PSL
PAKISTAN SERVICES LTD.

Pearl-Continental
HOTELS & RESORTS

2016
ANNUAL REPORT

Cultured like no other pearl in the world.


CHOPSTICKS

PSL

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Pearl-Continental

HOTELS & RESORTS

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Annual Report 2016

Contents

Pearl-Continental Hotel - Bhurban

Vision & Mission

Vision Statement

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

Mission Statement

- Secrets to our sustained leadership in hospitality are Excellence and Dynamism through offering competitive and innovative high quality value added services to our guests and business partners.
- To meet the challenges of modern business, we constantly upgrade our operations and services in line with the latest technological facilities.
- As a responsible corporate citizen, maintaining the highest level of governance, ethical standards and prudence.
- Keeping close-watch at socio-political environment to make use of all available growth opportunities through aggressive and proactive approach.
- Believe in strong and professional workforce by providing challenging and rewarding environment and equal respect to all through creating the sense of participation towards the success of our vision.

Pearl-Continental Hotel - Rawalpindi

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

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

HUMAN RESOURCE & REMUNERATION COMMITTEE
Mr. M.A. Bawany
Syed Sajid Ali
Mr. Shakir Abu Bakar

CHIEF FINANCIAL OFFICER
Mr. Abdul Qadeer Khan

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
JS 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.com.pk
http://www.pearlcontinental.com.pk
http://www.hashoogroup.com
http://www.hashoogroup.com.pk
http://www.hashoogroup.info
http://www.hashoo.info

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

Pearl-Continental Hotel - Lahore

Corporate Objectives

Code of Conduct

The smooth and successful flow of processes and operations can not be achieved without the active participation and concerned efforts of all the employees of the Company. Discipline and professional working environment largely depends on behavior and attitude of the employees. Hence the Company has established its own standards of:

- Confidentiality
- Attendance and punctuality
- Working relationships
- Discussion topics
- Behavior and Attitude-in-General

Core Values

Growth and development for all
Competence and contribution as the only basis for job security
Promotion from within
Learning environment and opportunities
Provision for world-class education and training
Aligning people with the latest technological trends

Recognition and Reward
Achievement orientation
Appreciation
Setting ever-rising standards of performance
Performance-based evaluation
Incentives

Innovation
Listening and two-way interaction
Encouragement
Enterprise
Participation
Motivation
Initiative

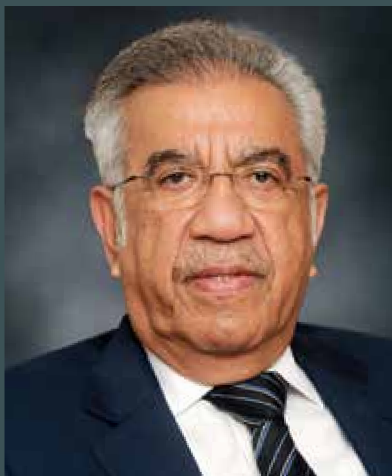
Trust
Cooperation
Integrity
Dignity
Respect
Candidness
Support
Teamwork
Sense of ownership
Empowerment

Strategic Objectives

- Sustain potential market share through managed average daily rate
- Ensure successful completion of all expansion projects
- Seek improvement in employees' competencies and enhancing performance goals
- Continue achieving sales growth to support long term plan
- Reinforce all areas of security risks to Company's assets and guests

Pearl-Continental Hotel - Muzaffarabad

Board of Directors


Mr. Sadruddin Hashwani


Mr. Murtaza Hashwani


Mr. M.A. Bawany


Mr. Nikolaos Fragkos


Mr. Mansoor Akbar Ali


Syed Sajid Ali


Mr. Shakir Abu Bakar


Syed Haseeb Amjad Gardezi


Mr. M. Ahmed Ghazali Marghoob

Statutory Officers

Mr. Abdul Qadeer Khan
Chief Financial Officer

Mr. Mansoor Khan
Company Secretary

Syed Nehal Ahmed Zaidi
Head of Internal Audit

Notice of Annual General Meeting

Notice is hereby given that the 57th Annual General Meeting of Pakistan Services Limited will be held on Monday, October 31, 2016 at 11:00 a.m. at Islamabad Marriott Hotel to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 29, 2015.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2016.
3. To approve payment of final cash dividend of Rs. 2.5/- per share i.e. 25% as recommended by the Board of Directors in addition to 50% interim dividend already paid.
4. To appoint Auditors for the year 2016-17 and fix their remuneration.
5. To consider any other business with the permission of the Chair.

By Order of the Board

Islamabad: September 26, 2016

Mansoor Khan
Company Secretary

NOTES

A). Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her except in case of a corporate entity which may appoint a proxy who may not be a member. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

B). The Share Transfer Books of the Company will remain closed from October 25, 2016 to October 31, 2016 (both days inclusive).

C). Shareholders are requested to notify the Company's Share Registrar, M/s. Technology Trade (Pvt) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahra-e-Quaideen, Karachi, of any change in their address.

D). CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

a. For Attending the Meeting:

i) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b. For Appointing Proxies:

i) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

ii) The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Proxy Form to the Company.

E). As per the directives of Securities & Exchange Commission of Pakistan, the members are requested to provide copies of their valid CNICs and Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch addresses to the Company in order to enable the Company to pay cash dividend electronically. The Dividend Mandate Form is attached with Printed annual report.

F). In order to transfer the amount of dividend directly into bank account, shareholders are requested to provide detail of bank account (CDC account holders to their respective members and physical shareholders to the Company or our share registrar.)

G). The Government of Pakistan through Finance Act, 2016 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

(i). For filers of Income Tax return 12.5%

(ii). For non-filers of Income Tax return 20.0%

To enable the Company to make tax deductions on the amount of cash dividend @ 12.5% instead of 20.0 %, all shareholders whose names are not entered into the active tax payer list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL otherwise tax on their cash dividends will be deducted @ 20.0% instead of 12.5%.

For any query / problem / information, the investors may contact the Company and / or the Share Registrar on the following phone numbers and e-mail addresses:

Pakistan Services Limited

1st Floor, NESPAK House, G-5/2, Islamabad.

Phone: +92-51-2272890-98

E-mail: mansoorkhan@hashoogroup.com

Share Registrar

M/s. Technology Trade (Pvt) Limited,

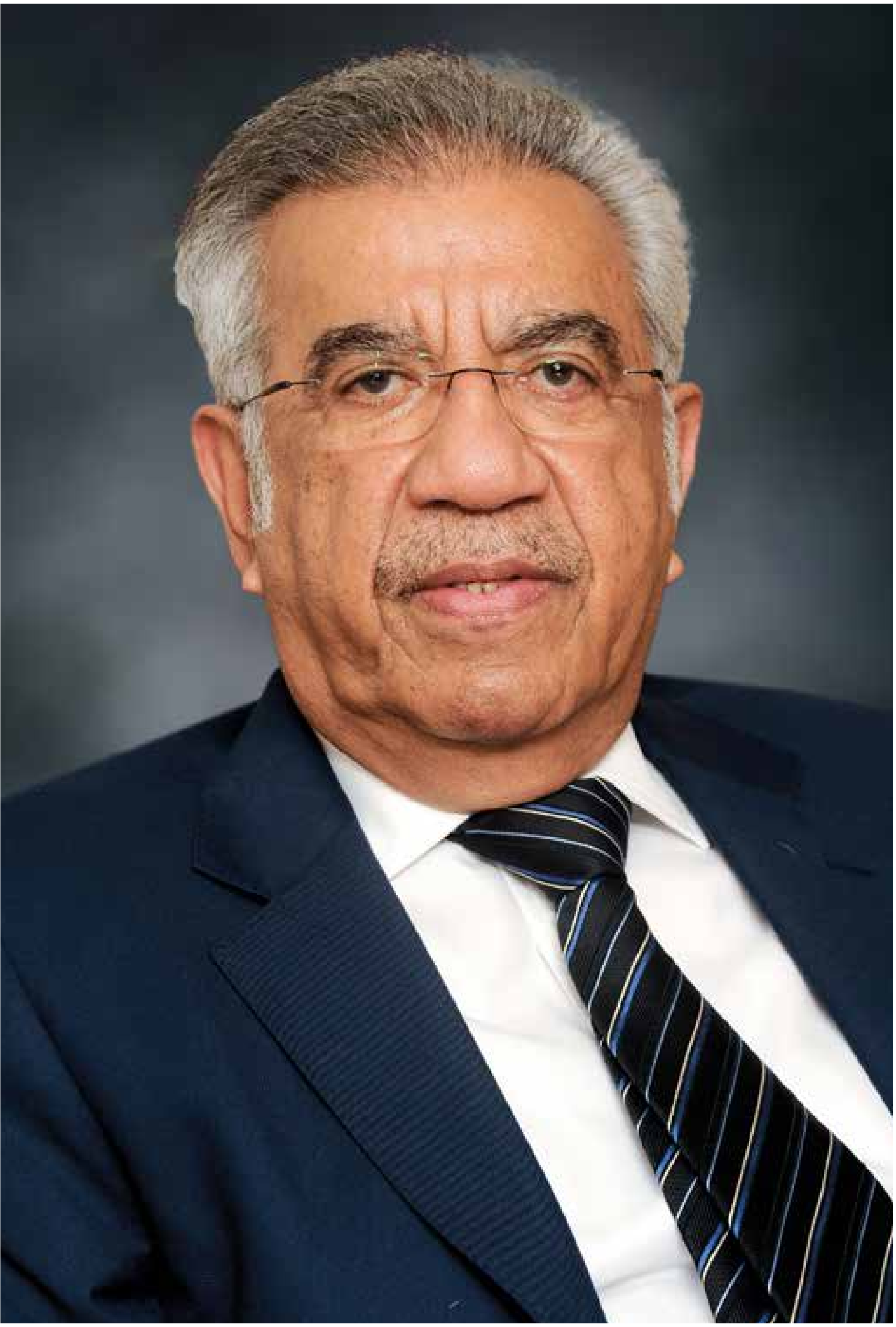
Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahra-e-Quaideen, Karachi

Phone: +92-21-34391316-7 & 34387960-61
E-mail: mail@ttpl.com.pk

H). The Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or our share registrar i.e. M/s. Technology Trade (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be must quote company name and their respective folio numbers.

I). The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically, are requested to send their email addresses on the consent form placed on the Company's website www.psl.com.pk, to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

Chairman's Review



DEAR MEMBERS

I am pleased to place before you the 57th annual report together with audited financial statements (both unconsolidated and consolidated) of Pakistan Services Limited ("the Company"), for the year ended on 30 June 2016 and the auditors' report thereon.

THE ECONOMIC ENVIRONMENT

UK decided to leave European Union (Brexit) on 23 June 2016 which is currently hitting UK's economy, resulting in negative interest rates and weakening of British currency followed by projected adverse effect on the GDP of Euro-zone.

USA's gross domestic product rose at a 0.8% annual rate from April to June 2016 depicting that service sector is the main engine of the economy. U.S. also has an important manufacturing base, which represents roughly 15% of output while personal income grew 1% on average in the first quarter of 2016, the same pace as in the fourth quarter of 2015.

In recent months, China's economy has continued to disappoint those observers who had expected that the slowdown would abate and possibly reverse. For example, industrial production was up by 5.6% in October 2015, which is the slowest rate of growth since April 2015 and the second slowest in six years. In addition, the government reported that fixed asset investment in the first 10 months of the year was up by 10.2%, the slowest rate of growth since 2000 and the 17th consecutive month that the rate of growth declined. The Japanese economy has switched between growth and contraction in the last four quarters, casting doubts about the health of the country's recovery. In first quarter, the economy alternated to the positive side due to stronger private consumption as, this year, February had an additional day compared to 2015.

PAKISTAN

Stability in Pakistan's economy is clear with recognition from international financial institutions including the IMF which expects 5% economic growth in current financial year. Pak Rupee is holding steady against the US currency and the inflation rate is in check at 3.19% for the fiscal year ended 30 June 2016. The electricity generation capacity continues to be short of demand, the gap varying from 5000 MW to 6000 MW and causing a significant dent in the economy. The government has initiated a program with the assistance of China, where the energy sector has been given high priority to overcome energy shortages by the year 2017-18, as 10400 MW is expected to be added by 2018.The CPEC implementation purports an investment of US$ 42 billion towards large infrastructural projects, with a major focus on energy, is likely to result in a significant leap in the GDP growth curve. The CPEC will lay a strong foundation for incremental expansion of the economy.

Economic picture of Pakistan has potential to further improve given better fiscal management and a stabilized security situation. Pak Army's initiative under Zarb-e-Azb has completed two years of operations and the incidents of terrorism in the country have been remarkably reduced, Pak Army is highly determined to fight till the terrorism ends from its roots in the country. The "cleanup" operations by the paramilitary forces in the metropolitan city of Karachi have also shown encouraging results. The federal government is making steady progress in the infrastructure development, particularly to the expansion of road and rail network, as well as improving electricity generation capacity with the construction of thermal, nuclear, hydel and renewable (solar and wind) electricity power plants.

OVERALL PERFORMANCE OF THE COMPANY

The Company achieved total revenue (exclusive of GST) of Rs. 9,151 million during the year under review in comparison to last year's revenue of Rs. 7,922 million, showing a growth of about 15.5%.The growth is due to better law and order situation resulting increase in business opportunities in the country

The Company for the year under review earned a profit before tax of Rs. 1,216 million as compared to Rs. 1,557 million in the previous year. The reduction in profit is due to the provision of impairment losses on investment in associated companies.

PERFORMANCE OF ROOMS DEPARTMENT

The revenue (exclusive of GST) was Rs. 4,421 million against Rs. 3,775 million in the last year indicating a growth of 17.1%. In terms of revenue, the increase in this segment is Rs. 646 million. The Average Daily Rate (ADR) increased by 8.4% over the immediate preceding year while the average occupancy increased from 61% in previous year to 66% in current year.

PERFORMANCE OF FOOD & BEVERAGE DEPARTMENT

The revenue (exclusive of GST) was Rs. 4,328 million as against Rs. 3,768 million of the last year. It has increased by Rs. 560 million registering a growth of 14.9%.

PERFORMANCE OF OTHER RELATED SERVICES/LICENSE FEE/TRAVEL & TOUR DIVISION

Revenue (exclusive of GST) from this sector during the year under review was Rs. 402 million as compared with Rs. 379 million of the prior year, indicating an increase of Rs. 23 million.

FUTURE PROSPECTS

Growth of hospitality industry is highly depended on corporate activities, tourism, youth activities and increase in leisure related activities, which is reliant on the growth and better law and order situation in Pakistan.
Currently, China-Pakistan Economic Corridor is at spotlight as development projects in major sectors like energy, communications, road and rail networks and airports are in progress. In addition, United Kingdom, Turkey and Kazakhstan have also expressed interests in joining CPEC. The government of Pakistan has various projects underway in the areas of campaigns to decrease corruption, hydroelectric stations and improvement of urban transport systems such as motorways and construction as well as the modernization of airports. The internal security situation has remarkably improved as a result of the efforts of the Armed Forces of Pakistan which has immensely increased public morale and domestic tourism. The country enjoyed improvement in political stability in the current year especially in Pakistan's largest city of Karachi, where target killing was at its peak from past 7 years.

Nineteenth South Asian Association for Regional Cooperation (SAARC) conference will be held in Pakistan this year and the objective of the summit is to consider security issues between India and Pakistan and promote the welfare of the people in South Asia. The Company has initiated projects including the

Chairman's Review

construction of new properties in Multan and Mirpur Azad Jammu & Kashmir, expansion of existing properties and large-scale modernization for its growth. Special emphasis has been laid on the improvement of guestrooms, restaurants, health-clubs and business centers. Latest technologies are being introduced in order to cope with various cyber threats and security systems are upgraded on regular basis to ensure physical securities of all business units.

All above reflect as an indicator that the hospitality industry in Pakistan is expected to grow in coming years.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pakistan Services Limited is actively engaging Corporate Social Responsibility, focusing on education, healthcare, vocational training and job placements of such trained human resources, as well as financial contributions. The goal of the programs is to alleviate suffering and empower disadvantaged communities and bring them into mainstream population.

CORPORATE PHILANTHROPY

The Company contributed a total of Rs.332.5 million as donations to the well reputed NGOs enjoying good track record of work in the sectors of education, healthcare and welfare across the country.

ENERGY CONSERVATION

Company is keen on cutting down wasted energy by installing machinery which helps to obtain optimum level of efficiency, as the energy is in short supply and is a dominating component of operating costs. Promoting green technologies and trainings to operating staff for effective use of energy, resulted in saving energy considerably, which was in addition to reduction in energy prices.

ENVIRONMENT PROTECTION MEASURES

Realizing the responsibility to protect the environment and making it more sustainable, the company, on regular basis organizes employee trainings to exercise extreme care for protection of the environment, saving water and energy. Landscaping, development of flower-beds, grassy areas and planting of trees are part of the implemented environmental improvement programs.

CUSTOMER PROTECTION MEASURES

For any successful organization customer feedback is considered highly valuable, therefore, our company's requisite forms are made available to the facilities users. Also, staff visits the customers for their extremely appreciable comments and suggestions. Moreover, online facility has also been arranged for the customers via "Revinate", where they can give us the feedbacks. In order to meet our social and cultural prestige and sustaining international reputation, our products' quality is reviewed on frequent intervals and improvements where required are made expeditiously. Customers' health, safety and security is our utmost priority for which adequate arrangements are implemented, hence prone to negligence is nil.

EMPLOYMENT OF SPECIAL PERSONS

The Company has an open door policy for recruitment of Special Persons and currently employs a number of individuals at different business locations.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health training programs and workshops are conducted regularly to stress safe work practices and to instill awareness of safety-first policies. Full familiarity with the use of various safety equipment and tools is ensured through frequent training and drills. Any unsafe practice is strictly prohibited and interdicted. Conversion training is given whenever equipment undergoes upgrades or new equipment is introduced, reducing emergency response time. Group health and life insurance coverage is provided to employees.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Code of Ethics and Business Practices are delineated clearly and each employee is made familiar with these and the same is placed on Company's official website, i.e. www.psl.com.pk. Regular checks occur to confirm the adherence to these codes. Any deviations are strictly forbidden.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

The Company in the year under review paid an amount of Rs. 3,212 million as against Rs. 2,791 million in the corresponding period of last year to Provincial and Federal governments in the form of customs duties, general sales tax, income tax and other levies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated revenue of the Company in the reporting year was Rs. 9,251 million, crossing the mark of Rs. 9 billion, as compared to Rs. 8,026 million for the last year thus registering a growth of 15.26% amounting to revenue increase of Rs. 1,225 million. The consolidated profits before and after tax for the year under review were Rs. 1,225 million and Rs. 616million respectively. This works out to a decrease in after tax profit by Rs. 345 million, mainly due to provision of impairment, when profit after tax is compared with last year.

The wholly-owned subsidiary company, M/s Pearl Tours and Travels (Private) Limited, engaged in the business of Rent-a-Car and arranging package tours, generated revenue of Rs. 174 million during the year under report as compared to Rs. 165 million of corresponding period of last year. It represents an increase of Rs. 9 million.

During the year the Company incorporated two new subsidiary companies, City Properties (Private) Limited and Elite Properties (Private) Limited. Principal activities of these companies are to set up, run, operate, manage and carry out business of real estate & property development.

Pearl Continental Hotels (Private) Limited, a wholly owned subsidiary remained non-operational during the financial year under report. Earnings from these entities were limited to the interest income on short-term funds placements with banks. Bhurban Resorts (Private) Limited previously one of the wholly owned subsidiaries has been merged into Pakistan Services Limited as resolved at the Extra Ordinary General Meeting held on 3 August 2015.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my appreciation for the dedication to duty and professional conduct of the employees of the Company, as well as shareholders and stakeholders for their support. I also thank the bankers of the Company for the understanding and the cooperation they have extended and gratitude towards our loyal and confident customers. The combined efforts of all have been instrumental in the healthy growth of the Company against all odds. We all pray for a peaceful, progressive and prosperous Pakistan. Ameen!

For and on behalf of the Board of Directors

SADRUDDIN HASHWANI
Chairman
September 26, 2016

PEARL-CONTINENTAL HOTEL KARACHI

A TRULY CULTURED PEARL

Standing proud amongst the hustle and bustle of the port city of Pakistan, The Pearl-Continental Hotel Karachi is a landmark in terms of its location, aesthetics, services and quality of cuisine offered. Tourists coming to visit the city, businessmen finalising deals, families travelling together en-route foreign trips or locals simply walking in to enjoy the numerous delicacies offered at its restaurants can all be seen at Pearl-Continental Hotel Karachi.

The place has its imposing presence written all over. Just fifteen kilometers from the city's airport and a mere five from the Arabian Sea, Pearl-Continental is a must visit place, an island where once the joy set in, beckons its guests at all times to come. Pearl Continental Hotel Karachi is quite essentially the best kept secret in luxury living in Karachi, the economic hub of Pakistan.

The hotel spells comfort right to its last letter, offering a variety of luxury packed rooms, stylish restaurants and contemporary business facilities. No doubt that as one walks into this world, an oasis of comfort and luxury, one simply cannot miss the numerous services offered here. Right from the moment one steps into the hotel, security of the occupants and the visitors has been taken into account to a great extent. A dedicated

team comprising of highly trained security personnel including guards, security officers and supervisors are present twenty-four hours on the premises. They are either assigned to a specific post or patrol the building throughout the day and night.

Pearl-Continental Karachi houses a variety of cuisines in the numerous restaurants housed inside the hotel. Catering to its walk-in as well as live-in guests belonging to all age groups with different preferences, the hotel accommodates all types of taste-buds.

The first restaurant that welcomes guests at Pearl-Continental Karachi is its time tested continental eatery, the Marco Polo. True to its name, the explorations continue. Offering a wide range of food for brunch, high-teas, lunch and dinner, the place offers a seating capacity of hundred and fifty people. In the evenings, melodious musical nights make the experience more enjoyable. Performers, musicians and jazz bands play here four days a week. Sometimes favourite hit Indian songs can also be heard. At other times, ghazal singers especially hired by the hotel perform in the nights. So an avid ghazal listener wishing to take pleasure in the melodious surroundings till three in the mornings listening to these ghazal singers can very well do so in a safe and secure environment because the hotel hardly sleeps. Anyone can just walk into Marco Polo anytime and simultaneously enjoy the food and music together.

Additionally, lavish thematic food festivals are also held at Marco Polo. "In a month we normally hold two to three festivals, catering to different countries from around the world" says the General Manager Pearl-Continental Karachi. The food festivals not only showcase the respective country's food but also its culture and traditions. Food sculptures show-casing country related art pieces followed by detailed food carvings and food specialties are presented to the guests. Live counters offer guests the chance to enjoy the authentic food delicacies of the respective countries in a festive mood. Additionally, Marco Polo's approachability right towards the entrance is something that guests walking into the hotel simply cannot give a miss. The spacious set-up makes room for all food festivals and festive occasions.

The Pearl-Continental Bakery is an impressive simple and small setup that also has an in-house seating area. Guests can choose from a variety of brownies, cakes and snacks. This irresistibly cosy little space beckons both young and old passing by who either come in and pick up a snack or enjoy little chats over steaming hot cups of coffee and tea.

Grape-Vine is another in-house eatery. Its specialty is definitely masala chai. You have it once and you are hooked on it for life. But Grape-Vine not only offers this. A professional violinist plays his violin and performs in the evenings for guests coming in. The experience is so spell binding that one can see people specially stopping by at the hotel at this time to listen to the violin, a rather upbeat elite experience. Meanwhile a mini hi-tea at Grape-Vine is also being offered. In just two hundred rupees this mini hi-tea is really a big treat.

Next in line is Tai-Pan, an oriental all time favourite Chinese restaurant. Done to the last detail in red, with its hanging Chinese lamps, it is a bustling place where ones who wish to enjoy the authentic cuisine can eat to their heart's content. Offering buffet as well as a la carte, Tai-Pan's management also offers arrangements for parties, booking of its private dining rooms to corporate as well as personal customers.

Then there is Sakura. An artist's delight, a food connoisseur's

treasure trove and a busy executive's retreat, the Sakura, is a one of its kind Japanese restaurant in Pakistan. Nestled on the tenth floor of the Pearl-Continental Hotel Karachi, it offers a true taste of Japanese cuisine. The chef of the Masala TV fame cooks here. The eatery is fenced with life size glass windows on three sides. This grants its guests an unparalleled view of Karachi, the city of lights. The sprawling green field of the Gymkhana situated on the right, adds colour to the beauty of the panoramic view of the city from the restaurant.

The eatery can easily host up to eighty-five people with its spacious seating arrangement and also can make room for are a total of hundred and twenty individuals when booked for a party. For guests, who wish to have more privacy, a private room enclosed by bamboo made sliding doors, offering a seating for ten people is also available in one corner of the restaurant. Sushi is a delicacy Sakura proudly offers to its guests at the sushi bar. Artistically presented with a variety of colours, the variety of Sushi offered at the restaurant will bring back memories of their homeland for all the Japanese personnel visiting this place. Serving a la carte menu, Sakura also offers its guest a live cooking counter, the payaki platter, situated right in its midst.

Chandani is another traditional restaurant at the hotel. Offering traditional dishes with a significant Indian touch, a bit of saffron, the Mughlai ambiance is very much there. From payee to kheer, from nihari to seekh kebabs, food varieties range from sea food, kormas, biryanis, salads, all done in the real traditional style. Even the dressings for salads are offered pickled varieties. The aroma of the saffron coming out of the open kitchen welcomes its guests to sit down to enjoy a traditional experience to its last detail. Apart from the traditional sweet platter, for the kids, the continental platter with custard pies is also available at all times.

The Jason's Steak House is another compact eatery offering the best in terms of steaks. It has got an amazing décor and the venue on its own, done in browns is a remarkable start to a great evening out. Overlooking the grand baradari plus the aerial view of Karachi's cityscape, its minimal capacity is perfect for a private outing with continental classics playing in the background.

The latest feather in the hotel's crown is the Terrace Café, an outdoor café cum communication lounge where mostly youngsters can be seen meeting up with each another, talking and simply having fun while eating the delectable snacks including tapas, Arabic food, and other combination platters. The lights are switched on in the evenings and the background is a picturesque view of the city sprawling across the land.

Summing up the Pearl-Continental Karachi's experience the General Manager says, "Pearl-Continental Karachi is a trend setter, the biggest cosmopolitan hotel in the region. There is simply no match or catch to it. Ever since 1964, it has proudly served generations as its clientele has regularly kept coming back over the years. Pearl-Continental Karachi has stood the test of the time and has been part of the Karachi scene since ages. Overall, it is very much a happening place".

For guests who stay here, may it be a few hours or a few weeks, they feel at home right from the moment they step into the hotel. We are proud to say that each guest is made to feel at home," adds the General Manager. Five star facilities are

offered to the deluxe room occupants. Executive and the E-floor guest rooms have free local telephone calls, 24 hours personalized butler services and there is express check in and check out facility for the executive floor guests. Nestled on the 9th floor, officially called the executive floor, three luxurious suites offer its guests packages especially designed for its corporate clients.

Tastefully designed, these exquisite executive suites feature a living room with a guest washroom, a separate bedroom with scenic views. Larger in size as compared to the executive suites, the deluxe suites come with a living and dining area, guest bathroom which offers both tub and shower cubicle and a separate bedroom. Guests in suites can avail the facility of complimentary breakfast, use of meeting rooms, 24-hour personal butler service and limousine transfers to and from the airport. The Deluxe rooms are well equipped with modern amentias including mini bar, wireless internet connectivity, phone and fax, in-room safe, plasma TV, 24-hour in-room dining, laundry and butler service on demand. The Integrated Information & Entertainment System (IIES) brings each guest a feast of information services, world news as well as unlimited access to on-line movies and music.

In this day and age, when working women are ruling the skies, travelling is very much part of their job routine. Keeping in view this development in the professional world, Pearl-Continental Karachi offers a special package for women travelling alone on business trips for meetings, conferences, corporate visits or trainings. The hotel not only gives them a special treatment since "they are out there in the world on their own" but welcomes them by presenting the working woman staying at the Pearl Lady Room with a beautifully designed Pearl Lady Brooch, a masterpiece with a sparkling brooch with a shining pearl right in the middle of it. Pearl lady room's occupants also get special deals on food and services. Additionally, Pearl-Continental Karachi is very much a happening place. Approached by multi-nationals and private parties alike, for conferences, workshops, promotional programmes or playing host to the latest lawn exhibitions and fashion shows in town, the hotel is a world in itself. The hotel also serves as a favourite place for hosting diplomatic events as well. The marquee can cater to one thousand to fifteen hundred people under its roof and serves as a preferred choice for weddings as well as major corporate events. Numerous banquet halls inside the hotel can cater up to a total of four thousand people in all. The staff is extremely helpful and has a customer friendly attitude.

Last but definitely not the least, the hotel's parking area, christened as Bara Dari is a humongous area that can at one time house seven hundred cars. This round the clock secure facility is not only for visitors but also officers working in the hotel's vicinity can avail it on a yearly basis on very nominal charges. No doubt, the over all Pearl-Continental Hotel Karachi experience is worth a million. Standing tall amongst the old cityscape, it can be proudly said that Pearl-Continental Karachi is an undisputed, premier business hotel with customer care vary much at its heart.

Directors' Report

Dear Members,

The Board of Directors ("the Board") of Pakistan Services Limited ("the Company") is pleased to present the 57th Annual Report with the audited unconsolidated financial statements of the Company for the year ended on 30 June 2016 alongwith the Auditors' Report thereon.

Summary of unconsolidated financial performance of the Company is as follows:

	(Rupees '000)
Profit from operations	1,897,159
Impairment loss on investments	(797,536)
Un-realized gain on re-measurement of investments	116,859
Profit before taxation	1,216,482
Taxation	(591,277)
Profit for the year	625,205
Other Comprehensive Income for the year	(15,310)
Distribution during the year	(325,242)
Un-appropriated profit brought forward	5,296,346
Profit available for appropriation	5,580,999

EARNINGS PER SHARE

Unconsolidated Earnings per share for the year 2015-16 arrived at Rs.19.22.

DIVIDEND

The Board of Directors proposed a final cash dividend of Rs. 2.50 per share for the year ended 30 June 2016 in addition to already paid interim dividend of Rs 5/- per share.

