



PAKISTAN SERVICES LTD.



Pearl-Continental
HOTELS & RESORTS



**CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)**
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2018





*Cultured like no other
pearl in the world.*



Pearl-Continental

HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL INFORMATION

(UNAUDITED)

For the nine months period ended 31 March 2018



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 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. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Syed Asad Ali Shah	
Mr. M. Ahmed Ghazali Marghoob	

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Abdul Qadeer Khan

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
NIB Bank Limited
Silk Bank Limited
Faysal 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.hashoogroup.com>

SHARE REGISTRAR

M/s THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi.

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial information on the performance of the company for the nine months period ended 31 March 2018.

Economic Overview

With the clear improvements to security and safety, strong economic growth and initiatives, Pakistan is clearly open for business while international travelers have also started to take note. There is much improved and increased positive press and social media coverage highlighting the natural beauty of our country and diversity of our nation. Even within the country, confidence is high and every year domestic tourism is increasing substantially. Hospitality and Tourism industry has the potential to be one of the largest employers, revenue generators and leading to alleviating poverty in the country.

Gross domestic product (GDP) growth is expected to accelerate to 5.5% in FY 2018. Revival of international cricket after Pakistan Super League conveys positive image of Pakistan which will certainly help in the growth of economy.

Overall performance of the Company

During the nine months period ended 31 March 2018, the Company achieved 9% higher revenue against the comparative period, i.e. earned revenue (net) of Rs. 8,214 million, as compared to Rs. 7,553 million from the corresponding period of last year. The company achieved Gross profit of Rs. 4,038 million, which is Rs. 523 million higher from the corresponding period. Profit before tax is Rs. 931 million as compared to Rs. 1,680 million for comparative period of last year. Adverse performance of short term investments in marketable securities is the key reason for the dip in profits as there is an unrealized loss of Rs. 227 million from these investments during the period as compared to unrealized gain of Rs. 209 million during the comparative period of last year. Company is keen to upgrade its existing hotel properties and development of new business units. In order to achieve this objective the company has increased its gearing level resulting in higher finance cost.

Highlights of Performance:

	For the nine months period ended 31 March	
	2018	2017
	(Rupees million)	
Sales and Services - net	8,214	7,553
Gross profit	4,038	3,515
Profit before taxation	931	1,680
Profit after taxation	672	1,253
Earnings per share (Rupees)	20.65	38.52

Interim Dividend

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

Performance of Rooms Department

During the period under review Rooms revenue (net) was recorded at Rs. 4,111 million against Rs. 3,697 million for the corresponding period of last year registering growth of 11%. This growth was achieved through increased Occupancy of 5% and improved Average Daily Rate (ADR) of 4%.

Performance of Food & Beverage (F&B) Department

Revenue from this segment was recorded at Rs. 3,734 million as compared to Rs. 3,523 million for the corresponding period of last year registering an overall increase of 6%. Improved number of covers by 2% and increase in average per cover by 3% resulted in the growth of this segment.

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

The revenue of Rs. 369 million was achieved during the period as compared to Rs. 333 million for corresponding period of last year registering a growth of 11%.

Prospects

To keep in forefront of hospitality industry and enhance the customer satisfaction, Company is continuing its emphasis towards up gradation and renovation of its existing facilities. The construction phase of Pearl Continental Hotel Multan and Mirpur is progressing well.

In order to upgrade its existing properties and for the development of new business units, Company entered into an arrangement of rated, secured, long term privately placed sukuk issue of Rs. 7,000 million during the current financial year which is being drawn in phases.

Consolidated Results

During the period under review the group recorded a revenue (net) of Rs. 8,286 million as compared to Rs. 7,638 million for corresponding period of last year, registering a growth of 8%. Profit after taxation was recorded at Rs. 780 million in comparison with Rs. 1,132 million for the corresponding period of last year.

Acknowledgement

The Board wish to express its profound appreciation to the entire team of Pakistan Services Limited, our bankers, the valued guests, consultants, shareholders as well as all other stakeholders for their sustained confidence in and their support to the Company.

For and on behalf of the Board of Directors.



Murtaza Hashwani
Chief Executive



M.A. Bawany
Director

Islamabad: 23 April 2018

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پبلیس ایل) کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی نو ماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ مسرت کے ساتھ پیش کر رہے ہیں۔

اقتصادی جائزہ:

پاکستان میں بہتر سکیورٹی کی صورتحال اور بہتر معاشی حالات کی وجہ سے بین الاقوامی کاروباری طبقہ کیلئے راہیں ہموار ہو رہی ہیں بین الاقوامی سیاحوں کی توجہ بھی پاکستان کی طرف مبذول ہو رہی ہے۔ صحافتی حلقے اور سوشل میڈیا نے بھی پاکستان میں سکیورٹی کی بہتر ہوتی ہوئی صورتحال اور قدرتی خوبصورتی کو نمایاں کرنے میں مثبت کردار ادا کیا ہے۔

حالات کی بہتری کا اثر قومی سیاحت میں بھی نظر آ رہا ہے اور اندرون ملک سیاحوں کی تعداد میں بھی کثیر اضافہ ہوا ہے۔ بلاشبہ سیاحت کا شعبہ ملک میں کثیر تعداد میں نوکریاں اور ذرائع آمدن پیدا کرنے کا حامل ہے۔ جو ملک میں غربت میں کمی لانے میں اہم کردار ادا کر سکتا ہے۔

مجموعی گھریلو مصنوعات (جی ڈی پی) کی ترقی ۲۰۱۸ میں ۵.۵ فیصد تک متوقع ہے۔ پاکستان میں بین الاقوامی کرکٹ کی واپسی اور پاکستان سپر لیگ کے کامیاب انعقاد کے بعد ملکی تشخص میں بہتری اور معاشی ترقی کی راہیں ہموار ہوئی ہیں۔

کمپنی کی مجموعی کارکردگی:

۳۱ مارچ ۲۰۱۸ء تک ختم ہونے والی نو ماہی مدت کے دوران کمپنی ۸,۲۱۴ ملین روپے کی خالص آمدنی حاصل کی ہے جو گزشتہ سال کے اسی عرصے کے دوران ریکارڈ ہونے والے ۵,۵۵۳ ملین روپے کے محاصلات سے ۹ فی صد زیادہ ہے۔ کمپنی کا مجموعی منافع ۴,۰۳۸ ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں ۵,۲۳۳ ملین روپے زیادہ ہے۔ قبل از ٹیکس منافع گزشتہ برس کے اسی عرصے کے ۶,۱۶۰ ملین کے مقابلے میں ۹۳۱ ملین ریکارڈ کیا گیا۔ بازار حصص کے مندرجہ تہہ سہہ میں سرمایہ کاری سے نقصان گزشتہ برس کے اسی عرصے کے ۲۰۹ ملین کے منافع کے مقابلے میں ۲۴۷ ملین روپے ریکارڈ کیا گیا۔ اس نقصان کی وجہ سے قبل از ٹیکس منافع گزشتہ برس کے اسی عرصے کے مقابلے میں بہت نسبتاً کم ہو گیا ہے۔ کمپنی اپنے موجودہ ہوٹل کو توسیع دینے، جدید بنانے اور نئی کاروباری یونٹس کی ترقی کا خواہاں ہے۔ اس مقصد کو حاصل کرنے کے لیے کمپنی کے مالیاتی اخراجات میں اضافہ ہوا ہے۔

کارکردگی کی جھلکیاں:

نوامی مدت اختتام ۳۱ مارچ ۲۰۱۸ء		
	۲۰۱۸	۲۰۱۷
	(ملین روپے)	
فروخت اور خدمات (خالص)	۸,۲۱۴	۷,۵۵۳
کل منافع	۴,۰۳۸	۳,۵۱۵
منافع قبل از ٹیکس	۹۳۱	۱,۶۸۰
منافع بعد از ٹیکس	۶۷۲	۱,۲۵۳
فی حصہ آمدنی (روپے میں)	۲۰.۶۵	۳۸.۵۲

