



Pearl-Continental
HOTELS & RESORTS



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

Pearl-Continental Hotel, Malam Jabba



Pearl-Continental Hotel, Bhurban



Pearl-Continental
HOTELS & RESORTS

**CONDENSED INTERIM
FINANCIAL STATEMENTS
[UNAUDITED]**

For the three months period ended 30 September 2022



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. Muhammad Amir

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
Muslim Commercial 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 of the Company for the three months period ended 30 September 2022.

Economic Overview

Global economic activity is experiencing a sharper than expected slowdown with revision in global growth to 2.9% from earlier forecast of 5.9% coupled with super inflation in food commodities and other households. This hyperinflationary economic environment has hit the common man and made their livelihood meager to meet the necessities of daily life.

These economic uncertainties have caused unrest even in developed countries and forcing the Govts to resign. In this whole situation, the Russian Ukraine War has caused serious energy and foods crises for Europe besides jeopardizing the peace of whole region having impact on global economy without doubt.

Pakistan's economy was undergoing an overdue adjustment, as it recovered from the impacts of COVID-19. The business activity was reverting to its full swing and number of milestones were achieved during FY 2022 registering growth of 6%. The projected growth for the FY2023 is 3.5% whereas the devaluation of Pak Rupee has caused a major hit to businesses those were to pay in terms of hard currency. The inflation at home is just skyrocketing and has gone up to 37%.

Besides the Pakistan became victim of the Climate Change and 2/3rd of Pakistan was hit by heavy rains and floods causing losses of Billion of dollar besides loss of precious lives. A very conservative estimates of flood loss is USD 10.0 billion, some donors after visit of Secretary General UN have given commitments toward flood relief fund but there is a lot to do. The economic indicators are quite stressed, the high cost of energy and besides a surge in cost of doing business the economic activity stands shrink.

Overall performance of the Company

During the three-month period ended 30 September 2022, the Company recorded revenue (net) of Rs. 3,152 million, as compared to Rs. 2,415 million registered in the corresponding period of the last year whereas the gross profit for the period under report registered at Rs. 1,130 million as compared to Rs. 880 million of comparative period of the last year. The loss before tax is Rs. 90 million as compared to profit of Rs. 24 million of corresponding period of last year.

Highlights of Performance:

	For the three months period ended 30 September	
	2022	2021
	[Rupees million]	
Sales and Services – net	3,152	2,415
Gross profit	1,130	880
Loss] /Profit before taxation	[90]	24
[Loss] /Profit after taxation	[152]	5
[Loss] / earnings per share [Rupees]	[4.67]	0.15

Performance of Rooms Department

During the period Rooms Revenue-net was recorded at Rs. 1,414 million as against Rs. 1,031 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. 1,536 million for the period under review as compared to Rs. 1,199 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. 202 million has been achieved as compared to Rs. 185 million of the comparative period revenues.

Prospects

The economic impact of floods is likely to delay much-needed economic adjustment. The Government faces a difficult policy challenge in supporting relief and recovery while maintaining progress towards macroeconomic stabilization. To manage these challenges it will be critical to adhere to sound overall economic management besides strengthening market sentiment, including through articulating and effectively implementing a clear strategy for economic recovery. The company is striving hard to bridge working capital gap and to meet upcoming financial commitments. Through effective and efficient cash management and by strategic decision making in timely manner it is expected that the Company would be able to meet these challenges.

Consolidated Results

During the current period, the group recorded a revenue [net] of Rs. 3,238 million as compared to Rs. 2,442 million of the same period last year. Loss after taxation is recorded at Rs. 225 million in comparison with loss of Rs. 13 million of the corresponding period of the previous year.

Acknowledgement

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 their advice, understanding, and support that is critical for the success of our programs, projects, and business operations, 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: 27 October 2022

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

اقتصادی جائزہ:

عالمی اقتصادی سرگرمیاں سست روی کا سامنا کر رہی ہیں، عالمی نمو کو 2.9% تک نظر ثانی کی گئی ہے جو کہ پہلے 5.9% متوقع تھی، غذائی اجناس اور گھریلو ضروریات زندگی پر افراط زر کے اثر کی وجہ سے عام آدمی کی زندگی بھی متاثر ہوئی ہے۔ اس معاشی غیر یقینی صورتحال نے ترقی یافتہ ممالک میں بھی بدامنی پھیلانی ہے۔ روس اور یوکرین کی جنگ نے بھی توانائی اور خوراک کے بحران کا باعث ہونے کے ساتھ ساتھ عالمی معیشت پر بھی اثرات مرتب کئے ہیں۔

پاکستان کی معیشت Covid-19 کے اثرات سے نکل گئی ہے اور کاروباری سرگرمیاں کافی تیز ہیں جیسا کہ 2022 میں 6% کی ترقی ریکارڈ کی گئی۔ سال 2023 کے لئے متوقع ترقی 3.5% ہے اور پاکستانی روپے کی قدر میں کمی نے کاروباری لاگت میں اضافہ کیا ہے اور افراط زر بھی 37% پر ریکارڈ کیا گیا۔

اس کے علاوہ پاکستان کو موسمی تبدیلیوں کا بھی سامنا کرنا پڑا اور پاکستان کا تقریباً دو تہائی حصہ سیلاب اور بارشوں کی زد میں آیا جس سے قیمتی جانوں کے ضیاع کے علاوہ اربوں ڈالر کا نقصان بھی ہوا۔ اقوام متحدہ کے سیکرٹری جنرل کے دورے کے بعد سیلاب متاثرین فنڈ میں عطیات کا وعدہ کیا گیا۔ سیلاب کے معاشی اثرات کے علاوہ توانائی کی قیمتوں اور کاروباری لاگت میں اضافے کی وجہ سے بھی معاشی سرگرمیاں متاثر ہو رہی ہیں۔

کمپنی کی مجموعی کارکردگی:

30 ستمبر 2022 کو ختم ہونے والی سہ ماہی مدت کے دوران کمپنی نے 3,152 ملین روپے کی محصولات (خالص) ریکارڈ کیے ہیں جو گزشتہ سال کے اسی عرصے کے دوران 2,415 ملین روپے تھے۔

کمپنی کا مجموعی منافع 1,130 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں 880 ملین روپے تھا۔ قبل از ٹیکس خسارہ گزشتہ برس کے اسی عرصے کے 24 ملین منافع کے مقابلے میں 90 ملین روپے ریکارڈ کیا گیا۔

