



PAKISTAN SERVICES LTD.

# Condensed Interim Financial Information (Unaudited)

for the nine months period ended 31 March 2012

**Cultured like no other pearl in the world™**



## Vision Statement

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

## Mission Statement

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

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

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

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

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

## Corporate Profile/ Information

Pearl Continental Hotels, a chain owned and operated by Pakistan Services Limited (the Company) sets the international standards for quality hotel accommodation in South Asia. The Company manages 6 luxury hotels at Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,480 rooms with registered office in Islamabad, Pakistan.

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### COMPENSATION COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique
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### COMPANY SECRETARY

Mr. Mansoor Khan
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### 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
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### BANKERS

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

### REGISTERED OFFICE

9th Floor, UBL Building, Jinnah Avenue, Islamabad.
Tel: 0092-51-2812142
Fax: 0092-51-2812143
<a href="http://www.psl.com.pk">http://www.psl.com.pk</a>

### 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 your Company takes pleasure in presenting the unaudited condensed interim financial information of the Company for the nine months period ended on 31 March 2012.

### Economic Overview

The Euro-Zone fear still looms large over the financial circles of the world. The austerity measures to balance budgets are unpopular with the masses used to living beyond their country's means. The financial squeeze has shaken the European governments. The US economy is no better and depreciation of its currency is corollary of heavy debt the country has incurred and the stress on its industrial production because of inability to be competitive. While the West is in economic doldrums, China has shown surprising resilience and maintained its high growth rate. For the first time it is amenable to allow its national currency to appreciate in the foreign markets. It appears that China is assuming the role of stabilizing force in global economy. It has become a major player in international trade and industrial circles and is considering buying more sovereign debt of the Western World. Japan is doing reasonably well specially when one takes into account the fact that it is still reeling from grave disaster it has suffered from triple tragedy: strong earthquake, tsunami and nuclear accidents, all sequentially triggered by the first event.

Coming to the South Asian region, the economic picture in Pakistan has not changed for better. The Country is saddled with plethora of economic woes that are composite results of very large number of adverse factors with dicey security situation in the country, as the lead issue. The driving wheels of economy are energy, efficient infrastructure, and competent workforce. There are severe deficiencies in all these departments. Resetting of relationship with the United States and building up of bridges with India to begin the normal trade relations are positive signs. India has removed the barriers for Pakistan for direct foreign investment (DFI). It has also offered to sell 500 MW of electricity to Pakistan. The establishment of close trade relationship between the two neighbours is seen as stimulant for commercial and industrial activity.

Optimism is the cornerstone of all entrepreneurs. We feel confident that despite the depressing world economic scene going under more stress by high cost of fuel, it is possible to make headway in our business performance. We are reinforced in our belief to face hard realities with novel approaches and deliver more than the previous year's revenues. Let us look at the actual turnover, during the period under review. We recorded revenue of Rs.4,084 million relative to Rs.3,737 million for the comparative period of last year. That shows incremental revenue of Rs.347 million or a growth of 9 percent.

The profit before tax and gain on re-measurement of listed securities during the period under report together amounted to Rs.820 million. Positive performance of Stock Market added further Rs.32 million on account of revaluation of our investment in the marketable securities as compared to unrealized gain of Rs.63 million recorded in the corresponding period of last year. After tax profit for the period under report worked out to Rs.600 million as compared to Rs.536 million achieved in the comparative period of last year.

### Performance at a glance:

### For the nine months period ended 31 March

	2012	2011
	(Rupees '000)	
Sales and services-net	<u>4,084,341</u>	<u>3,736,522</u>
Gross profit	<u>1,721,675</u>	<u>1,517,014</u>
Profit before taxation	<u>852,465</u>	<u>756,982</u>
Profit after taxation	<u>600,233</u>	<u>535,635</u>
Earnings per share (Rupees)	<u>18.45</u>	<u>16.47</u>

### Rooms Revenue

The average room-occupancy during the period under report ascended to 56 percent from 53 percent of that of the corresponding period of the preceding year. The Average Daily Room Rate (ADR) also marked improvement from Rs.7,471 to Rs.7,552 when compared to the corresponding period of year proceeding immediately. Due to these favorable features rooms' revenue (exclusive of GST) was recorded at Rs.1,684 million as against Rs.1,571 million (exclusive of GST) of the comparative period of last year, showing a growth of Rs.113 million.

### Food & Beverage Revenue

During the period under review, Food & Beverage Sales (exclusive of GST) contributed a major portion (54 percent) of the total revenue. F&B revenue were recorded at Rs.2,191 million and registered an increase of Rs.223 million as against that of Rs.1,968 million during the comparative period of last year. The increase in revenue from this segment reflects nearly 11 percent growth.

### Other Related Services, Shop License Fees & Tour Division

Performance of these minor operating segments registered 6 percent growth by adding Rs.12 million to the revenues. Revenue (exclusive of GST) from these segments for the period under review was recorded at Rs.209 million as compared to Rs.197 million of the corresponding period of last year.

### Future Prospects

What is happening in the industrial economies sure does have impact over the world at large. Pakistan is in region which is rightly labeled as one of the most disturbed. NATO forces withdrawal from Afghanistan is planned in 2014. The situation in that country has become more fluid. What will be post-NATO forces exodus scenario is hard to contemplate. And what happens in Afghanistan is of direct bearing on Pakistan. Therefore, the need to keep close watch on that country and to contribute our lot for its stability is our national interest. We work with the resolve to make our own future. Our commitment in promoting the business of your Company is unwavering. We strongly believe that future is bright and plan vigorously to make it happen. We will not lose any opportunity of enhancing our business. We continue to advance with our nonstop modernization of all the Properties of the Company. The improvement program strives to enhance guest comfort and experience of stay with us. We refurbish the guestrooms and provide newly available equipment for convenience of our guests.

