

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021



Pearl-Continental Hotel, Lahore



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS [UNAUDITED]

For the six months period ended 31 December 2021



PAKISTAN SERVICES LTD

Vision Statement

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

Mission Statement

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

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

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

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

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

CORPORATE INFORMATION

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 7 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban, Muzaffarabad and Malam Jabba comprising 1,618 rooms.

BOARD OF DIRECTORS

Mr. Sadruddin Hashwani	Chairman
Mr. Murtaza Hashwani	CEO
Mr. M. A. Bawany	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	
Ms. Ayesha Khan	
Mr. Rohail Ajmal	
Mr. Shahid Hussain	

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

AUDIT COMMITTEE

Mr. M. Ahmed Ghazali Marghoob	Chairman
Mr. Shahid Hussain	
Ms. Ayesha Khan	

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. M. Ahmed Ghazali Marghoob	Chairman
Mr. Murtaza Hashwani	
Ms. Ayesha Khan	

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
MCB Bank Limited
Silk Bank Limited
Faysal Bank Limited
Standard Chartered Bank [Pakistan] Limited
Industrial and Commercial Bank of China
Dubai Islamic Bank [Pakistan] Limited

NOMINATION COMMITTEE

Mr. Murtaza Hashwani	Chairman
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. Shakir Abu Bakar	

RISK MANAGEMENT COMMITTEE

Mr. Murtaza Hashwani	Chairman
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. Shakir Abu Bakar	
Mr. Rohail Ajmal	

REGISTERED OFFICE

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

CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

SHARE REGISTRAR

M/s THK Associates [Private] Limited
Plot No. 32-C, Jami Commercial
Street-2, DHA, Phase VII
Karachi

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial statements on the performance of the Company for the six months period ended 31 December 2021.

Economic Overview

Revival of domestic economic activities remained on track; however, risk of inflationary pressure persists on both demand and supply side. The unprecedented global hike in commodities' pricing which has exerted huge pressure on cost parameter as well as on home currency.

Pakistan is among the few countries which have done remarkably well in its fight against the COVID-19 pandemic, the Government has been focused on managing the repeated COVID-19 infection waves, implementing a mass vaccination campaign completing vaccination of 200 million people recently, expanding its cash assistance program to vulnerable families to sustainability of these fragile segment of the society.

Restriction on travel and tourism have also been relaxed, matches of Pakistan premium cricket brand Pakistan Super League are also underway which has attracted good number of visitors and international players.

Overall performance of the Company

During the period under review, operations of the company have resumed its business normalcy after the ease of restrictions imposed by Government in wake of Covid-19.

During the six-month period ended 31 December 2021, the Company recorded revenue [net] of Rs. 5,765 million, as compared to Rs. 3,307 million recorded in the corresponding period of the last year whereas the gross profit for the period under report registered at Rs. 2,419 million as compared to Rs. 1,043 million of comparative period of the last year. The profit before tax is Rs. 575 million as compared to loss of Rs. 367 million of corresponding period of last year.

Highlights of Performance:

	For the six months' period ended 31 December	
	2021	2020
	[Rupees million]	
Sales and Services – net	5,765	3,307
Gross profit	2,419	1,043
Profit / [Loss] before taxation	575	[367]
Profit / [Loss] after taxation	420	[300]
Profit / [Loss] per share [Rupees]	12.93	[9.21]

Performance of Rooms Department

During the period Rooms Revenue-net was recorded at Rs. 2,254 million as against Rs. 1,355 million of the corresponding period of last year.

Performance of Food & Beverage (F&B) Department

Net revenue from this segment has been recorded at Rs. 3,131 million for the period under review as compared to Rs. 1,665 million of same period last year.

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

From this segment of business net revenue of Rs. 380 million has been achieved as compared to Rs. 287 million of the comparative period revenues.

Prospects

Pakistan is rich in its tourist destinations offering a diverse range of choices for different types of tourists, travel and tourism restrictions have been relaxed, sports activities are back, and the Government is keenly taking measures to promote Pakistan as a tourism destination and the same are expected to reap into bringing increase in economic and tourism activities which will certainly bring a positive impact on the company's business.

Consolidated Results

During the current period, the group recorded a revenue (net) of Rs. 5,820 million as compared to Rs. 3,424 million of the same period last year. Profit after taxation is recorded at Rs. 316 million in comparison with loss of Rs. 364 million of the corresponding period of the previous year.

Acknowledgment

On behalf of the Board, we thank the Company's staff for their dedicated professional services and their wholehearted efforts and contribution, which helped in bringing the results back on track. We also extend our thanks to our consultants, bankers, and shareholders and in particular the Government Authorities for the advice, understanding, and support that are critical for the success of programs, projects, and business operations. And finally, our valued guests, who encourage and expect from the company and its staff to provide the best level of products and services to win their continued support and patronage.

For and on behalf of the Board of Directors,



M.A. Bawany

Director



Shakir Abu Bakar

Director

Islamabad: 24 February 2022

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونیوالی ششماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

اقتصادی جائزہ:

ملکی اقتصادی سرگرمیاں بحالی کی جانب ہیں۔ تاہم بڑھتی ہوئی قیمتوں کا طلب اور رسد دونوں پر اثر ہے۔ عالمی مارکیٹ میں اشیاء کی غیر معمولی قیمتوں میں اضافے کے اثر کے تحت مہنگائی میں اضافہ اور کرنسی کی مالیت میں کمی آئی ہے۔

پاکستان کا شمار ان چند ممالک میں ہوتا ہے جنہوں نے Covid-19 کی وباء کے خلاف موثر اقدامات کیے ہیں۔ حکومت Covid-19 کو کنٹرول کرنے کے لیے بڑے پیمانے پر ویکسینیشن کر رہی ہے کیش اسسٹنس پروگرام بھی متاثرہ طبقہ کے لیے جاری ہیں۔

سفر اور سیاحتی سرگرمیوں پر پابندی میں نرمی کر دی گئی ہے، پاکستان پر بیمہ کرکٹ برانڈ پاکستان سپر لیگ کے میچز بھی جاری ہیں جس میں شائقین کی خاصی تعداد ہے اور بین الاقوامی کھلاڑی بھی اس میں شرکت کر رہے ہیں۔

کمپنی کی مجموعی کارکردگی:

زیر جائزہ مدت کے دوران کمپنی کے کاروبار میں بہتری آئی ہے۔ 31 دسمبر 2021 کو ختم ہونیوالی ششماہی مدت کے دوران کمپنی نے 5,765 ملین روپے کے محصولات (خالص) ریکارڈ کیے ہیں جو گزشتہ سال کے اسی عرصے کے دوران 3,307 ملین روپے تھے۔

کمپنی کا مجموعی منافع 2,419 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں 1,043 ملین روپے تھا۔ قبل از ٹیکس منافع گزشتہ برس کے اسی عرصے کے 367 ملین خسارے کے مقابلے میں 575 ملین روپے ریکارڈ کیا گیا۔

کارکردگی کی جھلکیاں:

	ششماہی مدت اختتام 31 دسمبر	
	2021	2020
	(ملین روپے)	
فروخت اور خدمات (خالص)	5,765	3,307
کل منافع	2,419	1,043
منافع / خسارہ قبل از ٹیکس	575	(367)
منافع / خسارہ بعد از ٹیکس	420	(300)
نی حصہ آمدنی / (خسارہ) (روپے میں)	12.93	(9.21)

رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے 1,355 ملین روپے کی نسبت آمدنی (خالص) 2,254 ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی خالص آمدن 3,131 ملین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے مقابلے میں 1,665 ملین روپے تھی۔

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

اس شعبے میں زیر جائزہ عرصے کے دوران میں 380 ملین روپے کی آمدنی (خالص) حاصل کی گئی۔ جو گزشتہ برس کے اسی عرصے کے

مقابلے میں 287 ملین روپے تھی۔

مستقبل کے امکانات:

پاکستان میں سیاحتی مقامات کافی تعداد میں موجود ہیں جو کہ سیاحوں کو اپنی طرف متوجہ کرتے ہیں۔ حکومت ملک میں سیاحت کے فروغ کے لیے کوشش کر رہی ہے، سفر اور سیاحتی سرگرمیوں پر پابندی میں کمی آئی ہے، کھیلوں کی سرگرمیاں بھی بحال ہو گئی ہیں اور اسی طرح توقع ہے کہ ملک میں اقتصادی اور سیاحتی سرگرمیوں میں اضافہ ہوگا جو کہ کمپنی کے کاروبار کے لیے مفید ثابت ہوگا۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے 5,820 ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں 3,424 ملین روپے تھے۔ گزشتہ برس کے 364 ملین روپے بعد از ٹیکس خسارہ کی نسبت موجودہ عرصہ میں 316 ملین روپے منافع ریکارڈ کیا گیا۔

اظہار تشکر:

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

منجانب بورڈ آف ڈائریکٹرز



شاہد ابوبکر

ڈائریکٹر



ایم۔ اے باوانی

ڈائریکٹر

اسلام آباد: 24 فروری 2022

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Services Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Pakistan Services Limited ("the Company") as at 31 December 2021 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity, and notes to the condensed interim unconsolidated financial statements for the six months period then ended [here-in-after referred to as the "interim financial statements"]. Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 of the condensed interim unconsolidated financial statements, which indicates that the Company's current liabilities exceeded its current assets [excluding non-current assets held for sale] by Rs. 5,852 million. These events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matter

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three months period ended 31 December 2021 and 31 December 2020, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' report is Atif Zamurrad Malik.



KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad

Date: 25 February 2022

UDIN: RR2021101110AfLdtP7s



Pearl-Continental Hotel, Karachi



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

For the six months period ended 31 December 2021

Condensed Interim Unconsolidated Statement of Financial Position

As at 31 December 2021

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	(Rupees'000)	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		5,230,481	4,810,061
Revaluation surplus on property, plant and equipment		29,105,049	29,105,049
Total equity		34,930,196	34,509,776
LIABILITIES			
Loans and borrowings	5	9,820,867	11,338,247
Lease liabilities	6	108,919	129,287
Deferred government grant		11,422	21,004
Employee benefits		738,888	684,741
Other non current liabilities		13,643	18,801
Non - current liabilities		10,693,739	12,192,080
Short term borrowings	7	2,207,968	2,612,631
Current portion of loans and borrowings	5	4,204,906	3,057,314
Current portion of lease liabilities	6	57,162	89,241
Trade and other payables	8	2,362,207	2,045,151
Contract liabilities		707,337	512,381
Advance against non-current assets held for sale		400,000	-
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		9,950,350	8,327,488
Total equity and liabilities		55,574,285	55,029,344
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	39,455,368	39,716,318
Advance for capital expenditure	11	1,121,479	1,104,612
Intangible asset	12	147,505	75,585
Investment property		70,000	70,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	13	2,915,571	3,325,571
Long term deposits and prepayments		21,057	28,181
Deffered tax assets-net		22,846	79,502
Non - current assets		44,791,620	45,437,563
Inventories		386,373	355,806
Trade debts		1,016,160	404,972
Contract assets		31,142	22,863
Advances, prepayments, trade deposits and other receivables		374,717	298,225
Short term investments	14	1,296,739	1,288,487
Assets held for sale	15	6,684,586	6,442,198
Advance tax - net		500,353	495,508
Cash and bank balances		492,595	283,722
Current assets		10,782,665	9,591,781
Total assets		55,574,285	55,029,344



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 31 December 2021

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2021	2020	2021	2020
[Rupees'000]					
Revenue - net	16	3,349,733	2,033,129	5,764,770	3,307,230
Cost of sales and services	17	[1,810,959]	[1,306,133]	[3,345,588]	[2,263,795]
Gross profit		1,538,774	726,996	2,419,182	1,043,435
Other income		16,610	136,316	73,028	176,065
Administrative expenses		[692,525]	[522,361]	[1,282,676]	[964,938]
Impairment loss on trade debts		[34,727]	[89,402]	[60,481]	[39,111]
Operating profit		828,132	251,549	1,149,053	215,451
Finance income		11,769	13,524	25,688	20,929
Unrealised gain on remeasurement of investments to fair value - net		10,373	51,613	8,339	93,157
Finance cost		[299,012]	[265,438]	[608,271]	[696,829]
Net finance cost		[276,870]	[200,301]	[574,244]	[582,743]
Profit/[loss] before taxation		551,262	51,248	574,809	[367,292]
Income tax expense		[135,874]	100,538	[154,389]	67,603
Profit/[loss] for the period		415,388	151,786	420,420	[299,689]
Earnings/[loss] per share - basic and diluted [Rupees]	18	12.77	4.67	12.93	[9.21]

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

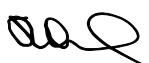
For the six months period ended 31 December 2021

	Three months period ended 31 December		Six months period ended 31 December	
	2021	2020	2021	2020
	[Rupees'000]			
Profit / [loss] for the period	415,388	151,786	420,420	[299,689]
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period - [loss]	415,388	151,786	420,420	[299,689]

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the six months period ended 31 December 2021

	Note	31 December 2021	31 December 2020
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	19	1,780,710	797,363
Working capital changes [Increase] / decrease in current assets			
Inventories		(30,567)	(39,202)
Trade debts		(671,669)	(178,251)
Contract assets		(8,279)	(12,626)
Advances		(13,831)	(6,196)
Trade deposits and prepayments		(55,476)	(17,345)
Other receivables		(7,185)	(21,257)
Increase / [decrease] in current liabilities			
Trade and other payables		262,360	(108,933)
Non current liabilities		(5,158)	24,299
Contract liabilities		194,956	115,217
Cash used in operations		(334,849)	(244,294)
Staff retirement benefit - gratuity paid		(8,105)	(40,825)
Compensated leave absences paid		(11,631)	(26,969)
Income tax paid		(102,578)	(53,846)
Finance cost paid		(943,192)	(175,566)
Net cash generated from operating activities		380,355	255,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(392,628)	(385,687)
Advance for capital expenditure		(16,867)	(30,448)
Payment for Intangible asset		(37,506)	(21,857)
Proceeds from disposal of property, plant and equipment		175,223	49,649
Refund against equity investment		410,000	77,000
Advance against asset held for sale		400,000	200,000
Addition in asset held for sale		(94,895)	-
Proceed from asset held for sale		-	149,134
Dividend income received		225	-
Receipts of return on bank deposits and short term investments		26,773	27,502
Long term deposits and prepayments		7,124	477
Net cash generated from investing activities		477,449	65,770
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(170,687)	(100,000)
Proceeds from long term financing		-	29,136
Lease liabilities paid		(52,447)	(62,462)
Transaction cost paid		(8,200)	-
Repayment of loan to director		-	(150,000)
Net cash used in financing activities		(231,334)	(283,326)
Net increase in cash and cash equivalents		626,470	38,307
Cash and cash equivalents at beginning of the period		(2,294,564)	(2,228,578)
Cash and cash equivalents at end of the period	20	(1,668,094)	(2,190,271)

