

Cultured like no other  
pearl in the world.

**PSL**  
PAKISTAN SERVICES LTD.

*PC*  
Pearl-Continental  
HOTELS & RESORTS

**CONDENSED INTERIM  
FINANCIAL INFORMATION**  
(UNAUDITED)

FOR THE NINE MONTHS PERIOD  
ENDED 31 MARCH 2017





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PAKISTAN SERVICES LTD.

## Vision Statement

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

## Mission Statement

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

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

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

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

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

# Corporate Information

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

## BOARD OF DIRECTORS

Mr. Sadruddin Hashwani	Chairman
Mr. Murtaza Hashwani	CEO
Mr. M.A. Bawany	
Mr. Mansoor Akbar Ali	
Syed Sajid Ali	
Mr. Nikolaos Fragkos	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	

## AUDIT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Mr. Abdul Qadeer Khan
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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

## BANKERS

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

## REGISTERED OFFICE

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

## SHARE REGISTRAR

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

# Directors' Report

## Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) is pleased to present the condensed interim financial information on the performance of the Company for the nine months period ended on 31 March 2017.

## Economic Overview

Government is toiling on the CPEC project, "CPEC" which is a connotation of end towards energy crisis, decrease in unemployment, increase in literacy rate and more investors coming to Pakistan, gives no reason to disbelieve that the future of the country's economy is thriving. In recent few months, paltry increase in oil prices is seen which may have trivial repercussion on the economy.

Currently, Pakistan is suffering from trade deficit of over Rs. 2,109 billion which is Rs. 543 billion higher than deficit recorded in the comparative period of last year, hence deficit reaching record high. Escalation in imports and backsliding in exports resulted in widened deficit record.

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

## Overall performance of the Company

During the nine months period ended 31 March 2017, the Company has achieved revenue (net) of Rs. 7,553 million, which is 8.2% higher than the revenue of Rs. 6,981 million recorded in the comparative period of the last year. Gross Profit recorded increase of 4.3% from Rs. 3,300 million to Rs. 3,444 million when compared to the corresponding period last year. Profit before Taxation has been recorded at Rs. 1,600 million in contrast to Rs. 2,003 million, whereas after tax profit is recorded at Rs. 1,173 million against Rs. 1,530 million for corresponding period of last year. The decrease in profit after tax is due to upkeep expenses as company is keen to upgrade and revamp its existing hotel properties in order to retain its customer loyalty. High finance cost, pertaining to financing facilities availed by the Company to execute its fervent plans to expand and diversify, is also a reason for lower profit after tax. Once operational, it is expected that the new projects will outclass company's historical performances.

## Highlights of Performance:

	For the nine months period ended 31 March	
	2017	2016
	(Rupees in million)	
Sales and Services – net	7,553	6,981
Gross profit	3,444	3,300
Profit before taxation	1,600	2,003
Profit after taxation	1,173	1,530
Earnings per share (Rupees)	36.08	47.06

## Interim Dividend

The Board of Directors has declared interim cash dividend of Rs. 5/- per share i.e. 50%, in addition to Rs. 10/- per share i.e. 100% already paid during the current financial year.

## Performance of Rooms Department

During the period room revenue (net) was recorded at Rs. 3,697 million against Rs. 3,390 million for the corresponding period of last year, registering a growth of 9% which is because of increase in Average Daily Room Rate (ADR) by 13%.

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

During the period an increase of 7% in net revenue from this segment has been recorded at Rs. 3,523 million as compared to Rs. 3,286 million for the same period last year.

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

The growth of 9% is recorded from this segment during the period under review, achieving the revenue (net) of Rs. 333 million as compared to Rs. 305 million of corresponding period of last year.

## Future Prospects

Stable law and order situation and prosperous economic future of the country are vital ingredients for any company to pursue its plans to expand and diversify and your company is all set to take most of the benefit from such business-friendly environment.

Your Company is continuing its policy of improving its properties, modernization and expansion of existing facilities and infrastructure is in progression which comprises renovation of guestrooms, restaurants and health clubs and deployment of latest Information Technology equipment and software. All these projects aid the company to keep up the customer satisfaction and to be ahead of its competitors at Hospitality industry in Pakistan.

## Consolidated Results

During the current period the group recorded a revenue (net) of Rs. 7,638 million as compared to Rs. 7,060 million for the same period last year registering an increase of over 8%. Profit after taxation is recorded at Rs. 1,052 million in comparison with Rs. 1,584 million for the corresponding period of last year.

## Election of the Board and Appointment of Chief Executive

During the period the term of office of the Board of Directors expired and the new Board of Directors was elected through ballot in an extraordinary general meeting held on 21 March 2017. The members have elected following directors namely Mr. Sadruddin Hashwani, Mr. Murtaza Hashwani, Mr. M.A. Bawany, Mr. Mansoor Akbar Ali, Syed Sajid Ali, Mr. Shakir Abu Bakar, Mr. Nikolaos Fragkos, Syed Haseeb Amjad Gardezi and Mr. M. Ahmed Ghazali Marghoob, for the next term commencing from 29 March 2017.

The newly elected Board appointed Mr. Murtaza Hashwani as Chief Executive Officer of the Company for the next term of its office commencing from 29 March 2017. Information pursuant to section 218 of the Companies Ordinance 1984 in respect of remuneration of Chief Executive and Executive Directors has already been circulated to the members and also attached to this report.

### Acknowledgement

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

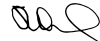
### Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this Director's Report, as approved by the Board of Directors, have been signed by two Directors.

For and on behalf of the Board of Directors



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director

Islamabad: April 25, 2017



## ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی نو ماہی مدت کے لیے کمپنی کی کارکردگی کے بارے میں مالیاتی معلومات کا عبوری خلاصہ مسرت کے ساتھ پیش کیا جاتا ہے۔

اقتصادی جائزہ:

حکومت، چین پاکستان اقتصادی راہداری منصوبے پر محنت کر رہی ہے، ”سی بیگ“ جو کہ توانائی بحران کا خاتمہ، بے روزگاری میں کمی، خواندگی کی شرح میں اضافہ اور زیادہ سرمایہ کاروں کا پاکستان کی طرف مائل کرنے کا ایک ذریعہ ہے تو پھر اس پر یقین نہ کرنے کی کوئی وجہ نہیں کہ ملک کی معیشت کا مستقبل تابناک ہے۔ حالیہ کچھ ماہ میں تیل کی قیمتوں میں معمولی اضافہ دیکھنے میں آیا ہے جس کا معیشت پر تھوڑا سا اثر پڑ سکتا ہے۔

حالیہ طور پر پاکستان کو ۲،۱۰۹ ارب روپے کے تجارتی خسارے کا سامنا ہے جو کہ گزشتہ برس اسی عرصے میں ریکارڈ کئے گئے تجارتی خسارے کے مقابلے میں ۵۳۳ ارب روپے زیادہ ہے، جو کہ خسارہ ریکارڈ بلند سطح پر پہنچ رہا ہے۔ درآمدات میں اضافہ اور برآمدات میں کمی خسارے میں ریکارڈ اضافے کی ایک وجہ ہے۔

حکومت کی وسیع تر معاشی اقدامات اور بنیادی اصلاحاتی پروگرام معیشت کی بہتر ترقی کا باعث ہو گا۔ پاکستان کی مجموعی ملکی پیداوار میں گزشتہ مالی سال کی ۳.۵ فی صد کے مقابلے میں مالی سال ۲۰۱۶-۱۷ میں ۵.۲ فی صد تک اضافہ متوقع ہے۔