The Internet service is now being offered to our Hotel resident guests free-of-charge and the quality is closely monitored to increase the bandwidth or cater for any other technical hindrance to high speed access for web browsing. The entertainment equipment is upgraded in all the Properties of the Company. The plant machinery especially the air-conditioning systems, stand-by electricity generators, and the electricity distribution networks are all being continually brought at par with the international standards of efficiency and reliability. The safety systems are occupying our special attention for upgrading and full coverage. Of special mention are the fire alarm systems, fire-fighting systems, lightning protection shields and surge arrestors. The energy savings programme is being forcefully implemented to cut on the cost of energy and promote environmental conservation. The substitution of conventional lamps with LED lamps for lighting is proceeding at a steady pace. For this, we are collaborating with Philips Company of Holland, a pioneer in LED technology. Physical security at all the Company Properties is undergoing regular strengthening with addition of HESCO barriers, CCTV equipments and Vehicle surveillance systems. More safety and security systems for the Company Properties are in the offing.

We have every reason to feel confident of the competence and abilities of our professionals to keep striding forward, no matter what challenges on the way. And that is why we always position all the Properties of the Company to avail any and all the opportunities of business that comes their way or secured by our ever vigilant and clueful marketing experts.

### Consolidated Results

The total revenue based on the consolidated financial information for the nine months period under report stood at Rs.4,157 million against Rs.3,809 million that of the corresponding period of last year, reflecting increase of Rs.348 million which represents a growth of 9 percent. Profit before tax achieved is Rs.894 million in comparison with Rs.691 million that of corresponding period of last year. Profit after tax for the period under report was recorded at Rs.637 million as against Rs.464 million of the comparative period.

### Acknowledgement

The Board of Directors wishes to express its deep appreciation of the professional and dedicated services of all the employees, experts, consultants and others associated with the Company in one way or the other. It also places on record its profound thanks to the Company's bankers, and the shareholders as well as all other stakeholders for their strong support and faith in the management of the Company. And most importantly we thank our valued guests for patronizing the Company's hotels.

For and on behalf of the Board of Directors

**M. A. Bawany**  
Director

**Muhammad Rafique**  
Director

Islamabad: 30 April 2012



## Condensed Interim Unconsolidated Financial Information (Unaudited)

for the nine months period ended 31 March 2012

## Condensed Interim Unconsolidated Balance Sheet as at 31 March 2012

		Unaudited 31 March 2012	Audited 30 June 2011
	Note	(Rupees'000)	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		<b>500,000</b>	500,000
50,000,000 (30 June 2011: 50,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up share capital		<b>325,242</b>	325,242
Reserves		<b>1,869,424</b>	1,869,424
Unappropriated profit		<b>1,858,361</b>	1,258,128
		<b>4,053,027</b>	3,452,794
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>19,988,725</b>	20,007,770
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	4	<b>641,667</b>	500,000
Liabilities against assets subject to finance lease	5	<b>20,494</b>	-
Long term deposits		<b>50,384</b>	50,884
Deferred liabilities		<b>378,985</b>	365,219
		<b>1,091,530</b>	916,103
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>1,407,619</b>	1,327,119
Markup accrued		<b>35,462</b>	31,484
Short term borrowings - secured	6	<b>152,000</b>	390,233
Current portion of long term financing		<b>158,333</b>	36,000
Current portion of liabilities against assets subject to finance lease		<b>8,089</b>	-
Provision for taxation		<b>70,640</b>	47,339
		<b>1,832,143</b>	1,832,175
		<b>26,965,425</b>	26,208,842
<b>CONTINGENCIES AND COMMITMENTS</b>	7		

The annexed notes 1 to 16 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.



		<b>Unaudited 31 March 2012</b>	<b>Audited 30 June 2011</b>
	<b>Note</b>	<b>(Rupees'000)</b>	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	<b>8</b>	<b>22,394,360</b>	21,990,412
Advance for capital expenditure	<b>9</b>	<b>948,160</b>	778,817
Investment property		<b>47,000</b>	391,763
Long term investments	<b>10</b>	<b>1,315,378</b>	1,222,418
Advance for equity investment	<b>11</b>	<b>94,750</b>	40,700
Long term deposits		<b>13,382</b>	13,382
		<b>24,813,030</b>	24,437,492
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>107,149</b>	86,121
Stock in trade - food and beverages		<b>71,172</b>	53,833
Trade debts		<b>498,932</b>	319,190
Advances		<b>649,830</b>	602,955
Trade deposits and prepayments		<b>68,884</b>	37,163
Interest accrued		<b>68,875</b>	49,340
Other receivables		<b>74,542</b>	53,296
Other financial assets		<b>488,950</b>	456,760
Non current assets held for sale		<b>57,500</b>	35,700
Cash and bank balances		<b>66,561</b>	76,992
		<b>2,152,395</b>	1,771,350
		<b>26,965,425</b>	26,208,842

## Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) for the nine months period ended 31 March 2012

