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PAKISTAN SERVICES LTD.

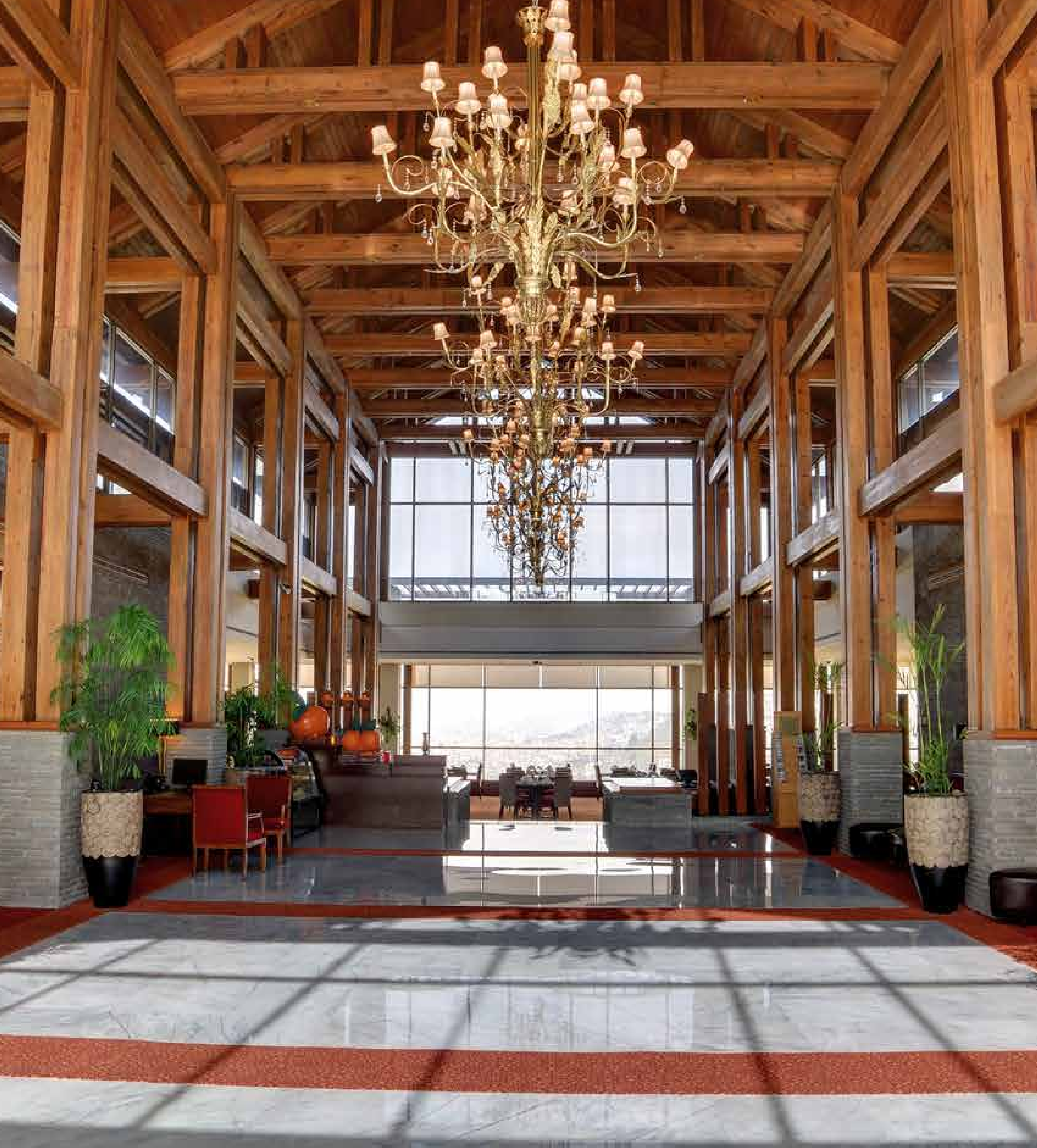
ANNUAL REPORT

PC

Pearl-Continental

HOTELS & RESORTS

2019



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PAKISTAN SERVICES LTD.

Pearl-Continental

HOTELS & RESORTS

ANNUAL REPORT

2019

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Pearl-Continental Hotel, Karachi

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.

Pearl-Continental Hotel, Bhurban

MISSION STATEMENT

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

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

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

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

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

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 six luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,526 rooms. It also owns and manages another small hotel with 32 rooms in Lahore city.

BOARD OF DIRECTORS

Mr. Sadruddin Hashwani	Chairman
Mr. Murtaza Hashwani	CEO
Mr. M. A. Bawany	
Mr. Mansoor Akbar Ali	
Syed Sajid Ali	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Syed Asad Ali Shah	
Mr. M. Ahmed Ghazali Marghoob	

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. M. Ahmed Ghazali Marghoob	Chairman
Mr. M.A. Bawany	
Syed Sajid Ali	
Mr. Shakir Abu Bakar	

CHIEF FINANCIAL OFFICER

Mr. Javed Iqbal

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
NIB Bank Limited
Silk Bank Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Industrial and Commercial Bank of China
Dubai Islamic Bank (Pakistan) Limited

REGISTERED OFFICE

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

SHARE REGISTRAR

M/s THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi.

Pearl-Continental Hotel, Rawalpindi

CORPORATE OBJECTIVES

Code of Conduct

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

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

Core Values

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

Recognition and Reward

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

Innovation

Listening and two-way interaction
Encouragement
Enterprise
Participation
Motivation
Initiative

Trust

Cooperation
Integrity
Dignity
Respect
Candidness
Support
Teamwork
Sense of ownership
Empowerment

Strategic Objectives

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

Pearl-Continental Hotel, Peshawar

BOARD OF DIRECTORS

Mr. Sadruddin Hashwani

Mr. Murtaza Hashwani

Mr. M.A. Bawany

Mr. Mansoor Akbar Ali

Syed Sajid Ali

Mr. Shakir Abu Bakar

Syed Haseeb Amjad Gardezi

Syed Asad Ali Shah

Mr. M. Ahmed Ghazali Marghoob

STATUTORY OFFICERS

Mr. Javed Iqbal
Chief Financial Officer

Mr. Mansoor Khan
Company Secretary

Syed Nehal Ahmed Zaidi
Head of Internal Audit

NOTICE OF 60TH ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of Pakistan Services Limited will be held on Monday, October 28, 2019 at 11:00 a.m. at Islamabad Marriott Hotel to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 25, 2018.

2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2019.

3. To appoint Auditors for the year 2019-20 and fix their remuneration.

<u>SPECIAL BUSINESS:</u>

4. To consider and if thought fit, pass the following resolution as SPECIAL RESOLUTION, with or without modification(s):

   "RESOLVED THAT transmission of Annual Audited Financial Statements, Auditors' Report and Directors' Report etc. ("Annual Audited Accounts") to members at their registered address in soft form i.e. CD/DVD/USB as notified by SECP vide its SRO No. 470 (1)/2016 dated May 31, 2016 be and is hereby approved."

5. To consider and if thought fit, pass the following resolution as SPECIAL RESOLUTION, with or without modification(s):

   "RESOLVED THAT the Article 52 of the Articles of Association of the Company be and is hereby deleted and replaced by following revised article:

   Article 52: The Board of Directors shall review, consider and decide from time to time, meeting fee of the Board and its sub-committees."

6. To consider any other business with the permission of the Chair.

The Statement under Section 134(3) of the Companies Act, 2017 setting forth all material facts regarding special business given in Agenda item no. 4 & 5 is annexed to the notice being sent to all the Shareholders.

By Order of the Board

Mansoor Khan
Company Secretary

Islamabad: October 01, 2019

Notes:

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

B). The Share Transfer Books of the Company will remain closed from **October 22, 2019 to October 28, 2019** (both days inclusive).

C). Shareholders are requested to notify the Company's Share Registrar, M/s. THK Associates (Pvt) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, of any change in their address.

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

a. For Attending the Meeting:

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

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

b. For Appointing Proxies:

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

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

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

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

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

E). As per the provisions of Section-242 of the Companies Act, 2017 and directives of Securities & Exchange Commission of Pakistan vide Circular no. 18 dated August 01, 2017, after October 31, 2017 the cash dividends will only paid through electronic mode directly in the bank accounts of the shareholders, therefore the Shareholders are requested to provide copies of their valid CNICs and Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch addresses to the Company in order to enable the Company to pay cash dividend electronically. The Dividend Mandate Form is attached with Printed Annual Report and also placed on Company's website www.psl.com.pk.

NOTICE OF 60TH ANNUAL GENERAL MEETING

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

G). The Government of Pakistan through Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

(i). For shareholders apperating in Active Tax Payer List	15 %
(ii). For shareholders not appearing in Active Tax payers List	30 %

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint shareholder(s) in respect of shares held by them to our Share Registrar immediately on the format as given below:

Name of Principal Shareholder / Joint Shareholder(s)	Folio Number	Shareholding Pattern	CNIC No. (Copy attached)	Signature

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

Pakistan Services Limited

1st Floor, NESPAK House, G-5/2, Islamabad.
Phone: 051-2272890-98
E-mail: mansoorkhan@hashoogroup.com

Share Registrar

M/s. THK Associates (Pvt) Limited,
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi
Phone: 021-111-000-322 E-mail: sfc@thk.com.pk

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

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

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement sets out the material facts concerning the special business given in Agenda item nos. 4 & 5 of the Notice of Annual General Meeting.

TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD/DVD/USB

The SECP through SRO 470(1)/2016 dated May 31, 2016 has allowed Companies to circulate the Annual Balance Sheet and Profit and Loss Account, Auditors' Report and Directors' Report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses. This would result in cost effective way of circulation of Audited Financial Statements to the shareholders. Printed copy of above referred statements shall be provided to such members who opt for having hard copy in the Request Form which is available on the website of the Company i.e. www.psl.com.pk

ALTERATION IN THE ARTICLES OF ASSOCIATION

The Board of Directors considered and recommended to the members of the Company to pass a special resolution for altering Article 52 of the Articles of Association of the Company for delegating powers to the Board of Directors to review, consider and decide from time to time, meeting fee of the Board and its sub-committees.

CHAIRMAN'S REVIEW

Dear Members

I am pleased to present 60th annual report of Pakistan Services Limited comprising of unconsolidated and consolidated audited financial statements for the year ended on 30 June 2019 and the auditors' report thereon.

THE GLOBAL ECONOMIC ENVIRONMENT

Global growth remains subdued in 2018 and 2019. The projected growth pickup in 2020 is precarious, presuming stabilization in currently stressed emerging market and developing economies and progress toward resolving trade policy differences.

The steady pace of expansion in the global economy makes an increase in downside risks that could potentially exacerbate development challenges in many parts of the world.

The global economy is facing a confluence of risks. These risks include an escalation of trade war between China and US, significant build-up in global public and private debt, geopolitical tensions in a hobbled Europe due to prolonged Brexit, regional rivalries, which could rattle long-term development prospects and also raise questions around the capacity for collaborative policy action in the event of a widespread global shock.

Considering the fact that projected pickup in global growth remains precarious and subject to downside risks, the Multilateral and national policy actions are vital to place global growth on a stronger footing. The pressing needs include reducing trade and technology tensions and expeditiously resolving uncertainty around trade agreements.

PAKISTAN

In terms of Pakistan's political and economic history, fiscal year 2018-19 represents a break from the past, where Pakistan's economy is faltering on the transition from development to reforms. The present government inherited a weakening economy, the outgoing fiscal year 2018-19 witnessed a muted growth.

The foremost challenge to the economy is rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. To address the issue, the government has introduced a comprehensive set of economic and structural reform measures, such as monetary tightening, exchange rate adjustment, expenditure control and enhancement of regulatory duties on non-essential imports. The stabilization measures taken by the government have helped in curtailment of current account deficit, correction in the exchange rate, considerable expansion in number of tax filers and higher inflows of workers' remittances.

The country's meagre foreign currency reserves got some cushion from deposits parked with the State Bank of Pakistan by friendly countries. This, along with loan agreement entered with IMF is expected to help Pakistan meet its obligations over the next couple of periods.

Apart from structural reforms and improved economic governance, the key to economic redemption is massive domestic and foreign investment. Public and private-sector investors of China, Gulf and other countries have indicated interest in investing in Pakistan.

PROSPECTS

Pakistan is fortunate in the sense that it is blessed with all kinds of attractions for tourists. Given that the government has prioritized its plan to boost tourism in the country, it now needs to improve infrastructure as well.

The new government is keen on exploiting the economic dividends that tourism can offer to Pakistan. It is encouraging to see that the incumbent government is trying to explore untapped sectors that can fetch a significant amount of money to the national exchequer.

It seems that hospitality industry in Pakistan will gain traction due to improvement in law and order situation, introduction of online visa facility, opening of Kartarpur Corridor and most importantly infrastructure investments for the China-Pakistan Economic Corridor (CPEC).

To cater the growing demand for tourism, your Company has expanded its roots to other major cities of Pakistan and expects to start operations at PC Multan and PC Mirpur later this year. In an attempt to unveil the beautiful Hindu Kush Mountain to the tourists, we have commenced our operations in Malam Jabba, Swat Valley, which would further boost tourism in the North.

The Company invests heavily in maintenance and up gradation of its existing Hotels, which undoubtedly has earned itself a distinct name in the Hospitality Industry.

In view of inflationary pressure, higher unanticipated discount rates, devaluation of the Pakistan currency, the project cost will adversely suffer beside affecting the net profitability from the operations. Your Directors at present are considering to dispose off some assets of the company including assets of subsidiary companies to overcome the financial obligations as may be required in the near future.

OVERALL PERFORMANCE OF THE COMPANY

The Company achieved total revenue (exclusive of GST) of Rs. 10,138 million during the year under review in comparison to last year's revenue of Rs. 10,527 million.

The Company, for the year under review earned operating profit of Rs. 1,026 million compared with Rs. 1,764 million of the previous year, and incurred loss before tax of Rs. 369 million as compared to profit before tax of Rs. 887 million. The drop-in performance is attributable to unrealized loss of Rs. 492 million incurred on investments in market securities besides higher discount rate results in elevation of finance cost. Further economic unrest, general elections in the current year and tension at border with neighboring country also effected overall business in the country.

PERFORMANCE OF ROOMS DEPARTMENT

The revenue (exclusive of GST) was Rs. 4,541 million against Rs. 5,230 million in the last year indicating a drop-in revenue by 13.2%.

PERFORMANCE OF FOOD & BEVERAGE DEPARTMENT

The revenue (exclusive of GST) was Rs. 5,099 million as against Rs. 4,871 million of the last year. The revenue of this segment has increased by Rs. 228 million.

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

Revenue (exclusive of GST) during the year under review was Rs. 498 million as compared with Rs. 426 million of the prior year.

CORPORATE SOCIAL RESPONSIBILITY & CORPORATE PHILANTHROPY

The Company's efforts in building sustainability in Pakistan are demonstrated by its contributions towards social investments on education, healthcare, vocational training and skill development of employees. We aim to help drive creation of shared economic and social value across Pakistan by empowering under privileged people and bring them into mainstream population.

The Company realizes its corporate social responsibility and contributed a total of Rs. 84.68 million towards its corporate social responsibility.

ENERGY CONVERSATION

Researching and implementing innovative ways to reduce energy use has always been a cornerstone of our sustainability efforts. We are committed to cutting down wasted energy throughout the organization by promoting green technologies, reducing overall waste and improving levels of recycling.

ENVIRONMENT PROTECTION MEASURES

The Company while realizing its responsibility to protect the environment is organizing various internal workshops and seminars along with trainings on regular basis to impart environmental, saving water and energy education. Overall, an environment improvement program has been implemented across the board.

CUSTOMER SATISFACTION

Customer satisfaction is key in creating a long-term relationship with your customers and has a profound effect on business success. Therefore, the Company has engaged an international firm to maintain record of valuable feedbacks and suggestions received from guests which the management utilizes to introduce policies for enhanced customer experience.

EMPLOYMENT OF SPECIAL PERSONS

The Company has an open-door policy for recruitment of Special Persons. The Company continues to employ number of individuals at different business locations.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health have always been of paramount importance and a key priority for us. Safety and Health training programs are conducted regularly to emphasize safe work practices and build a safety-first culture. Any unsafe practice is strictly prohibited and interdicted.

BUSINESS ETHICS AND PREVENTION OF BRIBERY AND CORRUPTION

Company and its employees at each tier are committed to business ethics. As such, at each tier have corporate policies which prohibits its employees from accepting money or gifts from, or entering into private business relationships with any person, firm, company, etc. whatsoever.

The Code of Ethics and Business Practices are delineated clearly in the respective policy/ SOP and every employee is made familiar with the same. Regular check and balance are being carried out to to confirm the adherence to these codes. Any deviation are strictly dealt with.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

The Company in the year under review contributed an amount of Rs. 3,809 million as against Rs. 3,566 million in the corresponding period of last year to Provincial and Federal governments in the form of customs duties, general sales tax, income tax and other levies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated revenue of the Company in the reporting year was Rs. 10,232 million, as compared to Rs. 10,623 million that of the last year. The consolidated loss before and after tax for the year under review were Rs. 961 million and Rs. 1,467 million respectively.

The wholly owned subsidiary company, M/s Pearl Tours and Travels (Private) Limited, engaged in the business of Rent-a-Car and arranging package tours, generated revenue of Rs. 206 million during the year under report as compared to Rs. 212 million of corresponding period of last year.

The wholly owned subsidiaries M/s City Properties (Private) Limited and M/s Elite Properties Private Limited engaged in real estate business are yet to start their commercial operations whereas M/s Pearl Continental Hotels (Private) Limited remained non-operational throughout the year 2018-19.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my appreciation for the dedication to duty and professional conduct of the employees of the Company, as well as shareholders and stakeholders for their support. I thank the bankers of the Company for the understanding and the cooperation they have extended and last but not the least gratitude towards our loyal and confident customers. The combined efforts of all have been instrumental in the healthy growth of the Company against all odds. We all pray for a peaceful, progressive and prosperous Pakistan. Ameen!

For and on behalf of the Board of Directors.

SADRUDDIN HASHWANI
Chairman

01 October 2019

PEARL-CONTINENTAL HOTEL KARACHI

The city of lights

Overlooking the sprawling city, Pearl-Continental Hotel Karachi is a part of the most significant chain of hotels in Pakistan. The five-star hotel features spacious guestrooms and suites, ideal for both business and leisure guests. In addition to excellent dining services at signature restaurants, the hotel also offers casual snacking options in a lounge experience. From a diversity of recreational activities, guests can enjoy an indoor temperature-controlled swimming pool, high-intensity workouts at the fully equipped gymnasium and pampering treatments at the spa. The hotel also offers an extensive range of meeting spaces, designed to host both formal and informal events. Located at a convenient distance from the airport, the hotel provides easy access to all essential places in the city.

From the moment one steps into the hotel, security of the occupants and the visitors has been taken into account to a great extent. Pearl-Continental Hotel Karachi houses a variety of cuisines in the numerous restaurants housed inside the hotel. Catering to its walk-in as well as live-in guests belonging to all age groups with different preferences, the hotel accommodates all types of taste buds.

MARCO POLO
Offering a wide range of food for brunch, hi-tea, lunch, and dinner, the restaurant offers a seating capacity of one hundred and fifty people. In the evenings, melodious musical nights with performers, musicians and jazz bands playing here four days a week make the experience more enjoyable. Anyone can just walk into Marco Polo anytime and simultaneously enjoy the food and music together.

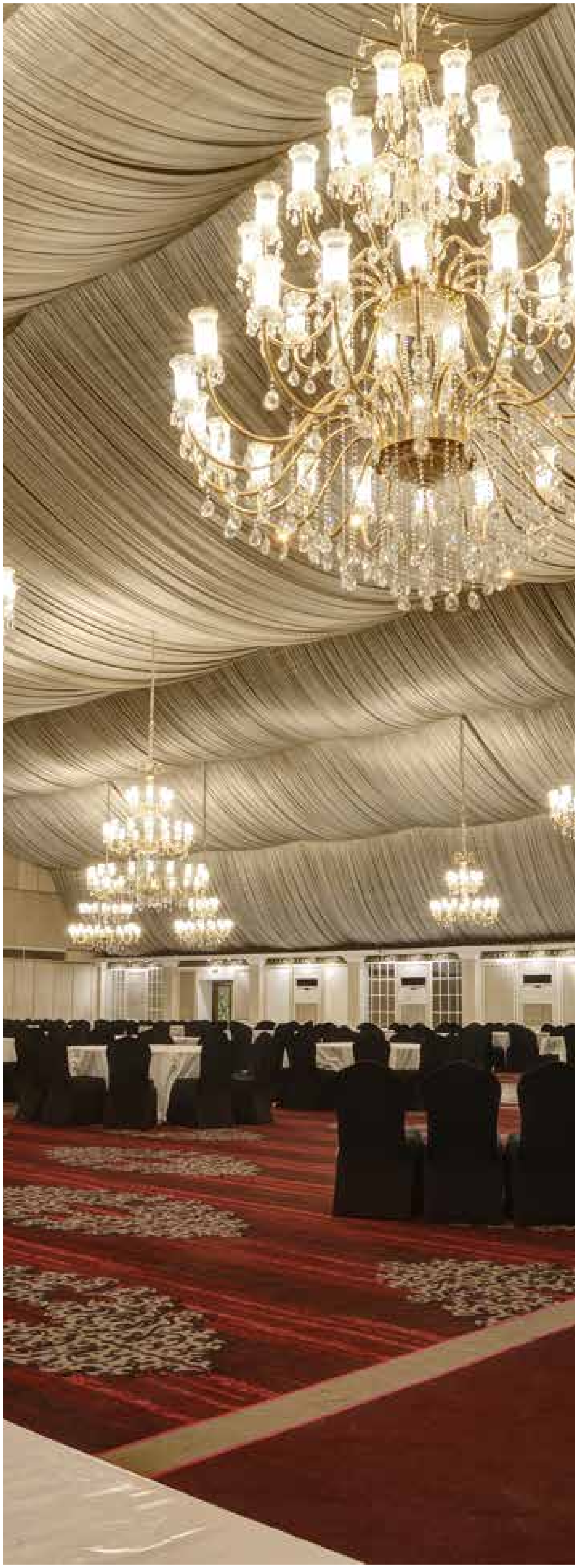
GRAPE-VINE
Some days are just made better with a good cup of coffee and Grape-Vine is the perfect option. Our cosy coffee shop also offers sandwiches, fresh salads, and pastries in a comfortable environment.

