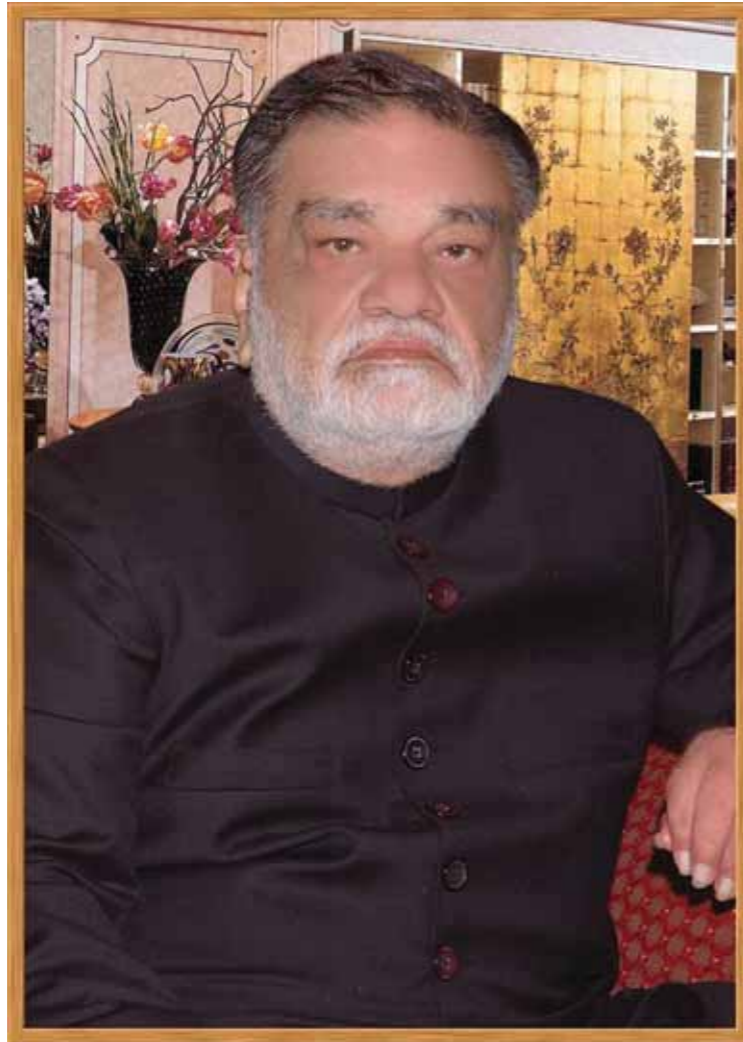


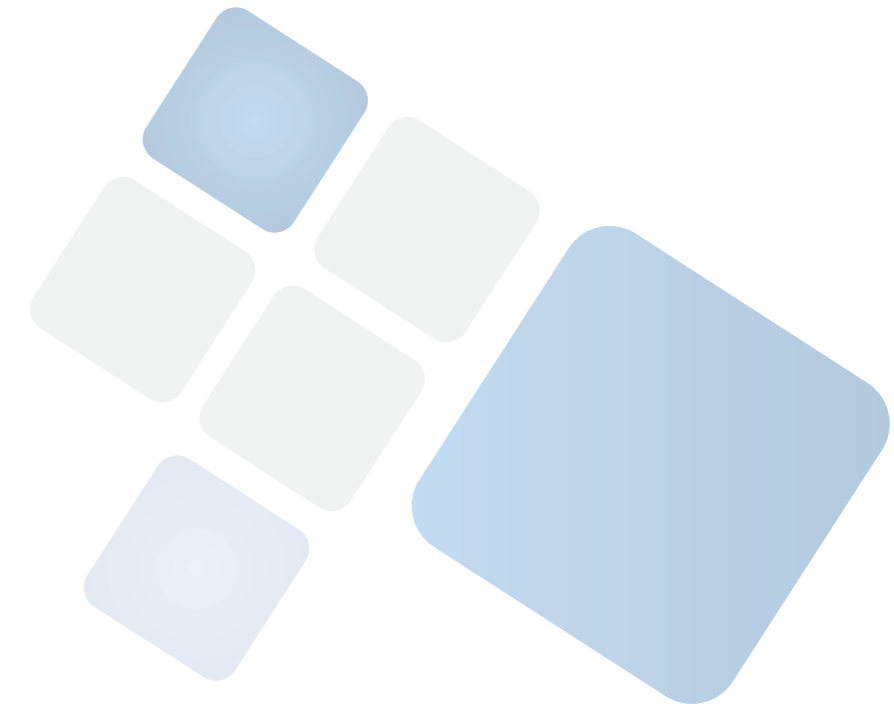


37th annual report 2016





Mr. S. Ferozuddin Baweja - Founder

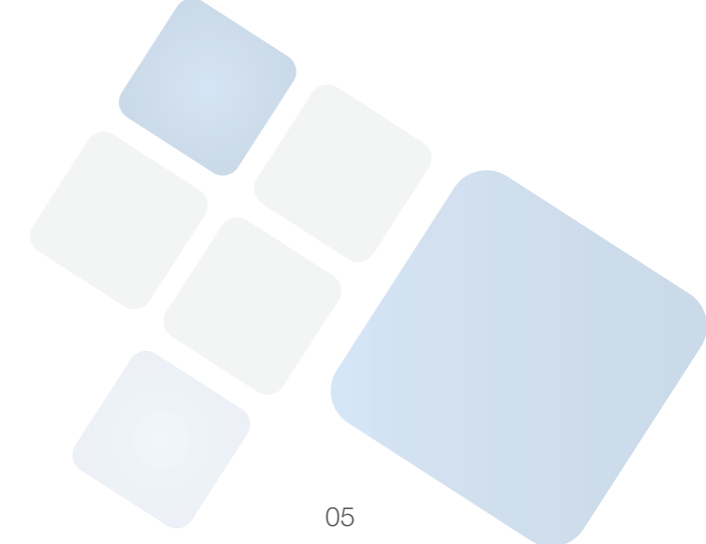


Vision and Mission

It is our cherished goal to be the Industry leader in hotel business by establishing a complete, unique, distinctive and truly a five star deluxe hotel complex.

To achieve the above objective and to provide the highest level of satisfaction to our valued customers, we are constantly engaged and working with a missionary zeal to bring necessary improvements in our existing facilities and to excel in offering efficient and quality services to them.

We are also committed to maintain the highest level of International hotel standards, which will add to the glory and prestige of the Country and promote tourism.



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Company Information

Board of Directors:

Non-Executive Directors:

Mr. Mansoor F. Baweja	Chairman
Mr. S. Mahmood Baweja	Director
Mr. Mohsin Baweja	Director
Mr. Masroor F. Baweja	Director
Mr. Zaheer Baweja	Director
Mr. Naved Alam Baweja	Director

Executive Directors:

Mr. Muzaffar F. Baweja	Chief Executive Officer
Mr. Zubair Baweja	Managing Director

Independent Director:

Mr. M.A. Majeed	
-----------------	--

Audit Committee:

Mr. M.A. Majeed	Chairman
Mr. S. Mahmood Baweja	Member
Mr. Mohsin Baweja	Member

HR & R Committee

Mr. Masroor F. Baweja	Chairman
Mr. Zaheer Baweja	Member
Mr. Naved Alam Baweja	Member

Company Secretary:

Fahad Iqbal Khan

Chief Financial Officer:

Syed Haseen Anwer

Bankers:

Al Baraka Bank (Pakistan) Ltd.
Bank Al-Habib Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
Silk Bank Ltd.
Summit Bank Ltd.
United Bank Ltd.

Auditors:

Tanwir Arif & Co.
Chartered Accountants

Legal Advisor:

Sofia Saeed Shah

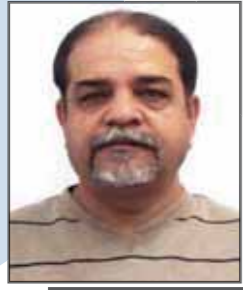
Independent Share Registrar

M/s. Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, P.E.C.H.S.,
Off: Shahrah-E-Quaideen, Karachi.

Registered Office:

Regent Plaza Hotel, Mezzanine Floor
195/2, Shahrah-E-Faisal, Karachi.

Directors' Profile



Mansoor F. Baweja
Chairman

Mr. Mansoor Baweja is the Chairman of the Board of Directors, appointed in April 2013. With 35 years of experience in the real estate, construction and hospitality industries, he brings extensive knowledge and perspective to the organization. Having been a founding member of Taj Mahal Hotels Limited and Taj Medical Complex Limited, he brings extra-ordinary leadership qualities to the Board.

Mr. Mansoor Baweja oversees the strategic management and corporate governance of PHDL. He adds tremendous value through his involvement in various local and national business organizations.



Muzaffar F. Baweja
Chief Executive Officer

Mr. Muzaffar Baweja joined on 1st January, 1985 to the Board of Directors of Pakistan Hotels Developers Ltd., Owners and Operators of Five Star Hotel, Holiday Inn Crown Plaza, Karachi (Now Regent Plaza Hotel & Convention Centre). He has served as a General Manager / Director Operations during the year October, 1994 - December, 1998 in the hotel.

The name of Holiday Inn Crown Plaza was changed in 1999 to Regent Plaza Hotel and Convention Centre and Mr. Muzaffar Baweja was designated as Managing Director of the Hotel.

He also served as General Manager with Taj Mahal Hotel, Karachi during the year July, 1993 - September, 1994. Under his leadership, professionalism and by the dint of his abilities of market penetration, Taj Mahal Hotel recorded highest revenue in 1993 - 1994.

He has extensive working experience in Hotel Marketing, Administration, Operations and Strategic Planning and is well known personality in the Hotel Industry. He was elected as the Chairman of Pakistan Hotels Association for the year 2006 - 2007. In his capacity as Chairman of the Association, he made proposal to the Government of Pakistan to frame a policy for the development of tourism sector in Pakistan which aimed to create employment opportunities, boost the hospitality business and to attract foreign investment for its expansion in Pakistan. His creativity and dynamism has held the hotel in good stead during the economic crisis affecting the hospitality industry. The hotel has been accorded corporate excellence award by MAP.

Mr. Muzaffar Baweja is a Commerce Graduate from the University of Karachi and has attended various technical and certificate courses including new Hotel Opening Program - Karachi, General Manager Program - France, Computer Science from Daytona Beach, Community College - Florida, Pakistan Institute of Tourism & Hotel Management - Karachi.

From January 2013, Mr. Muzaffar Baweja working as CEO of the Company, and in his leadership Company earned a record revenue in 35 years history of the Company.