	Note	Three months ended 31 March		Nine months ended 31 March	
		2012	2011	2012	2011
		(Rupees'000)			
<b>Sales and services - net</b>	<b>12</b>	<b>1,578,712</b>	1,331,731	<b>4,084,341</b>	3,736,522
Cost of sales and services	<b>13</b>	<b>(842,521)</b>	(753,923)	<b>(2,362,666)</b>	(2,219,508)
<b>Gross profit</b>		<b>736,191</b>	577,808	<b>1,721,675</b>	1,517,014
Administrative expenses		<b>(294,730)</b>	(263,476)	<b>(923,497)</b>	(788,713)
Other operating expenses		-	(6,007)	-	(15,265)
Finance cost		<b>(46,139)</b>	(42,901)	<b>(142,281)</b>	(132,395)
Other operating income		<b>152,480</b>	108,715	<b>196,568</b>	176,341
<b>Profit before taxation</b>		<b>547,802</b>	374,139	<b>852,465</b>	756,982
Taxation		<b>(153,728)</b>	(89,854)	<b>(252,232)</b>	(221,347)
<b>Profit for the period</b>		<b>394,074</b>	284,285	<b>600,233</b>	535,635
Earnings per share - basic and diluted (Rupees)	<b>14</b>	<b>12.12</b>	8.74	<b>18.45</b>	16.47

The annexed notes 1 to 16 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.

## Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) for the nine months period ended 31 March 2012

	Three months ended 31 March		Nine months ended 31 March	
	2012	2011	2012	2011
	(Rupees'000)			
<b>Profit for the period</b>	<b>394,074</b>	284,285	<b>600,233</b>	535,635
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>394,074</b>	284,285	<b>600,233</b>	535,635

The annexed notes 1 to 16 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.

## Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) for the nine months period ended 31 March 2012

	Nine months ended 31 March	
	2012	2011
	(Rupees'000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	852,465	756,982
<b>Adjustments for:</b>		
Depreciation	163,634	167,288
Gain on disposal of property, plant and equipment	(9,997)	(549)
Provision for staff retirement benefit - gratuity	31,916	29,227
Provision for doubtful debts	9,234	9,258
Return on bank deposits, letters of placements and short term advance	(69,567)	(59,046)
Finance cost	142,281	132,395
Dividend income	(23,550)	(740)
Unrealised gain on non current assets held for sale	(1,545)	-
Unrealised gain on remeasurement of investments to fair value - net	(32,192)	(62,781)
	1,062,679	972,034
<b>Working capital changes (Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(21,028)	(4,998)
Stock in trade - food and beverages	(17,339)	(20,297)
Trade debts	(188,976)	(79,320)
Advances	(46,875)	(24,817)
Trade deposits and prepayments	(31,721)	(24,277)
Other receivables	(14,421)	4,387
<b>Increase in current liabilities</b>		
Trade and other payables	80,500	145,594
Cash used in operations	(239,860)	(3,728)
Staff retirement benefit - gratuity paid	(13,763)	(11,857)
Income tax paid	(233,318)	(216,936)
Finance cost paid	(138,303)	(126,114)
<b>Net cash generated from operating activities</b>	437,435	613,399
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(282,580)	(142,246)
Additions to advance for capital expenditure	(164,010)	-
Purchase of investment property	-	(344,763)
Proceed from disposal of property, plant and equipment	400	1,780
Purchase of long term investments	(18,800)	(74,500)
Advance for equity investment	(94,750)	(7,000)
Dividend income received	875	740
Receipts of return on bank deposits and letters of placements	50,032	77,973
Proceeds from disposal of non current assets held for sale	35,700	-
Long term deposits	(500)	(287)
<b>Net cash used in investing activities</b>	(473,633)	(488,303)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long term financing	(36,000)	(54,000)
Proceeds from long term financing	300,000	-
<b>Net cash from / (used in) financing activities</b>	264,000	(54,000)
Net increase in cash and cash equivalents	227,802	71,096
Cash and cash equivalents at beginning of the period	(313,241)	(816,691)
Cash and cash equivalents at end of the period	(85,439)	(745,595)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	66,561	66,069
Short term borrowings	(152,000)	(811,664)
	(85,439)	(745,595)

The annexed notes 1 to 16 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 Rañque**  
Director

## Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) for the nine months period ended 31 March 2012

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

(Rupees'000)

<b>Balance at 01 July 2010</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>589,596</b>	<b>2,784,262</b>
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### Changes in equity for the period ended 31 March 2011

#### Total comprehensive income for the period

Profit for the period	-	-	-	<b>535,635</b>	<b>535,635</b>
Total comprehensive income for the period	-	-	-	<b>535,635</b>	<b>535,635</b>

<b>Balance at 31 March 2011</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>1,125,231</b>	<b>3,319,897</b>
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<b>Balance at 01 July 2011</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>1,258,128</b>	<b>3,452,794</b>
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### Changes in equity for the period ended 31 March 2012

#### Total comprehensive income for the period

Profit for the period	-	-	-	<b>600,233</b>	<b>600,233</b>
Total comprehensive income for the period	-	-	-	<b>600,233</b>	<b>600,233</b>

<b>Balance at 31 March 2012</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>1,858,361</b>	<b>4,053,027</b>
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The annexed notes 1 to 16 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.

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

### 1. STATUS AND NATURE OF BUSINESS

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

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

This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2012 has been prepared in accordance with the requirements of 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 reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2011. Comparative unconsolidated balance sheet is extracted from the audited annual financial statements as of 30 June 2011, 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 nine months period ended 31 March 2011.