TAI-PAN
Enjoy an exotic aroma, relax in the authentic Chinese décor and savour the magic our talented chefs can showcase with a variety of Cantonese, Szechwan and Hunan cuisine. Steamed, braised, baked, or fried? Our chefs know it all! If you don't want to miss the seasonal Chinese specialities, Tai-Pan is the place for you.

SAKURA
Sakura offers a tranquil dining experience with an elegant interior, taking guests on a culinary journey to Japan. The creative menu features a blend of traditional Japanese cuisine and contemporary favourites including sushi, sashimi, salads, teppanyaki, tempura, and so much more.

CHANDNI
There is no better way to add flavour to traditional cuisine than by having it while overlooking the city. Chandni specialises in all things Pakistan: hospitality, warmth and excellent food. And the view of the city comes complimentary.

JASON'S STEAK HOUSE
Offering premium US Black Angus Steaks and fresh seafood grilled to perfection, our menu has something for everyone. The restaurant's mix of modern and classic style interior is reminiscent of famous steakhouses in New York City. The dining room features rich woods, warm colours, plush upholstered seating and opens into an exposed kitchen that displays a flurry of culinary activity.

HEALTH CLUB & SPA TREATMENT

Meet your fitness goals at the Health Club, equipped with all the modern gym gear you need for that feel-good, adrenaline-pumping workout. Let the day's stress melt away as you relax in the crystal-clear swimming pool or get sporty with a friendly match of table tennis. Freshen up with a jacuzzi or indulge in luxurious sauna bath at the spa. Take a moment to unplug and reconnect with the mind, body and soul. Our spa features exotic massages including aromatic Swedish and Thai massages, by professionally trained masseuses. From intense cardiovascular workouts to mild and restorative routines, we have everything to keep you pumped up on the go.

ACCOMMODATION

Looking to unwind in a comfortable place? Choose from an arena of 288 rooms and suites as you check in at the five-star hotel. All rooms are centrally-air-conditioned and decked with high-speed Wi-Fi, a Plasma TV, a minibar, and an in-room safe. Book a room on our Executive Floors and you can enjoy exclusive benefits such as complimentary buffet breakfast and access to a state-of-the-art Executive Lounge. Whether contemporary or classic, each room category promises you the comforts of your home, away from home. We ensure making your stay a pleasant and memorable one, each time you visit.

MEETINGS & CONFERENCES

From small meetings to large-scale conferences, our expansive halls cater to serving you with the best of personalised facilities. Backed by high-speed Wi-Fi, our meeting rooms offer audio-visual equipment, video conferencing facilities and service staff.

BANQUET

The expansive Banquet Hall can be utilised to host numerous events, including weddings, parties, birthdays, business meetings and corporate events.

The halls are designed to accommodate up to 1,500 guests. Our banquet halls and ballrooms have played host to several gala dinners, weddings, fashion shows, musical events and social ceremonies. Preferred for its multipurpose utility, Zaver Hall is known for its unique space. Our Grand Marquee, the most expansive one in town, is much frequented for hosting sizeable weddings and elaborate exhibitions.

CATERING SERVICES

Let us plan your next big event with care and confidence. For we believe that there is more to organising an event beyond just the menu. It involves getting into the spirit of the occasion, catering for the guest list, and deciding on the location best suited for the season. From tasteful décor to culinary perfection, we have the recipe to make your event special in every way.

WEDDINGS

Make your fantasy a wedding dream come true in our beautiful banquet halls and marquees. With stylised settings in a sublime location, we deliver unsurpassed service and hospitality for every occasion, not just meeting demands of our guests, but exceeding them.

DIRECTORS' REPORT

Dear Members,

The Board of Directors ("the Board") of Pakistan Services Limited ("the Company") is pleased to present the 60th Annual Report with the audited unconsolidated financial statements of the Company for the year ended on 30 June 2019 along with the Auditors' Report thereon.

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

	(Rupees, 000)
Operating profit	1,025,905
Un-realized loss on re-measurement of investments	(491,660)
Finance income	251,218
Finance Cost	(1,154,494)
Loss before taxation	(369,031)
Taxation	(494,367)
Loss for the year	(863,398)
Other Comprehensive Income for the year	(14,985)
Un-appropriated profit brought forward	6,114,976
Effect of change in policy	(57,027)
Profit available for appropriation	5,179,566

Loss per share for the year 2018-19 arrived at Rs. 26.55.

The Chairman's Review included in the Annual Report shall be treated as part of Directors' report which deals inter alia with the financial and operating results and significant deviations from the last year, major future plans, risk and uncertainties and other related matters of the Company.

Following are the names of persons who at any time during the financial year were directors of the Company's:

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

The board committees comprising of members given below:

Audit Committee	**HR and Remuneration Committee**
Mr. M. Ahmed Ghazali Marghoob (Chairman)	Mr. M. Ahmed Ghazali Marghoob (Chairman)
Mr. Mansoor Akbar Ali	Mr. M. A. Bawany
Syed Sajid Ali	Syed Sajid Ali
Mr. Shakir Abu Bakar	Mr. Shakir Abu Bakar

Nature of business throughout the year remains the same including business nature of subsidiaries.

The pattern of shareholding is annexed to this report.

During the year no default occur due to nonpayment of debts.

The system of internal financial control is sound in design and has been effectively implemented and monitored.

No such material change, and commitment occurred between the date end of financial year and the date of report.

The directors' of the company has formulated and implemented adequate internal financial controls.

The retiring auditors, M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible, offer themselves for re-appointment as the Company's auditors. The Board, on the recommendation of the Audit Committee, has proposed appointment of M/s KPMG Taseer Hadi &Co, Chartered Accountants as auditors of the Company for the year ending 30 June 2020.

Murtaza Hashwani
Chief Executive

M.A. Bawany
Director

Islamabad: 01 October 2019

بورڈ کی کمیٹیوں کے ارکان کے نام مندرجہ ذیل ہیں:

آڈٹ کمیٹی	ایچ آر اور ریمیونریشن (Remuneration) کمیٹی
جناب ایم احمد غزالی مرغوب (چیئرمین)	جناب ایم احمد غزالی مرغوب (چیئرمین)
جناب منصور اکبر علی	جناب ایم.اے .باوانی
سید ساجد علی	سید ساجد علی
جناب شاکر ابوبکر	جناب شاکر ابوبکر

دوران سال ذیلی اداروں کی کاروباری نوعیت سمیت کاروبار میں کوئی تبدیلی نہیں آئی۔

کمپنی کے شیئر ہولڈرز کے شیئرز کی معلومات اس رپورٹ کے ساتھ منسلک ہیں۔

دوران سال قرضہ جات کی ادائیگی کے سلسلے میں کوئی ڈیفالٹ نہیں ہوا۔

اندرونی مالیاتی کنٹرول کا نظام مضبوط ہے اور اس کو مؤثر طور پر لاگو اور نافذ کیا گیا ہے۔

سال کے اختتام اور آڈٹ رپورٹ شائع ہونے کے دوران کوئی اہم کاروباری معاملہ طے نہیں پایا۔

بورڈ آف ڈائیکٹرز نے مؤثر فنانشل کنٹرولز وضع کیے ہیں جو کہ مکمل طور پر نافذ ہیں۔

ریٹائر ہونے والے محاسب کے ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اہلیت کے ساتھ محاسب کے طور پر خود کو کمپنی میں دوبارہ تعیناتی کے لیے پیش کرتی ہے۔ بورڈ محاسب کمیٹی کی سفارش سے کے ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مؤرخہ ۳۰ جون ۲۰۲۰ کو اختتام پذیر ہونے والے مالی سال کے لیے نامزدگی کی تجویز پیش کرتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

مرتضیٰ ہاشوانی
چیف ایگزیکٹو

ایم.اے .باوانی
ڈائریکٹر

اسلام آباد: 01 اکتوبر 2019ء

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل)، کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 60 ویں سالانہ رپورٹ بمعہ کمپنی کی محاسبہ شدہ مالی گوشوارے برائے سال جو کہ مؤرخہ 30 جون 2019ء کو اختتام پذیر ہوا، بمعہ محاسب رپورٹ پیش کرتی ہے۔

کمپنی کی محاسبہ شدہ مالیاتی کارکردگی کا خلاصہ درج ذیل ہے: (۰۰۰' روپوں میں)

کاروبای آپریشنز سے ہونے والا منافع	1,025,905
سرمایہ کاری کی مد میں پیمائش/تخمینہ سے نقصان	(491,660)
دیگر سرمایہ کاری سے منافع	251,218
فنانس کی لاگت	(1,154,494)
نقصان قبل از ٹیکس	(369,031)
ٹیکس	(494,367)
سالانہ نقصان	(863,398)
دیگر سالانہ جامع آمدن	(14,985)
غیر تقسیم شدہ منافع	6,114,976
پالیسی میں تبدیلی کا اثر	(57,027)
قابل تقسیم دستیاب منافع	5,179,566

سال 2018ء/2019ء کے لیے نقصان فی حصص ۱۲ روپے ۵۵ پیسے رہا۔

چیئرمین کی جائزہ رپورٹ جو کہ اس سالانہ رپورٹ میں منسلک ہے، اس ڈائریکٹر رپورٹ کا حصہ ہے، جو کہ مجموعی طور پر مالیاتی اور کاروباری نتائج کے ساتھ ان میں گذشتہ سال سے وجہ تغیر اور مستقبل کے منصوبہ جات، خطرات، غیر یقینی صورت حال اور کمپنی کے دیگر معاملات کا احاطہ کرتی ہے۔

اس مالیاتی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز کے نام درج ذیل ہیں:

عہدہ	نام
انڈیپینڈنٹ ڈائریکٹر	ا۔ جناب ایم احمد غزالی مرغوب
ایگزیکٹو ڈائیریکٹرز	ا۔ جناب مرتضیٰ ہاشوانی ۲۔ جناب ایم. اے. باوانی ۳۔ سید حسیب امجد گردیزی
نان ایگزیکٹو ڈائریکٹر	ا۔ جناب صدرالدین ہاشوانی ۲۔ جناب منصور اکبر علی ۳۔ سید ساجد علی ۴۔ جناب شاکر ابوبکر ۵۔ سید اسد علی شاہ

KEY OPERATING AND FINANCIAL DATA

		2019	2018	2017	2016	2015	2014
Profitability Ratios							
Gross profit ratio	%	**40.14**	46.35	44.66	45.72	45.87	44.14
Net profit to sales	%	**(8.52)**	4.71	11.71	6.83	13.51	18.44
EBIDTA margin to sales	%	**16.37**	21.46	26.36	20.69	26.23	30.91
Return on equity	%	**(2.47)**	1.38	3.58	1.98	3.61	5.34
Return on capital employed	%	**(1.81)**	1.07	2.89	1.81	3.28	5.15
Return on assets	%	**(1.60)**	0.98	2.71	1.71	3.12	4.77
Liquidity Ratios							
Current ratio		**1.10**	1.45	2.50	1.24	1.89	1.36
Quick / acid test ratio		**1.05**	1.38	2.40	1.11	1.76	1.26
Cash to current liabilities		**0.04**	0.31	0.10	0.17	0.44	0.07
Cash flow from operations to sales		**0.004**	0.14	0.16	0.22	0.13	0.19
Activity Turnover Ratios							
Inventory turnover	Days	**18**	18	19	22	24	23
Debtors turnover	Days	**30**	36	35	34	40	42
Creditors turnover	Days	**28**	35	18	22	34	51
Operating cycle	Days	**20**	19	36	34	30	14
Property, plant & equipment turnover	Times	**0.25**	0.26	0.30	0.29	0.27	0.31
Total assets turnover	Times	**0.19**	0.21	0.23	0.25	0.23	0.26
Investment / Market Ratios							
Earnings/ (loss) per share - basic and diluted	Rs	**(26.55)**	15.24	35.33	19.22	32.92	43.15
Price earning ratio		**(38.42)**	64.98	25.54	35.10	15.04	11.39
Dividend yield ratio	%	**-**	1.01	1.66	1.11	1.01	-
Dividend payout ratio	%	**-**	65.63	42.46	39.02	15.19	-
Dividend cover ratio		**-**	1.52	2.36	2.56	6.58	-
Cash dividend per share	Rs	**-**	10.00	15.00	7.50	5.00	-
Market value per share at year end	Rs	**1,020**	990.00	902.50	674.73	495	491.36
Highest market value per share during the year	Rs	**1,060**	1,045.00	980.00	674.73	574.50	520.00
Lowest market value per share during the year	Rs	**900**	900.00	699.99	499.2	411.00	222.00
Breakup value per share (Including the effect of surplus on revaluation of property, plant & equipment).	Rs	**1,073.21**	1,101.97	987.46	970.47	961.46	807.58
Breakup value per share (Excluding surplus on revaluation of property, plant & equipment).	Rs	**226.73**	255.49	256.32	239.33	230.32	197.15
Capital Structure Ratios							
Financial leverage ratio		**0.41**	0.31	0.23	0.09	0.02	0.02
Debt : Equity (Including the effect of surplus on revaluation of property, plant & equipment)		**0.33**	0.27	0.21	0.07	0.02	0.01
Debt : Equity (Excluding surplus on revaluation of property, plant & equipment)		**1.58**	1.16	0.82	0.28	0.09	0.06
Interest cover ratio		**0.89**	2.43	4.43	6.69	14.36	11.17
Summary of Cash Flows							
Net cash flow from operating activities	(Rs.000)	**44,292**	1,518,433	1,600,646	2,013,492	1,023,940	1,465,055
Net cash flow from investing activities	(Rs.000)	**(5,034,912)**	(3,894,336)	(6,095,428)	(4,005,839)	(577,521)	(1,325,932)
Net cash flow from financing activities	(Rs.000)	**3,273,770**	3,158,697	4,046,367	1,605,435	157,785	(10,227)
Net change in cash and cash equivalents	(Rs.000)	**(1,716,850)**	782,794	(448,415)	(386,912)	604,204	128,896

HORIZONTAL ANALYSIS

Statement of Financial Position

(Rs. '000)	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014
		%		%		%		%		%	
Share Capital and Reserves											
Share Capital	325,242	-	325,242	-	325,242	-	325,242	-	325,242	-	325,242
Capital reserves	269,424	-	269,424	-	269,424	-	269,424	-	269,424	-	269,424
Revenue reserves	6,779,566	(12.12)	7,714,976	(0.35)	7,741,860	7.69	7,189,345	4.25	6,896,346	18.54	5,817,567
Revaluation surplus on property, plant and equipment	27,530,740		27,530,740		23,779,515		23,779,515		23,779,515		19,853,565
Total equity	34,904,972	(2.61)	35,840,382	11.60	32,116,041	1.75	31,563,526	0.94	31,270,527	19.05	26,265,798
Liabilities											
Loans and borrowings	11,631,374	20.45	9,655,774	41.50	6,824,002	209.43	2,205,321	221.88	685,128	92.77	355,415
Employee benefits	773,666	-	666,088	-	600,182	-	514,935	-	470,248	138.67	197,031
Deferred tax liability-net	429,984	57.77	272,545	30.02	209,611	15.54	181,414	3.77	174,824	(60.76)	445,501
Total non current liabilities	12,835,024	21.14	10,594,407	38.79	7,633,795	163.08	2,901,670	118.14	1,330,200	33.29	997,947
Trade and other payables	1,677,278	(14.02)	1,950,875	19.54	1,632,042	2.33	1,594,818	(2.11)	1,629,265	(12.48)	1,861,582
Contract Liabilities	275,772	-	-	-	-	-	-	-	-	-	-
Markup payable	-	-	-	-	103,859	22.39	84,856	121.83	38,253	9.10	35,063
Short term borrowings - secured	1,264,583	121.56	570,768	100.00	339,943	100.00	-	0	-	-	-
Current portion of loans and borrowings	3,087,750	98.61	1,554,669	212.46	497,562	(0.49)	500,000	572.12	74,392	(69.28)	242,195
Unclaime dividend	9,242		9,242		16,588		8,600		3,534		3,534
Unpaid dividend	1,528		19,210								
Provision for taxation - net		-	-	-	-	-	-	-	-	-	37,634
Total Current Liabilities	6,316,153	53.87	4,104,764	58.49	2,589,994	18.36	2,188,274	25.37	1,745,444	(19.93)	2,180,008
Total Equity and Liabilities	54,056,149	6.96	50,539,553	19.37	42,339,830	15.51	36,653,470	6.72	34,346,171	16.65	29,443,753
Assets											
Property, plant and equipment	40,462,093	1.34	39,925,287	21.30	32,915,428	4.10	31,619,780	9.42	28,897,404	18.78	24,328,755
Advance for capital expenditure	2,057,190	34.26	1,532,203	13.75	1,346,935	10.35	1,220,607	3.84	1,175,457	(0.85)	1,185,480
Investment property	60,000	-	60,000	20.00	50,000	11.11	45,000	-	45,000	-	45,000
Long term investments	1,037,794	-	1,037,794	-	1,037,794	-	1,037,794	14.70	904,763	8.01	837,668
Advance for equity investment	3,412,571	69.39	2,014,570	1,837.09	104,000	#DIV/0!	-	-	-	-	-
Long term advance	-	-	-	100.00	400,000	100	-	-	-	(100.00)	55,000
Long term deposits and prepayments	62,316	64.12	37,970	70.09	22,323	(6.35)	23,838	26.37	18,864	(7.23)	20,335
Total non current assets	47,091,964	5.57	44,607,824	2,062.23	35,876,480	#DIV/0!	33,947,019	9.36	31,041,488	17.26	26,472,238
Inventories	313,644	12.05	279,917	8.13	258,874	(9.02)	284,527	18.01	241,104	3.64	232,640
Trade debts	543,377	(22.89)	704,692	17.13	601,610	13.78	528,735	3.63	510,208	(12.61)	583,847
Contract Assets	29,752	-	-	-	-	-	-	-	-	-	-
Advances, prepayments, trade deposits, and other receivables	401,258	39.72	287,185	(92.63)	3,895,250	1,677.61	219,128	(68.17)	688,517	2.39	672,419
Short term investments	1,716,437	(45.24)	3,134,661	128.19	1,373,707	13.66	1,208,587	10.41	1,094,604	(17.12)	1,320,771
Short Term Advance	515,000	1,187.50	40,000	-	-	-	-	-	-	-	-
Advance tax - net	454,898	109.73	216,899	-	63,251	-	86,344	-	4,208	-	-
Non- Current Asset held for sale	2,748,739	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	241,080	(80.99)	1,268,375	368.63	270,658	(28.61)	379,130	(50.51)	766,042	373.34	161,838
Total current assets	6,964,185	17.41	5,931,729	(8.23)	6,463,350	138.81	2,706,451	(18.10)	3,304,683	11.21	2,971,515
	54,056,149	6.96	50,539,553	19.37	42,339,830	15.51	36,653,470	6.72	34,346,171	16.65	29,443,753
Statement of Profit or Loss											
Revenue - Gross	11,982,998	(3.07)	12,362,265	7.07	11,545,612	7.07	10,783,011	15.32	9,350,802	3.52	9,032,940
Discount and Commissions	215,959	28.12	168,561	(5.82)	178,970	18.81	150,639	18.60	127,019	(7.24)	136,940
Sales tax	1,628,765	(2.26)	1,666,453	7.19	1,554,656	4.95	1,481,312	13.79	1,301,767	1.22	1,286,115
Revenue - net	10,138,274	(3.69)	10,527,251	7.29	9,811,986	7.22	9,151,060		7,922,016		7,609,885
Cost of sales and services	6,068,276	7.45	5,647,370	4.01	5,429,680	9.30	4,967,545	15.83	4,288,554	0.88	4,251,249
Gross profit	4,069,998	(16.60)	4,879,881	11.35	4,382,306	4.75	4,183,515	15.14	3,633,462	8.18	3,358,636
Other income	185,469	22.02	151,998	10.72	137,283	14.28	120,128	11.30	107,927	(9.66)	119,464
Administrative expenses	3,206,647	(1.88)	3,268,064	23.02	2,656,605	11.45	2,383,614	5.39	2,261,735	15.21	1,963,093
Impairment loss	22,915	-	-	(100.00)	40,509	(94.92)	797,536	100.00	-	(100.00)	55,273
Operating profit	1,025,905	(41.84)	1,763,815	(3.22)	1,822,475	62.36	1,122,493	(24.14)	1,479,654	1.36	1,459,734
Finance income	251,218	153.09	99,262	11.27	89,211	(38.43)	144,883	(4.53)	151,757	25.92	120,517
Unrealised (loss)/ gain on remeasurement of investments to fair value - net	(491,660)	96.29	(250,474)	(251.69)	165,120	41.30	116,859	306.41	28,754	(93.27)	427,168
Finance cost	1,154,494	59.13	725,513	76.18	411,802	145.48	167,753	62.75	103,073	(21.10)	130,639
Net finance cost	1,394,936		876,725		157,471		93,989		77,438		417,046
Profit before taxation	(369,031)	(141.60)	887,090	(46.72)	1,665,004	36.87	1,216,482	(21.87)	1,557,092	(17.03)	1,876,780
Income tax expense	494,367	26.26	391,534	(24.11)	515,929	(12.74)	591,277	21.55	486,446	2.75	473,411
Loss/ (Profit for the year)	(863,398)	(274.23)	495,556	(56.87)	1,149,075	83.79	625,205	(41.60)	1,070,646	(23.71)	1,403,369
Earnings per share - basic and diluted (Rupees)	(26.55)	(274.23)	15.24	(56.87)	35.33	83.79	19.22	(41.60)	32.92	(23.71)	43.15