کارکردگی کی جھلکیاں:

	سہ ماہی مدت اختتام 30 ستمبر	
	2022	2021
	(ملین روپے)	
فروخت اور خدمات (خالص)	3,152	2,415
کل منافع	1,130	880
خسارہ/منافع قبل از ٹیکس	(90)	24
خسارہ/منافع بعد از ٹیکس	(152)	5
فی حصہ (خسارہ)/آمدنی (روپے میں)	(4.67)	0.15

رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے 1,031 ملین روپے کی نسبت آمدنی (خالص) 1,414 ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی خالص آمدن 1,536 ملین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے مقابلے میں 1,199 ملین روپے تھی۔

دیگر متعلقہ خدمات لائسنس فیس/ٹریول وٹورز ڈویژن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران میں 202 ملین روپے کی آمدنی (خالص) حاصل کی گئی۔ جو گزشتہ برس کے اسی عرصے کے مقابلے میں 185 ملین روپے تھی۔

مستقبل کے امکانات:

سیلاب کے معاشی اثرات کی بنیاد پر معاشی اصلاحات تاخیر کا شکار ہیں۔ حکومت کو سیلاب متاثرین کی بحالی کے ساتھ معاشی بحالی کا چیلنج بھی درپیش ہے۔ اس چیلنج سے نمٹنے کے لئے واضح حکمت عملی اور اس پر عمل کرنے کی سخت ضرورت ہے۔ کمپنی اپنے ورکنگ کپینٹل گپ اور آنے والے مالیاتی ادائیگیوں کے لئے پوری کوشش کر رہی ہے، بہتر فیصلہ سازی اور موثر کیش مینجمنٹ کے ذریعے کمپنی ان چیلنجز کو پورا کر سکے گی۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے 3,238 ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں 2,442 ملین روپے تھے۔ گزشتہ برس کے 13 ملین روپے بعد از ٹیکس خسارہ کی نسبت موجودہ عرصہ میں 225 ملین روپے خسارہ ریکارڈ کیا گیا۔

اظہار تشکر:

ہم بورڈ کی جانب سے خصوصی پیشہ ورانہ خدمات کے لیے کمپنی کے عملے کا شکریہ ادا کرتے ہیں اور ہم اپنے معزز مہمانوں کے بھی شکر گزار ہیں، جو ہمیشہ ہماری اور اسٹاف کی حوصلہ افزائی کرتے ہیں تاکہ بہترین پروڈکٹس اور خدمات کی فراہمی میں ان کا مسلسل تعاون اور سرپرستی حاصل رہے۔ ہم ان تمام مشوروں، تعاون اور باہمی ادراک کے لیے حکومتی اداروں اور اپنے کونسلٹنٹس، 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 کر ابوبکر
ڈائریکٹر



ایم۔ اے۔ باوانی
ڈائریکٹر

اسلام آباد: 27 اکتوبر 2022



Pearl-Continental Hotel, Karachi



**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**
For the three months period ended 30 September 2022

Condensed Interim Unconsolidated Statement of Financial Position

As at 30 September 2022

		Unaudited 30 Sep 2022	Audited 30 June 2022
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		5,339,814	5,491,769
Revaluation surplus on property, plant and equipment		39,067,870	39,067,870
Total equity		45,002,350	45,154,305
LIABILITIES			
Loans and borrowings	5	7,988,553	8,451,722
Lease liabilities	6	189,284	213,491
Deferred government grant		2,337	4,638
Employee benefits		891,936	872,791
Other non current liabilities		9,519	12,934
Non - current liabilities		9,081,629	9,555,576
Short term borrowings	7	2,285,944	2,241,140
Current portion of loans and borrowings	5	4,895,616	4,879,957
Current portion of lease liabilities	6	106,765	100,546
Trade and other payables	8	2,794,000	2,532,060
Contract liabilities		731,813	710,863
Advance against non-current assets held for sale		875,000	875,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		11,699,908	11,350,336
Total equity and liabilities		65,783,887	66,060,217
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

		Unaudited 30 Sep 2022	Audited 30 June 2022
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	49,408,512	49,534,613
Advance for capital expenditure	11	1,145,081	1,121,685
Intangible asset	12	114,839	123,896
Investment property		80,000	80,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	13	1,673,071	1,874,071
Long term deposits		22,373	21,773
Deffered tax assets-net		284,741	287,702
Non - current assets		53,766,411	54,081,534
Inventories		419,921	394,715
Trade debts		852,477	781,041
Contract assets		60,583	27,654
Advances, prepayments, trade deposits and other receivables		575,268	432,135
Short term investments	14	1,436,434	1,753,240
Non-current assets held for sale	15	7,902,078	7,659,099
Advance tax - net		530,304	541,212
Cash and bank balances		240,411	389,587
Current assets		12,017,476	11,978,683
Total assets		65,783,887	66,060,217



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the three months period ended 30 September 2022

	Note	Unaudited 30 Sep 2022 [Rupees'000]	Unaudited 30 Sep 2021
Revenue - net	16	3,151,589	2,415,037
Cost of sales and services	17	(2,021,818)	(1,534,629)
Gross profit		1,129,771	880,408
Other income		58,557	56,418
Administrative expenses		(853,404)	(590,151)
Impairment loss on trade debts		(30,916)	(25,754)
Operating profit		304,008	320,921
Finance income		55,546	13,919
Unrealised gain / [loss] on remeasurement of investments to fair value - net		14,190	(2,034)
Finance cost		(463,293)	(309,259)
Net finance cost		(393,557)	(297,374)
[Loss] / profit before taxation		(89,549)	23,547
Income tax expense		(62,406)	(18,515)
[Loss] / profit for the period		(151,955)	5,032
[Loss] / Earnings [per share - basic and diluted] [Rupees]	18	(4.67)	0.15

The annexed notes 1 to 23 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 three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
Note	[Rupees'000]	
Other comprehensive income for the period	(151,955)	5,032
Total comprehensive income for the period - [loss]	<u>(151,955)</u>	<u>5,032</u>

The annexed notes 1 to 23 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 three months period ended 30 September 2022

