



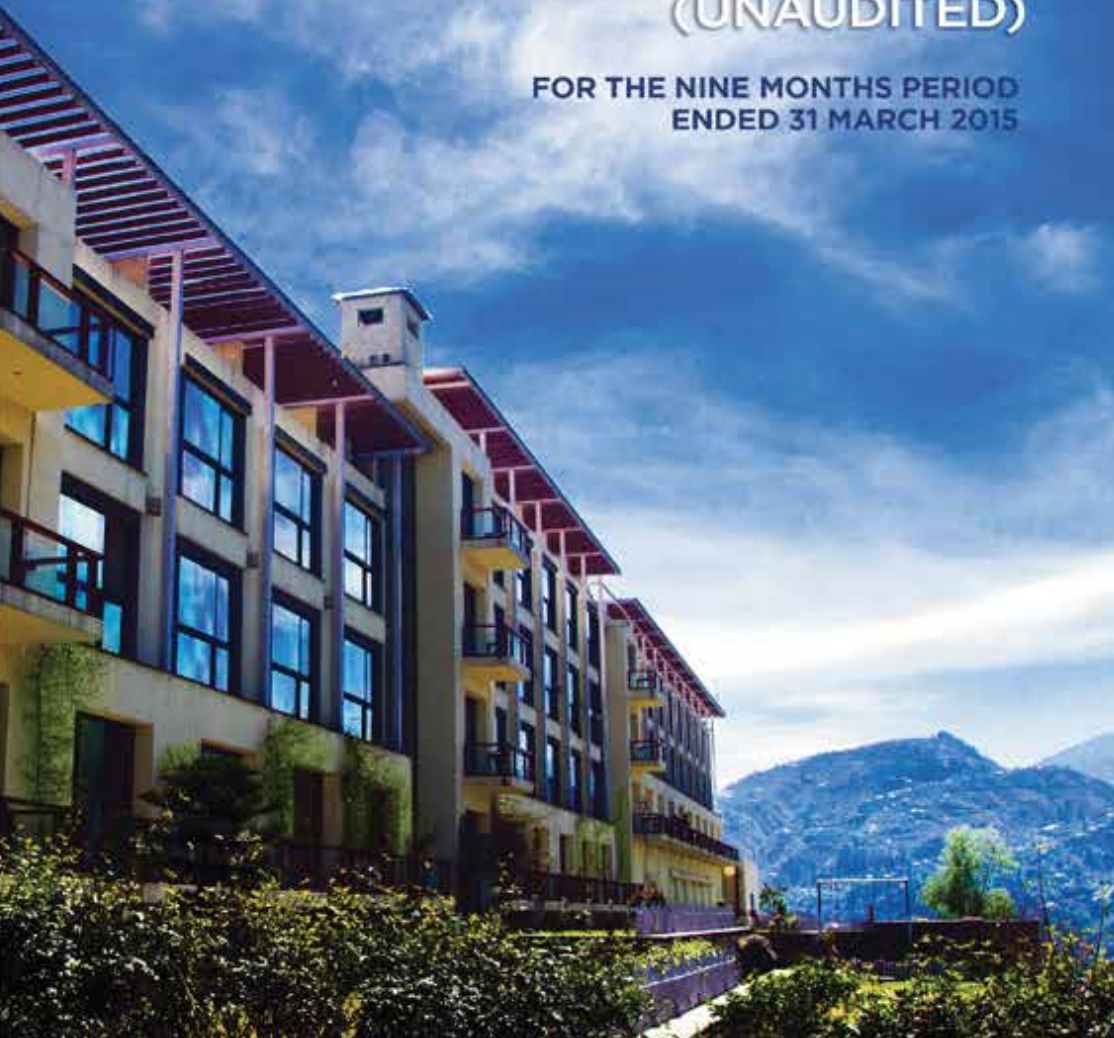
PAKISTAN SERVICES LTD.



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD
ENDED 31 MARCH 2015





Cultured like no other
pearl in the world.



Pearl-Continental
HOTELS & RESORTS



PAKISTAN SERVICES LTD.

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE NINE MONTHS PERIOD
ENDED 31 MARCH 2015



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 1,558 rooms. It also owns and manages another small hotel with 32 rooms in Lahore city.

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Shakir Abu Bakar
 Ms. Sarah Hashwani
 Mr. Hassanali Vellani
 Mr. Talat Hameed

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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

Directors' Report

The Board of Directors of Pakistan Services Limited takes pleasure in presenting the condensed interim financial information on the performance of the Company for the nine-month period ended on 31 March 2015.

Economic Overview

The world economy continues to be under pressure in the disturbed global environment. The US economy is in good health though there is slowdown in the creation of new jobs. The US dollar has flexed its muscle against other currencies challenging its exports. The Eurozone is still not out of the woods. The financial woes of Greece are having repercussions on Eurozone. Euro has become weaker. In the East, Japan is showing signs of recovery, but Chinese growth is projected to decline. To arrest the decline, the government of China has taken steps one of which is lowering of interest rate.

The economy of Pakistan staged remarkable recovery. The economy will be boosted with the launching of more than 32 projects under the US\$ 45 billion investment which China is going to make in Pakistan. MOUs for a number of these projects are expected to be signed during the State visit of Chinese President HE Mr. Xi Jinping to Pakistan in April, 2015. Such a massive investment mainly in infrastructural development will be a game changer for the economy of Pakistan. There is no doubt that the Chinese capital inflow would cut across several sectors including economic, social and cultural. The implementation of large projects will strengthen the Stock Market. The fiscal policies of the Government and fall in the prices of oil are expected to bring the inflation rate to 5% or less from the projected 8%. The security situation in the country is improving markedly that will be another big plus factor for the GDP growth of Pakistan.

Your Company continues to move ahead and tapped all possible opportunities to enhance the business volume and consequently recorded total revenue (exclusive of GST) of Rs. 5,859 million in the period under review, with an incremental revenue of Rs. 238 million over that of Rs. 5,621 million of the corresponding period of last year which works out to a growth of 4 percent. However, the Stock Market underperformed during the period under review and resulted decline in overall market price of Company's investment in the shares of the listed companies. This caused unrealized loss of Rs. 93 million during the period under review as against gain of Rs. 433 million of the corresponding period of the last year. The impact of this decline on the bottom-line numbers is Rs. 526 million. After-tax profit was achieved at Rs. 604 million during the period under review as against that of Rs. 1,206 million recorded in the corresponding period of last year. Needless to say that the dip in the profit was outside our control.

Glimpse of Performance:

For the nine months period ended 31 March

| | 2015 | 2014 |
|-----------------------------|---------------------|-------|
| | (Rupees in million) | |
| Sales and services-net | 5,859 | 5,621 |
| Gross profit | 2,668 | 2,468 |
| Profit before taxation | 945 | 1,557 |
| Profit after taxation | 604 | 1,206 |
| Earnings per share (Rupees) | 18.57 | 37.09 |

Performance of Rooms Department

Revenue (exclusive of GST) from this department for the period under report was recorded at Rs. 2,779 million as against Rs. 2,505 million of the corresponding period of last year representing an increase of Rs. 274 million and growth of 11 percent. The Average Daily Room Rate (ADR) improved from Rs. 9,170 of the corresponding period of the last year to Rs. 10,921 in the period under review and posted a healthy increase of 19 percent.