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

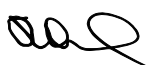
For the six months period ended 31 December 2021

	Share capital	Capital reserve	Surplus on revaluation of property, plant and equipment	Revenue reserves		Total equity
				General reserve	Unappropriated profit	
[Rupees'000]						
Balance at 01 July 2020	325,242	269,424	29,243,030	1,600,000	3,487,599	34,925,295
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(299,689)	(299,689)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period - [loss]	-	-	-	-	(299,689)	(299,689)
Balance at 31 December 2020	325,242	269,424	29,243,030	1,600,000	3,187,910	34,625,606
Balance at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,210,061	34,509,776
Total comprehensive income for the period						
Profit for the period	-	-	-	-	420,420	420,420
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	420,420	420,420
Balance at 31 December 2021	325,242	269,424	29,105,049	1,600,000	3,630,481	34,930,196

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

1 THE COMPANY AND ITS OPERATIONS

Pakistan Services Limited (“the Company”) was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company and is quoted on Pakistan Stock Exchange Limited. The Company’s registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar and Muzaffarabad Azad Jammu & Kashmir. The Company also grants franchise to use its trade mark and name “Pearl Continental”.

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim unconsolidated financial statements do not include the information that was reported in annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 2021. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2021, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the six months period ended 31 December 2020.

These interim unconsolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.1 Going concern basis of accounting

These condensed interim unconsolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business.

The Company’s current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 5,852 million as at 31 December 2021. The Company’s operations were affected due to lock down and measures taken by the Government of Pakistan in response to COVID-19 outbreak in the prior years which resulted in closing of the hotel properties for the period from March 2020 to August 2020.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

The situation emerged due to the outbreak of COVID 19 has significantly improved in current period as the Company has earned profit after tax of Rs. 420 million as compared to a loss after tax of Rs. 300 million in the comparative period

Management acknowledges that material uncertainty remains over the Company's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Company is unable to continue as going concern, then this could have an impact on the Company's ability to realize assets, and to extinguish its liabilities in the normal course of business.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2021.

3.2 Accounting estimates and judgments

In preparing these condensed interim unconsolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Company for the year ended 30 June 2021.

Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management.

Finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.3 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto effective for accounting periods beginning on or after 01 January 2022 :

- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets [effective 01 January 2022]
- Amendments to IAS 1: Presentation of Financial Statements [effective 01 January 2023]
- Amendments to IAS 16: Property, Plant and Equipment [effective 01 January 2022]
- Amendments to IFRS 3: Business Combinations [effective 01 January 2022]
- Annual improvement 2018-2020 , IFRS-9, IFRS-16, IAS-41 [effective 01 January 2022]

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

4 SHARE CAPITAL

There is no change in the authorised, issued, subscribed and paid up share capital of the Company from 30 June 2021.

	Unaudited 31 December 2021	Audited 30 June 2021
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured		
a. Non current portion		
Term Finance Loan - 1	534,035	539,515
Term Finance Loan - 2	1,662,520	1,679,577
Term Finance Loan - 3	1,901,127	1,932,879
Term Finance Loan - 4	1,984,476	1,984,476
Term Finance Loan - 5	242,781	284,040
Sukuk	6,390,185	6,455,742
Transaction cost	[32,559]	[28,056]
	<u>12,682,565</u>	<u>12,848,173</u>
Current portion of loans	[3,291,709]	[2,334,690]
	<u>9,390,856</u>	<u>10,513,483</u>
Markup accrued - non current	430,011	824,764
	<u>9,820,867</u>	<u>11,338,247</u>
b. Current portion		
Current portion of loans	3,291,709	2,334,690
Markup accrued	913,197	722,624
	<u>4,204,906</u>	<u>3,057,314</u>

5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2021

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

	Note	Unaudited 31 December 2021 (Rupees'000')	Audited 30 June 2021
6 LEASE LIABILITIES			
Opening		218,528	315,482
Interest expenses		6,258	24,097
Additions during the period/ year		-	5,038
Lease payments		(58,705)	(124,005)
Lease modification		-	(2,084)
Closing		166,081	218,528
Current portion		57,162	89,241
Non-current portion		108,919	129,287
7 SHORT TERM BORROWINGS - secured			
Running finance facilities - banking companies	7.1	2,160,282	2,578,000
Markup accrued		47,686	34,631
		2,207,968	2,612,631

7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2021 except Settlement of facility amounting to Rs.300 million during the period.

	Note	Unaudited 31 December 2021 (Rupees'000')	Audited 30 June 2021
8 TRADE AND OTHER PAYABLES			
Creditors		1,108,007	886,185
Accrued liabilities		595,226	490,551
Shop deposits		49,663	49,743
Retention money		149,960	141,683
Due to related parties - unsecured		42,935	36,020
Sales tax payable		131,153	117,915
Income tax deducted at source		3,170	3,497
Unearned income		33,210	52,605
Other liabilities	8.1	248,883	266,952
		2,362,207	2,045,151

8.1 This includes amount of Rs. 58.91 [30 June 2021: Rs. 63.61] million payable to directors. During the period amount of Rs. 5 million has been paid to director.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited unconsolidated financial statements for the year ended 30 June 2021.

	Note	Unaudited 31 December 2021 (Rupees'000)	Audited 30 June 2021
9.1.2 Guarantees		319,061	310,342
9.2 Commitments			
Commitments for capital expenditure		3,332,868	3,789,933
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	35,578,655	36,036,481
Capital work in progress	10.2	3,876,713	3,679,837
		39,455,368	39,716,318
10.1 Operating fixed assets			
Carrying amount at beginning of the period / year		36,036,481	37,059,317
Additions during the period / year	10.2.2	11,022	121,283
Lease termination during the period/year		-	(23,714)
Transfer from Capital work in progress		184,730	691,969
Asset classified as held for sale		-	(815,116)
Disposal during the period / year		(181,260)	(1,773)
Depreciation charge for the period / year	10.2.2	(472,318)	(995,485)
Carrying amount at end of the period / year		35,578,655	36,036,481
10.2 Capital work in progress			
Carrying amount at beginning of the period / year		3,679,837	6,679,529
Additions during the period / year		381,606	1,045,220
Transferred to operating fixed assets		(184,730)	(691,969)
Transferred to non current asset held for sale		-	(3,258,553)
Write off adjustment		-	(94,390)
Carrying amount at end of the period / year	10.2.1	3,876,713	3,679,837
10.2.1 Closing capital work in progress represents:			
Construction of Pearl Continental Mirpur		3,579,662	3,574,120
Other civil works		297,051	105,717
		3,876,713	3,679,837

10.2.2 Additions in and depreciation on property, plant and equipment during the six months period ended 31 December 2020 were Rs. 342.394 million and Rs. 501.868 million respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	(Rupees'000)	
11 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land	11.1	666,820	666,820
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
Impairment loss		(40,000)	(40,000)
		1,008,476	1,008,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		26,446	11,087
Advances for Pearl Continental Mirpur Project		86,557	85,049
		113,003	96,136
		1,121,479	1,104,612

11.1 This includes amount of Rs. 626.82 million (30 June 2021: Rs. 626.82 million) paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appellants, the management and Board have complied with the directions of SECP in this regard.