عبوری منافع:

بورڈ آف ڈائریکٹرز 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 ۵ روپے فی شیئر (۵۰ فیصد) کے علاوہ ہے۔

رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے ۳,۶۹۷ ملین روپے کی نسبت آمدنی (خالص) ۱۱ فیصد اضافے کے ساتھ ۴,۱۱۱ ملین روپے ریکارڈ کی گئی۔ رومز ریونیو (خالص) میں اضافہ اوسط پویمیکس کے شرح (اے ڈی آر) میں ۴ فیصد اضافے کی وجہ سے ہے۔

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

اس شعبے کی خالص آمدن ۶ فیصد اضافے کے ساتھ ۳,۳۴ ملین روپے ریکارڈ کی گئی جو گزشتہ اسی عرصے کے مقابلے میں ۳,۵۲۳ ملین روپے تھی۔

دیگر متعلقہ خدمات لائسنس فیس/ٹریپول وٹورڈویشن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران ۱۱ فیصد اضافہ ریکارڈ کیا گیا۔ گزشتہ برس کے اسی عرصے کے دوران ۳,۳۳۳ ملین روپے کے مقابلے میں ۳,۶۹۷ ملین روپے کی آمدنی (خالص) حاصل کی گئی۔

مستقبل کے امکانات:

کمپنی سیاحت کے شعبے میں اول رہنے اور اپنے مہمانوں کا مزید اعتماد بحال کرنے کے لیے اور بہتر خدمات پر خصوصی توجہ دینے کے ساتھ ساتھ جدیدیت اور توسیع کے منصوبوں کی طرف دیکھ رہی ہے۔ پرل کانسٹیبل ہوٹل ملتان اور میرپور کی تعمیر کا مرحلہ تیز رفتاری سے آگے بڑھ رہا ہے۔ توسیع کے منصوبوں کو آگے بڑھانے کے لیے اور جلد از جلد مکمل کرنے کے لیے کمپنی نے اس سال ۷ ارب روپے طویل مدتی اور محفوظ سکوک جاری کرنے کے انتظامات کر لئے ہیں جو کہ وقتاً فوقتاً جاری ہوں گے۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے ۸ فی صد اضافے کے ساتھ ۸,۲۸۶ ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں ۷,۶۳۸ ملین روپے تھے۔ گزشتہ برس اسی عرصے کے دوران ۱,۱۳۲ ملین روپے کی نسبت ۷۸۰ ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا گیا۔

اظہار تشکر:

ہم بورڈ کی جانب سے خصوصی پیشہ ورانہ خدمات کے لیے کمپنی کے عملے کا شکریہ ادا کرتے ہیں اور ہم اپنے معزز مہمانوں کے بھی شکر گزار ہیں، جو ہمیشہ ہماری اور اسٹاف کی حوصلہ افزائی کرتے ہیں تاکہ بہترین پروڈکٹس اور خدمات کی فراہمی میں ان کا مسلسل تعاون اور سرپرستی حاصل رہے۔ ہم ان تمام مشوروں، تعاون اور باہمی ادراک کے لیے اپنے کنسلٹنٹس، بینکاروں، مشیران اور شراکت داروں کے ممنون ہیں، جو ہمارے پروگراموں، پروڈکٹس اور عمومی کاروباری امور میں کامیابی کے لیے انتہائی اہم ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Rawan

ایم۔ اے باوانی

ڈائریکٹر

حسد

مرٹضی ہاشونی

چیف ایگزیکٹو

اسلام آباد: ۲۳ اپریل ۲۰۱۸ء





**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION**

(Unaudited)

For the nine months period ended 31 March 2018

Condensed Interim Unconsolidated Statement of Financial Position As at 31 March 2018

		Unaudited 31 March 2018	Audited 30 June 2017
	Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	325,242	325,242
Reserves		1,869,424	1,869,424
Surplus on revaluation of property, plant and equipment		23,779,515	23,779,515
Unappropriated profit		6,476,567	6,130,276
		<u>32,450,748</u>	<u>32,104,457</u>
NON CURRENT LIABILITIES			
Long term financing	5	9,095,523	6,816,692
Deferred liabilities		925,621	809,299
		<u>10,021,144</u>	<u>7,625,991</u>
CURRENT LIABILITIES			
Trade and other payables	6	1,752,793	1,656,447
Markup accrued		170,790	103,859
Short term borrowings	7	625,604	339,943
Current portion of long term financing	5	1,060,833	492,500
		<u>3,610,020</u>	<u>2,592,749</u>
		<u>46,081,912</u>	<u>42,323,197</u>
CONTINGENCIES AND COMMITMENTS			
	8		

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

		Unaudited 31 March 2018	Audited 30 June 2017
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	9	34,839,875	32,898,795
Advance for capital expenditure	10	1,499,795	1,346,935
Investment property		50,000	50,000
Long term investments	11	2,527,364	1,141,794
Long term advance		-	400,000
Long term deposits		37,155	22,323
		38,954,189	35,859,847
CURRENT ASSETS			
Stores, spare parts and loose tools		187,458	175,714
Stock in trade - food and beverages		92,693	83,160
Trade debts		901,266	601,610
Advances		173,087	100,041
Trade deposits and prepayments		107,618	66,985
Interest accrued		2,695	20,945
Other receivables	12	3,065,576	3,707,279
Other financial assets	13	1,146,764	1,373,707
Advance tax - net		243,502	63,251
Cash and bank balances		1,207,064	270,658
		7,127,723	6,463,350
		46,081,912	42,323,197


Murtaza Hashwani
 Chief Executive


M.A. Bawany
 Director


Abdul Qadeer Khan
 Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit and Loss (Unaudited)

For the nine months period ended 31 March 2018

	Note	Three months ended 31 March		Nine months ended 31 March	
		2018	2017	2018	2017
		(Rupees'000)			
Sales and services - net	14	2,882,366	2,614,092	8,213,507	7,552,531
Cost of sales and services	15	(1,417,480)	(1,389,718)	(4,175,215)	(4,037,535)
Gross profit		1,464,886	1,224,374	4,038,292	3,514,996
Administrative expenses		(838,816)	(590,601)	(2,485,741)	(1,907,179)
Finance cost		(182,272)	(142,284)	(504,660)	(288,443)
Other (loss) / income - net		80,587	151,457	(116,664)	360,134
Profit before taxation		524,385	642,946	931,227	1,679,508
Taxation		(94,883)	(157,443)	(259,694)	(426,672)
Profit for the period		429,502	485,503	671,533	1,252,836
Earnings per share - basic and diluted (Rupees)	16	13.21	14.93	20.65	38.52

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


Murtaza Hashwani
Chief Executive


M.A. Bawany
Director


Abdul Qadeer Khan
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) For the nine months period ended 31 March 2018

	Three months ended 31 March		Nine months ended 31 March	
	2018	2017	2018	2017
	(Rupees'000)			
Profit for the period	429,502	485,503	671,533	1,252,836
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>429,502</u>	<u>485,503</u>	<u>671,533</u>	<u>1,252,836</u>

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


Murtaza Hashwani
Chief Executive


M.A. Bawany
Director


Abdul Gadeer Khan
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flow (Unaudited)