Performance of Food & Beverage (F&B) Department

Food & Beverage Revenue (exclusive of GST) for the nine-month period of current financial year was recorded at Rs. 2,795 million as against Rs.2,804 million of the corresponding period of preceding year. It shows a marginal decline of just below one percent in this fiscal year with shortfall of Rs.9 million.

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

Revenue (exclusive of GST) from this segment during the period under review was Rs. 286 million as compared with Rs. 313 million of the comparative period of last year, which indicates decline of 9 percent amounting to Rs. 27 million in the current fiscal year.

Future Prospects

With massive investments coming from China, and improved law and order situation resulting from substantial and dexterously planned and executed operational campaign being conducted by the Armed Forces of Pakistan to root out terrorism not only from the areas where it takes birth, but also from urban centres like the metropolitan city of Karachi, a historical paradigm shift from stagnancy and decline in economy with all its ill effects to buoyant and rising economy is not a far-fetched expectation. The hospitality industry will greatly benefit from these robust and well-harmonized activity areas.

Your Company is on track in the modernization and upgrading of its properties through nonstop ongoing works. It is adequately positioned to avail the potential increase in the hospitality business in the course of implementation of Chinese-funded plans.

To improve the profitability, each property of your Company is following a scientific approach for operational cost cutting by prioritizing heavy cost items like energy.

Work is also progressing satisfactorily on the construction of Pearl Continental Hotel, Multan and Pearl Continental Hotel, Mirpur (Azad Jammu & Kashmir). We expect these projects to be completed by the scheduled time.

Your Company is determined to stay ahead of its competitors and has been successful in this goal. Thanks to the policy planning on latest lines, and competence and hard work of the Company employees in the field, we are successfully braving the testy times for hospitality business.

Consolidated Results

The group as a whole including PSL and its subsidiary companies recorded total revenue (exclusive of GST) from Sales and Services, based on the consolidated financial information, for the nine-month period under report was Rs. 5,933 million as against Rs. 5,689 million during the corresponding period of last year. The increase in revenue by Rs. 244 million registered moderate growth of 4.3 percent. Profit after-tax was Rs. 597 million as against Rs. 1,222 million of the comparative period of last year.

Acknowledgement

On behalf of the Board, I express thanks to the Company's staff for their professionalism and hard work, culminating in positive achievements, undaunted by the prevalent tight business environment and negative factors like shortage of electrical energy and natural gas, and rising energy costs. We also express our thanks to our consultants, bankers, advisers, and the shareholders for their understanding and support which play a vital role in the design of our expansion programs, implementation of projects, and conduct of calibrated business operations.

Your Company is also grateful to its valued guests for their perennial patronage, advice, appreciation and encouragement.

For and on behalf of the Board of Directors

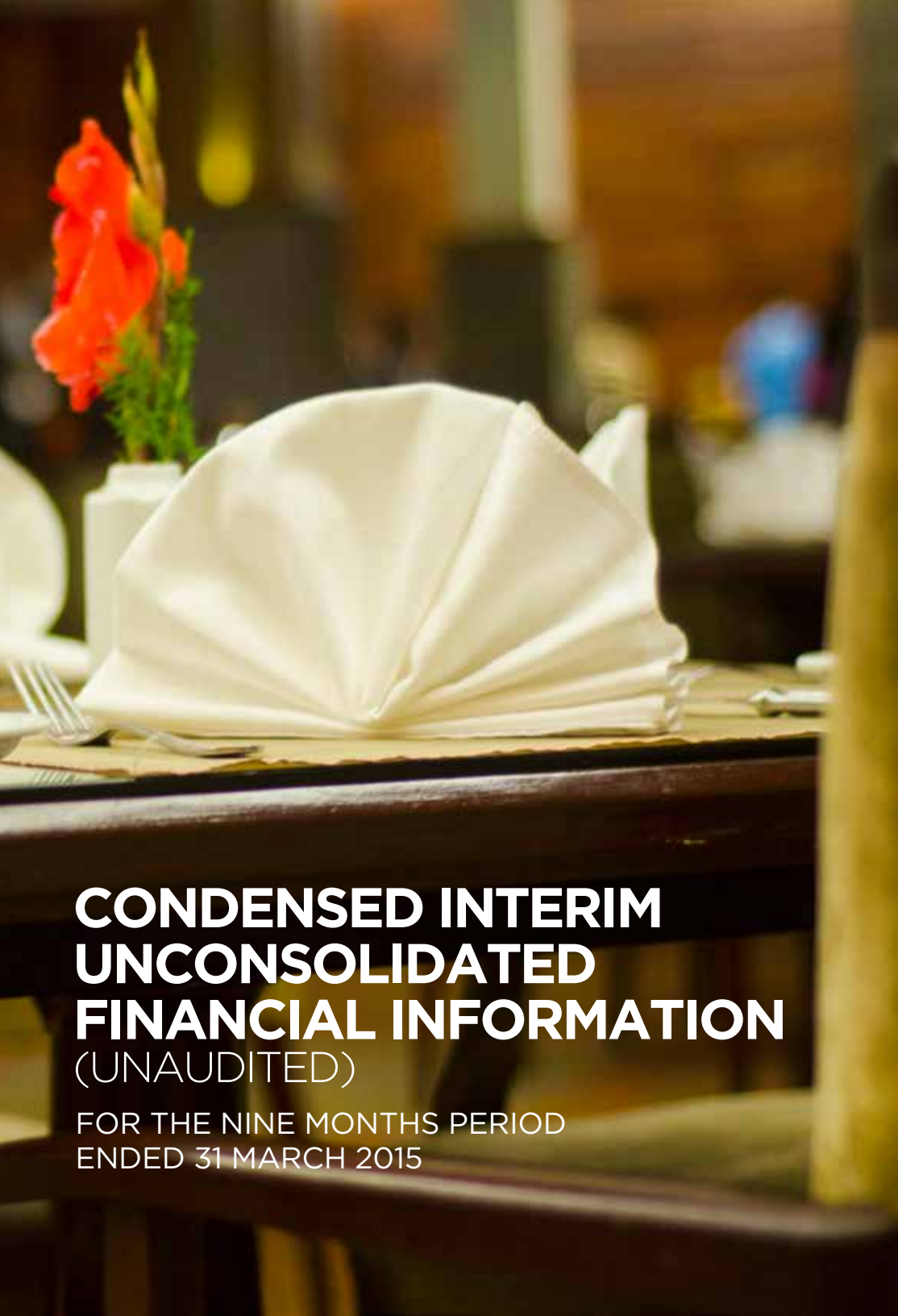


Sadruddin Hashwani
Chief Executive

Islamabad: 29 April 2015







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

FOR THE NINE MONTHS PERIOD
ENDED 31 MARCH 2015

Condensed Interim Unconsolidated Balance Sheet As at 31 March 2015

| | | Unaudited 31 March 2015 | Audited 30 June 2014 |
|---|-------------|--|----------------------------|
| | Note | (Rupees'000) | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 50,000,000 (30 June 2014: 50,000,000) ordinary shares of Rs. 10 each | | 500,000 | 500,000 |
| Issued, subscribed and paid up share capital | | 325,242 | 325,242 |
| Reserves | | 1,869,424 | 1,869,424 |
| Unappropriated profit | | 4,835,082 | 4,230,956 |
| | | 7,029,748 | 6,425,622 |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | 19,853,565 | 19,853,565 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - secured | 4 | 697,667 | 347,667 |
| Liabilities against assets subject to finance lease - secured | 5 | 312 | 7,748 |
| Deferred liabilities | | 685,023 | 642,532 |
| | | 1,383,002 | 997,947 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 1,672,823 | 1,865,041 |
| Markup accrued | | 14,903 | 35,063 |
| Short term borrowings - secured | 7 | - | - |
| Provision for taxation - net | | 30,688 | 37,617 |
| Current portion of long term financing and liabilities against assets subject to finance lease | | 118,082 | 242,195 |
| | | 1,836,496 | 2,179,916 |
| | | 30,102,811 | 29,457,050 |
| CONTINGENCIES AND COMMITMENTS | 8 | | |