COMPLIANCE STATEMENT

The Board of the Company has throughout the year, as a matter of policy, complied with the "Code of Corporate Governance" as contained in the Pakistan Stock Exchange Limited Rule Book and is pleased to confirm that:

- The financial statements, prepared by the management of the listed company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except as disclosed in note # 3.1 of the financial statements, and the accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a "going concern".
- Key operating and financial data of the last six years in summarized form is annexed to this report.
- There are no statutory payments on account of taxes, duties, levies, and charges, which were outstanding as on 30 June 2016 except those disclosed in the financial statements.
- The Directors fully endorse the contents of the Chairman's Review included in the Annual Report, which deals inter alia with the financial and operating results and significant deviations from the last year, major future plans and other related matters of the Company.
- The Board has been making arrangements for orientation course for its directors to apprise them of their duties and responsibilities, during the year one of the directors attended the directors training program.
- During the year the directors, executives, and their spouses and minor children have not traded in Company's shares.
- During the year, the Board held 6 meetings, the attendance record of the Directors is as follows:

Name of Directors	Attendance
Mr. Sadruddin Hashwani	3
Mr. M.A. Bawany	6
Mr. Mansoor Akbar Ali	2
Syed Sajid Ali	4
Mr. Shakir Abu Bakar	6
Mr. Muhammad Rafique	5
Mr. Bashir Ahmed	3
Syed Haseeb Amjad Gardezi	1
Mr. Josef Kufer	2
Mr. Hassanali Vellani	2
Mr. Talat Hameed	3
Mr. M. Ahmed Ghazali Marghoob	4

- The leave of absence was granted to the Directors who could not attend the Board meeting held during the year.
- The value of investment of provident fund as per audited financial statements of Employees' Provident Fund-Pakistan Services Limited for the year ended on 30 June 2016 was Rs. 679.075 million.
- The pattern of shareholdings as required under section 236 of the Companies Ordinance, 1984 and Sub clause (x) of clause 5.19.11 of the Pakistan Stock Exchange Regulations is annexed to this report.

Change in Board and Management

During the year Ms. Sarah Hashwani, Mr. Hassanali Vellani, Mr. Bashir Ahmed, Mr. Muhammad Rafique, Directors resigned from the Board and casual vacancies were filled through appointment of Mr. Mansoor Akbar Ali, Syed Sajid Ali, Mr. M. Ahmed Ghazali Marghoob and Syed Haseeb Amjad Gardezi as Directors. Subsequent to year end Mr. Talat Hameed and Mr. Josef Kufer also resigned from the Board, these two causal vacancies were filled through appointment of Mr. Murtaza Hashwani and Mr. Nikolaos Fragkos. Further, Mr. Abdul Qadeer Khan was appointed as Chief Financial Officer upon resignation of Mr. Muhammad Rafique and Syed Nehal Ahmed Zaidi was promoted as Head of Internal Audit. The Board wishes to place on record its appreciation for the services rendered by its outgoing members and warmly welcomes new Directors, CFO and Head of Internal Audit and look forward to their valuable contributions to the success of the company during their ensuing tenure.

Information pursuant to section 218 of the Companies Ordinance, 1984 in respect of remuneration of Director has already been circulated to the members and also attached to this report.

PRINCIPAL BOARD COMMITTEES

Audit Committee

This Committee consists of four members including independent Director as its Chairman and is responsible to assist the Board in the management of business risk, internal controls and the conduct of the business in an effective and efficient manner. The Committee meets at least once in every quarter prior to the approval of interim financial results of the Company by the Board. The terms of reference of the Audit Committee have been approved by the Board of Directors.

During the year, there had been 5 Committee meetings, the attendance record of its members are as follows:

Name of Directors	Attendance
Mr. Shakir Abu Bakar	2
Mr. Hassanali Vellani	2
Mr. M. Ahmed Ghazali Marghoob	3
Mr. Mansoor Akbar Ali	2
Syed Sajid Ali	3
Mr. Talat Hameed	3

HUMAN RESOURCE & REMUNERATION COMMITTEE

This Committee consists of three members to assist the Board to enhance the level of competency and intellectual potential of Company's human resource.

During the year, there had been 2 Committee meetings, the attendance record of its members are as follows:

Name of Directors	Attendance
Mr. M.A. Bawany	2
Syed Sajid Ali	2
Mr. Shakir Abu Bakar	1
Mr. Bashir Ahmed	1

AUDITORS

The retiring auditors, M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible, offer themselves for re-appointment as the Company's auditors. The Board, on the recommendation of the Audit Committee, has proposed appointment of M/s KPMG Taseer Hadi & Co, Chartered Accountants as auditors of the Company for the year ending 30 June 2017.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

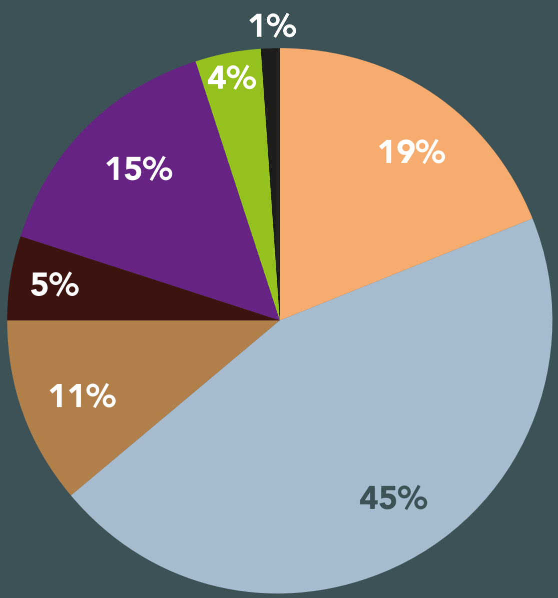
At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such this Directors' report, as approved by the Board of Directors, have been signed by two Directors.

For and on behalf of the Board of Directors

M. A. Bawany
Director
Islamabad: 26 September 2016

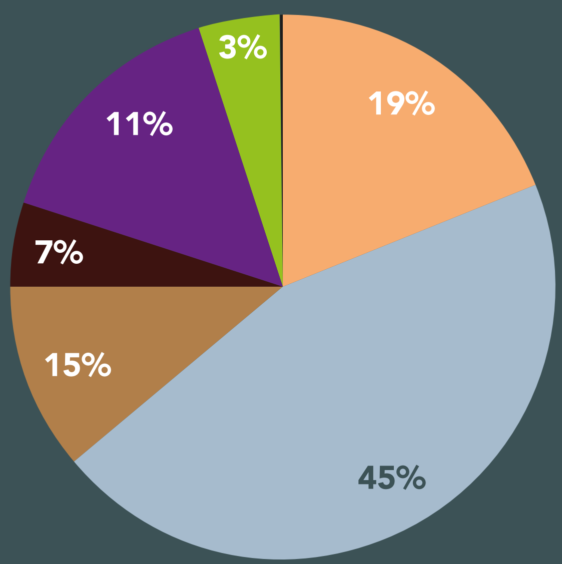
Shakir Abu Bakar
Director

Pearl-Continental Hotel - Lahore



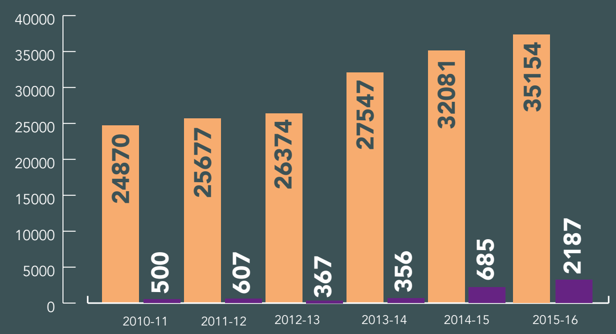
ROOMS REVENUE HOTEL WISE 2015-16

- PCH - Karachi
- PCH - Lahore
- PCH- Rawalpindi
- PCH - Peshawar
- PCH - Bhurban
- PCH - Muzaffarabad
- Hotel One The Mall



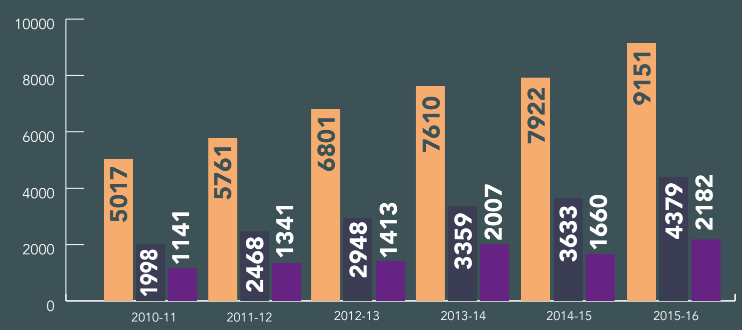
FOOD AND BEVERAGES REVENUE HOTEL WISE 2015-16

- PCH - Karachi
- PCH - Lahore
- PCH - Rawalpindi
- PCH - Peshawar
- PCH - Bhurban
- PCH - Muzaffarabad
- Hotel One The Mall



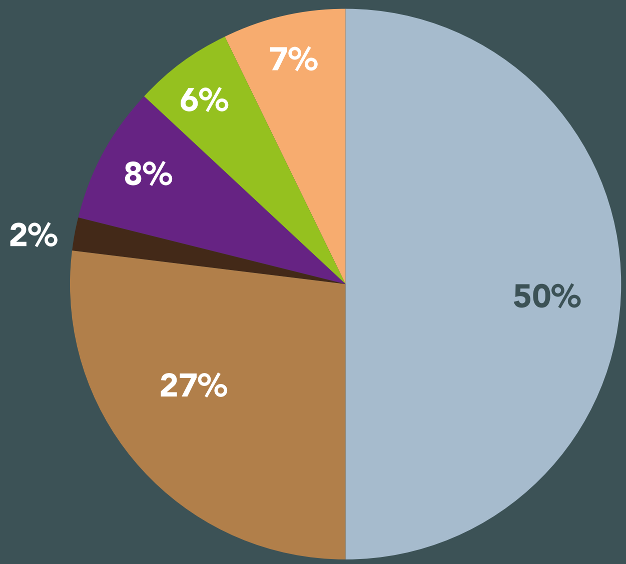
PROPERTY,PLANT AND EQUIPMENT AT COST V/S LONG TERM DEBTS

Property, Plant and Equipment Long Term Debts

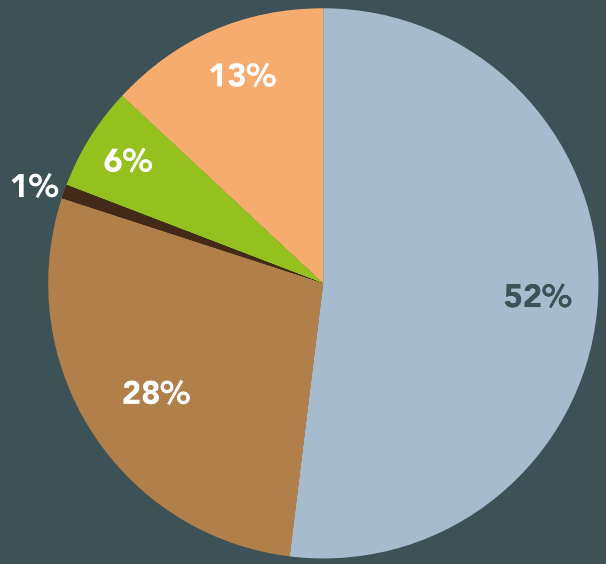


TREND ANALYSIS -SALES AND SERVICES-NET GROSS PROFIT AND OPERATING PROFIT

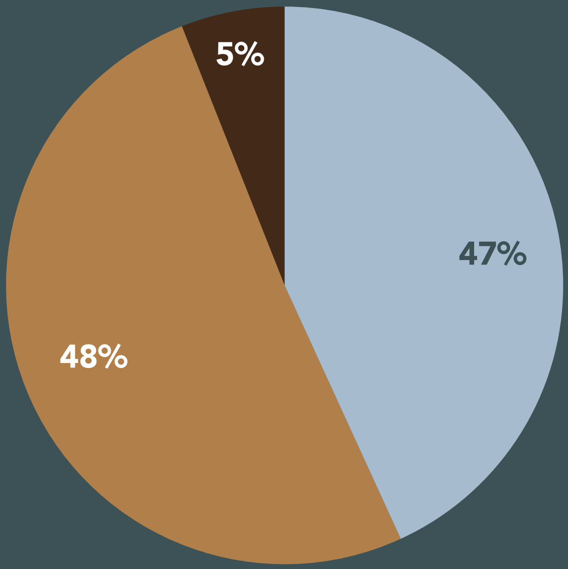
Sales and Services - net Gross Profit Operating Profit



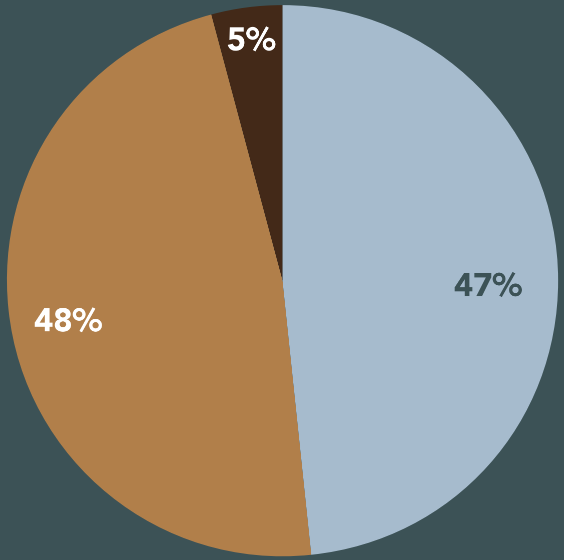
APPLICATION OF SALES & OTHER INCOME FINANCIAL YEAR 2015-16



APPLICATION OF SALES & OTHER INCOME FINANCIAL YEAR 2014-15



CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS FINANCIAL YEAR 2015-16



CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS FINANCIAL YEAR 2014-15

ڈائریکٹرز رپورٹ

محترم حصص داران:

بورڈ آف ڈائریکٹرز برائے پاکستان سروسز لمیٹڈ انتہائی مسرت کے ساتھ ۵۷ ویں سالانہ رپورٹ بمعہ کمپنی کی محاسبہ شدہ مالی گوشوارے برائے سال جو کہ مورخہ ۳۰ جون ۲۰۱۶ء کو اختتام پذیر ہوا بمعہ محاسب رپورٹ پیش خدمت ہے۔

کمپنی کی مالیاتی کارکردگی درج ذیل ہے:۔

	(رقم ۰۰۰')
کاروباری منافع	۱,۸۹۷,۱۵۹
سرمایہ کاری سے ہونے والا نقصان	(۷۹۷,۵۳۶)
سرمایہ کاری کے مد میں دوبارہ پیمائش / تخمینہ سے مبہم محاصل	۱۱۶,۸۵۹
منافع قبل از ٹیکس	۱,۲۱۶,۴۸۲
ٹیکس	(۵۹۱,۲۷۷)
سالانہ منافع	۶۲۵,۲۰۵
دیگر سالانہ جامع آمدنی	(۱۵,۳۱۰)
سال بھر میں منافع کی تقسیم	(۳۲۵,۲۴۲)
غیر منقسم شدہ منافع	۵,۲۹۶,۳۴۶
قابل تقسیم دستیاب منافع	۵,۵۸۰,۹۹۹

فی حصہ آمدنی

فی حصہ آمدنی برائے سال ۲۰۱۶ء مبلغ ۱۹.۲۲ روپے ہے۔

منافع کی تقسیم

بورڈ آف ڈائریکٹرز نے منافع جات کی تقسیم بمقدار مبلغ ۲.۵۰ روپے فی حصہ برائے سال جو کہ مورخہ ۳۰ جون ۲۰۱۶ء کو اختتام پذیر ہوا، تجویز کیا ہے یہ عبوری طور پر ادا کئے گئے منافع جات بمقدار ۵ روپے فی حصہ کے علاوہ ہے۔

تعمیلی بیان

کمپنی کا بورڈ سال بھر میں بطور پالیسی "کوڈ آف کارپوریٹ گورننس" کا پابند رہا جو کہ پاکستان سٹاک ایکسچینج لمیٹڈ کے قانونی کتاب میں درج ہے اور انتہائی مسرت کے ساتھ اس بات کی تصدیق کرتا ہے کہ:۔

* مالیاتی گوشوارے جسے کمپنی کی انتظامیہ نے تیار کیا ہے کمپنی کے معاملات، اس کے کاروباری نتائج، روپے کی آمد و رفت کا گوشوارہ اور سرمایہ میں تغیر کا گوشوارہ پیش کرتا ہے۔
* کمپنی کے کھاتہ جات کے باقاعدہ رجسٹر رکھے گئے ہیں۔
* مالیاتی گوشوارے بناتے وقت حساباتی پالیسیوں کا لحاظ رکھا گیا ہے اور یہ حساباتی تخمینے معقول اور محتاط اندازوں پر مبنی ہیں ماسوائے ان کے جو نوٹ ۳.۱ میں بیان کئے گئے ہیں۔
* مالیاتی رپورٹنگ کی بین الاقوامی معیارات (IFRS) جس طرح کہ ملک پاکستان میں رائج ہیں، مالیاتی گوشواروں کی تیاری اور حساباتی اعداد و شمار میں ان کی اتباع

کی گئی ہے اور انکے برعکس عمل کو بیان اور وضاحت کی گئی ہے۔

* جانچ پڑتال کا مختص نظام اپنی جگہ درست اور مؤثر طور پر نافذ العمل اور زیرنگرانی ہے۔
* کمپنی کے کاروبار کے تسلسل کی استعداد کار میں کوئی شبہات موجود نہیں ہیں۔
* گزشتہ چھ سالوں پر محیط اہم کاروباری اور مالیاتی معلومات کی مختصر کیفیت اس رپورٹ کے ساتھ منسلک ہے۔
* کسی قسم کی قانونی ٹیکس، واجبات، لگان اور فیس وغیرہ مورخہ ۳۰ جون ۲۰۱۶ء تک واجب الادا نہیں، ماسوائے ان کے جو مالیاتی گوشوارے میں بیان کئے گئے ہیں۔
* ڈائریکٹران مکمل طور پر چیئرمین کے جائزہ رپورٹ کی توثیق کرتے ہیں جو سالانہ رپورٹ میں شامل ہے اور یہ مجموعی طور پر مالیاتی اور کاروباری نتائج کے ساتھ ان میں وجہ تغیر اور مستقبل کے اہم منصوبہ جات اور معاملات کی احاطہ کرتی ہے۔
* بورڈ ڈائریکٹرز کی تربیت کا انتظام کرتا ہے تا کہ انہیں اپنے فرائض اور ذمہ داریوں کا علم ہو۔ دورانِ سال ڈائریکٹران میں سے ایک ڈائریکٹر نے ڈائریکٹرز کی تربیتی پروگرام میں شرکت کی۔
* دورانِ سال ڈائریکٹرز، ایگزیکٹوز اور انکے ازواج اور کمسن بچوں نے کمپنی کے حصص میں کاروبار نہیں کیا۔
* دوران سال بورڈ نے ۶ اجلاس منعقد کئے اور سال بھر میں ڈائریکٹران کے حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹران کے نام	حاضری
جناب صدرالدین ہاشوانی	۳
جناب محمد اختر باوانی	۶
جناب منصور اکبر علی	۲
سید ساجد علی	۴
جناب شاکر ابوبکر	۶
جناب محمد رفیق	۵
جناب بشیر احمد	۳
سید حسیب امجد گردیزی	۱
جناب جوزف گُوفر	۲
جناب حسن علی ویلانی	۲
جناب طلعت حمید	۳
جناب محمد احمد غزالی مرغوب	۴

* جو ڈائریکٹرز صاحبان دورانِ سال منعقدہ اجلاس میں شرکت نہ کر سکے ان کو بورڈ کی طرف سے غیر حاضری کی رخصت دی گئی۔
* پاکستان سروسز لمیٹڈ کی ایمپلائز پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت اس کے محاسبہ شدہ مالیاتی گوشواروں کے مطابق برائے سال اختتام ۳۰ جون ۲۰۱۶ء کو ۶۷۹.۰۷۵ ملین روپے ہے۔
* حصہ داران کا تناسب جو کہ کمپنیز کی آرڈیننس ۱۹۸۴ء کی دفعہ نمبر ۲۳۶ اور پاکستان اسٹاک ایکسچینج کی دفعہ ۵.۱۹.۱۱ کی ذیلی دفعہ ۱۰ کی رُو سے درکار ہے اس رپورٹ کے ساتھ منسلک ہے۔

بورڈاور مینجمنٹ میں تبدیلی:

دوران سال محترمہ سارہ ہاشوانی، محترم حسن علی ویلانی، محترم بشیر احمد، محترم محمد رفیق، ڈائریکٹرز نے بورڈ سے استعفے دیئے اوران کی جگہ محترم منصور اکبر علی، سید ساجد علی، محترم محمد احمد غزالی مرغوب اور سید حسیب امجد گردیزی بطور ڈائریکٹرز بورڈ میں شمولیت اختیار کی۔ مالی سال کے اختتام کے بعد محترم طلعت حمید اور محترم جوزف کُوفر نے بھی بورڈ سے استعفے دیئے اور ان کی جگہ پر محترم مرتضی ہاشوانی اور محترم نیکولس فرگوس بطور ڈائریکٹرز تعینات ہوئے۔ مزید برآں جناب محمد رفیق کے استعفی دینے پر اس کی جگہ جناب عبدالقدیر خان بطور چیف فنانشل آفیسر تعینات ہوئے اور جناب نہال احمد زیدی کو ہیڈ آف انٹرنل آڈٹ کے عہدے پر ترقی دی گئی۔ بورڈ اپنے سبکدوش ہونے والے ممبران کی گرانقدر خدمات کو سراہتا ہے اور نئے آنے والے ڈائریکٹرز، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ کا خیر مقدم کرتا ہے اور کمپنی کی کامیابی کے حوالے سے ان کی سروس میں نمایاں کارکردگی کے متمنی ہے۔

بورڈ کی ذیلی کمیٹیاں

محاسب کمیٹی

یہ کمیٹی چار ارکان پر مشتمل ہے اوراس کا چیئر مین آزاد ڈائریکٹر ہے۔ یہ کمیٹی تجارتی مقابلوں، جانچ پڑتال کے قوائد اور تجارتی معاملات میں ایک فعال اور مؤثر طور پر انتظامی امور میں بورڈ کی معاونت کی ذمہ دار ہے۔ کمیٹی بورڈ کی جانب سے عبوری مالیاتی نتائج کی منظوری سے قبل کم از کم سہ ماہی کے دوران ایک اجلاس منعقد کرتی ہے۔ محاسب کمیٹی کے شرائط وضوابط بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

دوران سال کمیٹی کے ۵ اجلاس منعقد ہوئے اور اسکے ارکان کی حاضری کی ریکارڈ درج ذیل ہے۔

ڈائریکٹران کے نام	حاضری
جناب شاکر ابوبکر	۲
جناب حسن علی ویلانی	۲
جناب محمد احمد غزالی مرغوب	۳
جناب منصور اکبر علی	۲
سید ساجد علی	۳
جناب طلعت حمید	۳

افرادی قوت اور معاوضے کی کمیٹی

یہ کمیٹی ۳ ارکان پر مشتمل ہے جس میں سے علاوہ چیئر مین کے ۲ ارکان، نان ایگزیکٹو ڈائریکٹرز ہیں یہ کمپنی کے افرادی قوت کی اہلیت اور پیشہ ورانہ صلاحیتوں کے معیار کو بڑھانے میں بورڈ کی معاونت کرتی ہے۔

دوران سال کمیٹی کے ۲ اجلاس منعقد ہوئے اور اسکے ارکان کی حاضری کی ریکارڈ درج ذیل ہے۔

ڈائریکٹران کے نام	حاضری
جناب محمد اختر باوانی	۲
سید ساجد علی	۲
جناب شاکر ابوبکر	۱
جناب بشیر احمد	۱

محاسب

ریٹائر ہونے والے محاسب کے پی ایم جی تا ثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اہلیت کیساتھ محاسب کے طور پر خود کو کمپنی میں دوبارہ تعیناتی کے لئے پیش کرتی ہے۔ بورڈ محاسب کمیٹی کی سفارش سے کے پی ایم جی تا ثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو برائے سال جو کہ مورخہ ۳۰ جون ۲۰۱۷ ء کو اختتام پذیر ہوگا، کی تعیناتی تجویز کرتی ہے۔

کمپنیز آرڈیننس ۱۹۸۴ ء کی دفعہ نمبر (۲)۲۴۱ کی رو سے بیان

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

منجانب بورڈ اف ڈائریکٹرز

ایم۔اے۔باوانی
ڈائریکٹر
اسلام آباد ۲۶ ستمبر ۲۰۱۶ء

شاکر ابوبکر
ڈائریکٹر

Key operating and Financial Data

Based on Unconsolidated Financial Statements For the year ended / as at June, 30

		2016	2015	2014	2013	2012	2011
Profitability Ratios							
Gross profit ratio	%	47.85	45.87	44.14	43.35	42.83	39.84
Net profit to sales	%	6.83	13.51	18.27	13.04	13.61	13.33
EBIDTA margin to sales	%	20.69	26.23	30.91	24.70	27.16	27.26
Return on equity	%	8.04	14.29	21.68	17.29	18.50	19.36
Return on capital employed	%	1.82	3.28	5.10	3.42	3.10	2.74
Return on assets	%	1.71	3.12	4.72	3.20	2.91	2.55
Liquidity Ratios							
Current ratio		1.24	1.89	1.36	1.23	1.22	0.97
Quick / acid test ratio		1.11	1.76	1.26	1.11	1.12	0.89
Cash to current liabilities		0.17	0.44	0.07	0.06	0.08	0.04
Cash flow from operations to sales		0.22	0.13	0.19	0.14	0.12	0.16
Activity Turnover Ratios							
Inventory turnover	Days	22	24	23	23	21	19
Debtors turnover	Days	34	40	42	41	40	30
Creditors turnover	Days	23	34	51	25	23	33
Operating cycle	Days	33	30	14	39	38	16
Property, plant & equipment turnover	Times	0.29	0.27	0.31	0.30	0.26	0.23
Total assets turnover	Times	0.25	0.23	0.26	0.25	0.21	0.19
Investment / Market Ratios							
Earnings per share - basic and diluted	Rs	19.22	32.92	42.74	27.28	24.10	20.55
Price earning ratio		35.10	15.04	11.50	10.86	6.22	6.93
Dividend yield ratio	%	1.11	1.01	-	-	-	-
Dividend payout ratio	%	39.02	15.19	-	-	-	-
Dividend cover ratio		2.56	6.58	-	-	-	-
Cash dividend per share	Rs	7.50	5.00	-	-	-	-
Market value per share at year end	Rs	674.73	495	491.36	296.10	150.00	142.50
Highest market value per share during the year	Rs	674.73	574.50	520.00	390.00	162.89	181.99
Lowest market value per share during the year	Rs	499.2	411.00	222.00	142.50	131.90	129.65
Breakup value per share (Including the effect of surplus on revaluation of property, plant & equipment).	Rs	970.21	961.46	807.58	772.31	745.04	721.33
Breakup value per share (Excluding surplus on revaluation of property, plant & equipment).	Rs	239.07	230.32	197.15	157.73	130.46	106.16
Capital Structure Ratios							
Financial leverage ratio		0.09	0.02	0.02	0.02	0.03	0.02
Debt : Equity (Including the effect of surplus on revaluation of property, plant & equipment)		0.07	0.02	0.01	0.01	0.03	0.02
Debt : Equity (Excluding surplus on revaluation of property, plant & equipment)		0.28	0.09	0.06	0.07	0.14	0.14
Interest cover ratio		8.25	16.11	15.26	9.17	7.26	6.44
Summary of Cash Flows							
Net cash flow from operating activities	(Rs.000)	2,013,492	1,023,940	1,465,055	920,364	667,313	786,691
Net cash flow from investing activities	(Rs.000)	(4,005,839)	(577,521)	(1,325,932)	(730,338)	(551,458)	(711,241)
Net cash flow from financing activities	(Rs.000)	1,605,435	157,785	(10,227)	(223,131)	262,219	428,000
Net change in cash and cash equivalents	(Rs.000)	(386,912)	604,204	128,896	(33,105)	378,074	503,450


Pearl-Continental Hotel - Karachi

Horizontal Analysis

As at / for the year ended June, 30

Balance Sheet

(Rupees'000)	**2016**	16 Vs 15 %	2015	15 Vs 14 %	2014	14 Vs 13 %	2013	13 Vs 12 %	2012	12 Vs 11 %	2011
Share Capital and Reserves											
Issued, subscribed and paid up share capital	325,242	-	325,242	-	325,242	-	325,242	-	325,242	-	325,242
Reserves	1,869,424	-	1,869,424	-	1,869,424	-	1,869,424	-	1,869,424	-	1,869,424
Unappropriated profit	5,580,999	5.37	5,296,346	25.58	4,217,567	43.68	2,935,427	43.31	2,048,291	62.80	1,258,128
	7,775,665	3.80	7,491,012	16.82	6,412,233	24.99	5,130,093	20.91	4,242,957	22.88	3,452,794
Surplus on revaluation of property, plant and equipment	23,779,515	-	23,779,515	19.77	19,853,565	(0.68)	19,988,725	-	19,988,725	(0.10)	20,007,770
Non Current Liabilities											
Long term financing - secured	2,187,001	219.21	685,128	97.06	347,667	(0.67)	350,000	(40.00)	583,333	16.67	500,000
Liabilities against assets subject to finance lease	-	-	-	(100.00)	7,748	(53.47)	16,651	100.00	24,029	100.00	-
Long term deposits			-	-	-	-	-	-	-	(100.00)	50,884
Deferred liabilities	703,672	9.08	645,072	0.40	642,532	39.09	461,953	(4.66)	484,531	32.67	365,219
	2,890,673	117.31	1,330,200	33.29	997,947	20.44	828,604	(24.11)	1,091,893	19.19	916,103
Current Liabilities											
Trade and other payables	1,603,418	(1.80)	1,632,799	(12.46)	1,865,116	27.88	1,458,466	11.74	1,305,231	(1.65)	1,327,119
Markup payable	84,856	121.83	38,253	9.10	35,063	69.48	20,689	(35.99)	32,323	2.66	31,484
Short term borrowings - secured			-	-	-	(100.00)	75,395	17.92	63,936	(83.62)	390,233
Current portion of long term financing	500,000	572.12	74,392	(69.28)	242,195	0.42	241,186	7.86	223,606	521.13	36,000
Provision for taxation - net	-	-	-	-	37,634	494.06	6,335	100.00	-	(100.00)	47,339
	2,188,274	25.37	1,745,444	(19.93)	2,180,008	20.97	1,802,071	10.89	1,625,096	(11.30)	1,832,175
	36,634,127	6.66	34,346,171	16.65	29,443,753	6.11	27,749,493	2.97	26,948,671	2.82	26,208,842
Non Current Assets											
Property, plant and equipment	31,647,432	9.52	28,897,404	18.78	24,328,755	5.84	22,987,048	2.13	22,507,365	2.35	21,990,412
Advance for capital expenditure	1,173,612	(0.16)	1,175,457	(0.85)	1,185,480	7.81	1,099,645	14.28	962,220	23.55	778,817
Investment property	45,000	-	45,000	-	45,000	(4.26)	47,000	-	47,000	(88.00)	391,763
Long term investments	1,037,794	14.70	904,763	8.01	837,668	(38.77)	1,368,038	4.00	1,315,377	7.60	1,222,418
Advance for equity investment	-	-	-	(100.00)	55,000	100.00	-	(100.00)	113,080	177.84	40,700
Long term deposits and prepayments	23,838	26.37	18,864	(7.23)	20,335	(41.98)	35,049	161.85	13,385	0.02	13,382
	33,927,676	9.30	31,041,488	17.26	26,472,238	3.66	25,536,780	2.32	24,958,427	2.13	24,437,492
Current Assets											
Stores, spare parts and loose tools	188,338	25.23	150,389	3.28	145,619	12.21	129,770	27.80	101,538	17.90	86,121
Stock in trade - food and beverages	96,189	6.03	90,715	4.24	87,021	8.06	80,533	22.78	65,589	21.84	53,833
Trade debts	528,735	3.63	510,208	(12.61)	583,847	5.28	554,553	19.66	463,439	45.19	319,190
Advances	100,198	(82.75)	580,723	1.01	574,928	(2.25)	588,170	3.15	570,211	(5.43)	602,955
Trade deposits and prepayments	69,269	8.43	63,883	8.17	59,057	(17.94)	71,965	21.59	59,188	59.27	37,163
Interest accrued	1,011	(82.84)	5,893	(24.49)	7,804	19.88	6,510	(15.77)	7,729	(84.34)	49,340
Other receivables	48,650	27.97	38,018	24.12	30,630	(27.59)	42,302	37.68	30,724	(42.35)	53,296
Other financial assets	1,208,587	10.41	1,094,604	(17.12)	1,320,771	109.05	631,787	27.92	493,887	8.13	456,760
Non current assets held for sale		-	-	-	-	-	-	(100.00)	55,955	56.74	35,700
Advance tax - net	86,344	-	4,208	-	-	-	-	(100.00)	13,215	100.00	-
Cash and bank balances	379,130	(50.51)	766,042	373.34	161,838	51.08	107,123	(16.81)	128,769	67.25	76,992
	2,706,451	(18.10)	3,304,683	11.21	2,971,515	34.29	2,212,713	11.18	1,990,244	12.36	1,771,350
	36,634,127	6.66	34,346,171	16.65	29,443,753	6.11	27,749,493	2.97	26,948,671	2.82	26,208,842
Profit and Loss Account											
Sales and services - net	9,151,060	15.51	7,922,016	4.10	7,609,885	11.89	6,801,170	18.06	5,760,754	14.83	5,016,601
Cost of sales and services	4,772,155	11.28	4,288,554	0.88	4,251,249	10.33	3,853,039	17.00	3,293,237	9.11	3,018,227
Gross profit	4,378,905	20.52	3,633,462	8.18	3,358,636	13.92	2,948,131	19.48	2,467,517	23.48	1,998,374
Administrative expenses	2,579,004	14.03	2,261,735	15.21	1,963,093	7.18	1,831,583	24.99	1,465,373	25.77	1,165,102
Other operating expenses	797,536	100.00	-	(100.00)	73,368	0.62	72,919	100.00	-	(100.00)	19,201
Other operating income	381,870	32.39	288,438	(57.07)	671,855	82.13	368,879	8.87	338,821	3.61	327,022
Operating profit	1,384,235	(16.62)	1,660,165	(16.74)	1,994,030	41.17	1,412,508	5.34	1,340,965	17.52	1,141,093
Finance cost	167,753	62.75	103,073	(21.10)	130,639	(15.16)	153,988	(16.65)	184,741	4.34	177,058
Profit before taxation	1,216,482	(21.87)	1,557,092	(16.44)	1,863,391	48.06	1,258,520	8.85	1,156,224	19.94	964,035
Taxation	591,277	21.55	486,446	2.75	473,411	27.47	371,384	(0.27)	372,373	26.01	295,503
Profit for the year	625,205	(41.60)	1,070,646	(22.97)	1,389,980	56.68	887,136	13.18	783,851	17.25	668,532
Earnings per share - basic and diluted (Rupees)	19.22	(41.60)	32.92	(22.97)	42.74	56.68	27.28	13.18	24.10	17.25	20.55