Zubair Baweja
Managing Director

Mr. Zubair Baweja was appointed to the Board of Directors in the year 2000.

He is a 'Certified Director'.

Mr. Zubair Baweja an entrepreneur in hospitality industry has extensive experience in management and operations. After completing his MBA, he has worked in various roles in management.

Earlier in his career, he served as Director Operations at M/s. Taj Medical Complex, supervising operational performance of the business for 5 years. Moving to the hospitality business, he joined as Director, Foods & Beverages (F&B) at Holiday Inn Crown Plaza Karachi, where in a short span of around 2 years, he proved his salt and moved to take on further responsibility as an Executive Director for another 13 years.

Having understood the operations and management of the organization from ground up, he was promoted to lead Regent Plaza Hotel in the capacity of Managing Director, where he provides leadership & direction for the organization.

He also likes to participate in social welfare activities and is a trustee of The Roshni Trust, a charity school for less privileged children.



S. Mahmood Baweja
Director

Mr. S. Mahmood Baweja 55 Years old having vast experience in hotel industry and is one of the founding directors of PHDL (formerly Taj Mahal Hotels Limited). He served several terms on the Board of Directors of PHDL as Director, Executive Director and Chief Executive Officer. Mr. Baweja has been instrumental in various developmental projects in PHDL.

Mr. S. Mahmood Baweja has various other business interests including automotive industry.



M. A. Majeed
Director

Mr. M.A. Majeed was appointed to the Board of Directors in 2013 as Non-Executive Director. He is also Chairman of Board of Audit Committee. He is a 'Certified Director'.

Mr. M.A. Majeed has about 30 years professional experience in Hotel Business, Human Resource and Administration fields.



Notice of 37th Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of **PAKISTAN HOTELS DEVELOPERS LIMITED** will be held on 28th of October, 2016 at 11:30 AM. at Registered Office of the Company 195/2, Regent Plaza Hotel, Main Shahrah-e-Faisal, Karachi to transact the following business:

1. To confirm the minutes of Extraordinary General Meeting held on 21st December, 2015.
2. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2016, together with the Directors' and Auditors' reports thereon.
3. To consider and approve payment of final cash dividend @ 50% i.e. (Rs. 5/= per share) as recommended by the Board of Directors and the interim cash dividend @ 60% i.e. (Rs. 6.00 per share) already announced and paid in March and May, 2016 making a total cash dividend @ 110% i.e. (Rs. 11/= per share) for the year ended June 30, 2016.
4. To appoint Auditors for the year 2017 and to fix their remuneration.
5. Any other business with the permission of the Chair.

By order of the Board

(FAHAD IQBAL KHAN)
Company Secretary

KARACHI: 6th October, 2016

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on the member's behalf. Proxies must be deposited with the Secretary of the Company or Independent Share Registrar Office not less than 48 hours before the meeting.
2. The share transfer books of the company shall remain closed from 21st October, 2016 to 28th October, 2016 (Both days inclusive). Transfers, complete in all respects, received at our Independent Share Registrar Office M/s. Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block 2, P.ECH.S., Off: Shahrah-e-Quaideen, Karachi by 20th October, 2016 will be entitled to attend the meeting and will be treated in time to determine the entitlement of 50% cash dividend.
3. Shareholders are requested to notify the Company of any change in their addresses.
4. Shareholders are also requested to notify the Company their CNIC No.(Passport No. if Foreigner) as required by S.R.O.49(1)/2003 dated 15.01.2003 and Circular No. 13/2004 dated 05.03.2004.
C.D.C. Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated 26th January, 2000 issued by the Securities and Exchange Commission of Pakistan.

a) For attending A.G.M.

- i) In case of Individuals, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his or her identity by showing his / her 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 holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the 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 of the proxy shall be furnished with proxy form.
- iv) The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- v) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with form to the company.



Directors' Report

The Directors of **PAKISTAN HOTELS DEVELOPERS LIMITED** are pleased to submit their report together with Audited Accounts of the Company for the year ended 30th June, 2016.

Accounts:

	(Rs. '000')	(Rs. '000')
Total Revenue-net		742,348
Less: Direct Cost	489,595	
Other Managerial and Financial Expenses	324	489,919
		252,429
Less: Statutory Depreciation		49,372
Net operating profit before taxation		203,057
Less: Taxation		69,811
Profit after taxation		133,246
Earning per share (Rupees)		7.40

Net revenue increased by Rs.58.623 million which is 8.59% higher as compared to last year. The net profit before tax increased by Rs.12.00 million as compared to last financial year. The Directors have recommended 50% cash dividend to their shareholders in addition to 60% interim cash dividend which has already been paid. The total cash dividend for the year 2016 is 110%.

The Foreign Exchange earning during the year was 0.0572 million U.S. Dollars.

Appointment of Auditors:

The retiring Auditors M/s. Tanwir Arif & Co., Chartered Accountants, being eligible, offer themselves for reappointment for the year 2016-17. The Audit Committee and Board of Directors of the Company have endorsed their appointment for shareholders' consideration in forthcoming Annual General Meeting.

The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

Bonus to Employees

To acknowledge Employees' efforts and contribution in enhancing the operating activities of the Company, an amount of Rs. 5.938 million have been paid as Bonus to them, which is equivalent to one month gross salary.

Board Meeting Fees

During the year an amount of Rs. 0.050 million paid to non-executive directors in respect of transportation charges to attend the Board Meeting.

Audit Committee

The Committee comprised of three members and all are non-executive directors and chairman of the Audit Committee is an independent director (as reconstituted on 23rd February, 2016 in Board Meeting).

Mr. M.A. Majeed	–	Chairman
Mr. S. Mahmood Baweja	–	Member
Mr. Mohsin Baweja	–	Member

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication.

The Committee is responsible for oversight of internal audit function as well as external financial reporting. It also carries out ongoing reviews of internal control.

Attendance of Members at Audit Committee Meetings:

During the financial year 2016, four meetings of the Audit Committee were held and the number of Meetings attended by each member is given hereunder.

Name	Number of Meetings	
	Held During Membership During the year	Attended
1. Mr. M.A. Majeed	04	04
2. Mr. Mohsin Baweja	04	04
3. Mr. Zaheer Baweja	02	02
4. Mr. S.Mahmood Baweja	02	02

Pattern of Shareholding:

The specified pattern of Shareholding as at 30th June, 2016 as per Article (XIX) of the Code of Corporate Governance is annexed to this report.

Code of Corporate Governance:

The Code of Corporate Governance, published through the Official Gazette of Pakistan and incorporated in the listing regulations of Stock Exchanges in Pakistan, is complied with as required under the various clauses of the code from the respective dates mentioned in the appendix to the code. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

The Directors confirm and state that the following have been complied.

- The financial statements prepared by the management present a true and fair state of affairs of the Company.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent business judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have adequately been disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Board Meetings:

During the year ended 30th June, 2016, six (06) meetings of the Board of Directors were held. The attendance in the meeting is as follow:

Name of Director	Number of Meetings	
	Held During Directorship During the year	Attended
Mr. Mansoor F.Baweja	06	04
Mr. Muzaffar F.Baweja	06	05
Mr. Zubair Baweja	06	06
Mst. Shahida Begum	03	03
Mr. Mohsin Baweja	06	02
Mr. Zaheer Baweja	06	04
Mr. S.Mahmood Baweja	03	02
Mr. Masroor F.Baweja	03	02
Mr. Naveed Alam Baweja	03	03
Mr. M.A. Majeed	06	06

Election of Directors:

During the year under review, Election of Directors held for another term of 3 years, in pursuance of Section 178(4) of the Companies Ordinance, 1984, Board of directors increased the number of directors from seven to nine in their meeting. Nine persons had filed notices of their intention with the company to offer themselves for election as Directors of the Company at the Extraordinary General Meeting held on 21st December, 2015 at the Registered Office of the Company.

Since the number of candidates did not exceed the number of directors as fixed under section 178(1) of the Companies Ordinance, 1984, the same persons have been elected unopposed as Directors at the aforesaid Extraordinary General Meeting for a term of three years from 21.12.2015 to 20.12.2018.

Change in Board of Directors:

During the financial year, three new directors namely Mr. S.Mahmood Baweja, Mr. Masroor F. Baweja and Mr. Naved Alam Baweja elected as Directors at the EOGM held on 21st December, 2015 and Mst. Shahida Begum has retired.

Staff Benefits:

Employees Gratuity Scheme is maintained as per law and appropriate provision has been made in accordance with IAS 19 in the Account.

Appointment of Actuarial Consultant:

M/s. Nauman Associates Consulting Actuaries has been appointed for the year to comply the requirement of IAS 19 calculations for Gratuity Scheme as at 30th June, 2016.

Independent Share Registrar:

M/s. Technology Trade (Pvt) Ltd. is the Independent Share Registrar of the Company since 21st August, 2008.

Financial Highlights:

A summary of key operating and financial results for the current year and last Five years is annexed.