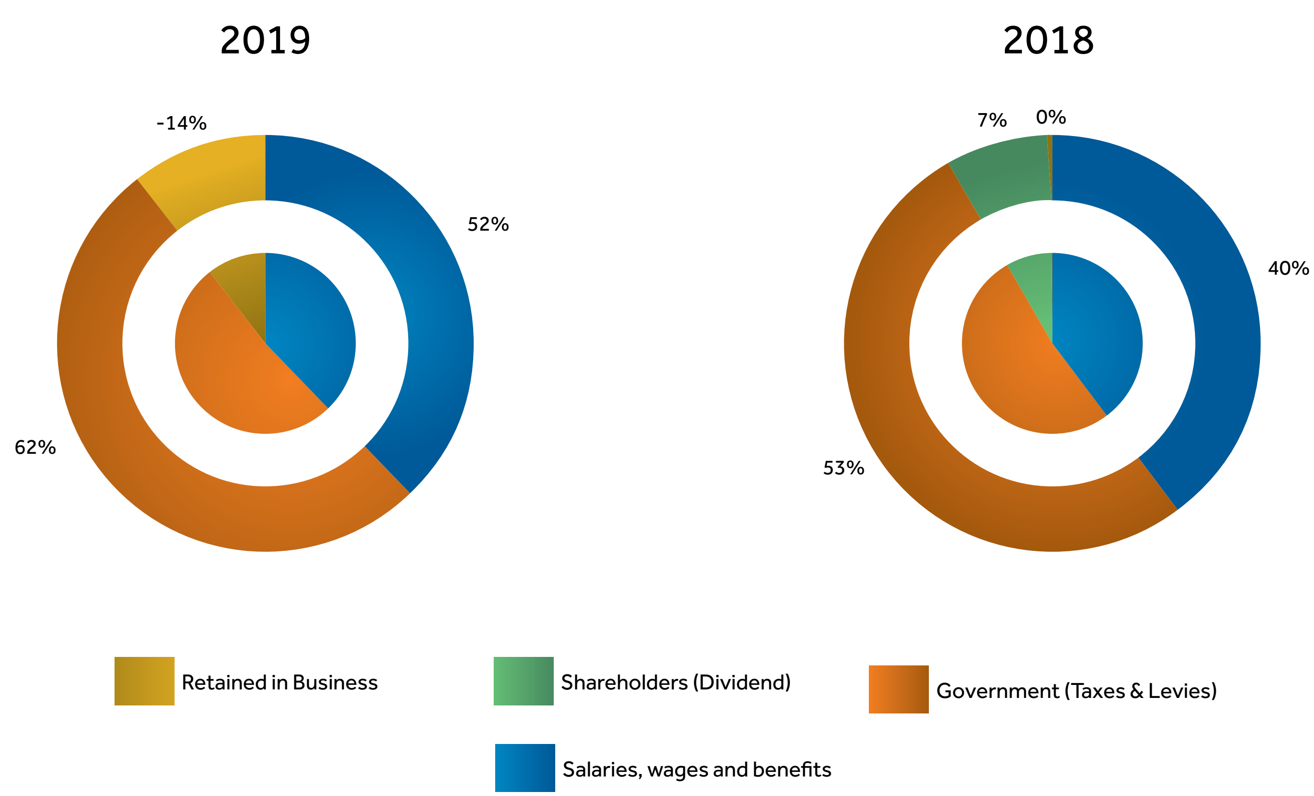
VERTICAL ANALYSIS

Statement of Financial Position

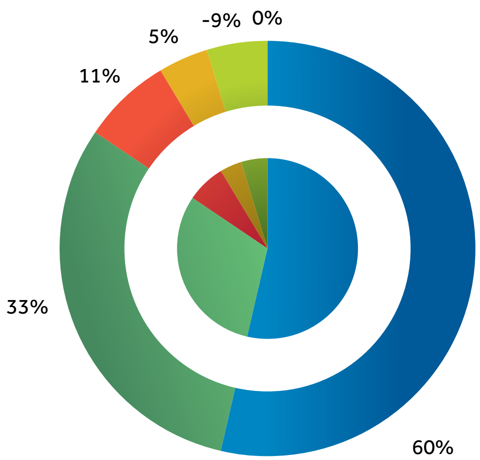
(Rs. '000)	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Equity												
Share Capital	**325,242**	**0.60**	325,242	0.64	325,242	0.77	325,242	0.89	325,242	0.95	325,242	1.10
Capital reserves	**269,424**	**0.50**	269,424	0.53	269,424	0.64	269,424	0.74	269,424	0.78	269,424	0.92
Revenue reserves	**6,779,566**	**12.54**	7,714,976	15.27	7,741,860	18.29	7,189,345	19.61	6,896,346	20.08	5,817,567	19.76
Revaluation surplus on property, plant and equipment	**27,530,740**	**50.93**	27,530,740	54.47	23,779,515	56.16	23,779,515	64.88	23,779,515	69.23	19,853,565	67.43
	34,904,972	**64.57**	35,840,382	70.92	32,116,041	75.85	31,563,526	86.11	31,270,527	91.05	26,265,798	89.21
						-		-		-		-
Liabilities						-		-		-		-
Loans and borrowings	**11,631,374**	**21.52**	9,655,774	19.11	6,824,002	16.12	2,205,321	6.02	685,128	1.99	355,415	1.21
Employee benefits	**773,666**	**1.43**	666,088	1.32	600,182	1.42	514,935	1.40	470,248	1.37	197,031	0.67
Deferred tax liability-net	**429,984**	**0.80**	272,545	0.54	209,611	0.50	181,414	0.49	174,824	0.51	445,501	1.51
Total Non Current Liabilities	**12,835,024**	**23.74**	10,594,407	20.96	7,633,795	18.03	2,901,670	7.92	1,330,200	3.87	997,947	3.39
						-		-		-		-
						-		-		-		-
Trade and other payables	**1,677,278**	**3.10**	1,950,875	3.86	1,632,042	3.85	1,594,818	4.35	1,629,265	4.74	1,861,582	6.32
Contract Liabilities	**275,772**	**0.51**			-	-	-	-	-	-	-	-
Markup payable	**-**	**-**	-	-	103,859	0.25	84,856	0.23	38,253	0.11	35,063	0.12
Short term borrowings - secured	**1,264,583**	**2.34**	570,768	1.13	339,943	0.80	-	-	-	-	-	-
Current portion of loans and borrowings	**3,087,750**	**5.71**	1,554,669	3.08	497,562	1.18	500,000	1.36	74,392	0.22	242,195	0.82
Unclaime dividend	**9,242**	**0.02**	9,242	0.02	16,588	0.04	8,600	0.02	3,534	0.01	3,534	0.01
Unpaid dividend	**1,528**	**0.00**	19,210	0.04		-		-		-		-
Provision for taxation - net	**-**		-		-	-	-	-	-	-	37,634	0.13
Total current liabilities	**6,316,153**	**11.68**	4,104,764	8.12	2,589,994	6.12	2,188,274	5.97	1,745,444	5.08	2,180,008	7.40
						-		-		-		-
	54,056,149	**100.00**	50,539,553	100.00	42,339,830	100.00	36,653,470	100.00	34,346,171	100.00	29,443,753	100.00
Assets												
Property, plant and equipment	**40,462,093**	**74.85**	39,925,287	79.00	32,915,428	77.74	31,619,780	86.27	28,897,404	84.14	24,328,755	82.63
Advance for capital expenditure	**2,057,190**	**3.81**	1,532,203	3.03	1,346,935	3.18	1,220,607	3.33	1,175,457	3.42	1,185,480	4.03
Investment property	**60,000**	**0.11**	60,000	0.12	50,000	0.12	45,000	0.12	45,000	0.13	45,000	0.15
Long term investments	**1,037,794**	**1.92**	1,037,794	2.05	1,037,794	2.45	1,037,794	2.83	904,763	2.63	837,668	2.84
Advance for equity investment	**3,412,571**	**6.31**	2,014,570	3.99	104,000	0.25	-	-	-	-	-	-
Long term advance	**-**	**-**	-	-	400,000	0.94	-	-	-	-	55,000	0.19
Long term deposits and prepayments	**62,316**	**0.12**	37,970	0.08	22,323	0.05	23,838	0.07	18,864	0.05	20,335	0.07
Total non current assets	**47,091,964**	**93.18**	44,607,824	88.26	35,876,480	84.73	33,947,019	92.62	31,041,488	90.38	26,472,238	89.91
				-		-		-		-		-
				-		-		-		-		-
Inventories	**313,644**	**0.58**	279,917	0.55	258,874	0.61	284,527	0.78	241,104	0.70	232,640	0.79
Trade debts	**543,377**	**1.01**	704,692	1.39	601,610	1.42	528,735	1.44	510,208	1.49	583,847	1.98
Contract Assets	**29,752**	**0.06**	-	-	-	-	-	-	-	-	-	-
Advances, prepayments, trade deposits,		**-**		-		-		-		-		-
and other receivables	**401,258**	**0.74**	287,185	0.57	3,895,250	9.20	219,128	0.60	688,517	2.00	672,419	2.28
Short term investments	**1,716,437**	**3.18**	3,134,661	6.20	1,373,707	3.24	1,208,587	3.30	1,094,604	3.19	1,320,771	4.49
Short Term Advance	**515,000**	**0.95**	40,000	0.08	-	-	-	-	-	-	-	-
Advance tax - net	**454,898**	**0.84**	216,899	0.43	63,251	0.15	86,344	0.24	4,208	0.01	-	-
Non- Current Asset held for sale	**2,748,739**	**5.08**	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	**241,080**	**0.45**	1,268,375	2.51	270,658	0.64	379,130	1.03	766,042	2.23	161,838	0.55
Total current assets	**6,964,185**	**12.88**	5,931,729	11.74	6,463,350	15.27	2,706,451	7.38	3,304,683	9.62	2,971,515	10.09
				-		-		-		-		-
	54,056,149	**100.00**	50,539,553	100.00	42,339,830	100.00	36,653,470	100.00	34,346,171	100.00	29,443,753	100.00
Statement of profit or loss												
Revenue - gross	**11,982,998**	**100.00**	12,362,265	100.00	11,545,612	100.00	10,783,011	100.00	9,350,802	100.00	9,032,940	100.00
Discounts and commissions	**215,959**	**1.80**	168,561	1.36	178,970	1.55	150,639	1.40	127,019	1.36	136,940	1.52
Sales tax	**1,628,765**	**13.59**	1,666,453	13.48	1,554,656	13.47	1,481,312	13.74	1,301,767	13.92	1,286,115	14.24
Revenue - net	**10,138,274**	**84.61**	10,527,251	85.16	9,811,986	84.98	9,151,060	84.87	7,922,016	84.72	7,609,885	84.25
Cost of sales and services	**6,068,276**	**50.64**	5,647,370	45.68	5,429,680	47.03	4,967,545	46.07	4,288,554	45.86	4,251,249	47.06
Gross profit	**4,069,998**	**33.96**	4,879,881	39.47	4,382,306	37.96	4,183,515	38.80	3,633,462	38.86	3,358,636	37.18
Other income	**185,469**	**1.55**	151,998	1.23	137,283	1.19	120,128	1.11	107,927	1.15	119,464	1.32
Administrative expenses	**3,206,647**	**26.76**	3,268,064	26.44	2,656,605	23.01	2,383,614	22.11	2,261,735	24.19	1,963,093	21.73
Impairment loss	**22,915**	**0.19**	-	-	40,509	0.35	797,536	7.40	-	-	55,273	0.61
Operating profit	**1,025,905**	**8.56**	1,763,815	14.27	1,822,475	15.79	1,122,493	10.41	1,479,654	15.82	1,459,734	16.16
				-		-		-		-		-
Finance income	**251,218**	**2.10**	99,262	0.80	89,211	0.77	144,883	1.34	151,757	1.62	120,517	1.33
Unrealised (loss)/ gain on remeasurement of		**-**		-		-		-		-		-
investments to fair value - net	**(491,660)**	**(4.10)**	(250,474)	(2.03)	165,120	1.43	116,859	1.08	28,754	0.31	427,168	4.73
Finance cost	**1,154,494**	**9.63**	725,513	5.87	411,802	3.57	167,753	1.56	103,073	1.10	130,639	1.45
Net finance cost	**1,394,936**	**11.64**	876,725	7.09	157,471	1.36	93,989	0.87	77,438	0.83	417,046	4.62
Profit before taxation	**(369,031)**	**(3.08)**	887,090	7.18	1,665,004	14.42	1,216,482	11.28	1,557,092	16.65	1,876,780	20.78
Income tax expense	**494,367**	**4.13**	391,534	3.17	515,929	4.47	591,277	5.48	486,446	5.20	473,411	5.24
Profit for the year	**(863,398)**	**(7.21)**	495,556	4.01	1,149,075	9.95	625,205	5.80	1,070,646	11.45	1,403,369	15.54
Earnings per share - basic and diluted (Rupees)	**(26.55)**		15.24		35.33		19.22		32.92		43.15	

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

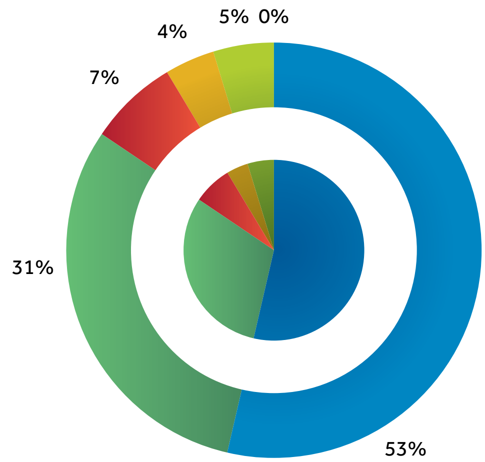
	2018-19	2017-18
	(Rupees '000)	
VALUE ADDED		
Sales and Services (Inclusive of GST and other taxes)	**11,767,039**	12,205,498
Other operating income - net	**(54,974)**	786
	11,712,066	12,206,284
Cost of sales and other expenses (Excluding salaries, wages and benefits & taxes)	**(5,615,554)**	(5,397,155)
	6,096,512	6,809,129
DISTRIBUTION		
Salaries, wages and benefits	**3,151,212**	2,747,732
Government (Taxes & Levies)	**3,808,698**	3,565,841
Shareholders (Dividend)	**-**	487,863
Retained in Business	**(863,398)**	7,693
	6,096,512	6,809,129



APPLICATION OF SALES & OTHER INCOME
FINANCIAL YEAR 2018-19

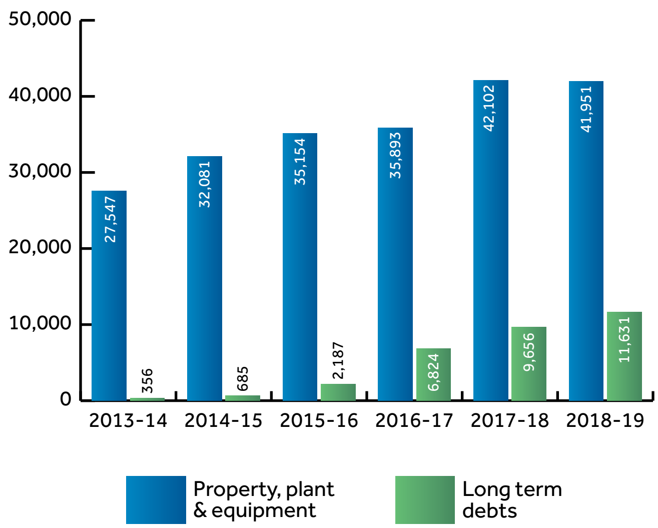


APPLICATION OF SALES & OTHER INCOME
FINANCIAL YEAR 2017-18

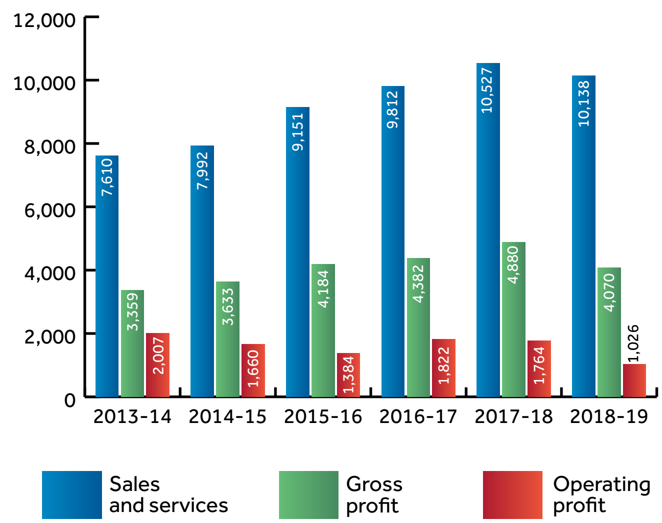


Cost of sales
Administrative expenses
Finance cost
Taxation
Loss/ (Profit) after tax
Other expenses

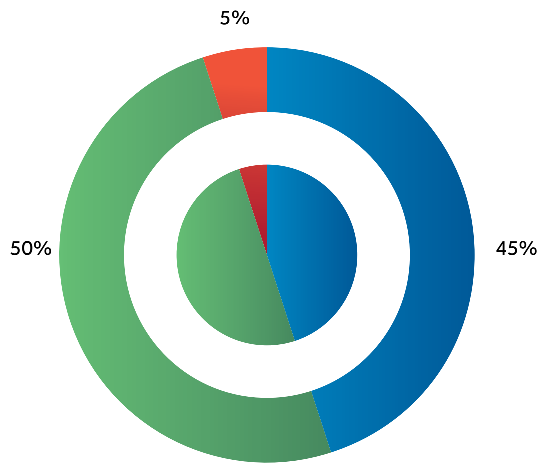
PROPERTY, PLANT & EQUIPMENT AT COST V/s LONG TERM DEBTS



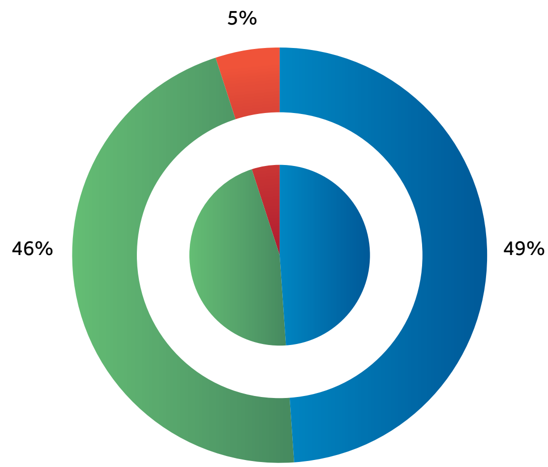
SALES AND SERVICES GROSS PROFIT OPERATING PROFIT



CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS
FINANCIAL YEAR 2018-19

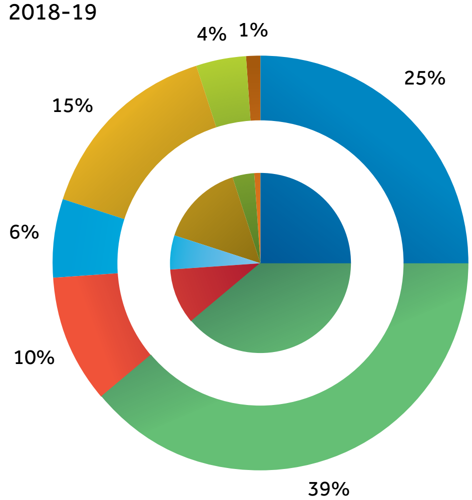


CONTRIBUTION OF MAJOR REVENUE GENERATING DEPARTMENTS
FINANCIAL YEAR 2017-18

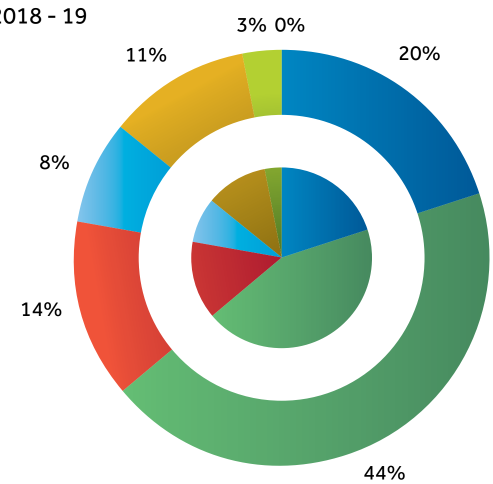


Room revenue   Food and beverage   Other related services

ROOM REVENUE
2018-19



FOOD AND BEVERAGES REVENUE - HOTEL WISE
2018 - 19



PCH - KARACHI   PCH - LAHORE   PCH-RAWALPINDI   PCH - PESHAWAR
PCH - BHURBAN   PCH - MUZAFFARABAD   HOTEL ONE

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

FOR THE YEAR ENDED 30 JUNE 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (9) as per the following:
    a. Male: Nine
    b. Female: None

2. The composition of board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly excercieised and decisions on relevant matters have been taken by Board/Shareholders as impowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Out of total of nine directors, three directors have undertaken Directors' Training Program till 30 June 2019 and applied for exemption for remining two Directors in terms of clause 20(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2017. Considering the pending approval from SECP and relaxation given vide its notification dated 25 September 2019, the Company is in compliance with this requirement.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Audit Committee	HR and Remuneration Committee
Mr. M. Ahmed Ghazali Marghoob (Chairman)	Mr. M. Ahmed Ghazali Marghoob (Chairman)
Mr. Mansoor Akbar Ali	Mr. M. A. Bawany
Syed Sajid Ali	Syed Sajid Ali
Mr. Shakir Abu Bakar	Mr. Shakir Abu Bakar

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. Audit Committee meetings were held once every quarter and Human Resource and Remuneration Committee meeting was held once during the year.