کمپنی کی مجموعی کارکردگی:

۳۱ مارچ ۲۰۱۷ تک ختم ہونے والی نو ماہ کی مدت کے دوران کمپنی نے ۵۵۳ ملین روپے کی خالص آمدنی حاصل کی ہے جو گزشتہ سال کے اسی عرصے کے دوران ریکارڈ ہونے والے ۶،۹۸۱ ملین روپے کے محاصلات سے ۲.۲ فی صد زیادہ ہے۔ مجموعی منافع گزشتہ سال کے اسی عرصے میں ۳،۳۰۰ ملین روپے کے مقابلے میں بڑھ کر ۳،۳۳۳ ملین روپے ہو گیا جو ۳.۳ فی صد زیادہ ہے۔ قبل از ٹیکس منافع گزشتہ برس کے اسی عرصے کے ۲،۰۰۳ ملین روپے کے مقابلے میں ۱،۶۰۰ ملین روپے ریکارڈ کیا گیا۔ بعد از ٹیکس منافع گزشتہ برس کے اسی عرصے کے ۱،۵۳۰ ملین روپے کے مقابلے میں ۱،۱۷۳ ملین روپے ریکارڈ کیا گیا۔ بعد از ٹیکس منافع میں کمی ہو ملز کو اپ گریڈ اور بہتر بنانے کے اخراجات کی وجہ سے ہے جو کہ کمپنی اپنے صارفین کی دلچسپی برقرار رکھنے کے لیے کر رہی ہے۔ مالیاتی لاگت میں اضافہ کمپنی کی جانب سے مالیاتی سہولتیں حاصل کرنے کی وجہ ہے جو کمپنی نے جارحانہ پلان کے تحت اپنی مختلف سرگرمیوں کو وسعت دینے کی غرض سے حاصل کیا ہے اور یہ بھی بعد از ٹیکس منافع میں کمی کی ایک وجہ ہے۔ توقع ہے کہ جیسے ہی نئے منصوبے چلنے کا مرحلہ شروع ہو گا تو منافع تاریخی کارکردگی کی حد عبور کر جائے گا۔

## کارکردگی کی جھلکیاں:

نومائی مدت اختتام مارچ ۲۰۱۷		۲۰۱۷	
(ملین روپے)			
فروخت اور خدمات (خالص)	۷,۵۵۳	۶,۹۸۱	
کل منافع	۳,۴۴۴	۳,۳۰۰	
منافع قبل از ٹیکس	۱,۶۰۰	۲,۰۰۳	
منافع بعد از ٹیکس	۱,۱۷۳	۱,۵۳۰	
فی حصہ آمدنی (روپے میں)	۳۶.۰۸	۴۷.۰۶	

## عبوری منافع:

بورڈ آف ڈائریکٹرز نے ۵ روپے فی شیئر (۵۰ فیصد) کی شرح سے عبوری منافع دینے کا اعلان کیا ہے جو کہ موجودہ مالی سال کے دوران ادا کئے گئے عبوری منافع جات بمقدار ۱۰ روپے فی شیئر (۱۰۰ فیصد) کے علاوہ ہے۔

## رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے ۳,۳۹۰ ملین روپے کی نسبت آمدنی (خالص) ۹ فیصد اضافے کے ساتھ ۳,۶۹۷ ملین روپے ریکارڈ کی گئی۔ رومز ریونیو (خالص) میں اضافہ اوسط یومیہ کمرے کی شرح (اے ڈی آر) میں اضافے کی وجہ سے ہے جو کہ ۱۳ فیصد ریکارڈ کیا گیا ہے۔

## فوڈ اینڈ بیورج (F&amp;B) ڈیپارٹمنٹ کی کارکردگی:

اس عرصے میں ۷ فیصد اضافے کے ساتھ اس شعبے کی خالص آمدن ۳,۵۲۳ ملین روپے ریکارڈ کی گئی جو گزشتہ اسی عرصے میں ۳,۲۸۶ ملین روپے تھا۔

## دیگر متعلقہ خدمات لائسنس فیس / ٹریول و ٹور ڈویژن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران ۹ فیصد اضافہ ریکارڈ کیا گیا۔ گزشتہ برس کے اسی عرصے کے دوران ۳۰۵ ملین روپے کے مقابلے میں ۳۳۳ ملین روپے کی آمدنی (خالص) حاصل کی گئی۔

## مستقبل کے امکانات:

ملک میں بہتر امن و امان اور خوشحال معاشی مستقبل کسی بھی کمپنی کو اپنے منصوبوں کو وسعت دینے اور پھیلانے میں معاون ہوتا ہے اور آپ کی کمپنی کاروبار کے لئے ایسے سازگار ماحول سے بھرپور فوائد اٹھانے کی کوشش کر رہی ہے۔

آپ کی کمپنی مسلسل اپنے ہوٹلز کی بہتری، جدت اور موجودہ سہولتوں اور بنیادی ڈھانچے کی توسیع جس میں گیسٹ رومز، ریستورانز اور ہیلتھ کلبز کی تزیین و آرائش اور جدید انفارمیشن ٹیکنالوجی کے آلات اور سافٹ ویئر لگانے کی پالیسی پر عمل پیرا ہے۔ کمپنی کے یہ تمام اضافی منصوبے صارفین کو مطمئن رکھنے کے لئے اور پاکستان میں مہمان داری کی اس صنعت کی مسابقت میں سب سے آگے رکھنے کے لیے ہیں۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے ۸ فی صد اضافے کے ساتھ ۲۳۸،۷ ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں ۲۶۰،۷ ملین روپے تھے۔ گزشتہ برس اسی عرصے کے دوران ۱،۵۸۳،۱ ملین روپے کی نسبت ۱،۰۵۲،۱ ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا گیا۔

بورڈ کے انتخابات اور چیف ایگزیکٹو کی تقرری:

اس عرصے میں بورڈ آف ڈائریکٹرز کی تین سالہ مدت مکمل ہو گئی اور نئے بورڈ آف ڈائریکٹرز کا انتخاب ۲۱ مارچ ۲۰۱۷ کو ہونے والے غیر معمولی عمومی اجلاس میں بیلٹ کے ذریعے کیا گیا۔ حصص داران نے ۲۹ مارچ ۲۰۱۷ سے آئندہ مدت کے لئے درج ذیل ڈائریکٹرز کا چناؤ کیا۔ جن کے نام یہ ہیں: جناب صدرالدین ہاشوائی، جناب مرتضیٰ ہاشوائی، جناب ایم۔ اے باوانی، جناب منصور اکبر علی، سید ساجد علی، جناب شاکر ابو بکر، جناب نکولس فریگ کوس، سید حسیب امجد گریزی اور جناب ایم۔ احمد غزالی مرغوب شامل ہیں۔

نئے منتخب بورڈ نے جناب مرتضیٰ ہاشوائی کو ۲۹ مارچ ۲۰۱۷ سے شروع ہونے والی آئندہ تین سالہ مدت کے لئے کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا۔ کمپنیز آرڈیننس ۱۹۸۳ کی شق ۲۱۸ کے تحت چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کے معاوضے کی معلومات پہلے ہی حصص داران کو مہیا کر دی گئی ہیں جو کہ اس رپورٹ کیساتھ بھی منسلک ہے۔

اظہار تشکر:

ہم بورڈ کی جانب سے خصوصی پیشہ ورانہ خدمات کے لیے کمپنی کے عملے کا شکر ادا کرتے ہیں۔ ہم اپنے کنسلٹنٹس، بینکاروں، مشیران اور شرکاء داروں کے بھی ممنون ہیں جن کی راہنمائی، سمجھ بوجھ اور تعاون ہمارے پروگرامز، پروڈیکٹس اور عمومی کاروباری امور میں کامیابی کے لیے انتہائی اہم ہیں۔ اور آخر میں ہم اپنے معزز مہمانوں کے شکر گزار ہیں، جو ہماری حوصلہ افزائی کرتے ہیں اور ہمہ وقت ہمیں بہترین پروڈیکٹس اور خدمات کے لیے کوشاں رکھتے ہیں تاکہ ہم ان کے تعاون اور سرپرستی کو قائم رکھ سکیں۔

کمپنیز آرڈیننس ۱۹۸۳ کی دفعہ ۲۳۱(۲) کی رو سے

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

منجانب بورڈ آف ڈائریکٹرز



شاکر ابو بکر  
ڈائریکٹر



ایم۔ اے۔ باوانی  
ڈائریکٹر

اسلام آباد: ۲۵ اپریل ۲۰۱۷





**Condensed Interim Unconsolidated  
Financial Information** (Unaudited)

For the nine months period ended 31 March 2017

# Condensed Interim Unconsolidated Balance Sheet

## As at 31 March 2017

	Note	Unaudited 31 March 2017	Audited 30 June 2016
		(Rupees'000)	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	325,242	325,242
Reserves		1,869,424	1,869,424
Unappropriated profit		6,347,892	5,580,999
		<u>8,542,558</u>	<u>7,775,665</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		23,779,515	23,779,515
<b>NON CURRENT LIABILITIES</b>			
Long term financing	5	5,607,134	2,187,001
Deferred liabilities		706,213	703,672
		6,313,347	2,890,673
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,963,887	1,603,418
Markup accrued		111,649	84,856
Short term borrowings	7	781,886	-
Current portion of long term financing		450,000	500,000
		3,307,422	2,188,274
		<u>41,942,842</u>	<u>36,634,127</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

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

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

		<b>Unaudited 31 March 2017</b>	Audited 30 June 2016
	<b>Note</b>	<b>(Rupees'000)</b>	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	32,287,735	31,647,432
Advance for capital expenditure	10	4,924,384	1,173,612
Investment property		45,000	45,000
Long term investments	11	1,115,294	1,037,794
Long term advance	12	400,000	-
Long term deposits and prepayments		18,680	23,838
		<b>38,791,093</b>	<b>33,927,676</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		173,306	188,338
Stock in trade - food and beverages		94,033	96,189
Trade debts		752,335	528,735
Advances	13	164,103	100,198
Trade deposits and prepayments		94,760	69,269
Interest accrued		13,148	1,011
Other receivables		60,519	48,650
Other financial assets	14	1,417,928	1,208,587
Advance tax - net		11,565	86,344
Cash and bank balances		370,052	379,130
		<b>3,151,749</b>	<b>2,706,451</b>
		<b>41,942,842</b>	<b>36,634,127</b>



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director

## Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the nine months period ended 31 March 2017

	Note	Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
		(Rupees'000)			
Sales and services - net	15	2,614,092	2,486,664	7,552,531	6,981,328
Cost of sales and services	16	(1,413,279)	(1,240,505)	(4,108,987)	(3,681,077)
Gross profit		1,200,813	1,246,159	3,443,544	3,300,251
Administrative expenses		(593,218)	(509,998)	(1,915,118)	(1,702,527)
Finance cost		(142,284)	(52,749)	(288,443)	(112,312)
Other income		151,457	239,903	360,134	517,901
Profit before taxation		616,768	923,315	1,600,117	2,003,313
Taxation		(157,443)	(211,990)	(426,672)	(472,825)
Profit for the period		459,325	711,325	1,173,445	1,530,488
Earnings per share - basic and diluted (Rupees)	17	14.12	21.87	36.08	47.06

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

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

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



**M.A. Bawany**  
Director



**Shkir Abu Bakar**  
Director



## Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) For the nine months period ended 31 March 2017

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
	(Rupees'000)			
Profit for the period	459,325	711,325	1,173,445	1,530,488
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>459,325</u>	<u>711,325</u>	<u>1,173,445</u>	<u>1,530,488</u>

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the nine months period ended 31 March 2017

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Nine months ended 31 March	
		2017	2016
(Rupees'000)			
Cash flow from operating activities before working capital changes	18	2,188,461	2,126,507
<b>Working capital changes (Increase)/ decrease in current assets</b>			
Stores, spare parts and loose tools		15,032	(46,071)
Stock in trade		2,156	(12,080)
Trade debts		(211,871)	(182,764)
Advances		(63,905)	(51,762)
Trade deposits and prepayments		(25,491)	(28,276)
Other receivables		(11,869)	(4,053)
<b>Increase in trade and other payables</b>			
Trade and other payables		195,954	29,098
<b>Cash used in operations</b>		(99,994)	(295,908)
Staff retirement benefit - gratuity paid		(33,029)	(22,026)
Compensated leave absences paid		(20,751)	(19,226)
Income tax paid		(363,505)	(449,994)
Finance cost paid		(255,020)	(131,654)
<b>Net cash generated from operating activities</b>		1,416,162	1,207,699
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(1,131,317)	(1,073,697)
Advance for capital expenditure		(3,750,772)	(1,385,951)
Proceeds from disposal of property, plant and equipment		7,772	33,130
Refund of short term advance		-	500,000
Long term investment		(77,500)	(624,994)
Long term advance		(400,000)	-
Purchase of other financial assets		-	(9,522)
Proceeds from maturity of other financial assets		-	12,794
Dividend income received		350	18,394
Return on bank deposits		17,720	29,436
Long term deposits and prepayments		5,158	(5,038)
<b>Net cash used in investing activities</b>		(5,328,589)	(2,505,448)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(500,000)	(50,000)
Proceeds from long term financing		3,900,000	2,000,000
Payment of transaction cost of long term financing		(36,500)	-
Dividend paid		(242,037)	(155,052)
Repayment of liabilities against assets subject to finance lease		-	(7,405)
<b>Net cash from financing activities</b>		3,121,463	1,787,543
Net (decrease)/ increase in cash and cash equivalents		(790,964)	489,794
Cash and cash equivalents at beginning of the period		379,130	765,899
Cash and cash equivalents at end of the period	19	(411,834)	1,255,693

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director

# Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the nine months period ended 31 March 2017

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

(Rupees'000)

Balance at 01 July 2015	325,242	269,424	1,600,000	5,296,346	7,491,012
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### Total comprehensive income for the period

Profit for the period	-	-	-	1,530,488	1,530,488
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,530,488	1,530,488

### Transaction with owners of the Company Distribution

Final cash dividend for the year ended 30 June 2015 declared subsequent to the year end

(@ Rs. 5 per share) - - - (162,621) (162,621)

First interim cash dividend for the year 2015-16 (@ Rs. 5 per share)

- - - (162,621) (162,621)

Balance at 31 March 2016

325,242 269,424 1,600,000 6,501,592 8,696,258

Balance at 01 July 2016

325,242 269,424 1,600,000 5,580,999 7,775,665

### Total comprehensive income for the period

Profit for the period	-	-	-	1,173,445	1,173,445
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,173,445	1,173,445

### Transaction with owners of the Company Distribution

Final cash dividend for the year ended 30 June 2016 declared subsequent to the year end

(@ Rs. 2.50 per share) - - - (81,310) (81,310)

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

- - - (162,621) (162,621)

Second interim cash dividend for the year 2016-17 (@ Rs. 5.0 per share)

- - - (162,621) (162,621)

Total distribution

- - - (406,552) (406,552)

### Balance at 31 March 2017

325,242 269,424 1,600,000 6,347,892 8,542,558

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director

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

## For the nine months period ended 31 March 2017

### 1 STATUS AND NATURE OF BUSINESS

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

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

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim unconsolidated financial information do not include the information that reported for annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2016. Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2016, whereas comparative unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the nine months period ended 31 March 2016.