	Note	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	19	597,413	638,556
Working capital changes			
(Increase) / decrease in current assets			
Inventories		[25,206]	[18,228]
Trade debts		[102,352]	[239,013]
Contract assets		[32,929]	[5,107]
Advances		[27,171]	1,573
Trade deposits and prepayments		[57,232]	[45,541]
Other receivables		[58,729]	[78,118]
Increase / (decrease) in current liabilities			
Trade and other payables		261,940	318,425
Non current liabilities		[3,415]	[2,620]
Contract liabilities		20,950	24,230
Cash used in operations		[24,144]	[44,399]
Staff retirement benefit - gratuity paid		[11,834]	[19,497]
Compensated leave absences paid		[6,277]	[4,347]
Income tax paid		[48,537]	[48,946]
Finance cost paid		[564,446]	[428,894]
Net cash (used in) / generated from operating activities		[57,825]	92,473
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		[100,732]	[157,419]
Advance for capital expenditure		[23,396]	[49,509]
Payment for Intangible asset		-	[14,965]
Proceeds from disposal of property, plant and equipment		14,494	145
Equity refunded from subsidiaries		201,000	150,000
Advance against non-current asset held for sale		-	400,000
Increase in non-current asset held for sale		[93,500]	[84,285]
Short term investments		328,056	-
Receipts of return on bank deposits and short term investments		54,047	11,861
Long term deposits and prepayments		[600]	7,252
Net cash generated from investing activities		379,969	263,080
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		[483,973]	[50,841]
Lease liabilities paid		[17,988]	[25,813]
Net cash used in financing activities		[501,961]	[76,654]
Net (decrease) / increase in cash and cash equivalents		[179,817]	278,899
Cash and cash equivalents at beginning of the period		[1,787,969]	[2,294,564]
Cash and cash equivalents at end of the period	20	[1,967,786]	[2,015,665]

The annexed notes 1 to 23 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 three months period ended 30 September 2022

	Capital reserve			Revenue reserves		Total equity
	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
	(Rupees'000)					
Balance at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,210,061	34,509,776
Impact of change in accounting policy - net of tax	-	-	-	-	(14,775)	(14,775)
Adjusted balance as at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,195,286	34,495,001
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,032	5,032
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	5,032	5,032
Balance at 30 September 2021	325,242	269,424	29,105,049	1,600,000	3,200,318	34,500,033
Balance at 01 July 2022	325,242	269,424	39,067,870	1,600,000	3,891,769	45,154,305
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(151,955)	(151,955)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period - (loss)	-	-	-	-	(151,955)	(151,955)
Balance at 30 September 2022	325,242	269,424	39,067,870	1,600,000	3,739,814	45,002,350

The annexed notes 1 to 23 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 three months period ended 30 September 2022

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 2022. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2022, 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 three months period ended 30 September 2021.

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. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

The Company’s current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 7,585 million as at 30 September 2022 (June 2022: 7,030 million). The Company’s obligation due under financing and lease agreements as at 30 September 2022 aggregates to Rs. 7,197 million (June 2022: 7,136 million). This liquidity position is mainly due to adverse impact of COVID-19 on hoteling industry during the year 2020 and 2021.

The Company has been promptly meeting its debts obligations as and when due in recent past. All above indicators along with the projected cash flows indicate the Company’s ability to meet its funding obligation.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

Accordingly, management has a reasonable expectation that the Company will have adequate resources to continue its operational existence and manage its obligations for the foreseeable future and shall remain a going concern.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in management's assessment and cash flow projection are always subject to unforeseen variability, and these may differ due to events and conditions outside the control of management, hence inherently an uncertainty remains on the manner of achievement of projected results, which may be material. However, in case due to unforeseen and uncontrollable events, the going concern assumption is no longer valid, this could have an impact on the Company's ability to realize its 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 2022.

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 2022.

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].

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.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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 2023 :

- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2023]
- Amendments to IAS 8: Accounting policies, Changes in accounting estimates and errors	[effective 01 January 2023]
- Amendments to IAS 12: Income Taxes	[effective 01 January 2023]

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 2022.

	Unaudited 30 Sep 2022	Audited 30 June 2022
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured		
a. Non current portion		
Term Finance Loan - 1	506,410	534,035
Term Finance Loan - 2	1,576,520	1,662,520
Term Finance Loan - 3	1,765,539	1,765,539
Term Finance Loan - 4	1,800,000	1,800,000
Term Finance Loan - 5	99,346	147,884
Sukuk	6,070,675	6,390,184
Transaction cost	[24,587]	[27,080]
	11,793,903	12,273,082
Current portion of loans	[3,923,357]	[3,970,016]
	7,870,546	8,303,066
Markup accrued - non current	118,007	148,656
	7,988,553	8,451,722
b. Current portion		
Current portion of loans	3,923,357	3,970,016
Markup accrued	972,259	909,941
	4,895,616	4,879,957

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 2022.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

6 LEASE LIABILITIES	Note	Unaudited	Audited
		30 Sep 2022	30 June 2022
		[Rupees'000']	
Opening		314,037	218,528
Interest expenses		5,912	23,031
Additions during the period/ year		-	201,708
Lease payments		(23,900)	(129,230)
Closing		296,049	314,037
Current portion		106,765	100,546
Non-current portion		189,284	213,491
7 SHORT TERM BORROWINGS			
Running finance facilities - banking companies	7.1	2,206,885	2,176,245
Markup accrued		79,059	64,895
		2,285,944	2,241,140

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 2022.

8 TRADE AND OTHER PAYABLES	Note	Unaudited	Audited
		30 Sep 2022	30 June 2022
		[Rupees'000']	
Creditors		1,248,912	1,041,802
Accrued liabilities		668,771	557,666
Shop deposits		49,775	53,575
Retention money		155,181	170,161
Due to related parties - unsecured		56,331	23,509
Sales tax payable		243,471	222,062
Income tax deducted at source		20,045	6,941
Unearned income		38,583	58,409
Other liabilities	8.1	312,931	397,935
		2,794,000	2,532,060

8.1 This includes amount of Rs. 20.71 million [30 June 2022: Rs. 22.47 million] payable to director.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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 2022 except for the following:

	Note	Unaudited 30 Sep 2022 (Rupees'000)	Audited 30 June 2022
9.1.2 Guarantees		369,069	369,069
9.2 Commitments			
Commitments for capital expenditure		2,788,659	2,747,885
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	45,587,932	45,803,771
Capital work in progress	10.2	3,820,580	3,730,842
		49,408,512	49,534,613
10.1 Operating fixed assets			
Carrying amount at beginning of the period / year		45,803,771	36,036,481
Additions during the period / year	10.2.2	10,994	257,108
Transfer from Capital work in progress		-	918,301
Revaluation surplus		-	10,131,256
Asset classified as held for sale		-	(365,815)
Disposal during the period / year		(6,991)	(222,254)
Depreciation charge for the period / year	10.2.2	(219,842)	(951,306)
Carrying amount at end of the period / year		45,587,932	45,803,771
10.2 Capital work in progress			
Carrying amount at beginning of the period / year		3,730,842	3,679,837
Additions during the period / year		89,738	969,306
Transferred to operating fixed assets		-	(918,301)
Carrying amount at end of the period / year	10.2.1	3,820,580	3,730,842
10.2.1 Closing capital work in progress represents:			
Construction of Pearl Continental Mirpur		3,630,139	3,661,460
Other civil works		190,441	69,382
		3,820,580	3,730,842