For the nine months period ended 31 March 2018

	Note	Nine months ended 31 March	
		2018	2017
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	17	2,176,728	2,188,461
Working capital changes (Increase)/ decrease in current assets			
Stores, spare parts and loose tools		(11,744)	15,032
Stock in trade		(9,533)	2,156
Trade debts		(293,962)	(211,871)
Advances		(73,046)	(63,905)
Trade deposits and prepayments		(40,633)	(25,491)
Other receivables		641,703	(11,869)
Increase in trade and other payables			
Trade and other payables		100,391	195,954
Cash from/(used in) operations		313,176	(99,994)
Staff retirement benefit - gratuity paid		(37,586)	(33,029)
Compensated leave absences paid		(21,363)	(20,751)
Income tax paid		(351,166)	(363,505)
Finance cost paid		(448,723)	(255,020)
Net cash generated from operating activities		1,631,066	1,416,162
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2,166,240)	(1,131,317)
Advance for capital expenditure		(401,832)	(3,750,772)
Proceeds from disposal of property, plant and equipment		41,840	7,772
Long term investment		(966,000)	(77,500)
Long term advance		-	(400,000)
Dividend income received		355	350
Return on bank deposits		17,342	17,720
Long term deposits		(14,832)	5,158
Net cash used in investing activities		(3,489,367)	(5,328,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(450,000)	(500,000)
Proceeds from long term financing		1,000,000	3,900,000
Proceeds from Issuance of Sukuk		2,333,333	-
Payment of Facility arrangement/transaction cost		(45,000)	(36,500)
Dividend paid		(329,287)	(242,037)
Net cash from financing activities		2,509,046	3,121,463
Net increase / (decrease) in cash and cash equivalents		650,745	(790,964)
Cash and cash equivalents at beginning of the period		(69,285)	379,130
Cash and cash equivalents at end of the period	18	581,460	(411,834)

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


Murtaza Hashwani
Chief Executive


M.A. Bawany
Director


Abdul Qadeer Khan
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the nine months period ended 31 March 2018

Share capital	Capital reserve	Revenue reserves		Surplus on revaluation of property, plant & equipment	Total equity
	Share premium	General reserve	Unappropriated profit		

(Rupees'000)

Balance at 01 July 2016- as previously reported	325,242	269,424	1,600,000	5,580,999	-	7,775,665
Effect of change in policy (Note - 3.1.1)	-	-	-	-	23,779,515	23,779,515
Balance at 01 July 2016- restated	325,242	269,424	1,600,000	5,580,999	23,779,515	31,555,180

Total comprehensive income for the period

Profit for the period	-	-	-	1,252,836	-	1,252,836
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,252,836	-	1,252,836

**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	6,427,283	23,779,515	32,401,464
---------	---------	-----------	-----------	------------	------------

Balance at 01 July 2017-as previously reported

Effect of change in policy-(Note - 3.1.1)

325,242	269,424	1,600,000	6,130,276	-	8,324,942
---------	---------	-----------	-----------	---	-----------

Balance at 01 July 2017- restated

325,242	269,424	1,600,000	6,130,276	23,779,515	32,104,457
---------	---------	-----------	-----------	------------	------------

Total comprehensive income for the period

Profit for the period

-	-	-	671,533	-	671,533
---	---	---	---------	---	---------

Other comprehensive income for the period

-	-	-	-	-	-
---	---	---	---	---	---

Total comprehensive income for the period

-	-	-	671,533	-	671,533
---	---	---	---------	---	---------

**Transaction with owners of the Company
Distribution**Final cash dividend for the year ended 30 June 2017
declared subsequent to the year end
(@ Rs. 5 per share)

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

First interim cash dividend for the year
2017-18 (@ Rs. 5.0 per share)

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

Total distribution

-	-	-	(325,242)	-	(325,242)
---	---	---	-----------	---	-----------

Balance at 31 March 2018

325,242	269,424	1,600,000	6,476,567	23,779,515	32,450,748
---------	---------	-----------	-----------	------------	------------

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



Murtaza Hashwani
Chief Executive



M.A. Bawany
Director



Abdul Qadeer Khan
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

1 STATUS AND NATURE OF BUSINESS

Pakistan Services Limited ("the Company") was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) 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 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. The disclosures in this condensed interim unconsolidated financial information do not include the information that was reported for annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 2017. Comparative unconsolidated statement of financial position numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2017, whereas comparative unconsolidated statement of profit and loss, unconsolidated statement of comprehensive income, unconsolidated statement of cash flow and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the nine months period ended 31 March 2017.

This condensed interim unconsolidated financial information is unaudited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 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 2017, except as disclosed in note 3.1.1.
- 3.1.1 The Companies Act, 2017, which is effective at the reporting date, has not carried forward the specific requirement to show surplus on revaluation of property, plant and equipment under the shareholders equity which was previously required under repealed Companies Ordinance, 1984. Therefore presentation of surplus on revaluation of property, plant and equipment is now as per requirement IAS 16 under the shareholders equity. Since this change require retrospective adjustment, accordingly presentation of surplus on revaluation of property, plant and equipment is reclassified in current and comparative period.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2019 and are not expected to have any significant effect on the Company's financial statements:

- Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2019)
- Amendments to IAS 19 'Employee Benefits'	(effective 01 January 2019)
- IFRIC 23 'Uncertainty over Income Tax Treatments'	(effective 01 January 2019)
- IFRS 9 'Financial Instruments' and amendment	(effective 01 January 2019)
- IFRS 16 'Leases'	(effective 01 January 2019)
Annual improvements to IFRS standards 2015-2017 cycle:	
- IFRS 3 'Business Combinations'	(effective 01 January 2019)
- IFRS 11 'Joint Arrangement'	(effective 01 January 2019)
- IAS 12 'Income Taxes'	(effective 01 January 2019)
- IAS 23 'Borrowing Cost'	(effective 01 January 2019)

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2017.

		Unaudited 31 March 2018	Audited 30 June 2017
	Note	(Rupees '000)	
5 LONG TERM FINANCING - secured			
From banking companies - Conventional banks			
Term Finance Loan - 1		850,000	850,000
Term Finance Loan - 2		2,150,000	2,150,000
Term Finance Loan - 3		3,000,000	3,000,000
Term Finance Loan - 4	5.2	1,000,000	-
Syndicated term loan		900,000	1,350,000
Transaction cost		(32,400)	(40,808)
Current portion of long term financing		7,867,600	7,309,192
		(1,060,833)	(492,500)
		6,806,767	6,816,692
From Islamic Finance			
Sukuk	5.3	2,333,333	-
Transaction cost		(45,000)	-
Amortized		423	-
		2,288,756	-
		<u>9,095,523</u>	<u>6,816,692</u>

5.1 Except for the facility arrangements 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 2017.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

- 5.2 This represent utilized amount of term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% per annum payable semi-annually (30 June 2017: Nil). This facility is secured against first pari passu equitable mortgage charge over land and building and first pari passu hypothecation charge on all moveable assets of Pearl Continental Hotel, Peshawar with 25% margin. The loan is repayable in ten equal semi-annual installments commencing from 22 May 2020.
- 5.3 During the period the Company entered into an arrangement of rated, secured, long term privately placed Sukuk issue of Rs. 7,000 million. Out of the total arrangement the Company issued 1st tranche of Sukuk amounting to Rs. 2,333.33 million. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carrying profit of 6-month KIBOR plus 1% per annum payable semi-annually. The Sukuk arrangement is secured by way of first mortgage charge on Pearl Continental Hotel, Lahore with 25% margin and hypothecation on all the present and future assets (excluding land and building) of Pearl Continental Hotel, Lahore. Redemption of Sukuk will be in nine equal semi-annual installments starting from March 2020.

	Unaudited 31 March 2018	Audited 30 June 2017
	(Rupees '000)	
6 TRADE AND OTHER PAYABLES		
Creditors	360,587	263,464
Accrued liabilities	566,088	571,715
Advances from customers	357,781	323,783
Shop deposits	57,658	55,630
Retention money	137,887	95,109
Due to related parties - unsecured	17,356	20,105
Sales tax - net	43,714	101,024
Unclaimed dividend	12,543	16,588
Income tax deducted at source	7,071	3,300
Un-earned income	139,205	155,375
Other liabilities	52,903	50,354
	<u>1,752,793</u>	<u>1,656,447</u>

7 SHORT TERM BORROWINGS - Secured

These facilities are obtained from various commercial banks with an aggregate limit of Rs. 1,845 million (30 June 2017: Rs. 1,250 million) which are secured against pari passu equitable mortgage charge on fixed assets and hypothecation charge on stock-in-trade, trade debts, receivables and all other moveable properties of Pearl Continental Hotel Karachi and Rawalpindi and lien on certain listed securities held by the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (30 June 2017: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%) per annum.