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

### 3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim unconsolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited unconsolidated financial statements for the year ended 30 June 2016.
- 3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017 and are not expected to have any significant effect on condensed interim unconsolidated financial information of the Company:

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

## For the nine months period ended 31 March 2017

- Amendments to IAS 7- 'Statement of Cash Flows '	(effective 01 January 2017)
- Amendments to IAS 12 -'Income Taxes '	(effective 01 January 2017)
- Amendments to IFRS 2 - 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IFRS 4 - 'Insurance Contracts'	(effective 01 January 2018)
- Amendments to IAS 40 -'Investment Property '	(effective 01 January 2018)
- Amendments to IFRS 15 - 'Revenue from contracts with customers'	(effective 01 January 2018)
- Amendments to IFRS 16 - 'Leases'	(effective 01 January 2019)

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

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

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

#### 4 SHARE CAPITAL

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

#### 5 LONG TERM FINANCING - secured

		Unaudited 31 March 2017	Audited 30 June 2016
	Note	(Rupees'000)	
From banking companies			
Term Finance Loan - 1		-	50,000
Term Finance Loan - 2		850,000	850,000
Syndicated term loan		1,350,000	1,800,000
Transaction cost		(42,866)	(12,999)
		1,307,134	1,787,001
Term Finance Loan - 3	5.2	900,000	-
Term Finance Loan - 4	5.3	3,000,000	-
		6,057,134	2,687,001
Current portion of long term financing		(450,000)	(500,000)
		5,607,134	2,187,001

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

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

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

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

## For the nine months period ended 31 March 2017

		<b>Unaudited</b>	Audited
		<b>31 March</b>	30 June
		<b>2017</b>	2016
	<b>Note</b>	<b>(Rupees'000)</b>	
<b>6</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	304,665	296,075
	Accrued liabilities	598,952	540,656
	Advances from customers	346,453	260,598
	Shop deposits	56,130	54,395
	Due to related parties - unsecured	11,764	9,416
	Sales tax	162,530	96,159
	Bed tax	3,114	60,359
	Un-earned income	145,342	147,472
	Unclaimed dividend	10,494	8,600
	Dividend payable	162,621	-
	Retention money	93,788	83,138
	Others	68,034	46,550
		<u>1,963,887</u>	<u>1,603,418</u>

6.1 It includes an amount of Rs. 0.048 (30 June 2016: Rs. 0.015) million of related parties.

6.2 It includes an amount of Rs. 54.572 (30 June 2016: Rs. Nil) million of related parties.

### **7 SHORT TERM BORROWINGS - secured**

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

### **8 CONTINGENCIES AND COMMITMENTS**

#### **8.1 Contingencies**

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

		<b>Unaudited</b>	Audited
		<b>31 March</b>	30 June
		<b>2017</b>	2016
		<b>(Rupees'000)</b>	
<b>8.1.1</b>	<b>Guarantees - secured</b>	<u>202,148</u>	<u>190,243</u>
	This includes guarantee of Rs. 50 million (30 June 2016: Rs. 50 million), issued on behalf of a subsidiary company.		
<b>8.2</b>	<b>Commitments</b>		
	Commitments for capital expenditure	<u>1,471,914</u>	<u>426,609</u>

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

## For the nine months period ended 31 March 2017

### 9 PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
<b>Unaudited 31 March 2017 - (Rupees' 000)</b>				
Carrying value at beginning of the period	17,132,365	13,323,790	1,191,277	31,647,432
Additions during the period	272,515	-	858,802	1,131,317
Transfer from capital work in progress	228,342	-	(228,342)	-
Disposal during the period	(33,022)	-	-	(33,022)
Depreciation charge for the period	(457,992)	-	-	(457,992)
Carrying value at end of the period	17,142,208	13,323,790	1,821,737	32,287,735
<b>Audited 30 June 2016 - (Rupees '000)</b>				
Carrying value at beginning of the year	14,518,177	13,344,934	1,034,293	28,897,404
Additions during the year	2,642,899	-	649,191	3,292,090
Transfer from capital work in progress	492,207	-	(492,207)	-
Disposal during the year	(33,011)	-	-	(33,011)
Depreciation charge for the year	(506,089)	(2,962)	-	(509,051)
Transfer from leased assets	18,182	(18,182)	-	-
Carrying value at end of the year	17,132,365	13,323,790	1,191,277	31,647,432

### 10 ADVANCE FOR CAPITAL EXPENDITURE

	Note	Unaudited 31 March 2017 (Rupees'000)	Audited 30 June 2016
Purchase of land	10.1	4,315,240	666,820
Purchase of apartment		40,509	40,509
Malir Delta Land	10.2	381,656	381,656
Advance for purchase of fixed assets		186,979	84,627
		4,924,384	1,173,612

- 10.1 This includes Rs.3,648 million paid to associated company, Gulf Properties (Private) Limited, for purchase of 4.18 acres of land located in Karachi.
- 10.2 This represents amount paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the Company challenging the impugned order of the Accountability Court Karachi declaring that any transfer of title or creation of any third party interest in the said land was declared void. The Company being aggrieved and dissatisfied with this impugned judgment for dismissal of its Constitution Petition has filed a Civil petition for leave to Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Company will seek recovery of purchase consideration and land regularization fee paid to the seller and Land Regularization Department respectively.

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

## For the nine months period ended 31 March 2017

### 11 LONG TERM INVESTMENTS

During the period the Company made further investment towards 6,500,000 ordinary shares of Rs. 10/- each and towards 1,250,000 ordinary shares of Rs. 10/- each in City Properties (Private) Limited and Elite Properties (Private) Limited respectively, which are wholly owned subsidiary companies.

### 12 LONG TERM ADVANCE

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

### 13 ADVANCES

These includes advances to related parties for rendering of services and purchase of goods aggregating Rs. 33.828 million (30 June 2016: Rs. 20.716 million).

### 14 OTHER FINANCIAL ASSETS

This includes investment in an associated company having carrying value of Rs. 1,398 million (30 June 2016 : Rs. 1,190 million).

