



PSL

PAKISTAN SERVICES LTD.

PC

Pearl-Continental
HOTELS & RESORTS

Cultured like no other pearl in the world.

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTHS PERIOD
ENDED 30 SEPTEMBER 2014





Pearl-Continental
HOTELS & RESORTS



PAKISTAN SERVICES LTD.

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FOR THE THREE MONTHS PERIOD
ENDED 30 SEPTEMBER 2014

Vision Statement

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

Mission Statement

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

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

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

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

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



Corporate Information

Pearl Continental Hotels, a chain owned and operated by Pakistan Services Limited, "the Company" sets the international standards for quality hotel accommodation in South Asia. The Company manages 6 luxury hotels at Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,558 rooms with registered office in Islamabad, Pakistan.

BOARD OF DIRECTORS

Non Executive

Mr. Sadruddin Hashwani Chairman and CEO
 Ms. Sarah Hashwani
 Mr. Josef Kufer
 Mr. Bashir Ahmed
 Mr. Hassan Ali Vellani
 Mr. Talat Hameed

Executive

Mr. M. A. Bawany
 Mr. Muhammad Rafique

Independent

Mr. Ahmed Elsayed-Mohammed Youssef Aly

AUDIT COMMITTEE

Mr. Ahmed Elsayed-Mohammed Youssef Aly
 Ms. Sarah Hashwani
 Mr. Hassan Ali Vellani
 Mr. Talat Hameed

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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

Directors' Report

Dear Members

The Board of Directors of Pakistan Services Limited takes pleasure in presenting the unaudited condensed interim financial information of the Company for the three months period ended on 30 September 2014.

Economic Overview

The world economic canvas is again in strains due to new volatile geo-political situation in Middle East i.e. in Syria and Iraq. A new front of terrorism is now open with much force and affecting the whole world. In purview of unstable global geo-political situation with additional hotspots spread all over the world along with start of regular conflict in shape of war from terrorist's end in Syria & Iraq and Israel's attacks on Gaza, caused new threats to global peace. The world economy is undoubtedly again in extreme fragile state.

As far as Pakistan's economy is concerned, the instable political situation prevailed during the period under review and the problems and bottleneck faced earlier are still intact and on the other hand severe shortage of power with sky rocking increase in power cost with hyperinflation trend in food prices are on the way to add more predicaments in present state of economy. Government is putting in its all-out efforts for political stability and resources to recoup the economic activity but the political situation has constrained the same.

The prevailing grim economic environment has unfortunately badly affected the business performance of your Company for the quarter under review against the results of the corresponding quarter of the last year but it is hoped to recover the shortfall provided political situation turns out to be stable and overall environment across the country improves.

Revenue (exclusive of GST) in the quarter under review was Rs.1,566 million in comparison with Rs.1,649 million in the corresponding period of the last year. The decrease of Rs.83 million in revenue in the period under review is due to adverse impact of the business environment. The bottom-line has also been affected but the Stock Market performance enabled us to record unrealized gain of Rs.29 million, which though is lower than that of Rs.105 million booked in the corresponding period of the last year, still supplemented the net profitability. The Company eventually recorded Loss After Tax of Rs.85 million. Relative to this, during the corresponding period of last year it made a Profit After Tax of Rs.180 million.

Glimpse of Performance:

**For the three months
period ended
30 September**

2014 **2013**

(Rupees in million)

Sales and services-net	1,566,411	1,648,751
Gross profit	510,670	583,100
Loss / Profit before taxation	(18,479)	252,629
Loss / Profit after taxation	(84,899)	180,151
Loss / Earnings per share (Rupees)	(2.61)	5.54

Rooms Revenue

During the three months period under review, Rooms Revenue (exclusive of GST) was recorded at Rs. 694 million as against Rs. 717 million of the corresponding period of last year registering a decline of Rs.23 million. The decrease in the Rooms Occupancy was from 58 percent of the last year to 47 percent of first quarter of this fiscal year. However, Average Daily Room Rate (ADR) was raised from Rs.8,738 of the corresponding quarter to Rs.10,503 in the quarter under report.

Food & Beverages Revenue

Food and Beverage Revenue (exclusive of GST) for the first quarter of this year was recorded at Rs. 783 million as against Rs. 825 million of the corresponding quarter of last year.

Other Related Services, Shop License Fees & Tour Division

Business from small revenue generating ventures (exclusive of GST) was Rs.90 million compared with Rs. 107 million of the corresponding period of last year.

Future Prospects

The global security environment with new battlefields erupting in parts of Syria and Iraq with potential to engulf the two countries and endanger their neighbors, combined with fear of Ebola virus spread has placed a dent on the international travel. Closer to Pakistan, Line of Control (LoC) between India and Pakistan in Jammu & Kashmir has heated up with almost daily firing incidents causing casualties of civilians and creating tense.

Pakistan's campaign in its North Waziristan Tribal Belt is proceeding well but the collateral effect has been the displacement of very large number of population of combat area to settled parts of the Country putting heavy burden on the national resources. the energy situation remains tight and putting pressure to further increase the tariff. All these factors are adverse and non-congenial to the Hospitality Industry's future. However we hope that the prevailing stern economic environment will gradually improve there will be sign of recovery in time to come.