10.2.2 Additions in and depreciation on property, plant and equipment during the three months period ended 30 September 2021 were Rs. 4.50 million and Rs. 238.61 million respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

		Unaudited 30 Sep 2022	Audited 30 June 2022
	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		57,579	34,183
Advances for Pearl Continental Mirpur Project		79,026	79,026
		136,605	113,209
		1,145,081	1,121,685

11.1 This includes amount of Rs. 626.82 million (30 June 2022: 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 three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Audited 30 June 2022
	[Rupees'000']	
12 INTANGIBLE ASSET		
Software	114,839	123,896
Cost		
Opening balance	200,180	107,978
Additions	-	92,202
Closing balance	200,180	200,180
Accumulated amortisation		
Opening balance	76,284	32,393
Amortisation charge	9,057	43,891
Closing balance	85,341	76,284
Net book value		
Cost	200,180	200,180
Accumulated amortisation	(85,341)	(76,284)
Closing balance	114,839	123,896
Amortisation rate per annum	30%	30%

13 ADVANCE AGAINST EQUITY INVESTMENT

This represents advance against equity investment of Rs. 1,118.07 million (30 June 2022: Rs. 1,143.07 million) and Rs. 555 million (30 June 2022: Rs. 731 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 three months period ended 30 September 2022

14 SHORT TERM INVESTMENTS	Note	Unaudited 30 Sep 2022 (Rupees'000')	Audited 30 June 2022
<i>Amortized cost</i>			
Certificate of investments		5,300	5,300
Allowance for 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
Allowance for Impairment loss		(700)	(700)
		-	-
<i>Amortized cost</i>			
Term deposit receipt		865,523	1,193,579
Term Finance certificate		75,000	75,000
Accrued interest		6,468	9,407
		946,991	1,277,986
<i>Financial assets at fair value through profit or loss</i>			
Investment in shares of listed Companies	14.1	489,443	475,254
		1,436,434	1,753,240

14.1 This mainly includes investment in an associated company having carrying value of Rs. 481.813 million [30 June 2022: Rs. 468.262 million].

14.1.1 Out of total shares 15,056,661 held by the Company in an associated company, 15,000,000 [30 June 2022: 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 30 Sep 2022 (Rupees'000')	Audited 30 June 2022
Property-Survey No. 32-B, Khyber Road, Peshawar	3,114,962	3,114,554
Under Construction Hotel Pearl Continental Multan	4,787,116	4,544,545
	7,902,078	7,659,099

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

16 REVENUE- NET	Note	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
		[Rupees'000]	
Rooms		1,500,234	1,111,072
Food and beverages		1,863,072	1,530,389
Other related services	16.1	255,906	188,302
Fee revenue from franchise & management properties		14,322	24,735
Shop license fees		12,683	14,595
		<u>3,646,217</u>	<u>2,869,093</u>
Discounts		[77,548]	[68,797]
Sales tax		[417,080]	[385,259]
		<u>3,151,589</u>	<u>2,415,037</u>

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

17 COST OF SALES AND SERVICES	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021	
		[Rupees'000]	
Food and beverages			
Opening balance	150,527	170,716	
Purchases during the period	592,419	519,447	
Closing balance	[148,484]	[233,517]	
Consumption during the period	<u>594,462</u>	<u>456,646</u>	
Direct expenses			
Salaries, wages and benefits	480,235	348,317	
Heat, light and power	490,334	294,863	
Repair and maintenance	97,272	72,261	
Depreciation	180,923	197,857	
Amortization	8,151	13,512	
Guest supplies	62,575	56,574	
Linen, china and glassware	27,303	20,885	
Communication	2,729	1,896	
Laundry and dry cleaning	17,168	17,098	
Banquet and decoration	18,630	6,158	
Transportation	10,284	4,547	
Uniforms	4,835	4,057	
Music and entertainment	4,497	3,235	
Others	22,420	36,723	
	<u>2,021,818</u>	<u>1,534,629</u>	

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
	[Rupees'000]	
18 EARNINGS / [LOSS]PER SHARE		
[Loss]/ profit for the period [Rupees '000]	[151,955]	5,032
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170
[Loss]/ earnings per share - basic [Rupees]	[4.67]	0.15
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	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
	[Rupees'000]	
[Loss] / profit before tax	[89,549]	23,547
Adjustments for:		
Depreciation	219,842	238,608
Amortization	9,057	15,013
Gain on disposal of property, plant and equipment	[7,503]	[8]
Provision for staff retirement benefit - gratuity	32,243	25,114
Provision for compensated leave absences	5,014	11,113
Impairment loss on trade debts	30,916	25,754
Return on bank deposits / certificate of investments	[51,110]	[11,878]
Finance cost	463,293	309,259
Unrealised [gain]/ loss on remeasurement of investments to fair value	[14,190]	2,034
	<u>597,413</u>	<u>638,556</u>
20 CASH AND CASH EQUIVALENTS		
Cash and bank balances	240,411	337,200
Short term borrowings	[2,285,944]	[2,401,639]
Accrued markup on short term borrowings	79,059	49,098
Accrued profit on bank deposits	[1,312]	[324]
	<u>[1,967,786]</u>	<u>[2,015,665]</u>
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 three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
	[Rupees'000]	
Transactions with subsidiary companies		
Sales	841	544
Services provided	2,560	1,444
Services availed	28,042	14,437
Refund of Advance against equity investment	201,000	150,000
Fund received/current account	-	20,000
Fund repaid/current account	-	20,000
Balances as at the period / year end:		
- Trade debts	9,170	* 6,689
- Long term investments	1,037,794	*1,037,794
Transactions with associated undertakings		
Sales	181	196
Services provided	2,768	2,376
Services availed	113,983	76,487
Purchases	27,537	9,527
Franchise fee - income	1,178	1,098
Balances as at the period / year end:		
- Trade debts	7,864	*5,935
- Advances, deposits and prepayments	19,545	*11,846
Transactions with other related parties		
Sales	8	196
Services provided	62	47
Services availed	7,282	-
Contribution to defined contribution plan - provident fund	15,743	11,746
Balances as at the period / year end:		
- Trade debts	1,328	*1,245
- Advance for capital expenditure	626,820	*626,820
- Advances, deposits and prepayments	-	*794
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	111,355	55,802