For & on behalf of Board of Directors

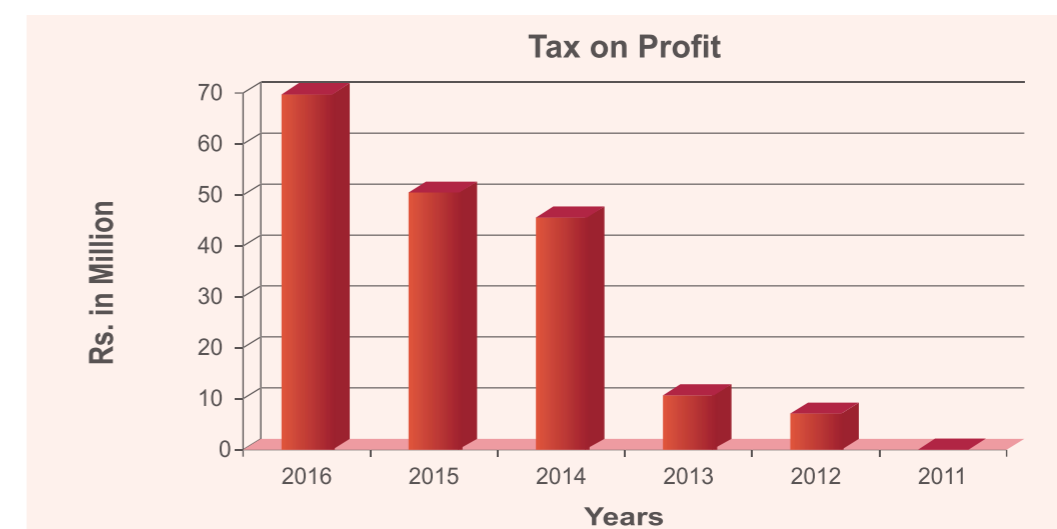
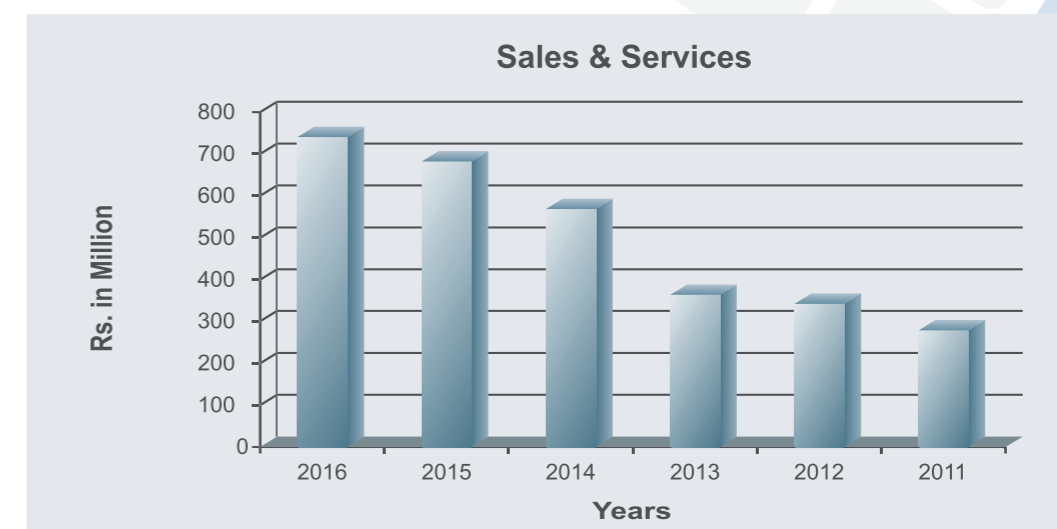

MUZAFFAR F. BAWEJA
 Chief Executive Officer

Karachi: September 27th, 2016

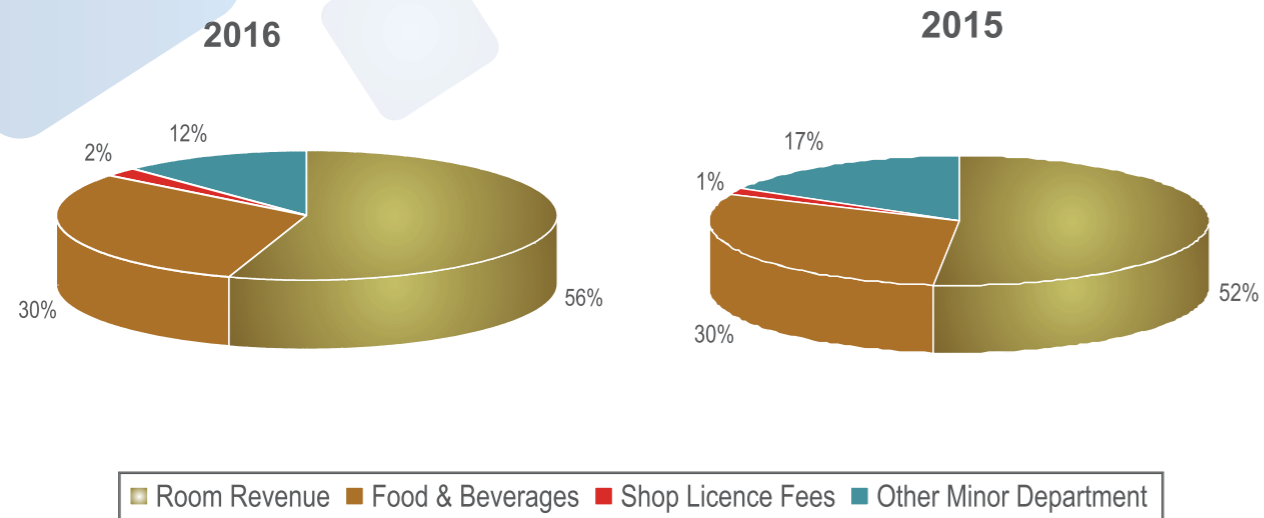
Financial Highlights

	2016	2015	2014	2013	2012	2011
..... Rupees '000						
Sales and services - Net	740,512	681,889	568,620	363,639	341,736	278,522
Profit before tax	203,057	191,043	137,639	34,619	38,723	670
Finance cost	324	4,440	3,608	878	851	658
PBIT	203,381	195,483	141,247	35,497	39,574	1,328
Profit / (loss) after tax	133,246	140,560	92,044	23,940	31,623	658
Financial position						
Current assets	155,462	201,406	211,712	214,717	205,296	163,219
Less: Current liabilities	86,135	76,738	95,117	82,948	50,281	42,956
Net working capital	69,327	124,668	116,595	131,769	155,015	120,263
Fixed assets - net	4,955,950	4,287,788	4,324,538	2,269,854	2,301,552	2,337,872
Investments						
Other non-current assets	5,310	5,310	3,683	3,087	2,450	2,450
TOTAL	5,030,587	4,417,766	4,444,816	2,404,710	2,459,017	2,460,585
Other non-current liabilities	269,588	229,560	252,509	188,262	193,576	199,767
Shareholders equity	4,760,999	4,188,206	4,192,307	2,216,448	2,265,441	2,260,818
Statistics						
Number of rooms	397	397	413	413	413	413
Room occupancy %	49.64	43.64	35.16	23.83	24.57	21.34
Number of employees	211	197	178	186	237	203
Earning per share (Rs.)	7.40	7.81	5.11	1.33	1.76	0.04
Break up value per share (Rs.)	264.50	232.68	232.91	123.14	125.86	125.60
Market value per share (Rs.)	98.68	92.00	76.83	38.00	30.07	29.22
Dividend per share (Rs.)	11.00	8.00	8.00	7.00	2.50	—
Ratios						
ROCE (%)	4.27	4.67	3.37	1.60	1.75	0.06
ROA (%)	2.65	3.18	2.07	1.00	1.29	0.03
Current ratio	1.80	2.62	2.23	2.59	4.08	3.80
Net profit margin (%)	17.99	20.61	16.19	6.58	9.25	0.24

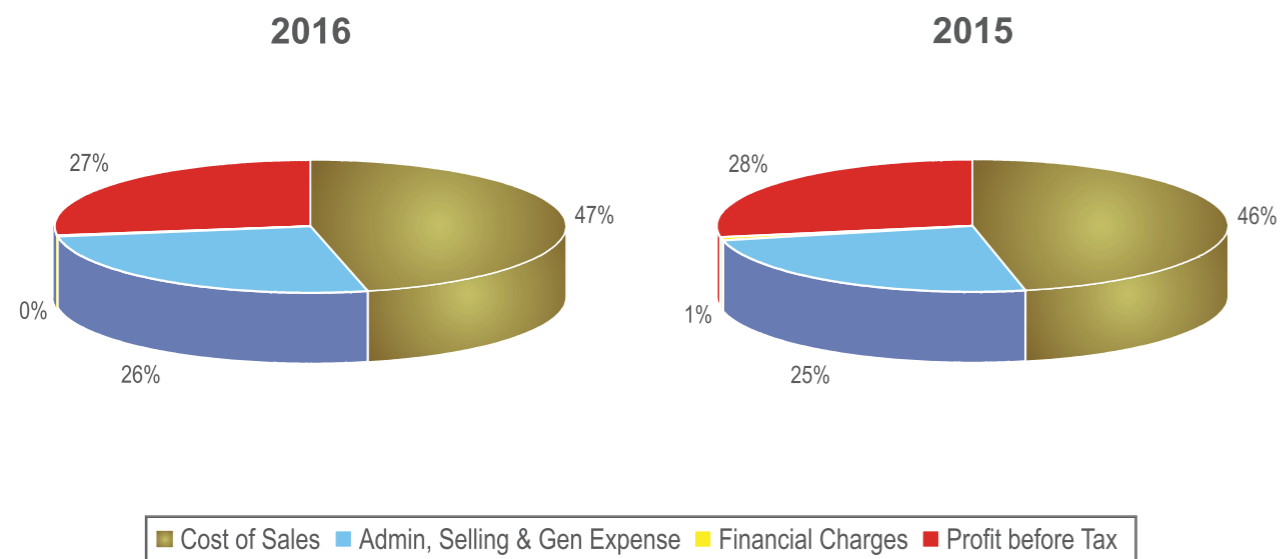
Graphical Presentation



Department Revenue Contribution



Application of Revenue & Other Income



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation of listing regulations of Stock Exchange in Pakistan 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 CCG in the following manner:

- The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board constitutes the following Directors.

Executive Directors

Mr. Muzaffar F. Baweja
Mr. Zubair Baweja

Non-Executive Directors

Mr. Mansoor F. Baweja
Mr. S. Mahmood Baweja
Mr. Mohsin Baweja
Mr. Masroor F. Baweja
Mr. Zaheer Baweja
Mr. Naveed Alam Baweja
Mr. M.A. Majeed – Independent Director

- The independent director meets the criteria of independence under clause i (b) of the CCG.
- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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 NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred during the year.
- 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.
- The Board has developed vision/mission statement, 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.
- All the powers of the Board have been duly exercised and 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/Shareholders.
- 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 minutes of the meetings were appropriately recorded and circulated.
- The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities. Mr. Zaheer Baweja, Mr. Naved Alam Baweja and Mr. M.A. Majeed have obtained Certificate of Directors Training Program learning at ICAP and IBA, Karachi. In accordance with the criteria specified on Clause 5.19.7 of PSX Rules Mr. Masroor F. Baweja is exempted from the requirement of Director's Training Program.
- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including the remuneration and terms and conditions of employment.
- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- The company has complied with all the corporate and financial reporting requirements of the CCG.
- The Board has formed an Audit Committee. It comprises three members and all the members are non-executive directors and the chairman of the committee is an independent director.
- 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- The Board has formed an HR and Remuneration Committee. It comprises three members of whom all are non-executive directors including chairman of the committee.
- The Board has set up an effective internal audit function.
- 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 of the 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 the ICAP.
- 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 the regard.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
- We confirm that all other material principles enshrined in the CCG have been complied with.

For and on Behalf of Board of Directors.

MUZAFFAR F. BAWEJA
Chief Executive Officer

KARACHI: September 27th, 2016

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

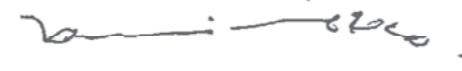
We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **M/s. PAKISTAN HOTELS DEVELOPERS LIMITED** ('the Company') for the year ended June 30, 2016 to comply with the requirements of listing regulation 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 if it does not and 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and to 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 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 recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirements to the extent of the approval of related party transactions by the Board of Directors upon recommendations 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 of Corporate Governance as applicable to the company for the year ended June 30, 2016.