Your Company's employees across-the-board are fully committed to keep the Company in the best possible business and to makeup for any temporary setbacks due to adverse conditions beyond their control. The fundamental strategy is based on operational cost cutting and maximum utilization of the available facilities of all its properties for the purpose of revenue generation. Our resolve is firm to succeed, no matter what obstacles would lie ahead in our path to progress.

Consolidated Results

The Sales and Services of your Company based on the consolidated financial information for the three months period under report recorded at Rs. 1,584 million against Rs.1,667 million that of corresponding period of the last year. The Company recorded a loss before tax of Rs. 29 million in the period under report in comparison with profit before tax of Rs. 233 million of the corresponding period of the last year.

Change in Board of Directors

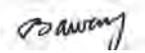
As already reported in the Annual Report of Pakistan Services Limited (PSL) for the year 2013-14, Mr. Murtaza Hashwani resigned from the positions of Director & Chief Executive of the Company. In his place the Board appointed Mr. Sadruddin Hashwani as Chief Executive of PSL for the remaining term of this office.

During the period of first quarter of the current fiscal year, Mr. Mansoor Akbar Ali and Syed Sajid Ali tendered their resignations as Directors of the Company. The remaining terms of three vacant posts of Directors were filled with the appointments of Mr. Josef Kufer, Mr. Hassan Ali Vellani and Mr. Talat Hameed.

Acknowledgement

On behalf of the Board, we wish to express our deep appreciation to the dedicated professionals of Pakistan Services Limited and all those associated with the Company, our bankers, the valued guests, and the worthy shareholders for their confidence in the Company and their continued support.

For and on behalf of the Board of Directors



M. A. Bawany
Director

Islamabad: 30 October 2014



Muhammad Rafique
Director

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Sun's

CHEMISTS





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

FOR THE THREE MONTHS PERIOD
ENDED 30 SEPTEMBER 2014

Condensed Interim Unconsolidated Balance Sheet As at 30 September 2014

	Unaudited	Audited
	30 September	30 June
	2014	2014
Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES		
Authorised share capital 50,000,000 (30 June 2014: 50,000,000) ordinary shares of Rs. 10 each	500,000	500,000
Issued, subscribed and paid up share capital	325,242	325,242
Reserves	1,869,424	1,869,424
Unappropriated profit	4,146,057	4,230,956
	6,340,723	6,425,622
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	19,853,565	19,853,565
NON CURRENT LIABILITIES		
Long term financing - secured	4 331,000	347,667
Liabilities against assets subject to finance lease - secured	5 5,355	7,748
Deferred liabilities	699,385	642,532
	1,035,740	997,947
CURRENT LIABILITIES		
Trade and other payables	6 1,820,464	1,865,041
Markup accrued	21,607	35,063
Short term borrowings - secured	7 143,913	-
Provision for taxation - net	3,309	37,617
Current portion of long term financing and liabilities against assets subject to finance lease	200,807	242,195
	2,190,100	2,179,916
	29,420,128	29,457,050
CONTINGENCIES AND COMMITMENTS	8	

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

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

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

Unaudited
30 September
2014

Audited
30 June
2014

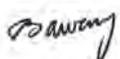
Note **(Rupees'000)**

NON CURRENT ASSETS

Property, plant and equipment	9	24,460,610	24,328,755
Advance for capital expenditure	10	1,194,313	1,185,480
Investment property		45,000	45,000
Long term investments	11	279,360	279,360
Advance for equity investment		49,000	55,000
Long term deposits and prepayments		20,332	20,335
		26,048,615	25,913,930

CURRENT ASSETS

Stores, spare parts and loose tools		163,863	145,619
Stock in trade - food and beverages		110,356	87,021
Trade debts		597,113	583,847
Advances	12	602,271	574,928
Trade deposits and prepayments		99,522	59,057
Interest accrued		23,794	7,610
Other receivables		33,704	28,130
Other financial assets	13	1,082,415	1,308,955
Non current assets held for sale	14	586,403	586,403
Cash and bank balances		72,072	161,550
		3,371,513	3,543,120
		29,420,128	29,457,050



M. A. Bawany
Director



Muhammad Rafique
Director

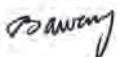
Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the three months period ended 30 September 2014

	Note	Three months ended 30 September	
		2014	2013
		(Rupees'000)	
Sales and services - net	15	1,566,411	1,648,751
Cost of sales and services	16	(1,055,741)	(1,065,651)
Gross profit		510,670	583,100
Administrative expenses		(576,779)	(448,152)
Finance cost		(26,757)	(30,485)
Other income		74,387	148,166
(Loss) / Profit before taxation		(18,479)	252,629
Taxation		(66,420)	(72,478)
(Loss) / Profit for the period		(84,899)	180,151
(Loss) / Earnings per share - basic and diluted (Rupees)	17	(2.61)	5.54

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

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

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



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited) For the three months period ended 30 September 2014