Vertical Analysis

As at / for the year ended June, 30

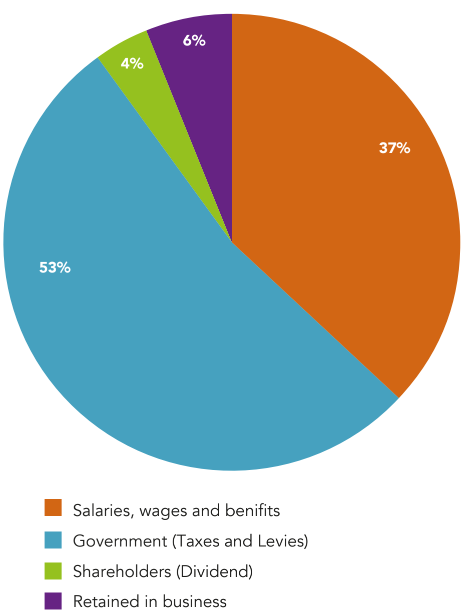
Balance Sheet

(Rupees'000)	**2016**	%	2015	%	2014	%	2013	%	2012	%	2011	%
Share Capital and Reserves												
Issued, subscribed and paid up share capital	325,242	0.89	325,242	0.95	325,242	1.10	325,242	1.17	325,242	1.21	325,242	1.24
Reserves	1,869,424	5.10	1,869,424	5.44	1,869,424	6.35	1,869,424	6.74	1,869,424	6.94	1,869,424	7.13
Unappropriated profit	5,580,999	15.23	5,296,346	15.42	4,217,567	14.32	2,935,427	10.58	2,048,291	7.60	1,258,128	4.80
	7,775,665	21.23	7,491,012	21.81	6,412,233	21.78	5,130,093	18.49	4,242,957	15.74	3,452,794	13.17
Surplus on revaluation of property, plant and equipment	23,779,515	64.91	23,779,515	69.23	19,853,565	67.43	19,988,725	72.03	19,988,725	74.17	20,007,770	76.34
Non Current Liabilities												
Long term financing - secured	2,187,001	5.97	685,128	1.99	347,667	1.18	350,000	1.26	583,333	2.16	500,000	1.91
Liabilities against assets subject to finance lease			-	-	7,748	0.03	16,651	0.06	24,029	0.09	-	-
Long term deposits			-	-	-	-	-	-	-	0.00	50,884	0.19
Deferred liabilities	703,672	1.92	645,072	1.88	642,532	2.18	461,953	1.66	484,531	1.80	365,219	1.39
	2,890,673	8.42	1,330,200	3.87	997,947	3.39	828,604	2.99	1,091,893	4.05	916,103	3.50
Current Liabilities												
Trade and other payables	1,603,418	4.38	1,632,799	4.75	1,865,116	6.33	1,458,466	5.26	1,305,231	4.84	1,327,119	5.06
Markup payable	84,856	0.23	38,253	0.11	35,063	0.12	20,689	0.07	32,323	0.12	31,484	0.12
Short term borrowings - secured		-	-	-	-	-	75,395	0.27	63,936	0.24	390,233	1.49
Current portion of long term financing	500,000	1.36	74,392	0.22	242,195	0.82	241,186	0.87	223,606	0.83	36,000	0.14
Provision for taxation - net	-	-	-	-	37,634	0.13	6,335	0.02	-	-	47,339	0.18
	2,188,274	5.97	1,745,444	5.08	2,180,008	7.40	1,802,071	6.49	1,625,096	6.03	1,832,175	6.99
	36,634,127	100.00	34,346,171	100.00	29,443,753	100.00	27,749,493	100.00	26,948,671	100.00	26,208,842	100.00
Non Current Assets												
Property, plant and equipment	31,647,432	86.39	28,897,404	84.14	24,328,755	82.63	22,987,048	82.84	22,507,365	83.52	21,990,412	83.90
Advance for capital expenditure	1,173,612	3.20	1,175,457	3.42	1,185,480	4.03	1,099,645	3.96	962,220	3.57	778,817	2.97
Investment property	45,000	0.12	45,000	0.13	45,000	0.15	47,000	0.17	47,000	0.17	391,763	1.49
Long term investments	1,037,794	2.83	904,763	2.63	837,668	2.84	1,368,038	4.93	1,315,377	4.88	1,222,418	4.66
Advance for equity investment	-	-	-	-	55,000	0.19	-	-	113,080	0.42	40,700	0.16
Long term deposits and prepayments	23,838	0.07	18,864	0.05	20,335	0.07	35,049	0.13	13,385	0.05	13,382	0.05
	33,927,676	92.61	31,041,488	90.38	26,472,238	89.91	25,536,780	92.03	24,958,427	92.61	24,437,492	93.24
Current Assets												
Stores, spare parts and loose tools	188,338	0.51	150,389	0.44	145,619	0.49	129,770	0.47	101,538	0.38	86,121	0.33
Stock in trade - food and beverages	96,189	0.26	90,715	0.26	87,021	0.30	80,533	0.29	65,589	0.24	53,833	0.21
Trade debts	528,735	1.44	510,208	1.49	583,847	1.98	554,553	2.00	463,439	1.72	319,190	1.22
Advances	100,198	0.27	580,723	1.69	574,928	1.95	588,170	2.12	570,211	2.12	602,955	2.30
Trade deposits and prepayments	69,269	0.19	63,883	0.19	59,057	0.20	71,965	0.26	59,188	0.22	37,163	0.14
Interest accrued	1,011	0.00	5,893	0.02	7,804	0.03	6,510	0.02	7,729	0.03	49,340	0.19
Other receivables	48,650	0.13	38,018	0.11	30,630	0.10	42,302	0.15	30,724	0.11	53,296	0.20
Other financial assets	1,208,587	3.30	1,094,604	3.19	1,320,771	4.49	631,787	2.28	493,887	1.83	456,760	1.74
Non current assets held for sale	-	-	-	-	-	-	-	-	55,955	0.21	35,700	0.14
Advance tax - net	86,344	0.24	4,208	0.01	-	-	-	-	13,215	0.05	-	-
Cash and bank balances	379,130	1.03	766,042	2.23	161,838	0.55	107,123	0.39	128,769	0.48	76,992	0.29
	2,706,451	7.39	3,304,683	9.62	2,971,515	10.09	2,212,713	7.97	1,990,244	7.39	1,771,350	6.76
				-								
	36,634,127	100.00	34,346,171	100.00	29,443,753	100.00	27,749,493	100	26,948,671	100.00	26,208,842	100.00
Profit and Loss Account												
Sales and services - net	9,151,060	100.00	7,922,016	100.00	7,609,885	100.00	6,801,170	100.00	5,760,754	100.00	5,016,601	100.00
Cost of sales and services	4,772,155	(52.15)	4,288,554	(54.13)	4,251,249	(55.86)	3,853,039	(56.65)	3,293,237	57.17	3,018,227	60.16
Gross profit	4,378,905	47.85	3,633,462	45.87	3,358,636	44.14	2,948,131	43.35	2,467,517	42.83	1,998,374	39.84
Administrative expenses	2,579,004	28.18	2,261,735	28.55	1,963,093	25.80	1,831,583	26.93	1,465,373	25.44	1,165,102	23.22
Other operating expenses	797,536	8.72	-	-	73,368	0.96	72,919	1.07	-	-	19,201	0.38
Other operating income	381,870	4.17	288,438	3.64	671,855	8.83	368,879	5.42	338,821	5.88	327,022	6.52
Operating profit	1,384,235	15.13	1,660,165	20.96	1,994,030	26.20	1,412,508	20.77	1,340,965	23.28	1,141,093	22.75
Finance cost	167,753	1.83	103,073	1.30	130,639	1.72	153,988	2.26	184,741	3.21	177,058	3.53
Profit before taxation	1,216,482	13.29	1,557,092	19.66	1,863,391	24.49	1,258,520	18.50	1,156,224	20.07	964,035	19.22
Taxation	591,277	6.46	486,446	6.14	473,411	6.22	371,384	5.46	372,373	6.46	295,503	5.89
Profit for the year	625,205	6.83	1,070,646	13.51	1,389,980	18.27	887,136	13.04	783,851	13.61	668,532	13.33
Earnings per share - basic and diluted (Rupees)	19.22		32.92		42.74		27.28		24.10		20.55	

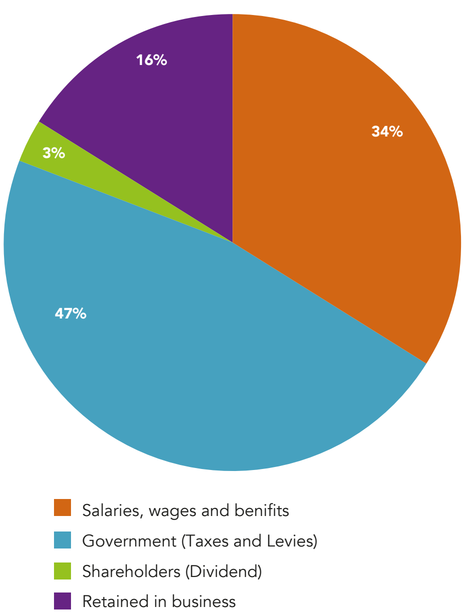
Statement of Value Addition and its Distribution

	2015-16	2014-15
	(Rupees '000)	
VALUE ADDED		
Sales and Services (Inclusive of GST and other taxes)	10,642,765	9,234,002
Other operating income - net	381,870	288,438
	11,024,635	9,522,440
Cost of sales and other expenses (excluding salaries, wages and benifits & taxes)	(5,028,426)	(3,805,200)
	5,996,209	5,717,240
DISTRIBUTION		
Salaries, wages and benefits	2,227,012	1,945,881
Government (Taxes & Levies)	3,143,992	2,700,713
Shareholders (Dividend)	243,931	162,621
Retained in business	381,274	908,025
	5,996,209	5,717,240

VALUE ADDED AND DISTRIBTION 2015-16



VALUE ADDED AND DISTRIBTION 2014-15



Statement of Compliance

Statement of Compliance with the Code of Corporate Governance For the year ended 30 June 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19.24 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	**Names**	
Independent Director	1)	Mr. M. Ahmed Ghazali Marghoob
Executive Directors	1)	Mr. Sadruddin Hashwani
	2)	Mr. M.A.Bawany
	3)	Syed Haseeb Amjad Gardezi
Non-Executive Directors	1)	Mr. Murtaza Hashwani
	2)	Mr. Mansoor Akbar Ali
	3)	Syed Sajid Ali
	4)	Mr. Nikolaos Fragkos
	5)	Mr. Shakir Abu Bakar

The independent Director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred on the board on 9 November 2015 and 31 March 2016 which were filled up by the directors within 90 days.

   Subsequent to reporting date the casual vacancies occurred as a result of resignation of Mr. Josef Kufer dated 19 August 2016 and Mr. Talat Hameed dated 16 September 2016 which were filled up by the directors within 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and the decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The

Statement of Compliance

Statement of Compliance with the Code of Corporate Governance For the year ended 30 June 2016

minutes of the meetings were appropriately recorded and circulated.

9. The Board has been making arrangements for orientation course for its directors to apprise them of their duties and responsibilities, during the year one of the directors attended the directors training program.
10. The board has approved the appointment of Mr. Abdul Qadeer Khan as Chief Financial Officer and Syed Nehal Ahmed Zaidi as Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises four members, of whom three are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is an executive director.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

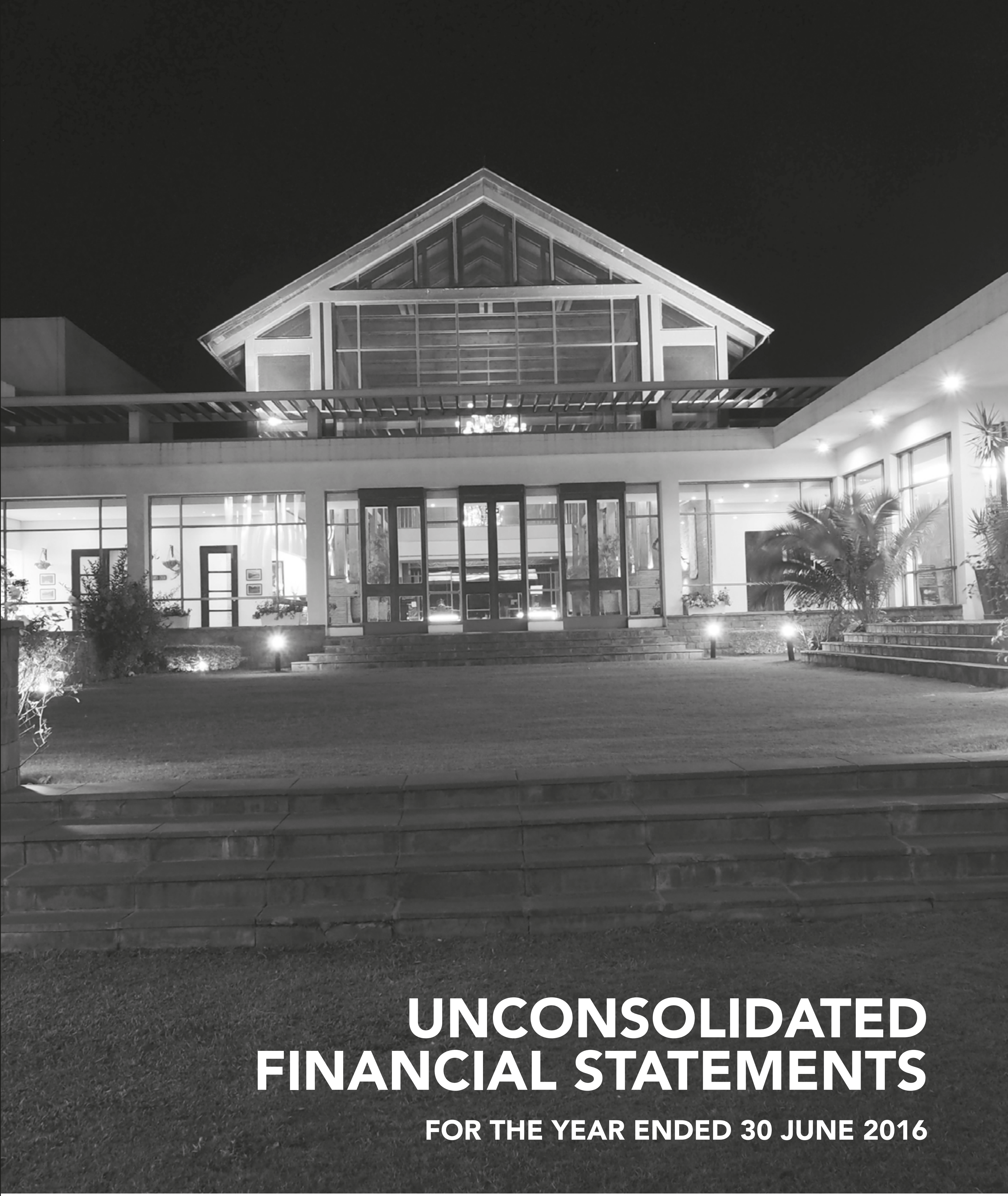
For and on behalf of Board of Directors.

M. A. Bawany
Director
Islamabad: 26 September 2016

Shakir Abu Bakar
Director


Pearl-Continental Hotel - Lahore

Pearl-Continental Hotel - Rawalpindi



UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of Pakistan Services Limited ("the Company") as at 30 June 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

(i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.1 to the financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

KPMG Taseer Hadi & Co.

Date: 26 September 2016
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

Review Report

To the Members On Statement Of Compliance with the Code Of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Pakistan Services Limited ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulation No 5.19.24 of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report and if it does not, to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

KPMG Taseer Hadi & Co.

Date: 26 September 2016
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

Unconsolidated Balance Sheet
As at 30 June 2016

	Note	30 June 2016	30 June 2015 Restated	01 July 2014 Restated
			(Rupees'000)	
SHARE CAPITAL AND RESERVES				
Authorised share capital				
200,000,000 (2015: 50,000,000) ordinary shares of Rs. 10 each	4	**2,000,000**	500,000	500,000
Issued, subscribed and paid up share capital	5	**325,242**	325,242	325,242
Reserves	6	**1,869,424**	1,869,424	1,869,424
Unappropriated profit		**5,580,999**	5,296,346	4,217,567
		7,775,665	7,491,012	6,412,233
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	15.2	**23,779,515**	23,779,515	19,853,565
NON CURRENT LIABILITIES				
Long term financing	7	**2,187,001**	685,128	347,667
Liabilities against assets subject to finance lease	8	-	-	7,748
Deferred liabilities	9	**703,672**	645,072	642,532
		2,890,673	1,330,200	997,947
CURRENT LIABILITIES				
Trade and other payables	10	**1,603,418**	1,632,799	1,865,116
Markup accrued	11	**84,856**	38,253	35,063
Short term borrowings	12	-	-	-
Provision for taxation - net		-	-	37,634
Current portion of long term financing and liabilities against assets subject to finance lease	13	**500,000**	74,392	242,195
		2,188,274	1,745,444	2,180,008
		36,634,127	34,346,171	29,443,753
CONTINGENCIES AND COMMITMENTS	14			

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

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 these unconsolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

	Note	30 June 2016	30 June 2015 Restated	01 July 2014 Restated
			(Rupees'000)	
NON CURRENT ASSETS				
Property, plant and equipment	15	**31,647,432**	28,897,404	24,328,755
Advance for capital expenditure	16	**1,173,612**	1,175,457	1,185,480
Investment property	17	**45,000**	45,000	45,000
Long term investments	18	**1,037,794**	904,763	837,668
Advance for equity investment		**-**	-	55,000
Long term deposits and prepayments	19	**23,838**	18,864	20,335
		33,927,676	31,041,488	26,472,238
CURRENT ASSETS				
Stores, spare parts and loose tools	20	**188,338**	150,389	145,619
Stock in trade - food and beverages		**96,189**	90,715	87,021
Trade debts	21	**528,735**	510,208	583,847
Advances	22	**100,198**	580,723	574,928
Trade deposits and prepayments	23	**69,269**	63,883	59,057
Interest accrued		**1,011**	5,893	7,804
Other receivables	24	**48,650**	38,018	30,630
Other financial assets	25	**1,208,587**	1,094,604	1,320,771
Non current assets held for sale	26	**-**	-	-
Advance tax - net	27	**86,344**	4,208	-
Cash and bank balances	28	**379,130**	766,042	161,838
		2,706,451	3,304,683	2,971,515
		36,634,127	34,346,171	29,443,753

M.A. Bawany
Director

Shakir Abu Bakar
Director

Unconsolidated Profit and Loss Account
For the year ended 30 June 2016

	Note	2016	2015
		(Rupees'000)	
Sales and services - net	29	**9,151,060**	7,922,016
Cost of sales and services	30	**(4,772,155)**	(4,288,554)
Gross profit		**4,378,905**	3,633,462
Administrative expenses	31	**(2,579,004)**	(2,261,735)
Finance cost	32	**(167,753)**	(103,073)
Other income	33	**381,870**	288,438
Impairment loss	34	**(797,536)**	-
Profit before taxation		**1,216,482**	1,557,092
Taxation	35	**(591,277)**	(486,446)
Profit for the year		**625,205**	1,070,646
Earnings per share - basic and diluted (Rupees)	36	**19.22**	32.92

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

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 these unconsolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	2016	2015
	(Rupees'000)	
Profit for the year	**625,205**	1,070,646
Other comprehensive income for the year		
Items that will not be reclassified to profit and loss account		
Remeasurement of defined benefits liability /asset	**(21,871)**	11,619
Related tax	**6,561**	(3,486)
	(15,310)	8,133
Comprehensive income transferred to equity	**609,895**	1,078,779
Other comprehensive income not transferred to equity		
Items that will not be reclassified to profit and loss account		
Surplus on revaluation of property, plant and equipment	-	3,925,950
Total comprehensive income for the year	**609,895**	5,004,729

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

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 these unconsolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Unconsolidated Cash Flow Statement

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	37	**2,508,263**	2,037,086
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**(37,949)**	(4,912)
Stock in trade		**(5,474)**	(3,694)
Trade debts		**(29,522)**	30,559
Advances		**480,525**	(5,795)
Trade deposits and prepayments		**(5,386)**	(4,826)
Other receivables		**(10,632)**	(7,388)
Decrease in trade and other payables		**(34,447)**	(232,318)
Cash generated from / (used in) operations		**357,115**	(228,374)
Staff retirement benefit - gratuity paid	9.1	**(30,339)**	(56,093)
Compensated leave absences paid	9.3	**(18,545)**	(19,683)
Income tax paid	27	**(652,939)**	(553,981)
Finance cost paid		**(150,063)**	(155,015)
Net cash generated from operating activities		**2,013,492**	1,023,940
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(3,174,835)**	(930,727)
Advance for capital expenditure		**(84,627)**	(66,789)
Proceeds from disposal of property, plant and equipment	15.5	**41,484**	8,728
Purchase of long term investments		**(930,567)**	-
Refund of advance against equity investment		**-**	6,000
Proceeds of other financial assets		**2,876**	256,150
Dividend income received	33.1	**54,451**	48,685
Receipts of return on bank deposits and short term advance		**90,353**	98,961
Long term deposits and prepayments		**(4,974)**	1,471
Net cash used in investing activities		**(4,005,839)**	(577,521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(66,667)**	(233,333)
Proceeds from long-term financing		**2,000,000**	400,000
Dividend paid		**(320,176)**	-
Repayment of liabilities against assets subject to finance lease		**(7,722)**	(8,882)
Net cash generated from financing activities		**1,605,435**	157,785
Net (decrease)/ increase in cash and cash equivalents		**(386,912)**	604,204
Cash and cash equivalents at beginning of the year		**766,042**	161,838
Cash and cash equivalents at end of the year	38	**379,130**	766,042

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

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 these unconsolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Share capital	Capital reserve	Revenue reserves		Total equity
		Share premium	General reserve	Unappropriated profit	
	(Rupees'000)				
Balance at 01 July 2014 - as previously reported	325,242	269,424	1,600,000	4,230,956	6,425,622
Effect of merger (Note 1.1)	-	-	-	4,706	4,706
Effect of restatement				(18,095)	(18,095)
Balance at 01 July 2014 - restated	325,242	269,424	1,600,000	4,217,567	6,412,233
Total comprehensive income for the year					
Profit for the year	-	-	-	1,070,646	1,070,646
Other comprehensive income for the year	-	-	-	8,133	8,133
Total comprehensive income for the year	-	-	-	1,078,779	1,078,779
Balance at 30 June 2015 - restated	325,242	269,424	1,600,000	5,296,346	7,491,012
Balance at 30 June 2015 - as previously reported	325,242	269,424	1,600,000	5,290,960	7,485,626
Effect of merger (Note 1.1)	-	-	-	5,386	5,386
Balance at 30 June 2015 - restated	**325,242**	**269,424**	**1,600,000**	**5,296,346**	**7,491,012**
Total comprehensive income for the year					
Profit for the year	-	-	-	**625,205**	**625,205**
Other comprehensive income for the year	-	-	-	**(15,310)**	**(15,310)**
Total comprehensive income for the year	-	-	-	**609,895**	**609,895**
Transaction with owners of the Company Distribution:					
Final cash dividend 30 June 2015 Rs. 5 per share	-	-	-	**(162,621)**	**(162,621)**
Interim cash dividend 30 June 2016 Rs. 5 per share	-	-	-	**(162,621)**	**(162,621)**
Total distribution	-	-	-	**(325,242)**	**(325,242)**
Balance at 30 June 2016	**325,242**	**269,424**	**1,600,000**	**5,580,999**	**7,775,665**

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

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 these unconsolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

1 STATUS AND NATURE OF BUSINESS

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

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

1.1 Merger of Bhurban Resorts (Private) Limited with the Company

M/s Bhurban Resorts (Private) Limited was a subsidiary of the Company by virtue of its 100% shareholding as at 30 June 2015. The members of Bhurban Resorts (Private) Limited and the Pakistan Services Limited have approved the merger of Bhurban Resorts (Private) Limited into Pakistan Services Limited vide their special resolution passed at their joint Extra Ordinary General Meeting held on 03 August 2015. The Scheme of merger was sanctioned by the Honorable High Court of Islamabad and submitted to the registrar on 15 February 2016 with effective date of 28 April 2014 ("Effective Date").'

The Scheme envisages the merger by way of deemed transfer of all assets and liabilities of Bhurban Resorts (Private) Limited to the Company at their respective book values, as disclosed in the financial statements of Bhurban Resorts (Private) Limited as of the Effective Date.

The merger and the transfer to and vesting of Bhurban Resorts (Private) Limited in the Company is deemed to have been so transferred and vested in the Company under this scheme from the Effective Date. Consequently, the financial results of Bhurban Resorts (Private) Limited have been amalgamated with the Company from 28 April 2014. The assets and liabilities and items of profit and loss of Bhurban Resorts (Private) Limited have been included in these unconsolidated financial statements from 28 April 2014, and therefore the comparative statements are restated.

Details of the assets and liabilities transferred by Bhurban Resorts (Private) Limited and used for merger, on the basis of their respective book values on the Effective Date are presented below:

	Audited 28 April 2014 (Rupees'000)
Current assets	14,694
Total assets	**14,694**
Current liabilities	61
Total liabilities	**61**
Net assets	**14,633**

(Rupees'000)

Amount recorded in unappropriated profits is made up as follows:

Net assets of Bhurban Resorts (Private) Limited as at 28 April 2014	14,633
Cost of investment in Bhurban Resorts (Private) Limited	(10,000)
Amount recognised in retained earning	**4,633**
Profit after tax of Bhurban Resorts (Private) Limited Operation from 29 April 2014 to 30 June 2014	73
	4,706
Profit after tax of Bhurban Resorts (Private) Limited Operation from 01 July 2014 to 30 June 2015	680
	5,386

Breakup of amounts recorded in unconsolidated profit and loss account in respect of the Company and Bhurban Resorts (Private) Limited are as follows:

	PSL Operations	Bhurban Resorts Operations	Total
2015-16			
Revenue	9,151,060	-	9,151,060
Expenses	(8,316,367)	(81)	(8,316,448)
Other income	381,343	527	381,870
Profit before tax	**1,216,036**	**446**	**1,216,482**
2014-15			
Revenue	7,922,016	-	7,922,016
Expenses	(6,653,252)	(110)	(6,653,362)
Other income	287,279	1,159	288,438
Profit before tax	**1,556,043**	**1,049**	**1,557,092**
2013-14			
Revenue	7,609,885	-	7,609,885
Expenses	(6,400,254)	-	(6,400,254)
Other income	667,149	199	667,348
Profit before tax	**1,876,780**	**199**	**1,876,979**

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except for the following;

- certain items of property, plant and equipment have been measured at revalued amounts;
- investment property has been measured at fair value;
- held for trading investments have been recognised at fair value; and
- liability related to staff retirement gratuity and compensated absences is stated at present values determined through actuarial valuation.

These financial statements are those separate financial statements of the Company in which investments in subsidiary companies, associate and jointly controlled entity are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency. Amounts presented in Pakistan Rupee have been rounded off to nearest of thousand.

2.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision effects of both current and future periods.

Judgments and estimates made by management in the application of approved accounting standards that may have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs;

2.4.1 **Property, plant and equipment**

The Company reviews the residual values and useful lives of property, plant and equipment on a regular basis. Fair value of property, plant and equipment is determined by independent surveyors on market value. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge, impairment and revaluation surplus and related deferred tax liability.

2.4.2 **Taxation**

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.3 **Employee benefits**

The present value of the obligation for gratuity and compensated absences depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the charge for the year include the discount rate, expected increase in eligible salary and mortality rate. Any changes in these assumptions will impact the carrying amount of obligations for gratuity and compensated leave absences.