* Represents balances as at 30 June 2022.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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					
30 September 2022									
Financial assets measured at fair value									
Short term investments	14	489,443	-	-	489,443	489,443	-	-	489,443
Long term deposits		22,373	-	-	22,373	-	-	-	-
Short term deposits		16,395	-	-	16,395	-	-	-	-
		<u>528,211</u>	<u>-</u>	<u>-</u>	<u>528,211</u>	<u>489,443</u>	<u>-</u>	<u>-</u>	<u>489,443</u>
Financial assets not measured at fair value									
Trade debts	22.2	-	852,477	-	852,477	-	-	-	-
Contract assets		-	60,583	-	60,583	-	-	-	-
Advance to employees		-	8,052	-	8,052	-	-	-	-
Other receivables		-	382,344	-	382,344	-	-	-	-
Short term investments	14	-	940,523	-	940,523	-	-	-	-
Accrued interest		-	7,780	-	7,780	-	-	-	-
Cash and bank balances		-	240,411	-	240,411	-	-	-	-
		-	<u>2,492,170</u>	-	<u>2,492,170</u>	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	12,908,756	12,908,756	-	-	-	-
Other non current liabilities		-	-	9,519	9,519	-	-	-	-
Short term borrowings	7	-	-	2,285,944	2,285,944	-	-	-	-
Lease liabilities	6	-	-	296,049	296,049	-	-	-	-
Trade and other payables	22.3	-	-	2,491,901	2,491,901	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	<u>18,002,939</u>	<u>18,002,939</u>	-	-	-	-
30 June 2022									
Financial assets measured at fair value									
Short term investments	14	475,254	-	-	475,254	475,254	-	-	475,254
Long term deposits		21,773	-	-	21,773	-	-	-	-
Short term deposits		16,095	-	-	16,095	-	-	-	-
		<u>513,122</u>	<u>-</u>	<u>-</u>	<u>513,122</u>	<u>475,254</u>	<u>-</u>	<u>-</u>	<u>475,254</u>
Financial assets not measured at fair value									
Trade debts	22.2	-	781,041	-	781,041	-	-	-	-
Contract assets		-	27,654	-	27,654	-	-	-	-
Advance to employees		-	5,044	-	5,044	-	-	-	-
Other receivables		-	120,069	-	120,069	-	-	-	-
Short term investments	14	-	1,268,579	-	1,268,579	-	-	-	-
Cash and bank balances		-	389,587	-	389,587	-	-	-	-
		-	<u>2,591,974</u>	-	<u>2,591,974</u>	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	13,358,759	13,358,759	-	-	-	-
Other non current liabilities		-	-	12,934	12,934	-	-	-	-
Short term borrowings	7	-	-	2,241,140	2,241,140	-	-	-	-
Lease liabilities	6	-	-	314,037	314,037	-	-	-	-
Trade and other payables	22.3	-	-	2,244,648	2,244,648	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	<u>18,182,288</u>	<u>18,182,288</u>	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

- 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 DATE OF AUTHORISATION FOR ISSUE

- 23.1 These condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 27 October 2022.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer



Pearl-Continental Hotel, Bhurban



Pearl-Continental Hotel, Karachi



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**
For the three months period ended 30 September 2022

Condensed Interim Consolidated Statement of Financial Position

As at 30 September 2022

		Unaudited 30 Sep 2022	Audited 30 June 2022
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		145,070	145,070
Revenue reserves		3,843,698	4,055,165
Revaluation surplus on property, plant and equipment		39,067,871	39,067,871
Equity attributable to owners		43,381,881	43,593,348
Non-controlling interest		172,919	186,344
Total equity		43,554,800	43,779,692
LIABILITIES			
Loans and borrowings	5	8,267,554	8,730,771
Lease liabilities	6	265,512	301,591
Deferred government grant		2,337	4,638
Employee benefits		964,850	945,299
Deferred tax liability - net		210,143	204,411
Other non current liabilities		9,519	12,934
Non - current liabilities		9,719,915	10,199,644
Short term borrowings	7	3,163,274	3,047,607
Current portion of loans and borrowings	5	4,965,843	4,940,595
Current portion of lease liabilities	6	137,275	135,726
Trade and other payables	8	3,106,998	2,843,806
Contract liabilities		1,081,917	864,663
Advance against non-current assets held for sale	15	875,000	875,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		13,341,077	12,718,167
Total equity and liabilities		66,615,792	66,697,503
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.

		Unaudited 30 Sep 2022	Audited 30 June 2022
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	49,637,609	49,695,181
Intangible asset	11	642,058	635,112
Advance for capital expenditure	12	1,152,286	1,203,165
Investment property		80,000	80,000
Long term investments		1,143,816	1,130,265
Advance against equity investment	13	189,402	189,402
Long term deposits		54,053	52,518
Non - current assets		52,899,224	52,985,643
Inventories		449,879	407,862
Development properties		1,855,487	1,855,487
Trade debts		911,504	833,185
Contract assets		60,583	27,654
Advances, prepayments, trade deposits and other receivables		673,139	512,862
Short term investments	14	958,325	1,288,350
Non-current assets held for sale	15	7,902,077	7,659,099
Advance tax - net		568,963	577,635
Cash and bank balances		336,611	549,726
Current assets		13,716,568	13,711,860
Total assets		66,615,792	66,697,503



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

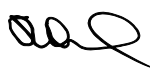
For the three months period ended 30 September 2022

	Note	Unaudited 30 Sep 2022 [Rupees'000]	Unaudited 30 Sep 2021
Revenue - net	16	3,238,288	2,441,749
Cost of sales and services	17	(2,105,639)	(1,554,838)
Gross profit		1,132,649	886,911
Other income		58,632	56,578
Administrative expenses		(910,005)	(606,329)
Impairment loss on trade debts		(30,916)	(25,754)
Operating profit		250,360	311,406
Finance income		42,836	(12,324)
Unrealised gain / [loss] on remeasurement of investments to fair value - net		639	(1,281)
Finance cost		(477,981)	(321,091)
Net finance cost		(434,506)	(334,696)
Share of profit in equity accounted investments		27,412	26,290
[Loss] / Profit before taxation		(156,734)	3,000
Income tax expense		(68,158)	(15,976)
Loss for the period		(224,892)	(12,976)
Loss attributable to:			
Owners of the Company		(211,467)	(6,931)
Non-controlling interests		(13,425)	(6,045)
		(224,892)	(12,976)