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	
(Loss) / Profit for the period	(84,899)	180,151
Other comprehensive income for the period		
Items not to be reclassified to profit and loss account in subsequent periods		
Experience adjustments on defined benefit obligation	-	10,148
Tax effect on experience adjustments	-	(3,552)
	-	6,596
Total comprehensive income for the period	(84,899)	186,747

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M. A. Bawany
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Muhammad Rafique
Director

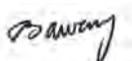
Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the three months period ended 30 September 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Three months ended 30 September	
		2014	2013
(Rupees'000)			
Cash flow from operating activities before working capital changes	18	95,490	263,940
Working capital changes			
Increase/ (decrease) in current assets			
Stores, spare parts and loose tools		(18,244)	(5,071)
Stock in trade - food and beverages		(23,335)	(22,740)
Trade debts		(24,951)	(80,360)
Advances		(27,343)	(30,240)
Trade deposits and prepayments		(40,465)	(13,210)
Other receivables		(5,574)	(36,442)
(Decrease)/ Increase in current liabilities			
Trade and other payables		(44,577)	88,010
Cash (used in) operations		(184,489)	(100,053)
Staff retirement benefit - gratuity paid		(9,930)	(5,921)
Compensated leave absences paid		(4,105)	(5,642)
Income tax paid		(52,912)	(51,996)
Finance cost paid		(47,846)	(31,042)
Net cash (used in)/ generated from operating activities		(203,792)	69,286
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(227,943)	(146,042)
Advance for capital expenditure		(8,833)	(35,463)
Proceeds from disposal of property, plant and equipment		-	4,034
Refund of Advance against equity investment		6,000	-
Proceeds from maturity of other financial assets		255,505	-
Dividend income received		400	438
Receipts of return on bank deposits		5,717	3,387
Long term deposits / prepayments		3	(1,034)
Net cash generated / (used in) investing activities		30,849	(174,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(58,333)	(58,333)
Repayment of liabilities against assets subject to finance lease		(2,115)	(1,912)
Net cash used in financing activities		(60,448)	(60,245)
Net increase in cash and cash equivalents		(233,391)	(165,639)
Cash and cash equivalents at beginning of the period		161,550	31,728
Cash and cash equivalents transferred from MIPL under scheme of merger		-	926
Cash and cash equivalents at end of the period	19	(71,841)	(132,985)

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

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M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the three months period ended 30 September 2014

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

(Rupees'000)

Balance at 01 July 2013 - as previously reported	325,242	269,424	1,600,000	2,929,115	5,123,781
Effect of change in accounting policy				6,312	6,312
Balance at 01 July 2013 - restated	325,242	269,424	1,600,000	2,935,427	5,130,093

Changes in equity for the period ended 30 September 2013

Total comprehensive income for the period Profit for the period

Other comprehensive income for the period	-	-	-	180,151	180,151
Total comprehensive income for the period	-	-	-	186,747	186,747

Amount recognized pursuant to scheme of merger

	-	-	-	(73,868)	(73,868)
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Balance at 30 September 2013

	325,242	269,424	1,600,000	3,048,306	5,242,972
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Balance at 01 July 2014

	325,242	269,424	1,600,000	4,230,956	6,425,622
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Changes in equity for the period ended 30 September 2014

Total comprehensive income for the period

Loss for the period	-	-	-	(84,899)	(84,899)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(84,899)	(84,899)

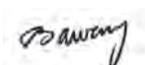
Balance at 30 September 2014

	325,242	269,424	1,600,000	4,146,057	6,340,723
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The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

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

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M. A. Bawany
Director



Muhammad Rafique
Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim unconsolidated financial information do not include the information that reported for annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2014. Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2014, whereas comparative unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the three months period ended 30 September 2013.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

3.1 The following standards, amendments and interpretations of approved accounting standards become effective during the period are either not relevant to the Company’s current operations or are not expected to have significant impact on condensed interim consolidated financial information of the Company:

- IFRIC 21 ‘Levies’ (effective 01 January 2014)
- Offsetting Financial Assets and Liabilities Ammendement to IAS 32 (effective 01 January 2014)
- Amendment to IAS 39 ‘Financial Instruments: Recognition and Measurement’ (effective 01 January 2014)
- Amendment to IAS 36 ‘Impairment of Assets’ (effective 01 January 2014)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

Amendments and interpretations of the following approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015.

- IFRS 10 'Consolidated and Separate Financial Statements'	(effective 01 January 2015)
- IFRS 11 'Joint Arrangements'	(effective 01 January 2015)
- IFRS 12 'Disclosure of interest in Other Entities'	(effective 01 January 2015)
- IFRS 13 'Fair Value Measurement'	(effective 01 January 2015)

	Unaudited 30 September 2014	Audited 30 June 2014
	(Rupees'000)	
4. LONG TERM FINANCING - secured		
From banking companies		
Term finance loans	291,667	350,000
Syndicated term loan	250,000	250,000
Transaction cost	(19,000)	(19,000)
	231,000	231,000
Current portion of long term financing	(191,667)	(233,333)
	<u>331,000</u>	<u>347,667</u>