2.4.4 **Stores, spare parts and loose tools and stock in trade**

The Company reviews the carrying value of stores, spare parts and loose tools and stock in trade to assess any diminution in the respective carrying values. Any change in estimates in future years might affect the carrying value of stores, spare parts and loose tools and stock in trade. Net realisable value is determined with reference to estimated selling price less estimated cost of completion and expenditure to make the sales.

2.4.5 **Provision against trade debts, advances and other receivables**

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required their against, on a regular basis.

2.4.6 **Impairment of financial assets**

In making an estimate of future cash flows of the Company's financial assets including investments in subsidiaries, associates and joint ventures, the management considers estimated cash flows and their terminal value for impairment testing.

2.4.7 **Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.4.8 **Fair value of investment property**

Fair value of investment property is determined using market value basis. Any change in the estimate might affect carrying amount of investment property with corresponding effect in unconsolidated profit and loss account.

2.4.9 **Fair value of investments - held for trading**

The fair value of investments "held for trading" are determined by reference to their quoted closing price at the reporting date. Any change in the estimate might affect carrying amount of investments "held for trading" with corresponding effect in unconsolidated profit and loss account.

2.4.10 **Provision and contingencies**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

2.5 **Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an

interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's unconsolidated financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds

used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change as mentioned in Note 3.1 below.

3.1 The Company has adopted the following new standards from current reporting period including any consequential amendments to other standards:

IFRS 10	Consolidated financial statements	(Refer note 3.1.1)
IFRS 11	Joint Arrangements	(Refer note 3.1.2)
IFRS 12	Disclosure of Interest in Other Entities	(Refer note 3.1.3)
IFRS 13	Fair Value Measurement	(Refer note 3.1.4)

3.1.1 IFRS 10 "Consolidated Financial Statements" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 10, the Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Company reassessed the control conclusion for its investees at 01 January 2015, however, there has been no change in the control conclusion.

3.1.2 IFRS 11 'Joint Arrangements' is a replacement of IAS 31 'Interest in Joint Ventures' and modifies the accounting for joint arrangements:

Under IFRS 11, the Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. The Company has assessed the nature of its joint arrangements and determined them to be joint operations.

3.1.3 IFRS 12 "Disclosure of Interest in Other Entities" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 12, the Company has expanded its disclosures pertaining to interests in subsidiary.

3.1.4 IFRS 13 "Fair Value Measurement" became effective from financial periods beginning on or after 01 January 2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. The application of IFRS 13 does not have any impact on the unconsolidated financial statements of the Company except for certain additional disclosures.

3.2 Property, plant and equipment

3.2.1 Owned

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment loss, if any, except for land (free hold and lease hold) which is carried at revalued amount and capital work in progress and advance for capital expenditure which are carried at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Surplus arising out of revaluation of land is treated in accordance with the requirements of Section 235 of the Companies Ordinance, 1984.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day to day servicing of property, plant and equipment is recognised in unconsolidated profit and loss account as incurred.

Depreciation is recognised in unconsolidated profit and loss account on diminishing balance method over the useful lives of each part of an item of property, plant and equipment at rates given in note 15 to these unconsolidated financial statements. Land and capital work in progress are not depreciated. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off / derecognized.

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised in unconsolidated profit and loss account.

Capital work in progress and advance for capital expenditure are stated at cost less accumulated impairment losses, if any, and are transferred to the respective item of property, plant and equipment when available for intended use.

3.2.2 **Leased**

- **Lease**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Outstanding obligations under the lease less finance charges allocated to the future periods are shown as liability. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

- Ijarah

Rentals payable under Ijarah arrangement are charged to profit and loss account on a straight line basis over the term of the Ijarah lease arrangement.

3.3 **Long term investments**

All purchases and sale of investments are recognized using settlement date accounting that is, the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.3.1 **Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in unconsolidated profit and loss account.

3.3.2 **Investments in subsidiaries**

Investments in subsidiaries are initially recognised at cost. At subsequent reporting dates, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in unconsolidated profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to their revised recoverable amounts but limited to the extent of initial cost of investments. Reversal of impairment loss is recognised in the unconsolidated profit and loss account.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gain and losses on disposal of investments is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate the retained investment is carried at cost.

3.3.3 **Investment in associates and jointly controlled entities**

Investments in associates and jointly controlled entities are initially recognised at cost. Except for those classified as fair value through profit and loss. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the unconsolidated profit and loss account. Where there is subsequent reversal of loss, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the unconsolidated profit and loss account.

The profits and losses of associated and jointly controlled entities are carried forward in their financial statements and not dealt within these financial statement except to the extent of dividend declared by the associate and jointly controlled entity. Gain and losses on disposal of investment is included in other income.

3.4 **Stores, spare parts and loose tools**

Stores, spare parts and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred up to the unconsolidated balance sheet date less impairment, if any. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.5 **Stock in Trade**

Stock of food and beverages

These are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale. The cost of stock of food and beverages is determined on a moving average basis.

Goods in transit

These are stated at cost, accumulated to the unconsolidated balance sheet date, less impairment losses, if any.

3.6 **Financial instruments**

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the

Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: held to maturity, financial assets at fair value through profit or loss, available for sale investments and loans and receivables:

Held to maturity

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment loss, if any. Held-to-maturity financial assets comprise debt securities.

Investments at fair value through profit or loss - Held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the unconsolidated profit and loss account. The Company recognizes the regular way purchase or sale of investments using settlement date accounting.

Available for sale

Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, financial assets are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Available for sale financial assets comprise equity and debt securities.

Loans and receivables

Loans and receivables comprise deposits, advances, cash and cash equivalents and trade and other receivables.

Deposits, advances and trade and other receivables

Deposits, advances and trade and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The provision for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes provision and potential write-offs by considering factors such as historical experience, credit quality, and age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term running finance and call deposits with maturities of three months or less from the acquisition date and are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings including long term financing, obligations under finance lease, short term borrowings and trade and other payables.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.7 **Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to unconsolidated profit and loss account.

3.8 **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the end of each reporting period, and adjusted to reflect current best estimate.

3.9 **Dividend**

Dividend is recognized as a liability in the period in which it is declared.

3.10 **Employee benefits**

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policies for other employee benefits are described below:

3.10.1 **Gratuity (retirement benefit)**

The Company operates a defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to unconsolidated profit and loss account. Actuarial valuations are carried out using the Projected Unit Credit Method.

3.10.2 **Provident fund (retirement benefit)**

The Company also operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Company and employees at an agreed rate of salary, the fund is managed by its Board of Trustee. The contributions of the Company are charged to unconsolidated profit and loss account.

3.10.3 **Compensated leave absences**

The Company provides for compensated absences on the unavailed balance of privilege leaves of all its permanent employees in the period in which leave is earned. The provision is determined using the Projected Unit Credit Method.

3.11 **Taxation**

Income tax expense comprises current and deferred tax. It is recognised in unconsolidated profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current

The charge for current taxation is based on taxable income at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses, if any, adjusted for prior year effects.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from carrying amounts of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are recognized for all major taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

3.12 **Revenue recognition**

Room revenue is recognized as income on performance of services to the guests. Food and beverage sales are recognized on utilization of food and beverages services. Communication towers and other rental income and shop license fee is recognized in unconsolidated profit or loss account on a straight-line basis over the term of the lease. Revenue from minor operating departments is recognized as and when services are provided to the customers. Privilege Club Card fee is recognised in the unconsolidated profit and loss account on a straight line basis over the term of the related card.

3.13 **Foreign currency translation**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupee at the rate of exchange ruling on the unconsolidated balance sheet date and exchange differences, if any, are charged to income for the year.

3.14 **Other income / cost**

Other income comprises interest income on funds invested and dividend income on investment in marketable securities. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises interest expense on borrowings, credit card discount, exchange losses and bank charges.

3.15 **Impairment**

(i) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset and that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the obligor, a breach of contract such as default or delinquency in interest or principal payments, it's becoming probable that borrower will enter bankruptcy or other financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in unconsolidated profit and loss account and reflected in as allowance against financial asset measured at amortised cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through unconsolidated profit and loss account.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in unconsolidated profit and loss account.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.17 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as "held for sale". Immediately before classification as "held for sale", the assets are re-measured in accordance with the Company's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell.

4 AUTHORISED SHARE CAPITAL

The Authorised share capital of the Company has been increased to 200 million ordinary shares of Rs. 10 each (2015: 50 million ordinary shares of Rs. 10 each).

5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2016	2015		2016	2015
Number of shares			(Rupees'000)	
25,672,620	25,672,620	Ordinary shares of Rs.10 each - Fully paid in cash	**256,726**	256,726
362,100	362,100	- For consideration other than cash (against property)	**3,621**	3,621
6,489,450	6,489,450	- Fully paid bonus shares	**64,895**	64,895
32,524,170	32,524,170		**325,242**	325,242

As of the reporting date 3,225,136 (2015: 2,407,636) and 584,938 (2015: 585,663) ordinary shares of Rs. 10 each were held by associated companies and directors of the Company respectively.

6 RESERVES

	Note	2016	2015
		(Rupees'000)	
Capital reserve	6.1	**269,424**	269,424
General reserve		**1,600,000**	1,600,000
		1,869,424	1,869,424

6.1 Capital reserve represents share premium received in the fiscal years 1992, 1994 and 1996 on issue of 21,724,720 right shares at a premium of Rs. 15 each adjusted by Rs. 56.45 million issued as bonus shares in the fiscal years 2000-2001 and 2003-2004.

7 LONG TERM FINANCING - SECURED

	Note	2016	2015
		(Rupees'000)	
From banking companies - Conventional banks			
Term Finance Loan - 1	7.1	**50,000**	116,667
Term Finance Loan - 2	7.2	**850,000**	-
Syndicated term loan	7.3	**1,800,000**	650,000
Transaction cost		**(12,999)**	(14,872)
		1,787,001	635,128
Current portion of long term financing	13	**(500,000)**	(66,667)
		2,187,001	685,128

7.1 This represents term finance loan carrying markup of 3-month KIBOR plus 2.50% per annum (2015: 3-month KIBOR plus 2.50% per annum). These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Karachi for an amount of Rs. 428.57 million; (2015: Rs. 428.57 million);

hypothecation charge over plant, machinery, equipment and other movable properties of Pearl Continental Hotel, Karachi to the extent of Rs. 428.57 million (2015: Rs. 428.57 million) and personal guarantee of director of the Company. The loans are repayable in eighteen equal quarterly installments of Rs. 16.667 million each commenced from October 2012.

7.2 During the year the Company availed term finance facilities of Rs. 350 million (2015 : Nil) and Rs. 500 million (2015: Nil). These loans carry markup of 3-month KIBOR plus 1.5% per annum (2015: Nil). These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs. 1,534 million (2015: Nil), ranking hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million (2015: Nil). These loans are repayable in twenty equal quarterly installments of Rs. 17.50 million and Rs. 25.00 million each commencing from June 2018.

7.3 During the year, the Company made a further drawdown of Rs. 1,150 million (2015: Rs. 650 million) out of total syndicated facility of Rs. 1,800 million carrying markup of 6-month KIBOR plus 1.95% per annum payable semi-annually (2015: 6-month KIBOR plus 1.95% per annum payable semi-annually). This facility is secured against first pari passu equitable mortgage charge over the property of Pearl Continental Hotel, Karachi with 25% margin over facility amount and first pari passu hypothecation charge over all present and future movable and immovable fixed assets (excluding land and building) of Pearl Continental Hotel, Karachi with 25% margin over facility amount. The loan is repayable in eight equal semi-annual installments commencing from July 2016.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE-SECURED
Conventional Bank

	Note	Present value of minimum lease	Financial charges for future periods	Total lease rentals
		2016 - (Rupees'000)		
Not later than one year	13	-	-	-
Later than one year and not later than five years		-	-	-
		-	-	-
		2015 - (Rupees'000)		
Not later than one year	13	7,725	393	8,118
Later than one year and not later than five years		-	-	-
		7,725	393	8,118

8.1 This represents lease finance facility of Rs. 50 million (2015: Rs. 50 million) availed for purchase of vehicles and carries markup equal to 3-month KIBOR plus 2.50% (2015: 3-month KIBOR plus 2.50%). The facility is secured against pari passu mortgage charge over land, building and fixed assets of Pearl Continental Hotel, Karachi for an amount of Rs. 71.42 million; hypothecation charge over plant, machinery, equipment and other movable properties of Pearl Continental Hotel, Karachi for an amount of Rs. 71.43 million and personal guarantee of a director of the Company and ownership of leased vehicles.

	Note	2016	2015
		(Rupees'000)	

9 DEFERRED LIABILITIES

	Note	2016	2015
Staff retirement benefit - gratuity	9.1	**417,143**	370,406
Deferred tax liability	9.2	**188,737**	174,824
Compensated leave absences	9.3	**97,792**	99,842
		703,672	645,072

9.1 Staff retirement benefit - gratuity

Movement in the liability recognised in the balance sheet

	2016	2015
Opening balance	**370,406**	358,802
Charge for the year	**55,205**	79,316
Payments made during the year	**(30,339)**	(56,093)
Experience adjustments on defined benefit obligation	**21,871**	(11,619)
Closing balance	**417,143**	370,406

Reconciliation of liability recognised in the balance sheet

	2016	2015
Present value of defined benefit obligation	**417,143**	370,406

Charge to profit and loss account

	2016	2015
Current service cost	**20,571**	19,710
Interest cost	**34,634**	43,825
Past service cost	**-**	15,781
	55,205	79,316

Charge/ (credit) to statement of other comprehensive income

	2016	2015
Experience adjustments on defined benefit obligation	**21,871**	(11,619)

The latest actuarial valuation was carried out on 30 June 2016 using projected unit credit method.

Actuarial assumption	2016	2015
Discount rate	**9.75%**	13.25%
Expected increase in eligible salary	**7.25%**	9.75%
Mortality rate	**SLIC 2001-2005 Setback 1 year**	SLIC 2001-2005 Setback 1 year

Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005). ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

Sensitivity analysis

For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2016 would have been as follows:

	2016		2015	
	Increase	**Decrease**	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	**390,222**	**447,317**	346,520	397,162
Salary increase rate	**447,488**	**389,558**	397,348	345,911

Risk associated with defined benefit plan

Salary Risk - (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic Risks

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

	2016	2015
	(Rupees'000)	
9.2 **Deferred tax**		
Taxable temporary differences		
Accelerated tax depreciation	**413,617**	378,898
Less: deductible temporary differences		
Provision for staff retirement benefit	**125,143**	107,636
Impairment loss on investment in associated companies	**36,876**	36,876
Provision against doubtful debts	**60,541**	57,242
Impairment loss in value of investment	**1,590**	1,590
Provision for stores, spare parts and loose tools	**730**	730
	224,880	204,074
	188,737	174,824

	2016	2015
	(Rupees'000)	

9.2.1 Charge for the year is recognized as follows:

	2016	2015
- Recognised in unconsolidated profit and loss account	**20,474**	(25,693)
- Recognised in unconsolidated statement of comprehensive income	**(6,561)**	3,486
	13,913	(22,207)

Compensated leave absences

9.3 ***Movement in the liability recognised in the balance sheet***

	2016	2015
Opening balance	**99,842**	86,699
Charge for the year	**16,495**	32,826
Payments made during the year	**(18,545)**	(19,683)
Closing balance	**97,792**	99,842

Actuarial assumption	2016	2015
Discount rate	**9.75%**	13.25%
Expected increase in eligible salary	**7.25%**	9.75%
Mortality rate	**SLIC 2001-2005 Setback 1 year**	SLIC 2001-2005 Setback 1 year

10 TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees'000)	
Creditors		**296,075**	399,313
Accrued liabilities		**540,656**	503,729
Advances from customers		**260,598**	238,082
Shop deposits		**54,395**	54,339
Unclaimed dividend	10.1	**8,600**	3,534
Retention money		**83,138**	82,577
Due to related parties - unsecured		**9,416**	4,987
Sales tax - net		**96,159**	116,422
Bed tax		**60,359**	60,359
Income tax deducted at source		**6,477**	6,295
Un-earned income		**147,472**	127,746
Other liabilities		**40,073**	35,416
		1,603,418	1,632,799

10.1 This includes an amount of Rs. 0.015 million (2015: Nil) payable to related parties.

11 MARKUP ACCRUED - Conventional Banks

Accrued markup pertains to financing facilities availed from conventional banks.

12 SHORT TERM BORROWINGS - Conventional Banks

The Company has facilities amounting to Rs. 1,050 million (2015:1,400 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 (Note 25.2.1). Mark-up rates range from 1-month KIBOR to 3-month KIBOR plus 1.5% to 2.0% (2015: 1-month KIBOR to 3-month KIBOR plus 1.5% to 2.0%) per annum.

13 CURRENT PORTION OF LONG TERM FINANCING AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Conventional Banks

	Note	**2016**	2015
		(Rupees'000)	
Current portion of long term financing	7	**500,000**	66,667
Current portion of liabilities against assets subject to finance lease	8	**-**	7,725
		500,000	74,392

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The income tax assessments of the Company have been finalized and returns have been filed up to and including the tax year 2015. However for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (2015: Rs. 73.165 million) may arise against the Company for which no provision has been recognised by the Company. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Company. Based on appellate history and merits, the Company is confident of a favorable outcome of the appeal. Therefore, the Company considers that provision against this tax liability is not required.

	2016	2015
	(Rupees'000)	
14.1.2 **Guarantees**	**190,243**	188,713

This includes guarantee of Rs. 50 million (2015: Rs. 50 million), issued on behalf of a subsidiary company.

14.2 Commitments

Commitments for capital expenditure	**426.609**	819,189

15 PROPERTY, PLANT AND EQUIPMENT

	Owned assets								Leased assets		
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixture, fittings and office equipment	Computers	Vehicles	Capital work in progress (Note 15.1)	Vehicles	Leasehold land	Total
	Rupees'000										
Cost / revalued amounts											
Balance at 01 July 2014	10,353,720	1,347,309	1,405,844	2,769,369	1,312,376	198,713	100,676	643,764	33,760	10,025,120	**28,190,651**
Additions during the year	-	26,211	1,254	121,278	39,147	8,242	27,907	842,756	-	-	**1,066,795**
Surplus on revaluation	627,280	-	-	-	-	-	-	-	-	3,298,670	**3,925,950**
Disposals	-	-	-	(9,434)	(56,820)	(190)	(1,950)	-	-	-	**(68,394)**
Transfer from CWIP	-	8,424	196,267	154,624	88,833	4,079	-	(452,227)	-	-	**-**
Balance at 30 June 2015	10,981,000	1,381,944	1,603,365	3,035,837	1,383,536	210,844	126,633	1,034,293	33,760	13,323,790	**33,115,002**
Balance at 01 July 2015	10,981,000	1,381,944	1,603,365	3,035,837	1,383,536	210,844	126,633	1,034,293	33,760	13,323,790	**33,115,002**
Additions during the year	1,594,094	332,519	84,979	325,018	241,876	60,645	3,768	649,191	-	-	**3,292,090**
Disposals	-	-	-	(19,791)	-	(356)	(41,603)	-	-	-	**(61,750)**
Transfer from CWIP	-	15,072	144,169	115,035	198,626	19,305	-	(492,207)	-	-	**-**
Transfer from lease assets to owned assets	-	-	-	-	-	-	33,760	-	(33,760)	-	**-**
Balance at 30 June 2016	12,575,094	1,729,535	1,832,513	3,456,099	1,824,038	290,438	122,558	1,191,277	-	13,323,790	**36,345,342**
Depreciation											
Balance at 01 July 2014	-	501,144	567,275	1,962,082	622,213	137,165	62,846	-	9,171	-	**3,861,896**
Charge for the year	-	81,282	84,729	122,989	100,872	17,784	6,649	-	3,445	-	**417,750**
On disposals	-	-	-	(6,863)	(53,377)	(102)	(1,706)	-	-	-	**(62,048)**
Balance at 30 June 2015	-	582,426	652,004	2,078,208	669,708	154,847	67,789	-	12,616	-	**4,217,598**
Balance at 01 July 2015	-	**582,426**	**652,004**	**2,078,208**	**669,708**	**154,847**	**67,789**	-	**12,616**	-	4,217,598
Charge for the year	-	**80,800**	**98,079**	**164,246**	**132,301**	**24,921**	**5,742**	-	**2,962**	-	509,051
On disposals	-	-	-	**(14,477)**	-	**(195)**	**(14,067)**	-	-	-	(28,739)
Transfer from lease assets to owned assets	-	-	-	-	-	-	**15,578**	-	**(15,578)**	-	-
Balance at 30 June 2016	-	**663,226**	**750,083**	**2,227,977**	**802,009**	**179,573**	**75,042**	-	-	-	4,697,910
Carrying value - 2016	**12,575,094**	**1,066,309**	**1,082,430**	**1,228,122**	**1,022,029**	**110,865**	**47,516**	**1,191,277**	**-**	**13,323,790**	**31,647,432**
Carrying value - 2015	10,981,000	799,518	951,361	957,629	713,828	55,997	58,844	1,034,293	21,144	13,323,790	**28,897,404**
Rates of depreciation per annum	-	**10%**	**10%**	**15%**	**15%**	**30%**	**15%**	-	**15%**	-	-

		Note	2016	2015
			(Rupees'000)	
15.1	**Capital work in progress**			
	Construction of Pearl Continental Multan	15.1.1	**636,873**	463,884
	Construction of Pearl Continental Mirpur	15.1.2	**296,929**	324,410
	Other civil works	15.1.3	**257,475**	245,999
			1,191,277	1,034,293

15.1.1 This also includes capitalized borrowing cost amounting to Rs.103.312 million (2015: Rs. 72.526 million). During the year borrowing cost amounting to Rs. 30.786 million (2015: Rs. 45.994 million) were capitalized @ 8.32% (2015: 11.20%) per annum.

15.1.2 The construction work on Pearl Continental Mirpur was on halt due to intervention of Mirpur Development Authority (MDA), however subsequent to reporting date, The Board of Revenue-Azad Jammu & Kashmir (AJK) has issued a notification through which the lease stands restored in favour of the company.

15.1.3 This includes construction work on expansion of Pearl Continental Hotel Peshawar amounting to Rs. 72.081 million which is under suspension due to dispute with the Military Estate Office.

15.2 **Surplus on revaluation of property, plant and equipment**

Freehold and leasehold land were revalued on 30 June 2015 by M/s. Oceanic Surveyors (Private) Limited, an independent valuer, based on market value basis method.

Had the aforementioned revaluation not carried out, the book values of freehold and leasehold land would have been Rs. 2,119.37 million (2015: Rs. 525.28 million).

		Note	2016	2015
			(Rupees'000)	
15.3	**Depreciation charge has been allocated as follows:**			
	Cost of sales and services	30	458,146	375,975
	Administrative expenses	31	50,905	41,775
			509,051	417,750

15.4 The Company has purchased land and building amounting to Rs. 1,744.344 million, from associated companies, the posession of the land and building has been transfered to the company, however the title of these properties are in process of transfer in name of the Company.

15.5 **Detail of disposal of property, plant and equipment:**

Description	Cost / revalued amount	Carrying value	Sale proceeds	Mode of disposal	Purchaser
	--------------------------(Rupees'000)--------				
Plant and Machinery	9,067	2,205	2,360	Auction	ABC NEELAM GHAR
Plant and Machinery	3,080	713	741	Auction	ABC NEELAM GHAR
Plant and Machinery	5,243	1,275	1,350	Auction	ABBASI & CO
Plant and Machinery	1,213	295	330	Auction	ABBASI & CO
Plant and Machinery	444	324	382	Auction	KARACHI MARRIOTT HOTEL
Plant and Machinery	444	324	382	Auction	KARACHI MARRIOTT HOTEL
Plant and Machinery	300	177	418	Insurance	NEW HAMPSHIRE INSURANCE CO
Computers	150	68	20	Negotiation	MR. BASHIR AHMED
Computers	115	61	15	Insurance	EFU GENERAL INSURANCE
Vehicle	2,249	584	1,085	Auction	MUHAMMAD USMAN KHAN
Vehicle	3,057	1,055	1,100	Auction	MR. ARIF ZIA
Vehicle	1,282	281	800	Auction	MR. ALTISHAM MASOOD
Vehicle	1,105	206	604	Auction	MR. SHAFIQ UR REHMAN
Vehicle	879	721	686	Auction	MUHAMMAD USMAN KHAN
Vehicle	975	636	900	Insurance	NEW HAMPSHIRE INSURANCE CO
Vehicle	22,494	20,859	22,494	Negotiation	FIRST HABIB MODARABA
Vehicle	466	154	479	Auction	MR. SHAFIQ UR REHMAN
Vehicle	1,250	868	1,130	Auction	ADNAN NASEER
Vehicle	1,888	807	1,095	Auction	ADNAN NASEER
Vehicle	418	112	316	Auction	TANVEER AHMAD MUGHAL
Vehicle	418	113	303	Auction	ASHRAF ALI KHAN
Vehicle	418	113	350	Auction	RAJ MUHAMMAD
Vehicle	418	113	375	Auction	RAJ MUHAMMAD
Vehicle	627	174	543	Auction	MR. SHAFIQ UR REHMAN
Vehicle	435	51	280	Auction	JAWAD TANVEER SIDDIQUI
Vehicle	835	156	702	Auction	SYED IMTIAZ HUSSAIN SHAH
Vehicle	595	469	357	Auction	TARIQ HABIB SHAH
Aggregate of other items with individual book values not exceeding Rs. 50 thousand	1,885	97	1,887		VARIOUS
2016	**61,750**	**33,011**	**41,484**		
2015	68,394	6,346	8,728		

16 ADVANCE FOR CAPITAL EXPENDITURE

	Note	2016	2015
		(Rupees'000)	
Purchase of land	16.1	**666,820**	666,820
Purchase of apartment	16.2	**40,509**	40,509
Malir Delta Land	16.3	**381,656**	381,656
Advance for purchase of fixed assets		**84,627**	86,472
		1,173,612	1,175,457

16.1 This includes amount of Rs. 626.820 million (2015: 626.820 million) paid to Associated Builders (Private) Limited, a related party, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar.

16.2 This represents amount paid to Creek Marina (Private) Limited ("the developer") for purchase of an apartment. The developer failed to complete the construction within time frame stipulated in the agreement. The Company, in order to safeguard its interest has filed a case for recovery of its advance.

16.3 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. Last year, 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.

17 INVESTMENT PROPERTY

	2016	2015
	(Rupees'000)	
Opening balance	**45,000**	45,000
Gain on remeasurement of investment property to fair value	**-**	-
	45,000	45,000

This represents piece of land, located at Gwadar, owned by the Company. On 30 June 2016, an independent valuation exercise was carried out to assess the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date in the vicinity / locality and has been prepared on openly available / provided information after making relevant inquiries. The valuer holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Changes in fair value are recognized as gains / (losses) in profit and loss account and included in other income. All (decrease) / increase in fair value of investment property are unrealized.

17.1 **Measurement of fair values**

17.1.1 **Fair Value hierarchy**

The fair value measurement of the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used (see note 17.1.2).

17.1.2 **Valuation techniques and significant unobservable inputs**

The following tables shows the valuation technique used by the valuer per his report in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Land Valuation techniques	Significant Unobservable Input	Inter-relationship between key unobservable inputs and fair value measurement
Inquiries to check the price of a similar land in the surroundings of the land, status and condition of the plot / land.	Rate (value) of appreciation of land, and Prime location of land with infrastructure.	The estimated fair value would increase / (decrease) if: The rate of appreciation of land changed, Infrastructure plan of the city changed.

18 LONG TERM INVESTMENTS

	% of holding	Note	2016	2015	2014
				(Rupees'000)	
Investments in related parties					
Subsidiary companies - at cost - unquoted					
Pearl Continental Hotels (Private) Limited 500,000 (2015: 500,000) ordinary shares of Rs. 10 each	100%	18.1	**5,000**	5,000	5,000
Bhurban Resorts (Private) Limited		18.2	**-**	-	-
Pearl Tours and Travels (Private) Limited 10,222,700 (2015: 10,222,700) ordinary shares of Rs. 10 each	100%	18.3	**102,227**	102,227	53,227
City Properties (Private) Limited 92,500,100 (2015: Nil) ordinary shares of Rs. 10 each	100%	18.4	**925,001**	-	-
Elite Properties (Private) Limited 556,600 (2015: Nil) ordinary shares of Rs. 10 each	100%	18.5	**5,566**	-	-
			1,037,794	107,227	58,227
Associated undertaking - at cost - unquoted					
Hashoo Group Limited - British Virgin Island 98,000 (2015: 98,000) ordinary shares of US$ 100 each	14%	18.6	**586,403**	586,403	586,403
Impairment loss		34	**(586,403)**	(18,095)	(18,095)
Reversal of impairment loss		33	**-**	18,095	-
Hotel One (Private) Limited - Pakistan 500,000 (2015: 500,000) ordinary shares of Rs. 100 each	17.85%		**50,000**	50,000	50,000
Impairment loss			**(50,000)**	(50,000)	(50,000)
			-	586,403	568,308
Investment in jointly controlled entity - at cost - unquoted					
Pearl Continental Hotels Limited - UAE 95 (2015: 95) ordinary shares of US$ 50,000 each	50%	18.7	**284,052**	284,052	284,052
Impairment loss		34	**(284,052)**	(72,919)	(72,919)
			-	211,133	211,133
Other investments					
Available for sale - unquoted company					
Malam Jabba Resorts Limited			**1,000**	1,000	1,000
Impairment loss			**(1,000)**	(1,000)	(1,000)
			-	-	-
			1,037,794	904,763	837,668

18.1 **Pearl Continental Hotels (Private) Limited**

Break-up value per share based on audited financial statements for the year ended 30 June 2016 was Rs. 20.77 (2015: Rs. 20.14).

18.2 **Bhurban Resorts (Private) Limited**

As explained in note. 1.1, persuant to the approval of the scheme of merger by the Honorable High Court, all assets and liabilities of Bhurban Resorts (Private) Limited have been transferred to the Company effective 28 April 2014. Accordingly the cost of Company's investment in Bhurban Resorts (Private) Limited has been eliminated against net assets of Bhurban Resorts (Private) Limited as at 28 April 2014 and residual amount has been recognised in unappropriated profit.

18.3 **Pearl Tours and Travels (Private) Limited**

Break-up value per share based on its audited financial statements for the year ended 30 June 2016 was Rs. 14.65 (2015: Rs. 14.11).

18.4 **City Properties (Private) Limited**

During the year the Company made an investment in wholly owned subsidiary City Properties (Private) Limited against issuance of 92,500,100 (2015 : Nil) ordinary shares of Rs. 10 each.

Break-up value per share based on its audited financial statements for the year ended 30 June 2016 was Rs. 9.86 (2015: Rs. Nil).

18.5 **Elite Properties (Private) Limited**

During the year the Company made an investment in wholly owned subsidiary Elite Properties (Private) Limited against issuance of 556,600 (2015 : Nil) ordinary shares of Rs. 10 each.

Break-up value per share based on its audited financial statements for the year ended 30 June 2016 was Rs. 9.78 (2015: Rs. Nil).