15. The Board has set up an effective internal audit function and that is involved in Internal Audit on full time basis relating to the business and other affairs of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Sadruddin Hashwani
Chairman
01 October 2019

Pearl-Continental Hotel, Karachi

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan Services Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Advance against purchase of land** We draw attention to note 16 to the unconsolidated financial statements, wherein it is disclosed that the Company has extended advance against purchase of following land; ***Advance amounting to Rs. 626.82 million (note 16.1)*** • This was extended to a related party for purchase of two plots of land. According to the agreements, both the land were to be transferred to the Company by 30 June 2012 after completion of development work. ***Advance amounting to Rs. 381.65 million (note 16.2)*** • This represents amount paid for purchase of 113.34 acres of land and fee for regularization of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. As disclosed in detail in note 16.2, the matter is under litigation. The Company is confident that the case will be decided in its favour and possession of land will be handed over to the Company. Further, the Company has sought legal advice that in case of an adverse outcome, the Company would be entitled to recover the amounts from the purchaser as well as from the relevant Government department. We identified advance against purchase of land as a key audit matter due to its relative significance and the risk that underlying asset is not eventually transferred to the Company due to litigation and prolonged delay.	Our audit procedures to evaluate the appropriateness of the impairment of advance against the purchase of land, amongst others, included the following: • held discussions at appropriate level of management and Audit Committee to assess their views on the settlement and recoverability of advances for land; • reviewing legal opinion obtained by the Company regarding transfer of land and recoverability of advance where Company is in litigation. • for advances where Company is not in litigation, circularised external confirmations, and evaluating the replies received thereto; and • evaluating the appropriateness of the disclosure in accordance with the accounting and reporting standards as applicable in Pakistan.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

<table>
<tr><th>S. No.</th><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>2</td><td>Related party transactions, balances and disclosures

Transactions with related parties are disclosed in note 41 of the unconsolidated financial statements.

We identified transactions with related parties and its disclosures as key audit matter due to the nature and number of transactions with related parties, and also due to their significance to the financial statements.</td><td>Our audit procedures to evaluate the related party transactions and disclosures, amongst others, included the following:
obtaining an understanding of the process that management has established to identify, account for and disclose related party transactions and authorize and approve related party transactions and arrangements;
obtaining the details of related parties and transactions and comparing the same with underlying accounting records to identify transactions that are outside the normal course of business;
inspecting bank and legal confirmations, and minutes of meetings;
obtaining, on a sample basis, confirmations of transactions and balances with related parties;
comparing, on a sample basis, the recording of related party transactions with the related agreements / arrangements and underlying supporting documents; and
evaluating the completeness and appropriateness of the related parties disclosure in accordance with the accounting and reporting standards as applicable in Pakistan.</td></tr>
<tr><td>3</td><td>Revenue from letting of rooms and food and beverages

Refer note 29 to the unconsolidated financial statements.

The Company recognized revenue of Rs. 11,338 million from rooms and food and beverages for the year ended 30 June 2019.

We identified recognition of revenue from these two streams as a key audit matter because these are key performance indicators of the Company and gives rise to an inherent risk that rooms and food and beverages revenue could be subject to misstatement to meet expectations or targets.</td><td>Our audit procedures to evaluate the recognition of rooms and food and beverages revenue, amongst others, included the following:
obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;
comparing a sample of revenue transactions recorded during the year with reservations, sales invoices and other relevant underlying documents;
comparing a sample of revenue transactions recorded around the year end with the bookings, sales invoices and other relevant underlying documentation to evaluate if the related revenue was recorded in the appropriate accounting period; and
comparing the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matter	How the matter was addressed in our audit
4	**Borrowings and finance cost** Refer to notes 8 and 35 to the unconsolidated financial statements. The Company has obtained range of borrowings from different financial institutions with varying terms and tenors. This was considered to be a key audit matter as this affects Company's gearing, liquidity, and solvency.	Our audit procedures over borrowings and finance cost, amongst others, included the following: • understanding management's process of recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs; • obtaining confirmations directly from the financial institutions; • recalculating the markup recognized as expense and capitalized during the year; • evaluating whether the finance cost capitalized during the year meet capitalization criteria; • evaluating whether borrowings are correctly classified in current portion as per the agreement; and • evaluating the appropriateness of the related disclosures in accordance with the accounting and reporting standards as applicable in Pakistan.

Information other than the Unconsolidated Financial Statements and Auditors' Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
04 October 2019

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED (THE COMPANY)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pakistan Services Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below the instance of non - compliance with the requirements of the Regulations as reflected in the paragraph where it is stated in the Statement of Compliance:

i. Chapter VI Section 20 requires "It shall be mandatory for all companies to ensure that by June 30, 2019, at least half of the directors on their boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it". However we have observed that only 3 directors (out of 9) have obtained such training. Although the Company has applied for exemption from the said training for remaining two directors however such exemption has not yet been granted.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
04 October 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve	5	269,424	269,424
Revenue reserves	6	6,779,566	7,714,976
Revaluation surplus on property, plant and equipment	7	27,530,740	27,530,740
Total equity		34,904,972	35,840,382
LIABILITIES			
Loans and borrowings	8	11,631,374	9,655,774
Employee benefits	9	773,666	666,088
Deferred tax liability - net	10	429,984	272,545
Non current liabilities		12,835,024	10,594,407
Short term borrowings	11	1,264,583	570,768
Current portion of loans and borrowings	8	3,087,750	1,554,669
Trade and other payables	12	1,677,278	1,950,875
Contract liabilities	30	275,772	-
Unpaid dividend	13	1,528	19,210
Unclaimed dividend		9,242	9,242
Current liabilities		6,316,153	4,104,764
Total equity and liabilities		54,056,149	50,539,553
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
ASSETS			
Property, plant and equipment	15	**40,462,093**	39,925,287
Advance for capital expenditure	16	**2,057,190**	1,532,203
Investment property	17	**60,000**	60,000
Long term investments	18	**1,037,794**	1,037,794
Advance against equity investment	19	**3,412,571**	2,014,570
Long term deposits and prepayments	20	**62,316**	37,970
Non current assets		**47,091,964**	44,607,824
Inventories	21	**313,644**	279,917
Trade debts	22	**543,377**	704,692
Contract assets	30	**29,752**	-
Advances, prepayments, trade deposits and other receivables	23	**401,258**	287,185
Short term investments	24	**1,716,437**	3,134,661
Short term advance	25	**515,000**	40,000
Non current asset held for sale	26	**2,748,739**	-
Advance tax - net	27	**454,898**	216,899
Cash and bank balances	28	**241,080**	1,268,375
Current assets		**6,964,185**	5,931,729
Total assets		**54,056,149**	50,539,553

Murtaza Hashwani Chief Executive	M. A. Bawany Director	Javed Iqbal Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
Revenue - net	29	**10,138,274**	10,527,251
Cost of sales and services	31	**(6,068,276)**	(5,647,370)
Gross profit		**4,069,998**	4,879,881
Other income	32	**185,469**	151,998
Administrative expenses	33	**(3,206,647)**	(3,268,064)
Impairment loss on trade debts	22	**(22,915)**	-
Operating profit		**1,025,905**	1,763,815
Finance income	34	**251,218**	99,262
Loss on remeasurement of investments to fair value - net		**(491,660)**	(250,474)
Finance cost	35	**(1,154,494)**	(725,513)
Net finance cost		**(1,394,936)**	(876,725)
(Loss)/ profit before taxation		**(369,031)**	887,090
Income tax expense	36	**(494,367)**	(391,534)
(Loss) / profit for the year		**(863,398)**	495,556
(Loss) / earnings per share - basic and diluted (Rupees)	37	**(26.55)**	15.24

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
(Loss) / profit for the year		(863,398)	495,556
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefits liability	9.1.4	(21,106)	(46,103)
Surplus on revaluation of property, plant and equipment		-	3,751,225
Related tax		6,121	11,526
Other comprehensive income for the year- net of tax		(14,985)	3,716,648
Total comprehensive income for the year- (loss)		(878,383)	4,212,204

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani
Chief Executive

M. A. Bawany
Director

Javed Iqbal
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	38	2,088,669	2,553,272
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(33,727)	(21,239)
Trade debts		58,080	(102,594)
Contract assets		(29,752)	-
Advances		(23,114)	(16,760)
Trade deposits and prepayments		(19,576)	(4,410)
Other receivables		(71,383)	(40,130)
Increase in trade and other payables		(273,597)	642,616
Contract liabilities		275,772	(323,783)
Cash (used in)/ generated from operations		(117,297)	133,700
Staff retirement benefit - gratuity paid	9.1	(39,346)	(45,895)
Compensated leave absences paid	9.2	(34,346)	(22,793)
Income tax paid	27	(545,515)	(470,722)
Finance cost paid		(1,307,873)	(629,129)
Net cash generated from operating activities		44,292	1,518,433
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(3,903,025)	(3,955,732)
Advance for capital expenditure		(524,987)	(185,268)
Other receivables - Refund of Advance for purchase of land (Advance for purchase of land)		-	3,648,420
Proceeds from disposal of property, plant and equipment	15.1.9	117,776	60,361
Advance against equity		(1,398,001)	(1,491,000)
Short term advance		(475,000)	(40,000)
Short term investments		925,000	(2,000,000)
Dividend income received		55,357	55,144
Receipts of return on bank deposits and short term investments		192,314	29,386
Long term deposits and prepayments		(24,346)	(15,647)
Net cash used in investing activities		(5,034,912)	(3,894,336)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,501,667)	(492,500)
Proceeds from long-term financing		150,000	1,850,000
Proceeds from Sukuk issuance		4,666,667	2,333,333
Repayment of diminishing Mutharika facility		(23,548)	(11,137)
Dividend paid		(17,682)	(475,999)
Payment of transaction cost of long term financing		-	(45,000)
Net cash generated from financing activities		3,273,770	3,158,697
Net (decrease)/ increase in cash and cash equivalents		(1,716,850)	782,794
Cash and cash equivalents at beginning of the year		713,509	(69,285)
Cash and cash equivalents at end of the year	39	(1,003,341)	713,509

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Capital reserve		Revenue reserves		Total equity
		Share premium	Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
	(Rupees'000)					
Balance at 30 June 2017	**325,242**	**269,424**	**23,779,515**	**1,600,000**	**6,141,860**	**32,116,041**
Total comprehensive income for the year						
Profit for the year	-	-	-	-	495,556	495,556
Other comprehensive income for the year	-	-	3,751,225	-	(34,577)	3,716,648
Total comprehensive income for the year	-	-	3,751,225	-	460,979	4,212,204
Transaction with owners of the Company Distributions:						
Final cash dividend 30 June 2017 Rs. 5 per share	-	-	-	-	(162,621)	(162,621)
First interim cash dividend 2018 Rs. 5 per share	-	-	-	-	(162,621)	(162,621)
Second interim cash dividend 2018					-	
Rs. 5 per share	-	-	-	-	(162,621)	(162,621)
Total distributions	-	-	-	-	(487,863)	(487,863)
Balance at 30 June 2018	**325,242**	**269,424**	**27,530,740**	**1,600,000**	**6,114,976**	**35,840,382**
Balance at 01 July 2018	**325,242**	**269,424**	**27,530,740**	**1,600,000**	**6,114,976**	**35,840,382**
Effect of change in policy (note 3)	-	-	-	-	(57,027)	(57,027)
Adjusted balance at 01 July 2018	**325,242**	**269,424**	**27,530,740**	**1,600,000**	**6,057,949**	**35,783,355**
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(863,398)	(863,398)
Other comprehensive income for the year	-	-	-	-	(14,985)	(14,985)
Total comprehensive income for the year	-	-	-	-	(878,383)	(878,383)
Balance at 30 June 2019	**325,242**	**269,424**	**27,530,740**	**1,600,000**	**5,179,566**	**34,904,972**

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Pakistan. The Company also owns one small sized property in Lahore, operating under the budget concept. The Company also grants franchise to use its trade mark and name "Pearl Continental". Further, the company is also in the process of constructing hotels in Multan and Mirpur Azad Jammu and Kashmir.

The registered office of the Company is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The addresses of lands, hotel buildings and other properties owned by the Company located in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar, Multan, Muzaffarabad and Mirpur are disclosed in note 15.1.5. The addresses of the Company's other sales offices / lounges are as follows:

- CIP Lounge, New Islamabad International Airport.
- CIP Lounge, Allama Iqbal International Airport, Lahore
- CIP Lounge, Jinnah International Airport, Karachi
- Sales center, office no. 05, Basement, Islamabad Center, Fazal-e-Haq Road, Blue Area, Islamabad.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) issued by the Institute of Chartered Accountants of Pakistan 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Details of the Company's accounting policies are included in note 3

2.2 Basis of measurement and preparation

These unconsolidated financial statements have been prepared under historical cost convention except for the following items, which are measured on an alternative basis on each reporting date.

Item	Measurement basis
Land	Revaluation model
Investment property	Fair value
Investments classified as through profit or loss	Fair value
Employee benefits - Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial valuation

The method used to measure fair values are disclosed in respective polity notes.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

These unconsolidated financial statements are presented in Pakistan Rupees (Rupee or PKR), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

In preparing these unconsolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

- Note 15.1 useful lives, reassessed values, residual values and depreciation method of property, plant and equipment
- Note 17 fair value of investment property
- Note 21 provision for slow moving inventories
- Note 14 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 9 measurement of defined benefit obligations: key actuarial assumptions
- Note 10 and 36 recognition of deferred tax liabilities and assets and estimation of income tax provisions
- Note 22 measurement of ECL allowance for trade debts

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management 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 management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized 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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these unconsolidated financial statements, except for the changes as indicated below:

- The Company has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of 01 July 2018. IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

As a result of application of IFRS 15, the following presentational changes are made:

- contract liabilities, previously presented as advances from customers under trade and other payables has now been presented as a separate line item on the unconsolidated statement of financial position

- contract assets previously merged in trade debts has now been presented as a separate line item on the unconsolidated statement of financial position.

The change in accounting policy has no impact on the reported amount of unappropriated profit as at 01 July 2018. Relevant accounting policy notes on adoption of the new standard have been explained in note 3.12 and impact of adoption of IFRS 15 on Company's unconsolidated statement of financial position and unconsolidated statement of profit or loss and unconsolidated comprehensive income are disclosed in note 29.4.

The Company has also adopted IFRS 9 'Financial Instruments' with a date of initial application of 01 July 2018. IFRS 9 replaced IAS 39 'Financial Instruments – Recognition and Measurement' and includes the requirements on the classification and measurement of financial assets and liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model. The Securities and Exchange Commission of Pakistan vide its notification dated 02 September 2019 has deferred the application of expected credit loss model on financial assets due from the Government of Pakistan which continues to be accounted for under the previously applicable requirements of IAS 39 'Financial Instruments: Recognition and Measurement" till 30 June 2021. The Company has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' with the exception of long term deposits and short term deposits which are classified as Fair value through profit or loss (FVTPL) as they do not meet "solely payment of principal and interest" (SPPI) test criteria, 'held to maturity' is now classified as 'amortized cost' and 'available for sale' is now classified as 'fair value through other comprehensive income (FVTOCI)' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. Further, effective 01 July 2018, the Company implemented expected credit loss impairment model for financial assets. For trade debts, the calculation methodology has been updated to consider expected losses based on ageing profile and forward looking estimates such as economic profiling related to trade debts.

The Company has adopted IFRS 9 by taking cumulative effect of initially applying IFRS 9 'Financial Instruments' to the opening retained earnings at the beginning of annual reporting period i.e. 01 July 2018. In choosing the transition method for IFRS 9, the Company has taken advantage of exemption allowed from IFRS 9 from restating prior period in respect of IFRS 9's classification and measurement including impairment requirement.

As a result of adoption of IFRS 9 the Company has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require impairment of financial assets to be presented in a separate line item in the unconsolidated statement of profit or loss. Previously, the Company's approach was to include the impairment of trade debts in 'Administrative expenses'.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about financial year 2019 but have not been generally applied to comparative information.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings:

	Impact of adopting IFRS 9 at 01 July 2018 (Rupees'000)
Retained earnings	
Recognition of expected credit losses under IFRS 9	80,320
Related tax	(23,293)
Impact at 01 July 2018	**57,027**

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 3.5.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets			(Rupees' 000)	
Certificate of investments	Held to maturity	*Amortized cost*	-	-
Certificate of investments	Avialable for sale	*Fiar value through other comprehnsive income*	-	-
Term Deposit Receipt	Loans and receivables	*Amortized cost*	2,020,953	2,020,953
Investment in equity securities	Held for trading	*Financial assets at fair value through profit or loss*	1,113,708	1,113,708
Trade debts	Loans and receivables	*Amortized cost*	704,692	624,372
Long term deposits	Loans and receivables	*Financial assets at fair value through profit or loss*	29,655	29,655
Short term advance	Loans and receivables	*Amortized cost*	40,000	40,000
Advances, trade deposits and other receivables	Loans and receivables	*Amortized cost*	215,790	215,790
Short term deposits	Loans and receivables	*Financial assets at fair value through profit or loss*	24,721	24,721
Cash and Bank balances	Loans and receivables	*Amortized cost*	1,268,375	1,268,375
		Total financial assets	**5,417,894**	**5,337,574**
Financial Liabilities				
Loans and Borrowings	*Amortized cost*	*Amortized cost*	11,210,443	11,210,443
Short term borrowings	*Amortized cost*	*Amortized cost*	570,768	570,768
Trade and other payables	*Amortized cost*	*Amortized cost*	1,950,875	1,950,875
Unclaimed dividend	*Amortized cost*	*Amortized cost*	9,242	9,242
Unpaid dividend	*Amortized cost*	*Amortized cost*	19,210	19,210
		Total financial liabilities	**13,760,538**	**13,760,538**

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 July 2018

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Financial Assets	IAS 39 carrying amount at 30 June 2018	Remeasurement	IFRS 9 carrying amount at 01 July 2018
		(Rupees' 000)	
Certificate of investments	-		
Brought forward: Held to maturity		-	
Remeasurement			-
Carry forward: Amortized cost			
Certificate of investments			
Brought forward: Available for sale	-		
Remeasurement		-	
Carry forward: Fiar value through other comprehnsive income			-
Term Deposit Receipt			
Brought forward: Loans and receivables	2,020,953		
Remeasurement		-	
Carry forward: Amortized cost			2,020,953
Investment in equity securities			
Brought forward: Held for trading	1,113,708		
Remeasurement		-	
Carry forward: Financial assets at fair value through profit or loss			1,113,708
Trade debts			
Brought forward: Loans and receivables	704,692		
Remeasurement		(80,320)	
Carry forward: Amortized cost			624,372
Long term deposits & prepayments			
Brought forward: Loans and receivables	29,655		
Remeasurement		-	
Carry forward: Financial assets at fair value through profit or loss			29,655
Short term advance			
Brought forward: Loans and receivables	40,000		
Remeasurement		-	
Carry forward: Amortized cost			40,000
Advances, prepayments, trade deposits and other receivables			
Brought forward: Loans and receivables	215,790		
Remeasurement		-	
Carry forward: Amortized cost			215,790
Short term deposits			
Brought forward: Loans and receivables	24,721		
Remeasurement		-	
Carry forward: Financial assets at fair value through profit or loss			24,721
Cash and Bank balances			
Brought forward: Loans and receivables	1,268,375		
Remeasurement		-	
Carry forward: Amortized cost			1,268,375
	5,417,894	(80,320)	**5,337,574**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39- see note 3.8.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9 impairment requirements at 1 July 2018 results in increase in loss allowance for impairment as follows:

	Rupees('000)
Loss allowance at 30 June 2018 under IAS 39	180,781
Impairment recognised at 01 July 2018 on:	
Increase in loss allowance for trade debts	80,320
Loss allowance at 01 July 2018 under IFRS 9	261,101

Additional information about how the Company measures the allowance for impairment is described in Note 3.8.