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

	Unaudited 30 September 2014	Audited 30 June 2014
	(Rupees'000)	
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured		
Present value of minimum lease payments		
Balance at beginning of the period / year	16,610	24,504
Repayments during the period / year	(2,115)	(7,894)
	14,495	16,610
Current portion	(9,140)	(8,862)
	<u>5,355</u>	<u>7,748</u>

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

	Unaudited 30 September 2014	Audited 30 June 2014
	(Rupees'000)	
6. TRADE AND OTHER PAYABLES		
Creditors	607,546	607,592
Accrued liabilities	475,744	468,599
Advances from customers	258,648	277,775
Due to related parties - unsecured	17,645	50,248
Sales tax - net	100,611	109,814
Bed tax	60,810	60,710
Un-earned income	117,345	125,045
Others	182,115	165,258
	<u>1,820,464</u>	<u>1,865,041</u>
7. SHORT TERM BORROWINGS - secured		
Running finance from banking companies	<u>143,913</u>	<u>-</u>

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

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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

	Unaudited 30 September 2014	Audited 30 June 2014
	(Rupees'000)	
8.1.1 Guarantees- secured	<u>182,720</u>	<u>182,524</u>
This includes guarantee of Rs. 50 million (30 June 2014: Rs. 50 million), issued on behalf of a subsidiary company.		
8.2 Commitments		
Commitments for capital expenditure	<u>967,123</u>	<u>978,665</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
Unaudited 30 September 2014 - (Rupees in '000)				
Carrying value at beginning of the period	23,660,402	24,589	643,764	24,328,755
Additions during the period	-	-	235,573	235,573
Depreciation charge for the period	(102,807)	(911)	-	(103,718)
Carrying value at end of the period	<u>23,557,595</u>	<u>23,678</u>	<u>879,337</u>	<u>24,460,610</u>
Audited 30 June 2014 - (Rupees in '000)				
Carrying value at beginning of the year	22,777,896	28,595	180,557	22,987,048
Additions during the year	299,484	-	1,205,720	1,505,204
Transfer from capital work in progress	742,513	-	(742,513)	-
Carrying amount of assets transferred upon amalgamation of MIPL	381,765	-	-	381,765
Disposals / transfer during the year	(200,610)	-	-	(200,610)
Depreciation charge for the year	(340,646)	(4,006)	-	(344,652)
Carrying value at end of the year	<u>23,660,402</u>	<u>24,589</u>	<u>643,764</u>	<u>24,328,755</u>

10. ADVANCE FOR CAPITAL EXPENDITURE

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

11. LONG TERM INVESTMENTS

The Board of Directors of Bhurban Resorts (Private) Limited, a subsidiary company through resolution dated 28 April 2014 have proposed the merger of Bhurban Resorts (Private) Limited into the Company for which shareholders' and Islamabad High Court approval is awaited. Accordingly, accounting adjustments relating to merger have not been incorporated in these unconsolidated financial statements.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

12. ADVANCES

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

	Unaudited 30 September 2014	Audited 30 June 2014
Note	(Rupees'000)	

13. OTHER FINANCIAL ASSETS

Investment in :

- Shares of listed companies
- Mutual funds
- Certificate of Musharika / Term deposit receipts

13.1	1,082,415	1,053,450
	-	250,505
	-	5,000
	<u>1,082,415</u>	<u>1,308,955</u>

- 13.1 This mainly includes investment in an associated company having carrying value of Rs. 1,071 million (30 June 2014 : Rs. 1,041 million).

14. NON CURRENT ASSETS HELD FOR SALE

This represents 98,000 shares in Hashoo Group Limited - British Virgin Island. The Company has agreed to sell these shares for total consideration of USD 5.99 million. The sale is expected to be finalised in next couple of months.

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	

15. SALES AND SERVICES - net

Rooms	804,768	845,155
Food and beverages	926,614	969,045
Other related services	113,920	134,793
Shop license fees	6,985	5,172
	<u>1,852,287</u>	<u>1,954,165</u>
Discounts and commissions	(31,560)	(33,174)
Sales tax	(254,316)	(272,240)
	<u>1,566,411</u>	<u>1,648,751</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

Three months ended
30 September

2014 2013

(Rupees'000)

16. COST OF SALES AND SERVICES

Food and beverages

Opening balance	87,021	80,533
Purchases during the period	315,341	333,787
Closing balance	(110,356)	(103,273)
Consumption during the period	292,006	311,047

Direct expenses

Salaries, wages and benefits	247,120	246,786
Heat, light and power	236,963	239,298
Repairs and maintenance	65,034	70,749
Depreciation	93,346	69,078
Guest supplies	41,928	48,546
Linen, china and glassware	28,650	27,465
Communication and other related services	17,473	16,674
Banquet and decoration	11,723	14,965
Transportation	8,217	9,686
Uniforms	6,353	5,729
Music and entertainment	3,210	2,349
Others	3,718	3,279
	1,055,741	1,065,651

17. (LOSS) / EARNINGS PER SHARE

(Loss) / Profit for the period (Rupees '000)	(84,899)	180,151
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170
(Loss) / Earnings per share - basic (Rupees)	(2.61)	5.54

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 three months period ended 30 September 2014