### 15 SALES AND SERVICES - net

	Unaudited Three months ended 31 March		Unaudited Nine months ended 31 March	
	2017	2016	2017	2016
	(Rupees'000)			
Rooms	1,504,380	1,422,814	4,303,097	3,949,006
Food and beverages	1,425,947	1,380,970	4,136,874	3,877,395
Other related services	135,003	130,922	407,881	386,622
Shop license fees	12,709	8,273	32,995	24,686
	<u>3,078,039</u>	<u>2,942,979</u>	<u>8,880,847</u>	<u>8,237,709</u>
Discounts and commissions	(49,909)	(38,275)	(129,681)	(109,458)
Sales tax	(414,038)	(418,040)	(1,198,635)	(1,146,923)
	<u>2,614,092</u>	<u>2,486,664</u>	<u>7,552,531</u>	<u>6,981,328</u>



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

## For the nine months period ended 31 March 2017

16 COST OF SALES AND SERVICES	Unaudited Three months ended 31 March		Unaudited Nine months ended 31 March	
	2017	2016	2017	2016
	(Rupees'000)			
Food and beverages				
Opening balance	88,176	79,016	96,189	90,715
Purchases during the period	417,689	435,000	1,214,056	1,196,211
Closing balance	(94,033)	(102,795)	(94,033)	(102,795)
Consumption during the period	411,832	411,221	1,216,212	1,184,131
Direct expenses				
Salaries, wages and benefits	354,623	348,364	1,053,543	997,941
Heat, light and power	145,210	142,216	500,662	521,362
Repairs and maintenance	201,863	74,178	457,567	209,002
Depreciation	137,630	117,380	412,193	332,484
Guest supplies	58,550	57,222	171,462	163,883
Linen, china and glassware	30,359	22,472	83,840	78,018
Communication and other related services	18,845	19,507	56,072	55,625
Banquet and decoration	17,669	17,489	53,621	51,289
Transportation	14,925	12,652	41,568	37,116
Uniforms	7,599	7,047	21,215	19,285
Music and entertainment	3,041	2,888	9,117	8,805
Others	11,133	7,869	31,915	22,136
	<u>1,413,279</u>	<u>1,240,505</u>	<u>4,108,987</u>	<u>3,681,077</u>

### 17 EARNINGS PER SHARE

Profit for the period (Rupees '000)	459,325	711,325	1,173,445	1,530,488
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share - basic (Rupees)	14.12	21.87	36.08	47.06

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 2017

18 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Unaudited Nine months ended 31 March	
	2017	2016
	(Rupees'000)	
Profit before taxation	1,600,117	2,003,313
Adjustments for:		
Depreciation	457,992	369,427
Loss/(gain) on disposal of property, plant and equipment	25,250	(4,989)
Provision for staff retirement benefit - gratuity	36,569	41,244
Provision for compensated leave absences	31,368	18,869
Provision for doubtful debts	(11,729)	14,400
Return on bank deposits	(17,876)	(28,784)
Interest on short term advance to related party	-	(38,060)
Interest on long term advance to related party	(11,981)	-
Finance cost	288,443	112,312
Dividend income	(350)	(54,101)
Unrealised Gain on remeasurement of investments to fair value - net	(209,342)	(307,124)
	<u>2,188,461</u>	<u>2,126,507</u>
<b>19 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	370,052	1,255,693
Short term borrowings	(781,886)	-
	<u>(411,834)</u>	<u>1,255,693</u>

### 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and Provident Fund. Transactions and balances as of this reporting date with related parties are disclosed in notes 6, 8, 10, 11, 12, 13, and 14 to the condensed interim unconsolidated financial information. Other balances and transactions with related parties are as follows:

Transactions and balances with subsidiary companies	Unaudited Nine months ended 31 March	
	2017	2016
	(Rupees'000)	
Sales	2,268	828
Services provided	14,624	5,668
Services availed	44,930	46,861
Interest income on advance	11,981	-
Investments	77,500	624,994
<b>Balances as at the period end:</b>		
- Trade debts	10,280	*2,484
- Long term investments	1,115,294	*1,037,794
- Accrued interest on Advance	11,981	-

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

## For the nine months period ended 31 March 2017

	<b>Unaudited Nine months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Rupees'000)</b>	
<b>Transactions and balances with associated undertakings</b>		
Sales	773	663
Services provided	1,933	1,456
Services availed	31,997	35,055
Purchases	95,138	88,320
Purchase of air tickets	-	26,735
Franchise fee - income	3,919	2,533
Franchise and management fee - expense	8,401	8,892
Sale of stores, spares and loose tools	-	763
Interest income on advance	-	38,060
Dividend Income	-	53,562
Dividend paid	47,985	27,902
Advance for purchase of property	3,648,420	1,385,410
<b>Balances as at the period end:</b>		
- Trade debts	13,434	*14,570
- Prepayments	833	*5,208
<b>Transactions and balances with other related parties</b>		
Sales	9	6
Services provided	94	53
Services availed	33,802	31,366
Purchases	2,381	3,518
Contribution to defined contribution plan - provident fund	27,843	24,643
Purchase of property, plant and equipment	-	205,623
Dividend paid	3	2
Advance for capital expenditure	-	3,500
<b>Balances as at the period end:</b>		
- Trade debts	709	*519
- Advance for capital expenditure	626,820	*630,320
<b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	43,950	38,484
Dividend paid	4,341	2,890
Personal guarantees to Banks against the Company's borrowings (Note 5).		

\*Represents balance as at 30 June 2016

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

## For the nine months period ended 31 March 2017

### 21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	Carrying amount			Fair value		
	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Total
<b>On-balance sheet financial instruments</b>						
<u>31-March 2017</u>	<b>Note</b>					
<b>Financial assets measured at fair value</b>	<b>(Rupees'000)</b>					
Other financial assets	1,408,405	-	-	1,408,405	1,408,405	1,408,405
<b>Financial assets not measured at fair value</b> 21.2						
Long term deposits	-	18,680	-	18,680	-	-
Trade debts	-	752,335	-	752,335	-	-
Advance to employees	-	31,524	-	31,524	-	-
Trade deposits	-	20,468	-	20,468	-	-
Interest accrued	-	13,148	-	13,148	-	-
Other receivables	-	60,519	-	60,519	-	-
Term Deposit Receipt	-	9,523	-	9,523	-	-
Long term advance	-	400,000	-	400,000	-	-
Cash and bank balances	-	370,052	-	370,052	-	-
	-	1,676,249	-	1,676,249	-	-

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

## For the nine months period ended 31 March 2017

Note	Carrying amount			Fair value		
	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Total
	(Rupees'000)					
Financial liabilities not measured at fair value						
Long term financing - secured	-	-	6,100,000	6,100,000	-	-
Short term borrowings	-	-	781,886	781,886	-	-
Trade and other payables	21.3	-	1,306,448	1,306,448	-	-
Markup accrued	-	-	111,649	111,649	-	-
	-	-	8,299,983	8,299,983	-	-

### On-balance sheet financial instruments 30 June 2016

#### Financial assets measured at fair value

Other financial assets	1,199,064	-	-	1,199,064	1,199,064	1,199,064
Financial assets not measured at fair value	21.2					
Long term deposits	-	22,213	-	22,213	-	-
Trade debts	-	528,735	-	528,735	-	-
Advance to employees	-	24,674	-	24,674	-	-
Trade deposits	-	17,209	-	17,209	-	-
Interest accrued	-	1,011	-	1,011	-	-
Other receivables	-	48,650	-	48,650	-	-
Term Deposit Receipt	-	9,523	-	9,523	-	-
Cash and bank balances	-	379,130	-	379,130	-	-
	-	1,031,145	-	1,031,145	-	-

#### Financial liabilities not measured at fair value

Long term financing - secured	-	-	2,700,000	2,700,000	-	-
Short term borrowings	-	-	-	-	-	-
Trade and other payables	21.3	-	1,032,353	1,032,353	-	-
Markup accrued	-	-	84,856	84,856	-	-
	-	-	3,817,209	3,817,209	-	-

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

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

## 22 NON- ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in its meeting held on April 25, 2017, has declared an interim cash dividend of Rs. 5 per share.