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 Karachi Stock Exchange (Guarantee) Limited.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of this condensed interim unconsolidated financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2011. During the period amendments to IFRS 7 - Financial Instruments: Disclosures became effective which is not expected to have significant impact on this condensed interim financial information other than certain additional disclosures.

### 4. LONG TERM FINANCING - secured

During the nine months period ended 31 March 2012 the Company made repayments towards outstanding principal loan amounted to Rs. 36 million (31 March 2011: Rs.54 million) whereas repayments of Rs.158.33 million (31 March 2011: Rs.54 million) are due within the next twelve months period.

The markup rates and securities offered for these long term financing facilities are the same as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2011 except:

- nature of charge offered to M/s Habib Bank Limited and M/s The Bank of Punjab on land and building of Pearl Continental Hotel, Rawalpindi which has been modified as first pari passu among each other.

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

The Company during the nine months period ended 31 March 2012 obtained a fresh term finance of Rs.300 million (30 June 2011: Rs. Nil) from M/s Askari Bank Limited which carries markup equal to 3-month KIBOR plus 2.50% per annum (30 June 2011: Nil) and is secured against pari passu mortgage charge over land, building, plant and machinery of Pearl Continental Hotel, Karachi of Rs.428.57 million (30 June 2011: Nil); pari passu hypothecation charge over plant, machinery and equipment of Pearl Continental Hotel, Karachi of Rs.428.57 million (30 June 2011 : Nil) and personal guarantee of sponsor director.

		Unaudited 31 March 2012	Audited 30 June 2011
	Note	(Rupees'000)	
<b>5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
<b>Present value of minimum lease payments</b>			
Askari Bank Limited	5.1	28,583	-
Current portion		(8,089)	-
		<u>20,494</u>	<u>-</u>

- 5.1** This represents partial disbursement of fresh lease finance facility out of total credit line of Rs.50 million (31 March 2011: Rs. Nil) for purchase of vehicles which carries markup equal to 3-month KIBOR plus 2.25% (31 March 2011: Nil). The facility is secured against first pari passu mortgage charge over land, building, plant and machinery of Pearl Continental Hotel, Karachi for Rs.71.43 million (30 June 2011: Rs. Nil); pari passu hypothecation charge over plant, machinery & equipment of Pearl Continental Hotel, Karachi for Rs.71.43 million (30 June 2011 : Rs. Nil), personal guarantee of sponsor director of the Company and registration of vehicles in name of M/s Askari Bank Limited.

		Unaudited 31 March 2012	Audited 30 June 2011
		(Rupees'000)	
<b>6. SHORT TERM BORROWINGS - secured</b>			
<b>Running finance from banking companies</b>			
National Bank of Pakistan		23,573	200,822
Habib Bank Limited		126,011	139,188
Soneri Bank Limited		935	223
The Bank of Punjab		1,481	50,000
		<u>152,000</u>	<u>390,233</u>

The base markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2011 except those disclosed under reference of note 4.

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

### 7. CONTINGENCIES AND COMMITMENTS

#### 7.1 Contingencies

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

	Note	Unaudited 31 March 2012	Audited 30 June 2011
(Rupees'000)			
7.1.1	Guarantees	<u>115,359</u>	<u>100,824</u>
7.2	Commitments - capital expenditure	<u>76,840</u>	<u>75,940</u>

### 8. PROPERTY, PLANT AND EQUIPMENT

Carrying value at beginning of the period/ year		21,990,412	21,972,632
Additions during the period/ year		305,832	287,786
Transfer from investment property	8.1	344,763	-
Disposals/ adjustments during the period/ year		(8,013)	(2,131)
Transfer to non current assets held for sale	8.2	(57,500)	(41,664)
Reversal of surplus on revaluation related to non current assets held for sale		(17,500)	-
Depreciation charge for the period/ year		(163,634)	(226,211)
Carrying value at end of the period/ year		<u>22,394,360</u>	<u>21,990,412</u>

- 8.1 This represents investment property previously leased out to an associated company now transferred to property, plant and equipment.
- 8.2 This represents realizable value of free hold land held for sale under an agreement executed during the period which is expected to be finalized and executed within next twelve months.
9. This includes partial disbursement of Rs.28.583 million out of total finance lease facility of Rs.50.000 million arranged from M/s Askari Bank Limited towards advance for booking of vehicles.( refer note-5.1)



## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

10. LONG TERM INVESTMENTS	Note	Unaudited	Audited
		31 March 2012	30 June 2011
		(Rupees'000)	
Opening balance		1,222,418	1,065,455
Purchase of investment during the period/ year	10.1	92,960	170,200
Impairment loss booked during the period/ year		-	(13,237)
Closing balance		<u>1,315,378</u>	<u>1,222,418</u>

- 10.1 This represents investment made during the nine months period ended 31 March 2012 in the wholly owned subsidiary companies M/s Musafa International (Private) Limited and M/s Pearl Tours and Travels (Private) Limited amounting to Rs. 59.500 million and Rs. 33.460 million respectively.

### 11. ADVANCE FOR EQUITY INVESTMENT

During the nine months period ended 31 March 2012, the Company made payments of Rs. 113.550 million (31 March 2011: Rs. 81.500 million) for issuance of 1,135,000 (31 March 2011: 815,000) ordinary shares of Rs. 100 each whereas Rs. 59.500 million (31 March 2011: Rs. 170.200 million) transferred to long term investment on receiving of ordinary share of 595,000 (31 March 2011: 1,702,000) of Rs. 100 each.