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	
18. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
(Loss) / Profit before taxation	(18,479)	252,629
Adjustments for:		
Depreciation	103,718	76,753
Gain on disposal of property, plant and equipment	-	(2,369)
Provision for staff retirement benefit - gratuity	17,214	14,981
Provision for compensated leave absences	5,860	8,337
Provision for doubtful debts	11,685	7,718
Return on bank deposits	(4,976)	(3,135)
Interest on short term advance to related party	(16,925)	(16,265)
Finance cost	26,757	30,485
Dividend income	(400)	(438)
Unrealised gain on remeasurement of investments to fair value - net	(28,964)	(104,756)
	<u>95,490</u>	<u>263,940</u>
	Unaudited	Audited
	30 September	30 June
	2014	2014
	(Rupees'000)	
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	72,072	83,132
Running finance	(143,913)	(216,117)
	<u>(71,841)</u>	<u>(132,985)</u>
20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
<p>The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and staff retirement fund of the Company. Balances with related parties are disclosed in note 6, 12 and 13.1 to the condensed unconsolidated financial information. Other balances and transactions with related parties are as follows:</p>		

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	
Transactions and balances with subsidiary companies		
Sales	317	358
Services provided	271	1,054
Services availed	10,699	11,347
Balances at the period end:		
- Trade debts	2,951	*2,803
- Investments	68,227	*68,227
- Advance for equity investment	49,000	*55,000
Transactions and balances with associated undertakings		
Sales	668	290
Services provided	545	187
Services availed	23,326	25,850
Purchases	23,176	40,865
Purchase of air tickets	3,200	2,126
Franchise fee - income	766	465
Franchise and management fee - expense	1,809	1,763
Purchase of property, plant and equipment	-	2,169
Contribution to defined contribution plan	8,073	6,028
Donation	20,000	-
Interest income on advance	16,925	16,257
Accrued interest on advance	23,181	22,266
Balances at the period end:		
- Trade debts	14,983	*12,511
- Investments	211,133	*211,133
- Advance for capital expenditure	626,820	*626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	18,718	25,947

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

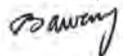
*Audited balance as at 30 June 2014.

21. DATE OF APPROVAL

This unaudited condensed interim unconsolidated financial information was authorised for issue by the Board of Directors of the Company in its meeting held on 30 October 2014.

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

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



M. A. Bawany
Director



Muhammad Rafique
Director



A photograph of a hotel room. In the center is a bed with a dark wood headboard and a striped duvet cover. The bed is made with several pillows, including two with a floral pattern. To the left of the bed is a dark wood nightstand with a lit lamp and a telephone. To the right of the bed is a light-colored armchair. The room has light-colored walls and a white crown molding at the top.

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

FOR THE THREE MONTHS PERIOD
ENDED 30 SEPTEMBER 2014

Condensed Interim Consolidated Balance Sheet

As at 30 September 2014

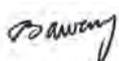
		Unaudited 30 September 2014	Audited 30 June 2014
	Note	(Rupees'000)	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
50,000,000 (30 June 2014: 50,000,000)			
ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up share capital		325,242	325,242
Reserves		2,621,725	2,617,504
Unappropriated profit		3,548,570	3,632,865
		6,495,537	6,575,611
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		19,853,565	19,853,565
NON CURRENT LIABILITIES			
Long term financing - secured	4	331,000	347,667
Liabilities against assets subject to finance lease - secured	5	18,430	20,949
Deferred liabilities		620,972	575,879
		970,402	944,495
CURRENT LIABILITIES			
Trade and other payables	6	1,835,388	1,894,235
Markup accrued		22,008	35,476
Short term borrowings - secured	7	143,913	-
Provision for taxation - net		-	10,815
Current portion of long term financing and liabilities against assets subject to finance lease		208,972	249,663
		2,210,281	2,190,189
		29,529,785	29,563,860
CONTINGENCIES AND COMMITMENTS			
	8		

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

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

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

		Unaudited 30 September 2014	Audited 30 June 2014
	Note	(Rupees'000)	
NON CURRENT ASSETS			
Property, plant and equipment	9	24,577,801	24,448,055
Advance for capital expenditure	10	1,194,313	1,185,480
Investment property		45,000	45,000
Long term investments		1,273,977	1,245,897
Long term deposits and prepayments		23,233	23,004
		27,114,324	26,947,436
CURRENT ASSETS			
Stores, spare parts and loose tools		163,863	145,619
Stock in trade - food and beverages		110,356	87,021
Trade debts		615,163	610,178
Advances	11	605,533	577,428
Trade deposits and prepayments		101,890	61,272
Interest accrued		24,629	7,940
Other receivables		33,807	28,272
Other financial assets	12	31,295	287,592
Non current assets held for sale	13	615,198	622,198
Advance tax - net		24,050	-
Cash and bank balances		89,677	188,904
		2,415,461	2,616,424
		<u>29,529,785</u>	<u>29,563,860</u>



M. A. Bawany
Director



Muhammad Rafique
Director

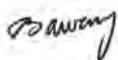
Condensed Interim Consolidated Profit and Loss Account (Unaudited) For the three months period ended 30 September 2014