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 2017 except for the guarantees as disclosed below:

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

	Unaudited 31 March 2018	Audited 30 June 2017 (Rupees '000)
8.1.1 Guarantees	164,123	201,721
8.2 Commitments		
Commitments for capital expenditure	1,399,546	992,863

9 PROPERTY, PLANT AND EQUIPMENT

	Assets	Capital work in progress	Total
	(Rupees in '000)		
Unaudited 31 March 2018			
Carrying value at beginning of the period	30,824,665	2,074,130	32,898,795
Additions during the period	568,347	1,866,690	2,435,037
Transfer from capital work in progress	1,544,480	(1,544,480)	-
Disposal during the period	(38,689)	-	(38,689)
Depreciation charge for the period	(455,268)	-	(455,268)
Carrying value at end of the period	<u>32,443,535</u>	<u>2,396,340</u>	<u>34,839,875</u>
Audited 30 June 2017			
Carrying value at beginning of the year	30,456,155	1,144,282	31,600,437
Additions during the year	589,908	1,272,851	1,862,759
Transfer from capital work in progress	343,003	(343,003)	-
Disposal during the year	(57,187)	-	(57,187)
Depreciation charge for the year	(507,214)	-	(507,214)
Carrying value at end of the year	<u>30,824,665</u>	<u>2,074,130</u>	<u>32,898,795</u>

	Note	(Rupees '000)
9.1 CAPITAL WORK IN PROGRESS		
Construction of Pearl Continental Multan		831,940
Construction of Pearl Continental Mirpur		523,484
Other civil works		718,706
		<u>2,074,130</u>
		<u>2,396,340</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

		Unaudited 31 March 2018	Audited 30 June 2017
		(Rupees '000)	
10 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land		720,105	666,820
Advance for purchase of Malir Delta Land	10.1	381,656	381,656
		1,101,761	1,048,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		289,286	173,154
Advance for Pearl Continental Multan Project		53,975	47,986
Advance for Pearl Continental Mirpur Project		54,773	77,319
		398,034	298,459
		<u>1,499,795</u>	<u>1,346,935</u>

- 10.1 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.

11 LONG TERM INVESTMENTS

During the period the Company made further investment of Rs. 966 million in its wholly owned subsidiaries. The Company also converted long term advance of Rs. 400 million and interest thereon extended to the wholly owned subsidiary Company.

12 OTHER RECEIVABLES

This includes Rs. 3,018 million (30 June 2017: Rs 3,648 million) balance due from an associated company Gulf Properties (Private) Limited, on account of cancellation of agreement for purchase of land.

		Unaudited 31 March 2018	Audited 30 June 2017
		(Rupees '000)	
13 OTHER FINANCIAL ASSETS			
Shares of listed companies	Note		
Term Deposit Receipt	13.1	1,137,241	1,364,184
		9,523	9,523
		<u>1,146,764</u>	<u>1,373,707</u>

- 13.1 This mainly includes investment in an associated company having carrying value of Rs. 1,129 million (30 June 2017 : Rs. 1,355 million).
- 13.1.1 Out of total shares held by the Company, 12,500,000 (30 June 2017: 3,000,000) ordinary shares are placed / marked lien as security against running finance facility of the Company (Refer to note 7).

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

14 SALES AND SERVICES - net	Note	Unaudited		Unaudited	
		Three months ended 31 March		Nine months ended 31 March	
		2018	2017	2018	2017
		(Rupees '000)			
Rooms		1,680,576	1,504,380	4,791,714	4,303,097
Food and beverages		1,547,977	1,425,947	4,368,055	4,136,874
Other related services	14.1	143,409	135,003	435,672	407,881
Shop license fees		12,789	12,709	37,633	32,995
		<u>3,384,751</u>	<u>3,078,039</u>	<u>9,633,074</u>	<u>8,880,847</u>
Discounts and commissions		(45,109)	(49,909)	(123,407)	(129,681)
Sales tax		(457,276)	(414,038)	(1,296,160)	(1,198,635)
		<u>2,882,366</u>	<u>2,614,092</u>	<u>8,213,507</u>	<u>7,552,531</u>

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

15 COST OF SALES AND SERVICES	Unaudited		Unaudited	
	Three months ended 31 March		Nine months ended 31 March	
	2018	2017	2018	2017
	(Rupees '000)			
Food and beverages				
Opening balance	82,128	88,176	83,160	96,189
Purchases during the period	466,260	417,689	1,284,107	1,214,056
Closing balance	(92,693)	(94,033)	(92,693)	(94,033)
Consumption during the period	<u>455,695</u>	<u>411,832</u>	<u>1,274,574</u>	<u>1,216,212</u>
Direct expenses				
Salaries, wages and benefits	407,752	354,623	1,164,887	1,053,543
Heat, light and power	133,021	145,210	501,239	500,662
Repairs and maintenance	97,862	201,863	319,840	457,567
Depreciation	152,469	114,069	409,741	340,741
Guest supplies	65,131	58,550	184,459	171,462
Linen, china and glassware	27,023	30,359	83,791	83,840
Communication and other related services	22,689	18,845	61,558	56,072
Banquet and decoration	19,230	17,669	63,019	53,621
Transportation	20,162	14,925	53,346	41,568
Uniforms	5,283	7,599	18,174	21,215
Music and entertainment	3,530	3,041	9,738	9,117
Others	7,633	11,133	30,849	31,915
	<u>1,417,480</u>	<u>1,389,718</u>	<u>4,175,215</u>	<u>4,037,535</u>
16 EARNINGS PER SHARE				
Profit for the period (Rupees '000)	<u>429,502</u>	<u>485,503</u>	<u>671,533</u>	<u>1,252,836</u>
Weighted average number of ordinary shares (Numbers)	<u>32,524,170</u>	<u>32,524,170</u>	<u>32,524,170</u>	<u>32,524,170</u>
Earnings per share - basic (Rupees)	<u>13.21</u>	<u>14.93</u>	<u>20.65</u>	<u>38.52</u>

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 2018

	Unaudited Nine months ended 31 March	
	2018	2017
	(Rupees '000)	
17 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	931,227	1,679,508
Adjustments for:		
Depreciation	455,268	378,601
(Gain) / loss on disposal of property, plant and equipment	(3,151)	25,250
Provision for staff retirement benefit - gratuity	45,279	36,569
Provision for compensated leave absences	41,214	31,368
Provision for doubtful debts	(5,694)	(11,729)
Return on bank deposits / certificate of investment	(18,662)	(17,876)
Interest on long term advance to related party	-	(11,981)
Finance cost	504,660	288,443
Dividend income	(355)	(350)
Unrealised loss/ (gain) on remeasurement of investments to fair value - net	226,942	(209,342)
	2,176,728	2,188,461

18 CASH AND CASH EQUIVALENTS

Cash and bank balances	1,207,064	370,052
Short term borrowings	(625,604)	(781,886)
	581,460	(411,834)

19 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, 11, 12 and 13 to the condensed interim unconsolidated financial information. Other balances and transactions with related parties are as follows:

	Unaudited Nine months ended 31 March	
	2018	2017
	(Rupees '000)	
Transactions and balances with subsidiary companies		
Sales	2,891	2,268
Services provided	10,421	14,624
Services availed	72,536	44,930
Long term advance	-	400,000
Interest income on advance	-	11,981
Investment	966,000	77,500
Long term loan and accrued interest thereon converted into equity investment	419,570	-