TANWIR ARIF & CO.
Chartered Accountants
Engagement Partner Tanwir Arif

Hyderabad:
Dated: September 27th, 2016

Auditors' Report to the Members


We have audited the annexed balance sheet of **M/s. PAKISTAN HOTELS DEVELOPERS LIMITED** as at **JUNE 30th, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and 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 balance sheet and 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;
 - (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 balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 June 30, 2016 and of the profit, its total comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat 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.

The accounts for the year ended June 30, 2015 were audited by another firm of Chartered Accountants, who have expressed an unqualified opinion thereon.


TANWIR ARIF & CO.,
Chartered Accountants
Engagement Partner - Tanwir Arif

Hyderabad:
Dated: September 27th, 2016

Balance Sheet as at June 30, 2016

CAPITAL AND LIABILITIES SHARE CAPITAL AND RESERVES

Share capital

Authorized
30,000,000 ordinary shares of Rs. 10 each

Issued, subscribed and paid-up

Un-appropriated profit

Surplus on revaluation of fixed assets

Non Current liabilities

Liabilities against assets subject to finance lease

Deferred taxation

Security deposits

Current liabilities

Current maturities

Creditors, accrued and other liabilities

Contingencies and commitments

Notes	2016 (Rupees '000)	2015 (Rupees '000)
	300,000	300,000
4	180,000	180,000
	146,888	172,543
	326,888	352,543
5	4,434,111	3,835,663
6	13,514	—
7	250,252	218,845
8	5,822	10,715
9	8,067	1,754
10	78,068	74,984
	86,135	76,738
11		
	5,116,722	4,494,504

The annexed notes form an integral part of this statement.

ASSETS

Non-current assets

Fixed assets

Long term deposits and advances

Current assets

Stores and spares

Stock in trade - food and beverages

Trade debts-unsecured, considered good

Advances, prepayments and other receivables

Cash and bank balances

Notes	2016 (Rupees '000)	2015 (Rupees '000)
12	4,955,950	4,287,788
13	5,310	5,310
14	2,519	2,201
15	1,959	1,582
16	91,611	89,633
17	15,744	14,094
18	43,629	93,896
	155,462	201,406
	5,116,722	4,494,504


MUZAFFAR F. BAWEJA
Chief Executive

Karachi: September 27th, 2016


ZUBAIR BAWEJA
Managing Director

Profit and Loss Account for the year ended June 30, 2016

	Notes	2016 (Rupees '000)	2015
Turnover		845,154	785,101
Sales tax, discounts and sales return		(104,642)	(103,212)
Sales and services - net	19	<u>740,512</u>	<u>681,889</u>
Cost of sales and services	20	<u>(343,393)</u>	<u>(319,470)</u>
Gross profit		<u>397,119</u>	<u>362,419</u>
Administrative, selling and general expenses	21	<u>(195,574)</u>	<u>(170,362)</u>
Other operating income	22	<u>1,836</u>	<u>3,426</u>
Operating profit		<u>203,381</u>	<u>195,483</u>
Financial charges	23	<u>(324)</u>	<u>(4,440)</u>
Net profit before taxation		<u>203,057</u>	<u>191,043</u>
Taxation	24	<u>69,811</u>	<u>50,483</u>
Net profit after taxation		<u><u>133,246</u></u>	<u><u>140,560</u></u>

Earning per share:

		(Rupees)	
- Basic	32	<u>7.40</u>	<u>7.81</u>
- Diluted	32	<u>7.40</u>	<u>7.81</u>

Appropriation has been shown in the statement of changes in equity.

The annexed notes form an integral part of this account.


MUZAFFAR F. BAWEJA
Chief Executive

Karachi: September 27th, 2016


ZUBAIR BAWEJA
Managing Director

Statement of Comprehensive Income for the year ended June 30, 2016

	2016	2015 (Restated)
		(Rupees '000)
Net profit after taxation	133,246	140,560
Other comprehensive income		
Remeasurement of plan obligation	(408)	(661)
Total comprehensive income	<u><u>132,838</u></u>	<u><u>139,899</u></u>

The annexed notes form an integral part of this statement.


MUZAFFAR F. BAWEJA
Chief Executive

Karachi: September 27th, 2016


ZUBAIR BAWEJA
Managing Director

Cash Flow Statement for the year ended June 30, 2016

	Notes	2016 (Rupees '000)	2015
Cash flow from operating activities			
Cash generated from operations	25	253,896	228,064
Income taxes paid		(83,022)	(95,144)
Financial charges		—	(3,604)
Net cash from operating activities		170,874	129,316
Cash flow from investing activities			
Acquisition of fixed assets		(31,380)	(9,068)
Disposal of fixed assets		572	615
Profit on bank deposits		1,374	2,755
Liabilities against finance lease		(6,607)	—
Payment of finance charges		(324)	—
Long term deposits		—	(1,627)
Net cash used in investing activities		(36,365)	(7,325)
Cash flow from financing activities			
Dividends paid		(180,001)	(138,361)
Net cash used in financing activities		(180,001)	(138,361)
Net decrease in cash and cash equivalents		(45,492)	(16,370)
Cash and cash equivalents - start of the year		89,121	105,491
Cash and cash equivalents - end of the year	26	43,629	89,121

The annexed notes form an integral part of this statement.


MUZAFFAR F. BAWEJA
 Chief Executive

Karachi: September 27th, 2016


ZUBAIR BAWEJA
 Managing Director

Statement of Changes in Equity for the year ended June 30, 2016

	Share Capital	Unappropriated profit (Rupees '000)	Total
Balance as at June 30, 2014	180,000	157,232	337,232
Transferred from surplus on revaluation of fixed assets (net of tax)	—	19,412	19,412
Total comprehensive income for the year ended June 30, 2015	—	139,899	139,899
Appropriation:			
Final cash dividend paid @ 40 % i.e Rs. 4/= per share for the year ended June 30, 2014	—	(72,000)	(72,000)
Interim cash dividend paid @ 40% i.e.Rs. 4/= per share for the year ended June 30, 2015	—	(72,000)	(72,000)
Balance as at June 30, 2015	180,000	172,543	352,543
Transferred from surplus on revaluation of fixed assets (net of tax)	—	21,507	21,507
Total comprehensive income for the year ended June 30, 2016	—	132,838	132,838
Appropriation:			
Final cash dividend paid @ 40% i.e. Rs.4/= per share for the year ended June 30, 2015	—	(72,000)	(72,000)
First interim cash dividend paid @ 30 % i.e Rs. 3/= per share for the year ended June 30, 2016	—	(54,000)	(54,000)
Second interim cash dividend paid @ 30% i.e.Rs. 3/= per share for the year ended June 30, 2016	—	(54,000)	(54,000)
Balance as at June 30, 2016	180,000	146,888	326,888

The annexed notes form an integral part of this statement.


MUZAFFAR F. BAWEJA
 Chief Executive

Karachi: September 27th, 2016


ZUBAIR BAWEJA
 Managing Director

Notes to the Financial Statement for the year ended June 30, 2016

1. The company and its operations

Pakistan Hotels Developers Limited ('Company') was incorporated and domiciled in 1979 at Karachi, Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) as a private limited company and converted into public limited company in 1981. The company is listed with Pakistan Stock Exchange Limited (formerly Karachi and Lahore Exchanges of Pakistan). The registered office of the company is situated at 195/2, Shahrah-e-Faisal, Karachi. The company is principally engaged in hotel business and owns and operates a Five Star Hotel known as Regent Plaza Hotel and Convention Centre, Karachi.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and recognition and measurement of financial assets and financial liabilities, if any, in accordance with the criteria laid down in IAS - 39 (Financial Instruments: Recognition and measurement).

The preparation of financial statements in conformity with the applicable accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.3 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective. However, the adoption of such amendments, revisions, improvements to accounting standards and interpretation did not have any material effect on the financial statements of the Company.

2.4 New/revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IFRS 7 Financial Instruments: Disclosure Initiative (Amendment)	01 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or interpretation

IFRS 9 – Financial Instruments
IFRS 14 – Regulatory Deferral Accounts
IFRS 15 – Revenue from Customers
IFRS 1 – First-time Adoption of International Financial Reporting Standards

2.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. It also includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all 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 can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.6 Staff retirement benefits

The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. Remeasurement charge which comprises of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

2.7 Fixed assets

Property, plant and equipment

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment which qualifies for recognition as an asset is initially measured at its cost. Subsequent to initial recognition leasehold land and building on leasehold land are carried at fair value, based on valuations by external independent valuer less subsequent depreciation for building. Crockery, cutlery, staff uniforms and linen are stated at their historical cost. All other operating fixed assets are stated at their historical cost less accumulated depreciation and impairment losses (if any).

Any revaluation increase arising on the revaluation of such fixed assets is credited to Surplus On Revaluation of Fixed Assets account, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of fixed assets is charged as an expense to the extent that it exceeds the balance, if any, held in the surplus on revaluation of fixed assets account relating to same or other assets.

Subsequent expenditure on property, plant and equipment is added to the carrying amount of the asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance.

Capital work in progress is stated at cost, less any recognized impairment loss. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-progress, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in Note 12. Crockery, cutlery, linen and uniforms are charged to the profit and loss account on replacement basis. The depreciation for assets acquired or disposed of during the year is charged from the date of acquisition or up-to the date of disposal of such assets respectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Intangibles

Item of intangibles is recognized as asset in accordance with IAS 38 Intangibles when it meets the definition of an intangible asset and is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of intangibles which qualifies for recognition as an asset is initially measured at its cost. Subsequent to initial recognition, intangible is stated at its historical cost less accumulated amortization and impairment losses (if any).

The gain or loss arising on the disposal or retirement of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

2.8 Obligation under finance lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the company. At the commencement of the lease term, finance leases are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased

assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the leases are added to the amount recognized as an asset. Minimum lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element is charged to the income statement over the lease period.

2.9 Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statements.

2.10 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.11 Financial instruments

Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset have expired or transferred or the company has transferred substantially all risks and rewards of ownership. A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

2.12 Financial assets

The company classifies its financial assets in the following categories: (a) at fair value through profit or loss, (b) loans and receivables, and (c) available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Regular purchases and sales of financial assets are recognized on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets, except those carried at fair value through profit or loss, are initially recognized at fair value plus transactions costs. Financial assets carried at fair value through profit and loss are initially recognized at fair value and the transaction costs are expensed in the income statement. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method.