The annexed notes 1 to 22 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 three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
Note	[Rupees'000]	
Loss for the period	(224,892)	(12,976)
Other comprehensive income for the period	-	-
Total comprehensive income for the period - [loss]	(224,892)	(12,976)
Total comprehensive income- [loss] attributable to:		
Owners of the Company	(211,467)	(6,931)
Non-controlling interests	(13,425)	(6,045)
	(224,892)	(12,976)

The annexed notes 1 to 22 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 three months period ended 30 September 2022

	Note	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	18	553,445	635,604
Working capital changes			
[Increase] / decrease in current assets			
Inventories		(42,017)	(18,043)
Trade debts		(109,235)	(244,916)
Contract assets		(32,929)	(5,107)
Advances		(39,748)	1,089
Trade deposits and prepayments		(56,146)	(45,685)
Other receivables		(64,382)	(101,488)
Increase / [decrease] in current liabilities			
Trade and other payables		263,192	520,634
Non current liabilities		(3,415)	(2,620)
Contract liabilities		217,254	24,230
Cash used in operations		132,574	128,094
Staff retirement benefit - gratuity paid		(12,369)	(19,551)
Compensated leave absences paid		(6,414)	(4,398)
Income tax paid		(53,753)	(49,621)
Finance cost paid		(568,610)	(430,198)
Net cash generated from operating activities		44,873	259,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(106,510)	(161,572)
Advance for capital expenditure		(20,194)	(49,509)
Payment for Intangible asset		(16,286)	(18,328)
Proceeds from disposal of property, plant and equipment		14,494	145
Advance against equity investment		-	(39,242)
Short term investments		327,652	-
Advance against asset held for sale		(93,500)	400,000
Addition in asset held for sale		-	(84,285)
Dividend income received		600	-
Receipts of return on bank deposits and short term investments		55,274	12,698
Long term deposits and prepayments		(1,535)	7,253
Net cash generated from investing activities		159,995	67,160
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(484,956)	(51,807)
Repayment of short term loan		-	(15,653)
Proceeds from short term loan		70,862	-
Advance against issuance of shares		-	40,686
Lease liabilities paid		(34,530)	(32,735)
Net cash [used in] / generated from financing activities		(448,624)	(59,509)
Net [decrease] / increase in cash and cash equivalents		(243,756)	267,581
Cash and cash equivalents at beginning of the period		(1,627,920)	(2,184,209)
Cash and cash equivalents at end of the period	19	(1,871,676)	(1,916,628)

The annexed notes 1 to 22 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 three months period ended 30 September 2022

	Share capital	Share premium	Acquisition reserve	Share of associate's capital reserve	Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non controlling Interest	Total Equity
					General reserve	Exchange translation reserve (net of tax)	Share of other OCI items of associate	Unappropriated profit				
	(Rupees'000)											
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
Impact of change in accounting policy	-	-	-	-	-	-	-	(14,775)	-	(14,775)	-	(14,775)
Adjusted balance at 01 July 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,229,529	29,105,050	33,776,020	187,871	33,963,891
Total comprehensive income for the period												
Loss for the period	-	-	-	-	-	-	-	(6,931)	-	(6,931)	(6,045)	(12,976)
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	40,686	40,686
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - loss	-	-	-	-	-	-	-	(6,931)	-	(6,931)	34,641	27,710
Transactions with owners												
Balance at 30 September 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,222,598	29,105,050	33,769,089	222,512	33,991,601
Balance at 01 July 2022	325,242	269,424	(271,575)	147,221	1,600,000	1,468,847	27,840	958,478	39,067,871	43,593,348	186,344	43,779,692
Total comprehensive income for the period												
Loss for the period	-	-	-	-	-	-	-	(211,467)	-	(211,467)	(13,425)	(224,892)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - loss	-	-	-	-	-	-	-	(211,467)	-	(211,467)	(13,425)	(224,892)
Balance at 30 September 2022	325,242	269,424	(271,575)	147,221	1,600,000	1,468,847	27,840	747,011	39,067,871	43,381,881	172,919	43,554,800

The annexed notes 1 to 22 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 three months period ended 30 September 2022

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 [CPPL]	Real Estate Development	100%
Elite Properties (Private) Limited	Real Estate Development	100%
Invency (Private) Limited (through CPPL)	Conglomerate	78.3%

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 2022. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2022, 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 nine months period ended 30 September 2021.

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. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

The Group’s current liabilities exceeded current assets (excluding non-current assets held for sale) by Rs. 7,526 million as at 30 September 2022 (June 2022: 6,667 million). The Company’s obligation due under financing and lease

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

agreements as at 30 September 2022 aggregates to Rs. 8,175 million (June 2022: 8,124 million). This liquidity position is mainly due to adverse impact of COVID-19 on hoteling industry during the year 2020 and 2021.

The Group has been promptly meeting its debts obligations as and when due in recent past. All above indicators along with the projected cash flows indicate the Group's ability to meet its funding obligation. Accordingly, management has a reasonable expectation that the Group will have adequate resources to continue its operational existence and manage its obligations for the foreseeable future and shall remain a going concern.

Management acknowledges that the manner and timing of all the assumptions and projected results envisaged in management's assessment and cash flow projection are always subject to unforeseen variability, and these may differ due to events and conditions outside the control of management, hence inherently an uncertainty remains on the manner of achievement of projected results, which may be material. However, in case due to unforeseen and uncontrollable events, the going concern assumption is no longer valid, this could have an impact on the Group's ability to realize its 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 2022.

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 2022.

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).

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.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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 2023 :

- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2023]
- Amendments to IAS 8: Accounting policies, Changes in accounting estimates and errors	[effective 01 January 2023]
- Amendments to IAS 12: Income Taxes	[effective 01 January 2023]

The above amendments are not likely to have an impact on the Group's 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 2022.