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

	Unaudited	
	Nine months ended 31 March	
	2018	2017
	(Rupees '000)	
Balances as at the period end:		
- Trade debts	8,374	*4,344
- Long term investments	2,527,364	* 1,141,794
- Accrued interest on Advance	-	* 19,570
- Long term advance	-	* 400,000
Transactions and balances with associated undertakings		
Sales	108	773
Services provided	1,197	1,933
Services availed	19,574	31,997
Purchases	110,168	95,138
Franchise fee - income	3,724	3,919
Franchise and management fee - expense	8,305	8,401
Refund of advance for purchase of land	630,000	-
Dividend paid	88,610	47,985
Purchase of fixed asset	17,444	-
Advance for purchase of land	-	3,648,420
Balances as at the period end:		
- Trade debts	2,697	* 12,166
- Advances	9,543	*24,518
- Receivables	3,018,420	*3,648,420
Transactions and balances with other related parties		
Sales	28	9
Services provided	181	94
Services availed	80,686	33,802
Purchases	4,422	2,381
Contribution to defined contribution plan - provident fund	33,790	27,843
Dividend paid	3	3
Balances as at the period end:		
- Trade debts	711	*851
- Advance for capital expenditure	626,820	*626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	110,601	43,950
Dividend paid	4,916	4,341

*Represents balance as at 30 June 2017

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

20.1 Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments	Note	Carrying amount			Total	Fair value			Total
		Fair value through profit and loss	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
31 March 2018		(Rupees '000)							
Financial assets measured at fair value									
Shares of listed companies	13	1,137,241	-	-	1,137,241	1,137,241	-	-	1,137,241
Financial assets not measured at fair value									
Long term deposits	20.2	-	37,155	-	37,155	-	-	-	-
Trade debts		-	901,266	-	901,266	-	-	-	-
Advance to employees		-	53,039	-	53,039	-	-	-	-
Trade deposits		-	17,772	-	17,772	-	-	-	-
Interest accrued		-	2,695	-	2,695	-	-	-	-
Other receivables		-	3,065,576	-	3,065,576	-	-	-	-
Term deposit receipt		-	9,523	-	9,523	-	-	-	-
Cash and bank balances		-	1,207,064	-	1,207,064	-	-	-	-
		-	5,294,090	-	5,294,090	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing	20.2	-	-	7,867,600	7,867,600	-	-	-	-
Short term borrowings		-	-	625,604	625,604	-	-	-	-
Trade and other payables	20.3	-	-	1,205,022	1,205,022	-	-	-	-
Markup accrued		-	-	170,790	170,790	-	-	-	-
		-	-	9,869,016	9,869,016	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

On-balance sheet financial instruments	Note	Carrying amount			Fair value				
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2017									
(Rupees'000)									
Financial assets measured at fair value									
Shares of listed companies		1,364,184	-	-	1,364,184	1,364,184	-	-	1,364,184
Financial assets not measured at fair value									
Long term advance	20.2	-	400,000	-	400,000	-	-	-	-
Long term deposits		-	22,323	-	22,323	-	-	-	-
Trade debts		-	601,610	-	601,610	-	-	-	-
Advance to employees		-	5,546	-	5,546	-	-	-	-
Trade deposits		-	19,658	-	19,658	-	-	-	-
Interest accrued		-	20,945	-	20,945	-	-	-	-
Other receivables		-	3,707,279	-	3,707,279	-	-	-	-
Term deposit receipt		-	9,523	-	9,523	-	-	-	-
Cash and bank balances		-	270,658	-	270,658	-	-	-	-
		-	5,057,542	-	5,057,542	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing	20.2	-	-	7,350,000	7,350,000	-	-	-	-
Short term borrowings		-	-	339,943	339,943	-	-	-	-
Trade and other payables	20.3	-	-	1,072,965	1,072,965	-	-	-	-
Markup accrued		-	-	103,859	103,859	-	-	-	-
		-	-	8,866,767	8,866,767	-	-	-	-

20.2 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.

20.3 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.

21 GENERAL

21.1 Non- adjusting event after the balance sheet

The Board of Directors, in its meeting held on 23 April 2018, has declared an interim cash dividend of Rs. 5/- per share.

21.2 The amount of depreciation charge Rs. 79.391 million in comparative profit and loss account is restated pursuant to change in useful life of building, as disclosed in the annual audited financial statements for the year ended 30 June 2017.

21.3 Date of authorisation for issue

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in their meeting held on 23 April 2018.


Murtaza Hashwani
Chief Executive


M.A. Bawany
Director


Abdul Qadeer Khan
Chief Financial Officer





**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

(Unaudited)

For the nine months period ended 31 March 2018

Condensed Interim Consolidated Statement of Financial Position As at 31 March 2018

		Unaudited 31 March 2018	Audited 30 June 2017
	Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	325,242	325,242
Reserves		2,631,587	2,737,968
Surplus on revaluation of property, plant and equipment		23,779,515	23,779,515
Unappropriated profit		5,688,763	5,233,980
		<u>32,425,107</u>	<u>32,076,705</u>
NON CURRENT LIABILITIES			
Long term financing	5	9,095,523	6,816,692
Liabilities against assets subject to finance lease	6	16,114	10,949
Deferred liabilities		975,238	853,844
		<u>10,086,875</u>	<u>7,681,485</u>
CURRENT LIABILITIES			
Trade and other payables	7	1,839,870	1,676,390
Markup accrued		171,382	104,285
Short term borrowings	8	625,604	339,943
Current portion of long term financing and liabilities against assets subject to finance lease		1,070,325	505,619
		<u>3,707,181</u>	<u>2,626,237</u>
		<u>46,219,163</u>	<u>42,384,427</u>
CONTINGENCIES AND COMMITMENTS			
	9		

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

		Unaudited 31 March 2018	Audited 30 June 2017
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	10	34,945,915	33,273,710
Advance for capital expenditure	11	1,499,795	1,346,935
Investment property		50,000	50,000
Long term investments		1,129,250	1,355,100
Long term deposits		40,758	24,510
		37,665,718	36,050,255
CURRENT ASSETS			
Stores, spare parts and loose tools		187,458	175,714
Stock in trade - food and beverages		92,693	83,160
Development properties		2,070,740	1,097,196
Trade debts		945,666	626,337
Advances		180,079	104,601
Trade deposits and prepayments		116,708	72,444
Interest accrued		2,869	1,375
Other receivables	12	3,068,184	3,711,142
Other financial assets	13	26,822	27,914
Advance tax - net		305,708	108,318
Asset classified as held for sale	14	259,819	-
Cash and bank balances		1,296,699	325,971
		8,553,445	6,334,172
		46,219,163	42,384,427


Murtaza Hashwani
 Chief Executive


M.A. Bawany
 Director


Abdul Qadeer Khan
 Chief Financial Officer

Condensed Interim Consolidated Statement of Profit and Loss (Unaudited)

For the nine months period ended 31 March 2018

	Note	Three months ended 31 March		Nine months ended 31 March	
		2018	2017	2018	2017
		(Rupees'000)			
Sales and services - net	15	2,903,955	2,651,306	8,285,860	7,638,005
Cost of sales and services	16	(1,440,151)	(1,424,543)	(4,246,289)	(4,124,391)
Gross profit		1,463,804	1,226,763	4,039,571	3,513,614
Administrative expenses		(826,868)	(592,054)	(2,481,346)	(1,928,113)
Finance cost		(183,079)	(142,501)	(506,537)	(290,012)
Other (loss) / income - net		75,886	21,854	(76,438)	218,861
		529,743	514,062	975,250	1,514,350
Share of gain in equity accounted investment-net		54,127	18,491	68,888	50,881
Profit before taxation		583,870	532,553	1,044,138	1,565,231
Taxation		(94,431)	(159,046)	(264,113)	(433,479)
Profit for the period		489,439	373,507	780,025	1,131,752

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


Murtaza Hashwani
Chief Executive


M.A. Bawany
Director


Abdul Qadeer Khan
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) For the nine months period ended 31 March 2018