11.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Company being aggrieved and dissatisfied with a impugned judgment of High Court against dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal (CPLA) before Hon'ble Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Company is diligently pursuing the same. The Company is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Company would be entitled to recover the amounts from the Seller as well as from the relevant Government Department. In this regard the paid Challan for regularization fee also states that Subject to the condition that the land in question is available on site and the lease money may be deposited into Government Treasury in the relevant Head of Accounts by the depositor at his own risk. In case if any irregularity/false information/ concealment of facts / stay of court is noticed hereafter, the malkano amount paid to this effect by the depositor shall be reimbursed.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	[Rupees'000']	
12 INTANGIBLE ASSET			
Software		147,505	75,585
Cost			
Opening balance		107,978	107,978
Additions	12.1	92,202	-
Closing balance		200,180	107,978
Accumulated amortisation			
Opening balance		32,393	-
Amortisation charge		20,282	32,393
Closing balance		52,675	32,393
Net book value			
Cost		200,180	107,978
Accumulated amortisation		(52,675)	32,393
Closing balance		147,505	75,585
Amortisation rate per annum		30%	30%

12.1 This represents the computer software acquired during the period. The purchase consideration is payable in monthly installments over a period of one year and the outstanding liability of Rs. 54.696 million is included in the trade and other payables.

13 ADVANCE AGAINST EQUITY INVESTMENT

This represents advance against equity investment of Rs. 2,081.57 million (30 June 2021: Rs.2,371.57 million) and Rs. 834 million (30 June 2021: Rs. 954 million) extended by the Company to its wholly owned subsidiary companies City Properties (Private) Limited and Elite Properties (Private) Limited respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

14 SHORT TERM INVESTMENTS	Note	Unaudited 31 December 2021 [Rupees'000']	Audited 30 June 2021
<i>Amortized cost</i>			
Certificate of investments		5,300	5,300
Impairment loss		(5,300)	(5,300)
		-	-
<i>Fair value through other comprehensive income</i>			
National Technology Development Corporation Limited		200	200
Indus Valley Solvent Oil Extraction Limited		500	500
Impairment loss		(700)	(700)
		-	-
<i>Amortized cost</i>			
Term deposit receipt		565,523	565,523
Term Finance certificate		75,000	75,000
Accrued interest		6,964	7,050
		647,487	647,573
<i>Financial assets at fair value through profit or loss</i>			
Shares of listed Companies	14.1	649,252	640,914
		<u>1,296,739</u>	<u>1,288,487</u>

14.1 This mainly includes investment in an associated company having carrying value of Rs. 642.919 million [30 June 2021: Rs. 633.13 million].

14.1.1 Out of total shares 15,056,661 held by the Company in an associated company, 15,000,000 [30 June 2021: 15,000,000] ordinary shares are placed / lien marked as security against running finance facility availed by the Company.

15 NON CURRENT ASSET HELD FOR SALE	Unaudited 31 December 2021	Audited 30 June 2021
	[Rupees'000']	
Property-Survey No. 8, Civil Line, Karachi	2,748,739	2,748,739
Under Construction Hotel Pearl Continental Multan	3,935,847	3,693,459
	<u>6,684,586</u>	<u>6,442,198</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

16 REVENUE - NET	Note	Three months period ended 31 December		Six months period ended 31 December	
		2021	2020	2021	2020
		[Rupees'000']			
Rooms		1,519,312	1,006,532	2,630,384	1,597,678
Food and beverages		2,215,662	1,210,192	3,746,051	1,963,818
Other related services	16.1	229,249	160,917	417,551	287,249
Shop license fees		15,479	10,377	30,074	20,481
Franchise & management fee revenue		6,820	31,728	31,555	51,779
		3,986,522	2,419,746	6,855,615	3,921,005
Discounts		(112,786)	(59,060)	(181,583)	(79,373)
Sales tax		(524,003)	(327,557)	(909,262)	(534,402)
		3,349,733	2,033,129	5,764,770	3,307,230

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

17 COST OF SALES AND SERVICES	Three months period ended 31 December		Six months period ended 31 December	
	2021	2020	2021	2020
	[Rupees'000]			
Food and beverages				
Opening balance	233,517	90,651	170,716	68,592
Purchases during the period	785,523	396,195	1,304,970	674,390
Closing balance	(402,254)	(95,881)	(402,254)	(95,881)
Consumption during the period	616,786	390,965	1,073,432	647,101
Direct expenses				
Salaries, wages and benefits	404,209	293,705	752,526	485,775
Heat, light and power	270,619	169,319	565,482	334,765
Repair and maintenance	99,821	77,789	172,082	119,801
Depreciation	193,449	205,821	391,306	415,634
Amortization	4,742	14,577	18,254	14,577
Guest supplies	71,092	52,012	127,666	81,447
Linen, china and glassware	39,682	20,193	60,567	26,236
Communication	2,650	1,483	4,546	3,057
Laundry and dry cleaning	21,250	15,273	38,348	23,309
Banquet and decoration	31,665	9,282	37,823	11,787
Transportation	11,947	7,134	16,494	8,539
Uniforms	3,520	3,787	7,577	6,639
Music and entertainment	3,908	3,816	7,143	5,323
Others	35,619	40,977	72,342	79,805
	1,810,959	1,306,133	3,345,588	2,263,795

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

	Three months period ended 31 December		Six months period ended 31 December	
	2021	2020	2021	2020
18 EARNINGS / [LOSS] PER SHARE	[Rupees'000]			
Profit / [loss] for the period [Rupees '000]	415,388	151,786	420,420	[299,689]
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170	32,524,170	32,524,170
Earnings / [loss] per share - basic [Rupees]	12.77	4.67	12.93	[9.21]

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

19 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Six months period ended 31 December	
	2021	2020
	[Rupees'000]	
Profit/[loss] before tax	574,809	[367,292]
Adjustments for:		
Depreciation	472,318	501,868
Amortization	20,282	16,197
Loss / [gain] on disposal of property, plant and equipment	6,038	[29,710]
Provision for staff retirement benefit - gratuity	47,963	41,858
Provision for compensated leave absences	25,920	15,379
Impairment loss on trade debts	60,481	39,111
Return on bank deposits / certificate of investments	[26,808]	[22,584]
Finance cost	608,271	696,829
Dividend income	[225]	-
Gain on disposal of held for sale asset	-	[1,136]
Unrealised gain on remeasurement of investments to fair value	[8,339]	[93,157]
	1,780,710	797,363
20 CASH AND CASH EQUIVALENTS		
Cash and bank balances	492,595	371,579
Short term borrowings	[2,207,968]	[2,606,929]
Accrued markup on short term borrowings	47,686	45,334
Accrued profit on bank deposits	[407]	[255]
	[1,668,094]	[2,190,271]