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

| | | Unaudited 31 March 2015 | Audited 30 June 2014 |
|-------------------------------------|-------------|--|----------------------------|
| | Note | (Rupees'000) | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 24,897,431 | 24,328,755 |
| Advance for capital expenditure | 10 | 1,169,150 | 1,185,480 |
| Investment property | | 45,000 | 45,000 |
| Long term investments | 11 | 328,360 | 279,360 |
| Advance for equity investment | | - | 55,000 |
| Long term deposits and prepayments | | 19,275 | 20,335 |
| | | 26,459,216 | 25,913,930 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 145,829 | 145,619 |
| Stock in trade - food and beverages | | 85,235 | 87,021 |
| Trade debts | | 647,193 | 583,847 |
| Advances | 12 | 600,842 | 574,928 |
| Trade deposits and prepayments | | 82,640 | 59,057 |
| Interest accrued | | 57,352 | 7,610 |
| Other receivables | | 75,042 | 28,130 |
| Other financial assets | 13 | 960,350 | 1,308,955 |
| Non current assets held for sale | 14 | 586,403 | 586,403 |
| Cash and bank balances | | 402,709 | 161,550 |
| | | 3,643,595 | 3,543,120 |
| | | 30,102,811 | 29,457,050 |



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the nine months period ended 31 March 2015

| | Note | Three months ended 31 March | | Nine months ended 31 March | |
|--|------|--------------------------------|-------------|-------------------------------|-------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | (Rupees'000) | | | |
| Sales and services - net | 15 | 2,229,182 | 2,043,636 | 5,859,383 | 5,621,434 |
| Cost of sales and services | 16 | (1,071,426) | (1,065,081) | (3,190,973) | (3,153,849) |
| Gross profit | | 1,157,756 | 978,555 | 2,668,410 | 2,467,585 |
| Administrative expenses | | (619,101) | (449,662) | (1,741,207) | (1,381,011) |
| Finance cost | | (23,026) | (35,430) | (78,561) | (100,360) |
| Other income | | 99,588 | 413,086 | 189,418 | 607,433 |
| Other expenses | | (265,055) | - | (93,100) | (36,762) |
| Profit before taxation | | 350,162 | 906,549 | 944,960 | 1,556,885 |
| Taxation | | (205,259) | (190,655) | (340,834) | (350,554) |
| Profit for the period | | 144,903 | 715,894 | 604,126 | 1,206,331 |
| Earnings per share - basic and diluted (Rupees) | 17 | 4.46 | 22.01 | 18.57 | 37.09 |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) For the nine months period ended 31 March 2015

| | Three months ended 31 March | | Nine months ended 31 March | |
|--|--------------------------------|----------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Rupees'000) | | | |
| Profit for the period | 144,903 | 715,894 | 604,126 | 1,206,331 |
| Other comprehensive income for the period | | | | |
| Items not to be reclassified to profit and loss account in subsequent periods | | | | |
| Experience adjustments on defined benefit obligation | - | - | - | (50,978) |
| Tax effect on experience adjustments | - | - | - | 17,333 |
| | - | - | - | (33,645) |
| Total comprehensive income for the period | 144,903 | 715,894 | 604,126 | 1,172,686 |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the nine months period ended 31 March 2015

| CASH FLOWS FROM OPERATING ACTIVITIES | Note | Nine months ended 31 March 2014 | |
|--|------|------------------------------------|------------------|
| | | 2015 | 2014 |
| | | (Rupees'000) | |
| Cash flow from operating activities before working capital changes | 18 | 1,430,614 | 1,501,286 |
| Working capital changes | | | |
| (Increase) / Decrease in current assets | | | |
| Stores, spare parts and loose tools | | (210) | (6,564) |
| Stock in trade - food and beverages | | 1,786 | (9,945) |
| Trade debts | | (95,753) | (117,447) |
| Advances | | (25,914) | (40,154) |
| Trade deposits and prepayments | | (23,583) | (28,586) |
| Other receivables | | 698 | (39,539) |
| (Decrease) / increase in current liabilities | | | |
| Trade and other payables | | (192,218) | 139,610 |
| Cash used in operations | | (335,194) | (102,625) |
| Staff retirement benefit - gratuity paid | | (46,989) | (19,737) |
| Compensated leave absences paid | | (16,906) | (23,808) |
| Income tax paid | | (331,915) | (207,127) |
| Finance cost paid | | (131,856) | (98,918) |
| Net cash generated from operating activities | | 567,754 | 1,049,071 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (788,511) | (662,309) |
| Advance for capital expenditure | | (41,369) | (8,432) |
| Proceeds from disposal of property, plant and equipment | | 2,014 | 17,370 |
| Refund received for advance against equity investment | | 6,000 | - |
| Proceeds from maturity / sale of other financial assets | | 255,505 | - |
| Purchase of long term investments | | - | (14,767) |
| Purchase of other financial assets | | - | (150,000) |
| Dividend income received | | 438 | 488 |
| Receipts of return on bank deposits | | 19,817 | 14,401 |
| Long term deposits / prepayments | | 1,060 | (23,783) |
| Net cash used in investing activities | | (545,046) | (827,032) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term financing | | (175,000) | (175,000) |
| Proceeds from syndicated term finance | | 400,000 | 250,000 |
| Repayment of liabilities against assets subject to finance lease | | (6,549) | (5,843) |
| Net cash generated from financing activities | | 218,451 | 69,157 |
| Net increase in cash and cash equivalents | | 241,159 | 291,196 |
| Cash and cash equivalents at beginning of the period | | 161,550 | 31,728 |
| Cash and cash equivalents transferred from MIPL under scheme of merger | | - | 926 |
| Cash and cash equivalents at end of the period | 19 | 402,709 | 323,850 |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the nine months period ended 31 March 2015

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

(Rupees'000)

| | | | | | |
|--|----------------|----------------|------------------|------------------|------------------|
| Balance at 01 July 2013 | 325,242 | 269,424 | 1,600,000 | 2,935,427 | 5,130,093 |
| Changes in equity for the period ended 31 March 2014 | | | | | |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 1,206,331 | 1,206,331 |
| Other comprehensive income for the period | - | - | - | (33,645) | (33,645) |
| Total comprehensive income for the period | - | - | - | 1,172,686 | 1,172,686 |
| Amount recognized pursuant to scheme of merger | - | - | - | (73,868) | (73,868) |
| Balance at 31 March 2014 | 325,242 | 269,424 | 1,600,000 | 4,034,245 | 6,228,911 |
| Balance at 01 July 2014 | 325,242 | 269,424 | 1,600,000 | 4,230,956 | 6,425,622 |
| Changes in equity for the period ended 31 March 2015 | | | | | |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 604,126 | 604,126 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 604,126 | 604,126 |
| Balance at 31 March 2015 | 325,242 | 269,424 | 1,600,000 | 4,835,082 | 7,029,748 |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