	Three months ended 31 March		Nine months ended 31 March	
	2018	2017	2018	2017
	(Rupees'000)			
Profit for the period	489,439	373,507	780,025	1,131,752
Other comprehensive income for the period				
Items to be reclassified to profit and loss account in subsequent periods				
Surplus on remeasurement of available for sale securities	(48,637)	104,560	(106,381)	82,150
Total comprehensive income for the period	<u>440,802</u>	<u>478,067</u>	<u>673,644</u>	<u>1,213,902</u>

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


Murtaza Hashwani
Chief Executive


M.A. Bawany
Director


Abdul Gadeer Khan
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flow (Unaudited)

For the nine months period ended 31 March 2018

	Note	Nine months ended 31 March	
		2018	2017
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	17	2,200,219	2,181,435
Working capital changes			
(Increase)/ decrease in current assets			
Stores, spare parts and loose tools		(11,744)	15,032
Stock in trade		(9,533)	2,156
Development Property		(973,544)	(502,281)
Trade debts		(313,635)	(224,194)
Advances		(75,478)	(66,780)
Trade deposits and prepayments		(44,264)	(27,549)
Other receivables		641,787	(12,766)
Increase in trade and other payables			
Trade and other payables		167,615	208,444
Cash used in operations		(618,796)	(607,938)
Staff retirement benefit - gratuity paid		(37,587)	(33,029)
Compensated leave absences paid		(21,363)	(20,751)
Income tax paid		(371,494)	(367,405)
Finance cost paid		(450,434)	(256,446)
Net cash generated from operating activities		700,545	895,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2,166,324)	(1,132,140)
Advance for capital expenditure		(401,832)	(3,750,772)
Proceeds from disposal of property, plant and equipment		53,699	8,822
Proceeds from other financial assets		-	151
Dividend income received		355	350
Return on bank deposits and certificate of investments		18,454	19,294
Long term deposits		(16,248)	5,869
Net cash used in investing activities		(2,511,896)	(4,848,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(450,000)	(500,000)
Proceeds from long term financing		1,000,000	3,900,000
Proceeds from Issuance of Sukuk		2,333,333	-
Payment of Facility arrangement/transaction cost		(45,000)	(36,500)
Dividend paid		(329,287)	(242,037)
Repayment of liabilities against assets subject to finance lease		(12,628)	(12,717)
Net cash from financing activities		2,496,418	3,108,746
Net increase / (decrease) in cash and cash equivalents		685,067	(843,814)
Cash and cash equivalents at beginning of the period		(13,972)	459,779
Cash and cash equivalents at end of the period	18	671,095	(384,035)

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


Murtaza Hashwani
 Chief Executive


M.A. Bawany
 Director


Abdul Qadeer Khan
 Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the nine months period ended 31 March 2018

Share capital	Capital reserve		Revenue reserves			Surplus on revaluation of property, plant & equipment	Unappropriated profit	Total equity
	Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Surplus on re-measurement of available for sale securities			

(Rupees'000)

Balance at 01 July 2016- as previously reported	325,242	269,424	147,221	1,600,000	493,439	140,546	-	4,853,511	7,829,383
Effect of change in policy (Note - 3.1.1)	-	-	-	-	-	-	23,779,515	-	23,779,515
Balance at 01 July 2016- restated	325,242	269,424	147,221	1,600,000	493,439	140,546	23,779,515	4,853,511	31,608,898

Total comprehensive income for the period

Profit for the period	-	-	-	-	-	-	-	1,131,752	1,131,752
Other comprehensive income for the period	-	-	-	-	-	82,150	-	-	82,150
Total comprehensive income for the period	-	-	-	-	-	82,150	-	1,131,752	1,213,902

**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 per share)	-	-	-	-	-	-	-	(162,621)	(162,621)
Second interim cash dividend for the year 2016-17 (@ Rs. 5 per share)	-	-	-	-	-	-	-	(162,621)	(162,621)
Total distribution	-	-	-	-	-	-	-	(406,552)	(406,552)

Balance at 31 March 2017

325,242	269,424	147,221	1,600,000	493,439	222,696	23,779,515	5,578,711	32,578,869
---------	---------	---------	-----------	---------	---------	------------	-----------	------------

Balance at 01 July 2017 - as previously reported	325,242	269,424	147,221	1,600,000	498,809	222,514	-	5,233,980	8,297,190
Effect of change in policy-(Note - 3.1.1)	-	-	-	-	-	-	23,779,515	-	23,779,515
Balance at 01 July 2017- restated	325,242	269,424	147,221	1,600,000	498,809	222,514	23,779,515	5,233,980	32,076,705

Total comprehensive income for the period

Profit for the period	-	-	-	-	-	-	-	780,025	780,025
Other comprehensive income for the period	-	-	-	-	-	(106,381)	-	-	(106,381)
Total comprehensive income for the period	-	-	-	-	-	(106,381)	-	780,025	673,644

**Transaction with owners of the Company
Distribution**

Final cash dividend for the year ended 30 June 2017 declared subsequent to the year end (@ Rs. 5.0 per share)	-	-	-	-	-	-	-	(162,621)	(162,621)
First interim cash dividend for the year 2017-18 (@ Rs. 5.0 per share)	-	-	-	-	-	-	-	(162,621)	(162,621)
Total distribution	-	-	-	-	-	-	-	(325,242)	(325,242)

Balance at 31 March 2018

325,242	269,424	147,221	1,600,000	498,809	116,133	23,779,515	5,688,763	32,425,107
---------	---------	---------	-----------	---------	---------	------------	-----------	------------

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



Murtaza Hashwani
Chief Executive



M.A. Bawany
Director



Abdul Gadeer Khan
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31 March 2018

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

1 STATUS AND NATURE OF BUSINESS

Pakistan Services Limited (the Parent Company) was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. The disclosures in this condensed interim consolidated financial information do not include the information that was 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 2017. Comparative consolidated statement of financial position numbers are extracted from the annual audited consolidated financial statements for the year ended 30 June 2017, whereas comparative consolidated statement of profit and loss, 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 2017.

This condensed interim consolidated financial information is unaudited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 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 2017, except as disclosed in note 3.1.1.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

- 3.1.1 The Companies Act, 2017, which is effective at the reporting date, has not carried forward the specific requirement to show surplus on revaluation of property, plant and equipment under the shareholders equity which was previously required under repealed Companies Ordinance, 1984. There for presentation of surplus on revaluation of property, plant and equipment is now as per requirement IAS 16 under the shareholders equity. Since this change require retrospective adjustment, accordingly presentation of surplus on revaluation of property, plant and equipment is reclassified in current and comparative period.
- 3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2019 and are not expected to have any significant effect on condensed interim consolidated financial information of the Group:

Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2019)
Amendments to IAS 19 'Employee Benefits'	(effective 01 January 2019)
IFRIC 23 'Uncertainty over Income Tax Treatments'	(effective 01 January 2019)
IFRS 9 'Financial Instruments' and amendment	(effective 01 January 2019)
IFRS 16 'Leases'	(effective 01 January 2019)

Annual improvements to IFRS standards 2015-2017 cycle:

- IFRS 3 'Business Combinations'	(effective 01 January 2019)
- IFRS 11 'Joint Arrangement'	(effective 01 January 2019)
- IAS 12 'Income Taxes'	(effective 01 January 2019)
- IAS 23 'Borrowing Cost'	(effective 01 January 2019)

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Group from 30 June 2017.