12. SALES AND SERVICES - net	Three months ended 31 March		Nine months ended 31 March	
	2012	2011	2012	2011
	(Rupees'000)			
Rooms	771,911	665,203	1,978,043	1,868,623
Food and beverages	996,467	840,112	2,549,911	2,307,266
Other related services	75,646	70,787	238,017	229,717
Shop license fees	1,955	1,856	5,468	5,108
	<u>1,845,979</u>	1,577,958	<u>4,771,439</u>	4,410,714
Discounts and commissions	(2,946)	(2,539)	(8,254)	(9,733)
Sales tax	(264,321)	(243,688)	(678,844)	(664,459)
	<u>1,578,712</u>	1,331,731	<u>4,084,341</u>	3,736,522

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

	Three months ended 31 March		Nine months ended 31 March	
	2012	2011	2012	2011
	(Rupees'000)			
<b>13. COST OF SALES AND SERVICES</b>				
<b>Food and beverages</b>				
Balance at beginning of the period	62,813	59,725	53,833	44,435
Purchases during the period	303,393	274,071	785,292	754,891
	<b>366,206</b>	333,796	<b>839,125</b>	799,326
Balance at end of the period	(71,757)	(64,732)	(71,757)	(64,732)
Consumption during the period	<b>294,449</b>	269,064	<b>767,368</b>	734,594
<b>Direct expenses</b>				
Salaries, wages and benefits	201,282	173,864	587,459	516,609
Heat, light and power	135,664	106,543	413,478	336,853
Repairs and maintenance	51,878	69,306	153,257	217,713
Depreciation	50,610	50,725	147,271	150,560
Guest supplies	37,642	30,770	101,943	87,410
Linen, china and glassware	27,551	17,054	74,563	66,743
Communication and other related services	15,872	14,390	45,163	40,224
Banquet and decoration	11,997	10,673	30,625	32,108
Transportation	5,100	3,040	14,244	11,571
Uniforms	4,768	4,758	14,394	13,617
Music and entertainment	2,055	1,662	5,324	4,761
Others	3,653	2,074	7,577	6,745
	<b>842,521</b>	753,923	<b>2,362,666</b>	2,219,508
<b>14. EARNINGS PER SHARE</b>				
Profit for the period (Rupees'000)	394,074	284,285	600,233	535,635
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share- basic (Rupees)	<b>12.12</b>	8.74	<b>18.45</b>	16.47

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 nine months period ended 31 March 2012

### 15. TRANSACTIONS WITH RELATED PARTIES

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

	Nine months ended 31 March	
	2012	2011
	(Rupees'000)	
<b>Transactions with subsidiary companies</b>		
Sales	341	635
Services provided	2,754	2,144
Services availed	27,118	26,771
Advance extended during the period	10,000	-
Advance for equity investment	94,750	7,000
Investment made during the period	92,960	74,500
<b>Transactions with associates</b>		
Sales	1,174	1,459
Services provided	11,860	3,705
Services availed	43,877	35,715
Purchases	134,290	103,835
Purchase of air tickets	11,605	8,678
Purchase of property, plant and equipment	5,395	1,561
Contribution to the defined contribution plan	15,100	13,697
Purchase of investment property	-	322,000
Donation	36,500	19,200
<b>Transactions with key management personnel</b>		
Remuneration and allowances	46,854	37,788

### 16. DATE OF AUTHORISATION FOR ISSUE

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in their meeting held on 30 April 2012.

#### 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.





# Condensed Interim Consolidated Financial Information (Unaudited)

for the nine months period ended 31 March 2012

## Condensed Interim Consolidated Balance Sheet as at 31 March 2012

		Unaudited 31 March 2012	Audited 30 June 2011
	Note	(Rupees'000)	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		500,000	500,000
50,000,000 (30 June 2011: 50,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up share capital		325,242	325,242
Reserves		2,261,806	2,102,445
Unappropriated profit		1,811,432	1,174,103
		<b>4,398,480</b>	<b>3,601,790</b>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>19,988,725</b>	<b>20,007,770</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	4	641,667	500,000
Liabilities against assets subject to finance lease	5	24,889	7,996
Long term deposits		50,384	50,884
Deferred liabilities		577,090	494,931
		<b>1,294,030</b>	<b>1,053,811</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,434,934	1,368,282
Markup accrued		35,462	31,484
Short term borrowings - secured	6	152,000	390,233
Current portion of long term financing		158,333	36,000
Current portion of liabilities against assets subject to finance lease		15,875	15,764
Provision for taxation		51,320	29,692
		<b>1,847,924</b>	<b>1,871,455</b>
		<b>27,529,159</b>	<b>26,534,826</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

The annexed notes 1 to 13 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.

