant and equipment	27,452	(2,256)
Provision for staff retirement benefit - gratuity	24,995	27,497
Provision for compensated leave absences	18,381	15,437
Provision for doubtful debts	1,020	12,290
Return on bank deposits/Treasury bills/ Certificate of Musharika	(11,996)	(22,049)
Interest on short term advance to related party	-	(25,558)
Share of profit in equity accounted investments	(32,390)	(45,178)
Finance cost	147,511	61,181
Dividend income	(350)	(388)
Unrealised (gain)/loss on remeasurement of investments to fair value - net	(1,009)	1,599
Reversal of impairment on investment in associated companies	(91,191)	(135,020)
	<u>1,376,425</u>	<u>1,220,493</u>
24 CASH AND CASH EQUIVALENTS		
Cash and bank balances	341,115	834,791
Short term borrowings	(560,769)	(377,286)
	<u>(219,654)</u>	<u>457,505</u>
25 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. Transaction and balances as of this reporting date with related parties are disclosed in notes 7, 12, and 14 to the condensed interim consolidated financial information. Other balances and transactions with related parties are as follows:

Transactions and balances with associated companies	Unaudited Six months ended 31 December	
	2016	2015
	(Rupees'000)	
Sales	333	615
Services provided	3,020	7,711
Services availed	29,809	16,162
Purchases	60,649	32,563
Purchase of air tickets	-	21,433
Franchise fee - income	2,537	1,850
Franchise and management fee - expense	5,600	5,495
Sale of Construction Material	-	763
Interest income on advance	-	25,559
Dividend income	-	17,854
Dividend paid	31,864	27,902
Balances as at the period end:		
- Trade debts	22,909	*6,454
- Long term investment	1,291,421	*1,190,250
- Prepayments	6,232	*-
- Advance for capital expenditure	-	*3,500

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

	Six months ended	
	31 December	
	2016	2015
	(Rupees'000)	
Transactions and balances with other related parties		
Sales	9	12
Services provided	52	301
Services availed	21,889	21,591
Purchases	1,607	16,855
Contribution to defined contribution plan - provident fund	18,406	16,237
Purchase of property, plant and equipment	-	205,623
Dividend paid	2	2
Balances as at the period end:		
- Trade debts	758	*11,242
- Advance for capital expenditure	626,820	*626,820
- Prepayments	-	*5,208
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	29,973	25,777
Dividend paid	4,330	-
Personal guarantees to Banks against the Parent Company's borrowings (Note 5)		

*Represents balance as at 30 June 2016

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Parent Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Parent Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2016

26.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Carrying amount				Fair value	
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Total
On-balance sheet financial instruments							
<u>31-December 2016</u>							
Financial assets measured at fair value							
Other financial assets		9,822	-	-	9,822	9,822	9,822
Financial assets not measured at fair value							
Long term deposits	26.2	-	22,578	-	22,578	-	-
Trade debts		-	799,457	-	799,457	-	-
Advance to employees		-	33,438	-	33,438	-	-
Trade deposits		-	23,268	-	23,268	-	-
Interest accrued		-	1,418	-	1,418	-	-
Other receivables		-	56,454	-	56,454	-	-
Term Deposit Receipt		-	9,523	-	9,523	-	-
Cash and bank balances		-	341,115	-	341,115	-	-
		-	1,287,251	-	1,287,251	-	-
On-balance sheet financial instruments							
<u>30-Jun-16</u>							
Financial assets measured at fair value							
Other financial assets		8,813	-	-	8,813	8,813	8,813
Financial assets not measured at fair value							
Long term deposits	26.2	-	24,707	-	24,707	-	-
Trade debts		-	550,167	-	550,167	-	-
Advance to employees		-	27,686	-	27,686	-	-
Trade deposits		-	22,598	-	22,598	-	-
Interest accrued		-	1,011	-	1,011	-	-
Other receivables		-	48,832	-	48,832	-	-
Term Deposit Receipt		-	18,800	-	18,800	-	-
Cash and bank balances		-	459,779	-	459,779	-	-
		-	1,153,580	-	1,153,580	-	-
Financial liabilities not measured at fair value							
Long term financing - secured	26.2	-	-	2,687,001	2,687,001	-	-
Short term borrowings		-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	18,873	18,873	-	-
Trade and other payables	26.3	-	-	1,047,353	1,047,353	-	-
Markup accrued		-	-	85,032	85,032	-	-
		-	-	3,838,259	3,838,259	-	-

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the six months period ended 31 December 2016

- 26.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 26.3 It excludes advances from customers, federal excise duty, bed tax and sales tax payable, banquet/ beverage tax, unearned income and income tax deducted at source.

27 NON- ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, of the Parent Company in its meeting held on 22 February 2017, has declared an interim cash dividend of Rs. 5 per share.

28 DATE OF APPROVAL

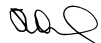
This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in its meeting held on 22 February 2017.

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



Shakir Abu Bakar
Director



PEARL - CONTINENTAL LAHORE



PAKISTAN SERVICES LTD.

1st Floor, NESPAK House, Sector G-5/2, Islamabad
Tel: +92-51-2272890-8, Fax: +92-51-2878636
E-mail: psl@hashoohotels.com

OWNERS AND OPERATORS OF



Pearl-Continental
HOTELS & RESORTS

KARACHI

Tel: +92 21-111-505-505
Fax: +92 21-35681835
E-mail: pchk@pchotels.com

LAHORE

Tel: +92 42-111-505-505
Fax: +92 42-36362760
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 51-3355700-8
Fax: +92 51-3355574
E-mail: pchb@pchotels.com

MUZAFFARABAD

Tel: +92 58224 38000-14
Fax: +92 58224 38046
E-mail: pchm@pchotels.com