	Note	Three months ended 30 September	
		2014	2013
		(Rupees'000)	
Sales and services - net	14	1,584,236	1,667,193
Cost of sales and services	15	(1,077,488)	(1,096,842)
Gross profit		506,748	570,351
Administrative expenses		(577,703)	(449,247)
Finance cost		(27,512)	(30,770)
Other income		45,422	128,334
		(53,045)	218,668
Share of gain in equity accounted investments-net		24,318	14,480
(Loss) / Profit before taxation		(28,727)	233,148
Taxation		(55,568)	(75,283)
(Loss) / Profit for the period		(84,295)	157,865

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

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

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



M. A. Bawany
Director



Muhammad Rafique
Director

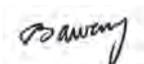
Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) For the three months period ended 30 September 2014

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	
(Loss) / Profit for the period	(84,295)	157,865
Other comprehensive income for the period		
Items not to be reclassified to profit and loss account in subsequent periods		
Experience adjustments on defined benefit obligation	-	10,148
Tax effect on experience adjustments	-	(3,552)
	-	6,596
Items to be reclassified to profit and loss account in subsequent periods		
Exchange (loss) / gain on translation of long term investments in equity accounted investees	(1,308)	3,479
Surplus on remeasurement of available for sale securities	5,071	3,591
Deferred tax on other comprehensive income	458	(1,218)
Other comprehensive income for the period	4,221	5,852
Total comprehensive income for the period	(80,074)	170,313

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

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

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



M. A. Bawany
Director



Muhammad Rafique
Director

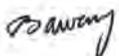
Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the three months period ended 30 September 2014

	Note	Three months ended 30 September	
		2014	2013
(Rupees'000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities			
before working capital changes	16	95,182	263,405
Working capital changes			
Increase in current assets			
Stores, spare parts and loose tools		(18,244)	(5,071)
Stock in trade - food and beverages		(23,335)	(22,740)
Trade debts		(16,670)	(76,727)
Advances		(28,105)	(33,869)
Trade deposits and prepayments		(40,618)	(10,937)
Other receivables		(5,535)	(1,395)
(Decrease)/ Increase in current liabilities			
Trade and other payables		(58,847)	81,784
Cash used in operations		(191,354)	(68,955)
Staff retirement benefit - gratuity paid		(9,930)	(5,921)
Compensated leave absences paid		(4,105)	(5,642)
Income tax paid		(53,920)	(53,587)
Finance cost paid		(48,613)	(31,327)
Net cash (used in) / generated from operating activities		(212,740)	97,973
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(228,029)	(153,493)
Advance for capital expenditure		(8,833)	(35,463)
Proceeds from disposal of property, plant and equipment		-	4,044
Proceeds from disposal of non current assets held for sale		7,000	-
Purchase of other financial assets		-	(931)
Proceeds from maturity of other financial assets		255,505	-
Dividend income received		400	438
Receipts of return on bank deposits and term deposits receipts		5,985	4,480
Long term deposits / prepayments		(229)	(1,926)
Net cash generated / (used in) investing activities		31,799	(182,851)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(58,333)	(58,333)
Repayment of liabilities against assets subject to finance lease		(3,866)	(4,476)
Net cash used in financing activities		(62,199)	(62,809)
Net decrease in cash and cash equivalents		(243,140)	(147,687)
Cash and cash equivalents at beginning of the period		188,904	53,878
Cash and cash equivalents at end of the period	17	(54,236)	(93,809)

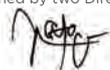
The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

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



M. A. Bawany
Director



Muhammad Rafique
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the three months period ended 30 September 2014

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 2013 - as previously reported	325,242	269,424	147,221	1,600,000	463,027	94,413	2,321,690	5,221,017
Effect of change in accounting policy	-	-	-	-	-	-	6,312	6,312
Balance at 01 July 2013 - restated	325,242	269,424	147,221	1,600,000	463,027	94,413	2,328,002	5,227,329

Changes in equity for the period ended 30 September 2013

Total comprehensive income for the period Profit for the period

Other comprehensive income for the period	-	-	-	-	2,261	3,591	157,865	157,865
Total comprehensive income for the period	-	-	-	-	2,261	3,591	164,461	170,313

Balance at 30 September 2013

325,242	269,424	147,221	1,600,000	465,288	98,004	2,492,463	5,397,642
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Balance at 01 July 2014

325,242	269,424	147,221	1,600,000	457,794	143,065	3,632,865	6,575,611
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Changes in equity for the period ended 30 September 2014

Total comprehensive income for the period Loss for the period

Other comprehensive income for the period	-	-	-	-	(850)	5,071	(84,295)	(84,295)
Total comprehensive income for the period	-	-	-	-	(850)	5,071	(84,295)	(80,074)

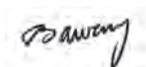
Balance at 30 September 2014

325,242	269,424	147,221	1,600,000	456,944	148,136	3,548,570	6,495,537
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The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

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

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


M. A. Bawany
Director


Muhammad Rafique
Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

1. THE GROUP AND ITS OPERATIONS

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

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

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

statement of changes in equity are stated from unaudited condensed interim consolidated financial information for the three months period ended 30 September 2013.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

3.1 The following standards, amendments and interpretations of approved accounting standards become effective during the period are either not relevant to the Company's current operations or are not expected to have significant impact on condensed interim consolidated financial information of the Group:

- IFRIC 21 'Levies' (effective 01 January 2014)
- Offsetting Financial Assets and Liabilities Ammendment to IAS 32 (effective 01 January 2014)
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' (effective 01 January 2014)
- Amendment to IAS 36 "Impairment of Assets" (effective 01 January 2014)

Amendments and interpretations of the following approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015.