		<b>Unaudited 31 March 2012</b>	<b>Audited 30 June 2011</b>
	<b>Note</b>	<b>(Rupees'000)</b>	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	<b>8</b>	<b>22,792,506</b>	22,353,007
Advance for capital expenditure	<b>9</b>	<b>1,085,224</b>	840,405
Investment property		<b>47,000</b>	391,763
Long term investments		<b>1,873,562</b>	1,577,088
Advance for equity investment		<b>17,045</b>	17,045
Long term deposits		<b>25,815,337</b>	25,179,308
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>107,149</b>	86,121
Stock in trade - food and beverages		<b>71,172</b>	53,833
Trade debts		<b>518,741</b>	332,043
Advances		<b>652,682</b>	604,871
Trade deposits and prepayments		<b>70,712</b>	39,222
Interest accrued		<b>69,006</b>	49,591
Other receivables		<b>67,409</b>	26,541
Other financial assets		<b>24,716</b>	9,160
Non current assets held for sale		<b>57,500</b>	35,700
Cash and bank balances		<b>74,735</b>	118,436
		<b>1,713,822</b>	1,355,518
		<b>27,529,159</b>	26,534,826

## Condensed Interim Consolidated Profit and Loss Account (Unaudited) for the nine months period ended 31 March 2012

	Note	Three months ended 31 March		Nine months ended 31 March	
		2012	2011	2012	2011
(Rupees'000)					
Sales and services - net	10	1,601,383	1,350,378	4,156,705	3,809,035
Cost of sales and services	11	(855,505)	(767,654)	(2,404,123)	(2,260,063)
<b>Gross profit</b>		<b>745,878</b>	582,724	<b>1,752,582</b>	1,548,972
Administrative expenses		(305,179)	(268,867)	(953,809)	(816,982)
Other operating expenses		-	(6,007)	(1,438)	(15,265)
Finance cost		(46,570)	(43,981)	(144,087)	(135,984)
Other operating income		182,498	46,279	205,202	118,378
		576,627	310,148	858,450	699,119
Share of gain/ (loss) in equity accounted investment		(169,667)	3,135	35,080	(8,498)
<b>Profit before taxation</b>		<b>406,960</b>	313,283	<b>893,530</b>	690,621
Taxation		(140,907)	(87,898)	(256,201)	(226,937)
<b>Profit for the period</b>		<b>266,053</b>	225,385	<b>637,329</b>	463,684

The annexed notes 1 to 13 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.



## Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) for the nine months period ended 31 March 2012

	Three months ended 31 March		Nine months ended 31 March	
	2012	2011	2012	2011
	(Rupees'000)			
<b>Profit for the period</b>	<b>266,053</b>	225,385	<b>637,329</b>	463,684
<b>Other comprehensive income for the period</b>				
Exchange gain / (loss) on translation of long term investments	170,630	(9,458)	245,171	(5,093)
Income tax on other comprehensive income	(59,721)	3,310	(85,810)	1,783
<b>Other comprehensive income for the period</b>	<b>110,909</b>	(6,148)	<b>159,361</b>	(3,310)
<b>Total comprehensive income for the period</b>	<b>376,962</b>	219,237	<b>796,690</b>	460,374

The annexed notes 1 to 13 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.

## Condensed Interim Consolidated Cash Flow Statement (Unaudited) for the nine months period ended 31 March 2012

	Nine months ended 31 March	
	2012	2011
	(Rupees'000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	893,530	690,621
<b>Adjustments for:</b>		
Depreciation	172,620	177,739
Gain on disposal of property, plant and equipment	(11,966)	(1,186)
Provision for staff retirement benefit - gratuity	31,916	29,227
Provision for doubtful debts	9,234	9,259
Return on bank deposits, letters of placements and short term advance	(71,488)	(60,772)
Share of (gain)/ loss of equity accounted investment	(35,080)	8,498
Finance cost	144,087	135,984
Dividend income	(1,050)	(740)
Unrealised gain on non current assets held for sale	(1,545)	-
Reversal of impairment loss on remeasurement of investment in associated company	(58,499)	-
Unrealised loss / (gain) on remeasurement of investments to fair value	1,438	(1,701)
	<u>1,073,197</u>	<u>986,929</u>
<b>Working capital changes (Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(21,028)	(4,998)
Stock in trade - food and beverages	(17,339)	(20,297)
Trade debts	(195,932)	(77,078)
Advances	(47,811)	(25,824)
Trade deposits and prepayments	(31,490)	(25,828)
Other receivables	(583)	5,381
<b>Increase in current liabilities</b>	<u>66,652</u>	<u>148,103</u>
Trade and other payables	(247,531)	(541)
Cash used in operations	(13,763)	(11,857)
Staff retirement benefit - gratuity paid	(236,601)	(220,356)
Income tax paid	(140,109)	(129,703)
Finance cost paid	<u>435,193</u>	<u>624,472</u>
<b>Net cash generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(328,651)	(154,725)
Additions to advance for capital expenditure	(239,486)	(74,264)
Purchase of investments property	-	(344,763)
Proceeds from disposal of property, plant and equipment	3,903	3,591
Purchase of other financial assets	(16,996)	-
Dividend income received	875	740
Receipts of return on bank deposits and letters of placements	52,073	79,365
Proceeds from disposal of non current assets held for sale	35,700	-
Long term deposits	(500)	(1,817)
<b>Net cash used in investing activities</b>	<u>(493,082)</u>	<u>(491,873)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long term financing	(36,000)	(54,000)
Repayments of lease liability	(11,579)	(13,757)
Proceeds from long term financing	300,000	-
<b>Net cash from / (used in) financing activities</b>	<u>252,421</u>	<u>(67,757)</u>
Net increase in cash and cash equivalents	194,532	64,842
Cash and cash equivalents at beginning of the period	(271,797)	(788,160)
Cash and cash equivalents at end of the period	<u>(77,265)</u>	<u>(723,318)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	74,735	88,346
Short term borrowings	(152,000)	(811,664)
	<u>(77,265)</u>	<u>(723,318)</u>

The annexed notes 1 to 13 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 Rañque**  
Director

## Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) for the nine months period ended 31 March 2012