18.6 **Hashoo Group Limited - British Virgin Island**

Up to the year ended 30 June 2015, the Company had recorded investment in Hashoo Group Limited - British Virgin Island, as non- current asset held for sale. Since the disposal could not be concluded under prevalent situation in Libya, this non- current asset has been retrospectively reclassified as long term investment in accordance with the requirement of IFRS - 5. This retrospective restatement has resulted in increase in long term investment as at 30 June 2014 and 30 June 2015 by Rs. 586.403 million and decrease in non current assets held for sale by same amount as at 30 June 2014 and 30 June 2015.

During the year impairment loss of Rs. 586.403 million (2015: Nil) has been provided against investment in Hashoo Group Limited - British Virgin Island.

18.7 During the year Impairment loss of Rs. 211.133 million (2015: Nil) has been provided against investment in Pearl Continental Hotels Limited - UAE.

	Note	2016	2015
		(Rupees'000)	

19 LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2016	2015
Deposits	19.1	**22,213**	14,757
Prepayments		**1,625**	4,107
		23,838	18,864

19.1 This includes deposit amounting to Rs. 19.975 million (2015: Rs. 13.425 million) with an Islamic bank to acquire assets under Ijarah agreements.

	Note	2016	2015
		(Rupees'000)	

20 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016	2015
Stores		**139,568**	107,048
Spare parts and loose tools		**51,202**	45,773
		190,770	152,821
Provision for obsolescence		**(2,432)**	(2,432)
		188,338	150,389

21 TRADE DEBTS

	Note	2016	2015
Considered good			
Due from related parties - unsecured	21.1	**17,573**	21,015
Others - unsecured		**511,162**	489,193
		528,735	510,208
Considered doubtful		**201,803**	190,808
		730,538	701,016
Provision against doubtful debts		**(201,803)**	(190,808)
		528,735	510,208

21.1 **Due from related parties - unsecured**

	2016	2015
Pearl Tours and Travels (Private) Limited	**2,453**	2,431
City Properties (Private) Limited	**31**	-
Hashwani Hotels Limited	**328**	901
Hashoo Foundation	**519**	819
Hotel One (Private) Limited	**1,235**	3,926
Jubilee General Insurance Company Limited	**21**	-
Ocean Pakistan Limited	**900**	636
OPI Gas (Private) Limited	**41**	-
Pearl Communications (Private) Limited	**128**	128
Pearl Real Estate Holdings (Private) Limited	**213**	177
Trans Air Travels (Private) Limited	**1,051**	1,666
Tejari Pakistan (Private) Limited	**478**	429
Zahdan Technologies (Private) Limited	**70**	70
Zahdan Retail (Private) Limited	**10,105**	9,832
	17,573	21,015

		Note	2016	2015
			(Rupees'000)	
21.2	**Age analysis of due from related parties is as follows:**			
	Past due by 30 days		**220**	2,227
	Past due by 31 to 90 days		**949**	1,913
	Past due over 91 days		**2,613**	5,569
	Past due over 1 year		**13,791**	11,306
			17,573	21,015
22	**ADVANCES, considered good**			
	Advances to:			
	- Employees - Non-interest bearing		**24,674**	2,910
	- Suppliers and contractors - Non-interest bearing	22.1	**75,524**	77,813
	- Related party - secured - Interest bearing	22.2	**-**	500,000
			100,198	580,723

22.1 It includes ad vance to related parties M/s Hashoo Foundation Rs. 12.275 million (2015: Rs. 4.723 million) and M/s Genesis Trading (Private) Limited Rs. 8.441 million (2015: Rs. Nil)

22.2 The short term advance of Rs. 500 million (2015: Rs. 500 million) extended to an associated company has been received during the year.

		2016	2015
		(Rupees'000)	
23	**TRADE DEPOSITS AND PREPAYMENTS**		
	Trade deposits - non-interest bearing	**17,209**	16,808
	Prepayments	**52,060**	47,075
		69,269	63,883

24 OTHER RECEIVABLES

These are general receivables and does not include receivables to be classified under conventional or Islamic mode of banking.

		Note	2016	2015
			(Rupees'000)	
25	**OTHER FINANCIAL ASSETS**			
	Held to maturity			
	Certificate of investments		5,300	5,300
	Term Deposit Receipt - Conventional banks	25.1	9,523	12,400
	Provision for impairment loss		**(5,300)**	**(5,300)**
			9,523	**12,400**
	Available for sale - unquoted			
	National Technology Development Corporation Limited		**200**	200
	Indus Valley Solvent Oil Extraction Limited		**500**	500
	Impairment loss		**(700)**	(700)
			-	-
	Financial assets at fair value through profit or loss - held for trading			
	Short term investments in shares of listed companies - (Non shariah compliant)	25.2	**1,199,064**	1,082,204
			1,208,587	**1,094,604**

25.1 This represent 01 year term deposit receipts carrying interest rate @ 5% (2015: Nil)

25.2 **Short term investments in shares of listed companies - Non shariah compliant**

	No. of ordinary shares of Rs. 10 each		Unrealized gain/ (loss)	2016	2015
	2016	2015		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	350,000	(1,914)	**5,261**	7,175
Lotte Chemical Pakistan Limited	150,000	150,000	(137)	**902**	1,038
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	(115)	**2,651**	2,766
Jubilee General Insurance Company Limited - an associated company (Note 25.2.1)	11,902,500	11,902,500	119,025	**1,190,250**	1,071,225
			116,859	**1,199,064**	1,082,204

25.2.1 Out of total shares held by the Company, 3,000,000 (2015: 3,000,000) ordinary shares are placed / lien marked as security against running finance facility of the Company (Refer to note 12).

	Note	2016	2015	2014
		(Rupees'000)		
26 NON CURRENT ASSETS HELD FOR SALE	26.1	-	-	-

26.1 During the year, the non- current asset held for sale has been reclassified to long term investment (Refer Note 18.6).

	Note	2016	2015
		(Rupees'000)	
27 ADVANCE TAX - net			
Opening balance		**4,208**	(37,634)
Income tax paid during the year		**652,939**	553,981
Charge for the year		**(570,803)**	(512,139)
Closing balance		**86,344**	4,208
28 CASH AND BANK BALANCES			
Cash in hand		**65,990**	32,322
Cash at bank: Conventional banks			
Current accounts - Local currency		**17,715**	49,348
Deposit accounts - Local currency	28.1	**293,812**	683,899
- Foreign currency	28.2	**1,613**	473
		313,140	733,720
		379,130	766,042

28.1 Deposit accounts carry interest rate ranging from 2% to 5.75% (2015: 4.5% to 6.5%) per annum.

28.2 This comprising USD 15,435 (2015: USD 4,660) deposited with bank and carries interest rates 0.25% (2015: 0.25%) per annum.

	Note	2016	2015
		(Rupees'000)	
29 SALES AND SERVICES - net			
Rooms		**5,156,028**	4,397,740
Food and beverages		**5,086,489**	4,442,621
Other related services	29.1	**507,224**	483,558
Shop license fees		**33,270**	26,883
		10,783,011	9,350,802
Discounts and commissions		**(150,639)**	(127,019)
Sales tax		**(1,481,312)**	(1,301,767)
		9,151,060	7,922,016

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

	Note	2016	2015
		(Rupees'000)	
30 COST OF SALES AND SERVICES			
Food and beverages			
Opening balance		**90,715**	87,021
Purchases during the year		**1,590,870**	1,384,651
Closing balance		**(96,189)**	(90,715)
Consumption during the year		**1,585,396**	1,380,957
Direct expenses			
Salaries, wages and benefits	30.1	**1,189,919**	1,028,174
Heat, light and power		**698,805**	763,810
Repairs and maintenance		**299,586**	253,732
Depreciation	15.3	**458,146**	375,975
Guest supplies		**213,420**	178,543
Linen, china and glassware		**90,379**	79,614
Communication and other related services		**71,184**	71,904
Banquet and decoration		**67,945**	65,491
Transportation		**50,946**	44,709
Uniforms		**22,081**	21,554
Music and entertainment		**12,327**	13,247
Others		**12,021**	10,844
		4,772,155	4,288,554

30.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 52.867 million (2015: Rs. 55.434 million).

	Note	2016	2015
		(Rupees'000)	

31 ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, wages and benefits	31.1	**1,037,093**	917,707
Rent, rates and taxes		**186,574**	164,991
Security and protective services		**269,285**	242,503
Advertisement and sales promotion		**83,192**	81,098
Repairs and maintenance		**44,587**	48,686
Heat, light and power		**78,860**	85,525
Travelling and conveyance		**127,791**	85,785
Depreciation	15.3	**50,905**	41,775
Communications		**26,583**	20,806
Printing and stationery		**38,749**	38,083
Legal and professional charges		**79,025**	58,505
Insurance		**83,428**	101,322
Entertainment		**10,111**	9,212
Subscriptions		**37,808**	24,077
Laundry and dry cleaning		**8,617**	8,591
Uniforms		**5,588**	5,979
Auditors' remuneration	31.2	**3,729**	4,940
Provision against doubtful debts		**10,995**	43,080
Donations	31.3	**332,500**	222,966
Vehicle rentals and registration charges	31.4	**45,875**	38,284
Franchise fee		**11,923**	10,125
Miscellaneous		**5,786**	7,695
		2,579,004	2,261,735

31.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 33.688 million (2015: Rs. 51.021 million).

31.2 Auditors' remuneration

	2016	2015
	(Rupees'000)	
Annual audit fee	**1,575**	1,510
Audit of consolidated financial statements	**450**	322
Half yearly review	**520**	520
Special reports and certificates	**476**	248
Tax advisory	**708**	140
Financial due diligence	**-**	2,200
	3,729	4,940

31.3 **Donations**

During the year no donation was made to institutions in which directors or their spouse(s) have interest:

Name	Interest in Donee	Name and address of Donee	2016	2015
			(Rupees'000)	
Mr. Sadruddin Hashwani	Patron-in-Chief	Hashoo Foundation	-	20,000
Ms. Sarah Hashwani	Chairperson	House # 2, Street # 35, F-7/1, Islamabad		
			-	20,000

31.4 This includes Ijarah payments of Rs. 44.723 million (2015: Rs. 38.229 million) and vehicles registration charges under an Ijarah (lease) agreement. As required under IFAS 2 " IJARAH" (notified through SRO 43(1) / 2007 by Securities & Exchange Commission of Pakistan) ujrah payments under an Ijarah (lease) agreement are recognized as an expense in the profit and loss account on straight line basis over the term of Ijarah. The amount of future ujrah payments and the periods in which these will be due are as follows:

	Note	2016	2015
		(Rupees'000)	
Within one year		32,714	36,125
After one year but not more than five years		44,661	34,260
		77,375	70,385

32 FINANCE COST - Conventional banks

	Note	2016	2015
Markup on long term financing		94,268	29,812
Markup on short term borrowings		3,859	4,542
Markup on liabilities against assets subject to finance lease		277	1,447
Credit cards, bank and other charges		69,349	67,272
		167,753	103,073

33 OTHER INCOME

	Note	2016	2015
Income from financial assets			
Return on bank deposits / Certificate of investments			
- Conventional banks		47,411	32,660
Exchange gain - net - actual currency		4,961	4,794
Dividend income	33.1	54,451	48,685
Unrealised gain on remeasurement of			
investments to fair value - net	25.2	116,859	28,754
Interest on short term advance to related party		38,060	65,618
		261,742	180,511
Income from non financial assets			
Concessions and commissions		8,772	4,243
Gain on disposal of property, plant and equipment		8,473	2,381
Liabilities written back		2,980	-
Communication towers and other rental income		61,155	47,455
Scrap sales		16,092	8,039
Reversal of impairement		-	18,095
Others - net	33.2	22,656	27,714
		120,128	107,927
		381,870	288,438

		Note	2016	2015
			(Rupees'000)	
33.1	**Dividend income**			
	Jubilee General Insurance Company Limited- associated company		**53,562**	47,610
	Fauji Fertilizer Bin Qasim Limited		**889**	1,075
			54,451	48,685
33.2	**Other income**			
	Franchise fee		**3,996**	3,062
	Shuttle service		**1,401**	959
	Multimedia rentals		**1,563**	3,927
	Parking/ other Fee		**6,295**	3,644
	ATM Rentals		**3,112**	3,062
	Other services		**6,289**	13,060
			22,656	27,714
34	**IMPAIRMENT LOSS**			
	Impairment loss on investment in associated undertaking	18.6	**586,403**	-
	Impairment loss on investment in jointly controlled entity	18.7	**211,133**	-
			797,536	-
35	**TAXATION**			
	Provision for taxation			
	- Current		**593,145**	531,423
	- Prior		**(22,342)**	(19,284)
			570,803	512,139
	- Deferred		**20,474**	(25,693)
			591,277	486,446
35.1	**Relationship between accounting profit and tax expense is as follows:**			
	Accounting profit for the year		**1,216,482**	1,557,092
	Tax charge @ 32% (2015: 33%)		**389,274**	513,840
	Tax effect of permanent differences		**224,026**	4,352
	Tax effect of exempt income		**(36,800)**	(9,046)
	Tax effect of income subject to lower taxation		**(15,122)**	(15,097)
	Tax effect of super tax		**52,241**	46,186
	Tax effect of change in tax rate		**-**	(34,505)
	Prior years' tax charge		**(22,342)**	(19,284)
			591,277	486,446

36 EARNINGS PER SHARE

	2016	2015
Profit for the year (Rupees '000)	**625,205**	1,070,646
Weighted average number of ordinary shares (Numbers)	**32,524,170**	32,524,170
Earnings per share - basic (Rupees)	**19.22**	32.92

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

37 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Note	2016	2015
		(Rupees'000)	
Profit before taxation		**1,216,482**	1,557,092
Adjustments for:			
Depreciation	15.3	**509,051**	417,750
Gain on disposal of property, plant and equipment	33	**(8,473)**	(2,381)
Provision for staff retirement benefit - gratuity	9.1	**55,205**	79,316
Provision for compensated absences	9.3	**16,495**	32,826
Provision for doubtful debts	31	**10,995**	43,080
Return on bank deposits/ certificate of investment	33	**(47,411)**	(32,660)
Interest on short term advance to related party	33	**(38,060)**	(65,618)
Finance cost	32	**167,753**	103,073
Dividend income	33	**(54,451)**	(48,685)
Unrealised gain on remeasurement of investments to fair value	33	**(116,859)**	(28,754)
Impairment loss	34	**797,536**	-
Reversal of impairment loss		**-**	(18,095)
Provision for obsolescence in stores, spares and loose tools		**-**	142
		2,508,263	2,037,086

38 CASH AND CASH EQUIVALENTS

	Note	2016	2015
Cash and bank balances	28	**379,130**	766,042

39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
	(Rupees'000)					
Managerial remuneration	**18,000**	**30,299**	**366,106**	16,800	22,383	306,240
Provident fund contribution	**-**	**1,595**	**8,988**	-	1,073	7,639
Provision for gratuity	**-**	**3,104**	**1,560**	15,781	2,947	1,355
Meeting fee	**45**	**495***		30	300*	-
	18,045	**35,493**	**376,654**	32,611	26,703	315,234
Number of persons	**1**	**3**	**141**	1	2	137

* This includes Rs. 330,000 (2015: Rs. 210,000) paid to non-executive directors of the Company.

In addition to the above, Chairman / Chief Executive and certain Executives are provided with the Company maintained accomodation and vehicle. Certain Executives are also provided medical expenses, bonus, compensated leave absences, and leave fare assistance as per the Company's policy.

40 TRANSACTIONS 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. Balances with related parties are disclosed in notes 5, 10, 14, 16, 18, 21, 22.1, 25 to the unconsolidated financial statements. Other transactions with related parties are as follows:

	2016	2015
	(Rupees'000)	
Transactions and balances with subsidiary companies		
Sales	**3,710**	1,454
Services provided	**10,278**	4,116
Services availed	**59,919**	55,659
Advance against equity converted into investment	**-**	49,000
Refund of advance against equity investment	**-**	6,000
Investments made	**930,567**	-

	Note	2016	2015
		(Rupees'000)	
Transactions and balances with associated undertakings			
Sales		**663**	1,267
Services provided		**5,824**	1,805
Services availed		**74,262**	29,245
Purchases		**68,747**	55,546
Purchase of air tickets		**23,298**	24,931
Franchise fee - income		**3,996**	3,062
Franchise and management fee - expense		**11,922**	10,125
Dividend income		**53,561**	47,610
Interest income on advance		**38,060**	65,618
Sale of stores, spares and loose tools		**763**	-
Sale of construction material		**20,486**	-
Dividend paid		**59,968**	-
Purchase of property, plant and equipment		**1,744,344**	176
Advance given for purchase of vehicle		**3,500**	-
Accrued interest on advance		**-**	4,723
Transactions with other related parties			
Sales		**7**	698
Services provided		**401**	408
Services availed		**52,492**	67,847
Purchases		**52,130**	46,553
Purchase of property, plant and equipment		**205,623**	-
Contribution to defined contribution plan - provident fund		**33,410**	28,715
Donation		**-**	20,000
Dividend paid		**16**	-
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	40.1	**55,759**	63,071
Dividend paid		**5,770**	-
Personal guarantees to Banks against the Company's borrowings (Notes 7 and 8)			

40.1 **Compensation to key management personnel**

	2016	2015
Salaries and other benefits	**48,299**	39,183
Contribution to provident fund	**1,595**	1,073
Gratuity	**3,104**	18,728
Compensated absences	**-**	213
Bonus	**2,221**	3,544
Meeting fee	**540**	330
	55,759	63,071
Number of persons	**4**	3

41 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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 June 2016	**Note**	(Rupees'000)							
Financial assets measured at fair value									
Other financial assets		1,199,064	-	-	1,199,064	1,199,064	-	-	1,199,064
Financial assets not measured at fair value	41.2								
Long term deposits		-	22,213	-	22,213	-	-	-	-
Trade debts		-	528,735	-	528,735	-	-	-	-
Advance to employees		-	24,674	-	24,674	-	-	-	-
Trade deposits		-	17,209	-	17,209	-	-	-	-
Interest accrued		-	1,011	-	1,011	-	-	-	-
Other receivables		-	48,650	-	48,650	-	-	-	-
Term Deposit Receipt		-	9,523	-	9,523	-	-	-	-
Cash and bank balances		-	379,130	-	379,130	-	-	-	-
		-	1,031,145	-	1,031,145	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing		-	-	2,687,001	2,687,001	-	-	-	-
Trade and other payables	41.2 & 41.3	-	-	1,032,353	1,032,353	-	-	-	-
Markup accrued	41.2	-	-	84,856	84,856	-	-	-	-
		-	-	3,804,210	3,804,210	-	-	-	-

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 June 2015	**Note**				**(Rupees'000)**				
Financial assets measured at fair value									
Other financial assets		1,082,204	-	-	1,082,204	1,082,204	-	-	1,082,204
Financial assets not measured at fair value	41.2								
Long term deposits		-	14,757	-	14,757	-	-	-	-
Trade debts		-	510,208	-	510,208	-	-	-	-
Advance to related parties		-	500,000	-	500,000	-	-	-	-
Advance to employees		-	2,910	-	2,910	-	-	-	-
Trade deposits		-	16,808	-	16,808	-	-	-	-
Interest accrued		-	5,893	-	5,893	-	-	-	-
Other receivables		-	38,018	-	38,018	-	-	-	-
Term Deposit Receipt		-	12,400	-	12,400	-	-	-	-
Cash and bank balances		-	766,042	-	766,042	-	-	-	-
		-	1,867,036	-	1,867,036	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing		-	-	751,795	751,795	-	-	-	-
Liabilities against assets subject to finance lease		-	-	7,725	7,725	-	-	-	-
Trade and other payables	41.2 & 41.3	-	-	1,083,895	1,083,895	-	-	-	-
Markup accrued	41.2	-	-	38,253	38,253	-	-	-	-
		-	-	1,881,668	1,881,668	-	-	-	-

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

41.3 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.

The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks being faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

41.4 **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company's credit risk exposures is categorized under the following headings:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Credit limits are established for each customer, which are regularly reviewed and approved by the management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Concentration of credit risk

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2016	2015
	(Rupees'000)	
From related parties	**17,573**	521,015
From government institutions	**54,058**	41,479
From foreign embassies	**7,549**	7,748
Banks and financial institutions	**411,877**	799,092
Others	**540,088**	497,702
	1,031,145	1,867,036

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit quality of trade debtors

The credit quality of companies financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	2016	2015
	(Rupees'000)	
Trade debts		
Counterparties without external credit ratings existing customers with no default in the past	**528,735**	510,208

Impairment losses

The aging of trade debts at the reporting date was:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees' 000)		(Rupees' 000)	
Past due 0-30 days	**245,939**	**-**	261,587	-
Past due 31-60 days	**133,818**	**-**	93,682	-
Past due 61-90 days	**69,681**	**-**	37,885	-
Past due 91-360 days	**79,297**	**-**	117,054	-
Over 361 days	**201,803**	**201,803**	190,808	190,808
	730,538	**201,803**	701,016	190,808

The movement in impairment in respect of trade receivables during the year was as follows:

	Note	2016	2015
		(Rupees'000)	
Opening balance		190,808	147,728
Provision made during the year	31	10,995	43,080
Closing balance	21	201,803	190,808

Based on past experience, the Company believes that no impairment is necessary in respect of trade receivables past due. Impairment includes Rs. 13.791 million (2015: Rs. 11.306 million) provided against due from related parties.

The doubtful account in respect of trade receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

The Company has no collateral in respect of financial assets exposed to credit risk. Based on past experience, management believes that except as already provided for in these financial statements, no further impairment is required to be recognized against any financial assets of the Company.

Cash at Bank

The Company held cash at bank of Rs. 313.140 million as at 30 June 2016 (2015: Rs.733.720 million). Cash at bank is held with banks and financial institution counter parties, which are rated A-2 to A1+ based on PACRA rating.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	(Rupees'000)	
Long term deposits	**22,213**	14,757
Trade deposits	**17,209**	16,808
Trade debts	**528,735**	510,208
Advance to related parties	**-**	500,000
Advance to employees	**24,674**	2,910
Interest accrued	**1,011**	5,893
Other receivables	**48,650**	38,018
Term Deposit Receipt	**9,523**	12,400
Bank balances	**313,140**	733,720
	965,155	1,834,714
Long term deposits		
Counterparties with external credit ratings of AA+	**19,975**	13,425
Counterparties without external credit ratings	**2,238**	1,332
Trade deposits		
Counterparties without external credit ratings	**17,209**	16,808
Advance to related parties		
Counterparties without external credit ratings	**-**	500,000
Advance to employees		
Counterparties without external credit ratings	**24,674**	2,910
Interest accrued		
Counterparties without external credit ratings	**1,011**	5,893
Other receivables		
Counterparties without external credit ratings	**48,650**	38,018
Term Deposit Receipt		
Counterparties with external credit ratings of A-2	**9,523**	12,400

41.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

There were no defaults on loans payable during the year.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
2016		(Rupees'000)		
Long term financing	**2,687,001**	**3,630,584**	**778,313**	**2,852,271**
Liabilities against assets subject to finance lease	**-**	**-**	**-**	**-**
Trade and other payables	**1,032,353**	**1,032,353**	**1,032,353**	**-**
Markup payable	**84,856**	**84,856**	**84,856**	**-**
	3,804,210	**4,747,793**	**1,895,522**	**2,852,271**
2015				
Long term financing	751,795	1,015,912	149,308	866,604
Liabilities against assets subject to finance lease	7,725	8,118	8,118	-
Trade and other payables	1,083,805	1,083,805	1,083,805	-
Markup payable	38,253	38,253	38,253	-
	1,881,578	2,146,088	1,279,484	866,604

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark up rates have been disclosed in notes 7, 8 and 12 to these unconsolidated financial statements.

41.6 **Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

Foreign Currency risk

The PKR is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than PKR. The Company's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

	2016		2015	
	Rupees'000	**USD'000**	Rupees'000	USD'000
Bank Balance	**1,613**	**15.44**	476	4.66

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2016	2015	**2016**	2015
US Dollars	**104.29**	101.31	**104.50**	101.50

Foreign Currency

A 5% strengthening of the functional currency against USD at 30 June 2016 would have decreased profit and loss by Rs. 80.60 (2015: Rs. 23.65) thousand. A 5 % weakening of the functional currency against USD at 30 June 2016 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company has long term Pakistan Rupees based loans and running finance arrangement at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

	2016	2015	2016	2015
	Effective interest rates		(Rupees'000)	
Fixed rate instruments				
Financial assets	**0.25% to 5.75%**	0.2% to 6.50%	**295,425**	684,372
Variable rate instruments	1-year KIBOR plus 3%			
Financial assets			**-**	500,000
Financial liabilities	**KIBOR + (1.5% to 2.5%)**	KIBOR + (1.5% to 2.5%)	**(2,687,001)**	(759,520)
			(2,687,001)	(259,520)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not effect profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by Rs. 23.916 million (2015: Rs. 4.25 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company adopts a policy of ensuring to minimize its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit and loss.

Sensitivity analysis – equity price risk

For quoted investments classified as held for trading, a 1 percent increase in market price at reporting date would have increased profit or loss by Rs. 11,991 (2015: Rs. 10,822) thousand; an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2015 and assumes that all other variables remain the same.

Assets carried at fair value	**Level 1**	**Level 2** (Rupees '000)	**Level 3**
2016			
Financial assets at fair value through profit or loss - held for trading	**1,199,064**	**-**	**-**
2015			
Financial assets at fair value through profit or loss - held for trading	1,082,204	-	-

The carrying value of financial assets and liabilities reflected in unconsolidated financial statements approximate their respective fair values.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment at fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing price at the reporting date.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

41.7 **Capital risk management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions to maximize the return. In order to maintain or adjust the optimal capital structure , the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue new shares.

The Company is not subject to externally imposed capital requirements. Further there was no change during the year in the management's approach towards capital management.

42 APPLICATION OF IFRIC INTERPRETATION 12 "SERVICE CONCESSION ARRANGEMENTS"

Securities and Exchange Commission of Pakistan through its S.R.O. NO 24 (I)/2012, dated 16 January 2012 has exempted the application of IFRIC 12 - "Service Concession Arrangements", for Companies in Pakistan. Consequently, the Company is not required to account for its arrangement under Build, Operate and Transfer agreement with City District Government Karachi for developing and operating an underground parking facility in Karachi under IFRIC 12. If the Company were to follow IFRIC 12, the effect on the unconsolidated financial statements would have been as follows:

	2016	2015
	(Rupees'000)	
Increase in profit after tax for the year	**10,880**	13,334
Derecognition of property, plant and equipment	**(281,320)**	(314,136)
Recognition of intangible asset	**425,292**	442,303
Recognition of financial liability	**(29,279)**	(29,475)
Increase in taxation obligations	**36,702**	33,901
Increase in unappropriated profits	**77,991**	64,791

43 CAPACITY

	Note	No. of letable rooms 2016	No. of letable rooms 2015	Average occupancy 2016 %	Average occupancy 2015 %
Pearl Continental Hotel					
- Karachi		**286**	286	**72**	71
- Lahore		**607**	607	**73**	63
- Rawalpindi		**193**	193	**64**	62
- Peshawar		**148**	148	**46**	36
- Bhurban		**190**	190	**70**	66
- Muzaffarabad		**102**	102	**50**	48
- Hotel One The Mall, Lahore	43.1	**32**	32	**82**	71

43.1 This is a budget hotel owned by the Company and operated by Hotel One (Private) Limited, an associated company, under franchise and management agreement.

44 NUMBER OF EMPLOYEES

	2016	2015
Number of employees at the year end	**3,407**	3,397
Average number of employees during the year	**3,447**	3,429

45 EMPLOYEES' PROVIDENT FUND

	Note	2016	2015
		(Rupees'000)	
Size of the fund		**708,845**	649,269
Cost of investment made		**630,795**	596,242
Percentage of investment made		**89%**	92%
Fair value of investments	45.1	**679,075**	630,795

45.1 Fair value of investments made:	2016 (Rupees'000)	2016 %	2015 (Rupees'000)	2015 %
Listed shares	**164,125**	**24%**	147,713	23%
Mutual funds	**204,254**	**30%**	193,186	31%
Term Finance Certificates - Listed	**-**	**0%**	12,469	2%
Special Savings Certificates	**310,696**	**46%**	277,427	44%
	679,075	**100%**	630,795	100%

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 26 September 2016, has proposed a final cash dividend of Rs. 2.50 /- (2015: Rs. 5/-) for approval of the members at the annual General Meeting. The unconsolidated financial statements for the year ended June 30, 2016 do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ending June 30, 2017.

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 26 September 2016.

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 these unconsolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Pattern of Shareholdings
As at 30 June 2016

NO. OF SHAREHOLDERS	SHAREHOLDINGS				NO.OF SHARES HELD
593	Shareholding from	1	to	100	14,787
216	Shareholding from	101	to	500	46,162
28	Shareholding from	501	to	1000	19,584
40	Shareholding from	1001	to	5000	87,165
7	Shareholding from	5001	to	10000	45,413
3	Shareholding from	10001	to	15000	37,216
1	Shareholding from	20001	to	25000	21,146
1	Shareholding from	25001	to	30000	28,815
1	Shareholding from	45001	to	50000	47,088
1	Shareholding from	50001	to	55000	54,725
1	Shareholding from	75001	to	80000	75,074
1	Shareholding from	170001	to	175000	172,913
1	Shareholding from	335001	to	340000	336,535
1	Shareholding from	380001	to	385000	382,900
1	Shareholding from	415001	to	420000	418,460
1	Shareholding from	570001	to	575000	571,976
1	Shareholding from	750001	to	755000	753,000
1	Shareholding from	1050001	to	1055000	1,052,085
1	Shareholding from	1100001	to	1105000	1,104,551
1	Shareholding from	1160001	to	1165000	1,163,890
1	Shareholding from	1205001	to	1210000	1,208,650
1	Shareholding from	1905001	to	1910000	1,906,260
1	Shareholding From	2360001	to	2365000	2,361,755
1	Shareholding From	246500	to	2470000	2,466,332
1	Shareholding from	2755001	to	2760000	2,760,000
1	Shareholding from	2900001	to	2905000	2,905,000
1	Shareholding from	2990001	to	2995000	2,992,688
1	Shareholding from	3145001	to	3150000	3,150,000
2	Shareholding from	3165001	to	3170000	6,340,000
911					32,524,170

Categories of Shareholders:	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	584,938	1.80
Associated Companies, undertaking and related parties	3,225,136	9.92
CDC-Trustee National Investment (UNIT)	1,104,551	3.40
Trustee National Bank of Pakistan	77,708	0.24
Banks, Development Financial Institutions and Non-Banking Financial Institutions	418,947	1.29
Modarabas and Mutual Funds	19,600	0.06
Insurance Companies	28,815	0.09
Foreign Investors	25,171,143	77.39
Individual:		
Local	206,994	0.64
Others:		
Galadari Invest International	1,052,085	3.23
President of Pakistan	336,535	1.03
Pakistan International Airlines Corporation	172,913	0.53
Kaizen Construction (Private) Limited	54,725	0.17
Asian Co-Operative Society Limited	47,088	0.14
National Investment Trust Limited	21,146	0.07
Other Joint Stock Companies	1,846	0.01
	32,524,170	100

Disclosure to Pattern of Shareholdings
As at 30 June 2016

SHAREHOLDERS	SHARES HELD
ASSOCIATED COMPANIES:	
Hashoo Holdings (Private) Limited	5,504
Zaver Petroleum Corporation Limited	2,466,332
Hashoo (Private) Limited	300
OPI Gas (Private) Limited	753,000
	3,225,136
NIT/ ICP:	
CDC-Trustee National Investment (UNIT)	1,104,551
Trustee National Bank of Pakistan	77,708
	1,182,259
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN:	
Mr. Sadruddin Hashwani	576,513
Mr. M. A. Bawany	2,875
Mr. Mansoor Akbar Ali	2,500
Syed Sajid Ali	500
Mr. Shakir Abu Bakar	500
Mr. Josef Kufer	500
Mr. Talat Hameed	500
Syed Haseeb Amjad Gardezi	550
Mr. M. Ahmed Ghazali Marghoob	500
	584,938
PUBLIC SECTOR COMPANIES & CORPORATIONS:	
Pakistan International Airlines Corporation	172,913
President of Pakistan	336,535
	509,448
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE, COMPANIES, INSURANCE COMPANIES	
National Bank of Pakistan	418,921
The Bank of Punjab, Treasury Division	26
Alpha Insurance Co. Limited	28,815
	447,762
MODARBAS & MUTUAL FUNDS:	
CDC - Trustee AKD Index Tracker Fund	6,200
Golden Arrow Selected Stocks Fund Limited	13,400
	19,600
FOREIGN INVESTORS:	
Greenley Investments Limited	1,163,890
Amcorp Investments Limited	1,906,260
Dominion Hospitality Investments Limited	3,150,000
Orient Drilling & Oilfield Services Limited	2,992,688
Ocean Pakistan Limited	3,170,000
Penoramic International General Trading	382,900
Bexley Services Limited	2,361,755
Castle Participations INC.	3,170,000
Sharan Associates S.A	2,760,000
Azucena Holdings Limited	1,208,650
Brickwood Investment Holdings S.A	2,905,000
	25,171,143
OTHERS:	
Galadari Invest International	1,052,085
Kaizen Construction (Private) Limited	54,725
Asian Co-Operative Society Limited	47,088
National Investment Trust Limited	21,146
Other Joint Stock Companies	1,846
	1,176,890
INDIVIDUAL:	206,994
TOTAL	32,524,170

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Directors' Report Consolidated

Dear Members,

The Board of Directors of Pakistan Services Limited, the Parent Company, is pleased to present before you 57th Annual Report carrying therewith also the audited consolidated financial statements for the year ended on June 30, 2016 and Auditors' Report thereon.