Adoption of IFRS 9 as at 01 July 2018

The impact of adoption of IFRS 15 and IFRS 9 on the unconsolidated statement of financial position and the unconsolidated statement of profit or loss is disclosed in note 46.

3.1 Property, plant and equipment and Advance for capital expenditure

3.1.1 Owned

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- land (free hold and lease hold) which is carried at revalued amount
- capital work in progress and advance for capital expenditure which are stated at cost less impairment loss, if any.

Items in property, plant and equipment are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to a capital reserve in shareholders' equity and presented as a separate line item in statement of financial position.

Increases in the carrying amounts arising on revaluation of land are recognised, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Cost comprises of purchase price and other directly attributable costs less refundable taxes. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use.

The completed or / acquired capital work in progress and advance for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the diminishing balance method over their estimated useful lives, and is recognized in profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work in progress is not depreciated. Rates of depreciation are mentioned in note 15.1 to these unconsolidated financial statements.

Depreciation on additions to property, plant and equipment is charged on prorate basis from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off/ derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.1.2 Leased

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

Lease payments

Payments made over operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Ijarah

Assets held under Ijarah arrangement are classified as operating leases and are not recognised in the Company's unconsolidated statement of financial position.

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

3.2 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.3 Long term investments

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

3.3.1 Investments in subsidiaries

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

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

3.3.2 Investment in associates and jointly controlled entities

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

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

3.3.3 Investment at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as fair value through profit or loss and designated as such upon initial recognition. These are stated at fair value with any resulting gains or losses recognized directly in profit or loss.

The Company recognized the regular way purchase or sale of financial assets using settlement debt accounting.

3.4 Inventories

3.4.1 Stores, spare parts and loose tools

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

3.4.2 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

The Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade.

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3.5 Financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

3.5.1 Financial asset

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated profit or loss. Any gain or loss on de-recognition is recognized in unconsolidated profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in unconsolidated profit or loss. Other net gains and losses are recognized in unconsolidated OCI. On de-recognition, gains and losses accumulated in unconsolidated OCI are reclassified to unconsolidated profit or loss.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in unconsolidated OCI and are never reclassified to unconsolidated profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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3.5.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in unconsolidated profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in unconsolidated statement of profit or loss. Any gain or loss on de-recognition is also included in unconsolidated profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the unconsolidated statement of profit or loss for the period in which it arises.

3.5.3 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the unconsolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.5.4 Financial instruments – accounting policy applied before 01 July 2018

The Company classified financial assets into the following categories:

(a) financial assets at fair value through profit or loss (FVTPL);

(b) financial assets available for sale; and

(c) loans and receivables

Subsequent to initial recognition, financial assets at FVTPL were measured at fair value and changes therein including interest or dividend income were recognized in unconsolidated profit or loss. Available for sale financial assets subsequently measured at fair value through other comprehensive income. Loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial liabilities were initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost and are classified into other financial liabilities category.

3.6 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.8.

3.7 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

3.8 Impairment

3.8.1 Financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For recognition of impairment on financial assets due from the Government of Pakistan entities, the Company continues to apply the accounting policy as stated below.

Impairment of financial assets – accounting policy applied before 01 July 2018

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in unconsolidated statement of profit or loss. An impairment loss is reversed in the unconsolidated statement of profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.8.2 Non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.9 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as finance cost.

3.10 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.11 Share capital and dividend

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3.12 Employee benefits

3.12.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined contribution plan – Provident fund

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

3.12.3 Defined benefit plans

3.12.3.1 Gratuity

The Company operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme.

The Company's net liability in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC).

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.12.3.2 Compensated leave absences

The Company operates defined benefit plan comprising an unfunded compensated leave absences scheme covering all eligible employees as specified by the scheme.

The Company recognises provision for compensated absences on the unavailed balance of privilege leaves of all its permanent employees. The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC) and related expense related to defined benefit plans are recognised in profit or loss.

During the year, the Company has changed its compensated leave policy under which unavailed annual leaves are now allowed to be accumulated up to 45 working days (from 75 days) which resulted in past service cost of Rs. 21.9 million (refer note 9.2.3)

3.13 Income tax

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

3.13.1 Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

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3.13.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

3.14 Revenue recognition

The Company generates revenue from room rentals, food and beverages sales, communication tower, shop license fees and revenue from minor operating departments.

3.14.1 Revenue from contracts with customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms, and the related revenue recognition policies.

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Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 01 July 2018)	Revenue recognition under IAS 18 (applicable before 01 July 2018)
Room revenue	The performance obligation is satisfied at the point in time when control of room is transferred to the customer, which is mainly at the time of handing over of room key. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.	Room revenue was recognized on performance of services to the guests.
Food and beverages revenue	The performance obligation is satisfied at the point in time when food and beverages are served to the customer. For service charges levied on food and beverages, the performance obligation is satisfied at the point in time when the food and beverages are served. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Food and beverages revenue is recognized on consumption of food and beverages by the customer.	Food and beverages revenue was recognized on consumption of food and beverages by the customer.
Revenue from other related services	The performance obligation is satisfied at the point in time when services are provided to the customer. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Revenue from other related services is recognized when the services are provided.	Revenue from other related services was recognized when services are provided to the customer.

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3.14.2 Revenue from other income sources

Communication towers and other rental income

Communication towers and other rental income is recognized on a straight-line basis over the agreed terms. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits.

Other income

Other income is recognized on an accrual basis. Net gains and losses of disposal of property, plant and equipment have been recognized in the unconsolidated statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Dividend income from investments is recognized when the Company's right to receive has been established.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.14.3 Contract assets

The contract assets primarily relate to the Company's right to consideration for service provided but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional. This usually occurs when the Company issue an invoice to the customer.

3.14.4 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfer services to a customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company perform its performance obligation under the contract.

3.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of unconsolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated profit or loss.

3.16 Operating profit

Operating profit is the result generated from continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance income, finance costs, income taxes and reversals of impairment.

3.17 Finance income and finance cost

The Company's finance income and finance costs include interest income, dividend income, interest expense, foreign currency gain or loss on financial assets and financial liabilities. Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

3.18 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term investments and short-term borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments.

3.20 Earnings per share

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

3.21 Standards, Interpretations and Amendments to the Approved Accounting 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 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently in the process of assessing the impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of assessing the impact on Company's financial statements.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general-purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

    - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

    - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

    - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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4 SHARE CAPITAL

4.1 Authorised share capital

Authorized share capital is 200,000,000 (2018: 200,000,000) ordinary share of Rs. 10 each.

4.2 Issued, subscribed and paid up share capital

2019	2018		2019	2018
Number of shares			(Rupees'000)	
		Ordinary shares of Rs.10 each		
25,672,620	25,672,620	- Fully paid in cash	**256,726**	256,726
362,100	362,100	- For consideration other than cash (against property)	**3,621**	3,621
6,489,450	6,489,450	- Fully paid bonus shares	**64,895**	64,895
32,524,170	32,524,170		**325,242**	325,242

4.2.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

4.2.2 As of the reporting date 7,370,336 (2018: 7,363,936) and 585,938 (2018: 585,938) ordinary shares of Rs. 10 each were held by associated companies and directors of the Company respectively.

4.3 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stake holders,and to maintain a strong capital base to support the sustained developmento of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to share holders and/or issue new shares.There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

	Note	2019	2018
5 CAPITAL RESERVE		(Rupees'000)	
Share premium	5.1	**269,424**	269,424

5.1 Capital reserve represents share premium received in previous years.

		2019	2018
6 REVENUE RESERVES			
General reserve		**1,600,000**	1,600,000
Unappropriated profits		**5,179,566**	6,114,976
		6,779,566	7,714,976
7 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Balance at 01 July		**27,530,740**	23,779,515
Surplus on revaluation		**-**	3,751,225
Balance at 30 June	15.1.3	**27,530,740**	27,530,740

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		Note	2019	2018
8	LOANS AND BORROWINGS - Secured		(Rupees'000)	
a.	**Non current potion**			
	Term Finance Loan - 1	8.1	637,500	807,500
	Term Finance Loan - 2	8.2	1,935,000	2,150,000
	Term Finance Loan - 3	8.3	2,333,333	3,000,000
	Term Finance Loan - 4	8.4	2,000,000	1,850,000
	Syndicated term loan	8.5	450,000	900,000
	Sukuk	8.6	7,000,000	2,333,333
	Transaction cost		(52,208)	(71,257)
			14,303,625	10,969,576
	Current portion of loans		(2,694,444)	(1,335,000)
			11,609,181	9,634,576
	Lease finance facilities			
	Diminishing Musharaka Facility	8.7	35,446	33,857
	Current portion		(13,253)	(12,659)
			22,193	21,198
			11,631,374	9,655,774
b.	**Current portion**			
	Current portion of loans		2,694,444	1,335,000
	Current portion of Diminishing Musharaka Facility		13,253	12,659
	Markup accrued		380,053	207,010
			3,087,750	1,554,669

8.1 This represents outstanding balance of term finance loan of Rs. 350 million and Rs. 500 million carrying markup of 3-month KIBOR plus 1.5% (2018: 3-month KIBOR plus 1.5%) per annum. These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs. 1,534 million (2018: Rs. 1,534 million), ranking hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million (2018: Rs. 734 million). These loans are repayable in twenty equal quarterly installments of Rs. 17.50 million and Rs. 25.00 million each against respective loans. Repayments have started from June 2018.

8.2 This represents outstanding balance of term finance loan of Rs. 2,150 million carrying markup of 3-month KIBOR plus 0.75% (2018 :3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against charge over land and building of Pearl Continental Hotel, Rawalpindi and Peshawar to the extent of Rs. 1,200 million (2018: Rs. 1,200 million) and Rs. 1,667 million (2018: Rs. 1,667 million) respectively. The loan is repayable in twenty equal quarterly installments of Rs. 107.50 million each. Repayments have started from January 2019.

8.3 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% (2018: 3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against ranking equitable mortgage charge over land and building of Pearl Continental Hotel, Karachi and ranking hypothecation charge on all present and future fixed and current assets of Pearl Continental Hotel, Karachi to the extent of Rs. 4,000 million (2018: Rs. 4,000 million). The loan is repayable in eighteen equal quarterly installments of Rs. 166.67 million. Repayments have started from September 2018.

8.4 This represents term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% per annum payable semi-annual (2018: 6-month KIBOR plus 0.65%) per annuam. This facility is secured against first pari passu equitable mortgage charge over land and building and first pari passu hypothecation charge on all present and future moveable assets of Pearl Continental Hotel, Peshawar with 25% margin. The loan is repayable in ten equal semi-annual installments starting from May 2020.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

8.5 This represents the outstanding balance of syndicated term loan of Rs. 1,800 million carrying markup of 6-month KIBOR plus 1.95% (2018: 6-month KIBOR plus 1.95%) per annum payable semi-annually. This facility is secured against first pari passu equitable mortgage charge over the property of Pearl Continental Hotel, Karachi with 25% margin and first pari passu hypothecation charge over all present and future movable and immovable fixed assets (excluding land and building) of Pearl Continental Hotel, Karachi with 25% margin. The loan is repayable in eight equal semi-annual installments of Rs. 225 million each. Repayments have started from July 2016.

8.6 During the year, the Company further issued remaining amount of Sukuk certificates of Rs. 4,666.67 millions per arrangement for issuance of rated, secured, long term privately placed Sukuk of Rs. 7,000 million. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carries profit of 6-month KIBOR plus 1% (2018: 6-month KIBOR plus 1%) per annum payable semi-annually. The Sukuk is secured by way of first mortgage charge on Pearl Continental Hotel, Lahore with 25% margin and hypothecation on all the present and future assets (excluding land and building) of Pearl Continental Hotel, Lahore. Redemption of Sukuk will be in nine equal semi-annual installments starting from March 2020.

8.7 This represents outstanding balance of diminishing musharaka facility from an Islamic financial institution and carries markup of 3-month KIBOR plus 1% (2018: 3-month KIBOR plus 1%) per annum payable quarterly . The facility is secured by way of ownership of leased assets.

Diminishing musharaka facility is payable as follows:

	Present value of minimum lease payment	Interest cost for future periods	Future minimum lease payments
2019		(Rupees'000)	
Not later than one year	**12,728**	**3,785**	**16,513**
Later than one year and not later than five years	**22,718**	**2,524**	**25,242**
	35,446	**6,309**	**41,755**
2018			
Not later than one year	12,134	1,992	14,126
Later than one year and not later than five years	21,723	1,115	22,838
	33,857	3,107	36,964

		Note	2019	2018
9	EMPLOYEE BENEFITS		(Rupees'000)	
	Net defined benefit liability - gratuity	9.1.1	**592,024**	527,066
	Net defined benefit liability - compensated leave absences	9.2.1	**181,642**	139,022
			773,666	666,088

9.1 Net defined benefit liability - gratuity

The Company operates an unfunded gratuity scheme for its eligible employees detail of which are as follows:

		Note	2019	2018
9.1.1	**Movement in net defined liability - gratuity**		(Rupees'000)	
	Balance at 01 July		**527,066**	464,214
	Included in profit or loss	9.1.3	**83,198**	62,644
	Benefits paid		**(39,346)**	(45,895)
	Included in other comprehensive income	9.1.4	**21,106**	46,103
	Balance at 30 June		**592,024**	527,066

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
		(Rupees'000)	
9.1.2	**Reconciliation of liability recognised in the statement of financial position**		
	Present value of defined benefit liability	592,024	527,066
	Net defined benefit liability	592,024	527,066
9.1.3	**Included in profit or loss**		
	Current service cost	38,094	29,031
	Interest cost	45,104	33,613
		83,198	62,644
9.1.3.1	Expense is recognized in the following line items in profit or loss		
	Cost of sales and services	51,421	38,950
	Administrative expenses	31,777	23,694
		83,198	62,644
9.1.4	**Included in other comprehensive income**		
	Actuarial loss from changes in financial assumptions	2,728	621
	Experience adjustments on defined benefit liability	18,378	45,482
		21,106	46,103

9.1.5 Key Actuarial assumption

The latest actuarial valuation was carried out on 30 June 2019 using projected unit credit method with the following assumptions:

	Note	2019	2018
Discount rate		9.00%	7.75%
Expected increase in eligible salary		14.25%	N/A
Mortality rate	9.1.5.1	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate		Age - based	Age - based
Retirement assumption		Age-60	Age-60

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

9.1.6 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2019		2018	
	Increase	Decrease	Increase	Decrease
	(Rupees' 000)		(Rupees' 000)	
Discount rate	555,436	623,298	487,669	553,606
Salary increase rate	623,509	554,671	553,792	486,920

9.1.6.1 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

9.1.6.2 The Company's expected charge for the defined benefit liability - gratuity for the next year is Rs. 118.221 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9.1.7 Risk associated with defined benefit liability- gratuity

9.1.7.1 Salary Risk- (linked to inflation risk)

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

9.1.7.2 Demographic Risks

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

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

9.1.8 Expected benefit payments for the next 10 years and beyond;

Years	(Rupees '000)
FY 2020	74,012,542
FY 2021	58,513,812
FY 2022	55,317,249
FY 2023	61,974,785
FY 2024	80,599,888
FY 2025	103,609,850
FY 2026	107,230,006
FY 2027	126,052,611
FY 2028	119,674,128
FY 2029	209,420,899
FY 2030 onwards	2,365,365,644

		Note	2019	2018
9.2	**Net defined benefit liability - compensated leave absences**		(Rupees'000)	
9.2.1	**Movement in defined benefit liability compensated leave absences**			
	Balance at 01 July		**139,022**	135,968
	Included in profit or loss	9.2.3	**76,966**	25,847
	Payments made during the year		**(34,346)**	(22,793)
	Balance at 30 June		**181,642**	139,022
9.2.2	**Reconciliation of liability recognised in the statement of financial position**			
	Present value of defined benefit liability		**181,642**	139,022
	Net defined benefit liability		**181,642**	139,022

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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		Note	2019	2018
9.2.3	**Included in profit or loss**		(Rupees'000)	
	Current service cost		**29,728**	21,004
	Past service cost		**21,990**	-
	Interest cost		**10,838**	9,549
	Experience adjustments on defined benefit liability		**14,410**	(4,706)
			76,966	25,847
9.2.3.1	Expense is recognized in the following line items in profit or loss			
	Cost of sales and services		**40,476**	9,166
	Administrative expenses		**36,490**	16,681
			76,966	25,847
9.2.4	**Actuarial assumption**			
	Discount rate		**9.00%**	7.25%
	Expected increase in eligible salary		**14.25%**	N/A
	Mortality rate	9.2.4.1	SLIC 2001-2005	SLIC 2001-2005
	Withdrawal rate		Age - based	Age - based
	Retirement assumption		Age-60	Age-60

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

9.2.5 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2019		2018	
	Increase	**Decrease**	Increase	Decrease
	(Rupees' 000)		(Rupees' 000)	
Discount rate	167,923	195,062	126,653	148,911
Salary increase rate	194,579	168,142	148,911	126,812

9.2.5.1 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

9.2.6 Risk associated with defined benefit liability - compensated leave absences

9.2.6.1 Salary Risk - (linked to inflation risk)

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

9.2.6.2 Demographic Risks

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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9.2.7 Expected benefit payments for the next 10 years and beyond;

Years	(Rupees '000)
FY 2020	23,349,446
FY 2021	21,313,359
FY 2022	21,838,410
FY 2023	22,085,765
FY 2024	25,347,463
FY 2025	36,097,016
FY 2026	38,727,059
FY 2027	26,030,225
FY 2028	23,820,982
FY 2029	44,328,953
FY 2030 onwards	1,072,832,636

10 DEFERRED TAX LIABILITY

	Net balance at 01 July 2018	Adjustment on adoption of IFRS 9 (note 4)	Adjusted balance at 01 July 2018	Recognized in		Net balance at 30 June 2019
				Profit or loss (Note 36)	Other compre-hensive income	
2019	(Rupees'000)					
Taxable temporary differences						
Property, plant and equipment	493,488	-	-	275,458	-	768,946
Deductible temporary differences						
Long term investments	30,730	-	30,730	4,917	-	35,647
Net defined benefit liability - gratuity	131,766	-	131,766	39,921	6,121	177,808
Provision for obsolescence - stores	410	-	410	66	-	476
Impairment loss on trade debts	45,195	23,292	68,487	37,170	-	105,657
Short term investments	1,325	-	1,325	415	-	1,740
Leased vehicles	11,517	-	11,517	6,118	-	17,635
	220,943	23,292	244,235	88,607	6,121	338,963
	272,545	(23,292)	(244,235)	186,851	(6,121)	429,984

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	Net balance at 01 July 2018	Recognized in Profit or loss (Note 36)	Recognized in Other compre-hensive income	Net balance at 30 June 2019
2018		(Rupees'000)		
Taxable temporary differences	456,039	37,449	-	493,488
Property, plant and equipment				
Deductible temporary differences				
Long term investments	36,876	(6,146)	-	30,730
Net defined benefit liability - gratuity	145,825	(25,585)	11,525	131,766
Provision for obsolescence - stores	434	(24)	-	410
Provision against doubtful debts	54,380	(9,185)	-	45,195
Short term investments	1,590	(265)	-	1,325
Leased vehicles	7,323	4,194	-	11,517
	246,428	(37,011)	11,525	220,943
	209,611	74,460	(11,525)	272,545

11 SHORT TERM BORROWINGS - Secured	Note	2019	2018
		(Rupees'000)	
Running finance facilities - from banking companies	11.1	**1,243,464**	553,868
Markup accrued		**21,119**	16,900
		1,264,583	570,768

11.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 1,620 million (2018: Rs. 1,770 million) which are secured against pari passu equitable mortgage charge on fixed assets and hypothecation charge on stock-in-trade, trade debts, receivables and all other moveable properties of Pearl Continental Hotel Karachi and Rawalpindi and lien on certain listed securities held by the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 0.7% (2018: 1-month KIBOR to 3-month KIBOR plus 0.6% to 0.7%) per annum.

11.2 The Company has unutilised running finance facilities aggregating to Rs. 376.54 million (2018: Rs.1,216.13 million) at the year end.

12 TRADE AND OTHER PAYABLES	Note	2019	2018
		(Rupees'000)	
Creditors		**463,255**	549,082
Accrued liabilities		**598,999**	563,862
Advances from customers		**-**	288,577
Shop deposits	12.1	**54,267**	57,280
Retention money		**211,070**	172,357
Due to related parties - unsecured		**21,353**	14,881
Sales tax payable		**100,357**	105,321
Income tax deducted at source		**4,180**	1,493
Un-earned income		**165,082**	139,376
Other liabilities		**58,715**	58,645
		1,677,278	1,950,875

12.1 As per terms of written agreement with customers, the amount of shop deposits are fully utilizable by the Company.

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13 UNPAID DIVIDEND

13.1 As per the provision of Section-242 of the Companies Act, 2017 and directives of the Securities and Exchange Commission of Pakistan vide circular no. 18 dated 01, August, 2017, cash dividend will only be paid through electronic mode directly in the bank accounts of shareholders, accordingly this unpaid dividend pertains to those shareholders who did not provide their valid bank accounts details.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 For tax related contingencies, refer note 36.2.