## 23 DATE OF APPROVAL

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in their meeting held on April 25, 2017.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director



PEARL CONTINENTAL - MUZAFFARABAD



**Condensed Interim Consolidated  
Financial Information** (Unaudited)

For the nine months period ended 31 March 2017

# Condensed Interim Consolidated Balance Sheet

## As at 31 March 2017

	Note	Unaudited 31 March 2017	Audited 30 June 2016
		(Rupees'000)	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	325,242	325,242
Reserves		2,732,780	2,650,630
Unappropriated profit		5,499,320	4,853,511
		<u>8,557,342</u>	<u>7,829,383</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		23,779,515	23,779,515
<b>NON CURRENT LIABILITIES</b>			
Long term financing	5	5,607,134	2,187,001
Liabilities against assets subject to finance lease	6	12,568	6,565
Deferred liabilities		704,031	700,166
		<u>6,323,733</u>	<u>2,893,732</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	1,992,734	1,619,775
Markup accrued		111,967	85,032
Short term borrowings	8	781,886	-
Current portion of long term financing and liabilities against assets subject to finance lease		461,405	512,308
		<u>3,347,992</u>	<u>2,217,115</u>
		<u>42,008,582</u>	<u>36,719,745</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

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

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



		<b>Unaudited 31 March 2017</b>	Audited 30 June 2016
	<b>Note</b>	<b>(Rupees'000)</b>	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	32,664,106	32,019,383
Advance for capital expenditure	11	4,924,384	1,173,612
Investment property		45,000	45,000
Long term investments		1,398,544	1,190,250
Long term deposits and prepayments		20,463	26,332
		<b>39,052,497</b>	<b>34,454,577</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		173,306	188,338
Stock in trade - food and beverages		94,033	96,189
Development properties		1,095,182	592,901
Trade debts		786,090	550,167
Advances	12	170,048	103,268
Trade deposits and prepayments		102,462	74,913
Interest accrued		1,212	1,011
Other receivables		61,598	48,832
Other financial assets		28,511	27,613
Advance tax - net		45,792	122,157
Cash and bank balances		397,851	459,779
		<b>2,956,085</b>	<b>2,265,168</b>
		<b>42,008,582</b>	<b>36,719,745</b>



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited) For the nine months period ended 31 March 2017

	Note	Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
		(Rupees'000)			
Sales and services - net	13	2,651,306	2,513,866	7,638,005	7,059,941
Cost of sales and services	14	(1,448,104)	(1,266,733)	(4,195,843)	(3,759,254)
Gross profit		1,203,202	1,247,133	3,442,162	3,300,687
Administrative expenses		(594,672)	(518,868)	(1,936,052)	(1,713,767)
Finance cost		(142,501)	(53,237)	(290,012)	(114,418)
Other income		21,854	289,778	218,861	531,515
		487,883	964,806	1,434,959	2,004,017
Share of gain in equity accounted investment-net		18,491	13,007	50,881	58,185
Profit before taxation		506,374	977,813	1,485,840	2,062,202
Taxation		(159,046)	(231,753)	(433,479)	(478,042)
Profit for the period		347,328	746,060	1,052,361	1,584,160

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

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

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



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director

## Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) For the nine months period ended 31 March 2017

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
	(Rupees'000)			
Profit for the period	347,328	746,060	1,052,361	1,584,160
Other comprehensive income for the period				
Items to be reclassified to profit and loss account in subsequent periods				
Exchange gain on translation of long term investments in equity accounted investees	-	3,698	-	6,833
Surplus on remeasurement of available for sale securities	104,560	(48,255)	82,150	(56,716)
Deferred Tax on other comprehensive income	-	(1,109)	-	(2,050)
Other comprehensive income for the period	104,560	(45,666)	82,150	(51,933)
Total comprehensive income for the period	<u>451,888</u>	<u>700,394</u>	<u>1,134,511</u>	<u>1,532,227</u>

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director

# Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the nine months period ended 31 March 2017

	Note	Nine months ended 31 March	
		2017	2016
		(Rupees'000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flow from operating activities before working capital changes	15	2,181,435	2,130,852
<b>Working capital changes (Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		15,032	(46,071)
Stock in trade		2,156	(12,080)
Development Property		(502,281)	(532,901)
Trade debts		(224,194)	(181,273)
Advances		(66,780)	(117,660)
Trade deposits and prepayments		(27,549)	(31,012)
Other receivables		(12,766)	(4,661)
<b>Increase in trade and other payables</b>			
Trade and other payables		208,444	32,259
<b>Cash used in operations</b>		(607,938)	(893,399)
Staff retirement benefit - gratuity paid		(33,029)	(22,026)
Compensated leave absences paid		(20,751)	(19,226)
Income tax paid		(367,405)	(459,272)
Finance cost paid		(256,446)	(133,958)
<b>Net cash generated from operating activities</b>		895,866	602,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(1,132,140)	(1,086,593)
Advance for capital expenditure		(3,750,772)	(1,385,951)
Proceeds from disposal of property, plant and equipment		8,822	53,638
Refund of short term advance		-	500,000
Purchase of other financial assets		-	(10,196)
Proceeds from maturity of other financial assets		151	12,794
Dividend income received		350	18,394
Return on bank deposits and term deposits receipts		19,294	30,708
Long term deposits and prepayments		5,869	(2,369)
<b>Net cash used in investing activities</b>		(4,848,426)	(1,869,575)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(500,000)	(50,000)
Proceeds from long term financing		3,900,000	2,000,000
Payment of transaction cost of long term financing		(36,500)	-
Dividend paid		(242,037)	(155,052)
Repayment of liabilities against assets subject to finance lease		(12,717)	(18,610)
<b>Net cash from financing activities</b>		3,108,746	1,776,338
Net decrease in cash and cash equivalents		(843,814)	509,734
Cash and cash equivalents at beginning of the period		459,779	780,396
Cash and cash equivalents at end of the period	16	(384,035)	1,290,130

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director

# Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the nine months period ended 31 March 2017

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

(Rupees'000)

Balance at 01 July 2015	325,242	269,424	147,221	1,600,000	470,594	185,365	4,577,399	7,575,245
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,584,160	1,584,160
Other comprehensive income for the period	-	-	-	-	4,783	(56,716)	-	(51,933)
Total comprehensive income for the period	-	-	-	-	4,783	(56,716)	1,584,160	1,532,227

#### Transaction with owners of the Company Distribution

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

-	-	-	-	-	-	-	(162,621)	(162,621)
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First interim cash dividend for the year 2015-16 (@ Rs. 5 per share)

-	-	-	-	-	-	-	(162,621)	(162,621)
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Balance at 31 March 2016	325,242	269,424	147,221	1,600,000	475,377	128,649	5,836,317	8,782,230
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Balance at 01 July 2016	325,242	269,424	147,221	1,600,000	493,439	140,546	4,853,511	7,829,383
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Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,052,361	1,052,361
Other comprehensive income for the period	-	-	-	-	-	82,150	-	82,150
Total comprehensive income for the period	-	-	-	-	-	82,150	1,052,361	1,134,511

#### Transaction with owners of the Company Distribution

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

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

-	-	-	-	-	-	-	(162,621)	(162,621)
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Second interim cash dividend for the year 2016-17 (@ Rs. 5.0 per share)

-	-	-	-	-	-	-	(162,621)	(162,621)
-	-	-	-	-	-	-	(406,552)	(406,552)

Balance at 31 March 2017	325,242	269,424	147,221	1,600,000	493,439	222,696	5,499,320	8,557,342
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The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

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

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



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director

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

## For the nine months period ended 31 March 2017

### 1 STATUS AND NATURE OF BUSINESS

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

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

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

Subsidiary Companies	Nature of business	Holding
Pearl Tours and Travels (Private) Limited	Rent-a-car, tour packages and travel related work	100%
Pearl Continental Hotels (Private) Limited	Non-operational	100%
City Properties (Private) Limited	Real estate development	100%
Elite Properties (Private) Limited	Real estate development	100%

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the nine months period ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim consolidated financial information do not include the information that reported for annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2016. Comparative consolidated balance sheet numbers are extracted from the annual audited consolidated financial statements for the year ended 30 June 2016, whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information for the nine months period ended 31 March 2016.