Share capital	Capital reserve	Revenue reserves			Total equity
	Share premium	General reserve	Exchange gain on translation of long term investments	Unappropriated profit	

(Rupees'000)

<b>Balance at 01 July 2010</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>228,765</b>	<b>453,984</b>	<b>2,877,415</b>
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*Changes in equity for the period ended 31 March 2011***Total comprehensive income for the period**

Profit for the period	-	-	-	-	463,684	463,684
Exchange loss on translation of long term investments - net of tax	-	-	-	(3,310)	-	(3,310)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,310)</b>	<b>463,684</b>	<b>460,374</b>

<b>Balance at 31 March 2011</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>225,455</b>	<b>917,668</b>	<b>3,337,789</b>
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<b>Balance at 01 July 2011</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>233,021</b>	<b>1,174,103</b>	<b>3,601,790</b>
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*Changes in equity for the period ended 31 March 2012***Total comprehensive income for the period**

Profit for the period	-	-	-	-	637,329	637,329
Exchange gain on translation of long term investments - net of tax	-	-	-	159,361	-	159,361
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,361</b>	<b>637,329</b>	<b>796,690</b>

<b>Balance at 31 March 2012</b>	<b>325,242</b>	<b>269,424</b>	<b>1,600,000</b>	<b>392,382</b>	<b>1,811,432</b>	<b>4,398,480</b>
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The annexed notes 1 to 13 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.

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

### 1. THE GROUP AND ITS OPERATIONS

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

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

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

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

This condensed interim consolidated financial information of the group for the nine months period ended 31 March 2012 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directive 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 the condensed interim consolidated financial information do not include the information reported for full audited annual consolidated financial statements and should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended 30 June 2011. Comparative consolidated balance sheet is extracted from audited annual consolidated financial statements as of 30 June 2011, whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information for the nine months period ended 31 March 2011.

The 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 Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of this condensed interim consolidated financial information are the same as those applied in preparation of audited annual consolidated financial statements for the year ended 30 June 2011. During the period amendments to IFRS 7 – Financial Instruments: Disclosures became effective which is not expected to have significant impact on this condensed interim consolidated financial information other than certain additional disclosures.

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

### 4. LONG TERM FINANCING - secured

During the nine months period ended 31 March 2012, the Company made repayments towards principal loan outstanding amounting to Rs. 36 million (31 March 2011: Rs. 54 million) whereas repayments of Rs.158.33 million (31 March 2011: Rs. 54 million) are due within the next twelve months period.

The base markup rates and securities offered for these long term financing facilities are the same as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2011 except:

- nature of charge offered to M/s Habib Bank Limited and M/s The Bank of Punjab on land and building of Pearl Continental Hotel, Rawalpindi which has been modified as first pari passu among each other.

The Company during the nine months period ended 31 March 2012 obtained a fresh term finance of Rs. 300 million (30 June 2011: Rs. Nil) from M/s Askari Bank Limited which carries markup equal to 3-month KIBOR plus 2.50% per annum (30 June 2011: Nil) and is secured against pari passu mortgage charge over land, building, plant and machinery of Pearl Continental Hotel, Karachi of Rs.428.57 million (30 June 2011: Nil); pari passu hypothecation charge over plant, machinery and equipment of Pearl Continental Hotel, Karachi of Rs.428.57 million (30 June 2011: Nil) and personal guarantee of sponsor director.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	Unaudited	Audited
		31 March 2012	30 June 2011
Present value of minimum lease payments		(Rupees'000)	
Balance as at beginning of the period/ year		23,760	38,474
Lease acquired during the period/ year	5.1	28,583	5,100
		<u>52,343</u>	<u>43,574</u>
Repayments made during the period/ year		(11,579)	(19,814)
		<u>40,764</u>	<u>23,760</u>
Current portion		(15,875)	(15,764)
		<u>24,889</u>	<u>7,996</u>

- 5.1 This represents partial disbursement of fresh lease finance facility out of total credit line of Rs. 50 million (30 June 2011: Rs. Nil) for purchase of vehicles which carries markup equal to 3-month KIBOR plus 2.25% (30 June 2011: Nil). The facility is secured against first pari passu mortgage charge over land, building, plant and machinery of Pearl Continental Hotel, Karachi for Rs.71.43 million (30 June 2011: Rs. Nil); pari passu hypothecation charge over plant, machinery & equipment of Pearl Continental Hotel, Karachi for Rs. 71.43 million (30 June 2011 : Rs. Nil), personal guarantee of sponsor director of the Company and registration of vehicles in name of M/s Askari Bank Limited.

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

	Unaudited 31 March 2012	Audited 30 June 2011
	(Rupees'000)	
<b>6. SHORT TERM BORROWINGS - secured</b>		
<b>Running finance from banking companies</b>		
National Bank of Pakistan	23,573	200,822
Habib Bank Limited	126,011	139,188
Soneri Bank Limited	935	223
The Bank of Punjab	1481	50,000
	<u>152,000</u>	<u>390,233</u>

The base markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited annual consolidated financial statements of the Parent Company for the year ended 30 June 2011 except those disclosed under reference of note 4.