		Note	2019	2018
			(Rupees'000)	
14.1.2	**Guarantees**		**285,716**	277,814
14.2	**Commitments**			
	Commitments for capital expenditure		**2,797,346**	1,601,622
15	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	15.1	**35,848,499**	36,586,141
	Capital work in progress	15.2	**4,613,594**	3,339,146
			40,462,093	39,925,287

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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15.1 OPERATING FIXED ASSETS

15.1.1 Reconciliation of carrying amounts

	Owned									Leased	
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixtures, fittings and office equipment	Computers	Vehicles	Air craft (Note 15.1.1.1)	Vehicles	Total
	Rupees'000										
Cost / Revalued amounts											
Balance at 01 July 2017	12,540,454	13,373,790	1,685,237	1,947,818	3,552,636	2,229,266	415,575	126,159	-	22,495	35,893,430
Additions	110,959	-	-	-	334,462	495,050	56,071	26,869	-	32,622	1,056,033
Revaluation surplus	3,586,225	165,000	-	-	-	-	-	-	-	-	3,751,225
Disposals	-	-	(120,767)	(9,266)	(99,289)	(16,837)	(3,079)	(55,460)	-	-	(304,698)
Transfer from CWIP	-	-	823,433	100,385	232,560	371,662	177,485	-	-	-	1,705,525
Balance at 30 June 2018	16,237,638	13,538,790	2,387,903	2,038,937	4,020,369	3,079,141	646,052	97,568		55,117	42,101,515
Balance at 01 July 2018	16,237,638	13,538,790	2,387,903	2,038,937	4,020,369	3,079,141	646,052	97,568	-	55,117	42,101,515
Additions	56,670	-	-	2,350	396,109	178,209	50,481	174,999	-	25,137	883,955
Disposals	-	-	(54,516)	(56,660)	(104,836)	(102,894)	(315)	(64,745)	-	-	(383,966)
Transfer from CWIP (refer note 15.2)	-	-	325,021	246,607	258,789	440,728	65,020		783,286		2,119,451
Asset classified as held for sale	(2,620,000)	-	(150,249)	-	-	-	-	-	-	-	(2,770,249)
Balance at 30 June 2019	13,674,308	13,538,790	2,508,159	2,231,234	4,570,431	3,595,184	761,238	207,822	783,286	80,254	41,950,706
Accumulated depreciation											
Balance at 01 July 2017	-	-	675,541	770,069	2,373,023	922,435	227,311	77,891	-	5,862	5,052,132
Depreciation	-	-	63,962	58,324	203,046	237,279	74,691	4,524	-	5,153	646,979
Disposals	-	-	(58,890)	(4,239)	(84,002)	(14,393)	(2,520)	(19,693)	-	-	(183,737)
Balance at 30 June 2018	-	-	680,613	824,154	2,492,067	1,145,321	299,482	62,722	-	11,015	5,515,374
Balance at 01 July 2018	-	-	680,613	824,154	2,492,067	1,145,321	299,482	62,722	-	11,015	5,515,374
Depreciation (refer note 15.1.6)	-	-	89,305	62,628	249,691	301,196	99,196	17,579	45,953	8,429	873,977
Disposals	-	-	(38,147)	(36,337)	(92,813)	(82,430)	(188)	(15,719)	-	-	(265,634)
Asset classified as held for sale	-	-	(21,510)	-	-	-	-	-	-	-	(21,510)
Balance at 30 June 2019	-	-	710,261	850,445	2,648,945	1,364,087	398,490	64,582	45,953	19,444	6,102,207
Carrying amount - 30 June 2018	16,237,638	13,538,790	1,707,290	1,214,783	1,528,302	1,933,820	346,570	34,846	-	44,102	36,586,141
Carrying amount - 30 June 2019	13,674,308	13,538,790	1,797,898	1,380,789	1,921,486	2,231,097	362,748	143,240	737,333	60,810	35,848,499
Rates of depreciation per annum/ useful life (2019 and 2018)	-	-	5%	5%	15%	15%	30%	15%	10-20 years	15%	

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15.1.2 The operating fixed assets are secured against various loans availed by the Company. Refer note 8 and 11.

15.1.3 Revaluation surplus on property, plant and equipment

Freehold and leasehold land were revalued on 30 June 2018 by an independent valuer, based on market value basis method.

Had the aforementioned revaluation not carried out, the book value of freehold and leasehold land would have been Rs. 921.26 million (2018: Rs. 2,245.69 million), an asset with cost of Rs. 1,389.09 (2018: Rs. Rs. 1,389.09) million has been transferred to non current asset held for sale, as disclosed in note 26.

15.1.4 The forced sale value of the revalued land has been assessed at Rs. 24,451 million.

15.1.5 Particulars of immovable fixed assets (i.e. land and building) of the Company are as follows:

Location	Address	Particular	Land area (Sq. yards)
Karachi	Plot No. 11, CL 11, Club Road	Land and building	23,255
Karachi	Civil Line Quarters, Abdullah Haroon Road (refer note 15.1.7)	Land and building	13,101
Lahore	Upper Mall	Land and building	74,440
Lahore	Plot No. 105-A, Upper Mall Road	Land and building	2,420
Lahore	Shahi Muhallah, Fort Road	Land	1,132
Lahore	Defence Housing Authority (refer note 15.1.8)	Building	2,420
Rawalpindi	Property No.253, Survey No. 559, The Mall Road	Land and building	26,668
Peshawar	Survey No.32-B, Khyber Road, Peshawar Cantt	Land and building	25,167
Multan	Askari By-Pass Road, Mouza Abdul Fateh	Land and under Construction building	8,303
Hunza	Mominabad	Land	24,107
Gwadar	Mauza/ Qard, Koh-e-Batil	Land	96,800
Gilgit	Airport Road	Land	16,375
Chitral	Zargarandeh	Land	10,528
Bhurban	Compartment No. 08, at Bhurban Tehsil, Murree	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad.	Building	-
Mirpur	Village Barban Tehsil & District, Mirpur (AJK)	Under construction building	-

15.1.6 Depreciation charge has been allocated as follows:

	Note	2019	2018
		(Rupees'000)	
Cost of sales and services	31	**786,579**	582,281
Administrative expenses	33	**87,398**	64,698
		873,977	646,979

15.1.7 The Company purchased this property from an associated company, the possession of the property has been transferred to the Company, however NOC for transfer of title was not issued by respective department for transfer title in favor of the Company and the property is still in the name of Hashoo (Private) Limited, an associated company. The Company is pursuing issuance of NOC at different forums. The Company has decided to dispose of this property at market competetive price against different available offers.

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15.1.8 The Company constructed building for spa and saloon facility under an agreement of absolute transfer and assignment agreement with Nirvana, a partnership firm (a related party as defined under Companies Act 2017). As per the term of the said agreement Nirvana will use two floors of this building. Since completion certificate from Defence Housing Authority Lahore (DHAL) has not been obtained yet, therefore the transfer of title of the property is pending.

15.1.9 **Detail of disposal of operating fixed assets:**

Description	Cost	Carrying value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Purchaser	Relationship with purchaser
	(Rupees'000)						
Building	111,176	36,692	9,105	(27,587)	Negotiation	Various	
Plant and Machinery	104,836	12,022	14,105	2,083	Negotiation	Various	
Furniture, fixture and equipment	102,894	20,465	6,506	(13,959)	Negotiation	Various	
Vehicle	37,124	37,124	37,124	-	Negotiation	Hashwani Hotels Limited	Related party
Vehicle	1,463	563	1,172	609	Auction	Muhammad Aslam	
Vehicle	1,463	542	1,145	603	Auction	Tariq Mehmood	
Vehicle	2,129	740	1,306	566	Auction	Shaad Bin Shad	
Vehicle	1,463	577	577	-	Company Policy	Nadeem Riaz	Employee
Vehicle	1,463	563	1,200	637	Auction	Muhammad Usman Ali	
Vehicle	1,489	524	524	-	Company Policy	Hamid Bashir	Employee
Vehicle	1,463	570	570	-	Company Policy	Hassan Khurshid	Employee
Vehicle	1,463	555	555	-	Company Policy	Muhammad Azeem	Employee
Vehicle	1,463	570	1,350	780	Insuracne	Efu General Insurance	
Vehicle	1,463	542	1,120	578	Auction	Sajid Hussain Gondal	
Aggregate of other items with individual book values not exceeding Rs. 500,000.	12,614	6,283	41,417	35,134			
Total - 2019	**383,966**	**118,332**	**117,776**	**(556)**			
Total - 2018	304,698	120,961	60,361	(60,600)			

		Note	2019	2018
15.2	**Capital work in progress**		(Rupees'000)	
	Balance at 01 July		**3,339,146**	2,074,130
	Additions during the year		**3,393,899**	2,970,541
	Transfers to operating fixed assets		**(2,119,451)**	(1,705,525)
	Balance at 30 June	15.2.1	**4,613,594**	3,339,146
15.2.1	Construction of Pearl Continental Hotel Multan		**1,748,390**	1,032,064
	Construction of Pearl Continental Hotel Mirpur		**2,495,724**	1,311,671
	Aircraft		**-**	612,912
	Other civil works	15.2.2	**369,480**	382,499
		15.2.3	**4,613,594**	3,339,146

15.2.2 This includes construction work on expansion of Pearl Continental Hotel Peshawar amounting to Rs. 94.39 million (2018: Rs. 94.39 million) which is under suspension due to dispute with the Military Estate Office.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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15.2.3 This also includes capitalized borrowing cost amounting to Rs. 523.66 million (2018: Rs. 173.97 million). During the year borrowing cost amounting to Rs. 349.69 million (2018: Rs. 38.22 million) was capitalized at the rate of 9.99% (2018: 7.51%) per annum.

		Note	2019	2018
16	ADVANCE FOR CAPITAL EXPENDITURE		(Rupees'000)	
	Advance for purchase of land	16.1	717,220	667,820
	Advance for purchase of Malir Delta Land	16.2	381,656	381,656
			1,098,876	1,049,476
	Advance for purchase of apartment		40,509	40,509
	Impairment loss		(40,509)	(40,509)
			-	-
	Advance for purchase of fixed assets		560,500	358,660
	Advances for Pearl Continental Multan Project		255,818	72,420
	Advances for Pearl Continental Mirpur Project		141,996	51,647
			958,314	482,727
			2,057,190	1,532,203

16.1 This includes amount of Rs. 626.82 million (2018: 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.

16.2 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.

		2019	2018
17	INVESTMENT PROPERTY	(Rupees'000)	
17.1	**Reconciliation of carrying amount**		
	Balance at 01 July	60,000	50,000
	Increase in fair value	-	10,000
	Balance at 30 June	60,000	60,000

17.1.1 This represents piece of land, located at Gwadar, owned by the Company held for capital appreciation. On 30 June 2019, an independent valuation exercise was carried out to assess the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date in the vicinity / locality and has been prepared on openly available / provided information after making relevant inquiries. The valuer holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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Particulars of Investment property and forced sale value are as follows:

Location	Area (Sq. yards)	FSV Rs. '000'
Khasra no. 59 min, khewat no.12, and khatooni no. 12, katat 20, mouza ankara north, tehsil & district Gwadar, Balochistan	**484,000**	**51,000**

Increases in fair value are recognised as gains in unconsolidated profit or loss and included in other income. All increase in fair value of investment property are unrealised.

17.2 Measurement of fair values

17.2.1 Fair Value hierarchy

The fair value of investment property was determined by external, independent valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement of the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since the value has been determined by the external independent valuer and inputs are unobservable, sensitivity analysis has not been presented.

18 LONG TERM INVESTMENTS	Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2019 (Rupees'000)	2018 (Rupees'000)
<u>Investments in related parties</u>						
Subsidiary companies - at cost - unquoted						
Pearl Continental Hotels (Private) Limited	Pakistan		100%	18.1	**5,000**	5,000
Pearl Tours and Travels (Private) Limited	Pakistan		100%	18.2	**102,227**	102,227
City Properties (Private) Limited	Pakistan		100%	18.3	**925,001**	925,001
Elite Properties (Private) Limited	Pakistan		100%	18.4	**5,566**	5,566
					1,037,794	1,037,794
Associated undertaking - at cost - unquoted						
Hashoo Group Limited	British Virgin Island	$9,800,000	14%	18.5	**586,403**	586,403
Impairment loss					**(586,403)**	(586,403)
						-
Hotel One (Private) Limited	Pakistan		17.85%	18.6	**50,000**	50,000
Impairment loss					**(50,000)**	(50,000)
					-	-
Investment in jointly controlled entity - at cost - unquoted						
Pearl Continental Hotels Limited	United Arab Emirates	$4,750,000	50%	18.7	**284,052**	284,052
Impairment loss					**(284,052)**	(284,052)
					-	-
<u>Other investments</u>						
Fair value through other comprehensive income						
Malam Jabba Resorts Limited					**1,000**	1,000
Impairment loss					**(1,000)**	(1,000)
					-	-
					1,037,794	1,037,794

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18.1 Pearl Continental Hotels (Private) Limited

This represents the Company's investment in 100% equity shares of Pearl Continental Hotels (Private) Limited (PCHPL). The Company holds 500,000 (2018: 500,000) ordinary shares of Rs. 10 each. The break-up value per share based on audited financial statements for the year ended 30 June 2019 was Rs. 22.90 (2018: Rs. 21.96).

18.2 Pearl Tours and Travels (Private) Limited

This represents the Company's investment in 100% equity shares of Pearl Tours and Travels (Private) Limited (PTTPL). The Company holds 10,222,700 (2018: 10,222,700) ordinary shares of Rs. 10 each. The break-up value per share based on its audited financial statements for the year ended 30 June 2019 was Rs. 13.34 (2018: Rs. 12.57).

18.3 City Properties (Private) Limited

This represents the Company's investment in 100% equity shares of City Properties (Private) Limited (CPPL) against 92,500,100 (2018: 92,500,100) ordinary shares of Rs. 10 each. The break-up value per share based on its audited financial statements for the year ended 30 June 2019 was Rs. 9.93 (2018: Rs. 9.84). Also refer note 19.

18.4 Elite Properties (Private) Limited

This represents the Company's investment in 100% equity shares of Elite Properties (Private) Limited (EPPL). against 556,000 (2018: 556,600) ordinary shares of Rs. 10 each. The break-up value per share based on its audited financial statements for the year ended 30 June 2019 was Rs. 9.88 (2018: Rs. 9.71). Also refer note 19.

18.5 Hashoo Group Limited

The Company holds 98,000 (2018: 98,000) ordinary shares of US$ 100 each in Hashoo Group Limited (HGL). HGL is treated as an 'associate' due to the Company's significant influence over it due to common directorship. Due to prevailing political turmoil, unrest, law and order situation in Libya, this Investment has been fully impaired.

This is an equity investment therefore period of investment is not specific, the Company has not received any return from this investment, during the term of investment no default/breach is made.

Beneficial owner of Hashoo group Limited are:

Name	% of Holding	Address
Pakistan Services Limited	14%	1st Floor Nespak House Islamabad, Pakistan
Saladale investments INC.	86%	53rd street 16th Floor Panama, the Republic of Panama

18.6 Hotel One (Private) Limited

The Company holds 500,000 (2018: 500,000) ordinary shares of Rs.100 each in Hotel One (Private) Limited (HOPL). HOPL is treated as an 'associate' due to the Company's significant influence over it due to common directorship. This investment was fully impaired based on prudence, considering the accumulated losses, however HOPL is performing well and the management is hopeful for recovery of the impairment in near future.

18.7 Pearl Continental Hotels Limited

The Company holds 95 (2018: 95) ordinary shares of US $ 50,000 each in Pearl Continental Hotels Limited - UAE (PCHL - UAE) which represents 50% interest in PCHL - UAE, a jointly controlled entity of the Company and Hashwani Hotels Limited, a related party. Due to economic meltdown in year 2007-08, PCHL - UAE incurred losses and consequently the investment was fully impaired, however the Company is putting all its efforts to recover the losses.

This is an equity investment therefore period of investment is not specific, the company has not received any return from this investment, during the term of investment no default/breach is made.

Beneficial owner of Pearl Continental Hotels Limited are:

Name	% of Holding
Pakistan Services Limited	50%
Hashwani Hotels Limited	50%

19 ADVANCE AGAINST EQUITY INVESTMENT

This represents advance against equity investment of Rs. 2,458.57 million and Rs. 954 million extended by the Company to its wholly owned subsidiary companies City Properties (Private) Limited and Elite Properties (Private) Limited respectively.

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FOR THE YEAR ENDED 30 JUNE 2019

		Note	2019	2018
			(Rupees'000)	
20	LONG TERM DEPOSITS AND PREPAYMENTS			
	Deposits		55,976	29,655
	Prepayments		6,340	8,315
			62,316	37,970
21	INVENTORIES			
	Stores, spare parts and loose tools			
	Stores		169,754	136,066
	Spare parts and loose tools		59,303	59,297
			229,057	195,363
	Provision for obsolescence		(1,642)	(1,642)
			227,415	193,721
	Stock in trade - food and beverages	31	86,229	86,196
			313,644	279,917
22	TRADE DEBTS -Unsecured			
	Considered good			
	Due from related parties	22.1	6,482	8,591
	Others		536,895	696,101
			543,377	704,692
	Considered doubtful		284,016	180,781
			827,393	885,473
	Provision against doubtful debts at 01 July		(180,781)	(180,781)
	Recognition of expected credit losses under IFRS 9		(80,320)	-
	Provision against doubtful debts for the year 2019		(22,915)	-
			(284,016)	(180,781)
			543,377	704,692

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22.1 Due from related parties

	Maximum amount outstanding at the end of any month during the year	2019	2018
		Rupees'000	
Pearl Tours and Travels (Private) Limited	5,054	**3,253**	5,222
City Properties (Private) Limited	42	**42**	7
Hashwani Hotels Limited	4,867	**296**	171
Hashoo Foundation	522	**511**	837
Hotel One (Private) Limited	165	**6**	442
Hashoo Holdings (Private) Limited	208	**208**	-
Jubilee General Insurance Company Limited	155	**4**	56
Orient Petroleum Inc.	1,094	**1,094**	997
OPI Gas (Private) Limited	126	**126**	-
Pearl Ceramics (Private) Limited	-	**-**	204
Pearl Communications (Private) Limited	128	**128**	128
Pearl Real Estate Holdings (Private) Limited	272	**272**	176
Trans Air Travels (Private) Limited	-	**-**	127
Tejari Pakistan (Private) Limited	498	**457**	159
Zahdan Retail (Private) Limited	65	**65**	65
Karakorum Security Services (Private) Limited	20	**20**	-
		6,482	8,591

22.2 Age analysis of due from related parties is as follows:

	Note	2019	2018
		(Rupees'000)	
Past due by 30 days		**877**	1,139
Past due by 31 to 90 days		**1,223**	3,215
Past due over 91 days		**701**	673
Past due over 1 year		**3,681**	3,564
	22.3	**6,482**	8,591

22.3 This includes provision of Rs. 4.75 million (2018: Rs. 3.56 million) against doubtful debts.

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		Note	2019	2018
23	ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES		(Rupees'000)	
	Advance to employees	23.1	13,405	18,005
	Advance to suppliers and contractors		62,895	68,398
	Advance to related parties	23.2	63,615	30,398
	Trade deposits		15,905	24,721
	Prepayments		75,066	46,674
	Refundable sales tax		114,151	61,775
	Other receivables		56,221	37,214
			401,258	287,185

23.1 This advances as per company policy and are un-secured, interest free and are repayable over varying periods.

			2019	2018
23.2	**Advance to related parties - non-interest bearing**		(Rupees'000)	
	OPI Gas (Private) Limited		18,001	1,203
	Tejari Pakistan (Private) Limited		7,000	3,010
	Genesis Trading (Private) Limited		-	760
	Pearl Ceramics (Private) Limited		38,614	25,425
		23.2.1	63,615	30,398

23.2.1 The advances to related parties are of trade nature and extended for provision of goods and services.

		Note	2019	2018
24	SHORT TERM INVESTMENTS		(Rupees'000)	
	Amortized cost			
	Certificate of investments		5,300	5,300
	Provision for impairment loss		(5,300)	(5,300)
			-	-
	Fair value through other comprehensive income			
	National Technology Development Corporation Limited		500	200
	Indus Valley Solvent Oil Extraction Limited		200	500
	Impairment loss		(700)	(700)
			-	-
	Amortized cost			
	Term Deposit Receipt	24.1	1,009,523	2,009,523
	Term Finance Certificate	24.2	75,000	-
	Interest accrued		9,866	11,430
			1,094,389	2,020,953
	Financial assets at fair value through profit or loss			
	Short term investments in shares of listed companies	24.3	622,048	1,113,708
			1,616,437	3,134,661

24.1 This represent term deposit receipts having maturity of 3 months to one year carrying interest rate ranging from 5.25% to 9% (2018: 5% to 5.22%) per annum.

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24.2 During the year the Company made investment in 750 TFCs having face value of Rs.100,000/-each and carrying profit @ 3-month KIBOR plus1.60%.