21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and provident fund. Detail of transactions and balances with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

Six months period ended
31 December
2021 2020
[Rupees'000]

Transactions with subsidiary companies

Sales	1,375	736
Services provided	6,249	2,054
Services availed	36,278	18,878
Refund of Advance against equity investment	410,000	77,000
Fund received/current account	20,000	-
Fund repaid/current account	20,000	-

Balances as at the period end:

- Trade debts	4,938	*2,469
- Long term investments	1,037,794	* 1,037,794

Transactions with associated undertakings

Sales	168	108
Services provided	4,414	2,407
Services availed	185,154	123,324
Purchases	36,800	34,400
Franchise fee - income	2,346	1,599
Franchise and management fee - expense	-	2,910

Balances as at the period end:

- Trade debts	5,858	*7,572
- Advances, deposits and prepayments	5,275	*17,465

Transactions with other related parties

Sales	920	323
Services provided	89	418
Services availed	300	10,400
Purchases	-	2,490
Contribution to defined contribution plan - provident fund	25,342	21,161
Purchase of Fixed asset	-	5,286

Balances as at the period end:

- Trade debts	1,014	*473
- Advance for capital expenditure	626,820	*626,820

Transactions with key management personnel

Remuneration and allowances including staff retirement benefits	121,182	68,771
Refund of loan to key management personnel	-	150,000
Payable to key management personnel	58,910	* 65,249

* Represents balances as at 30 June 2021.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

22 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

22.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Amount in Rs'000			Total	Level 1	Level 2	Level 3	Total
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost					
31 December 2021									
Financial assets measured at fair value									
Shares of listed Companies	14	649,252	-	-	649,252	649,252	-	-	649,252
Long term deposits		21,057	-	-	21,057	-	-	21,057	21,057
Short term deposits		15,443	-	-	15,443	-	-	15,443	15,443
		<u>685,752</u>	<u>-</u>	<u>-</u>	<u>685,752</u>	<u>649,252</u>	<u>-</u>	<u>36,500</u>	<u>685,752</u>
Financial assets not measured at fair value									
Trade debts	22.2	-	1,016,160	-	1,016,160	-	-	-	-
Contract assets		-	31,142	-	31,142	-	-	-	-
Advance to employees		-	13,901	-	13,901	-	-	-	-
Other receivables		-	206,176	-	206,176	-	-	-	-
Short term investments	14	-	640,523	-	640,523	-	-	-	-
Accrued interest		-	7,371	-	7,371	-	-	-	-
Cash and bank balances		-	492,595	-	492,595	-	-	-	-
		<u>-</u>	<u>2,407,868</u>	<u>-</u>	<u>2,407,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	22.2	-	-	14,058,332	14,058,332	-	-	-	-
Short term borrowings	7	-	-	2,207,968	2,207,968	-	-	-	-
Lease liabilities	6	-	-	166,081	166,081	-	-	-	-
Trade and other payables	22.3	-	-	2,194,674	2,194,674	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>18,637,825</u>	<u>18,637,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2021									
Financial assets measured at fair value									
Short term investments	14	640,914	-	-	640,914	640,914	-	-	640,914
Long term deposits		28,181	-	-	28,181	-	-	28,181	28,181
Short term deposits		15,143	-	-	15,143	-	-	15,143	15,143
		<u>684,238</u>	<u>-</u>	<u>-</u>	<u>684,238</u>	<u>640,914</u>	<u>-</u>	<u>43,324</u>	<u>684,238</u>
Financial assets not measured at fair value									
Trade debts	22.2	-	404,972	-	404,972	-	-	-	-
Contract assets		-	22,863	-	22,863	-	-	-	-
Advance to employees		-	7,942	-	7,942	-	-	-	-
Other receivables		-	58,153	-	58,153	-	-	-	-
Short term investments	14	-	640,523	-	640,523	-	-	-	-
Cash and bank balances		-	283,722	-	283,722	-	-	-	-
		<u>-</u>	<u>1,418,175</u>	<u>-</u>	<u>1,418,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	22.2	-	-	14,423,617	14,423,617	-	-	-	-
Other non current liabilities	5	-	-	18,801	18,801	-	-	-	-
Short term borrowings	7	-	-	2,612,631	2,612,631	-	-	-	-
Lease liabilities	6	-	-	218,528	218,528	-	-	-	-
Trade and other payables	22.3	-	-	1,871,134	1,871,134	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,155,481</u>	<u>19,155,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

- 22.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.
- 22.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.

23 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation. Following reclassification have been made during the period:

Description of item	Reclassified from	Reclassified to	Amount [Rupees'000]
Franchise & management fee	Other Income	Revenue	51,779

24 DATE OF AUTHORISATION FOR ISSUE

- 24.1 These condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 24 February 2022.
- 24.2 These condensed interim unconsolidated financial statements have been signed by two directors of the Company since at the time of meeting of the board directors, the Chief Executive Officer was not in Pakistan.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer



Pearl-Continental Hotel, Karachi



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

For the six months period ended 31 December 2021

Condensed Interim Consolidated Statement of Financial Position

As at 31 December 2021

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		416,645	416,645
Revenue reserves		4,285,182	3,943,858
Revaluation surplus on property, plant and equipment		29,105,050	29,105,050
Equity attributable to owners		34,132,119	33,790,795
Non-controlling interest		128,801	187,871
Total equity		34,260,920	33,978,666
LIABILITIES			
Loans and borrowings	5	10,100,541	11,619,133
Lease liabilities	6	129,633	130,958
Deferred government grant		11,581	21,333
Employee benefits		799,458	715,161
Deferred tax liability - net		286,894	231,963
Other non current liabilities		13,643	18,801
Non - current liabilities		11,341,750	12,737,349
Short term borrowings	7	2,846,603	3,139,289
Current portion of loans and borrowings	5	4,246,144	3,077,891
Current portion of lease liabilities	6	74,672	108,699
Trade and other payables	8	2,928,437	2,143,586
Contract liabilities		707,337	512,381
Advance against non-current assets held for sale	15	400,000	-
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		11,213,963	8,992,616
Total equity and liabilities		56,816,633	55,708,631
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	39,593,743	39,821,824
Intangible asset	11	653,970	252,320
Advance for capital expenditure	12	1,121,479	1,104,612
Investment property		70,000	70,000
Long term investments		642,919	633,133
Advance against equity investment	13	362,940	925,139
Long term deposits and prepayments		39,203	28,181
Goodwill	24	267,791	-
Non - current assets		42,752,045	42,835,209
Inventories		391,617	358,918
Development properties		3,696,938	3,692,801
Trade debts		1,056,252	418,084
Contract assets		31,142	22,863
Advances, prepayments, trade deposits and other receivables		427,764	337,719
Short term investments	14	657,032	658,453
Assets held for sale	15	6,684,586	6,442,198
Advance tax - net		554,140	548,272
Cash and bank balances		565,117	394,114
Current assets		14,064,588	12,873,422
Total assets		56,816,633	55,708,631



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

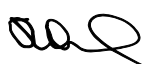
For the six months period ended 31 December 2021