1. STATUS AND NATURE OF BUSINESS

Pakistan Services Limited (“the Company”) was incorporated on 6th December 1958 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange. The Company's registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Company is principally engaged in the hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu & Kashmir. The Company also owns one small sized property in Lahore operating under the budget hotel concept.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim unconsolidated financial information do not include the information that reported for annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2014. Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2014, whereas comparative unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the nine months period ended 31 March 2014.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim unconsolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited unconsolidated financial statements for the year ended 30 June 2014.
- 3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015 and are not expected to have any significant effect on condensed interim unconsolidated financial information of the Company:

| | |
|---|-----------------------------|
| - IAS 38 ‘Intangible Assets’ | (effective 01 January 2016) |
| - IAS 16 ‘Property, Plant and Equipment’ | (effective 01 January 2016) |
| - IFRS 10 ‘Consolidated Financial Statements’ | (effective 01 January 2015) |

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

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

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

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

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

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

| | | Unaudited | Audited |
|---|-------------|---------------------|----------------|
| | | 31 March | 30 June |
| | | 2015 | 2014 |
| | Note | (Rupees'000) | |
| 4. LONG TERM FINANCING - secured | | | |
| From banking companies | | | |
| Term finance loans | | 175,000 | 350,000 |
| Syndicated term loan | | 631,000 | 231,000 |
| | 4.1 & 4.2 | <u>806,000</u> | <u>581,000</u> |
| Current portion | | (108,333) | (233,333) |
| | | <u>697,667</u> | <u>347,667</u> |
| | | Unaudited | Audited |
| | | Nine months | Year ended |
| | | ended | 30 June |
| | | 31 March | 2014 |
| | | 2015 | |
| 4.1 Movement during the period / year is as follows: | | (Rupees'000) | |
| Opening balance | | 581,000 | 583,333 |
| Loans received during the period / year | | 400,000 | 231,000 |
| Loans repaid during the period / year | | (175,000) | (233,333) |
| Closing balance | | <u>806,000</u> | <u>581,000</u> |

4.2 The markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2014.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured | Unaudited 31 March 2015 | Audited 30 June 2014 |
|---|-------------------------------|----------------------------|
| | (Rupees'000) | |
| Present value of minimum lease payments | | |
| Balance at beginning of the period / year | 16,610 | 24,504 |
| Repayments during the period / year | (6,549) | (7,894) |
| | <u>10,061</u> | <u>16,610</u> |
| Current portion | (9,749) | (8,862) |
| | <u>312</u> | <u>7,748</u> |

- 5.1 The markup rate, facility limit and securities offered for this lease finance arrangement are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2014.

| 6. TRADE AND OTHER PAYABLES | Unaudited 31 March 2015 | Audited 30 June 2014 |
|------------------------------------|-------------------------------|----------------------------|
| | (Rupees'000) | |
| Creditors | 368,258 | 607,592 |
| Accrued liabilities | 546,978 | 468,599 |
| Advances from customers | 244,530 | 277,775 |
| Due to related parties - unsecured | 12,684 | 50,248 |
| Sales tax - net | 138,777 | 109,814 |
| Bed tax | 60,964 | 60,710 |
| Un-earned income | 121,816 | 125,045 |
| Others | 178,816 | 165,258 |
| | <u>1,672,823</u> | <u>1,865,041</u> |

7. SHORT TERM BORROWINGS - secured

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited unconsolidated financial statements of the Company for the year ended 30 June 2014, except:

Securities offered on borrowing by way of charge on Pearl Continental Hotel Karachi has been reduced to Rs. 733.34 million (30 June 2014 Rs. 1,133.32 million).

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Contingencies are the same as disclosed in the audited unconsolidated annual financial statements of the Company for the year ended 30 June 2014 except for the commitments and guarantees as disclosed below:

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| | Unaudited 31 March 2015 | Audited 30 June 2014 |
|---|--|----------------------------|
| | (Rupees'000) | |
| 8.1.1 Guarantees - secured | 182,720 | 182,524 |
| This includes guarantee of Rs. 50 million (30 June 2014: Rs. 50 million), issued on behalf of a subsidiary company. | | |
| 8.2 Commitments | | |
| Commitments for capital expenditure | 783,714 | 978,665 |

9. PROPERTY, PLANT AND EQUIPMENT

| | Owned assets | Leased assets | Capital work in progress | Total |
|---|-------------------------|--------------------------|-------------------------------------|-------------------|
| Unaudited 31 March 2015 - (Rupees in '000) | | | | |
| Carrying value at beginning of the period | 23,660,402 | 24,589 | 643,764 | 24,328,755 |
| Additions during the period | 169,544 | - | 709,799 | 879,343 |
| Transfer from capital work in progress | 108,869 | - | (108,869) | - |
| Disposals / transfer during the period | (283) | - | - | (283) |
| Depreciation charge for the period | (307,752) | (2,632) | - | (310,384) |
| Carrying value at end of the period | <u>23,630,780</u> | <u>21,957</u> | <u>1,244,694</u> | <u>24,897,431</u> |
| Audited 30 June 2014 - (Rupees in '000) | | | | |
| Carrying value at beginning of the year | 22,777,896 | 28,595 | 180,557 | 22,987,048 |
| Additions during the year | 299,484 | - | 1,205,720 | 1,505,204 |
| Transfer from capital work in progress | 742,513 | - | (742,513) | - |
| Carrying amount of assets transferred upon amalgamation of MIPL | 381,765 | - | - | 381,765 |
| Disposals / transfer during the year | (200,610) | - | - | (200,610) |
| Depreciation charge for the year | (340,646) | (4,006) | - | (344,652) |
| Carrying value at end of the year | <u>23,660,402</u> | <u>24,589</u> | <u>643,764</u> | <u>24,328,755</u> |

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2014: Rs. 1,048.48 million). Advance for purchase of land includes amount of Rs. 381.66 million paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Company being aggrieved and dissatisfied with this impugned judgment for dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Company will seek recovery of purchase consideration and land regularization fee paid to the seller and Land Regularization Department respectively.

11. LONG TERM INVESTMENTS

The Board of Directors of Bhurban Resorts (Private) Limited, a subsidiary company through resolution dated 28 April 2014 have proposed the merger of Bhurban Resorts (Private) Limited into the Company and the merger petition is pending with Honourable Islamabad High Court.

12. ADVANCES

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

13. OTHER FINANCIAL ASSETS

Investment in:

- Shares of listed companies
- Mutual funds
- Certificate of Musharika

| Note | Unaudited 31 March 2015 (Rupees'000) | Audited 30 June 2014 |
|------|---|----------------------------|
| 13.1 | 960,350 | 1,053,450 |
| | - | 250,505 |
| | - | 5,000 |
| | <u>960,350</u> | <u>1,308,955</u> |

- 13.1 This mainly includes investment in an associated company having carrying value of Rs. 950 million (30 June 2014 : Rs. 1,041 million).