24.3 Short term investments in shares of listed companies

	2019	2018	2019	2018
	No. of ordinary shares of Rs. 10 each		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	350,000	2,894	4,004
Lotte Chemical Pakistan Limited	150,000	150,000	2,288	1,794
Fauji Fertilizer Bin Qasim Limited	50,000	50,000	912	1,930
Jubilee General Insurance Company Limited - an associated company (Note 24.2.1)	13,687,874	13,687,874	615,954	1,105,980
			622,048	1,113,708

24.3.1 Out of total shares held by the Company, 8,500,000 (2018: 12,500,000) ordinary shares are placed / lien marked as security against running finance facility of the Company (Refer to note 11).

25 SHORT TERM ADVANCE - Unsecured

This represent interest free short term advance amounting to Rs. 515 million (2018: Rs. 40 million) extended to wholly owned subsidiary, City Properties (Private) Limited and is repayable on demand.

26 NON CURRENT ASSET ASSET HELD FOR SALE

The Board of Directors of the Company in their meeting held on 26 April 2019 decided to sell one of the properties bearing Survey No. 8, New Survey Sheet CI-11 situated at Civil Line Quarters Abdullah Haroon Road, Karachi. Pursuant to the Board of Directors decision, the Company has received a preliminary offer for this property which would soon be presented to the Board for consideration. Management expects to complete the negotiations and execute the formalities for sale of the property within the next financial year.

	Note	2019	2018
27 ADVANCE TAX - NET		(Rupees'000)	
Balance at 01 July		216,899	63,251
Income tax paid during the year		545,515	470,722
Charge for the year	36	(307,516)	(317,074)
Balance at 30 June		454,898	216,899
28 CASH AND BANK BALANCES			
Cash in hand		46,845	31,555
Cash at bank			
Current accounts - Local currency		27,890	36,041
Deposit accounts - Local currency	28.1	163,270	1,194,836
- Foreign currency	28.2	2,118	4,945
		193,278	1,235,822
Accrued profit		957	998
		241,080	1,268,375

28.1 Deposit accounts carry interest rate ranging from 4.50% to 10.30% (2018: 1.75% to 5.70%) per annum.

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28.2 Deposit accounts carry interest @ 0.25% (2018: 0.25%) per annum.

29 REVENUE- NET	Note	2019	2018
		(Rupees'000)	
Revenue from contract with customers	29.1	**11,982,998**	12,362,265
Discounts and commissions		**(215,959)**	(168,561)
Sales tax		**(1,628,765)**	(1,666,453)
		10,138,274	10,527,251

29.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by, major products and service lines, and timing of revenue recognition.

Major products/service lines	Note	2019	2018
		(Rupees'000)	
Rooms		**5,375,571**	6,036,817
Food and beverages		**5,963,334**	5,705,946
Other related services	29.2	**590,860**	569,340
Shop license fees		**53,233**	50,162
		11,982,998	12,362,265
Timing of revenue recognition			
Products / services transferred at a point in time		**9,880,438**	10,267,145
Services transferred over time		**257,836**	260,106

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

29.3 Revenue amounting to Rs. 194.49 million has been recognized from contract liabilities at the beginning of the period.

29.4 Company's entire revenue is generated within Pakistan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

29.5 The following tables summarise the impacts of adopting IFRS 15 on the Company's unconsolidated statement of financial position as at 30 June 2019 and its unconsolidated statement of profit or loss and other comprehensive income for the year then ended for each line items affected. There was no material impact on the Company's unconsolidated statement of cash flows for the year ended 30 June 2019.

Impact on unconsolidated statement of financial position

30 June 2019	As reported	Adjustments	Amounts without adoption of IFRS 15
		(Rupees'000)	
Assets			
Non current assets	47,091,964	-	47,091,964
Contract assets	29,752	(29,752)	-
Trade debts	543,377	29,752	573,129
Other current assets	6,391,056	-	6,391,056
Current assets	6,964,185	-	6,964,185
Total assets	**54,056,149**	**-**	**54,056,149**
Equity			
Total equity	34,904,972	-	34,904,972
Liabilities			
Non-current liabilities	12,835,024	-	12,835,024
Trade and other payables	1,677,278	275,772	1,953,050
Contract liabilities	275,772	(275,772)	-
Other current liabilities	4,363,103	-	4,363,103
Current liabilities	6,316,153	-	6,316,153
Total liabilities	19,151,177	-	19,151,177
Total equity and liabilities	**54,056,149**	**-**	**54,056,149**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	As reported	Adjustments	Amounts without adoption of IFRS 15
30 June 2019		(Rupees'000)	
Impact on unconsolidated statement of profit or loss			
Revenue - net			
Rooms	4,540,571	325,937	4,866,508
Food and beverages	5,099,930	(311,456)	4,788,474
Other related services	497,773	(14,481)	483,292
	10,138,274	**-**	**10,138,274**
Cost of sales and services	(6,068,276)	-	(6,068,276)
Gross profit	**4,069,998**	**-**	**4,069,998**
Other income	185,469	-	185,469
Administrative expenses	(3,206,647)	-	(3,206,647)
Impairment loss on trade debts	(22,915)	-	(22,915)
Operating profit	**1,025,905**	**-**	**1,025,905**
Finance income	251,218	-	251,218
Loss on remeasurement of investments to fair value - net	(491,660)	-	(491,660)
Finance cost	(1,154,494)	-	(1,154,494)
Net finance cost	(1,394,936)	-	(1,394,936)
Loss before tax	(369,031)	-	(369,031)
Income tax expense	(494,367)	-	(494,367)
Loss for the year	**(863,398)**	**-**	**(863,398)**
Total comprehensive income for the year	**(878,383)**	-	**(878,383)**

29.6 The classification change in revenue streams is due to introduction of stand alone selling price principal in the IFRS-15, previously revenue earned through package sales were allocated at fixed price in between revenue lines, in current year upon adoption of IFRS-15 stand alone selling price is allocated to each revenue line which results in change in revenues of each revenue line.

30 CONTRACT BALANCES

		2019	2018
		(Rupees'000)	
Contract assets	30.1	**29,752**	-
Contract liabilities	30.2	**275,772**	-

30.1 Contract assets primarily relate to the Company's rights to consideration for goods and services provided to the customers but not billed at the reporting date. Contract assets are transferred to trade debts when invoice is raised. Opening balance of contract asset is fully transferred to trade debts during the period.

30.2 Contract liabilities represent the Company's obligation to transfer goods or services for which the customer has already paid a consideration, or when the amount is due from the customer. These contract liabilities mainly relates to the advances received against banquets functions and room sales.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

31	COST OF SALES AND SERVICES	Note	2019	2018
			(Rupees'000)	
	Food and beverages			
	Opening balance		86,196	83,160
	Purchases during the year		1,754,172	1,717,131
	Closing balance	21	(86,229)	(86,196)
	Consumption during the year		1,754,139	1,714,095
	Direct expenses			
	Salaries, wages and benefits	31.1	1,728,023	1,555,551
	Heat, light and power		799,582	700,065
	Repair and maintenance		377,646	421,394
	Depreciation	15.1.6	786,579	582,281
	Guest supplies		232,013	239,996
	Linen, china and glassware		91,066	101,242
	Communication and other related services		85,641	81,875
	Banquet and decoration		63,936	84,609
	Transportation		55,580	67,560
	Uniforms		21,513	26,834
	Music and entertainment		14,825	13,475
	Others		57,733	58,393
			6,068,276	5,647,370

31.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 94.687 million (2018: Rs. 74.477 million).

32	OTHER INCOME	2019	2018
		(Rupees'000)	
	Concessions and commissions	6,995	8,785
	Loss on disposal of property, plant and equipment	(556)	(60,600)
	Liabilities written back	58,410	82,743
	Increase in fair value of investments property	-	10,000
	Communication towers and other rental income	67,262	67,540
	Others - net	53,358	43,530
		185,469	151,998

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

33	ADMINISTRATIVE EXPENSES	Note	2019	2018
			(Rupees'000)	
	Salaries, wages and benefits	33.1	**1,423,189**	1,192,181
	Rent, rates and taxes		**278,975**	196,367
	Security and protective services		**337,319**	363,503
	Advertisement and sales promotion		**92,486**	101,337
	Repair and maintenance		**66,263**	80,345
	Heat, light and power		**94,683**	85,213
	Travelling and conveyance		**182,960**	141,425
	Depreciation	15.1.6	**87,398**	64,698
	Communications		**25,791**	26,268
	Printing and stationery		**42,098**	40,247
	Legal and professional charges		**189,559**	231,869
	Insurance		**111,851**	91,485
	Entertainment		**17,962**	19,751
	Subscriptions		**63,546**	76,312
	Laundry and dry cleaning		**7,981**	7,373
	Uniforms		**6,097**	5,614
	Auditors' remuneration	33.2	**4,492**	3,568
	Reversal of provision against doubtful debts		**-**	(488)
	Donations	33.3	**84,677**	455,650
	Vehicle rentals and registration charges	33.4	**67,866**	56,226
	Franchise fee		**9,569**	14,251
	Miscellaneous		**11,885**	14,869
			3,206,647	3,268,064

33.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 69.756 million (2018: Rs. 59.753 million).

33.2	Auditors' remuneration	2019	2018
		(Rupees'000)	
	Annual audit fee	**2,477**	1,933
	Audit of consolidated financial statements	**495**	495
	Half yearly review	**520**	520
	Special reports and certificates	**800**	420
	Tax advisory	**200**	200
		4,492	3,568

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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33.3 Detail of donation is presented below:

Name of donee	2019	2018
	(Rupees'000)	
Aga Khan Education Services	-	60,000
Aga Khan Foundation	50,000	-
The Supreme Court of Pakistan and the Prime minister of Pakistan Diamer-Bhasha and Mohmand Dams Fund.	34,677	-
Aga Khan Hospital and Medical College Foundation	-	219,450
Dil Jan Foundation	-	1,200
Akhuwat Foundation	-	25,000
Taraqee Foundation	-	105,000
School of Leadership Foundation	-	45,000
	84,677	455,650

33.3.1 During the year no donation was made to institutions in which directors or their spouse(s) have interest. (2018:Nil).

33.4 This includes Ijarah payments of Rs. 65.575 million (2018: Rs. 53.184 million) and vehicles registration charges under an Ijarah (lease) agreement. As required under IFAS 2 " IJARAH" (notified through SRO 431 (I) / 2007 by Securities & Exchange Commission of Pakistan). Ijarah payments under an Ijarah (lease) agreement are recognised as an expense in the profit or loss account on straight line basis over the term of Ijarah. The amount of future Ijarah payments and the periods in which these will be due are as follows:

	2019	2018
	(Rupees'000)	
Within one year	55,205	69,240
After one year but not more than five years	53,796	111,962
	109,001	181,202

34 FINANCE INCOME

	2019	2018
Interest income on		
Term Deposit Receipt	139,584	16,611
Term Finance certificate	149	-
Bank deposits	50,976	23,828
Dividend income	55,357	55,144
Exchange gain - net	5,152	3,679
	251,218	99,262

35 FINANCE COST

	2019	2018
Interest expense on		
Loans and borrowing	599,416	513,769
Short term borrowings	81,547	66,628
Sukuk finance	380,109	51,505
Amortization of transaction cost	19,049	14,551
Credit cards, bank and other charges	74,373	79,060
	1,154,494	725,513

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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		Note	2019	2018
36	INCOME TAX EXPENSE		(Rupees'000)	
	Current tax expense			
	- Current year		290,793	316,061
	- Change in estimates related to prior year		16,723	1,013
			307,516	317,074
	Deferred tax expense	10	186,851	74,460
	Tax expense for the year		494,367	391,534
36.1	**Relationship between accounting profit and tax expense is as follows:**			
	Accounting profit for the year		(369,031)	887,090
	Tax charge @ 29% (2018: 30%)		-	266,127
	Unrecognized deferred tax asset		126,456	-
	Tax effect of minimum tax		281,650	36,456
	Tax effect of permanent differences		74,154	(7,987)
	Tax effect of exempt income		4,938	79,184
	Tax effect of super tax		-	26,594
	Tax effect of income subject to lower taxation		(9,563)	(9,853)
	Prior year's tax charge		16,723	1,013
			494,367	391,534

36.2 Tax related contingencies

Income Tax

The income tax assessments of the Company have been finalised and returns have been filed up to and including the tax year 2018. However, for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (2018: Rs. 73.165 million) may arise against the Company for which no provision has been recognised by the Company. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Company. Based on appellate history and merits, the Company is confident of a favorable outcome of the appeal. Therefore, the Company considers that provision against this tax liability is not required.

Sales Tax

i. Sales Tax Collectorate, Lahore created the sales tax liability amounting to Rs. 9.571 million· on the basis of audit proceedings for the year 1997-98 that the Company provided out door catering to PIA without payment of sales tax. The Additional Collector disposed off the above referred audit observations. The department filed appeal before the Appellate Tribunal Inland Revenue (ATIR).The ATIR set aside order of Additional Collector through order no. 1394/LB/09 dated 13 May 2011.The Company filed reference application no. 128/2011 before the Honorable Lahore High Court dated 12 September 2011 against the order passed by ATIR.

ii. The Additional Collector, Lahore disallowed the input tax relating to purchase of certain items amounting to Rs. 7.22 million during the period of October 2000 and June 2002 on the basis of section 8(1) of the Sales Tax Act, 1990 read with SRO 578(1)/98 dated 12 June 1998. The Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), while the ATIR upheld the order of Additional Collector, Lahore. The Company filed reference application before the Lahore High Court on 24 September 2011 against the order passed by ATIR.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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iii. The Deputy Commissioner Inland Revenue, Zone IV, Large Taxpayer Unit, Karachi based upon the sales tax audit for the year 2008-09, passed Order in Original 52/2013 dated 28 June 2013 against which the Company filed appeal before the Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department is in appeal before the Appellate Tribunal Inland Revenue (ATIR), the assessing officer, during remand back proceedings, decided the case against the Company by raising total demand along with default surcharge and penalty aggregating to Rs. 49,393,192. The Company has filed appeal against said order before Commissioner Inland revenue (CIR), during the period , the CIR remanded the case back for de-novo consideration.

iv. The Deputy Commissioner, Punjab Revenue Authority, Lahore issued notices having references No.PRA/PC/Hotel/14/32972 on 05 November 2014 and No.PRA/PC/Hotel/14/32985 on 12 November 2014 for the tax period August 2014 and tax periods from July 2012 to September 2014 respectively. Through notice dated 05 November 2014 it has been alleged that the Company claimed inadmissible input tax adjustment on construction material amounting to Rs 21.15 million. Through notice dated 12 November 2014, the Deputy Commissioner, Punjab Revenue Authority, Lahore initiated the inquiry/investigation against the Company for the period from July 2012 to September 2014. The Company filed Writ Petition 30844/2014 before Lahore High Court which is pending adjudication.

37 (LOSS)/ EARNINGS PER SHARE

	2019	2018
	(Rupees'000)	
(Loss)/ profit for the year (Rupees '000)	**(863,398)**	495,556
Weighted average number of ordinary shares (Numbers)	**32,524,170**	32,524,170
(Loss)/ earnings per share - basic (Rupees)	**(26.55)**	15.24

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

38 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Note	2019	2018
		(Rupees'000)	
(Loss) / profit before tax		**(369,031)**	887,090
Adjustments for:			
Depreciation	15.1.6	**873,977**	646,979
(Gain) / loss on disposal of property, plant and equipment	32	**556**	60,600
Provision for staff retirement benefit - gratuity	9.1	**83,198**	62,644
Provision for compensated leave absences	9.2	**76,966**	25,847
Impairment losses		**22,915**	-
Reversal of provision against doubtful debts		-	(488)
Return on bank deposits / certificate of investment	34	**(190,709)**	(40,439)
Finance cost	35	**1,154,494**	725,513
Dividend income	34	**(55,357)**	(55,144)
Unrealised loss on remeasurement of investments to fair value		**491,660**	250,474
Unrealised gain on remeasurement of investment property	32	-	(10,000)
Reversal of provision on stores, spare parts and loose tools		-	196
		2,088,669	2,553,272

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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39	CASH AND CASH EQUIVALENTS	Note	2019	2018
			(Rupees'000)	
	Cash and bank balances	28	**241,080**	1,268,375
	Short term borrowings	11	**(1,264,583)**	(570,768)
	Accrued markup on short term borrowings		**21,119**	16,900
	Accrued profit on bank deposits		**(957)**	(998)
			(1,003,341)	713,509

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings	Diminishing Musharaka Facility	Unclaimed dividend	Unpaid dividend	Total
			(Rupees'000)		
Balance at 01 July 2018	11,176,586	33,857	9,242	19,210	11,238,895
Changes from financing activities					
Proceeds from loans	4,816,667	-	-	-	4,816,667
Repayment of loan	(1,501,667)	-	-	-	(1,501,667)
Repayment Diminishing Musaraka facility	-	(23,548)	-	-	(23,548)
Dividend paid	-	-	-	(17,682)	(17,682)
	3,315,000	(23,548)	-	(17,682)	3,273,770
Other changes					
Amortization of transaction cost	19,049	-	-	-	19,049
Markup accrued	173,043	-	-	-	173,043
Diminishing Musharaka facility availed	-	25,137	-	-	25,137
	192,092	25,137	-	-	217,229
Balance at 30 June 2019	**14,683,679**	**35,446**	**9,242**	**1,528**	**14,729,895**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings	Diminishing Musharka Facility	Unclaimed dividend	Unpaid dividend	Total
			(Rupees'000)		
Balance at 01 July 2017	7,309,192	12,372	16,588	-	7,338,152
Changes from financing activities					
Proceeds from loans	4,183,333	-	-	-	4,183,333
Repayment of loan	(492,500)	-	-	-	(492,500)
Repayment Diminishing Musaraka facility	-	(11,137)	-	-	(11,137)
Transaction cost paid	(45,000)	-	-	-	(45,000)
Dividend paid	-	-	(475,999)	-	(475,999)
	3,645,833	(11,137)	(475,999)	-	3,158,697
Other changes					
Amortization of transaction cost	14,551	-	-	-	14,551
Diminishing Musaraka facility availed	-	32,622	-	-	32,622
Markup accrued	207,010				207,010
Dividend declared	-	-	468,653	19,210	487,863
	221,561	32,622	468,653	19,210	742,046
Balance at 30 June 2018	**11,176,586**	**33,857**	**9,242**	**19,210**	**11,238,895**

40 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executive Officer	Directors	Executives
			Rupees '000			
Managerial remuneration	**72,000**	**67,195**	**611,998**	72,000	37,643	467,725
Provident fund contribution	**3,999**	**3,523**	**14,526**	3,999	1,902	9,372
Provision for gratuity	**3,945**	**22,511**	**7,009**	4,932	2,520	6,101
Provision for compensated leave absences	**6,000**	**5,599**	**30,480**	6,000	3,137	7,254
Provision for bonus	**12,000**	**7,446**	**1,433**	12,000	2,862	594
Provision for leave fare assistance	**2,000**	**1,241**	**-**	2,000	954	-
Meeting fee	**30**	*** 450**	**-**	45	495	-
	99,974	**107,965**	**665,446**	100,976	49,513	491,046
Number of persons	**1**	**2**	**103**	1	2	95

* This includes Rs. 315,000 (2018: Rs. 345,000) paid to non-executive directors of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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40.1 In addition to the above, Chief Executive Officer and certain executives are provided with the Company maintained vehicles having carrying value of Rs. 151.72 million (2018: 99.72 million). Accommodation maintenance is also provided to Chief Executive Officer. Certain Executives are also provided with medical expenses and company maintained accommodation, as per the Company's policy.