The financial results reflected in the Consolidated Financial Statements for the year ended on June 30, 2016 are as under:

	(Rupees '000)
Profit before taxation	**1,224,865**
Taxation	**(608,565)**
Profit after taxation	**616,300**

Earnings per share

Earnings per share for the year worked out at Rs. 18.95

During the year under review; M/s Pearl Tours & Travels (Private) Limited remained engage in the business of rent-a-car as well as arrangement of tour packages and generated revenue of Rs. 174 million as compared to Rs. 165 million of last year and registered 5% increase in its revenue. During the year under review the Company recorded profit after tax of Rs. 1.778 million as compared to loss after tax of Rs. 2.791 million achieved in last year.

Two new wholly owned subsidiary companies were incorporated during the year namely M/s City Properties (Private) Limited and M/s Elite Properties (Private) Limited and the other subsidiary company M/s Pearl Continental Hotels (Private) Limited remained non-operational throughout the year 2015-16. The wholly owned subsidiary M/s Bhurban Resorts (Private) Limited has been merged with the Company.

The directors fully endorse the contents of the Chairman's Review included in the Annual Report which deals inter alia with the financial and operating results along with significant deviations from last year, significant future plans and other related matters of the Parent Company.

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 Consolidated Director's report, as approved by the Board of Directors, have been signed by two Directors.

For and on behalf of the Board of Directors

M.A. Bawany
Director

Shakir Abu Bakar
Director

Date: 26 September 2016
Islamabad

ڈائریکٹرز رپورٹ (مجموعی)

محترم حصص داران:

بورڈ آف ڈائریکٹرز برائے پاکستان سروسز لمیٹڈ (کمپنی) انتہائی مسرت کے ساتھ آپکو ۵۷ واں سالانہ رپورٹ پیش کرتی ہے جس کے ساتھ محاسبہ شدہ مجموعی مالیاتی گوشوارے بمعہ محاسب رپورٹ برائے سال جوکہ مورخہ ۳۰ جون ۲۰۱۶ء کو اختتام پذیر ہوا، شامل ہے۔

مالیاتی نتائج برائے سال جوکہ مورخہ ۳۰ جون ۲۰۱۶ء کو اختتام پذیر ہوا ہے اور مجموعی مالیاتی گوشواروں میں دیئے گئے ہیں، درجہ ذیل ہے۔

(رقم ۰۰۰')

منافع قبل از ٹیکس	۱,۲۲۴,۸۶۵
ٹیکس	۶۰۸,۵۶۵
منافع مابعد از ٹیکس	۶۱۶,۳۰۰

فی حصہ آمدنی

فی حصہ آمدنی برائے سال ۳۰ جون ۲۰۱۶ ۱۸.۹۵ روپے ہے۔

زیرنظر جائزہ مدت کے دوران پرل ٹورز اینڈ ٹریولز (پرائیویٹ) لمیٹڈ رینٹ۔اے کار کے کاروبار کے ساتھ سیاحت کی خدمات سے وابستہ رہی اور عمومی آمدنی گزشتہ سال کے ۱۶۵ ملین روپے کے مقابلے میں اس سال ۱۷۴ ملین روپے ریکارڈ کی گئی جوکہ گزشتہ سال سے پانچ فیصد زیادہ ہے۔ کمپنی نے زیر جائزہ مدت کے دوران گزشتہ سال کے ۲.۷۹۱ ملین روپے نقصان کے مقابلے میں ۱.۷۷۸ ملین روپے منافع کمایا۔

دورانِ سال سٹی پراپرٹیز (پرائیویٹ) لمیٹڈ اور ایلیٹ پراپرٹیز (پرائیویٹ) لمیٹڈ کے نام سے دو ذیلی کمپنیاں بنائی گئی اور ذیلی کمپنی پرل کانٹیننٹل ہوٹلز (پرائیویٹ) لمیٹڈ نے دوران سال ۲۰۱۵-۱۶ میں بھی کوئی کاروباری سرگرمی شروع نہیں کی جبکہ ذیلی کمپنی بھوربن ریزوٹس (پرائیویٹ) لمیٹڈ کمپنی کے ساتھ ضم ہوچکی ہے۔

ڈائریکٹران مکمل طور پر چیئرمین کے جائزہ رپورٹ کی توثیق کرتے ہیں جو سالانہ رپورٹ میں شامل ہے اور یہ مجموعی طور پر مالیاتی اور کاروباری نتائج کے ساتھ ان میں وجہ تغیر اور مستقبل کے اہم منصوبہ جات اور معاملات کی احاطہ کرتی ہے۔

کمپنیز آرڈیننس ۱۹۸۴ء کی دفعہ نمبر ۲۴۱(۲) کی رُو سے بیان

بورڈ آف ڈائریکٹرز کے اجلاس کے دوران چیف ایگزیکٹو پاکستان میں موجود نہ تھے اور اسطرح یہ ڈائریکٹرز رپورٹ جوکہ بورڈ آف ڈائریکٹرز نے منظور کی ہیں جس پر دو ڈائریکٹرز کے دستخط ہیں۔

منجانب بورڈ آف ڈائریکٹرز

ایم۔اے۔باوانی
ڈائریکٹر
اسلام آباد ۲۶ ستمبر ۲۰۱۶ء

شاکر ابوبکر
ڈائریکٹر

Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Pakistan Services Limited and its subsidiary companies as at 30 June 2016 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Pakistan Services Limited and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Pakistan Services Limited and its subsidiary companies as at 30 June 2016 and the results of their operations for the year then ended.

Date: 26 September 2016
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner:
Riaz Pesnani

Consolidated Balance Sheet
As at 30 June 2016

	Note	**30 June 2016**	30 June 2015 Restated	01 July 2014 Restated
			(Rupees'000)	
SHARE CAPITAL AND RESERVES				
Authorised share capital				
200,000,000 (2015: 50,000,000) ordinary shares of Rs. 10 each	4	**2,000,000**	500,000	500,000
Issued, subscribed and paid up share capital	5	**325,242**	325,242	325,242
Reserves	6	**2,650,630**	2,672,604	2,595,337
Unappropriated profit		**4,853,511**	4,577,399	3,608,142
		7,829,383	7,575,245	6,528,721
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	15.2	**23,779,515**	23,779,515	19,853,565
NON CURRENT LIABILITIES				
Long term financing	7	**2,187,001**	685,128	347,667
Liabilities against assets subject to finance lease	8	**6,565**	19,009	20,949
Deferred liabilities	9	**700,166**	620,489	575,879
		2,893,732	1,324,626	944,495
CURRENT LIABILITIES				
Trade and other payables	10	**1,619,775**	1,649,219	1,894,234
Markup accrued	11	**85,032**	38,669	35,476
Short term borrowings	12	-	-	-
Provision for taxation - net		-	-	10,815
Current portion of long term financing and liabilities against assets subject to finance lease	13	**512,308**	89,338	249,663
		2,217,115	1,777,226	2,190,188
		36,719,745	34,456,612	29,516,969
CONTINGENCIES AND COMMITMENTS	14			

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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 these consolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

	Note	30 June 2016	30 June 2015 Restated	01 July 2014 Restated
			(Rupees'000)	
NON CURRENT ASSETS				
Property, plant and equipment	15	**32,019,383**	29,022,076	24,448,055
Advance for capital expenditure	16	**1,173,612**	1,175,457	1,185,480
Investment property	17	**45,000**	45,000	45,000
Long term investments	18	**1,190,250**	1,870,381	1,814,204
Long term deposits and prepayments	19	**26,332**	24,027	23,004
		34,454,577	32,136,941	27,515,743
CURRENT ASSETS				
Stores, spare parts and loose tools	20	**188,338**	150,389	145,619
Stock in trade - food and beverages		**96,189**	90,715	87,021
Development properties	21	**592,901**	-	-
Trade debts	22	**550,167**	539,518	610,178
Advances	23	**103,268**	583,668	577,428
Trade deposits and prepayments	24	**74,913**	66,431	61,272
Interest accrued		**1,011**	5,982	7,940
Other receivables	25	**48,832**	35,673	28,272
Other financial assets	26	**27,613**	32,179	287,592
Non current assets held for sale	27	-	-	7,000
Advance tax - net	28	**122,157**	34,720	-
Cash and bank balances	29	**459,779**	780,396	188,904
		2,265,168	2,319,671	2,001,226
		36,719,745	34,456,612	29,516,969

M.A. Bawany
Director

Shakir Abu Bakar
Director

Consolidated Profit and Loss Account
For the year ended 30 June 2016

	Note	2016	2015
		(Rupees'000)	
Sales and services - net	30	**9,250,709**	8,025,703
Cost of sales and services	31	**(4,875,879)**	(4,393,382)
Gross profit		**4,374,830**	3,632,321
Administrative expenses	32	**(2,591,811)**	(2,260,671)
Finance cost	33	**(170,455)**	(106,258)
Other income	34	**347,824**	199,628
Impairment loss	35	**(826,526)**	(70,029)
		1,133,862	1,394,991
Share of profit in equity accounted investments - net	18.1 & 18.2	**91,003**	94,442
Profit before taxation		**1,224,865**	1,489,433
Taxation	36	**(608,565)**	(528,534)
Profit for the year		**616,300**	960,899

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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M.A. Bawany
Director

Shakir Abu Bakar
Director

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

	2016	2015
	(Rupees'000)	
Profit for the year	**616,300**	960,899
Other comprehensive income for the year		
Items that will not be reclassified to profit and loss account		
Remeasurement of defined benefits liability / asset	**(21,871)**	11,619
Related tax	**6,561**	(3,486)
	(15,310)	8,133
Items to be reclassified to profit and loss account in subsequent periods		
Exchange gain on translation of long term investments in equity accounted investees	**32,777**	36,848
Surplus on remeasurement of available for sale securities	**(44,819)**	42,300
Share of remeasurement of defined benefit obligation of associate	**364**	225
Related tax	**(9,932)**	(1,881)
	(21,610)	77,492
Total other comprehensive income for the year	**(36,920)**	85,625
Comprehensive income transferred to equity	**579,380**	1,046,524
Other comprehensive income not transferred to equity		
Surplus on revaluation of property, plant and equipment	**-**	3,925,950
Total comprehensive income for the year	**579,380**	4,972,474

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M.A. Bawany
Director

Shakir Abu Bakar
Director

Consolidated Cash Flow Statement

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	37	2,512,225	2,057,606
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(37,949)	(4,912)
Stock in trade - food and beverages		(5,474)	(3,694)
Development property		(592,901)	-
Trade debts		(21,912)	26,810
Advances		480,400	(6,240)
Trade deposits and prepayments		(8,482)	(5,159)
Other receivables		(13,159)	(7,401)
Decrease in trade and other payables		(34,510)	(245,016)
Cash used in operations		(233,987)	(245,612)
Staff retirement benefit - gratuity paid	9.1	(30,339)	(56,093)
Compensated leave absences paid	9.3	(18,545)	(19,683)
Income tax paid	28	(664,383)	(559,573)
Finance cost paid		(153,005)	(158,197)
Net cash generated from operating activities		1,411,966	1,018,448
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(3,448,386)	(933,363)
Additions to advance for capital expenditure		(84,627)	(66,789)
Proceeds from disposal of property, plant and equipment	15.5	63,042	15,874
Proceeds from disposal of non current assets held for sale		-	7,000
Purchase of other financial assets		-	(1,094)
Proceeds from maturity of other financial assets		2,400	255,505
Dividend received		54,451	48,685
Receipts of return on bank deposits, short term advance and certificates of investments		92,492	102,122
Long term deposits and prepayments		(2,305)	(1,023)
Net cash used in investing activities		(3,322,933)	(573,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(66,667)	(233,333)
Proceeds from long-term financing		2,000,000	400,000
Dividend paid		(320,176)	-
Repayment of liabilities against assets subject to finance lease		(22,807)	(20,540)
Net cash generated from financing activities		1,590,350	146,127
Net (decrease)/ increase in cash and cash equivalents		(320,617)	591,492
Cash and cash equivalents at beginning of the year		780,396	188,904
Cash and cash equivalents at end of the year	38	459,779	780,396

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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 these consolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Consolidated Statement of Changes In Equity
For the year ended 30 June 2016

	Share capital	Capital reserve		Revenue reserves				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	Unappropriated profit	
	(Rupees'000)							
Balance at 01 July 2014 - as previously reported	325,242	269,424	147,221	1,600,000	457,794	143,065	3,632,865	6,575,611
Effect of restatement (Note 18.1.3)	-	-	-	-	(22,167)	-	(24,723)	(46,890)
Balance at 01 July 2014 - restated	**325,242**	**269,424**	**147,221**	**1,600,000**	**435,627**	**143,065**	**3,608,142**	**6,528,721**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	960,899	960,899
Other comprehensive income for the year	-	-	-	-	34,967	42,300	8,358	85,625
Total comprehensive income for the year	-	-	-	-	34,967	42,300	969,257	1,046,524
Balance at 30 June 2015- restated	325,242	269,424	147,221	1,600,000	470,594	185,365	4,577,399	7,575,245
Balance at 30 June 2015 - as previously reported	325,242	269,424	147,221	1,600,000	462,184	185,365	4,603,638	7,593,074
Effect of restatement (Note 18.1.3)	-	-	-	-	8,410	-	(26,239)	(17,829)
Balance at 30 June 2015 - restated	**325,242**	**269,424**	**147,221**	**1,600,000**	**470,594**	**185,365**	**4,577,399**	**7,575,245**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	616,300	616,300
Other comprehensive income for the year	-	-	-	-	22,845	(44,819)	(14,946)	(36,920)
Total comprehensive income for the year	-	-	-	-	22,845	(44,819)	601,354	579,380
Transaction with owners of the Parent Company								
Distribution:								
Final cash dividend 30 June 2015 Rs. 5 per share	-	-	-	-	-	-	(162,621)	(162,621)
Interim cash dividend 2016 Rs. 5 per share	-	-	-	-	-	-	(162,621)	(162,621)
Total distribution	-	-	-	-	-	-	(325,242)	(325,242)
Balance at 30 June 2016	**325,242**	**269,424**	**147,221**	**1,600,000**	**493,439**	**140,546**	**4,853,511**	**7,829,383**

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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 these consolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

1 THE GROUP AND ITS OPERATIONS

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

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

1.2 As at the year end, the Parent Company has the following subsidiaries:

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%

1.3 Consequent to the approval of Honourable High Court of Islamabad, effective 28 April 2014, Bhurban Resorts (Private) Limited which was previously 100% owned subsidiary, has been merged into the Parent Company.

2 BASIS OF PREPARATION

2.1 **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 **Basis of consolidation**

These consolidated financial statements include the financial statements of the Parent Company and the Subsidiary Companies together constituting "the Group".

Subsidiaries

Subsidiaries are all entities over which the Group has the control or a shareholding of more than one half of the voting rights. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases. These consolidated financial statements include Pakistan Services Limited (PSL/ Parent Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition - related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gain or losses arising from such measurement are recognized in profit or loss.

Any contingent considerations to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified an equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is premeasured to its fair value, with the change in carrying amount recognized in profit and loss account. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This mean that amounts previously recognized in other comprehensive income are reclassified to profit and loss account.

Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, where by the Group has right to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group companies' interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 **Basis of measurement**

These consolidated financial statements have been prepared on the historical cost basis except for the following;

- certain items of property, plant and equipment have been measured at revalued amounts;
- investment property has been measured at fair value;
- held for trading investments have been measured at fair value; and
- liability related to staff retirement gratuity and compensated absences is measured at values determined through actuarial valuation.

2.4 **Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistan Rupee which is the Group's functional and presentation currency. Amounts presented in Pakistan Rupee have been rounded off to the nearest of thousand.

2.5 **Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision effects only that period, or in the period of the revision and future periods.

Judgments made by the management in the application of approved accounting standards that may have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.5.1 **Property, plant and equipment**

The Group reviews the useful lives and residual values of property, plant and equipment on regular basis. Fair value of property, plant and equipment is determined by independent surveyors on market value. Any change in such estimates in future years might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge, impairment and revaluation surplus and related deferred tax liability.

2.5.2 **Taxation**

The Parent Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Parent Company's view differs from the income tax department at the assessment stage and where the Parent Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.5.3 **Employee benefits**

The present value of the obligation for gratuity and compensated absences depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the charge for the year include the discount rate, expected increase in eligible salary and mortality rate. Any changes in these assumptions will impact the carrying amount of obligation for gratuity and compensated leave absences.

2.5.4 **Stores, spare parts and loose tools and stock in trade**

The Group reviews the carrying value of stores, spare parts and loose tools and stock in trade to assess any diminution in the respective carrying values. Any change in estimates in future years might affect the carrying value of stores, spares parts and loose tools and stock in trade. Net realisable value is determined with reference to estimated selling price less estimated cost of completion and expenditure to make the sales.

2.5.5 **Provision against trade debts, advances and other receivables**

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.5.6 **Impairment of financial assets**

In making estimates of future cash flows from the Group's financial assets including investments in associates and joint ventures, the management considers estimated cash flows and their terminal value for impairment testing.

2.5.7 **Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.5.8 **Fair value of investment property**

Fair value of investment property is determined using market value basis, any change in the fair value might affect carrying amount of investment property with corresponding affect in consolidated profit and loss account.

2.5.9 **Fair value of investments - held for trading**

The fair value of "held for trading" investments are determined by reference to their quoted closing price at the reporting date. Any change in the estimate might effect carrying amount of investments "held for trading" with corresponding effect in consolidated profit and loss account.

2.5.10 **Provision and contingencies**

"A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability."

2.6 **Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Parent Company's consolidated financial statements.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's consolidated financial statements.

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's consolidated financial statements.

Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's consolidated financial statements.

Agriculture: Bearer Plants - Amendment to IAS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's consolidated financial statements.

Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's consolidated financial statements.

Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's consolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the changes mentioned in note 3.1.

3.1 The Parent Company has adopted the following new standards from current reporting period including any consequential amendments to other standards:

IFRS 10	Consolidated financial statements	(Refer note 3.1.1)
IFRS 11	Joint Arrangements	(Refer note 3.1.2)
IFRS 12	Disclosure of Interest in Other Entities	(Refer note 3.1.3)
IFRS 13	Fair Value Measurement	(Refer note 3.1.4)

3.1.1 IFRS 10 "Consolidated Financial Statements" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 10, the Parent Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Parent Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Parent Company reassessed the control conclusion for its investees at 01 January 2015, however, there has been no change in the control conclusion.

3.1.2 "IFRS 11 'Joint Arrangements' is a replacement of IAS 31 'Interest in Joint Ventures' and modifies the accounting for joint arrangements:

Under IFRS 11, the Parent Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Parent Company's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Parent Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. The Parent Company has assessed the nature of its joint arrangements and determined them to be joint operations."

3.1.3 IFRS 12 "Disclosure of Interest in Other Entities" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 12, the Parent Company has expanded its disclosures about interests in subsidiaries.

3.1.4 IFRS 13 "Fair Value Measurement" became effective from financial periods beginning on or after 01 January 2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. The application of IFRS 13 does not have any impact on the consolidated financial statements of the Parent Company except for certain additional disclosures.

3.2 **Property, plant and equipment**

Owned

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment loss, if any, except for land (free hold and lease hold) which is carried at revalued amount and capital work in progress and advance for capital expenditure which are carried at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Surplus arising out of revaluation of fixed assets is treated in accordance with the requirements of Section 235 of the Companies Ordinance, 1984.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day to day servicing of property, plant and equipment is recognised in consolidated profit and loss account as incurred.

Depreciation is recognised in consolidated profit and loss account on diminishing balance method over the useful lives of each part of an item of property, plant and equipment at rates given in note 15 to these consolidated financial statements. Land and capital work in progress are not depreciated. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off / derecognized.

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised in consolidated profit and loss account.

Capital work in progress and advance for capital expenditure are stated at cost less accumulated impairment losses, if any, and are transferred to the respective item of property, plant and equipment when available for intended use.

Leased

- Finance lease
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation

and impairment losses, if any. Outstanding obligations under the lease less finance charges allocated to the future periods are shown as liability. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Group.

- Ijarah

Rentals payable under Ijarah arrangement are charged to consolidated profit and loss account on a straight line basis over the term of the Ijarah lease arrangement.

3.3 **Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in consolidated profit and loss account.

3.4 **Stores, spare parts and loose tools**

Stores, spare parts and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred up to the consolidated balance sheet date less impairment, if any. For items which are slow moving and / or identified as surplus to the Parent Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Parent Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence. If there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.5 **Stock in trade**

Stock of food and beverages

These are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale. The cost of stock of food and beverages is determined on a moving average basis.

Goods in transit

These are stated at cost, accumulated to the balance sheet date, less impairment losses, if any.

3.6 **Financial instruments**

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories: held to maturity, financial assets at fair value through profit or loss-held for trading, available for sale investments and loans and receivables.

3.6.1 Investments at fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the consolidated profit and loss account. The Group recognizes the regular way purchase or sale of investments using settlement date accounting.

3.6.2 Held to maturity investments

Investments with fixed or determinable payments and fixed maturity and where the Group has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognized at cost being fair value of consideration given inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method, less impairment loss, if any. Held-to-maturity financial assets comprise debt securities.

3.6.3 Loans and receivables

Loans and receivables comprise deposits, advances, cash and cash equivalents and trade and other receivables.

Deposits, advances and trade and other receivables

Deposits, advances and trade and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The provision for doubtful accounts is based on the Parent Company's assessment of the collectability of counterparty accounts.The Parent Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes provision and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term running finance and call deposits with maturities of three months or less from the acquisition date and are subject to an insignificant risk of changes in their fair value, and are used by the Parent Company in the management of its short-term commitments.

3.6.4 Available for sale

Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment loss and foreign currency differences on debt instruments are recognised in other comprehensive income and accumulated in fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to consolidated profit and loss account. Available for sale financial assets comprise equity securities and debt securities.

Non-derivative financial liabilities

The Group initially recognises non-derivative financial liabilities on the date that they are originated or the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings including long term financing, obligations under finance lease, short term borrowings and trade and other payables.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.7 **Borrowing costs**

Borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to consolidated profit and loss account.

3.8 **Provisions**

Provisions are recognized when the Parent Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the end of each reporting period, and adjusted to reflect current best estimate.

3.9 **Dividend**

Dividend is recognized as a liability in the period in which it is declared.

3.10 **Employee benefits**

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Group and measured on an undiscounted basis. The accounting policy for staff retirement benefits is described below;

3.10.1 ***Gratuity (retirement benefit)***

The Parent Company operates a defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to consolidated profit and loss account. Actuarial valuations are carried out using the Projected Unit Credit Method.

3.10.2 ***Provident fund (retirement benefit)***

The Parent Company also operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Parent Company and employees at an agreed rate of salary. The fund is managed by its Board of trustees. The contributions of the Parent Company are charged to consolidated profit and loss account.

3.10.3 ***Compensated leave absences***

The Parent Company provides for compensated absences on the unavailed balance of privilege leaves of all its permanent employees in the period in which leave is earned. The provision is determined using the projected unit credit method.

3.11 **Taxation**

Income tax expense comprises current and deferred tax. It is recognised in consolidated profit and loss except to the extent that it relates to a business combination, or items reconginsed directly in equity or in OCI.

Current

The charge for current taxation is based on taxable income at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses, if any, adjusted for prior year effects.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are recognized for all major taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and these relate to income taxes levied by the same tax authority.

3.12 **Revenue recognition**

Room revenue is recognized as income on performance of services to the guests. Food and beverage sales are recognized on utilization of food and beverages services. Communication towers and other rental income and shop license fee is recognized in consolidated profit and loss account on a straight-line basis over the term of the lease. Revenue from minor operating departments is recognized as and when services are provided to the customers. Privilege Club Card fee is recognised in the consolidated profit and loss account on a straight line basis over the term of the related card. Vehicle rental income and income from tour packages is recognized on the performance of services.

3.13 **Foreign currency**

Foreign currency transactions

Transactions in foreign currencies are recorded in the books at the rates of exchange ruling on the date of the transaction. Assets and liabilities in foreign currencies at the year end are translated into rupees at the rates prevailing on the balance sheet date. Exchange differences are included in the income for the year.

Investment in foreign operations

The results and financial position of joint venture that have a functional currency different from Pak Rupees are translated into Pak Rupees as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- income and expense are translated at the average exchange rates for the period.
- share capital is translated at historical exchange rate.

All resulting exchange differences are recognized in other comprehensive income within statement of comprehensive income. The Group companies have been recognizing such differences in translation reserve over the years. When a foreign investment is sold, in part or in full, the relevant amount in the translation reserve is transferred to profit and loss account as part of the profit or loss on sale.

3.14 **Other income**

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss. Income on bank deposits and advances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

3.15 **Segment reporting**

Each of the Group's hotel qualifies as a separate segment in accordance with IFRS-8 Operating Segments, however, these have not been presented as separate segments and have been aggregated in the consolidated financial statements as they have similar economic characteristics, products, services and type of customers.

3.16 **Impairment**

(i) *Non-derivative financial assets*

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset and that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the obliger, a breach of contract such as default or delinquency in interest or principal payments, its becoming probable that borrower will enter bankruptcy or other financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in consolidated profit and loss account and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through consolidated profit and loss account.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in consolidated profit and loss account.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.17 Non current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter the assets, are measured at the lower of their carrying amount and fair value less costs to sell.

4 AUTHORISED SHARE CAPITAL

The Authorized share capital of the Parent Company has been increased to 200 million ordinary shares of Rs.10 each (2015 : 50 million ordinary shares of Rs. 10 each).

5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2016	2015		2016	2015
Number of shares			(Rupees'000)	
		Ordinary shares of Rs. 10 each:		
25,672,620	25,672,620	- Fully paid in cash	**256,726**	256,726
362,100	362,100	- Issued for consideration other than cash against property	**3,621**	3,621
6,489,450	6,489,450	- Fully paid bonus shares	**64,895**	64,895
32,524,170	32,524,170		**325,242**	325,242

As of the reporting date 3,225,136 (2015: 2,407,636) and 584,938 (2015: 585,663) ordinary shares of Rs. 10 each were held by associated companies and directors of the Parent Company respectively.

6 RESERVES

	Note	2016	2015
		(Rupees'000)	
Capital reserve - Share premium	6.1	**269,424**	269,424
- Share of associate's capital reserve		**147,221**	147,221
Revenue - General reserve		**1,600,000**	1,600,000
- Exchange translation reserve		**493,439**	470,594
- Surplus on remeasurement of available for sale securities		**140,546**	185,365
		2,650,630	2,672,604

6.1 Capital reserve represents share premium received in the fiscal years 1992, 1994 and 1996 on issue of 21,724,720 right shares at a premium of Rs. 15 each adjusted by Rs. 56.45 million issued as bonus shares in the fiscal years 2000-2001 and 2003-2004.

7 LONG TERM FINANCING - Secured

	Note	2016	2015
		(Rupees'000)	
From banking companies - Conventional banks			
Term Finance Loan - 1	7.1	**50,000**	116,667
Term Finance Loan - 2	7.2	**850,000**	-
Syndicated Term Loan	7.3	**1,800,000**	650,000
Transaction cost		**(12,999)**	(14,872)
		1,787,001	635,128
Current portion of long term financing	13	**(500,000)**	(66,667)
		2,187,001	685,128

7.1 This represents term finance loan carrying markup of 3-month KIBOR plus 2.50% per annum (2015: 3-month KIBOR plus 2.50% per annum). These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Karachi for an amount of Rs. 428.57 million; (2015: Rs. 428.57 million); hypothecation charge over plant, machinery, equipment and other movable properties of Pearl Continental Hotel, Karachi to the extent of Rs. 428.57 million (2015: Rs. 428.57 million) and personal guarantee of director of the Parent Company. The loans are repayable in eighteen equal quarterly installments of Rs. 16.667 million each commenced from October 2012.

7.2 During the year the Parent Company availed term finance facilities of Rs. 350 million (2015 : Nil) and Rs. 500 million (2015: Nil). These loans carry markup of 3-month KIBOR plus 1.5% per annum (2015: Nil). These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs. 1,534 million (2015: Nil), ranking hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million (2015: Nil). These loans are repayable in twenty equal quarterly installments of Rs. 17.50 million and Rs. 25 million each commencing from June 2018.