	Unaudited 30 Sep 2022	Audited 30 June 2022
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured		
a. Non current portion		
Term Finance Loan - 1	506,410	534,035
Term Finance Loan - 2	1,576,520	1,662,520
Term Finance Loan - 3	1,765,539	1,765,539
Term Finance Loan - 4	1,800,000	1,800,000
Term Finance Loan - 5	100,297	149,818
Sukuk	6,070,675	6,390,184
Preference Shares	279,000	279,000
Transaction cost	[24,587]	[27,080]
	<u>12,073,854</u>	<u>12,554,016</u>
Current portion of loans	[3,924,307]	[3,971,901]
	<u>8,149,547</u>	<u>8,582,115</u>
Markup accrued	118,007	148,656
	<u>8,267,554</u>	<u>8,730,771</u>
b. Current portion		
Current portion of loans	3,924,307	3,971,901
Markup accrued	1,041,536	968,694
	<u>4,965,843</u>	<u>4,940,595</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 2022.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

		Unaudited 30 Sep 2022	Audited 30 June 2022
	Note	[Rupees'000']	
6 LEASE LIABILITIES			
Opening		437,317	239,657
Additions		-	330,585
Interest expense		9,943	27,537
Payments		(44,473)	(160,462)
Closing		402,787	437,317
Current portion		137,275	135,726
Non-current portion		265,512	301,591
7 SHORT TERM BORROWINGS - secured			
Running finance facilities - banking companies	7.1	2,206,886	2,176,245
Short term loan - unsecured	7.2	877,329	806,467
Markup accrued		79,059	64,895
		3,163,274	3,047,607

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 2022.

7.2 This includes loan from directors Rs. 610.29 million [June 2022: Rs. 539.44 million] and from related parties Rs. 267.03 million [June 2022: Rs. 267.03] million.

		Unaudited 30 Sep 2022	Audited 30 June 2022
		[Rupees'000]	
8 TRADE AND OTHER PAYABLES			
Creditors		1,313,696	1,100,660
Accrued liabilities		753,852	620,803
Shop deposits		49,775	53,575
Retention money		155,181	170,161
Due to related parties - unsecured		67,171	35,346
Sales tax payable-net		243,471	222,063
Income tax deducted at source		70,069	42,760
Unearned income		38,583	58,409
Payable to provident fund		7,877	7,877
Other liabilities	8.1	407,322	532,152
		3,106,998	2,843,806

8.1 This includes amount of Rs. 20.71 million [June 2022: Rs. 22.47 million] payable to directors of the parent company and Rs. 75 million [2021: Nil] payable on behalf of a subsidiary.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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 2022 except for the following:

	Note	Unaudited 30 Sep 2022 [Rupees'000]	Audited 30 June 2022
9.1.2 Guarantees		403,416	403,416
9.2 Commitments			
Commitments for capital expenditure		2,788,659	2,816,748
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	45,817,029	45,964,339
Capital work in progress	10.2	3,820,580	3,730,842
		49,637,609	49,695,181
10.1 Operating fixed assets			
Carrying amount at beginning of the period / year		45,964,339	36,141,987
Additions during the period / year	10.2.2	87,842	341,121
Transfer from Capital work in progress		-	918,301
Revaluation surplus		-	10,131,256
Asset classified as held for sale		-	(365,816)
Disposal during the period / year		[6,991]	[226,135]
Depreciation charge for the period / year	10.2.2	[228,161]	[976,375]
Carrying amount at end of the period / year		45,817,029	45,964,339
10.2 Capital work in progress			
Carrying amount at beginning of the period / year		3,730,842	3,679,837
Additions during the period / year		89,738	969,306
Transferred to operating fixed assets		-	(918,301)
Carrying amount at end of the period / year	10.2.1	3,820,580	3,730,842
10.2.1 Closing capital work in progress represents:			
Construction of Pearl Continental Mirpur		3,630,139	3,661,460
Other civil works		190,441	69,382
		3,820,580	3,730,842

10.2.2 Additions in and depreciation on property, plant and equipment during the three months period ended 30 September 2021 were Rs. 39.706 million and Rs. 244.720 million respectively.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

	Note	Unaudited 30 Sep 2022	Audited 30 June 2022
		[Rupees'000]	
11 INTANGIBLE ASSET			
Project under development		527,219	499,103
Software		200,180	213,329
		727,399	712,432
Cost			
Opening balance		712,432	284,713
Additions : Project under development		16,286	16,438
Additions : Project under development		-	305,929
Additions : Software		-	92,202
Additions : Software		-	13,150
Closing balance		728,718	712,432
Accumulated amortisation			
Opening balance		77,320	32,393
Amortisation charge		9,340	44,927
Closing balance		86,660	77,320
Net book value			
Cost		728,718	712,432
Accumulated amortisation		86,660	77,320
Closing balance		642,058	635,112
Amortisation rate per annum			
Project under development		5%	5%
Software		30%	30%
12 ADVANCE FOR CAPITAL EXPENDITURE			
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		64,784	34,183
Advances for Pearl Continental Mirpur Project		79,026	79,026
		143,810	113,209
Advance for vehicles under lease arrangements		-	81,480
		1,152,286	1,203,165

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

12.1 This includes amount of Rs. 626.82 million [30 June 2022: 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 30 Sep 2022	Audited 30 June 2022
	[Rupees'000']	
13 ADVANCE AGAINST EQUITY INVESTMENT		
Xoop Technologies (Private) Limited Impairment allowance	248,278 (119,233) 129,045	248,278 (119,233) 129,045
Home Shopping Impairment allowance	116,124 (55,767) 60,357	116,124 (55,767) 60,357
	189,402	189,402

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Audited 30 June 2022
	[Rupees'000]	
14 SHORT TERM INVESTMENTS		
<i>Amortized cost</i>		
Certificate of investments	5,300	5,300
Allowance for 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
Allowance for impairment loss	(700)	(700)
	-	-
<i>Amortized cost</i>		
Term deposit receipt	865,523	1,193,579
Term Finance certificate	75,000	75,000
Mutual Fund	3,703	3,373
Accrued interest	6,468	9,407
	950,694	1,281,359
<i>Financial assets at fair value through profit or loss</i>		
Investment in shares of listed Companies	7,631	6,991
	958,325	1,288,350
15 NON CURRENT ASSET HELD FOR SALE		
Properties - Survey No. 8, Civil Line, Karachi	3,114,556	3,114,554
Under construction hotel Pearl Continental Multan	4,787,522	4,544,545
	7,902,077	7,659,099
	Unaudited	Unaudited
	30 Sep	30 Sep
	2022	2021
	[Rupees'000]	
16 REVENUE- NET	Note	
Rooms		1,497,886
Food and beverages		1,862,231
Other related services	16.1	309,405
Franchise & management fee revenue		14,322
Vehicle rentals		57,525
Shop license fees		12,683
		3,754,052
Discounts and commissions		(83,393)
Sales tax		(432,371)
		3,238,288
		2,907,200
		(75,869)
		(389,582)
		2,441,749