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2021	2020	2021	2020
[Rupees'000]					
Revenue - net	16	3,377,929	2,142,865	5,819,678	3,424,458
Cost of sales and services	17	[1,837,981]	[1,411,880]	[3,392,819]	[2,384,141]
Gross profit		1,539,948	730,985	2,426,859	1,040,317
Other income		16,590	136,538	73,168	176,277
Administrative expenses		[767,201]	[542,253]	[1,373,530]	[1,010,242]
Impairment loss on trade debts		[34,727]	[89,402]	[60,481]	[39,111]
Operating profit		754,610	235,868	1,066,016	167,241
Finance income		15,945	27,272	3,621	52,582
Unrealised gain on remeasurement of investments to fair value - net		[166]	119	[1,447]	1,312
Finance cost		[310,454]	[266,198]	[631,545]	[698,826]
Net finance cost		[294,675]	[238,807]	[629,371]	[644,932]
Share of profit in equity accounted investments		7,520	21,959	33,810	45,113
Profit / [Loss] before taxation		467,455	19,020	470,455	[432,578]
Income tax expense		[138,583]	97,896	[154,559]	68,712
Profit / [Loss] for the period		328,872	116,916	315,896	[363,866]
Profit / [Loss] attributable to:					
Owners of the Company		348,255	122,151	341,324	[352,867]
Non-controlling interests		[19,383]	[5,235]	[25,428]	[10,999]
		328,872	116,916	315,896	[363,866]

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2021

	Three months period ended 31 December		Six months period ended 31 December	
	2021	2020	2021	2020
	[Rupees'000]			
Profit / [Loss] for the period	328,872	116,916	315,896	[363,866]
Surplus on remeasurement of available for sale securities	-	16,682	-	16,682
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period - [loss]	328,872	133,598	315,896	[347,184]
Total comprehensive income- [loss] attributable to:				
Owners of the Company	348,255	138,833	341,324	[336,185]
Non-controlling interests	[19,383]	[5,235]	[25,428]	[10,999]
	328,872	133,598	315,896	[347,184]

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)


For the six months period ended 31 December 2021

	Note	Six months period ended 31 December	
		2021	2020
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	18	1,774,784	762,006
Working capital changes			
[(Increase) / decrease in current assets]			
Inventories		(32,699)	(40,836)
Development properties		(4,137)	82,513
Trade debts		(698,649)	(172,192)
Contract assets		(8,279)	(12,626)
Advances		(19,718)	(6,022)
Trade deposits and prepayments		(55,688)	(18,387)
Other receivables		(14,639)	(16,957)
Increase / [(decrease) in current liabilities]			
Trade and other payables		730,155	(304,286)
Non current liabilities		(5,158)	24,298
Contract liabilities		194,956	115,217
Cash generated / [(used in)] from operations		86,144	(349,278)
Staff retirement benefit - gratuity paid		(8,337)	(48,980)
Compensated leave absences paid		(11,709)	(27,482)
Income tax paid		(105,496)	(56,424)
Finance cost paid		(953,613)	(177,522)
Net cash generated from operating activities		781,773	102,320
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(408,137)	(385,679)
Advance for capital expenditure		(16,867)	(30,448)
Payment for Intangible asset		(400,194)	(32,638)
Proceeds from disposal of property, plant and equipment		175,223	50,252
Acquisition of a subsidiary, net of cash		(342,119)	-
Advance against equity investment		562,199	(99,145)
Short term investments		(113)	-
Advance against asset held for sale		400,000	200,000
Proceed from disposal of asset held for sale		-	149,134
Addition in asset held for sale		(94,895)	-
Dividend income received		225	-
Receipts of return on bank deposits and short term investments		28,762	29,227
Long term deposits and prepayments		(11,022)	476
Net cash used in investing activities		(106,938)	(118,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(172,461)	(100,000)
Proceeds from short term loan		111,977	150,027
Proceeds from long term financing		-	36,874
Advance against issuance of shares		40,686	28,500
Lease liabilities paid		(66,400)	(73,343)
Net cash [(used in) / generated from financing activities]		(86,198)	42,058
Net increase in cash and cash equivalents		588,637	25,557
Cash and cash equivalents at beginning of the period		(2,184,209)	(2,141,192)
Cash and cash equivalents at end of the period	19	(1,595,572)	(2,115,635)

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

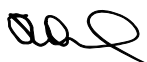
For the six months period ended 31 December 2021

	Capital reserve		Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non controlling Interest	Total Equity	
	Share capital	Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Share of other OCI items of associate					Unappropriated profit
	(Rupees'000)										
Balance at 01 July 2020	325,242	269,424	147,221	1,600,000	1,137,393	46,808	1,636,629	29,243,031	34,405,748	79,909	34,485,657
Total comprehensive income for the period											
Loss for the period	-	-	-	-	-	-	(352,867)	-	(352,867)	(10,999)	(363,866)
Other comprehensive income for the period	-	-	-	-	-	16,682	-	-	16,682	-	16,682
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	28,500	28,500
Total comprehensive income for the period - loss	-	-	-	-	-	16,682	(352,867)	-	(336,185)	17,501	(318,684)
Balance at 31 December 2020	325,242	269,424	147,221	1,600,000	1,137,393	63,490	1,283,762	29,243,031	34,069,563	97,410	34,166,973
Balance at 01 July 2021	325,242	269,424	147,221	1,600,000	1,050,550	49,004	1,244,304	29,105,050	33,790,795	187,871	33,978,666
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	341,324	-	341,324	(25,428)	315,896
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	40,686	40,686
NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(74,328)	(74,328)
Total comprehensive income for the period	-	-	-	-	-	-	341,324	-	341,324	(59,070)	282,254
Balance at 31 December 2021	325,242	269,424	147,221	1,600,000	1,050,550	49,004	1,585,628	29,105,050	34,132,119	128,801	34,260,920

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

1 THE GROUP AND ITS OPERATIONS

Pakistan Services Limited (“the Parent Company”) was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited Company and is quoted on Pakistan Stock Exchange Limited. The Parent Company’s registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Parent Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar and Muzaffarabad Azad Jammu & Kashmir. The Parent Company also grants franchise to use its trade mark and name “Pearl Continental”.

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

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

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim consolidated financial statements do not include the information that was reported in annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2021. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2021, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited interim consolidated financial statements for the six months period ended 31 December 2020.

These interim consolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.1 Going concern basis of accounting

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

The Groups's current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 3,834 million as at 31 December 2021. The Groups's operations were affected due to lock down and measures taken by the Government of Pakistan in response to COVID-19 outbreak in the prior years which resulted in closing of the hotel properties for the period from March 2020 to August 2020.

The situation emerged due to the outbreak of COVID 19 has significantly improved in current period as the Group has earned profit after tax of Rs. 316 million as compared to a loss after tax of Rs. 364 million in the comparative period

Management acknowledges that material uncertainty remains over the Group's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Group is unable to continue as going concern, then this could have an impact on the Group's ability to realize assets, and to extinguish its liabilities in the normal course of business.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended 30 June 2021.

3.2 Accounting estimates and judgments

In preparing these condensed interim consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Parent Company for the year ended 30 June 2021.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management.

Finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.3 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022 :

- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets	[effective 01 January 2022]
- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2023]
- Amendments to IAS 16: Property, Plant and Equipment	[effective 01 January 2022]
- Amendments to IFRS 3: Business Combinations	[effective 01 January 2022]
- Annual improvement 2018-2020 , IFRS-9, IFRS-16, IAS-41	[effective 01 January 2022]

The above amendments are not likely to have an impact on these interim consolidated financial statements.