14. NON CURRENT ASSETS HELD FOR SALE

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| 15. SALES AND SERVICES - net | Unaudited | | Unaudited | |
|--|---------------------|------------------|-------------------|------------------|
| | Three months ended | | Nine months ended | |
| | 31 March | | 31 March | |
| | 2015 | 2014 | 2015 | 2014 |
| | (Rupees'000) | | | |
| Rooms | 1,260,261 | 1,101,171 | 3,234,418 | 2,953,237 |
| Food and beverages | 1,233,469 | 1,194,031 | 3,295,718 | 3,296,149 |
| Other related services | 123,204 | 119,477 | 363,626 | 395,065 |
| Shop license fees | 6,489 | 6,753 | 19,572 | 17,779 |
| | <u>2,623,423</u> | <u>2,421,432</u> | <u>6,913,334</u> | <u>6,662,230</u> |
| Discounts and commissions | (30,101) | (29,862) | (92,260) | (99,484) |
| Sales tax | (364,140) | (347,934) | (961,691) | (941,312) |
| | <u>2,229,182</u> | <u>2,043,636</u> | <u>5,859,383</u> | <u>5,621,434</u> |
| | | | | |
| 16. COST OF SALES AND SERVICES | | | | |
| | | | | |
| Food and beverages | | | | |
| Opening balance | 88,860 | 91,651 | 87,021 | 80,533 |
| Purchases during the period | 363,138 | 358,677 | 997,022 | 1,025,202 |
| Closing balance | (85,235) | (90,478) | (85,235) | (90,478) |
| Consumption during the period | <u>366,763</u> | <u>359,850</u> | <u>998,808</u> | <u>1,015,257</u> |
| | | | | |
| Direct expenses | | | | |
| Salaries, wages and benefits | 266,947 | 244,714 | 773,990 | 732,191 |
| Heat, light and power | 143,013 | 174,459 | 566,858 | 593,005 |
| Repairs and maintenance | 61,298 | 71,036 | 179,623 | 190,952 |
| Depreciation | 93,649 | 78,925 | 279,346 | 225,851 |
| Guest supplies | 46,581 | 48,022 | 133,961 | 145,197 |
| Linen, china and glassware | 30,051 | 31,697 | 84,625 | 88,463 |
| Communication and other related services | 16,779 | 19,643 | 52,297 | 52,473 |
| Banquet and decoration | 19,242 | 14,436 | 47,658 | 42,197 |
| Transportation | 12,069 | 11,005 | 32,570 | 33,921 |
| Uniforms | 6,924 | 6,395 | 19,259 | 18,772 |
| Music and entertainment | 3,786 | 3,108 | 9,962 | 8,151 |
| Others | 4,324 | 1,791 | 12,016 | 7,419 |
| | <u>1,071,426</u> | <u>1,065,081</u> | <u>3,190,973</u> | <u>3,153,849</u> |

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| 17. EARNINGS PER SHARE | Unaudited Three months ended 31 March | | Unaudited Nine months ended 31 March | |
|---|---|------------|--|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit for the period (Rupees '000) | 144,903 | 715,894 | 604,126 | 1,206,331 |
| Weighted average number of ordinary shares (Numbers) | 32,524,170 | 32,524,170 | 32,524,170 | 32,524,170 |
| Earnings per share - basic (Rupees) | 4.46 | 22.01 | 18.57 | 37.09 |

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

| 18. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES | Unaudited Nine months ended 31 March (Rupees'000) | |
|--|--|-------------------------------|
| | 2015 | 2014 |
| Profit before taxation | 944,960 | 1,556,885 |
| Adjustments for: | | |
| Depreciation | 310,384 | 250,946 |
| Gain on disposal of property, plant and equipment | (1,730) | (10,654) |
| Provision for staff retirement benefit - gratuity | 71,023 | 46,690 |
| Provision for compensated leave absences | 19,516 | 23,097 |
| Provision for doubtful debts | 32,407 | 25,013 |
| Return on bank deposits | (19,151) | (14,766) |
| Interest on short term advance to related party | (50,408) | (48,420) |
| Finance cost | 78,561 | 100,360 |
| Dividend income | (48,048) | (31,538) |
| Impairment on long term investments recorded during the period | - | 36,762 |
| Unrealised loss / (gain) on remeasurement of investments to fair value - net | 93,100 | (433,089) |
| | 1,430,614 | 1,501,286 |
| | Unaudited 31 March 2015 | Unaudited 31 March 2014 |
| | (Rupees'000) | |
| 19. CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 402,709 | 323,850 |

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and staff retirement fund of the Company. Balances with related parties are disclosed in notes 6, 12, 13.1 and 14 to the condensed interim unconsolidated financial information. Other balances and transactions with related parties are as follows:

| | Unaudited Nine months ended 31 March | |
|---|---|-------------|
| | 2015 | 2014 |
| | (Rupees'000) | |
| Transactions and balances with subsidiary companies | | |
| Sales | 1,098 | 1,182 |
| Services provided | 2,821 | 1,512 |
| Services availed | 39,685 | 38,108 |
| Advance against equity investment | - | 55,000 |
| Investment made during the period | - | 14,767 |
| Advance against equity converted into investment | 49,000 | - |
| Refund received for Advance against equity investment | 6,000 | - |
| Balances at the period end: | | |
| - Trade debts | 2,194 | * 2,803 |
| - Investments | 117,227 | * 68,227 |
| Transactions and balances with associated undertakings | | |
| Sales | 1,742 | 921 |
| Services provided | 1,919 | 1,681 |
| Services availed | 63,938 | 88,868 |
| Purchases | 71,961 | 106,589 |
| Purchase of air tickets | 14,255 | 17,142 |
| Franchise fee - income | 1,759 | 1,588 |
| Franchise and management fee - expense | 7,490 | 6,599 |
| Purchase of property, plant and equipment | - | 11,055 |
| Contribution to defined contribution plan | 21,177 | 19,492 |
| Donation | 20,000 | - |
| Interest income on advance | 50,408 | 48,419 |
| Balances at the period end: | | |
| - Trade debts | 16,198 | * 12,511 |
| - Investments | 211,133 | * 211,133 |
| - Advance for capital expenditure | 626,820 | * 626,820 |
| - Accrued interest on advance | 56,633 | * 6,225 |
| Transactions with key management personnel | | |
| Remuneration and allowances including staff retirement benefits | 53,120 | 56,185 |

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

* Represents balance as at 30 June 2014.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

21. DATE OF APPROVAL

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director







**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION**

(UNAUDITED)

FOR THE NINE MONTHS PERIOD
ENDED 31 MARCH 2015

Condensed Interim Consolidated Balance Sheet As at 31 March 2015

| | | Unaudited 31 March 2015 | Audited 30 June 2014 |
|---|-------------|--|----------------------------|
| | Note | (Rupees'000) | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 50,000,000 (30 June 2014: 50,000,000) ordinary shares of Rs. 10 each | | 500,000 | 500,000 |
| Issued, subscribed and paid up share capital | | 325,242 | 325,242 |
| Reserves | | 2,620,918 | 2,617,504 |
| Unappropriated profit | | 4,229,860 | 3,632,865 |
| | | 7,176,020 | 6,575,611 |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | 19,853,565 | 19,853,565 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - secured | 4 | 697,667 | 347,667 |
| Liabilities against assets subject to finance lease - secured | 5 | 24,699 | 20,949 |
| Deferred liabilities | | 625,528 | 575,879 |
| | | 1,347,894 | 944,495 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 1,689,604 | 1,894,235 |
| Markup accrued | | 15,562 | 35,476 |
| Short term borrowings - secured | 7 | - | - |
| Provision for taxation - net | | 1,780 | 10,815 |
| Current portion of long term financing and liabilities against assets subject to finance lease | | 133,028 | 249,663 |
| | | 1,839,974 | 2,190,189 |
| | | 30,217,453 | 29,563,860 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |

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

| | | Unaudited 31 March 2015 | Audited 30 June 2014 |
|-------------------------------------|-------------|--|----------------------------|
| | Note | (Rupees'000) | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 25,025,238 | 24,448,055 |
| Advance for capital expenditure | 10 | 1,169,150 | 1,185,480 |
| Investment property | | 45,000 | 45,000 |
| Long term investments | | 1,155,471 | 1,245,897 |
| Long term deposits and prepayments | | 24,438 | 23,004 |
| | | 27,419,297 | 26,947,436 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 145,829 | 145,619 |
| Stock in trade - food and beverages | | 85,235 | 87,021 |
| Trade debts | | 674,878 | 610,178 |
| Advances | 11 | 604,647 | 577,428 |
| Trade deposits and prepayments | | 85,234 | 61,272 |
| Interest accrued | | 58,194 | 7,940 |
| Other receivables | | 76,284 | 28,272 |
| Other financial assets | 12 | 30,824 | 287,592 |
| Non current assets held for sale | 13 | 615,198 | 622,198 |
| Cash and bank balances | | 421,833 | 188,904 |
| | | 2,798,156 | 2,616,424 |
| | | <u>30,217,453</u> | <u>29,563,860</u> |



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited) For the nine months period ended 31 March 2015

| | Note | Three months ended 31 March | | Nine months ended 31 March | |
|--|------|--------------------------------|-------------|-------------------------------|-------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | (Rupees'000) | | | |
| Sales and services - net | 14 | 2,255,955 | 2,070,171 | 5,933,239 | 5,689,078 |
| Cost of sales and services | 15 | (1,096,775) | (1,090,188) | (3,265,828) | (3,236,794) |
| Gross profit | | 1,159,180 | 979,983 | 2,667,411 | 2,452,284 |
| Administrative expenses | | (617,872) | (448,505) | (1,740,993) | (1,381,766) |
| Finance cost | | (23,993) | (36,040) | (80,870) | (101,759) |
| Other income | | 57,843 | 373,555 | 148,793 | 556,641 |
| Other expenses | | (220,921) | - | (112,275) | (27,617) |
| | | 354,237 | 868,993 | 882,066 | 1,497,783 |
| Share of gain in equity accounted investments-net | | 24,905 | 47,957 | 63,610 | 83,924 |
| Profit before taxation | | 379,142 | 916,950 | 945,676 | 1,581,707 |
| Taxation | | (188,638) | (196,304) | (348,681) | (359,802) |
| Profit for the period | | 190,504 | 720,646 | 596,995 | 1,221,905 |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) For the nine months period ended 31 March 2015

| | Three months ended 31 March | | Nine months ended 31 March | |
|---|--------------------------------|----------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Rupees'000) | | | |
| Profit for the period | 190,504 | 720,646 | 596,995 | 1,221,905 |
| Other comprehensive income for the period | | | | |
| Items not to be reclassified to profit and loss account in subsequent periods | | | | |
| Experience adjustments on defined benefit obligation | - | - | - | (50,978) |
| Tax effect on experience adjustments | - | - | - | 17,333 |
| | - | - | - | (33,645) |
| Items to be reclassified to profit and loss account in subsequent periods | | | | |
| Exchange (loss) / gain on translation of long term investments in equity accounted investees | 937 | 3,479 | 2,811 | 10,437 |
| Surplus on remeasurement of available for sale securities | (22,591) | (12,943) | 1,587 | (5,761) |
| Deferred tax on other comprehensive income | (328) | (1,218) | (984) | (3,653) |
| Other comprehensive income for the period | (21,982) | (10,682) | 3,414 | 1,023 |
| Total comprehensive income for the period | 168,522 | 709,964 | 600,409 | 1,189,283 |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the nine months period ended 31 March 2015

| CASH FLOWS FROM OPERATING ACTIVITIES | Note | Nine months ended 31 March | |
|--|------|-------------------------------|------------------|
| | | 2015 | 2014 |
| (Rupees'000) | | | |
| Cash flow from operating activities before working capital changes | 16 | 1,444,193 | 1,507,448 |
| Working capital changes | | | |
| (Increase) / decrease in current assets | | | |
| Stores, spare parts and loose tools | | (210) | (6,564) |
| Stock in trade - food and beverages | | 1,786 | (9,945) |
| Trade debts | | (97,107) | (141,089) |
| Advances | | (27,219) | (42,107) |
| Trade deposits and prepayments | | (23,962) | (26,316) |
| Other receivables | | (402) | (38) |
| (Decrease)/ increase in current liabilities | | | |
| Trade and other payables | | (204,631) | 148,395 |
| Cash used in operations | | (351,745) | (77,664) |
| Staff retirement benefit - gratuity paid | | (46,989) | (19,737) |
| Compensated leave absences paid | | (16,906) | (23,808) |
| Income tax paid | | (335,696) | (209,970) |
| Finance cost paid | | (133,920) | (100,317) |
| Net cash generated from operating activities | | 558,937 | 1,075,952 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (788,915) | (711,887) |
| Advance for capital expenditure | | (41,369) | (8,432) |
| Proceeds from disposal of property, plant and equipment | | 9,160 | 23,811 |
| Proceeds from disposal of non current assets held for sale | | 7,000 | - |
| Purchase of other financial assets | | (189) | (151,047) |
| Proceeds from maturity of other financial assets | | 255,505 | - |
| Dividend income received | | 438 | 488 |
| Receipts of return on bank deposits and term deposits receipts | | 21,622 | 16,851 |
| Long term deposits / prepayments | | (1,434) | (26,452) |
| Net cash used in investing activities | | (538,182) | (856,668) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term financing | | (175,000) | (175,000) |
| Proceeds from syndicated term finance | | 400,000 | 250,000 |
| Repayment of liabilities against assets subject to finance lease | | (12,826) | (11,666) |
| Net cash generated from financing activities | | 212,174 | 63,334 |
| Net increase in cash and cash equivalents | | 232,929 | 282,618 |
| Cash and cash equivalents at beginning of the period | | 188,904 | 53,878 |
| Cash and cash equivalents at end of the period | 17 | <u>421,833</u> | <u>336,496</u> |

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the nine months period ended 31 March 2015

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

Balance at 01 July 2013 325,242 269,424 147,221 1,600,000 463,027 94,413 2,328,002 5,227,329

Changes in equity for the period ended 31 March 2014

Total comprehensive income for the period

| | | | | | | | | |
|---|---|---|---|---|-------|---------|-----------|-----------|
| Profit for the period | - | - | - | - | - | - | 1,221,905 | 1,221,905 |
| Other comprehensive income for the period | - | - | - | - | 6,784 | (5,761) | (33,645) | (32,622) |
| Total comprehensive income for the period | - | - | - | - | 6,784 | (5,761) | 1,188,260 | 1,189,283 |