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 three months period ended 30 September 2022

	Unaudited 30 Sep 2022	Unaudited 30 Sep 2021
	[Rupees'000]	
17 COST OF SALES AND SERVICES		
Food and beverages		
Opening balance	150,527	170,716
Purchases during the period	592,419	519,447
Closing balance	(148,484)	(233,517)
Consumption during the period	594,462	456,646
Direct expenses		
Salaries, wages and benefits	501,207	358,568
Heat, light and power	490,334	294,863
Repair and maintenance	97,516	72,353
Depreciation	187,420	202,087
Amortization	8,151	13,512
Guest supplies	62,575	56,574
Linen, china and glassware	27,303	20,885
Communication	2,729	1,896
Laundry and dry cleaning	17,168	17,098
Banquet and decoration	18,630	6,158
Transportation	2,132	1,660
Uniforms	4,835	4,057
Music and entertainment	4,497	3,235
Insurance	818	332
Vehicle operating Expense	22,210	7,462
Vehicle Rental and Registration Charges	12,991	4,759
Others	50,661	32,693
	2,105,639	1,554,838
18 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
[Loss] / profit before tax	(156,734)	3,000
Adjustments for:		
Depreciation	228,161	244,720
Amortization	9,340	15,013
Loss/ (Gain) on disposal of property, plant and equipment	(7,503)	(8)
Provision for staff retirement benefit - gratuity	33,254	25,565
Provision for compensated leave absences	5,082	11,113
Impairment/ (reversal) loss on trade debts	30,916	25,754
Return on bank deposits / certificate of investments	(52,262)	(12,678)
Finance cost	477,981	321,091
Dividend income	(600)	-
Unrealised Loss / (Gain) on remeasurement of investments to fair value	(639)	1,281
Share of gain in equity accounted investment-net	(27,412)	(26,290)
Impairment on investment in associated company	13,861	27,043
	553,445	635,604
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	336,611	436,237
Short term borrowings	(2,206,886)	(2,401,639)
Accrued markup on short term borrowings	-	49,098
Accrued profit on bank deposits	(1,401)	(324)
	(1,871,676)	(1,916,628)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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:

	Unaudited 30 Sep 2022	Unaudited 30 Sep 2022
	[Rupees'000]	
Transactions with associated undertakings		
Sales	181	196
Services provided	18,655	7,315
Services availed	119,484	77,413
Purchases	27,970	9,974
Franchise fee - income	1,178	1,098
Balances as at the period / year end:		
- Trade debts	23,515	*19,543
- Trade Advances, deposits and prepayments	19,545	* 12,926
Transactions with other related parties		
Sales	8	196
Services provided	62	47
Services availed	7,282	-
Contribution to defined contribution plan - provident fund	15,743	11,746
Balances as at the period / year end:		
- Trade debts	1,328	*1,245
- Advance for capital expenditure	626,820	626,820
- Trade Advances, deposits and prepayments	-	*794
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	128,470	55,802
Loan from key management personnel during the period	70,850	-
Refund of loan to key management personnel	-	15,640

* Represents balances as at 30 June 2022.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

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				
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
30 September 2022									
Financial assets measured at fair value									
Short term investments	14	7,631	-	-	7,631	7,631	-	-	7,631
Long term deposits		54,053	-	-	54,053	-	-	-	-
Short term deposits		16,982	-	-	16,982	-	-	-	-
		<u>78,666</u>	<u>-</u>	<u>-</u>	<u>78,666</u>	<u>7,631</u>	<u>-</u>	<u>-</u>	<u>7,631</u>
Financial assets not measured at fair value									
Trade debts	21.2	-	911,504	-	911,504	-	-	-	-
Contract assets		-	60,583	-	60,583	-	-	-	-
Advance to employees		-	24,348	-	24,348	-	-	-	-
Other receivables		-	422,843	-	422,843	-	-	-	-
Short term investments	14	-	944,226	-	944,226	-	-	-	-
Accrued interest		-	7,796	-	7,796	-	-	-	-
Cash and bank balances		-	336,611	-	336,611	-	-	-	-
		<u>-</u>	<u>2,707,911</u>	<u>-</u>	<u>2,707,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	21.2 5	-	-	13,257,984	13,257,984	-	-	-	-
Other non-current liabilities		-	-	9,519	9,519	-	-	-	-
Short term borrowings	7	-	-	3,163,274	3,163,274	-	-	-	-
Lease liabilities	6	-	-	402,787	402,787	-	-	-	-
Trade and other payables	21.3	-	-	2,754,875	2,754,875	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,599,209</u>	<u>19,599,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2022									
Financial assets measured at fair value									
Short term investments	14	6,991	-	-	6,991	6,991	-	-	6,991
Long term deposits		52,518	-	-	52,518	-	-	-	-
Short term deposits		16,682	-	-	16,682	-	-	-	-
		<u>76,191</u>	<u>-</u>	<u>-</u>	<u>76,191</u>	<u>6,991</u>	<u>-</u>	<u>-</u>	<u>6,991</u>
Financial assets not measured at fair value									
Trade debts	21.2	-	833,185	-	833,185	-	-	-	-
Contract assets		-	27,654	-	27,654	-	-	-	-
Advance to employees		-	18,537	-	18,537	-	-	-	-
Other receivables		-	143,289	-	143,289	-	-	-	-
Short term investments	14	-	1,271,952	-	1,271,952	-	-	-	-
Cash and bank balances		-	549,726	-	549,726	-	-	-	-
		<u>-</u>	<u>2,844,343</u>	<u>-</u>	<u>2,844,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	21.2 5	-	-	13,698,446	13,698,446	-	-	-	-
Other non-current liabilities		-	-	12,934	12,934	-	-	-	-
Short term borrowings	7	-	-	3,047,607	3,047,607	-	-	-	-
Lease liabilities	6	-	-	366,244	366,244	-	-	-	-
Trade and other payables	21.3	-	-	2,520,574	2,520,574	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,656,575</u>	<u>19,656,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2022

- 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 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 27 October 2022.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer



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OWNERS AND OPERATORS OF



Pearl-Continental

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