4 SHARE CAPITAL

There is no change in the authorised, issued, subscribed and paid up share capital of the Parent Company from 30 June 2021.

	Unaudited 31 December 2021	Audited 30 June 2021
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured		
a. Non - current portion		
Term Finance Loan - 1	534,035	539,515
Term Finance Loan - 2	1,662,520	1,679,577
Term Finance Loan - 3	1,901,127	1,932,879
Term Finance Loan - 4	1,984,476	1,984,476
Term Finance Loan - 5	246,650	289,513
Sukuk	6,390,185	6,455,742
Preference Shares	279,000	279,000
Transaction cost	[32,559]	[28,056]
	<u>12,965,434</u>	<u>13,132,646</u>
Current portion of loans	[3,295,004]	[2,338,277]
	<u>9,670,430</u>	<u>10,794,369</u>
Markup accrued	430,111	824,764
	<u>10,100,541</u>	<u>11,619,133</u>
b. Current portion		
Current portion of loans	3,295,004	2,338,277
Markup accrued	951,140	739,614
	<u>4,246,144</u>	<u>3,077,891</u>

5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2021.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	[Rupees'000']	
6 LEASE LIABILITIES			
Opening		239,657	359,084
Additions during the period/ year		31,048	5,692
Interest		8,402	26,886
Payments		(74,802)	(148,452)
Lease modification		-	(3,553)
Closing		<u>204,305</u>	<u>239,657</u>
Current portion		<u>74,672</u>	<u>108,699</u>
Non-current portion		<u>129,633</u>	<u>130,958</u>
7 SHORT TERM BORROWINGS - secured			
Running finance facilities - banking companies	7.1	2,160,282	2,578,000
Short term loan - unsecured	7.2	638,635	526,658
Markup accrued		47,686	34,631
		<u>2,846,603</u>	<u>3,139,289</u>

7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2021 except settlement of facility amounting to Rs. 300 million.

7.2 This includes loan from directors Rs. 216.098 million (30 June 2021: 172.59 million) and from related parties Rs. 342.537 million (30 June 2021 : Rs. 354.06 million).

		Unaudited 31 December 2021	Audited 30 June 2021
	Note	[Rupees'000']	
8 TRADE AND OTHER PAYABLES			
Creditors		1,156,399	899,765
Accrued liabilities		631,878	494,469
Shop deposits		49,663	49,743
Retention money		149,960	141,683
Due to related parties - unsecured		50,351	40,687
Sales tax payable-net		132,310	117,915
Income tax deducted at source		27,435	14,087
Unearned income		33,210	52,605
Payable to provident fund		7,717	7,604
Other liabilities	8.1	689,514	325,029
		<u>2,928,437</u>	<u>2,143,586</u>

8.1 This includes amount of Rs. 58.91 (30 June 2021: Rs. 63.91) million payable to directors. During the period amount of Rs. 5 million has been paid to director.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements of the Group for the year ended 30 June 2021 except for the following:

	Note	Unaudited 31 December 2021 (Rupees'000)	Audited 30 June 2021
9.1.2 Guarantees		320,197	311,478
9.2 Commitments			
Commitments for capital expenditure		3,447,149	3,789,933
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	35,717,030	36,141,987
Capital work in progress	10.2	3,876,713	3,679,837
		39,593,743	39,821,824
10.1 Operating fixed assets			
Carrying amount at beginning of the period / year		36,141,987	37,191,636
Additions during the period / year	10.2.2	57,577	124,822
Transfer from Capital work in progress		184,730	691,969
Lease termination		-	(24,995)
Asset classified as held for sale		-	(815,115)
Disposal during the period / year		(181,260)	(8,659)
Depreciation charge for the period / year	10.2.2	(486,004)	(1,017,671)
Carrying amount at end of the period / year		35,717,030	36,141,987
10.2 Capital work in progress			
Carrying amount at beginning of the period / year		3,679,837	6,679,529
Additions during the period / year		381,606	1,045,220
Transferred to operating fixed assets		(184,730)	(691,969)
Transferred to non current asset held for sale		-	(3,258,553)
Written down adjustment		-	(94,390)
Carrying amount at end of the period / year	10.2.1	3,876,713	3,679,837
10.2.1 Closing capital work in progress represents:			
Construction of Pearl Continental Mirpur		3,579,662	3,574,120
Other civil works		297,051	105,717
		3,876,713	3,679,837

10.2.2 Additions in and depreciation on property, plant and equipment during the six months period ended 31 December 2020 were Rs. 342.39 million and Rs. 513.96 million respectively.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

11 INTANGIBLE ASSET	Note	Unaudited 31 December 2021 [Rupees'000']	Audited 30 June 2021
Project under development		506,466	176,736
Software	11.1	147,504	75,584
		653,970	252,320
Cost			
Opening balance		284,713	160,930
Additions: Project under development		317,050	15,806
Additions: Software		105,447	107,977
Closing balance		707,210	284,713
Accumulated amortisation			
Opening balance		32,393	-
Amortisation charge		20,847	32,393
Closing balance		53,240	32,393
Net book value			
Cost		707,210	284,713
Accumulated amortisation		53,240	32,393
Closing balance		653,970	252,320
Amortisation rate per annum			
Project under development		5%	5%
Software		30%	30%

11.1 This includes the computer software of Rs. 92.20 million, acquired by the Parent Company during the period. The purchase consideration is payable in monthly installments over a period of one year and the outstanding liability of Rs. 54.696 million is included in the trade and other payables.

12 ADVANCE FOR CAPITAL EXPENDITURE		Unaudited 31 December 2021 [Rupees'000']	Audited 30 June 2021
Advance for purchase of land	12.1	666,820	666,820
Advance for purchase of Malir Delta Land	12.2	381,656	381,656
Impairment loss		(40,000)	(40,000)
		1,008,476	1,008,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		26,446	11,087
Advances for Pearl Continental Mirpur Project		86,557	85,049
		113,003	96,136
		1,121,479	1,104,612

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

- 12.1 This includes amount of Rs. 626.82 million [30 June 2021: Rs. 626.82 million] paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Parent Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Parent Company to place the matter before the shareholders of the Parent Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appellants, the management and Board have complied with the directions of SECP in this regard.
- 12.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Parent Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Parent Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Parent Company being aggrieved and dissatisfied with a impugned judgment of High Court against dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal [CPLA] before Hon'ble Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Parent Company is diligently pursuing the same. The Parent Company is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Parent Company would be entitled to recover the amounts from the Seller as well as from the relevant Government Department. In this regard the paid Challan for regularization fee also states that Subject to the condition that the land in question is available on site and the lease money may be deposited into Government Treasury in the relevant Head of Accounts by the depositor at his own risk. In case if any irregularity/ false information/ concealment of facts / stay of court is noticed hereafter, the malkano amount paid to this effect by the depositor shall be reimbursed.