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

### 3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim consolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited consolidated financial statements for the year ended 30 June 2016.
- 3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017 and are not expected to have any significant effect on condensed interim consolidated financial information of the Group:

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

## For the nine months period ended 31 March 2017

- Amendments to IAS 7- 'Statement of Cash Flows '	(effective 01 January 2017)
- Amendments to IAS 12- 'Income Taxes '	(effective 01 January 2017)
- Amendments to IFRS 2 - 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IFRS 4 - 'Insurance Contracts'	(effective 01 January 2018)
- Amendments to IAS 40-'Investment Property '	(effective 01 January 2018)
- Amendments to IFRS 15 - 'Revenue from contracts with customers'	(effective 01 January 2018)
- Amendments to IFRS 16 - 'Leases'	(effective 01 January 2019)

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

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

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

#### 4 SHARE CAPITAL

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

		<b>Unaudited</b>	Audited
		<b>31 March</b>	30 June
		<b>2017</b>	2016
	<b>Note</b>	<b>(Rupees'000)</b>	
<b>5 LONG TERM FINANCING - secured</b>			
From banking companies			
Term Finance Loan - 1		-	50,000
Term Finance Loan - 2		850,000	850,000
Syndicated term loan		1,350,000	1,800,000
Transaction cost		(42,866)	(12,999)
		1,307,134	1,787,001
Term Finance Loan - 3	5.2	900,000	-
Term Finance Loan - 4	5.3	3,000,000	-
		6,057,134	2,687,001
Current portion of long term financing		(450,000)	(500,000)
		<u>5,607,134</u>	<u>2,187,001</u>

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

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

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

## For the nine months period ended 31 March 2017

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

### 6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE- secured

	<b>Unaudited 31 March 2017</b>	Audited 30 June 2016
<b>Present value of minimum lease payments (Rupees'000)</b>		
Balance at beginning of the period/ year	18,873	41,680
Assets acquired during the period	17,817	-
Repayments made during the period/ year	(12,717)	(22,807)
	23,973	18,873
Current portion	(11,405)	(12,308)
	<u>12,568</u>	<u>6,565</u>

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

	<b>Note</b>	<b>Unaudited 31 March 2017</b>	Audited 30 June 2016
<b>7 TRADE AND OTHER PAYABLES (Rupees'000)</b>			
Creditors		308,635	298,820
Accrued liabilities		611,960	547,187
Advances from customers		346,453	260,598
Shop deposits		56,130	54,395
Due to related parties - unsecured		17,766	14,814
Sales tax		168,123	97,516
Bed tax		3,114	60,359
Un-earned income		145,342	147,472
Unclaimed dividend	7.1	10,494	8,600
Dividend payable	7.2	162,621	-
Retention money		93,788	83,138
Others		68,308	46,876
		<u>1,992,734</u>	<u>1,619,775</u>

- 7.1 It includes an amount of Rs. 0.048 (30 June 2016: Rs. 0.015) million of related parties.  
7.2 It includes an amount of Rs. 54.572 (30 June 2016: Rs. Nil) million of related parties.

### 8 SHORT TERM BORROWINGS - secured

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



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

## For the nine months period ended 31 March 2017

### 9 CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

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

	<b>Unaudited 31 March 2017</b>	Audited 30 June 2016
	(Rupees'000)	
9.1.1 Guarantees - secured	202,148	190,243
9.2 Commitments		
Commitments for capital expenditure	1,558,414	426,609

### 10 PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
	<b>Unaudited 31 March 2017 - (Rupees'000)</b>			
Carrying value at beginning of the period	17,468,537	13,359,563	1,191,283	32,019,383
Additions during the period	273,338	17,817	858,802	1,149,957
Transfer from capital work in progress	228,342	-	(228,342)	-
Disposal during the period	(33,461)	-	-	(33,461)
Transfer from leased assets	15,569	(15,569)	-	-
Depreciation charge for the period	(468,622)	(3,151)	-	(471,773)
Carrying value at end of the period	<u>17,483,703</u>	<u>13,358,660</u>	<u>1,821,743</u>	<u>32,664,106</u>
	Audited 30 June 2016 - (Rupees'000)			
Carrying value at beginning of the year	14,600,763	13,387,020	1,034,293	29,022,076
Additions during the year	2,916,454	-	649,191	3,565,645
Transfer from capital work in progress	492,201	-	(492,201)	-
Disposal during the year	(39,731)	-	-	(39,731)
Transfer from leased assets	18,182	(18,182)	-	-
Depreciation charge for the year	(519,332)	(9,275)	-	(528,607)
Carrying value at end of the year	<u>17,468,537</u>	<u>13,359,563</u>	<u>1,191,283</u>	<u>32,019,383</u>

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

## For the nine months period ended 31 March 2017

11	ADVANCE FOR CAPITAL EXPENDITURE	Note	Unaudited	Audited
			31 March 2017	30 June 2016
			(Rupees'000)	
	Purchase of land	11.1	4,315,240	666,820
	Purchase of apartment		40,509	40,509
	Malir Delta Land	11.2	381,656	381,656
	Advance for purchase of fixed assets		186,979	84,627
			<u>4,924,384</u>	<u>1,173,612</u>

11.1 This includes Rs. 3,648 million paid to associated company, Gulf Properties (Private) Limited, for purchase of 4.18 acres of land located in Karachi.

11.2 This represents amount paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the 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.

## 12 ADVANCES

These includes advances to related parties for rendering of services and purchase of goods aggregating Rs. 33.828 million (30 June 2016: Rs. 20.716 million).

13	SALES AND SERVICES - net	Unaudited Three months ended 31 March		Unaudited Nine months ended 31 March	
		2017	2016	2017	2016
		(Rupees'000)			
	Rooms	1,496,264	1,419,829	4,288,473	3,943,338
	Food and beverages	1,425,116	1,380,758	4,134,606	3,876,567
	Other related services	146,045	137,948	429,928	399,114
	Vehicles Rental	53,819	33,462	136,515	98,224
	Shop license fees	12,709	8,273	32,995	24,686
		<u>3,133,953</u>	<u>2,980,270</u>	<u>9,022,517</u>	<u>8,341,929</u>
	Discounts and commissions	(57,730)	(38,275)	(158,006)	(109,458)
	Sales tax	(424,917)	(428,129)	(1,226,506)	(1,172,530)
		<u>2,651,306</u>	<u>2,513,866</u>	<u>7,638,005</u>	<u>7,059,941</u>