- IFRS 10 'Consolidated and Separate Financial Statements' (effective 01 January 2015)
- IFRS 11 'Joint Arrangements' (effective 01 January 2015)
- IFRS 12 'Disclosure of interest in Other Entities' (effective 01 January 2015)
- IFRS 13 'Fair Value Measurement' (effective 01 January 2015)

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

	Unaudited 30 September 2014	Audited 30 June 2014
4. LONG TERM FINANCING - secured	(Rupees'000)	
From banking companies		
Term finance loans	291,667	350,000
Syndicated term loan	250,000	250,000
Transaction cost	(19,000)	(19,000)
	231,000	231,000
Current portion of long term financing	(191,667)	(233,333)
	<u>331,000</u>	<u>347,667</u>

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

	Unaudited 30 September 2014	Audited 30 June 2014
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - secured	(Rupees'000)	
Present value of minimum lease payments		
Balance at beginning of the period/ year	37,279	26,399
Additions during the period	2,322	25,253
Repayments made during the period/ year	(3,866)	(14,373)
	35,735	37,279
Current portion	(17,305)	(16,330)
	<u>18,430</u>	<u>20,949</u>

The markup rates, facility limits and securities offered for these lease finance arrangements are the same as disclosed in the audited consolidated financial statements of the Group for the year ended 30 June 2014.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

	Unaudited 30 September 2014	Audited 30 June 2014
6. TRADE AND OTHER PAYABLES	(Rupees'000)	
Creditors	612,474	615,413
Accrued liabilities	482,377	477,037
Advances from customers	258,715	284,842
Due to related parties - unsecured	19,592	54,341
Sales tax - net	100,611	109,814
Bed tax	60,810	60,710
Un-earned income	117,345	125,045
Others	183,464	167,033
	<u>1,835,388</u>	<u>1,894,235</u>
7. SHORT TERM BORROWINGS - secured		
Running finance from banking companies	143,913	-

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

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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

	Unaudited 30 September 2014	Audited 30 June 2014
8.1.1 Guarantees	<u>182,721</u>	<u>182,525</u>
8.2 Commitments		
Commitments for capital expenditure	<u>967,123</u>	<u>978,665</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

9. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	Leased assets	Capital work in progress	Total
Unaudited 30 September 2014 - (Rupees in '000)				
Carrying value at beginning of the period	23,759,333	44,958	643,764	24,448,055
Additions during the period	92	2,319	235,573	237,984
Depreciation charge for the period	(106,461)	(1,777)	-	(108,238)
Carrying value at end of the period	<u>23,652,964</u>	<u>45,500</u>	<u>879,337</u>	<u>24,577,801</u>
Audited 30 June 2014 - (Rupees in '000)				
Carrying value at beginning of the year	23,236,914	31,865	180,557	23,449,336
Additions during the year	351,624	25,253	1,205,720	1,582,597
Transfer from CWIP / leased assets	747,613	(5,100)	(742,513)	-
Disposals/ transfer during the year	(203,626)	-	-	(203,626)
Depreciation charge for the year	(364,907)	(7,060)	-	(371,967)
Transfer to non current asset held for sale	(8,285)	-	-	(8,285)
Carrying value at end of the year	<u>23,759,333</u>	<u>44,958</u>	<u>643,764</u>	<u>24,448,055</u>

10. ADVANCE FOR CAPITAL EXPENDITURE

This mainly includes advance for purchase of land amounting to Rs. 1,048.48 million (30 June 2014: Rs. 1,048.48 million). Advance for purchase of land includes amount of Rs. 381.66 million paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. The Honourable High Court of Sindh at Karachi dismissed the Constitution Petition filed by the 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 an Appeal (CPLA) in the Honourable Supreme Court of Pakistan which is pending. Though the management is hopeful for favourable outcome of this matter, in the eventuality of an adverse outcome, the management, on the basis of legal opinion, believes that the Parent Company will seek recovery of purchase consideration and land regularization fee paid to the seller and Land Regularization Department respectively.

11. ADVANCES

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

	Unaudited 30 September 2014	Audited 30 June 2014
	(Rupees'000)	
12. OTHER FINANCIAL ASSETS		
Investment in :		
- Shares of listed companies	11,190	11,982
- Mutual funds	-	250,505
- Certificate of Musharika /Treasury bills /Term deposit receipts	20,105	25,105
	<u>31,295</u>	<u>287,592</u>
13. NON CURRENT ASSETS HELD FOR SALE		

This represents 98,000 shares in Hashoo Group Limited - British Virgin Island. The Parent Company has agreed to sell these shares for total consideration of USD 5.99 million. The sale is expected to be finalised in next couple of months.