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

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

	Unaudited 31 March 2012	Audited 30 June 2011
	(Rupees'000)	
<b>7.1.1 Guarantees</b>	<u>115,994</u>	<u>101,459</u>
<b>7.2 Commitments - capital expenditure</b>	<u>76,840</u>	<u>97,940</u>

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

Note	Unaudited 31 March 2012			Audited 30 June 2011		
	Owned	Leased	Total	Owned	Leased	Total
(Rupees'000)						
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>						
Carrying value at beginning of the period/ year	22,318,776	34,231	22,353,007	22,219,109	58,749	22,277,858
Additions during the period/ year	351,903	-	351,903	396,193	5,100	401,293
Transfer from investment property	8.1	344,763	344,763	-	-	-
Disposals/ adjustments during the period/ year	(9,547)	-	(9,547)	(20,659)	(23,804)	(44,463)
Transfer to non current assets held for sale	8.2	(57,500)	(57,500)	(41,664)	-	(41,664)
Reversal of surplus on revaluation related to non current assets held for sale	(17,500)	-	(17,500)	-	-	-
Depreciation charge for the period/ year	(168,769)	(3,851)	(172,620)	(234,203)	(5,814)	(240,017)
<b>Carrying value at end of the period/ year</b>	<b>22,762,126</b>	<b>30,380</b>	<b>22,792,506</b>	<b>22,318,776</b>	<b>34,231</b>	<b>22,353,007</b>

- 8.1** This represents investment property previously leased out by the Parent Company to an associated company now transferred to property, plant and equipment.
- 8.2** This represents realizable value of freehold land held for sale under an agreement executed by the Parent Company during the period which is expected to be finalized and executed within next twelve months.
- 9.** This includes partial disbursement of Rs.28.583 million out of total finance lease facility of Rs.50.000 million arranged from M/s Askari Bank Limited towards advance for booking of vehicles (refer note-5.1).

	Three months ended 31 March		Nine months ended 31 March	
	2012	2011	2012	2011
(Rupees'000)				
<b>10. SALES AND SERVICES - net</b>				
Rooms	770,200	663,595	1,975,288	1,866,479
Food and beverages	996,379	839,751	2,549,569	2,306,631
Other related services	80,992	75,835	258,287	249,494
Vehicles rental	19,124	15,568	55,191	55,515
Shop license fees	1,955	1,856	5,468	5,108
	<b>1,868,650</b>	1,596,605	<b>4,843,803</b>	4,483,227
Discounts and commissions	(2,946)	(2,539)	(8,254)	(9,733)
Sales tax	(264,321)	(243,688)	(678,844)	(664,459)
	<b>1,601,383</b>	1,350,378	<b>4,156,705</b>	3,809,035

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

	Three months ended 31 March		Nine months ended 31 March	
	2012	2011	2012	2011
	(Rupees'000)			
<b>11. COST OF SALES AND SERVICES</b>				
<b>Food and beverages</b>	<b>62,813</b>	59,725	<b>53,833</b>	44,435
Balance at beginning of the period	<b>303,305</b>	273,710	<b>784,950</b>	754,256
Purchases during the period	<b>366,118</b>	333,435	<b>838,783</b>	798,691
Balance at end of the period	<b>(71,757)</b>	(64,732)	<b>(71,757)</b>	(64,732)
Consumption during the period	<b>294,361</b>	268,703	<b>767,026</b>	733,959
<b>Direct expenses</b>				
Salaries, wages and benefits	<b>201,597</b>	173,864	<b>587,774</b>	516,609
Heat, light and power	<b>135,664</b>	106,543	<b>413,478</b>	336,853
Repairs and maintenance	<b>52,502</b>	69,306	<b>154,824</b>	217,713
Depreciation	<b>53,339</b>	54,018	<b>155,358</b>	159,966
Guest supplies	<b>37,642</b>	30,770	<b>101,943</b>	87,410
Linen, china and glassware	<b>27,551</b>	17,054	<b>74,563</b>	66,743
Communication and other related services	<b>15,872</b>	14,390	<b>45,163</b>	40,224
Banquet and decoration	<b>11,997</b>	10,673	<b>30,625</b>	32,108
Transportation	<b>2,509</b>	2,757	<b>9,980</b>	8,540
Uniforms	<b>4,768</b>	4,758	<b>14,394</b>	13,617
Music and entertainment	<b>2,055</b>	1,662	<b>5,324</b>	4,761
Insurance	<b>918</b>	918	<b>2,749</b>	2,771
Vehicle operating expense	<b>9,730</b>	8,341	<b>27,440</b>	29,527
Vehicle rental and clearance charges	<b>702</b>	684	<b>1,663</b>	1,234
Hotel bookings	<b>123</b>	491	<b>3,171</b>	4,779
Others	<b>4,175</b>	2,722	<b>8,648</b>	3,249
	<b>855,505</b>	767,654	<b>2,404,123</b>	2,260,063



## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) for the nine months period ended 31 March 2012

### 12. TRANSACTIONS WITH RELATED PARTIES

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

	<b>Nine months ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees'000)</b>	
<b>Transactions with associates</b>		
Sales	<b>1,174</b>	1,459
Services provided	<b>17,802</b>	8,856
Services availed	<b>44,370</b>	38,859
Purchases	<b>134,290</b>	103,835
Purchase of air tickets	<b>18,469</b>	16,884
Purchase of property, plant and equipment	<b>15,100</b>	13,697
Contribution to the defined contribution plan	-	322,000
Purchase of investment property	<b>36,500</b>	19,200
Donation		
<b>Transactions with key management personnel</b>		
Remuneration and allowances	<b>46,854</b>	37,788

### 13. DATE OF AUTHORISATION FOR ISSUE

This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in their meeting held on 30 April 2012.

#### **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.

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