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

## For the nine months period ended 31 March 2017

	Unaudited Three months ended 31 March		Unaudited Nine months ended 31 March	
	2017	2016	2017	2016
	<b>(Rupees'000)</b>			
<b>14 COST OF SALES AND SERVICES</b>				
Food and beverages				
Opening balance	88,176	79,016	96,189	90,715
Purchases during the period	417,685	435,000	1,214,056	1,196,211
Closing balance	(94,033)	(102,795)	(94,033)	(102,795)
Consumption during the period	411,828	411,221	1,216,212	1,184,131
Direct expenses				
Salaries, wages and benefits	368,885	360,651	1,093,871	1,033,897
Heat, light and power	145,210	142,216	500,662	521,362
Repairs and maintenance	202,399	74,636	459,236	210,354
Depreciation	141,271	121,845	423,907	345,536
Guest supplies	58,550	57,222	171,462	163,883
Linen, china and glassware	30,359	22,472	83,840	78,018
Communication and other related services	18,845	19,507	56,072	55,625
Banquet and decoration	17,669	17,489	53,621	51,289
Transportation	8,251	4,115	19,103	14,558
Uniforms	7,599	7,047	21,215	19,285
Music and entertainment	3,041	2,888	9,117	8,805
Insurance	1,146	1,220	3,473	3,778
Vehicle Operating Expense	8,524	8,239	23,019	25,547
Vehicle Rental and registration charges	13,138	6,744	27,734	18,927
Others	11,389	9,221	33,299	24,259
	<u>1,448,104</u>	<u>1,266,733</u>	<u>4,195,843</u>	<u>3,759,254</u>

	Unaudited Nine months ended 31 March	
	2017	2016
	<b>(Rupees'000)</b>	
<b>15 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>		
Profit before taxation	1,485,840	2,062,202
Adjustments for:		
Depreciation	471,773	383,904
Loss/ (gain) on disposal of property, plant and equipment	24,639	(19,216)
Provision for staff retirement benefit - gratuity	36,569	41,244
Provision for compensated leave absences	31,368	18,869
Provision for doubtful debts	(11,729)	14,400
Return on bank deposits/Treasury bills/Certificate of Musharika	(19,495)	(30,113)
Interest on short term advance to related party	-	(38,060)
Share of profit in equity accounted investments	(50,881)	(58,185)
Finance cost	290,012	114,418
Dividend income	(350)	(539)
Unrealised (gain)/loss on remeasurement of investments to fair value - net	(1,049)	2,341
Reversal of impairment on investment in associated companies	(75,262)	(360,413)
	<u>2,181,435</u>	<u>2,130,852</u>

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

## For the nine months period ended 31 March 2017

**Unaudited**  
**Nine months ended**  
**31 March**

**2017**      **2016**

**(Rupees'000)**

### 16 CASH AND CASH EQUIVALENTS

Cash and bank balances	397,851	1,290,130
Short term borrowings	(781,886)	-
	<u>(384,035)</u>	<u>1,290,130</u>

### 17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and Provident Fund. Transaction and balances as of this reporting date with related parties are disclosed in notes 7, 12, and 14 to the condensed interim consolidated financial information. Other balances and transactions with related parties are as follows:

**Unaudited**  
**Nine months ended**  
**31 March**

**2017**      **2016**

**(Rupees'000)**

#### Transactions and balances with associated undertakings

Sales	773	663
Services provided	5,355	13,178
Services availed	43,331	38,006
Purchases	97,285	90,003
Purchase of air tickets	-	26,735
Franchise fee - income	3,919	2,533
Franchise and management fee - expense	8,401	8,892
Sale of Construction Material	-	763
Interest income on advance	-	38,060
Dividend income	-	53,562
Dividend paid	47,985	27,902
Advance for purchase of property	3,648,420	1,385,410

#### Balances as at the period end:

- Trade debts	13,434	*17,109
- Prepayments	833	* 5,208

#### Transactions and balances with other related parties

Sales	9	6
Services provided	94	53
Services availed	33,802	31,366
Purchases	2,381	3,518
Contribution to defined contribution plan - provident fund	27,843	24,643
Purchase of property, plant and equipment	-	205,623
Advance for capital expenditure	-	3,500
Dividend paid	3	2
Balances as at the period end:		
- Trade debts	709	*587
- Advance for capital expenditure	626,820	*630,320

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

## For the nine months period ended 31 March 2017

	<b>Unaudited Nine months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Rupees'000)</b>	
<b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	43,950	38,484
Dividend paid	4,341	2,890
Personal guarantees to Banks against the Parent Company's borrowings (Note 5)		
*Represents balance as at 30 June 2016		

### 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

## For the nine months period ended 31 March 2017

	Note	Carrying amount			Fair value	
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1
<b>(Rupees'000)</b>						
<b>On-balance sheet financial instruments</b>						
<u>31-March 2017</u>						
Financial assets measured at fair value						
Other financial assets		9,861	-	-	9,861	9,861
Financial assets not measured at fair value						
18.2						
Long term deposits		-	20,463	-	20,463	-
Trade debts		-	786,090	-	786,090	-
Advance to employees		-	36,406	-	36,406	-
Trade deposits		-	26,682	-	26,682	-
Interest accrued		-	1,212	-	1,212	-
Other receivables		-	61,598	-	61,598	-
Term Deposit Receipt		-	18,650	-	18,650	-
Cash and bank balances		-	397,851	-	397,851	-
		-	1,348,952	-	1,348,952	-
<b>(Rupees'000)</b>						
<b>On-balance sheet financial instruments</b>						
<u>30 June 2016</u>						
Financial assets measured at fair value						
Other financial assets		8,813	-	-	8,813	8,813
Financial assets not measured at fair value						
18.2						
Long term deposits		-	24,707	-	24,707	-
Trade debts		-	550,167	-	550,167	-
Advance to employees		-	27,686	-	27,686	-
Trade deposits		-	22,598	-	22,598	-
Interest accrued		-	1,011	-	1,011	-
Other receivables		-	48,832	-	48,832	-
Term Deposit Receipt		-	18,800	-	18,800	-
Cash and bank balances		-	459,779	-	459,779	-
		-	1,153,580	-	1,153,580	-
Financial liabilities not measured at fair value						
18.2						
Long term financing - secured		-	-	2,700,000	2,700,000	-
Short term borrowings		-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	18,873	18,873	-
18.3						
Trade and other payables		-	-	1,047,353	1,047,353	-
Markup accrued		-	-	85,032	85,032	-
		-	-	3,851,258	3,851,258	-

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

## For the nine months period ended 31 March 2017

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

### 19 NON- ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, of the Parent Company in its meeting held on April 25, 2017, has declared an interim cash dividend of Rs. 5 per share.

### 20 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 April 25, 2017.

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

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



M.A. Bawany  
Director



Shakir Abu Bakar  
Director

## TO ALL MEMBERS OF THE COMPANY

April 05, 2017

Dear Sir / Madam,

### INFORMATION PURSUANT TO SECTION 218 OF THE COMPANIES ORDINANCE, 1984

This is to inform the members of the Company that after the election of the Board of Directors held on March 21, 2017, following whole time Directors were re-elected for the next term of three years commencing from March 29, 2017 on the same remuneration and existing terms & conditions:

- 1 - Mr. M. A. Bawany
- 2 - Syed Haseeb Amjad Gardezi

Furthermore, the Board in its meeting held on March 29, 2017 has appointed Mr. Murtaza Hashwani as Chief Executive of the Company for the next term of three years commencing from March 29, 2017 on the following remuneration:

- a. Remuneration of Rs. 6,000,000/- per month
- b. Company maintained House with servants
- c. Actual medical expenses of self and family
- d. Children education
- e. Actual expenses of local and international traveling
- f. Membership/ subscription of Clubs
- g. All other allowances, benefits and perquisites as per Company policy

The above remuneration shall be subject to such increments, bonuses, adjustments and other entitlements as may be granted by the Board of Directors of the Company.

Yours faithfully,

For PAKISTAN SERVICES LIMITED

-sd-  
MANSOOR KHAN  
COMPANY SECRETARY











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