7.3 During the year, the Parent Company made a further drawdown of Rs. 1,150 million (2015: Rs. 650 million) out of total syndicated facility of Rs. 1,800 million carrying markup of 6-month KIBOR plus 1.95% per annum payable semi-annually (2015: 6-month KIBOR plus 1.95% per annum payable semi-annually). This facility is secured against first pari passu equitable mortgage charge over the property of Pearl Continental Hotel, Karachi with 25% margin over facility amount and first pari passu hypothecation charge over all present and future movable and immovable fixed assets (excluding land and building) of Pearl Continental Hotel, Karachi with 25% margin over facility amount. The loan is repayable in eight equal semi-annual installments commencing from July 2016.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Conventional bank

	Note	Present value of minimum lease payments	Financial charges for future periods	Total lease rentals
		2016 - (Rupees'000)		
Not later than one year	13	**12,308**	**960**	**13,268**
Later than one year and not later than five years		**6,565**	**224**	**6,789**
		18,873	**1,184**	**20,057**
		2015 - (Rupees'000)		
Not later than one year	13	22,671	3,268	25,939
Later than one year and not later than five years		19,009	1,562	20,571
		41,680	4,830	46,510

8.1 This represents utilised amount out of total lease finance facilities of Rs. 100 million (2015: Rs. 100 million) availed by the Parent Company and a subsidiary for purchase of vehicles. These carry markup ranging from 3-month KIBOR plus 2.50% per annum to 6-month KIBOR plus 1.45% per annum. These facilities are secured against pari passu mortgage charge over land, building and fixed assets of Pearl Continental Hotel, Karachi for an amount of Rs. 71.42 million; hypothecation charge over plant, machinery, equipment and other movable properties of

Pearl Continental Hotel, Karachi for an amount of Rs. 71.42 million, personal guarantee of a director of the Parent Company, ownership of leased vehicles and guarantee of Rs. 50 million (2015: Rs. 50 million) by the Parent Company.

	Note	2016	2015
		(Rupees'000)	
9 DEFERRED LIABILITIES			
Staff retirement benefit - gratuity	9.1	**417,143**	370,406
Deferred tax	9.2	**185,231**	150,241
Compensated leave absences	9.3	**97,792**	99,842
		700,166	620,489
9.1 Staff retirement benefit - gratuity			
Movement in the liability recognised in the balance sheet			
Opening balance		**370,406**	358,802
Charge for the year		**55,205**	79,316
Payments made during the year		**(30,339)**	(56,093)
Experience adjustments on defined benefit obligation		**21,871**	(11,619)
Closing balance		**417,143**	370,406
Reconciliation of liability recognised in the balance sheet			
Present value of defined benefit obligation		**417,143**	370,406
Charge to profit and loss account			
Current service cost		**20,571**	19,710
Interest cost		**34,634**	43,825
Past service cost		**-**	15,781
		55,205	79,316
Charge/ (credit) to statement of other comprehensive income			
Experience adjustments on defined benefit obligation		**21,871**	(11,619)

The latest actuarial valuation was carried out on 30 June 2016 using projected unit credit method.

Actuarial assumption	**2016**	2015
Discount rate	**9.75%**	13.25%
Expected increase in eligible salary	**7.25%**	9.75%
Mortality rate	**SLIC 2001-2005 Setback 1 year**	SLIC 2001-2005 Setback 1 year

Assumption regarding future mortality has been based on State Life Insurance Corporation (SLIC 2001-2005), and ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

Sensitivity analysis

For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2016 would have been as follows:

	2016		2015	
	Increase	**Decrease**	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	**390,222**	**447,317**	346,520	397,162
Salary increase rate	**447,488**	**389,558**	397,348	345,911

Risk associated with defined benefit plan

Salary Risk - (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic Risks

Mortality Risk- The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk- The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment Risk - The risk of the investment underperforming and being not sufficient to meet the liabilities.

		2016	2015
		(Rupees'000)	
9.2	**Deferred tax liability - net**		
	Taxable temporary differences		
	Accelerated tax depreciation	**427,204**	393,005
	Exchange translation reserve	**141,760**	135,282
		568,964	528,287
	Less: deductible temporary differences		
	Provision for staff retirement benefit	**125,143**	107,636
	Provision against doubtful debts and other receivables	**65,165**	61,786
	Unabsorbed tax losses and depreciation	**122**	1,524
	Impairment loss in value of investment	**1,590**	1,590
	Provision for stores, spare parts and loose tools	**730**	730
	Share in loss of equity accounted investments	**56,804**	70,601
	Write down of investment to its net selling price (non-current assets held for sale)	**134,179**	134,179
		383,733	378,046
		185,231	150,241
9.2.1	Charge for the year is recognized as follows:		
	- Recognised in consolidated profit and loss account	**31,619**	14,496
	- Recognised in consolidated statement of comprehensive income	**3,371**	5,367
		34,990	19,863

	2016	2015
	(Rupees'000)	
9.3 Compensated leave absences		
Movement in the liability recognised in the balance sheet		
Opening balance	**99,842**	86,699
Charge for the year	**16,495**	32,826
Payments made during the year	**(18,545)**	(19,683)
Closing balance	**97,792**	99,842

Actuarial assumption	**2016**	2015
Discount rate	**9.75%**	13.25%
Expected increase in eligible salary	**7.25%**	9.75%
Mortality rate	**SLIC 2001-2005 Setback 1 year**	SLIC 2001-2005 Setback 1 year

10 TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees'000)	
Creditors		**298,820**	405,876
Accrued liabilities		**547,187**	509,974
Advances from customers		**260,598**	236,846
Unclaimed dividend	10.1	**8,600**	3,534
Retention money		**83,138**	82,577
Shop deposits		**54,395**	54,339
Due to related parties - unsecured		**14,814**	7,340
Sales tax - net		**97,516**	116,422
Bed tax		**60,359**	60,359
Income tax deducted at source		**6,477**	7,482
Un-earned income		**147,472**	129,049
Other liabilities		**40,399**	35,421
		1,619,775	1,649,219

10.1 This includes an amount of Rs. 0.015 million (2015: Nil) payable to related parties.

11 MARKUP ACCRUED - Conventional Banks

Accrued markup pertain to financing facilities availed from conventional banks.

12 SHORT TERM BORROWINGS - Conventional Banks

The Parent Company has facilities amounting to Rs. 1,050 million (2015: 1,400 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 Parent Company (Note 18.1.2). Mark-up rates range from 1-month KIBOR to 3-month KIBOR plus 1.5% to 2.0% (2015: 1-month KIBOR to 3-month KIBOR plus 1.5% to 2.0%) per annum.

13 CURRENT PORTION OF LONG TERM FINANCING AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Conventional banks

	Note	**2016**	2015
		(Rupees'000)	
Current portion of long term financing	7	**500,000**	66,667
Current portion of liabilities against assets subject to finance lease	8	**12,308**	22,671
		512,308	89,338

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies - Parent Company

14.1.1 The income tax assessments of the Parent Company have been finalized and returns have been filed up to and including the tax year 2015. However for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (2015: Rs. 73.165 million) may arise against the Parent Company for which no provision has been recognised by the Parent Company in the books. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Parent Company. Based on appellate history and merits, the Parent Company is confident of a favorable outcome of the appeal. Therefore, the Parent Company considers that provision against this tax liability is not required.

		2016	2015
		(Rupees'000)	
14.1.2	**Guarantees**	**190,243**	188,174
14.2	**Commitments**		
	Commitments for capital expenditure	**426,609**	819,189

15 PROPERTY, PLANT AND EQUIPMENT

	Owned assets								Leased assets		
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixture, fittings and office equipment	Computers	Vehicles	Capital work in progress (Note 15.1)	Vehicles	Leasehold land	Total
	Rupees'000										
Cost / revalued amounts											
Balance at 01 July 2014	10,353,720	1,347,308	1,467,448	2,782,895	1,316,231	200,019	279,159	643,764	59,013	10,025,120	28,474,677
Additions during the year	-	26,211	1,254	121,278	39,482	8,359	30,094	842,756	24,941	-	1,094,375
Surplus on Revaluation	627,280	-	-	-	-	-	-	-	-	3,298,670	3,925,950
Disposals	-	-	-	(9,434)	(56,820)	(190)	(10,708)	-	-	-	(77,152)
Transfer from CWIP	-	8,424	196,267	154,624	88,833	4,079	-	(452,227)	-	-	-
Balance at 30 June 2015	10,981,000	1,381,943	1,664,969	3,049,363	1,387,726	212,267	298,545	1,034,293	83,954	13,323,790	33,417,850
Additions during the year	1,844,341	342,519	84,979	325,018	242,266	61,008	16,323	649,191	-	-	3,565,645
Disposals	-	-	-	(19,791)	-	(355)	(65,493)	-	-	-	(85,639)
Transfer from CWIP	-	15,072	144,169	115,035	198,626	19,299	-	(492,201)	-	-	-
Transfer from lease assets to owned assets	-	-	-	-	-	-	33,760	-	(33,760)	-	-
Balance at 30 June 2016	**12,825,341**	**1,739,534**	**1,894,117**	**3,469,625**	**1,828,618**	**292,219**	**283,135**	**1,191,283**	**50,194**	**13,323,790**	36,897,856
Depreciation											
Balance at 01 July 2014	-	540,389	589,636	1,972,987	625,650	139,233	146,625	-	12,102	-	4,026,622
Charge for the year	-	81,282	84,729	122,989	101,190	17,906	20,743	-	8,622	-	437,461
On disposals	-	-	-	(6,863)	(53,377)	(102)	(7,967)	-	-	-	(68,309)
Balance at 30 June 2015	-	621,671	674,365	2,089,113	673,463	157,037	159,401	-	20,724	-	4,395,774
Charge for the year	-	80,883	98,079	164,246	132,630	25,084	18,410	-	9,275	-	528,607
On disposals	-	-	-	(14,477)	-	(195)	(31,236)	-	-	-	(45,908)
Transfer from lease assets to owned assets	-	-	-	-	-	-	15,578	-	(15,578)	-	-
Balance at 30 June 2016	-	**702,554**	**772,444**	**2,238,882**	**806,093**	**181,926**	**162,153**	-	**14,421**	-	**4,878,473**
Carrying value - 2016	**12,825,341**	**1,036,980**	**1,121,673**	**1,230,743**	**1,022,525**	**110,293**	**120,982**	**1,191,283**	**35,773**	**13,323,790**	**32,019,383**
Carrying value - 2015	10,981,000	760,272	990,604	960,250	714,263	55,230	139,144	1,034,293	63,230	13,323,790	29,022,076
Rates of depreciation per annum	-	10%	10%	15%	15%	30%	15%	-	15%	-	

		Note	2016	2015
			(Rupees'000)	
15.1	**Capital work in progress**			
	Construction of Pearl Continental Multan	15.1.1	**636,873**	463,884
	Construction of Pearl Continental Mirpur	15.1.2	**296,929**	324,410
	Other civil works	15.1.3	**257,481**	245,999
			1,191,283	1,034,293

15.1.1 This also includes capitalized borrowing cost amounting to Rs.103.312 million (2015: 72.526 million). During the year borrowing cost amounting to Rs. 30.786 million (2015: Rs. 45.994 million) were capitalized @ 8.32% (2015: 11.20%) per annum.

15.1.2 The construction work on Pearl Continental Mirpur was on halt due to intervention of Mirpur Development Authority (MDA), however subsequent to reporting date, The Board of Revenue - Azad Jammu & Kashmir (AJK) has issued a notification through which the lease stands restored in favour of the Parent Company.

15.1.3 This includes construction work on expansion of Pearl Continental Hotel Peshawar amounting to Rs. 72.081 million which is under suspension due to dispute with the Military Estate Office.

15.2 **Surplus on revaluation of property, plant and equipment**

Freehold and leasehold land were revalued on 30 June 2015 by M/s. Oceanic Surveyors (Private) Limited, an independent valuer, based on market value basis method.

Had the aforementioned revaluation not carried out, the book values of freehold and leasehold land would have been Rs. 2,369.62 million (2015: Rs. 525.28 million).

15.3 **Depreciation charge has been allocated as follows:**

	Note	2016	2015
		(Rupees'000)	
Cost of sales and services	31	475,672	393,715
Administrative expenses	32	52,935	43,746
		528,607	437,461

15.4 The Parent Company has purchased land and building amounting to Rs.1,744.344 million, from associated companies, the posession of the land and building has been transferred to the Parent Company, however the titles of these properties are in process of transfer in name of the Parent Company.

15.5 **Detail of disposal of property, plant and equipment:**

Description	Cost / revalued amount	Carrying value	Sale proceeds	Mode of disposal	Purchaser
	----------------(Rupees'000)	----------------------			
Plant & Machinery	9,067	2,205	2,360	Auction	ABC NEELAM GHAR
Plant & Machinery	3,080	713	741	Auction	ABC NEELAM GHAR
Plant & Machinery	5,243	1,275	1,350	Auction	ABBASI & CO
Plant & Machinery	1,213	295	330	Auction	ABBASI & CO
Plant & Machinery	444	324	382	Negotiation	KARACHI MARRIOTT HOTEL
Plant & Machinery	444	324	382	Negotiation	KARACHI MARRIOTT HOTEL
Plant & Machinery	300	177	418	Insurance	NEW HAMPSHIRE INSURANCE CO
Computers	150	68	20	Negotiation	MR. BASHIR AHMED
Computers	115	61	15	Insurance	EFU GENERAL INSURANCE
Vehicle	2,249	584	1,085	Auction	MR. MUHAMMAD USMAN KHAN
Vehicle	3,057	1,055	1,100	Auction	MR. ARIF ZIA
Vehicle	1,282	281	800	Auction	MR. ALTISHAM MASOOD
Vehicle	1,105	206	604	Auction	MR. SHAFIQ UR REHMAN
Vehicle	879	721	686	Auction	MR. MUHAMMAD USMAN KHAN
Vehicle	975	636	900	Insurance	NEW HAMPSHIRE INSURANCE CO
Vehicle	22,494	20,859	22,494	Negotiation	FIRST HABIB MODARABA
Vehicle	466	154	479	Auction	MR. SHAFIQ UR REHMAN
Vehicle	1,250	868	1,130	Auction	MR. ADNAN NASEER
Vehicle	1,888	807	1,095	Auction	MR. ADNAN NASEER
Vehicle	418	112	316	Auction	MR. TANVEER AHMAD MUGHAL
Vehicle	418	113	303	Auction	MR. ASHRAF ALI KHAN
Vehicle	418	113	350	Auction	MR. RAJ MUHAMMAD
Vehicle	418	113	375	Auction	MR. RAJ MUHAMMAD
Vehicle	627	174	543	Auction	MR. SHAFIQ UR REHMAN
Vehicle	435	51	280	Auction	MR. JAWAD TANVEER SIDDIQUI
Vehicle	835	156	702	Auction	SYED IMTIAZ HUSSAIN SHAH
Vehicle	595	469	357	Auction	MR. TARIQ HABIB SHAH
Vehicle	1,080	292	1,026	Auction	MR. TARIQ AMJAD
Vehicle	1,328	359	1,001	Auction	MR. TARIQ AMJAD
Vehicle	428	391	750	Auction	MR. FARHAN RASHID
Vehicle	429	392	905	Auction	MR. HASAN AHMAD
Vehicle	443	405	950	Auction	MR. HASAN AHMAD
Vehicle	443	405	1,150	Auction	MR. RASHID RAUF BANDAY
Vehicle	444	405	1,057	Auction	MR. RIZWAN MAZHAR
Vehicle	3,762	937	2,340	Auction	MR. M. ISHAQ
Vehicle	850	243	862	Auction	MR. SHAHID BAIG
Vehicle	746	181	680	Auction	MR. ARSHAD MAHMOOD
Vehicle	1,114	224	1,000	Auction	MR. TARIQ MAHMOOD ABBASI
Vehicle	1,140	229	1,035	Auction	MR. TARIQ MAHMOOD ABBASI
Vehicle	1,658	242	990	Auction	MR. TARIQ MAHMOOD ABBASI
Vehicle	984	232	711	Auction	MR. TARIQ AMJAD
Vehicle	1,328	350	1,032	Auction	MR. KASHIF RAJA
Vehicle	1,246	176	840	Auction	MR. MUHAMMAD SAJJAD
Vehicle	1,237	277	942	Auction	MR. MUHAMMAD ATIF
Vehicle	855	181	945	Auction	MR. MUHAMMAD ATIF
Vehicle	1,810	164	1,353	Auction	MR. ABDUL BASIT
Vehicle	896	189	768	Auction	MR. MUHAMMAD NASIR
Vehicle	1,354	439	1,050	Total loss	PICIC INSURANCE
Aggregate of other items with individual book values not exceeding Rs. 50 thousand	2,200	104	2,058		VARIOUS
2016	**85,639**	**39,731**	**63,042**		
2015	77,152	8,843	15,873		

	Note	2016	2015
		(Rupees'000)	

16 ADVANCE FOR CAPITAL EXPENDITURE

	Note	2016	2015
Purchase of land	16.1	**666,820**	666,820
Purchase of apartment	16.2	**40,509**	40,509
Malir Delta Land	16.3	**381,656**	381,656
Advance for purchase of fixed assets		**84,627**	86,472
		1,173,612	1,175,457

16.1 This includes amount of Rs. 626.820 million (2015: Rs. 626.820 million) paid to Associated Builders (Private) Limited, a related party, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar.

16.2 This represents amount paid to Creek Marina (Private) Limited ("the developer") for purchase of an apartment. The developer failed to complete the construction within time frame stipulated in the agreement. The Parent Company, in order to safeguard its interest has filed a case for recovery of its advance.

16.3 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. Last year, 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.

17 INVESTMENT PROPERTY

	2016	2015
	(Rupees'000)	
Opening balance	**45,000**	45,000
Gain on remeasurement of investment property to fair value	-	-
	45,000	45,000

This represents piece of land, located at Gwadar, owned by the Parent Company. On 30 June 2016, an independent valuation exercise was carried out to assess the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date in the vicinity / locality and has been prepared on openly available / provided information after making relevant inquiries. The valuer holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Changes in fair value are recognized as gains / (losses) in profit and loss and included in other income. All increase / (decrease) in fair value of investment property are unrealized.

17.1 **Measurement of fair values**

17.1.1 **Fair Value hierarchy**

The fair value measurement of the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used (see note 17.1.2).

17.1.2 **Valuation techniques and significant unobservable inputs**

The following table shows the valuation technique used by the valuer per its valuation report in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Land Valuation techniques	Significant Unobservable Input	Inter-relationship between key unobservable inputs and fair value measurement
Inquiries to check the price of a similar land in the surroundings of the land, status and condition of the plot / land.	Rate (value) of appreciation of land, and Prime location of land with infrastructure.	The estimated fair value would increase / (decrease) if: The rate of appreciation of land changed Infrastructure plan of the city changed.

18 LONG TERM INVESTMENTS

	% of holding	Note	2016	2015	2014
				(Rupees'000)	
Associated undertaking - unquoted					
Hashoo Group Limited - British Virgin Island 98,000 (2015: 98,000) ordinary shares of US$ 100 each	14%	18.1	-	590,156	568,308
Hotel One (Private) Limited 500,000 (2015: 500,000) ordinary shares of Rs. 100 each	17.85%	18.1	-	-	-
Associated undertaking - quoted					
Jubilee General Insurance Company Limited - an associated company 11,902,500 (2015: 11,902,500) ordinary shares	7.6%	18.1, 18.1.2	**1,190,250**	1,071,225	1,041,468
			1,190,250	1,661,381	1,609,776
Investment in jointly controlled entity - unquoted					
Pearl Continental Hotels Limited - UAE 95 (2015: 95) ordinary shares of US$ 50,000 each	50%	18.2	-	209,000	204,428
Other investments					
Available for sale - unquoted company					
Malam Jabba Resorts Limited			**1,000**	1,000	1,000
Less: Impairment loss			**(1,000)**	(1,000)	(1,000)
			-	-	-
			1,190,250	1,870,381	1,814,204

18.1 **Investment in associated undertaking**

	Note	2016	2015	2014
			(Rupees'000)	
Cost of investment		**1,534,082**	1,534,082	1,534,082
Share of equity brought forward		**995,854**	874,220	792,541
Share of profit for the year - net		**92,786**	96,141	86,427
Share of surplus on remeasurement of available for sale securities for the year		**(44,819)**	42,300	48,652
Share of experience adjustments on defined benefit obligation of associate		**364**	225	(183)
Share of exchange translation reserve for the year		**26,557**	30,578	(22,167)
Dividend received		**(53,562)**	(47,610)	(31,050)
		21,326	121,634	81,679
		1,017,180	995,854	874,220
Impairment losses				
Opening balance		**(868,555)**	(798,526)	(1,080,804)
Loss recognised during the year	18.1.4	**(613,090)**	(70,029)	(22,030)
Loss reversed during the year		**120,633**	-	304,308
		(1,361,012)	(868,555)	(798,526)
		1,190,250	1,661,381	1,609,776

18.1.1 **Summarised financial information of associate and group share is as follows:**

	Hashoo Group Limited		**Hotel One (Pvt) Limited**		**Jubilee General Insurance**	
	2016	2015	**2016**	2015	**2016**	2015
			(Rupees'000)			
Non current assets	**7,706,502**	7,485,263	**165,459**	155,946	**7,060,064**	8,569,935
Current assets	**194,489**	206,863	**291,535**	284,091	**11,682,710**	7,561,334
Non current Liabilities	-	-	**48,069**	65,442	**7,984,196**	6,544,036
Current Liabilities	**252,730**	235,935	**126,354**	152,686	**4,838,723**	3,984,008
Net Assets	**7,648,261**	7,456,191	**282,571**	221,909	**5,919,855**	5,603,225
Group share in net assets	**1,070,757**	1,043,867	**39,786**	31,245	**449,021**	425,845
Impairment	**(1,071,136)**	(458,046)	**(50,000)**	(50,000)	**(262,921)**	(382,892)
Other adjustments	**379**	4,335	**10,214**	18,755	**10,569**	8,340
Goodwill	-	-	-	-	**709,299**	709,299
Impact of policy allignment	-	-	-	-	**284,282**	310,633
Carrying amount of interest in associate	-	590,156	-	-	**1,190,250**	1,071,225
Revenues	-	-	**475,820**	398,552	**5,313,359**	5,216,049
Expenses	**(28,255)**	(62,349)	**(415,159)**	(402,663)	**(4,281,435)**	(3,837,658)
Profit / (loss)	**(28,255)**	(62,349)	**60,661**	(4,111)	**1,031,924**	1,378,391
Group share of profit / (loss)	**(3,956)**	(8,729)	**8,541**	(579)	**78,271**	104,758

The reporting date of M/s Jubilee General Insurance Company Limited is 31 December . For the purpose of applying equity method of accounting, assets, liabilities and profit and loss account are based on the financial statements of the year/ period ended 30 June 2016.

18.1.2 Out of total shares, 3,000,000 (2015: 3,000,000) ordinary shares are placed / lien marked as security against running finance facility amounting to Rs. 100 million availed by the Parent Company (Refer note 12).

18.1.3 Up to the year ended 30 June 2015, the Parent Company had recorded investment in Hashoo Group Limited - British Virgin Island, as non-current asset held for sale. Since the disposal could not be concluded under prevalent situation in Libya, this non-current asset has been retrospectively reclassified as long term investment in accordance with the requirement of IFRS-5. This retrospective restatement has resulted in increase in long term investment as at 30 June 2014 and 30 June 2015 and decrease in non current assets held for sale as at 30 June 2014 and 30 June 2015 by the following amounts.

	2015	2014
	(Rupees'000)	
Increase in investment	590,156	568,308
Decrease in non current assets held for sale	607,985	615,198
Effect on equity	(17,829)	(46,890)

The effect on equity is made up as follows:

Decrease in unappropriated profit	(26,239)	(24,723)
Increase / (decrease) in exchange reserves	8,410	(22,167)
	(17,829)	(46,890)

18.1.4 During the year Impairment loss of Rs. 613.090 million (30 June 2015: Rs. 19.796 million) has been provided against investment in Hashoo Group Limited - British Virgin Island.

	Note	**2016**	2015
		(Rupees'000)	
18.2 Investment in jointly controlled entity			
Cost of investment		**284,052**	284,052
Post acquisition loss brought forward		**(75,052)**	(79,624)
Share of loss for the year		**(1,783)**	(1,699)
Share of exchange translation reserve for the year		**6,219**	6,271
		4,436	4,572
		(70,616)	(75,052)
Impairment loss	18.2.1	**(213,436)**	-
		-	209,000

18.2.1 During the year Impairment loss of Rs. 213.437 million (2015: Nil) has been provided against investment in Pearl Continental Hotels Limited - UAE.

18.2.2 **Summarised financial information of jointly controlled entity is as follows:**

	2016	2015
	(Rupees'000)	
Non current assets		
Current assets	456,175	443,187
Non current Liabilities	-	-
Current Liabilities	22,511	18,398
Net Assets	433,664	424,789
Group share of net assets	216,832	212,395
Impairment	(213,436)	-
Other adjustments	(3,396)	(3,395)
Carrying amount of interest in jointly controlled entity	-	209,000
Revenues	-	-
Expenses	(3,364)	(3,400)
Loss	(3,364)	(3,400)
Group share of loss	(1,682)	(1,700)

The reporting date of Pearl Continental Hotels Limited - UAE is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and profit and loss account are based on the audited financial statements of the period ended 30 June 2016.

19 LONG TERM DEPOSITS AND PREPAYMENTS

	2016	2015
	(Rupees'000)	
Deposits	24,707	19,920
Prepayments	1,625	4,107
	26,332	24,027

19.1 This includes deposit amounting to Rs. 22.469 million (2015: Rs. 18.588 million) with Islamic bank to acquire assets under Ijarah agreements.

20 STORES, SPARE PARTS AND LOOSE TOOLS

	2016	2015
	(Rupees'000)	
Stores	139,568	107,048
Spare parts and loose tools	51,202	45,773
	190,770	152,821
Provision for obsolescence	(2,432)	(2,432)
	188,338	150,389

		Note	2016	2015
			(Rupees'000)	
21	**DEVELOPMENT PROPERTIES**			
	Land	21.1	**562,901**	-
	Advance for purchasese of land	21.2	**30,000**	-
			592,901	-

21.1 This includes land measuring 20 kanal 8 marla amounting to Rs. 30 million purchased from M/s. Hashwani Hotels Limited, a related party, the posession of the land and building has been handed over to the group, however the title of the property is in process of transfer in name of the Company.

21.2 This represents advance paid for the purchase of plot measuring 692 square yards situated at Deap Chand Ojah Road, Karachi. The remaining consideration will be paid at the time of execution and registration of conveyance deed in favour of the group.

		Note	2016	2015
			(Rupees'000)	
22	**TRADE DEBTS**			
	Considered good			
	Due from related parties - unsecured	22.1	**17,696**	28,418
	Others		**532,471**	511,100
			550,167	539,518
	Considered doubtful		**212,508**	201,245
			762,675	740,763
	Provision against doubtful debts		**(212,508)**	(201,245)
			550,167	539,518

		Note	2016	2015
			(Rupees'000)	
22.1	**Due from related parties - unsecured**			
	Hashwani Hotels Limited		**2,171**	10,206
	Hashoo Foundation		**519**	819
	Hotel One (Private) Limited		**1,335**	3,926
	Jubilee General Insurance Company Limited		**21**	-
	Ocean Pakistan Limited		**987**	636
	OPI Gas (Private) Limited		**41**	-
	Pearl Communications (Private) Limited		**382**	128
	Pearl Real Estate Holdings (Private) Limited		**213**	177
	Trans Air Travels (Private) Limited		**1,254**	2,136
	Tejari Pakistan (Private) Limited		**478**	429
	Associated Builders		**11**	-
	Zahdan Technologies (Private) Limited		**70**	70
	Zahdan Retail (Private) Limited		**10,105**	9,832
	Zaver Petroleum Corporation Limited		**2**	2
	Zaver Mining Private Limited		**50**	-
	HOAP Foundation		**57**	57
			17,696	28,418

			2016	2015
22.2	**Age analysis of due to related parties is as follows:**			
	Past due by 30 days		**1,440**	3,709
	Past due by 31 to 90 days		**484**	6,384
	Past due over 91 days		**2,348**	8,062
	Past due over 1 year		**13,424**	10,263
			17,696	28,418

23 ADVANCES, Considered good

	Note	2016	2015
Advances to:			
Employees - Non-interest bearing		**27,686**	5,797
Suppliers and contractors -Non-interest bearing	23.1	**75,582**	77,871
Related party - secured - Interest bearing	23.2	-	500,000
		103,268	583,668

23.1 It includes advance to related parties M/s Hashoo Foundation Rs. 12.275 million (2015: Rs. 4.723 million) and M/s Genesis Trading (Private) Limited Rs. 8.441 million (2015 : Rs. Nil)

23.2 The short term advance of Rs. 500 million (2015: Rs. 500 million) extended to an associated company has been received during the year.

		2016	2015
		(Rupees'000)	

24 TRADE DEPOSITS AND PREPAYMENTS

	2016	2015
Trade deposits - non-interest bearing	**22,598**	19,208
Prepayments	**52,315**	47,223
	74,913	66,431

25 OTHER RECEIVABLES

	2016	2015
Other receivables - considered good	**48,832**	35,673
- considered doubtful	**3,148**	4,078
	51,980	39,751
Provision for doubtful receivables	**(3,148)**	(4,078)
	48,832	35,673

25.1 These are general receivables and do not include receivables to be classified under conventional or Islami mode of banking.

26 OTHER FINANCIAL ASSETS

	Note	2016	2015
		(Rupees'000)	
Held to maturity			
Certificate of investments		**5,300**	5,300
Term Deposit Receipt/ Certificate of investments - Conventional banks	26.1	**9,523**	21,200
Provision for impairment loss		**(5,300)**	(5,300)
		9,523	21,200
Held to maturity			
Certificate of Musharika - Islamic bank	26.2	**9,277**	-
Available for sale - unquoted			
National Technology Development Corporation (Private) Limited		**200**	200
Indus Valley Solvent Oil Extraction Limited		**500**	500
Impairment loss		**(700)**	(700)
		-	-
Financial assets at fair value through profit or loss - held for trading			
Short term investments in shares of listed companies - (Non shariah compliant)	26.3	**8,813**	10,979
		27,613	32,179

26.1 This represent 01 year term deposit receipts carrying interest rate @ 5% (2015: Nil).

26.2 This represent 03 months certificate of Musharika carrying interest rate @ 6.40% (2015: Nil)

		Unrealized gain/ (loss)		Fair Value	
		2016	2015	**2016**	2015
		(Rupees'000)			
26.3	**Short term investments in shares of listed companies - (Non shariah compliant)**				
	Pakistan Telecommunication Company Limited 350,000 (2015: 350,000) ordinary shares	**(1,914)**	(1,739)	**5,261**	7,175
	Lotte Chemical Pakistan Limited 150,000 (2015: 150,000) ordinary shares	**(137)**	(41)	**902**	1,038
	Fauji Fertilizer Bin Qasim Limited 50,000 (2015: 50,000) ordinary shares	**(115)**	778	**2,651**	2,766
		(2,166)	(1,002)	**8,813**	10,979

27 NON CURRENT ASSETS HELD FOR SALE

	2016	2015	2014
	(Rupees'000)		
Opening balance	-	-	7,000
Held for sale assets sold during the year	-	-	(7,000)
	-	-	-

27.1 During the year, the non- current asset held for sale has been reclassified to long term investment (Refer Note 18.1.3).