2.13 Cash and cash equivalents

For the purpose of cash flow, cash and cash equivalent comprise of cash and bank balances and short-term borrowings from the bank.

2.14 Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2.15 Investments

Investments acquired principally for the purpose of generating a profit from short term fluctuation in price or dealer's margin are classified as held for trading. Such investments are initially recognized on a trade-date basis and are initially measured at cost being the fair value of the consideration given excluding income taxes imposed on such transactions. Transactions costs associated with the acquisition of held for trading investments is expensed in the income statement.

After initial recognition, investments held for trade are re-measured at each balance sheet date at fair value excluding the transaction cost that may be incurred on sale or other disposal. Gains and losses arising from changes in fair value of held-for-trading investment are included in net profit or loss for the period.

For investments in quoted marketable securities, fair value is determined with reference to Stock Exchange quoted market prices at the close of business on balance sheet date.

2.16 Derivatives

Derivative instruments held by the company generally comprise of future contracts in the capital market. These are initially recorded at costs and are subsequently re-measured at their fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contract. Derivatives with positive market values (un-realized gains) are included in other assets and derivatives with negative market value (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the income currently.

Derivative financial instruments entered into by the company do not meet the hedging criteria as defined by International Accounting Standard - 39 (Financial Instruments: Recognition and measurement). Consequently hedge accounting is not being followed by the company.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measured at amortized cost, except for liabilities against asset subject to finance lease which are valued under IAS 17 as described above.

2.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense.

2.19 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amount and the company intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

2.20 Stores and spares

These are valued at lower of cost and estimated net realizable value. Cost comprises cost of purchase and other costs incurred in bringing the stores and spares to their present location and condition. Cost signifies the weighted average cost. Average is calculated as each additional shipment is received.

2.21 Stock in trade - Food and beverages

Stock in trade is valued at the lower of cost and estimated net realizable value. Cost is calculated using the weighted average method. Average is calculated as each additional shipment is received. Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognized as follows:

Sales and Services

Revenue is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Dividend income

Dividend income from investments is recognized at the time of the closure of share transfer book of the company declaring the dividend.

Profit on Bank Balances

Profit on bank balances are recognized on a time proportion basis on the principal amount outstanding and at the applicable rate.

2.23 Impairment of non-financial assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Whenever an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.24 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Trade debtors

The company reviews its receivable against provision required there against on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.

Income taxes

In making the estimates for income taxes currently payable by the company the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Impairment of assets

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the company's assets are impaired. This assessment may change due to technological developments.

Depreciable amount and useful lives of fixed assets

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of fixed assets. The company seeks advice from the technical department in this regard.

3.2 Critical judgments in applying the company's accounting policies

Management believes that business transactions are simple in nature and there is no area where application of accounting policies could involve higher degree of judgment or complexity.

04. Issued, subscribed and paid-up

	2016 (Rupees '000)	2015 (Rupees '000)
16,580,800 Ordinary shares of Rs. 10/- each fully paid in cash	165,808	165,808
1,419,200 Ordinary shares of Rs. 10/- each issued for consideration other than cash (NRI)	14,192	14,192
18,000,000	180,000	180,000

There were no movements in the share capital of the company in either the 2015 or 2016 reporting years. The company has one class of ordinary shares which carries no right to fixed income

05. Surplus on revaluation of fixed assets

	2016 (Rupees '000)	2015 (Rupees '000)
Surplus on revaluation of leasehold land	3,994,809	3,466,809
Surplus on revaluation of building on leasehold land	439,302	368,854
	4,434,111	3,835,663

Leasehold land and building on leasehold land were revalued by M/s. D. H. Daruvala & Co., Architects and Engineers (an independent valuer) in September 2003 resulting an increase over book value of Rs. 359.809 M and 508.280 M respectively. As on April 01, 2007 leasehold land and building on leasehold land were revalued by M/s Sardar Enterprises (an independent valuer) which resulted an increase of Rs. 1,227.750 M and Rs. 111.355 M respectively in the book value. As on May 28, 2014 leasehold land and building on leasehold land were revalued by M/s Sardar Enterprises (an independent valuer) which resulted an increase of Rs. 1,879.250 M and Rs. 226.296 M respectively in the book value. As on October 31, 2015 leasehold land and building on leasehold land were revalued by M/s. Sardar Enterprises (an independent valuer) which resulted an increase of Rs. 528 M and Rs. 135.228 M respectively in the book value. The incremental depreciation charged on building on leasehold land has been transferred to accumulated profit in accordance with section 235 of the Companies Ordinance 1984. The balance in the surplus on revaluation of fixed assets account is not available for distribution amongst the shareholders neither as dividend nor as bonus under section 235 of the Companies Ordinance, 1984.

Movement in the account of surplus on revaluation of fixed assets is as follows:

	Surplus on revaluation of	
	Leasehold land	Building on leasehold land
	(Rupees '000)	
Surplus on June 30, 2014	3,466,809	388,266
Incremental depreciation (net of tax) transferred to accumulated profit	—	(19,412)
Surplus on June 30, 2015	3,466,809	368,854
Effect of revaluation carried out on October 31, 2015	528,000	135,228
Effect of revaluation on deferred tax	—	(43,273)
Incremental depreciation (net of tax) transferred to accumulated profit	—	(21,507)
Surplus on June 30, 2016	3,994,809	439,302

06. Liabilities against assets subject to finance leases

	2016 (Rupees '000)	2015 (Rupees '000)
Opening balance	—	—
Assets acquired during the year	23,265	—
	23,265	—
Payments	(693)	—
Down payment	(5,914)	—
	16,658	—
Transferred to current maturity	(3,144)	—
	13,514	—

Lease rentals are payable in monthly installments under the lease agreements. Financing rates of 3 months KIBOR + 3% and 12 months KIBOR + 2.5%. These are secured by demand promissory notes and personal guarantees of directors.

Balance amount of future lease payments and the period in which they will fall due:

Year	2016			2015
	Minimum Lease Payments	Financial Charges	Total future payments	Total future payments
2017	3,144	1,426	4,570	—
2018	3,452	1,117	4,569	—
2019	3,422	789	4,211	—
2020	3,481	475	3,956	—
2021	3,159	137	3,296	—

07. Deferred taxation

These comprise the temporary differences due to:

	2016 (Rupees '000)	2015 (Rupees '000)
Accelerated depreciation	12,927	14,634
Revaluation, net of related depreciation	238,014	204,862
Others	(689)	(651)
	250,252	218,845

08. Security deposits

	2016 (Rupees '000)	2015 (Rupees '000)
Opening balance	10,715	10,384
Paid during the year	(9,010)	(5,179)
Received during the year	4,117	5,510
	5,822	10,715

08.1 Amount represents the security money received from the tenants as per tenancy agreements. Such deposits do not attract any mark up or interest and shall be repaid at the time of termination of lease.

09. Current maturities

Obligation under finance lease
Advance rent

	2016 (Rupees '000)	2015 (Rupees '000)
6	3,144	—
	<u>4,923</u>	<u>1,754</u>
	<u>8,067</u>	<u>1,754</u>

10. Creditors, accrued and other liabilities

Trade creditors - unsecured

17,155 7,660

Accrued liabilities

Accrued expenses
Excise, taxes and others
Sales tax

13,076 17,001
1,858 1,230
3,703 6,132
18,637 24,363

Other liabilities

Guest and banquet deposits
Payable to employee gratuity fund
Unclaimed dividend
WWF payable
Bank overdraft
Miscellaneous

4,335 2,818
1,175 3,904
17,740 17,741
4,416 4,416
— 4,775
14,610 9,307
42,276 42,961
78,068 74,984

11. Contingencies and commitments

11.1 Civil Aviation Authority has demanded a sum of Rs. 0.336 million, being rental charges of the Company's restaurant at Karachi Airport. The suit is pending in the High Court of Sindh. The company has filed a counter suit for recovery of rent of furniture, fixtures and loss of food stuff and other assets of the company retained by the Civil Aviation Authority.

Suit No. 137 of 1984 has been filed by the company against Civil Aviation Authority for recovery of Rs. 5.733 million on the ground that civil aviation authority allowed the company for running of one restaurant and four refreshment counters but later on they tried to open the same with another contractor when the company was trying to lift their goods from existing restaurant and four refreshment counters, they were stopped by civil aviation authority.

The said suit is kept on fixing for arguments while thrice arguments were heard and judgment was reserved.

11.2 Suit bearing No. 343 of 1996 has been filed by the company against Saudi Arabian Airlines for the cancellation of agreement dated 22-02-1990, relating to the sale of two floors and four shops on the ground floor of AL-SEHAT CENTRE, and for recovery of possession of those premises. After the institution of the above suit, Saudi Arabian Airlines has also filed counter suit praying for the specific performance of the aforesaid agreement. Both these suits are pending in the High Court of Sindh at Karachi.

11.3 Suit No. 05 of 2006 pertaining to rent, with Mr. Ghulam Murtaza is at the stage of evidence and cross examination.

11.4 Bank guarantee in favor of Sui Southern Gas Company Limited for gas supply deposits amounting to Rs. 5 million (2015: 5 million)

12. Fixed assets

		2016 (Rupees '000)	2015 (Rupees '000)
—	Property, Plant and Equipment	12.1 4,955,950	4,287,687
—	Intangibles	12.2 —	101
		<u>4,955,950</u>	<u>4,287,788</u>