		Unaudited 31 March 2018	Audited 30 June 2017
	Note	(Rupees '000)	
5 LONG TERM FINANCING - secured			
From banking companies - Conventional banks			
Term Finance Loan - 1		850,000	850,000
Term Finance Loan - 2		2,150,000	2,150,000
Term Finance Loan - 3		3,000,000	3,000,000
Term Finance Loan - 4	5.2	1,000,000	-
Syndicated term loan		900,000	1,350,000
Transaction cost		(32,400)	(40,808)
		7,867,600	7,309,192
Current portion of long term financing		(1,060,833)	(492,500)
		6,806,767	6,816,692
From Islamic Finance			
Sukuk	5.3	2,333,333	-
Transaction cost		(45,000)	-
Amortized		423	-
		2,288,756	-
		-	-
		<u>9,095,523</u>	<u>6,816,692</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

- 5.1 Except for the facility 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 2017.
- 5.2 This represent utilized amount of term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% per annum payable semi-annually (30 June 2017: Nil). This facility is secured against first pari passu equitable mortgage charge over land and building and first pari passu hypothecation charge on all moveable assets of Pearl Continental Hotel, Peshawar with 25% margin. The loan is repayable in ten equal semi-annual installments commencing from 22 May 2020.
- 5.3 During the period the Parent Company entered into an arrangement of rated, secured, long term privately placed Sukuk issue of Rs. 7,000 million. Out of the total arrangement the Company issued 1st tranche of Sukuk amounting to Rs. 2,333.33 million. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carrying profit of 6-month KIBOR plus 1% per annum payable semi-annually. The Sukuk arrangement is secured by way of first mortgage charge on Pearl Continental Hotel, Lahore with 25% margin and hypothecation on all the present and future assets (excluding land and building) of Pearl Continental Hotel, Lahore. Redemption of Sukuk will be in nine equal semi-annual installments starting from March 2020.

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE- secured

	Unaudited 31 March 2018	Audited 30 June 2017
Present value of minimum lease payments		(Rupees '000)
Balance at beginning of the period/ year	24,068	18,873
Asset acquired during the period	14,166	21,851
Repayments made during the period/ year	(12,628)	(16,656)
	<u>25,606</u>	<u>24,068</u>
Current portion	(9,492)	(13,119)
	<u>16,114</u>	<u>10,949</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 2017.

		Unaudited 31 March 2018	Audited 30 June 2017
7 TRADE AND OTHER PAYABLES			(Rupees '000)
Creditors		367,970	267,906
Accrued liabilities		581,206	580,056
Advances from customers		358,083	323,783
Advance against asset classified as held for sale	14	55,000	-
Shop deposits		57,658	55,630
Retention money		137,887	95,109
Due to related parties - unsecured		22,600	25,129
Sales tax - net		47,054	103,030
Income tax deducted at source		7,534	3,300
Un-earned income		139,205	155,375
Unclaimed dividend		12,543	16,588
Other liabilities		53,130	50,484
		<u>1,839,870</u>	<u>1,676,390</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

8 SHORT TERM BORROWINGS - secured

These facilities are obtained from various commercial banks with an aggregate limit of Rs. 1,845 million (30 June 2017: Rs.1,250 million) which are secured against pari passu equitable mortgage charge on fixed assets and hypothecation charge on stock-in-trade, trade debts, receivables and all other moveable properties of Pearl Continental Hotel Karachi and Rawalpindi and lien on certain listed securities held by the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5% (30 June 2017: 1-month KIBOR to 3-month KIBOR plus 0.6% to 1.5%) per annum.

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 2017 except for the guarantees as disclosed below:

	Unaudited 31 March 2018	Audited 30 June 2017
	(Rupees '000)	
9.1.1 Guarantees - secured	<u>164,123</u>	<u>201,721</u>
9.2 Commitments		
Commitments for capital expenditure	<u>1,484,414</u>	<u>992,863</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

10 PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
Unaudited 31 March 2018				
(Rupees in '000)				
Carrying value at beginning of the period	31,162,232	37,348	2,074,130	33,273,710
Additions during the period	568,431	14,166	1,866,690	2,449,287
Transfer from capital work in progress	1,544,480	-	(1,544,480)	-
Disposal during the period	(49,700)	-	-	(49,700)
Transfer from leased assets	7,321	(7,321)	-	-
Transferred to held for sale	(258,726)	-	-	(258,726)
Depreciation charge for the period	(468,210)	(446)	-	(468,656)
Carrying value at end of the period	<u>32,505,828</u>	<u>43,747</u>	<u>2,396,340</u>	<u>34,945,915</u>

Audited 30 June 2017

Carrying value at beginning of the year	30,792,333	35,773	1,144,282	31,972,388
Additions during the year	590,723	21,851	1,272,851	1,885,425
Transfer from capital work in progress	343,003	-	(343,003)	-
Disposal during the year	(57,838)	-	-	(57,838)
Transfer from leased assets	15,569	(15,569)	-	-
Depreciation charge for the year	(521,558)	(4,707)	-	(526,265)
Carrying value at end of the year	<u>31,162,232</u>	<u>37,348</u>	<u>2,074,130</u>	<u>33,273,710</u>

Unaudited
31 March
2018
(Rupees '000)

10.1 CAPITAL WORK IN PROGRESS

Construction of Pearl Continental Multan	946,685	831,940
Construction of Pearl Continental Mirpur	1,078,960	523,484
Other civil works	370,695	718,706
	<u>2,396,340</u>	<u>2,074,130</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

		Unaudited 31 March 2018	Audited 30 June 2017
11 ADVANCE FOR CAPITAL EXPENDITURE	Note	(Rupees '000)	
Advance for Purchase of land		720,105	666,820
Advance for purchase of Malir Delta Land	12.1	381,656	381,656
		1,101,761	1,048,476
Advance for Purchase of apartment		40,509	40,509
Impairment Loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		289,286	173,154
Advance for Pearl Continental Multan Project		53,975	47,986
Advance for Pearl Continental Mirpur Project		54,773	77,319
		398,034	298,459
		1,499,795	1,346,935

- 11.1 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 OTHER RECEIVABLES

This includes Rs. 3,018 million (30 June 2017: Rs 3,648 million) balance due from an associated company Gulf Properties (Private) Limited, on account of cancellation of agreement for purchase of land.

		Unaudited 31 March 2018	Audited 30 June 2017
13 OTHER FINANCIAL ASSETS	Note	(Rupees '000)	
Shares of listed companies		7,991	9,083
Term Deposit Receipt/Treasury bills		18,831	18,831
		26,822	27,914

14 ASSETS HELD FOR SALE

The Group intends to sell its investment in M/s Zashan (Private) Limited and has offer for purchase this investment and received an advance amount of Rs. 55 million. Accordingly, these have been classified as asset held for sale as required by International Financial Reporting Standard 5 - Non-current Assets Held for Sale and Discontinued Operations. The sale is expected to be finalised within the next twelve months.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

	Note	Unaudited Three months ended 31 March		Unaudited Nine months ended 31 March	
		2018	2017	2018	2017
15 SALES AND SERVICES - net					
			(Rupees '000)		
Rooms		1,675,048	1,496,264	4,781,293	4,288,473
Food and beverages		1,546,772	1,425,116	4,365,164	4,134,606
Other related services	15.1	153,548	146,045	457,780	429,928
Vehicles Rental		41,248	53,819	123,688	136,515
Shop license fees		12,789	12,709	37,633	32,995
		<u>3,429,405</u>	<u>3,133,953</u>	<u>9,765,558</u>	<u>9,022,517</u>
Discounts and commissions		(56,493)	(57,730)	(153,839)	(158,006)
Sales tax		(468,957)	(424,917)	(1,325,859)	(1,226,506)
		<u>2,903,955</u>	<u>2,651,306</u>	<u>8,285,860</u>	<u>7,638,005</u>