28 ADVANCE TAX - NET

	Note	**2016**	2015
		(Rupees'000)	
Opening balance		**34,720**	(10,815)
Income tax paid during the year		**664,383**	559,573
Charge for the year		**(576,946)**	(514,038)
Closing balance		**122,157**	34,720

29 CASH AND BANK BALANCES

	Note	**2016**	2015
Cash in hand		**66,240**	33,274
Cash at bank: Conventional banks			
Current accounts - Local currency		**20,210**	52,656
Deposit accounts - Local currency	29.1	**371,627**	693,906
- Foreign currency	29.2	**1,702**	560
		393,539	747,122
		459,779	780,396

29.1 Deposit accounts carry interest rate ranging from 2% to 5.75% (2015: 4.5% to 6.5%) per annum.

29.2 This comprising USD 16,287 (2015: USD 5,517) deposited with bank and carries interest rate 0.25% (2015: 0.25%) per annum.

	Note	2016	2015
		(Rupees'000)	

30 SALES AND SERVICES - NET

	Note	2016	2015
Rooms		5,145,750	4,393,624
Food and beverages		5,082,779	4,441,167
Other related services	30.1	524,248	490,655
Vehicle rental		170,438	157,805
Shop license fees		33,270	26,883
		10,956,485	9,510,134
Discounts and commissions		(191,738)	(164,825)
Sales tax		(1,514,038)	(1,319,606)
		9,250,709	8,025,703

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

31 COST OF SALES AND SERVICES

	Note	2016	2015
Food and beverages			
Opening balance		90,715	87,021
Purchases during the year		1,587,160	1,383,197
Closing balance		(96,189)	(90,715)
Consumption during the year		1,581,686	1,379,503
Direct expenses			
Salaries, wages and benefits	31.1	1,238,516	1,072,996
Heat, light and power		698,805	763,810
Repairs and maintenance		301,564	256,041
Depreciation	15.3	475,672	393,715
Guest supplies		213,420	178,543
Linen, china and glassware		90,379	79,614
Communication and other related services		71,184	71,904
Banquet and decoration		67,945	65,491
Transportation		21,954	18,179
Uniforms		22,081	21,554
Music and entertainment		12,327	13,247
Insurance		5,326	5,299
Vehicle operating expense		34,426	38,263
Vehicle rentals and registration charges		26,471	23,937
Others		14,123	11,286
		4,875,879	4,393,382

31.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs.52.867 million (2015: Rs. 55.434 million).

	Note	2016	2015
		(Rupees'000)	

32 ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, wages and benefits	32.1	**1,051,151**	929,301
Rent, rates and taxes		**188,789**	167,037
Security and protective services		**269,285**	242,503
Advertisement and sales promotion		**83,397**	81,217
Repairs and maintenance		**44,587**	48,686
Heat, light and power		**79,501**	90,119
Travelling and conveyance		**99,558**	59,931
Depreciation	15.3	**52,935**	43,746
Communications		**28,756**	22,900
Printing and stationery		**40,036**	38,781
Legal and professional charges		**89,269**	59,038
Insurance		**83,428**	101,322
Entertainment		**10,111**	9,212
Subscriptions		**41,207**	24,122
Laundry and dry cleaning		**8,617**	8,591
Uniforms		**5,588**	5,979
Auditors' remuneration	32.2	**4,504**	5,266
Provision against doubtful trade debts and other receivable		**11,263**	43,850
Donations	32.3	**332,500**	222,966
Vehicle rentals and registration charges	32.4	**49,620**	38,284
Franchise fee		**11,923**	10,125
Miscellaneous		**5,786**	7,695
		2,591,811	2,260,671

32.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 33.688 million (2015: Rs. 51.021 million).

	2016	2015
	(Rupees'000)	

32.2 Auditors' remuneration

	2016	2015
Annual audit fee	**2,500**	1,836
Audit of consolidated financial statements	**300**	322
Half yearly review	**520**	520
Special reports and certificates	**476**	248
Tax advisory	**708**	140
Financial due diligence and related services	-	2,200
	4,504	5,266

32.3 **Donation**

During the year no donation was made to institutions in which directors or their spouse(s) have interest:

Name	Interest in Donee	Name and address of Donee	2016	2015
			(Rupees'000)	
Mr. Sadruddin Hashwani	Patron-in-Chief	Hashoo Foundation, House # 2 Street # 35,	-	20,000
Ms. Sarah Hashwani	Chairperson	F-7/1, Islamabad		
			-	20,000

32.4 This includes Ijarah payments of Rs. 44.723 million (2015: Rs. 38.229 million) and vehicles registration charges under an Ijarah (lease) agreement. As required under IFAS 2 " IJARAH" (notified through SRO 43(1) / 2007 by Securities & Exchange Commission of Pakistan) ujrah payments under an Ijarah (lease) agreement are recognized as an expense in the profit and loss account on straight line basis over the term of Ijarah. The amount of future ujrah payments and the periods in which these will be due are as follows:

	Note	2016	2015
		(Rupees'000)	
Within one year		32,714	36,125
After one but not more than five years		44,661	34,260
		77,375	70,385
33 FINANCE COST - Conventional banks			
Markup on long term financing		94,268	29,812
Markup on short term borrowings		3,859	4,542
Markup on liabilities against assets subject to finance lease		2,694	4,491
Credit cards, bank and other charges		69,634	67,413
		170,455	106,258
34 OTHER INCOME			
Income from financial assets			
Return on bank deposits /Treasury bills - conventional banks		49,461	34,546
Exchange gain - net - actual currency		4,967	4,772
Dividend income	34.1	889	1,075
Unrealised loss on remeasurement of investments to fair value - net	26.3	(2,166)	(1,002)
Interest on short term advance to related party		38,060	65,618
		91,211	105,009
Income from non financial assets			
Concessions and commissions		9,786	4,243
Gain on disposal of property, plant and equipment		23,311	2,381
Gain on disposal of non current assets held for sale		-	4,649
Liabilities written back		2,980	-
Communication towers and other rental income		61,155	47,455
Reversal of impairment loss on associate		120,633	-
Scrap sales		16,092	8,039
Others - net	34.2	22,656	27,852
		256,613	94,619
		347,824	199,628

34.1 This represents dividend income received from Fauji Fertilizer Bin Qasim Limited.

	Note	2016	2015
		(Rupees'000)	

34.2 Other Income

Franchise fee		**3,996**	3,062
Shuttle service		**1,401**	959
Multimedia rentals		**1,563**	3,927
Parking / other Fee		**6,295**	3,644
ATM Rentals		**3,112**	3,062
Other services		**6,289**	13,198
		22,656	27,852

35 IMPAIRMENT LOSS

Impairment loss on investment in associated undertaking	18.1	**613,090**	70,029
Impairment loss on investment in jointly controlled entity	18.2	**213,436**	-
		826,526	70,029

36 TAXATION

Provision for taxation			
- Current		**599,288**	533,322
- Prior		**(22,342)**	(19,284)
		576,946	514,038
- Deferred		**31,619**	14,496
		608,565	528,534

Relationship between accounting profit and tax expense is as follows:

Accounting profit for the year		**1,224,865**	1,489,433
Tax charge @ 32% (2015: 33%)		**391,957**	491,513
Tax effect of permanent differences		**197,217**	(1,743)
Tax effect of exempt income		**(36,800)**	(9,046)
Tax effect of income subject to lower taxation		**(9,153)**	(13,448)
Tax effect of super tax		**52,241**	46,186
Tax effect of change in tax rate		**35,446**	34,356
Prior years' tax charge		**(22,343)**	(19,284)
		608,565	528,534

	Note	2016	2015
		(Rupees'000)	

37 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Note	2016	2015
Profit before taxation		**1,224,865**	1,489,433
Adjustments for:			
Depreciation	15.3	**528,607**	437,461
Gain on disposal of property, plant and equipment	34	**(23,311)**	(2,381)
Gain on disposal of non current assets held for sale	34	**-**	(4,649)
Provision for staff retirement benefit - gratuity	9.1	**55,205**	79,316
Provision for compensated absences	9.3	**16,495**	32,826
Provision for doubtful debts	32	**11,263**	43,850
Return on bank deposits/ Treasury bills	34	**(49,461)**	(34,546)
Interest on short term advance to related party	34	**(38,060)**	(65,618)
Share of gain on equity accounted investments		**(91,003)**	(94,442)
Finance cost	33	**170,455**	106,258
Dividend income	34	**(889)**	(1,075)
Reversal of impairment on investments in associated companies	34	**(120,633)**	-
Unrealized loss on remeasurement of investment to fair value	35	**2,166**	1,002
Impairment loss	35	**613,090**	70,029
Impairment loss on investment in jointly controlled entity	35	**213,436**	-
Provision for obsolescence in stores, spares and loose tools		**-**	142
		2,512,225	2,057,606

38 CASH AND CASH EQUIVALENTS

	Note	2016	2015
Cash and bank balances	29	**459,779**	780,396

39 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
	(Rupees'000)					
Managerial remuneration	**18,000**	**30,299**	**375,346**	16,800	22,383	314,462
Provident fund contribution	**-**	**1,595**	**8,988**	-	1,073	7,639
Gratuity	**-**	**3,104**	**1,560**	15,781	2,947	1,355
Meeting fee	**45**	**495***	**-**	30	300*	-
	18,045	**35,493**	**385,894**	32,611	26,703	323,456
Number of Persons	**1**	**3**	**152**	1	2	142

* This includes Rs. 330,000 (2015: Rs. 210,000) paid to non-executive directors of the Parent Company.

39.1 In addition to the above, Chairman / Chief Executive and certain Executives are provided with the Parent Company maintained accomodation and vehicles. Certain Executives are also provided medical expenses, bonuses, compensated leave absences, and leave fare assistance as per the Parent Company's policy.

40 TRANSACTIONS 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. Balances with related parties are disclosed in notes 5, 10, 16, 18, 21.1, 22 and 23 to the consolidated financial statements. Transactions with related parties are as follows:

	Note	2016	2015
		(Rupees'000)	
Transactions and balances with associated undertakings			
Sales		**663**	1,267
Services provided		**21,022**	12,072
Services availed		**74,423**	31,018
Purchases		**68,753**	56,818
Purchase of air tickets		**23,289**	24,931
Franchise fee - income		**3,996**	3,062
Franchise and management fee - expense		**11,922**	10,125
Dividend income		**53,561**	47,610
Interest income on advance		**38,060**	65,618
Sale of stores, spares and loose tools		**763**	-
Sale of construction material		**20,486**	-
Dividend paid		**59,968**	-
Purchase of property, plant and equipment		**1,744,344**	176
Advance given for purchase of vehicle		**3,500**	-
Accrued interest on advance		-	4,723
Transactions with other related parties			
Sales		**7**	698
Services provided		**401**	408
Services availed		**52,492**	67,853
Purchases		**52,130**	46,553
Purchase of property, plant and equipment		**205,623**	-
Donation		-	20,000
Dividend paid		**16**	-
Contribution to defined contribution plan - provident fund		**33,410**	28,715

	Note	2016	2015
		(Rupees'000)	
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	40.1	**55,759**	63,071
Dividend paid		**5,770**	-
Personal guarantees to Banks against the Parent Company's borrowings (Notes 7 and 8)			

40.1 **Compensation to key management personnel**

	2016	2015
Salaries and other benefits	**48,299**	39,183
Contribution to provident fund	**1,595**	1,073
Gratuity	**3,104**	18,728
Compensated absences	**-**	213
Bonus	**2,221**	3,544
Meeting fee	**540**	330
	55,759	63,071
Number of persons	**4**	3

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

(Rupees'000)

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 2016									
Financial assets measured at fair value									
Other financial assets		**8,813**	**-**	**-**	**8,813**	**8,813**	**-**	**-**	**8,813**
Financial assets not measured at fair value	41.2								
Long term deposits		-	**24,707**	**-**	**24,707**	-	-	-	-
Trade debts		-	**550,167**	**-**	**550,167**	-	-	-	-
Advance to employees		-	**27,686**	**-**	**27,686**	-	-	-	-
Trade deposits		-	**22,598**	**-**	**22,598**	-	-	-	-
Interest accrued		-	**1,011**	**-**	**1,011**	-	-	-	-
Other receivables		-	**48,832**	**-**	**48,832**	-	-	-	-
Term Deposit Receipt / Certificate of investments		-	**18,800**	**-**	**18,800**	-	-	-	-
Cash and bank		-	**459,779**	**-**	**459,779**	-	-	-	-
		-	**1,153,580**	**-**	**1,153,580**	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing		-	-	**2,687,001**	**2,687,001**	-	-	-	-
Liabilities against assets subject to finance lease		-	-	**18,873**	**18,873**	-	-	-	-
Trade and other payables	41.2 & 41.3	-	-	**1,047,353**	**1,047,353**	-	-	-	-
Markup accrued	41.2	-	-	**85,032**	**85,032**	-	-	-	-
		-	-	**3,838,259**	**3,838,259**	-	-	-	-

On-balance sheet financial instruments	Note	(Rupees'000) Carrying amount: Fair value through profit and loss	Carrying amount: Loans and receivables	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
30 June 2015									
Financial assets measured at fair value									
Other financial assets		10,979	-	-	10,979	10,979	-	-	10,979
Financial assets not measured at fair value	41.2								
Long term deposits		-	19,920	-	19,920	-	-	-	-
Trade debts		-	539,518	-	539,518	-	-	-	-
Advance to related parties		-	500,000	-	500,000	-	-	-	-
Advance to employees		-	5,797	-	5,797	-	-	-	-
Trade deposits		-	19,208	-	19,208	-	-	-	-
Interest accrued		-	5,982	-	5,982	-	-	-	-
Other receivables		-	35,673	-	35,673	-	-	-	-
Certificate of investments		-	21,200	-	21,200	-	-	-	-
Cash and bank		-	780,396	-	780,396	-	-	-	-
		-	1,927,694	-	1,927,694	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing		-	-	751,795	751,795	-	-	-	-
Liabilities against assets subject to finance lease		-	-	41,680	41,680	-	-	-	-
Trade and other payables	41.2 & 41.3	-	-	1,099,061	1,099,061	-	-	-	-
Markup accrued	41.2	-	-	38,669	38,669	-	-	-	-
		-	-	1,931,205	1,931,205	-	-	-	-

41.2 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.

41.3 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.

The Group has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of The Group's risk management framework. The Board is responsible for developing and monitoring The Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks being faced by The Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Group's activities. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with The Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by The Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

41.4 **Credit risk**

Credit risk is the risk of financial loss to The Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk The Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Group's credit risk exposures is categorized under the following headings:

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before The Group's standard payment terms and conditions are offered. Credit limits are established for each customer, which are regularly reviewed and approved by the management. Customers that fail to meet The Group's benchmark creditworthiness may transact with The Group only on a prepayment basis.

Concentration of credit risk

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2016	2015
	(Rupees'000)	
From related parties	**17,696**	528,418
From government institutions	**54,058**	41,479
From foreign embassies	**7,549**	7,748
Banks and financial institutions	**485,497**	753,104
Others	**588,780**	596,945
	1,153,580	1,927,694

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit quality of trade debtors

The credit quality of companies financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	2016	2015
	(Rupees'000)	
Trade debts		
Counterparties without external credit ratings		
existing customers with no default in the past	**550,167**	539,518

Impairment losses

The aging of trade debts at the reporting date was:

	2016		2015	
	Gross	Impairment	Gross	Impairment
		(Rupees'000)		
Past due 0-30 days	**252,108**	-	304,982	-
Past due 31-60 days	**143,395**	-	106,015	-
Past due 61-90 days	**71,461**	-	30,364	-
Past due 91-360 days	**83,203**	-	98,157	-
Over 361 days	**212,508**	**212,508**	201,245	201,245
	762,675	**212,508**	740,763	201,245

The movement in impairment in respect of trade receivables during the year was as follows:

	Note	2016	2015
		(Rupees'000)	
Opening balance		**201,245**	157,395
Provision made during the year	32	**11,263**	43,850
Closing balance	22	**212,508**	201,245

Based on past experience, The Group believes that no impairment is necessary in respect of trade receivables past due. Impairment includes Rs. 13.424 million (2015: Rs. 10.263 million) provided against due from related parties.

The doubtful account in respect of trade receivables are used to record impairment losses unless The Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

The Group has no collateral in respect of financial assets exposed to credit risk. Based on past experience, management believes that except as already provided for in these financial statements, no further impairment is required to be recognized against any financial assets of the Group.

Cash at Bank

The Group held cash at bank of Rs. 393.539 million as at 30 June 2016 (2015: Rs. 747.122 million). Cash at bank is held with banks and financial institution counter parties, which are rated A-2 to A1+ based on PACRA rating.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	(Rupees'000)	
Long term deposits	**24,707**	19,920
Trade deposits	**22,598**	19,208
Trade debts	**550,167**	539,518
Advance to related parties	-	500,000
Advance to employees	**27,686**	5,797
Interest accrued	**1,011**	5,982
Other receivables	**48,832**	35,673
Term Deposit Receipt/ Certificate of investments	**18,800**	21,200
Bank balances	**393,539**	747,122
	1,087,340	1,894,420

	2016	2015
	(Rupees'000)	
Long term deposits		
Counterparties with external credit ratings of AA+	**22,469**	18,588
Counterparties without external credit ratings	**2,238**	1,332
Trade deposits		
Counterparties without external credit ratings	**22,598**	19,208
Advance to related parties		
Counterparties without external credit ratings	-	500,000
Advance to employees		
Counterparties without external credit ratings	**27,686**	5,797
Interest accrued		
Counterparties without external credit ratings	**1,011**	5,982
Other receivables		
Counterparties without external credit ratings	**48,832**	35,673
Term Deposit Receipt		
Counterparties with external credit ratings A-2 to AA+	**18,800**	21,200

41.5 Liquidity risk

Liquidity risk is the risk that The Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to The Group's reputation.

There were no defaults on loans payable during the year.

The maturity profile of The Group's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
2016		(Rupees'000)		
Long term financing	**2,687,001**	**3,630,584**	**778,313**	**2,852,271**
Liabilities against assets subject to finance lease	**18,873**	**20,199**	**12,857**	**7,342**
Trade and other payables	**1,047,353**	**1,047,353**	**1,047,353**	-
Markup payable	**85,032**	**85,032**	**85,032**	-
	3,838,259	**4,783,168**	**1,923,555**	**2,859,613**
2015				
Long term financing	751,795	1,015,912	149,308	866,604
Liabilities against assets subject to finance lease	41,680	46,510	25,939	20,571
Trade and other payables	1,099,061	1,099,061	1,099,061	-
Markup payable	38,669	38,669	38,669	-
	1,931,205	2,200,152	1,312,977	887,175

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark up rates have been disclosed in notes 7, 8 and 12 to these consolidated financial statements.

41.6 **Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to currency risk and interest rates only.

Foreign Currency risk

The PKR is the functional currency of The Group and as a result currency exposures arise from transactions and balances in currencies other than PKR. The Group's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items

- Transactional exposure in respect of non functional currency expenditure and revenues

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of The Group are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by The Group in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of The Group. These currency risks are managed as part of overall risk management strategy. The Group does not enter into forward exchange contracts.

	2016		2015	
	Rupees'000	**USD'000**	Rupees'000	USD'000
Bank Balance	**1,702**	**16.29**	560	5.52

The following significant exchange rate applied during the year:

	Average rates		**Balance sheet date rate**	
	2016	2015	**2016**	2015
US Dollars	**104.29**	101.31	**104.50**	101.50

Foreign Currency

A 5% strengthening of the functional currency against USD at 30 June 2016 would have decreased profit and loss by Rs. 85 thousand (2015: Rs. 28 thousand). A 5 % weakening of the functional currency against USD at 30 June 2016 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Group has long term Pakistan Rupees based loans and running finance arrangement at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

	2016	2015	**2016**	2015
	Effective interest rates		**(Rupees'000)**	
Fixed rate instruments				
Financial assets	**0.25% to 5.75%**	0.2% to 6.50%	**373,329**	694,466
Variable rate instruments				
	1-year KIBOR plus 3%		-	500,000
Financial assets Financial liabilities	**KIBOR + (1.5% to 2.5%)**	KIBOR + (1.5% to 2.5%)	**(2,705,874)**	(793,475)
			(2,705,874)	(293,475)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not effect profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by Rs.23.325 million (2015: Rs. 4.009 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

Other market price risk

The primary goal of The Group's investment strategy is to maximize investment returns on surplus funds. The Group adopts a policy of ensuring to minimize its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit and loss.

Sensitivity analysis – equity price risk

For quoted investments classified as held for trading, a 1 percent increase in market price at reporting date would have increased profit or loss by Rs. 8.813 (2015: Rs. 109,79) thousand; an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2015 and assumes that all other variables remain the same.

Assets carried at fair value	**Level 1**	**Level 2** **Rupees '000**	**Level 3**
2016			
Financial assets at fair value through profit or loss - held for trading	**8,813**	-	**-**
2015			
Financial assets at fair value through profit or loss - held for trading	10,979	-	-

The carrying value of financial assets and liabilities reflected in consolidated financial statements approximate their respective fair values.

Determination of fair values

A number of The Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment at fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

41.7 **Capital risk management**

The Group's objective when managing capital is to safeguard The Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions to maximize the return. In order to maintain or adjust the optimal capital structure , The Group may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or / and issue new shares.

The Group is not subject to externally imposed capital requirements. Further there was no change during the year in the management's approach towards capital management.

42 APPLICATION OF IFRIC INTERPRETATION 12 "SERVICE CONCESSION ARRANGEMENTS"

Securities and Exchange Commission of Pakistan through its S.R.O. NO 24 (I)/2012, dated 16 January 2012 has exempted the application of IFRIC 12 - "Service Concession Arrangements", for Companies in Pakistan. Consequently, The Group is not required to account for its arrangement under Build, Operate and Transfer agreement with City District Government Karachi for developing and operating an underground parking facility in Karachi under IFRIC 12. If The Group were to follow IFRIC 12, the effect on the financial statements would have been as follows:

	2016	2015
	(Rupees'000)	
Increase in profit after tax for the year	**10,880**	13,334
Derecognition of property, plant and equipment	**(281,320)**	(314,136)
Recognition of intangible asset	**425,292**	442,303
Recognition of financial liability	**(29,279)**	(29,475)
Increase in taxation obligations	**36,702**	33,901
Increase in unappropriated profits	**77,991**	64,791

43 CAPACITY

	Note	No. of letable rooms		Average occupancy	
		2016	2015	**2016**	2015
				%	%
Pearl Continental Hotel					
- Karachi		**286**	286	**72**	71
- Lahore		**607**	607	**73**	63
- Rawalpindi		**193**	193	**64**	62
- Peshawar		**148**	148	**46**	36
- Bhurban		**190**	190	**70**	66
- Muzaffarabad		**102**	102	**50**	48
- Hotel One The Mall, Lahore	43.1	**32**	32	**82**	71

43.1 This is a budget hotel owned by The Group and operated by Hotel One (Private) Limited under franchise and management agreement.

44 NUMBER OF EMPLOYEES

	2016	2015
Number of employees at the year end	**3,611**	3,601
Average number of employees during the year	**3,647**	3,629

45 EMPLOYEES' PROVIDENT FUND

	Note	2016	2015
		(Rupees'000)	
Size of the fund		**708,845**	649,269
Cost of investment made		**630,795**	596,242
Percentage of investment made		**89%**	92%
Fair value of investments	45.1	**679,075**	630,795

45.1 **Fair value of investments made:**

	2016		2015	
	(Rupees'000)	**%**	(Rupees'000)	%
Listed shares	**164,125**	**24%**	147,713	23%
Mutual funds	**204,254**	**30%**	193,186	31%
Term Finance Certificates				
- Listed	**-**	**0%**	12,469	2%
Special Savings Certificates	**310,696**	**46%**	277,427	44%
	679,075	**100%**	630,795	100%

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46 NON- ADJUSTING EVENT AFTER THE BALANCE SHEET

The Board of Directors of the Parent Company in its meeting held on 26 September 2016, has proposed a final cash dividend of Rs. 2.50/- (2015: Rs.5/-) for approval of the members at the annual General Meeting. The consolidated financial statements for the year ended 30 June 2016 do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ending 30 June 2017.

47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 26 September 2016.

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 these consolidated financial statements, as approved by the Board of Directors, have been signed by two Directors.

M.A. Bawany
Director

Shakir Abu Bakar
Director

Pakistan Services Limited
Form of Proxy
For the year ended 30 June 2016

I / We____of____________________ being a member of Pakistan Services Limited here by appoint Mr./Ms./ M/s.____ of ____failing whom Mr. /Ms./ M/s.__________________________________ of________________ as my proxy to attend and act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Monday, 31 October 2016 at 11:00 a.m. at Marriott Hotel, Islamabad, and any adjournment thereof.

Dated this _________ day of ________ 2016.

Specimen Signature of Proxy

Folio No. ________________

Participant I.D. No ____________

Sub Account No. _____________

Revenue
Stamp Rs. 5/=

Signature of Shareholder

Folio No.______________________

Participant I.D. No.______________

Sub Account No.________________

Specimen Signature of Alternate Proxy

Folio No.______________________

Participant I.D. No.______________

Sub Account No.________________

Note:

i) If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Pakistan Services Limited, 1st Floor, NESPAK House, Sector G-5/2, Islamabad. to reach not less than 48 hours before the time appointed for holding the meeting.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his / her original CNIC or original passport at the time of meeting.

iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پاکستان سروسز لمیٹڈ
پراکسی فارم

اختتام سال 30 جون 2016

میں/ہم .... سکنہ .... بحیثیت ممبر

(رکن) پاکستان سروسز لمیٹڈ بذریعہ ہذا مسمی/مسماۃ .... سکنہ

....یا ان کی غیر حاضری کی صورت میں متبادل مسمی/مسماۃ

....سکنہ.. کو اپنا پراکسی مقرر

کرتا/کرتی ہوں جو کہ میری/ہماری جانب سے میری/ہماری عدم موجودگی کی صورت میں کمپنی کے سالانہ اجلاس عام جو کہ بروز سوموار مورخہ ۳۱ اکتوبر ۲۰۱۶ء کو اسلام آباد میرٹ ہوٹل میں منعقد ہوگا یا التواء کی صورت میں حاضر ہو کر میری/ہماری نمائندگی کرے۔

مورخہ .... بروز ۲۰۱۶ء

....

پراکسی کے دستخط کا نمونہ

پانچ روپے مالیت کی ریونیو ٹکٹ

فولیو نمبر ....

سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ....

ذیلی اکاؤنٹ نمبر ....

ممبر (رکن) کا دستخط ....

فولیو نمبر ....

سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ....

ذیلی اکاؤنٹ نمبر ....

متبادل پراکسی کے دستخط کا نمونہ ....

فولیو نمبر ....

سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ....

ذیلی اکاؤنٹ نمبر ....

نوٹ:

(i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے تک پاکستان سروسز لمیٹڈ واقع پہلی منزل، نیسپاک ہاؤس، سیکٹر G-5/2 اسلام آباد میں جمع کرا دے۔

(ii) پراکسی فارم کے ہمراہ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنا ہوں گی۔

(iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

(iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بشمول نمونہء دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔

TECHNOLOGY TRADE (PVT.) LTD.

Dagia House, 241-C, Block-2,
P.E.C.H.S., Off: Shahrah-e-Quaideen,
Karachi.
Tel: (+92-21) 4391316-7 & 19, 4387960-61
Fax: (+92-21) 4391318
For open Ended Funds : (+92-21) 4313207

Dear Shareholder,

SUBJECT: <u>DIVIDEND MANDATE OPTION</u>

1. It is to inform you that under section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs a company to pay dividend through his/her/its bank account.
2. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular Number 18 of 2012 dated June 5, 2012, we on behalf of our client M/S. PAKISTAN SERVICES LIMITED hereby give you the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY. IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.]

3. In case you wish the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issuance of dividend warrants then please provide the information mentioned on the attached Form and return the same to us on the following address.

   <u>ADDRESS:</u> Technology Trade (Pvt.) Ltd. - Dagia House, 241-C, Block-2, PECHS, Off: Shahra-e-Quaideen, Karachi.

NOTE : THE SHAREHOLDER WHO HOLD SHARES IN PHYSICAL FORM ARE REQUESTED TO SUBMIT THE ATTACHED DIVIDEND MANDATE FORM AFTER DULY FILLED ALONG WITH COPY OF CNIC TO THE SHARE REGISTRAR.
THE SHAREHOLDER WHO HOLDS THE SHARES IN DEMAT FORM (CDC ACCOUNT) ARE REQUESTED TO SUBMIT THE ATTACHED DIVIDEND MANDATE FORM AFTER DULY FILLED INTO THEIR PARTICIPANT/INVESTOR ACCOUNT SERVICES.

4. <u>COMPLIANCE WITH THE REQUIREMENT OF INSERTION OF CNIC NUMBER ON DIVIDEND WARRANTS</u>

In pursuance with the Securities and Exchange Commission of Pakistan (“SECP”) Notification No SRO.831 (1)/2012 of July 5th, 2012 in supersession of earlier notification No. SRO 779 (1)/2011 of August 18, 2011, SECP directed all listed companies to mention Computerized National Identity Card (CNIC) / NTN numbers of the registered members on the dividend warrant.

As per the said Notification of Securities and Exchange Commission of Pakistan (SECP), you are requested to send us a copy of your Computerized National Identity Card (CNIC) / NTN Number (other than Individual) / Passport Number (for non-resident only) <u>WITHIN TEN DAYS FROM THE RECEIPT OF THIS LETTER</u>. It is important that the requisite copy of the above document may please be sent along with the lower portion of this letter duly filled, to our Share Registrar, M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi.

In case of non-receipt of copy of valid CNIC and non-compliance of the above-mentioned SRO of SECP, the Company may be constrained to withhold dispatch of dividend warrants if issued.

Your compliance will facilitate us in complying with the directives of SECP.
Regards,

GENERAL MANAGER

DIVIDEND MANDATE FORM

To,

The Share Registrar
Pakistan Services Limited
Dagia House, 241-C,
Block-2, PECHS,
Off: Shahra-e-Quaideen, Karachi.

I Mr, / Ms, / Mrs, ____ S/o, D/o, W/o, __________ ____________________________ hereby authorize PAKISTAN SERVICES LIMITED to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

(i) Shareholder's detail															
Name of the Shareholder															
Folio No. / CDC Participants ID A/C No.															
CNIC No. *						-								-	
Passport No. (in case of foreign shareholder) **															
Land Line Phone Number															
Cell Number															

(ii) Shareholder's bank detail	
Title of The Bank Account	
Bank Account Number	
Bank's Name,	
Branch Name and Address	

2. It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur.

____
Signature of the Shareholder

*Please attach attested photocopy of the CNIC.
**Please attach attested photocopy of the Passport.

TO ALL MEMBERS OF THE COMPANY

May 05, 2016

Dear Sir / Madam,

INFORMATION PURSUANT TO SECTION 218 OF THE COMPANIES ORDINANCE, 1984

This is to inform the members of the Company that Syed Haseeb Amjad Gardezi be appointed as Director of the Company w.e.f. April 11, 2016.

He will be entitled to get monthly gross salary of Rs. 1,376,046/- along with all other benefits as per Company policy.

Yours faithfully,
For PAKISTAN SERVICES LIMITED

-sd-

Mansoor Khan
Company Secretary


Jama
Punji
Be aware, Be alert,
Be safe
Learn about investing at
www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Stock trading simulator
Knowledge center
Risk profiler*
Financial calculator
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