12.1 Property, plant and equipment - tangible

PARTICULARS	COST/REVALUATION					Rate %	DEPRECIATION					W. D. V as at 30-06-2016
	As at 1-07-2015	Revalu- ation	Addi- tions	Disposal	As at 30-6-2016		As at 1-7-2015	For the year	Realized on revalu- ation	Disposal	As at 30-6-2016	
OWNED												
Leasehold land	3,498,000	528,000	—	—	4,026,000	—	—	—	—	—	—	4,026,000
Leasehold land - Gharo	2,549	—	—	—	2,549	—	—	—	—	—	—	2,549
Building on leasehold land	719,029	84,857	16,179	—	820,065	5	39,038	38,753	(50,371)	—	27,420	792,645
Farm House on leasehold land Gharo	8,042	—	—	—	8,042	5	1,820	311	—	—	2,131	5,911
Airconditioning plant	86,734	—	—	—	86,734	10	53,865	3,287	—	—	57,152	29,582
Elevators	7,449	—	—	—	7,449	10	5,361	209	—	—	5,570	1,879
Electric installation	7,485	—	—	—	7,485	10	6,669	82	—	—	6,751	734
Electric fancy fitting	565	—	—	—	565	10	501	6	—	—	507	58
Furniture and fixtures	97,291	—	—	—	97,291	10	73,182	2,411	—	—	75,593	21,698
In-house TV system	9,415	—	9,019	(2,068)	16,366	10	5,173	893	—	(1,830)	4,236	12,130
Gas connection	227	—	—	—	227	10	221	1	—	—	222	5
Carpets	14,578	—	—	—	14,578	10	10,583	400	—	—	10,983	3,595
Sound radio fusion system	2,440	—	—	—	2,440	10	2,018	42	—	—	2,060	380
Telephone installation	10,335	—	—	—	10,335	10	8,920	141	—	—	9,061	1,274
Crockery and cutlery	5,520	—	—	—	5,520	0	—	—	—	—	—	5,520
Uniforms and linen	8,878	—	—	—	8,878	0	—	—	—	—	—	8,878
Laundry equipments	5,007	—	—	—	5,007	10	3,777	123	—	—	3,900	1,107
Equipments and accessories	38,649	—	5,857	—	44,506	10	28,028	1,455	—	—	29,483	15,023
Office equipments	5,964	—	325	—	6,289	10	4,850	127	—	—	4,977	1,312
Vehicles	2,414	—	—	—	2,414	20	1,916	100	—	—	2,016	398
Neon signs	435	—	—	—	435	10	363	7	—	—	370	65
Arms	37	—	—	—	37	10	33	—	—	—	33	4
Diesel Generator - Caterpillar	4,100	—	—	—	4,100	10	2,943	116	—	—	3,059	1,041
Diesel Generator - VISA	4,196	—	—	—	4,196	10	2,391	181	—	—	2,572	1,624
Sub Total - Owned	4,539,339	612,857	31,380	(2,068)	5,181,508		251,652	48,645	(50,371)	(1,830)	248,096	4,933,412
LEASED:												
Vehicles	—	—	2,265	—	2,265	20	—	377	—	—	377	1,888
Chiller	—	—	21,000	—	21,000	10	—	350	—	—	350	20,650
Sub Total Leased	—	—	23,265	—	23,265		—	727	—	—	727	22,538
Grand Total 2016	4,539,339	612,857	54,645	(2,068)	5,204,773		251,652	49,372	(50,371)	(1,830)	248,823	4,955,950

(Rupees '000)

PARTICULARS	COST/REVALUATION					Rate %	DEPRECIATION					W. D. V as at 30-06-2015
	As at 1-07-2014	Revalu- ation	Addi- tions	Disposal	As at 30-6-2015		As at 1-7-2014	For the year	Realized on revalu- ation	Disposal	As at 30-6-2015	
OWNED												
Leasehold land	3,498,000	—	—	—	3,498,000	—	—	—	—	—	—	3,498,000
Leasehold land - Gharo	2,549	—	—	—	2,549	—	—	—	—	—	—	2,549
Building on leasehold land	719,029	—	—	—	719,029	5	3,249	35,789	—	—	39,038	679,991
Farm House on leasehold land	8,042	—	—	—	8,042	5	1,492	328	—	—	1,820	6,222
Airconditioning plant	82,043	—	4,691	—	86,734	10	50,451	3,414	—	—	53,865	32,869
Elevators	7,449	—	—	—	7,449	10	5,129	232	—	—	5,361	2,088
Electric installation	7,485	—	—	—	7,485	10	6,578	91	—	—	6,669	816
Electric fancy fitting	565	—	—	—	565	10	494	7	—	—	501	64
Furniture and fixtures	97,291	—	—	—	97,291	10	70,503	2,679	—	—	73,182	24,109
In-house TV system	8,018	—	1,872	(475)	9,415	10	5,220	367	—	(414)	5,173	4,242
Gas connection	227	—	—	—	227	10	220	1	—	—	221	6
Carpets	12,775	—	1,803	—	14,578	10	10,143	440	—	—	10,583	3,995
Sound radio fusion system	2,440	—	—	—	2,440	10	1,971	47	—	—	2,018	422
Telephone installation	10,335	—	—	—	10,335	10	8,763	157	—	—	8,920	1,415
Crockery and cutlery	5,520	—	—	—	5,520	0	—	—	—	—	—	5,520
Uniforms and linen	8,878	—	—	—	8,878	0	—	—	—	—	—	8,878
Laundry equipments	5,007	—	—	—	5,007	10	3,640	137	—	—	3,777	1,230
Equipments and accessories	38,322	—	327	—	38,649	10	26,848	1,180	—	—	28,028	10,621
Office equipments	5,589	—	375	—	5,964	10	4,726	124	—	—	4,850	1,114
Vehicles	3,014	—	—	(600)	2,414	20	2,290	142	—	(516)	1,916	498
Neon signs	435	—	—	—	435	10	355	8	—	—	363	72
Arms	37	—	—	—	37	10	33	—	—	—	33	4
Diesel Generator - Caterpillar	4,100	—	—	—	4,100	10	2,814	129	—	—	2,943	1,157
Diesel Generator - VISA	4,196	—	—	—	4,196	10	2,190	201	—	—	2,391	1,805
Total 2015	4,531,346	—	9,068	(1,075)	4,539,339		207,109	45,473	—	(930)	251,652	4,287,687

2016 **2015**
(Rupees '000)

12.1.1 Depreciation charge for the year has been allocated as follows:

Cost of sales and services	20	44,435	40,926
Administrative, selling and general expenses	21	4,937	4,547
		49,372	45,473

12.1.2 Gross carrying amount of all the items of property, plant and equipment represents their cost except leasehold land and building on leasehold land which are stated at revalued amount. Had the revaluation not been carried out the carrying amount of the leasehold land and building on leasehold land would have been Rs. 31.191 (2015: 31.191) million and Rs. 102.626 (2015: 108.028) million respectively.

12.1.3 The following fixed assets were disposed off during the year:

	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Particulars of Buyer/ Mode of disposal
(Rupees '000).....				
TV	2,068	1,830	238	572	Various employees
Total 2016	2,068	1,830	238	572	
Total 2015	1,075	930	145	615	

12.1.4 Revaluation of fixed assets

As on 12-09-2003, company's properties comprising leasehold land and building on leasehold land have been revalued on market value basis assuming the continued use of the property as a hotel and convention centre. The revaluation has been carried out by M/s. D. H. Daruvala & Co. Architects and Engineers (an independent valuer). These revaluation has resulted in a surplus of Rs. 868.089 million which has been included in the book value of fixed assets and credited (net of tax) to a surplus on revaluation of fixed assets. As on 01-04-2007, the above properties were revalued by M/s Sardar Enterprise (an independent valuer) on the same basis as was previously used. The revaluation has resulted in a further surplus of Rs. 1,339.105 million which has been included in the book value of fixed assets and credited (net of deferred tax) to surplus on revaluation of fixed assets. As on 28-05-2014, the properties were revalued by M/s Sardar Enterprises (an independent valuer) on the same basis as was previously used. The revaluation has resulted in a further surplus of Rs. 2,105.546 million which has been included in the book value of fixed assets and credited (net of deferred tax) to surplus on revaluation of fixed assets. As on October 31, 2015 leasehold land and building on leasehold land were revalued by M/s. Sardar Enterprises (an independent valuer) which resulted an increase of Rs.528 M and Rs.135.228 M respectively which has been included in the book value of fixed assets and credited (net of deferred tax) to surplus on revaluation of fixed assets. The incremental depreciation net of deferred tax has been charged to the surplus on revaluation of fixed asset account.

2016 **2015**
(Rupees '000)

**12.2 Intangibles
Cost**

Balance at start	666	666
Addition/(deletion) during the year	—	—
Balance at end	666	666
Rate of amortization	30%	30%
Amortization		
Balance at start	565	365
For the year	101	200
Balance at end	666	565
Net book value	—	101

12.2.1 Amortization charge for the year has been allocated as:

Cost of sales and services	20	81	160
Administrative, selling and general	21	20	40
		101	200

13. Long term deposits

Utility deposits	5,310	5,310
	5,310	5,310

14. Stores and spares

Consumable stores
Stationery

2016
(Rupees '000)

1,441	1,268
<u>1,078</u>	<u>933</u>
<u><u>2,519</u></u>	<u><u>2,201</u></u>

15. Stock in trade - food and beverages

Food
Beverages

1,802	1,449
<u>157</u>	<u>133</u>
<u><u>1,959</u></u>	<u><u>1,582</u></u>

16. Trade debts-unsecured**Considered good**

Due from customers
Receivable against sale of Al-Sehat
Due from staff

89,646	87,540
<u>1,965</u>	<u>1,965</u>
<u>—</u>	<u>128</u>
<u><u>91,611</u></u>	<u><u>89,633</u></u>

Considered doubtful

Due from customers

<u>2,153</u>	<u>2,033</u>
<u><u>93,764</u></u>	<u><u>91,666</u></u>

Provision against doubtful debts

<u>(2,153)</u>	<u>(2,033)</u>
<u><u>91,611</u></u>	<u><u>89,633</u></u>

17. Advances, prepayments and other receivables**Advances - unsecured considered good**

Staff
Suppliers
Income tax (net of liability)

<u>560</u>	<u>385</u>
<u>7,907</u>	<u>4,521</u>
<u>1,469</u>	<u>124</u>
<u><u>9,936</u></u>	<u><u>5,030</u></u>

Prepayments

Insurance
Miscellaneous

<u>—</u>	<u>20</u>
<u>372</u>	<u>333</u>
<u><u>372</u></u>	<u><u>353</u></u>

Other receivables

Rent receivable
Miscellaneous

<u>5,268</u>	<u>6,161</u>
<u>168</u>	<u>2,550</u>
<u><u>5,436</u></u>	<u><u>8,711</u></u>
<u><u>15,744</u></u>	<u><u>14,094</u></u>

18. Cash and bank balances

Cash in hand
Cash at banks (in current accounts)
Cash at bank (in deposit account)

18.1

2016
(Rupees '000)

5,024	2,218
<u>32,566</u>	<u>20,073</u>
<u>6,039</u>	<u>71,605</u>
<u><u>43,629</u></u>	<u><u>93,896</u></u>

18.1 Amount is placed with commercial banks carrying markup ranging from 4.5% to 5.0% per annum (2015: 4.5% to 5.0%) payable monthly.

This include 5.822 million (2015: 10.715 million) being security money received from the tenants as per tenancy agreements. Such deposits do not attract any mark up or interest and shall be repaid at the time of termination of lease.

This includes Rs. 0.5 Million against cash margin blocked for Letter of Guarantee issued in favour of Sui Southern Gas Company Limited.