	Unaudited 31 December 2021	Audited 30 June 2021
	[Rupees'000]	
13 ADVANCE AGAINST EQUITY INVESTMENT		
Foreepay (Private) Limited	-	678,530
Xoop Technologies (Private) Limited	248,316	246,609
Home Shopping	114,624	-
	362,940	925,139

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

	Unaudited 31 December 2021	Audited 30 June 2021
	[Rupees'000]	
14 SHORT TERM INVESTMENTS		
<i>Amortized cost</i>		
Certificate of investments	5,300	5,300
Impairment loss	(5,300)	(5,300)
	-	-
<i>Fair value through other comprehensive income</i>		
National Technology Development Corporation Limited	200	200
Indus Valley Solvent Oil Extraction Limited	500	500
Impairment loss	(700)	(700)
	-	-
<i>Amortized cost</i>		
Term deposit receipt	565,523	565,523
Term Finance certificate	75,000	75,000
Mutual Fund	3,212	3,099
Accrued interest	6,964	7,050
	650,699	650,672
<i>Financial assets at fair value through profit or loss</i>		
Shares of listed Companies	6,333	7,781
	657,032	658,453
15 NON CURRENT ASSET HELD FOR SALE		
Property - Survey No. 8, Civil Line, Karachi	2,748,739	2,748,739
Under construction hotel Pearl Continental Multan	3,935,847	3,693,459
	6,684,586	6,442,198

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2021	2020	2021	2020
16 REVENUE - NET		[Rupees'000']			
Rooms		1,514,507	1,005,424	2,624,135	1,595,614
Food and beverages		2,214,827	1,209,734	3,744,676	1,963,082
Other related services	16.1	235,615	261,378	426,929	387,710
Vehicle rentals		42,231	21,633	79,310	31,287
Shop license fees		15,479	9,458	30,074	20,481
Franchise & management fee revenue		6,820	31,728	31,555	51,779
		4,029,479	2,539,355	6,936,679	4,049,953
Discounts and commissions		(116,081)	(63,513)	(191,950)	(84,527)
Sales tax		(535,469)	(332,977)	(925,051)	(540,968)
		3,377,929	2,142,865	5,819,678	3,424,458

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and provident fund. Detail of transactions and balances with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Six months period ended 31 December	
	2021	2020
	[Rupees'000]	
Transactions with associated undertakings		
Sales	168	108
Services provided	14,670	8,570
Services availed	187,723	126,898
Purchases	36,800	34,400
Franchise fee - income	2,346	1,599
Franchise and management fee - expense	-	2,910
Balances as at the period end:		
- Trade debts	12,398	* 15,397
- Trade Advances, deposits and prepayments	5,275	* 17,644
Transactions with other related parties		
Sales	920	323
Services provided	89	418
Services availed	300	10,400
Purchases	-	2,490
Contribution to defined contribution plan - provident fund	25,342	21,161
Purchase of Fixed asset	-	5,286
Short term loan during the period	-	223,628
Short term loan repaid during the period	11,522	-
Balances as at the period end:		
- Trade debts	1,169	*627
- Advance for capital expenditure	626,820	* 626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	121,182	68,771
Loan from key management personnel during the period	43,500	16,200
Refund of loan to key management personnel	-	150,000
Payable to key management personnel	58,910	* 65,249

* Represents balances as at 30 June 2021.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

21.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Financial Assets		Financial Liabilities	Amount in Rs'000				Total
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	
31 December 2021									
Financial assets measured at fair value									
Shares of listed Companies	14	6,333	-	-	6,333	6,333	-	-	6,333
Long term deposits		39,203	-	-	39,203	-	-	39,203	39,203
Short term deposits		16,482	-	-	16,482	-	-	16,482	16,482
		62,018	-	-	62,018	6,333	-	55,685	62,018
Financial assets not measured at fair value									
Trade debts	21.2	-	1,056,252	-	1,056,252	-	-	-	-
Contract assets		-	31,142	-	31,142	-	-	-	-
Advance to employees		-	22,974	-	22,974	-	-	-	-
Other receivables		-	222,248	-	222,248	-	-	-	-
Short term investments	14	-	643,735	-	643,735	-	-	-	-
Accrued interest		-	7,371	-	7,371	-	-	-	-
Cash and bank balances		-	565,117	-	565,117	-	-	-	-
		-	2,548,839	-	2,548,839	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	21.2	-	-	14,379,244	14,379,244	-	-	-	-
Other non-current liabilities	5	-	-	13,643	13,643	-	-	-	-
Short term borrowings	7	-	-	2,846,603	2,846,603	-	-	-	-
Lease liabilities	6	-	-	204,305	204,305	-	-	-	-
Trade and other payables	21.3	-	-	2,735,482	2,735,482	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	20,190,047	20,190,047	-	-	-	-
30 June 2021									
Financial assets measured at fair value									
Short term investments	14	7,781	-	-	7,781	7,781	-	-	7,781
Long term deposits		28,181	-	-	28,181	-	-	28,181	28,181
Short term deposits		16,282	-	-	16,282	-	-	16,282	16,282
		52,244	-	-	52,244	7,781	-	44,463	52,244
Financial assets not measured at fair value									
Trade debts	21.2	-	418,084	-	418,084	-	-	-	-
Contract assets		-	22,863	-	22,863	-	-	-	-
Advance to employees		-	12,983	-	12,983	-	-	-	-
Other receivables		-	66,771	-	66,771	-	-	-	-
Short term investments	14	-	643,622	-	643,622	-	-	-	-
Cash and bank balances		-	394,114	-	394,114	-	-	-	-
		-	1,558,437	-	1,558,437	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	21.2	-	-	14,725,080	14,725,080	-	-	-	-
Other non-current liabilities	5	-	-	18,801	18,801	-	-	-	-
Short term borrowings	7	-	-	3,139,289	3,139,289	-	-	-	-
Lease liabilities	6	-	-	239,657	239,657	-	-	-	-
Trade and other payables	21.3	-	-	1,958,979	1,958,979	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	20,092,576	20,092,576	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

21.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.

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

22 ACQUISITION OF SUBSIDIARY

On 22 August 2021, the Group assumed management control of Foreepay (Private) Limited ["the subsidiary company"], pursuant to acquisition of 78.27% shares in Foreepay (Private) Limited.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	[Rupees '000]
Cash	99,950

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition;

	[Rupees '000]
Property and equipment	10,750
Intangible assets	310,719
Advance against investment	113,124
Deposits	18,145
Advances, prepayments and other receivables	5,050
Sales tax receivables	5,344
Advance tax	951
Cash and bank balances	1,321
Advance against issue of shares	[678,530]
Deferred liabilities	[24,602]
Trade and other payables	[100,202]
Short term borrowings	[4,089]
Total identifiable net assets acquired	[342,019]

Goodwill

Goodwill arising from the acquisition has been recognised as follows;

Consideration transferred	99,950
Fair value of identifiable net assets	[342,019]
Less: Net assets attributable to non controlling interest	[74,328]
Fair value of identifiable net assets	[267,691]
Goodwill	267,791

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2021

23 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation. Following reclassification have been made during the period:


Description of item	Reclassified from	Reclassified to	Amount [Rupees'000]
Franchise fee	Other Income	Revenue	51,779

24 DATE OF AUTHORISATION FOR ISSUE

- 24.1 These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 24 February 2022.
- 24.2 These condensed interim consolidated financial statements have been signed by two directors of the Parent Company since at the time of meeting of the board of directors, the Chief Executive Officer was not in Pakistan.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer



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OWNERS AND OPERATORS OF



Pearl-Continental

HOTELS & RESORTS

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