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	
14. SALES AND SERVICES - net		
Rooms	804,497	844,101
Food and beverages	926,297	968,687
Other related services	114,568	135,595
Vehicles rental	20,940	18,022
Parking fee	-	1,030
Shop license fees	6,985	5,172
	<u>1,873,287</u>	<u>1,972,607</u>
Discounts and commissions	(31,560)	(33,174)
Sales tax	(257,491)	(272,240)
	<u>1,584,236</u>	<u>1,667,193</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30 September 2014

	Three months ended 30 September	
	2014	2013
	(Rupees'000)	
15. COST OF SALES AND SERVICES		
Food and beverages		
Opening balance	87,021	80,533
Purchases during the period	315,024	333,429
Closing balance	(110,356)	(103,273)
Consumption during the period	<u>291,689</u>	<u>310,689</u>
Direct expenses		
Salaries, wages and benefits	256,425	256,872
Heat, light and power	236,963	239,598
Repairs and maintenance	65,430	71,261
Depreciation	97,414	81,957
Guest supplies	41,928	48,546
Linen, china and glassware	28,650	27,465
Communication and other related services	17,473	16,691
Banquet and decoration	11,723	14,965
Transportation	2,868	3,434
Uniforms	6,353	5,729
Music and entertainment	3,210	2,349
Insurance	1,301	1,041
Vehicle operating expense	8,655	10,412
Vehicle rental and registration charges	3,399	1,963
Others	4,007	3,870
	<u>1,077,488</u>	<u>1,096,842</u>
16. CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
(Loss) / Profit before taxation	(28,727)	233,148
Adjustments for non-cash items:		
Depreciation	108,238	89,920
Gain on disposal of property, plant and equipment	-	(2,367)
Provision for staff retirement benefit - gratuity	17,214	14,981
Provision for compensated leave absences	5,860	8,337
Provision for doubtful debts	11,685	7,718
Return on bank deposits/ TDR / Treasury bills	(5,749)	(3,606)
Interest income on short term advance to related party	(16,925)	(16,265)
Share of profit in equity accounted investments	(24,318)	(14,480)
Finance cost	27,512	30,770
Dividend income	(400)	(438)
Unrealised loss/(gain) on remeasurement of investments to fair value - net	792	(1,256)
Reversal of impairment on investment in associated companies	-	(83,057)
	<u>95,182</u>	<u>263,405</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30 September 2014

**Three months ended
30 September**
2014 2013
(Rupees'000)

17. CASH AND CASH EQUIVALENTS

Cash and bank balances	89,677	122,308
Running finance	(143,913)	(216,117)
	<u>(54,236)</u>	<u>(93,809)</u>

18. TRANSACTIONS WITH RELATED PARTIES

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

**Three months ended
30 September**
2014 2013
(Rupees'000)

Transactions and balances with associated undertakings

Sales	668	290
Services provided	2,096	2,758
Services availed	23,761	25,923
Purchases	23,176	40,865
Purchase of air tickets	3,200	2,176
Franchise fee - income	766	465
Franchise and management fee - expense	1,809	1,763
Purchase of property, plant and equipment	-	2,169
Contribution to the defined contribution plan	8,073	6,028
Donation	20,000	-
Interest income on advance	16,925	16,257
Accrued interest on advance	23,181	22,266
Balances at the period end:		
- Trade debts	18,472	*19,644
- Investments	1,273,977	*1,245,897
- Advance for capital expenditure	626,820	*626,820

Transactions with key management personnel

Remuneration and allowances including staff retirement benefits	18,718	25,947
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Personal guarantees to Banks against the Group's borrowings (Note 4 & 5)

*Audited balance as at 30 June 2014.

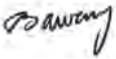
Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the three months period ended 30 September 2014

19. DATE OF APPROVAL

This unaudited condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Parent Company in its meeting held on 30 October 2014.

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

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



M. A. Bawany
Director



Muhammad Rafique
Director

Cultured like no other pearl in the world.

PC Pearl-Continental KARACHI



Pearl Continental Karachi of Hashoo group with a freedom of culture, colors and food which is an amalgamating venture. Management of Pearl Continental Karachi, with great zeal has always put Pearl Continental Karachi forward in various Cultural, National & International activities.

Alhamdulillah by the grace of GOD we are proud to announce/inform our valued customers and well-wishers that we have successfully completed our **renovation of rooms on the 1st to 6th floor**. This renovation includes replacement of complete room furniture's, curtains and other fixtures in the room. InshaAllah in the coming month our 5th & 6th floors will also be renovated on the same lines. Here it is pertinent to hi-light that besides this we have also renovated our complete Lobby, which includes installation of curtains, replacement of carpet and furniture. Beside this, we have changed carpet of Ball Room, complete renovation of Marco Polo and Zaver Hall, changing interior décor of Marquee. This all will certainly enhance beautification of our Hotel which will result in customer satisfaction, trust and will attract our valued customer.



For booking and details call: **021-111-505-505**

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