19. Sales and services - net

Room rent
Food and beverages
Shop license fees
Other minor operated departments

19.1

407,996	352,229
<u>225,493</u>	<u>204,327</u>
<u>15,972</u>	<u>9,860</u>
<u>91,051</u>	<u>115,473</u>
<u><u>740,512</u></u>	<u><u>681,889</u></u>

19.1 This includes revenue from rent of convention hall, and sale of telephone, laundry, health club and others ancilliary services.

20. Cost of sales and services**Food and beverages**

Opening stock
Purchases
Closing stock
Consumption during the year

1,582	1,401
<u>79,666</u>	<u>87,355</u>
<u>(1,959)</u>	<u>(1,582)</u>
<u><u>79,289</u></u>	<u><u>87,174</u></u>

Direct expenses

Salaries, wages and other benefits
Heat, light and power
Replacement of linen, china and glassware
Uniforms
Guest transportation charges
Water charges
Decoration hire charges
Consumable stores
Guest supplies
Commission
Musical expenses
Laundry and dry cleaning
Telephone, telex and other related expenses
License and taxes
Traveling and transportation
Printing and stationery
Miscellaneous
Amortization
Depreciation

20.1

69,970	58,268
<u>73,785</u>	<u>72,482</u>
<u>14,777</u>	<u>8,325</u>
<u>2,935</u>	<u>1,877</u>
<u>6,053</u>	<u>5,848</u>
<u>1,679</u>	<u>1,091</u>
<u>1,877</u>	<u>1,557</u>
<u>16,107</u>	<u>15,010</u>
<u>21,324</u>	<u>19,113</u>
<u>2,095</u>	<u>601</u>
<u>379</u>	<u>184</u>
<u>3,189</u>	<u>2,822</u>
<u>1,334</u>	<u>728</u>
<u>198</u>	<u>256</u>
<u>679</u>	<u>652</u>
<u>2,737</u>	<u>2,252</u>
<u>470</u>	<u>144</u>
<u>81</u>	<u>160</u>
<u>44,435</u>	<u>40,926</u>
<u><u>264,104</u></u>	<u><u>232,296</u></u>
<u><u>343,393</u></u>	<u><u>319,470</u></u>

20.1 Includes Rs. 0.560 million (2015: Rs. 0.614 million) in respect of employee retirement benefits.

21. Administrative, selling and general expenses

		2016 (Rupees '000)	2015
Salaries and other benefits	21.1	51,353	46,970
Entertainment		3,915	2,303
Traveling and transportation		3,894	4,557
Running and maintenance of vehicle		634	678
Rent, rates and taxes		1,893	2,090
Heat, light and power		7,572	7,487
Communications		2,272	1,790
Printing and stationery		2,398	4,132
Advertisement and sales promotion		2,831	2,694
Legal and professional charges		4,534	4,289
Auditors' remuneration	21.2	475	475
Repair and maintenance		95,848	76,500
Bank commission and charges		275	145
Fee and subscription		757	517
Pest control		1,036	1,027
Donation	21.3	163	95
Insurance		40	27
Commissions		1,968	1,632
Bad debts		120	120
Miscellaneous		1,116	947
Staff uniforms		123	—
Shops premium		7,400	7,300
Amortization	12.2.1	20	40
Depreciation	12.1.1	4,937	4,547
		195,574	170,362

21.1 Includes Rs. 0.302 million (2015: Rs. 0.283 million) in respect of employee retirement benefits.

21.2 Auditors' remuneration

Audit fee	425	425
Out of pocket	50	50
	475	475

In the year 2015, Taxation services were not provided by auditors. Hence the professional fee for taxations services has been reclassified to Legal and Professional charges in the corresponding figures.

21.3 Donation

Jamiat Taleemul Quran	60	60
Chhipa Welfare Association	3	30
Others	100	5
	163	95

None of the directors or his spouse is interested in the funds of donees.

22. Other operating income

	2016 (Rupees '000)	2015
Profit on tender of foreign currency	235	232
Gain on disposal of assets	334	470
Profit on saving account	1,267	2,724
	1,836	3,426

22.1 Gain/ (loss) on disposal of assets

Sale proceeds	572	615
Cost of assets	2,068	1,075
Less: Accumulated depreciation	1,830	930
Net book value	238	145
	334	470

23. Financial charges

Interest on lease assets	324	—
Workers welfare fund	—	4,440
	324	4,440

24. Taxation

Current year	75,905	72,501
Prior year	5,772	393
Deferred	(11,866)	(22,411)
	69,811	50,483

24.1 Aggregate current and deferred tax relating to items charged or credited to equity

Deferred tax relating to revaluation of building	43,273	—
--	--------	---

In addition, deferred tax of Rs. 10.121 million (2015: 9.561 million) was transferred from retained earnings to revaluation surplus. This relates to the difference between the depreciation on the revalued building on leasehold land and equivalent depreciation based on the cost of the building.

24.2 Tax charge reconciliation

Accounting profit	203,057	191,043
Tax at the applicable tax rate of 32% (2015: 33%)	64,978	63,044
Tax effect of expenses that are not deductible in determining taxable profit	606	1,778
Tax effect of items that are not deductible in determining accounting profit	(1,545)	(846)
Tax effect of remeasurement of liability	—	(13,886)
Tax effect of changes in prior year current tax	5,772	393
	69,811	50,483

24.3 Reconciliation between average effective tax rate and the applicable tax rate

Applicable tax rate		
Tax effect of expenses that are not deductible in determining taxable profit		
Tax effect of items that are not deductible in determining accounting profit		
Tax effect of remeasurement of liability		
Tax effect of changes in prior year current tax		
Average effective tax rate		

	2016	2015
	%	%
	<u>32</u>	33
	<u>0.298</u>	0.931
	<u>-0.761</u>	-0.443
	<u>0.000</u>	-7.269
	<u>2.843</u>	0.206
	<u>34.380</u>	26.425

25. Cash generated from operations

Profit before taxation

Adjustment for non cash items and other adjustments:

Depreciation		
Amortization		
Financial charges		
Provision for bad debts		
Profit on saving account		
Gain on disposal of assets		

	2016	2015
	(Rupees '000)	(Rupees '000)
	<u>203,057</u>	191,043
	<u>49,372</u>	45,473
	<u>101</u>	200
	<u>324</u>	4,440
	<u>120</u>	120
	<u>(1,267)</u>	(2,724)
	<u>(334)</u>	(470)
	<u>48,316</u>	47,039
	<u>251,373</u>	238,082

(Increase)/decrease in operating assets

Stores and spares		
Stock in trade		
Trade debts		
Advances, prepayments and other receivables		

	<u>(318)</u>	125
	<u>(377)</u>	(181)
	<u>(2,098)</u>	(9,195)
	<u>(412)</u>	4,628
	<u>(3,205)</u>	(4,623)

Increase/(decrease) in operating liabilities

Advances and deposits		
Creditors, accrued and other liabilities		

	<u>(1,724)</u>	(4,296)
	<u>7,452</u>	(1,099)
	<u>5,728</u>	(5,395)
	<u>253,896</u>	228,064

26. Cash and cash equivalent

Cash and bank balances		
Bank overdraft		

	<u>43,629</u>	93,896
	<u>—</u>	(4,775)
	<u>43,629</u>	89,121

27. Employee benefits

27.1 As mentioned in note 2.6, the Company operates an approved gratuity fund and makes contribution on actuarial recommendations. The most recent actuarial valuations were carried out by M/s Nauman Associates, Consulting Actuaries on August 09, 2016 of the present value of the defined benefit obligation at June 30, 2016. The projected unit credit method, using the following significant assumptions has been used for the actuarial valuation

27.1.1 Actuarial assumptions

Discount rate for interest cost in profit and loss charge		
Discount rate used for year end obligation		
Salary increase used for year end obligation		
Salary increase FY 2016		
Salary increase FY 2017 onward		
Net salary is increased at		
Mortality rate		
Withdrawal rates		
Retirement assumption		

	2016	2015
	9.75%	13.25%
	9.00%	9.75%
	N/A	8.75%
	8.00%	8.75%
	1-Jul-16	1-Jul-15
	SLIC 2001-2005 Set back 1 year	SLIC 2001-2005 Set back 1 year
	Age-based	Age-based
	Age 60	Age 60

27.1.2 Amount recognized in balance sheet are as follows:

Present value of defined benefit obligation	<u>6,470</u>	6,055
Add: Payable	<u>1,196</u>	352
Less: Fair value of Plan asset	<u>(6,492)</u>	(2,503)
Liability on balance sheet	<u>1,174</u>	3,904

27.1.3 Changes in present value of defined benefit obligation

Opening present value of obligation	<u>6,055</u>	5,010
Current service cost	<u>752</u>	609
Interest cost on defined benefit obligations	<u>521</u>	608
Benefits due but not paid during the year	<u>(844)</u>	(352)
Benefits paid	<u>(574)</u>	(489)
Remeasurements - Experience adjustment	<u>560</u>	669
Closing present value of obligation	<u>6,470</u>	6,055

27.1.4 Changes in fair value of plan assets

Opening fair value of plan assets	<u>2,503</u>	2,662
Interest income on plan assets	<u>411</u>	321
Return on plan assets, excluding interest income	<u>152</u>	8
Benefits paid	<u>(574)</u>	(488)
Contribution by Company	<u>4,000</u>	—
Closing fair value of plan assets	<u>6,492</u>	2,503

27.1.5 Expense recognized in profit and loss account

Current service cost	<u>752</u>	609
Interest cost on defined benefit obligation	<u>521</u>	608
Interest income on plan assets	<u>(411)</u>	(321)
	<u>862</u>	896

	2016 (Rupees '000)	2015
27.1.6 Total remeasurements chargeable in other comprehensive income		
Remeasurement of plan obligation - Experience adjustment	560	669
Return on plan assets, excluding interest income	(152)	(8)
Unrecognized Actuarial Losses at end	408	661
27.1.7 Changes in net liability		
Balance sheet liability/(asset)	3,905	2,347
Expense chargeable to profit and loss account	861	897
Remeasurement chargeable in other comprehensive income	408	661
Contributions	(4,000)	—
Balance sheet liability	1,174	3,905

27.1.8 Based on actuarial advice the company intends to charge an amount of approximately Rs.0.637 million in respect of gratuity fund in the financial statements for the year ending June 30, 2017.

27.1.9 Additional disclosure items
Plan asset at June 30, 2016 comprise:

Bond	0%
Equity	0%
Cash and / or deposits	100%
Other	0%
	100%

2016
(Rs. '000)

Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation

Discount rate + 100 bps	5,871
Discount rate - 100 bps	7,168
Salary increase + 100 bps	7,177
Salary increase - 100 bps	5,852

The average duration of the defined benefit obligation is: 9 years

28. Transactions with related parties and associated undertakings

The related parties and associated undertakings comprise local associated companies, gratuity fund, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

	2016 (Rupees '000)	2015
Shop premium	—	3,500
Gratuity Fund	4,000	—

The company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length determined in accordance with comparable uncontrolled price method.