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

	Unaudited Three months ended 31 March		Unaudited Nine months ended 31 March	
	2018	2017	2018	2017
16 COST OF SALES AND SERVICES				
			(Rupees '000)	
Food and beverages				
Opening balance	82,128	88,176	83,160	96,189
Purchases during the period	466,260	417,685	1,284,107	1,214,056
Closing balance	(92,693)	(94,033)	(92,693)	(94,033)
Consumption during the period	<u>455,695</u>	<u>411,828</u>	<u>1,274,574</u>	<u>1,216,212</u>
Direct expenses				
Salaries, wages and benefits	421,359	368,885	1,204,314	1,093,871
Heat, light and power	133,021	145,210	501,239	500,662
Repairs and maintenance	98,360	202,399	321,322	459,236
Depreciation	156,598	117,710	421,389	352,455
Guest supplies	65,131	58,550	184,459	171,462
Linen, china and glassware	27,023	30,359	83,791	83,840
Communication and other related services	22,689	18,845	61,558	56,072
Banquet and decoration	19,230	17,669	63,019	53,621
Transportation	4,929	8,251	17,078	19,103
Uniforms	5,283	7,599	18,174	21,215
Music and entertainment	3,530	3,041	9,738	9,117
Insurance	1,136	1,146	3,758	3,473
Vehicle Operating Expense	9,023	8,524	25,888	23,019
Vehicle Rental and registration charges	6,596	13,138	20,653	27,734
Others	10,548	11,389	35,335	33,299
	<u>1,440,151</u>	<u>1,424,543</u>	<u>4,246,289</u>	<u>4,124,391</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

Unaudited
Nine months ended
31 March
2018 2017
(Rupees'000)

17 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

Profit before taxation	1,044,138	1,565,231
Adjustments for:		
Depreciation	468,656	392,382
(Gain) / loss on disposal of property, plant and equipment	(3,999)	24,639
Provision for staff retirement benefit - gratuity	48,876	36,569
Provision for compensated leave absences	41,447	31,368
Provision for doubtful debts	(5,694)	(11,729)
Return on bank deposits/ Certificate of investments	(19,948)	(19,495)
Share of profit in equity accounted investments	(68,888)	(50,881)
Finance cost	506,537	290,012
Dividend income	(355)	(350)
Unrealised loss / (gain) on remeasurement of investments to fair value	1,092	(1,049)
Impairment/ (reversal) on investment in associated company	188,357	(75,262)
	<u>2,200,219</u>	<u>2,181,435</u>

18 CASH AND CASH EQUIVALENTS

Cash and bank balances	1,296,699	397,851
Short term borrowings	(625,604)	(781,886)
	<u>671,095</u>	<u>(384,035)</u>

19 TRANSACTIONS AND BALANCES 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 Provident Fund. Balances as of this reporting date with related parties are disclosed in notes 7 and 12 to the condensed interim consolidated financial information. Other balances and transactions with related parties are as follows:

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

**Nine months ended
31 March**

2018 2017

(Rupees '000)

Transactions and balances with associated undertakings

Sales	108	773
Services provided	13,674	5,355
Services availed	25,437	43,331
Purchases	112,018	97,285
Franchise fee - income	3,724	3,919
Franchise and management fee - expense	8,305	8,401
Refund of advance for purchase of land	630,000	-
Dividend paid	88,610	47,985
Purchase of fixed asset	17,444	-
Advance for purchase of land	-	3,648,420
Balances as at the period end:		
- Trade debts	15,552	*20,468
- Advances	9,543	*24,518
- Receivables	3,018,420	* 3,648,420

Transactions and balances with other related parties

Sales	28	9
Services provided	181	94
Services availed	80,686	33,802
Purchases	4,422	2,381
Contribution to defined contribution plan - provident fund	33,790	27,843
Dividend paid	3	3
Balances as at the period end:		
- Trade debts	850	*908
- Advance for capital expenditure	626,820	*626,820

Transactions with key management personnel

Remuneration and allowances including staff retirement benefits	110,601	43,950
Dividend paid	4,916	4,341

*Represents balance as at 30 June 2017

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

20.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments	Note	Carrying amount			Fair value				
		Fair value	Loans and	Other	Total	Level 1	Level 2	Level 3	Total
		through profit and loss	receivables	financial liabilities					
31 March 2018		(Rupees'000)							
Financial assets measured at fair value									
Other financial assets		7,991	-	-	7,991	7,991	-	-	7,991
Financial assets not measured at fair value	20.2								
Long term deposits		-	40,758	-	40,758	-	-	-	-
Trade debts		-	945,666	-	945,666	-	-	-	-
Advance to employees		-	57,274	-	57,274	-	-	-	-
Trade deposits		-	20,815	-	20,815	-	-	-	-
Interest accrued		-	2,869	-	2,869	-	-	-	-
Other receivables		-	3,068,184	-	3,068,184	-	-	-	-
Term Deposit Receipt		-	18,831	-	18,831	-	-	-	-
Cash and bank balances		-	1,296,699	-	1,296,699	-	-	-	-
		-	5,451,096	-	5,451,096	-	-	-	-
Financial liabilities not measured at fair value	20.2								
Long term financing - secured		-	-	10,233,333	10,233,333	-	-	-	-
Short term borrowings		-	-	625,604	625,604	-	-	-	-
Liabilities against assets subject to finance lease		-	-	25,606	25,606	-	-	-	-
Trade and other payables	20.3	-	-	1,294,934	1,294,934	-	-	-	-
Markup accrued		-	-	171,382	171,382	-	-	-	-
		-	-	12,343,919	12,343,919	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

On-balance sheet financial instruments	Carrying amount				Fair value			
	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30-Jun-17	(Rupees'000)							
Financial assets measured at fair value	9,083	-	-	9,083	9,083	-	-	9,083
Other financial assets								
Financial assets not measured at fair value	20.2							
Long term deposits	-	24,510	-	24,510	-	-	-	-
Trade debts	-	626,337	-	626,337	-	-	-	-
Advance to employees	-	10,047	-	10,047	-	-	-	-
Trade deposits	-	25,019	-	25,019	-	-	-	-
Interest accrued	-	1,375	-	1,375	-	-	-	-
Other receivables	-	3,711,142	-	3,711,142	-	-	-	-
Term Deposit Receipt/Certificate of Investments	-	18,831	-	18,831	-	-	-	-
Cash and bank balances	-	325,971	-	325,971	-	-	-	-
	-	4,743,232	-	4,743,232	-	-	-	-
Financial liabilities not measured at fair value	20.2							
Long term financing - secured	-	-	7,350,000	7,350,000	-	-	-	-
Short term borrowings	-	-	339,943	339,943	-	-	-	-
Liabilities against assets subject to finance lease	-	-	24,068	24,068	-	-	-	-
Trade and other payables	20.3	-	1,090,902	1,090,902	-	-	-	-
Markup accrued	-	-	104,285	104,285	-	-	-	-
	-	-	8,909,198	8,909,198	-	-	-	-

20.2 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.

20.3 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.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2018

21 GENERAL

21.1 Non- adjusting event after the balance sheet

The Board of Directors of the Parent Company, in its meeting held on 23 April 2018, has declared an interim cash dividend of Rs. 5 /- per share.

21.2 The amount of depreciation charge Rs. 79.391 million in comparative profit and loss account is restated pursuant to change in useful life of building, as disclosed in the annual audited financial statements for the year ended 30 June 2017.

21.3 Date of authorisation for issue

This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in its meeting held on 23 April 2018.



Murtaza Hashwani
Chief Executive



M.A. Bawany
Director



Abdul Gadeer Khan
Chief Financial Officer





PAKISTAN SERVICES LTD.

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

OWNERS AND OPERATORS OF



Pearl-Continental

HOTELS & RESORTS

KARACHI

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

PESHAWAR

Tel: +92 91-111-505-505
Fax: +92 91-5276465
E-mail: pchp@pshotels.com

LAHORE

Tel: +92 42-111-505-505
Fax: +92 42-36362760
E-mail: pchl@pshotels.com

BHURBAN

Tel: +92 51-3355700-8
Fax: +92 51-3355574
E-mail: pchb@pshotels.com

RAWALPINDI

Tel: +92 51-111-505-505
Fax: +92 51-5563927
E-mail: pchr@pshotels.com

MUZAFFARABAD

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