Balance at 31 March 2014 325,242 269,424 147,221 1,600,000 469,811 88,652 3,516,262 6,416,612

Balance at 01 July 2014 325,242 269,424 147,221 1,600,000 457,794 143,065 3,632,865 6,575,611

Changes in equity for the period ended 31 March 2015

Total comprehensive income for the period

| | | | | | | | | |
|---|---|---|---|---|-------|-------|---------|---------|
| Profit for the period | - | - | - | - | - | - | 596,995 | 596,995 |
| Other comprehensive income for the period | - | - | - | - | 1,827 | 1,587 | - | 3,414 |
| Total comprehensive income for the period | - | - | - | - | 1,827 | 1,587 | 596,995 | 600,409 |

Balance at 31 March 2015 325,242 269,424 147,221 1,600,000 459,621 144,652 4,229,860 7,176,020

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

1. THE GROUP AND ITS OPERATIONS

Pakistan Services Limited (“the Parent Company”) was incorporated on 6th December 1958 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company and is quoted on Karachi Stock Exchange. The Parent Company’s registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Parent Company is principally engaged in the hotel business and owns and operates the chain of Pearl Continental Hotels in Pakistan and Azad Jammu & Kashmir. The Parent Company also owns one small sized property in Lahore operating under the budget hotel concept.

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

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim consolidated financial information do not include the information that reported for annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2014. Comparative consolidated balance sheet numbers are extracted from the annual audited consolidated financial statements for the year ended 30 June 2014, whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information for the nine months period ended 31 March 2014.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim consolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited consolidated financial statements for the year ended 30 June 2014

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015 and are not expected to have any significant effect on condensed interim consolidated financial information of the Group:

| | |
|---|-----------------------------|
| - IAS 38 'Intangible Assets' | (effective 01 January 2016) |
| - IAS 16 'Property, Plant and Equipment' | (effective 01 January 2016) |
| - IFRS 10 'Consolidated Financial Statements' | (effective 01 January 2015) |
| - IFRS 11 'Joint Arrangements' | (effective 01 January 2015) |
| - IFRS 12 'Disclosure of Interest in Other Entities' | (effective 01 January 2015) |
| - IFRS 13 'Fair Value Measurement' | (effective 01 January 2015) |
| - IAS 27 'Separate Financial Statement' | (effective 01 January 2016) |
| - IAS 28 'Investments in Associates and Joint Ventures' | (effective 01 January 2016) |

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| | | Unaudited 31 March 2015 | Audited 30 June 2014 |
|---|---|--|--|
| 4. LONG TERM FINANCING - secured | | | |
| From banking companies | Note | (Rupees'000) | |
| Term finance loans | | 175,000 | 350,000 |
| Syndicated term loan | | 631,000 | 231,000 |
| | | <u>806,000</u> | <u>581,000</u> |
| Current portion | 4.1 & 4.2 | (108,333) | (233,333) |
| | | <u>697,667</u> | <u>347,667</u> |
| | | Unaudited Nine months ended 31 March 2015 | Audited Year ended 30 June 2014 |
| | | (Rupees'000) | |
| 4.1 Movement during the period/ year is as follows: | | | |
| Opening balance | | 581,000 | 583,333 |
| Loans received during the period / year | | 400,000 | 231,000 |
| Loans repaid during the period / year | | (175,000) | (233,333) |
| Closing balance | | <u>806,000</u> | <u>581,000</u> |
| 4.2 | The markup rates, facility limits and securities offered for these long term financing facilities are the same as disclosed in the audited consolidated financial statements of the Parent Company for the year ended 30 June 2014. | | |
| 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured | | Unaudited 31 March 2015 | Audited 30 June 2014 |
| | | (Rupees'000) | |
| Present value of minimum lease payments | | | |
| Balance at beginning of the period/ year | | 37,279 | 26,399 |
| Additions during the period/ year | | 24,941 | 25,253 |
| Repayments made during the period/ year | | (12,826) | (14,373) |
| | | <u>49,394</u> | <u>37,279</u> |
| Current portion | | (24,695) | (16,330) |
| | | <u>24,699</u> | <u>20,949</u> |
| 5.1 | The markup rates, facility limits and securities offered for these lease finance arrangements are the same as disclosed in the audited consolidated financial statements of the Group for the year ended 30 June 2014. | | |

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| | Unaudited 31 March 2015 | Audited 30 June 2014 |
|------------------------------------|--|----------------------------|
| 6. TRADE AND OTHER PAYABLES | (Rupees'000) | |
| Creditors | 376,434 | 615,413 |
| Accrued liabilities | 551,440 | 477,037 |
| Advances from customers | 244,784 | 284,842 |
| Due to related parties - unsecured | 14,845 | 54,341 |
| Sales tax - net | 138,777 | 109,814 |
| Bed tax | 60,964 | 60,710 |
| Un-earned income | 121,816 | 125,045 |
| Others | 180,544 | 167,033 |
| | <u>1,689,604</u> | <u>1,894,235</u> |

7. SHORT TERM BORROWINGS - secured

The markup rates, securities offered and facility limits of these short term borrowings are the same as disclosed in the audited consolidated financial statements of the Parent Company for the year ended 30 June 2014, except the following :

Securities offered on borrowing by way of charge on Pearl Continental Hotel Karachi has been reduced to Rs. 733.34 million (30 June 2014 Rs. 1,133.32 million).

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Contingencies are the same as disclosed in the audited consolidated annual financial statements of the Group for the year ended 30 June 2014, except for the guarantees and commitments as disclosed below:

| | Unaudited 31 March 2015 | Audited 30 June 2014 |
|-------------------------------------|--|----------------------------|
| | (Rupees'000) | |
| 8.1.1 Guarantees | 182,721 | 182,525 |
| 8.2 Commitments | | |
| Commitments for capital expenditure | 783,714 | 978,665 |

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| 9. PROPERTY, PLANT AND EQUIPMENT | Owned assets | Leased assets | Capital work in progress | Total |
|---|-------------------|---------------|--------------------------|-------------------|
| Unaudited 31 March 2015 - (Rupees in '000) | | | | |
| Carrying value at beginning of the period | 23,759,333 | 44,958 | 643,764 | 24,448,055 |
| Additions during the period | 169,951 | 24,941 | 709,799 | 904,691 |
| Transfer from CWIP | 108,869 | - | (108,869) | - |
| Disposals/ transfer during the period | (283) | (2,497) | - | (2,780) |
| Depreciation charge for the period | (318,692) | (6,036) | - | (324,728) |
| Carrying value at end of the period | <u>23,719,178</u> | <u>61,366</u> | <u>1,244,694</u> | <u>25,025,238</u> |
| Audited 30 June 2014 - Rupees '000 | | | | |
| Carrying value at beginning of the year | 23,236,914 | 31,865 | 180,557 | 23,449,336 |
| Additions during the year | 351,624 | 25,253 | 1,205,720 | 1,582,597 |
| Transfer from CWIP / leased assets | 747,613 | (5,100) | (742,513) | - |
| Disposals/ transfer during the year | (203,626) | - | - | (203,626) |
| Depreciation charge for the year | (364,907) | (7,060) | - | (371,967) |
| Transfer to non current asset held for sale | (8,285) | - | - | (8,285) |
| Carrying value at end of the year | <u>23,759,333</u> | <u>44,958</u> | <u>643,764</u> | <u>24,448,055</u> |

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2014: Rs. 1,048.48 million). Advance for purchase of land includes amount of Rs. 381.66 million paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Parent Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Parent Company being aggrieved and dissatisfied with this impugned judgment for dismissal of its Constitution Petition has filed 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.