29. Executive remuneration

	2016			2015		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
Rupees '000.....					
Fees	—	50	—	—	—	—
Number of persons	—	1	—	—	—	—
Managerial remuneration	6,958	5,229	11,065	7,157	5,197	6,747
Perquisites and allowances	4,931	3,303	7,510	5,685	3,594	3,685
	11,889	8,532	18,575	12,842	8,791	10,432
Number of person(s)	1	1	24	1	1	14

30. Financial instruments and risk management

2016
2015
(Rupees '000)

30.1 Financial assets and liabilities

Financial Assets - loan and receivables

Maturity up-to one year

Trade debts	91,611	89,633
Other receivables	5,436	8,711
Bank balances	38,605	91,678

Maturity after one year

Long term deposits	5,310	5,310
	140,962	195,332

Financial liabilities

Maturity up-to one year

Creditors, accrued and other liabilities	49,176	41,561
--	--------	--------

Maturity after one year

Advances and deposits - unsecured	5,822	10,715
	54,998	52,276

30.2 Financial instruments

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

30.2.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs. 143.833 million (2015: Rs. 197.550 million), financial assets which are subject to credit risk amount to Rs. 138.809 million (2015: Rs. 195.332 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking in to account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letter of credit. The management has set a maximum credit period of 30 days to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2016 (Rupees '000)	2015 (Rupees '000)
Long term deposits	5,310	5,310
Trade debts	91,611	89,633
Other receivables	5,436	8,711
Bank balances	<u>38,605</u>	<u>91,678</u>
	<u>140,962</u>	<u>195,332</u>
The aging of trade receivables at the reporting date is:		
Past due 0-30 days	34,738	41,488
Past due 31 - 60 days	26,956	18,414
Past due 61 - 90 days	6,921	9,416
Past due 91 - 120 days	18,220	11,415
Past due 120 days	4,776	8,900
	<u>91,611</u>	<u>89,633</u>

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

30.2.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities, including estimated interest payments.

	30 June 2016					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees '000).....					
Financial liabilities						
Security deposits	5,822	5,822	—	5,822	—	—
Trade and other payables	49,176	49,176	49,176	—	—	—
2016	<u>54,998</u>	<u>54,998</u>	<u>49,176</u>	<u>5,822</u>	<u>—</u>	<u>—</u>

	30 June 2015					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees '000).....					
Financial liabilities						
Security deposits	10,715	10,715	—	10,715	—	—
Trade and other payables	41,561	41,561	41,561	—	—	—
2015	<u>52,276</u>	<u>52,276</u>	<u>41,561</u>	<u>10,715</u>	<u>—</u>	<u>—</u>

30.2.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.

30.2.3.1 Currency risk

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation related risks are therefore not included in the assessment of the entity's exposure to currency risks. The company is not exposed to currency risk.

30.2.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include balances of Rs. 6 million (2015: Rs. 72 million) , which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

At June 30, 2016, if the interest rates had been 1% higher /lower with all other variables held constant, profit after tax for the year would have been higher/lower by Rs. 0.6 (2015: Rs. 0.72 million), mainly as a result of higher/lower interest income from these assets.

30.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

30.3 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

31. Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital employed, which the company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide adequate return to:

The company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Neither there were any changes in the company's approach to capital management during the year nor the company is subject to externally imposed capital requirements.

	2016	2015
32. Earning per share		
Net profit after taxation (Rupees' 000)	<u>133,246</u>	<u>140,560</u>
Weighted average number of ordinary shares	<u>18,000,000</u>	<u>18,000,000</u>
Basic earning per share - Rupees	<u>7.40</u>	<u>7.81</u>
Diluted earning per share - Rupees	<u>7.40</u>	<u>7.81</u>

33. Non-adjusting events after the balance sheet date

In the adjourned meeting of Board of Directors held on September 27, 2016, the directors decided to recommend final cash dividend Rs. 5/= per share i.e. 50% (2015: 40%) in addition to interim cash dividend of 60% (2015: 40%) already paid. The interim and final cash dividend will make the total dividend equal to Rs. 11/= per share (2015: Rs.8.00). The recommended final dividend is subject to approval of the members. No adjustment in respect of the final dividend has been made in these accounts.

	2016	2015
34. Number of Employees		
Total number of employees - at year end	<u>189</u>	<u>199</u>
Average number of employees	<u>211</u>	<u>197</u>
35. Capacity and production		
No. of rooms	<u>397</u>	397
Average percentage of occupancy	<u>49.64</u>	43.64%

The level of occupancy depends on the extent of movement in tourism, business and airlines sector.

36. Date of authorization for issue

These financial statements were authorized for issue on September 27, 2016 by the Board of Directors of the Company.

37. Figures

Figures have been rounded off to the nearest thousand of rupee.


MUZAFFAR F. BAWEJA
 Chief Executive


ZUBAIR BAWEJA
 Managing Director

Karachi: September 27th, 2016

Pattern of Shareholdings Held by Shareholders

As on June 30, 2016

NO. OF SHARE HOLDERS		SHAREHOLDING	TOTAL SHARES HELD	
157	001	—	100	4,469
41	101	—	500	12,407
15	501	—	1,000	13,760
10	1,001	—	5,000	18,700
4	5,001	—	10,000	29,733
2	15,001	—	20,000	36,500
1	20,001	—	25,000	23,533
1	25,001	—	30,000	28,500
1	30,001	—	35,000	31,000
1	35,001	—	40,000	40,000
1	145,001	—	150,000	150,000
1	195,001	—	200,000	200,000
1	295,001	—	300,000	300,000
1	555,001	—	560,000	555,340
3	620,001	—	625,000	1,868,811
1	1,000,001	—	1,005,000	1,002,324
1	1,285,001	—	1,290,000	1,289,360
1	1,395,001	—	1,400,000	1,398,355
1	1,420,001	—	1,425,000	1,423,860
4	1,435,001	—	1,440,000	5,756,440
1	1,610,001	—	1,615,000	1,614,215
1	2,200,001	—	2,205,000	2,202,693
<u>250</u>		TOTAL		<u>18,000,000</u>

Categories of Shareholders as on June 30, 2016

Particulars	No. of Share Holders	Shares Held	Percentage
(Directors)			
Mr. Mansoor F.Baweja	1	1,000	0.0056
Mr. S.Mahmood Baweja	1	1,439,360	7.9964
Mr. Mohsin Baweja	1	1,289,360	7.1631
Mr. Masroor F.Baweja	1	1,439,360	7.9964
Mr. Muzaffar F.Baweja	1	1,614,215	8.9679
Mr. Zaheer Baweja	1	1,423,860	7.9103
Mr. Zubair F.Baweja	1	2,202,693	12.2372
Mr. Naved Alam Baweja	1	1,398,355	7.7686
Mr. M.A. Majeed	1	600	0.00333
(Relatives of Directors)			
Mr. S.Ferozuddin Baweja	1	5,468	0.0304
Mst. Shahida Begum	1	1,002,324	5.5685
Mrs. Samina Mansoor Baweja	1	1,438,360	7.9909
Mrs. Waqarunnisa Mohsin	1	150,000	0.8333
Mr. Aamir F.Baweja	1	1,439,360	7.9964
Mrs. Lubna Muzaffar	1	300,000	1.6667
Mrs. Shahina Khalid	1	624,937	3.4719
Mrs. Shireen Ahad	1	622,437	3.4580
Mrs. Shazia Jamal	1	621,437	3.4524
Mr. Mudabbir Muzaffar Baweja	1	200,000	1.1111
Mr. Aneeq Ahmed	1	8,765	0.0487
Individuals			
(Minority Shareholders)	227	775,808	4.3100
Others			
Joint Stock Companies	2	2,001	0.0111
N.I.T.	—NIL—	—NIL—	—NIL—
Banks / Financial Institutions	1	300	0.0017
TOTAL	250	18,000,000	100.0000

Shareholders holding 10% or more voting interest

1. Mr. Zubair F.Baweja	—	2,202,693	12.24%
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The above statement include 193 Shareholders holding 17,405,599 Shares through the Central Depository Company of Pakistan Ltd. (CDC).

PROXY FORM

I/We _____ of _____
(NAME) (PLACE)

being a member of **PAKISTAN HOTELS DEVELOPERS LTD**, hereby appoint

_____ of _____
(NAME) (PLACE)

another member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on 28th October, 2016 at 11:30 A.M. at the Registered Office, 195/2, Shahrah-e-Faisal, Karachi and at any adjournment, thereof.

Signed this _____ day of _____ 2016

Specimen Signature of Proxy

Folio No. _____

Participant I.D. No. _____

Sub Account No. _____

CNIC or Passport No. _____

Signature of Member

Folio No. _____

Participant I.D. No. _____

Sub Account No. _____

CNIC or Passport No. _____

WITNESSES:

(1) Signature _____	(2) Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
CNIC or Passport No. _____	CNIC or Passport No. _____

Important:

1. This form of Proxy, duly completed must be deposited with the Secretary of the Company or at our Independent Share Registrar Office M/s. Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block 2, P.ECH.S., Off: Shahrah-e-Quaideen, Karachi not less than 48 hours before the time of meeting.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy holder shall be furnished with the proxy form.
3. The proxy holder shall produce his/her original CNIC or Original Passport at the time of meeting.
4. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

پاکستان ہوٹلز ڈیولپرز لمیٹڈ

مختار نامہ (پراکسی فارم)

میں / ہم

ساکن

بحیثیت رکن (ممبر) پاکستان ہوٹلز ڈیولپرز لمیٹڈ مقرر کرتا کرتی ہوں / کرتے ہیں / مسماۃ

ساکن

کو یا ان کی غیر حاضری میں / مسماۃ

ساکن

کو جو خود بھی پاکستان ہوٹلز ڈیولپرز لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) پاکستان ہوٹلز ڈیولپرز لمیٹڈ کے سالانہ اجلاس عام میں جو ۲۸ اکتوبر ۲۰۱۶ء کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مؤرخہ اکتوبر _____ ۲۰۱۶ء کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد
		رسیدی ٹکٹ پر دستخط

گواہ نمبر ۲

دستخط

نام

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

پتہ

گواہ نمبر ۱

دستخط

نام

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

پتہ

ہدایات:

- مختار (پراکسی) کا کمپنی کارکن (ممبر) ہونا ضروری ہے
- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرنا ضروری ہے۔



Regent Plaza

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