11. ADVANCES

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| | Unaudited 31 March 2015 | Audited 30 June 2014 |
|--|--|----------------------------|
| 12. OTHER FINANCIAL ASSETS | (Rupees'000) | |
| Investment in : | | |
| - Shares of listed companies | 10,531 | 11,982 |
| - Mutual funds | - | 250,505 |
| - Certificate of Musharika /Treasury bills | 20,293 | 25,105 |
| | <u>30,824</u> | <u>287,592</u> |

13. NON CURRENT ASSETS HELD FOR SALE

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

| | Unaudited | | Unaudited | |
|-------------------------------------|---------------------------|------------------|--------------------------|------------------|
| | Three months ended | | Nine months ended | |
| | 31 March | | 31 March | |
| | 2015 | 2014 | 2015 | 2014 |
| 14. SALES AND SERVICES - net | (Rupees'000) | | | |
| Rooms | 1,259,406 | 1,100,425 | 3,231,597 | 2,951,725 |
| Food and beverages | 1,233,105 | 1,193,635 | 3,294,620 | 3,294,967 |
| Other related services | 124,098 | 119,495 | 367,755 | 395,956 |
| Vehicles rental | 32,215 | 27,659 | 86,630 | 68,467 |
| Parking fee | - | - | - | 980 |
| Shop license fees | 6,489 | 6,753 | 19,572 | 17,779 |
| | <u>2,655,313</u> | <u>2,447,967</u> | <u>7,000,174</u> | <u>6,729,874</u> |
| Discounts and commissions | (30,101) | (29,862) | (92,260) | (99,484) |
| Sales tax | (369,257) | (347,934) | (974,675) | (941,312) |
| | <u>2,255,955</u> | <u>2,070,171</u> | <u>5,933,239</u> | <u>5,689,078</u> |

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| Unaudited | | Unaudited | |
|--------------------|------|-------------------|------|
| Three months ended | | Nine months ended | |
| 31 March | | 31 March | |
| 2015 | 2014 | 2015 | 2014 |

(Rupees'000)

15. COST OF SALES AND SERVICES

Food and beverages

| | | | | |
|-------------------------------|----------|----------|----------|-----------|
| Opening balance | 88,860 | 91,651 | 87,021 | 80,533 |
| Purchases during the period | 362,774 | 358,281 | 995,924 | 1,024,020 |
| Closing balance | (85,235) | (90,478) | (85,235) | (90,478) |
| Consumption during the period | 366,399 | 359,454 | 997,710 | 1,014,075 |

Direct expenses

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Salaries, wages and benefits | 278,617 | 254,536 | 807,081 | 764,398 |
| Heat, light and power | 143,013 | 174,459 | 566,858 | 593,305 |
| Repairs and maintenance | 61,928 | 71,747 | 181,298 | 192,951 |
| Depreciation | 98,312 | 83,295 | 292,255 | 246,825 |
| Guest supplies | 46,581 | 48,022 | 133,961 | 145,197 |
| Linen, china and glassware | 30,051 | 31,697 | 84,625 | 88,463 |
| Communication and other related services | 16,779 | 19,643 | 52,297 | 52,490 |
| Banquet and decoration | 19,241 | 14,436 | 47,657 | 42,197 |
| Transportation | 3,551 | 3,722 | 12,728 | 14,260 |
| Uniforms | 6,924 | 6,395 | 19,259 | 18,772 |
| Music and entertainment | 3,786 | 3,108 | 9,962 | 8,151 |
| Insurance | 1,269 | 1,307 | 3,865 | 3,370 |
| Vehicle operating expense | 9,717 | 11,868 | 28,732 | 33,834 |
| Vehicle rental and registration charges | 5,552 | 5,394 | 14,617 | 10,900 |
| Others | 5,055 | 1,105 | 12,923 | 7,606 |
| | <u>1,096,775</u> | <u>1,090,188</u> | <u>3,265,828</u> | <u>3,236,794</u> |

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

| | Unaudited Nine months ended 31 March | |
|--|---|--|
| | 2015 | 2014 |
| | (Rupees'000) | |
| 16. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES | | |
| Profit before taxation | 945,676 | 1,581,707 |
| Adjustments for: | | |
| Depreciation | 324,728 | 273,107 |
| Gain on disposal of property, plant and equipment | (6,378) | (15,247) |
| Provision for staff retirement benefit - gratuity | 71,023 | 46,690 |
| Provision for compensated leave absences | 19,516 | 23,097 |
| Provision for doubtful debts | 32,407 | 25,013 |
| Return on bank deposits/ TDR / Treasury bills | (21,468) | (16,938) |
| Interest income on short term advance to related party | (50,408) | (48,420) |
| Share of profit in equity accounted investments | (63,610) | (83,924) |
| Finance cost | 80,870 | 101,759 |
| Dividend income | (438) | (488) |
| Unrealised loss /(gain) on remeasurement of investments to fair value - net | 1,451 | (3,693) |
| Impairment on long term investment recorded during the period | 110,824 | 27,617 |
| Reversal of impairment on investment in associated companies | - | (402,832) |
| | <u>1,444,193</u> | <u>1,507,448</u> |
| | Unaudited 31 March 2015 | Unaudited 31 March 2014 |
| | (Rupees'000) | |
| 17. CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | <u>421,833</u> | <u>336,496</u> |

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

18. TRANSACTIONS WITH RELATED PARTIES

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

| | Unaudited Nine months ended 31 March | |
|---|---|-------------|
| | 2015 | 2014 |
| | (Rupees'000) | |
| Transactions and balances with associated undertakings | | |
| Sales | 1,742 | 2,143 |
| Services provided | 9,162 | 10,809 |
| Services availed | 64,999 | 89,088 |
| Purchases | 72,927 | 106,589 |
| Purchase of air tickets | 14,255 | 17,192 |
| Franchise fee - income | 1,759 | 1,588 |
| Franchise and management fee - expense | 7,490 | 6,599 |
| Purchase of property, plant and equipment | - | 11,055 |
| Contribution to the defined contribution plan | 21,177 | 19,492 |
| Donation | 20,000 | - |
| Interest income on advance | 50,408 | 48,419 |
| Balances at the period end: | | |
| - Trade debts | 22,487 | * 19,644 |
| - Investments | 1,155,471 | * 1,245,897 |
| - Advance for capital expenditure | 626,820 | * 626,820 |
| - Accrued interest on advance | 56,633 | * 6,225 |
| Transactions with key management personnel | | |
| Remuneration and allowances including staff retirement benefits | 53,120 | 56,185 |

Personal guarantees to Banks against the group's borrowings (Note 4 & 5)

* Represents balance as at 30 June 2014.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the nine months period ended 31 March 2015

19. DATE OF APPROVAL

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



Sadruddin Hashwani
Chief Executive



Muhammad Rafique
Director







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