41 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 related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Basis of Relationship	Name of Related Party	Percentage of Share holding
Wholly owned Subsidiary	City Properties (Private) Limited	100%
	Elite Properties (Private) Limited	100%
	Pearl Tours & Travels (Private) Limited	100%
Common directorship	Hashwani Hotels Limited	-
	Hotel One (Private) Limited	17.85%
	Hashoo Holdings (Private Limited)	-
	Jubilee General Insurance Company Limited	7.6%
	Orient Petroleum Inc.	-
	OPI Gas (Private) Limited	-
Common directorship	Pearl Ceramics (Private) Limited	-
	Pearl Real Estate Holdings (Private) Limited	-
Directors	Mr. Murtaza Hashwani	-
	Mr. M.A. Bawany	-
	Mr. Mansoor Akbar Ali	-
	Syed Sajid Ali	-
	Mr. Shakir Abu Bakar	-
	Syed Haseeb Amjad Gardezi	-
	Syed Asad Ali Shah	-
	Mr. M. Ahmed Ghazali Marghoob	-
	Chief Financial officer	-
	Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Significant influence	Hashoo (Private) Limited	-
	Tejari Pakistan (Private) Limited	-
	Genesis Trading (Private) Limited	-
	Karakoram Security Services (Private) Limited	-
Staff retirement fund	PSL Employees Provident Fund Trust	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2019	2018
		(Rupees'000)	
Transactions with subsidiary companies			
Sales		3,263	3,507
Services provided		14,587	22,956
Services availed		94,139	89,998
Short term advance paid	25	515,000	85,000
Refund of short term advance		40,000	45,000
Advance against equity investment		1,398,001	1,491,000
Long term advance and interest converted into equity		-	419,570
Transactions and balances with associated undertakings			
Sales		122	128
Services provided		4,187	1,990
Services availed		486,239	45,403
Purchases		153,242	144,228
Franchise fee - income		4,517	4,655
Franchise and management fee - expense		9,569	10,305
Dividend income		54,751	54,751
Dividend paid		13,473	141,065
Purchase of property, plant and equipment		39	17,444
Purchase of vehicle		1,622	-
Sale of vehicle		37,124	-
Purchase of building material		-	2,728
Advances, deposits and prepayments		69,521	30,398
Other receivable - Refund of advance against purchase of land		-	3,648,420
Transactions with other related parties			
Sales		258	178
Services provided		182	3,736
Services availed		500	79,480
Purchases		-	5,083
Contribution to defined contribution plan - provident fund		58,276	46,228
Sales of vehicle		-	2,564
Dividend paid		-	6
Transactions with key management personnel			
Remuneration and allowances including staff retirement benefits	41.1	223,411	150,489
Dividend paid		-	8,678
Sales of vehicle		-	3,926

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		Note	2019	2018
			(Rupees'000)	
41.1	**Compensation to key management personnel**			
	Salaries and other benefits		152,922	109,643
	Contribution to provident fund		8,157	5,901
	Gratuity		26,456	7,452
	Bonus		19,446	14,862
	Meeting fee		480	540
	Others		15,950	12,091
			223,411	150,489
	Number of persons		5	3

42 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

42.1 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							
		Financial Assets		Financial Liabilities					
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2019									
Financial assets measured at fair value									
Short term investment	24	622,048	-	-	622,048	622,048	-	-	622,048
Long term deposits	20	55,976	-	-	55,976	-	-	55,976	55,976
Short term deposits	23	15,905	-	-	15,905	-	-	15,905	15,905
		693,929	-	-	693,929	622,048	-	71,881	693,929
Financial assets not measured at fair value	42.2								
Trade debts	22	-	543,377	-	543,377	-	-	-	-
Contract assets	30	-	29,752	-	29,752				
Advance to employees	23	-	13,405	-	13,405	-	-	-	-
Other receivables	23	-	56,221	-	56,221	-	-	-	-
Term deposit receipt	24	-	1,009,523	-	1,009,523	-	-	-	-
Term finance certificate	24		75,000	-	75,000				
Short term advance	25	-	515,000	-	515,000	-	-	-	-
Cash and bank balances	28	-	241,080	-	241,080	-	-	-	-
		-	2,483,358	-	2,483,358	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Financial Assets		Financial Liabilities					
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value	42.2								
Loans and borrowings	8	-	-	14,355,833	14,355,833	-	-	-	-
Short term borrowings	11	-	-	1,264,583	1,264,583	-	-	-	-
Trade and other payables	42.3	-	-	1,407,659	1,407,659	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	17,038,845	17,038,845	-	-	-	-
30 June 2018									
Financial assets measured at fair value									
Short term investment	24	1,113,708	-	-	1,113,708	1,113,708	-	-	1,113,708
Financial assets not measured at fair value	42.2								
Long term deposits	20	-	29,655	-	29,655	-	-	-	-
Trade debts	22	-	704,692	-	704,692	-	-	-	-
Advance to employees	23	-	18,005	-	18,005	-	-	-	-
Trade deposits	23	-	24,721	-	24,721	-	-	-	-
Other receivables	23	-	98,989	-	98,989	-	-	-	-
Term deposit receipt	24	-	2,009,523	-	2,009,523	-	-	-	-
Short term advance	25	-	40,000	-	40,000	-	-	-	-
Cash and bank balances	28	-	1,268,375	-	1,268,375	-	-	-	-
		-	4,193,960	-	4,193,960	-	-	-	-
Financial liabilities not measured at fair value	42.2								
Loans and borrowings	8	-	-	11,040,833	11,040,833	-	-	-	-
Short term borrowings	11	-	-	570,768	570,768	-	-	-	-
Trade and other payables	42.3	-	-	1,416,108	1,416,108	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	19,210	19,210	-	-	-	-
		-	-	13,056,162	13,056,162	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

42.2 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.

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

Financial Risk Management

The Company has exposure to the following risks arising for financial instruments:
- Credit risk (note 42.4)
- Liquidity risk (note 42.5)
- Market risk (note 42.6)

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

42.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade debts from customers.

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

Expected credit losses on financial assets and contract assets recognised in unconsolidated profit or loss were as follows.

	2019	2018
	(Rupees '000)	
Expected credit losses on trade debts and contract assets arising from contract with customers	22,915	-

i Trade debts and contract assets

The Company's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate. Detail of concentration of revenue are included in note 29.1.

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and are reviewed regularly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade debts by establishing a maximum payment period for each corporate customer based on the assessment of risk management committee.

Maximum of the Company's customers have been transacting with the Company for many years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographical location, industry, trading history with the Company and existence of previous financial difficulties.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

At reporting date, the exposure to credit risk for trade debts and contract assets by geographical regions was as follows.

	2019		2018	
	Trade debts	**Contract assets**	Trade debts	Contract assets
	(Rupees '000)		(Rupees '000)	
Pearl Continental Hotel				
- Karachi	**188,376**	**13,921**	238,328	-
- Lahore	**279,079**	**8,631**	306,271	-
- Rawalpindi	**74,702**	**3,412**	88,927	-
- Peshawar	**63,625**	**1,485**	77,505	-
- Bhurban	**54,096**	**1,267**	43,513	-
- Muzaffarabad	**8,821**	**615**	17,188	-
- Hotel One The Mall, Lahore	**6,445**	**420**	8,737	-
Destinations of the world- Pakistan	**152,248**	**-**	105,004	-
	827,393	**29,752**	885,473	-

At reporting date, the exposure to credit risk for trade debts and contracts assets by type of counterparty was as follows;

	Note	2019	2018
		(Rupees' 000)	
From related parties		**6,482**	8,591
From government institutions		**34,107**	43,675
From foreign embassies		**6,692**	17,325
Others		**809,864**	815,882
	22 & 30	**857,145**	885,473

A summary of the Company's exposure to credit risk for trade debts is as follows.

	2019
	(Rupees' 000)
Customers with external credit rating of A1+ to A3	**49,684**
Customers without external credit rating	**777,709**
Total gross carrying amount	**827,393**
Allowance for expected credit losses	**(284,016)**
	543,377

Comparative information under IAS 39

Analysis of the credit quality of trade debts that were neither past due nor impaired and aging of trade debts as at 30 June 2018 is as follows.

Neither past due nor impaired	**2018**
	(Rupees' 000)
Customers with external credit rating of A1+ to A3	76,167
Customers without external credit rating	628,525
	704,692

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Aging analysis of trade debts	**2018** **(Rupees' 000)**
Not past due	247,846
Past due by 30 days	142,190
Past due 31 to 60 days	93,033
Past due 61 to 90 days	26,164
Past due over 90 days	195,459
Over 365 days	180,781
	885,473

Expected credit loss assessment for corporate customers as at 01 July 2018 and 30 June 2019

The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the loss (including but not limited to external ratings, audited financial statements, management accounts, cash flow projection and available press information about customers) and applying experienced credit judgment. Credit risk are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definition from agencies (Rating agencies Pakistan Credit Rating Agency (PACRA) and JCR - VIS.

Exposure within each credit risk are segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts.

Scalar factors are based on GDP forecast, unemployment rate, Consumer Price Index and exchange rate which are as follows.

Years	GDP Forecast	Unemployment rate	Consumer price index	Exchange rate
2019	**3.10**	**6.30**	**8.40**	**150.10**
2018	5.83	6.00	5.08	121.82
2017	5.55	5.80	4.09	105.46
2016	5.53	5.80	3.75	104.77

The Company uses an allowance matrix to measure the ECLs of trade debts from corporate customers, which comprises a very large number of small balances.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics - geographic region and age of customer relationship.

The following table provides information about the exposure to credit risk and ECL for trade debts and contract assets for corporate customers as at 30 June 2019.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	%	(Rupees' 000)		
Current	3.7%	338,749	12,530	No
0-30 days past due	11.0%	111,380	12,279	No
30-60 days past due	19.9%	121,136	24,136	No
60-90 days past due	55.3%	35,069	19,378	No
91-150 days past due	51.8%	26,717	13,851	No
151 days and above	90.1%	224,093	201,841	No
		857,145	284,016	-

Movement in the allowance for expected credit losses in respect of trade debts and contract assets

The movement in the allowance for expected credit losses in respect of trade debts and contract assets during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019	2018
	(Rupees' 000)	
Balance at 01 July under IAS 39	180,781	180,781
Adjustment on initial application of IFRS 9	80,320	-
Balance at 01 July under IFRS 9	261,101	180,781
Remeasurement of loss allowance	22,915	-
Balance as at 30 June	284,016	180,781

ii **Long term deposits**

The Company held long term deposits of Rs. 55.976 million as at 30 June 2019 (2018: Rs. 29.655 million). These long term deposits are held with the Government agencies and financial institutions which are rated AA+ , based on PACRA and JCR - VIS ratings.

Impairment on long term deposits has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its long term deposits have low credit risk based on external credit rating of the counterparties.

iii **Short term advances**

The Company held short term advances of Rs. 654.915 million as at 30 June 2019 (2018: Rs. 156.801 million). These short term advances are recoverable from the executives, employees and subsidiary of the Company.

Impairment on short term advances has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term advances have low credit risk based on recovery of these advances from wholly owned subsidiary and from the final settlement of employees in case of default .

iv **Trade deposit and other receivables**

The Company held trade deposit and other receivables of Rs. 72.126 million as at 30 June 2019 (2018: Rs. 67.011 million).

Impairment on trade deposits and other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its trade deposits and other receivables have low credit risk based on external credit rating of the counterparties.

v **Short term investments**

The Company held short term investments of Rs. 1,084.523 million as at 30 June 2019 (2018: Rs. 2,009.523 million). These short term investments are held with the banks which are rated A1+ to AAA based on PACRA and JCR - VIS ratings.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Impairment on short term investments has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term investments have low credit risk based on external credit rating of the counterparties.

vi Cash at bank

The Company held cash at bank of Rs. 194.235 million as at 30 June 2019 (2018: Rs. 1,237.209 million). These balances are held with the banks which are rated A+1 to A-2 based on PACRA and JCR - VIS ratings.

Impairment on cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its cash at bank have low credit risk based on external credit rating of the counterparties.

42.5 Liquidity risk

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

There were no defaults on loans payable during the year.

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

	Note	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
		(Rupees' 000)			
2019					
Long term financing	8	**14,355,833**	**18,809,909**	**4,312,115**	**14,497,794**
Trade and other payables	42.3	**1,407,659**	**1,407,659**	**1,407,659**	**-**
Short term borrowings	11	**1,264,583**	**1,264,583**	**1,264,583**	**-**
Unclaimed dividend		**9,242**	**9,242**	**9,242**	**-**
Unpaid dividend		**1,528**	**1,528**	**1,528**	**-**
		17,038,845	**21,492,921**	**6,995,127**	**14,497,794**
2018					
Long term financing	8	11,040,833	13,663,181	2,144,310	11,518,871
Trade and other payables	42.3	1,416,108	1,416,108	1,416,108	-
Short term borrowings	11	570,768	570,768	570,768	-
Unclaimed dividend		9,242	9,242	9,242	-
Unpaid dividend		19,210	19,210	19,210	-
		13,056,162	15,678,509	4,159,638	11,518,871

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

The contractual cash flows relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark up rates have been disclosed in notes 8 and 11 to these unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

42.6 **Market risk**

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

Foreign Currency risk

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

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to forex risk on year end monetary balances:

	2019		2018	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank Balance	2,118	12.91	4,945	40.74

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2019	2018	2019	2018
PKR/ US Dollars	137.29	110.43	164.00	121.40

Foreign Currency Sensitivity Analysis

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of USD applied to assets at reporting date represented in foreign currency, with all other variables held constant, of the Company's profit before tax.

	2019	2018
	(Rupees'000)	
Increase in 5% USD rate	106	247
Decrease in 5% USD rate	(106)	(247)

Interest rate risk

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Exposure to interest rate risk:

	2019	2018	2019	2018
	Effective interest rates %		(Rupees' 000)	
Variable rate instruments				
Financial assets	**0.25 to 10.3**	0.25 to 5.75	**165,388**	1,199,781
Variable rate instruments				
Financial liabilities	**KIBOR +**	KIBOR +	**(15,983,707)**	(11,781,211)
	0.6 to 1.95	0.6 to 1.5	**(15,983,707)**	(11,781,211)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity / profit and loss by Rs. 158.173 million (2018: Rs. 105.814 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Other market price risk

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

Sensitivity analysis – equity price risk

For quoted investments classified as fair value through profit and loss, a 100 basis point increase in market price at reporting date would have increased profit or loss by Rs. 6.22 million (2018: Rs. 11.14 million) thousand; an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2018 and assumes that all other variables remain the same.

	Level 1	Level 2	Level 3
Assets carried at fair value		(Rupees '000)	
2019			
Financial assets at fair value through profit or loss	**622,048**	-	-
2018			
Financial assets at fair value through profit or loss	1,113,708	-	-

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

43 APPLICATION OF IFRIC INTERPRETATION 12 - SERVICE CONCESSION ARRANGEMENTS

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	(Rupees'000)	
Increase in profit after tax for the year	**4,759**	11,736
Derecognition of property, plant and equipment	**(202,343)**	(225,782)
Recognition of intangible asset	**374,257**	391,268
Recognition of financial liability	**(28,538)**	(28,813)
Increase in taxation obligations	**1,944**	2,834
Unappropriated profits	**100,430**	95,671

44 CAPACITY

	No. of lettable rooms		Average occupancy	
	2019	2018	2019	2018
Pearl Continental Hotel			%	%
- Karachi	**286**	286	**87**	75
- Lahore	**607**	607	**59**	68
- Rawalpindi	**193**	193	**56**	64
- Peshawar	**148**	148	**46**	59
- Bhurban	**190**	190	**64**	69
- Muzaffarabad	**102**	102	**44**	46
- Hotel One The Mall, Lahore (Note 44.1)	**32**	32	**62**	66

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

45 NUMBER OF EMPLOYEES

	2019	2018
Number of employees at the year end	**3,253**	3,470
Average number of employees during the year	**3,381**	3,365

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

46 IMPACT OF ADOPTION OF IFRS 9 AND IFRS 15 AS AT 01 JULY 2018

The impact of adoption of IFRS 15 and IFRS 9 on the unconsolidated statement of financial position and the unconsolidated statement of profit or loss is as follows:

	As on 01 July 2018			
46.1 Effect on statement of financial position	Before adoption of IFRS-9 and IFRS -15	Transition effect of IFRS -15	Transition effect of IFRS -9	After adoption of IFRS-9 and IFRS -15
	(Rupees'000)			
Total equity	**35,840,382**	-	(57,027)	**35,783,355**
Loans and borrowings	9,655,774	-	-	9,655,774
Employee benefits	666,088	-	-	666,088
Deferred tax liability - net	272,545	-	(23,292)	249,253
Non current liabilities	**10,594,407**	-	(23,292)	**10,571,115**
Short term borrowings	570,768	-	-	570,768
Current portion of loans and borrowings	1,554,669	-	-	1,554,669
Trade and other payables	1,950,875	-	-	1,950,875
Unpaid dividend	19,210	-	-	19,210
Unclaimed dividend	9,242	-		9,242
Current liabilities	**4,104,764**	**-**	**-**	**4,104,764**
Total equity and liabilities	**50,539,553**	**-**	**(80,319)**	**50,459,234**
Non current assets	**44,607,824**			**44,607,824**
Inventories	279,917	-	-	279,917
Trade debts	704,692	-	(80,320)	624,372
Advances, prepayments, trade deposits		-	-	-
and other receivables	299,613	-	-	299,613
Short term investments	3,123,231	-	-	3,123,231
Short term advance	40,000	-	-	40,000
Advance tax - net	216,899	-	-	216,899
Cash and bank balances	1,267,377	-	-	1,267,377
Current assets	**5,931,729**	**-**	**(80,320)**	**5,851,409**
Total assets	**50,539,553**	**-**	**(80,320)**	**50,459,233**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

46.2 **Effect on statement of profit or loss**

	As previously reported at 30 June 2018	IFRS -15	IFRS-9	As reclassified at 30 June 2018
	(Rupees'000)			
Revenue - gross	12,362,265	-	-	12,362,265
Discounts and commissions	(168,561)	-	-	(168,561)
Sales tax	(1,666,453)	-	-	(1,666,453)
Revenue - net	**10,527,251**	**-**	**-**	**10,527,251**
Cost of sales and services	(5,647,370)	-	-	(5,647,370)
Gross profit	**4,879,881**	**-**	**-**	**4,879,881**
Other income	151,998	-	-	151,998
Administrative expenses	(3,268,064)	-	-	(3,268,064)
Impairment loss on trade debts	-	-	-	-
Operating profit	**1,763,815**	**-**	**-**	**1,763,815**
Finance income	99,262	-	-	99,262
Unrealised (loss)/ gain on remeasurement of investments to fair value - net	(250,474)	-	-	(250,474)
Finance cost	(725,513)	-	-	(725,513)
Net finance cost	**(876,725)**	**-**	**-**	(876,725)
Profit before taxation	**887,090**	**-**	**-**	**887,090**
Income tax expense	(391,534)	-	-	(391,534)
Profit for the year	**495,556**	**-**	**-**	**495,556**
Earnings per share - basic and diluted (Rupees)	**15.24**	**-**	**-**	**15.24**

There was no impact of adopting IFRS 9 on the Company's unconsolidated statement of cash flows as at 01 July 2018.

47 EMPLOYEES' PROVIDENT FUND

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

48 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 01 October 2019.

Murtaza Hashwani Chief Executive	M. A. Bawany Director	Javed Iqbal Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2019

Categories of Shareholders:	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	585,938	1.80
Associated Companies	7,370,336	22.66
Banks, Development Financial Institutions and Non-Banking Financial Institutions	440,093	1.35
Insurance Companies	28,815	0.09
Modarabas and Mutual Funds	1,123,501	3.45
Foreign Companies	21,026,343	64.65
Individual:		
Local	180,150	0.55
Foreign	19,650	0.06
Others	1,749,344	5.38
	32,524,170	**100**

DISCLOSURE TO PATTERN OF SHAREHOLDINGS
AS AT 30 JUNE 2019

SHAREHOLDERS	SHARES HELD
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND CHILDREN:	
Mr. Sadruddin Hashwani	4,537
Syed Haseeb Amjad Gardezi	550
Syed Sajid Ali	500
Mr. M. A. Bawany	2,875
Mr.Mansoor Akbar Ali	2,500
Mr. Murtaza Hashwani	573,476
Mr. Muhammad Ahmed Ghazali Marghoob	500
Mr. Shakir Abu Bakar	500
Syed Asad Ali Shah	500
	585,938
ASSOCIATED COMPANIES:	
Hashoo Holdings (Private) Limited	979,704
Zaver Petroleum Corporation Limited	2,466,332
Hashoo (Private) Limited	300
OPI Gas (Private) Limited	753,000
Gulf Properties (Private) Limited	3,171,000
	7,370,336
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE, COMPANIES,	
National Bank of Pakistan	418,921
The Bank of Punjab, Treasury Division	26
National Investment Trust Limited	21,146
	440,093
INSURANCE COMPANIES	
Alpha Insurance Co. Limited	**28,815**
MODARBAS & MUTUAL FUNDS:	
CDC - Trustee AKD Index Tracker Fund	5,550
Golden Arrow Selected Stocks Fund Limited	13,400
CDC-Trustee National Investment (UNIT) Trust	1,104,551
	1,123,501

DISCLOSURE TO PATTERN OF SHAREHOLDINGS

AS AT 30 JUNE 2019

SHAREHOLDERS	SHARES HELD
FOREIGN COMPANIES:	
Penoramic International General Trading Llc	382,900
Ocean Pakistan Limited	3,170,000
Dominion Hospitality Investments Ltd.	3,150,000
Castle Participations Inc.	3,170,000
Orient Drilling & Oilfield Services Limited	1,209,643
Sharan Associates S.A	2,760,000
Brickwood Investment Holding S.A.	2,905,000
Grenley Investments Limited	1,163,890
Amcorp Investments Limited	1,906,260
Azucena Holdings Limited	1,208,650
	21,026,343
OTHERS:	
Secretary, P.I.A	172,913
President Of Pakistan	336,535
Shakil Express Limited	418
Sheriar F.Irani Invmt.Trut.Ltd	62
Molasses Export Co.(Pvt) Ltd	93
Galadari Invest International	1,052,085
Jahangir Siddiqui & Co Ltd.	990
Rs Publishers (Private) Limited	200
Central Depository Company Of Pakistan Limi	4
Kaizen Construction (Pvt) Limited	60,485
Trustee National Bank Of Pakistan Employees Pension Fund	75,074
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	2,634
Asian Co-Operative Society Ltd.	47,088
First Capital Equities Limited	80
Arkad Consultants Private Limited	200
H M Investments (Pvt) Limited	214
Horizon Securities Limited	200
Msmaniar Financials (Pvt) Ltd.	67
Fikrees (Private) Limited	2
	1,749,344
INDIVIDUAL	**199,800**
	32,524,170

Pearl-Continental Hotel, Rawalpindi

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS' REPORT CONSOLIDATED

Dear Members,

The Board of Directors of Pakistan Services Limited, the Parent Company, is pleased to present before you 60th Annual Report carrying there with also the audited consolidated financial statements for the year ended on June 30, 2019 and Auditors' Report thereon.

The financial results reflected in the Consolidated Financial Statements for the year ended on June 30, 2019 are as under:

	(Rupees '000)
Loss before taxation	(961,388)
Taxation	(505,464)
Profit after taxation	(1,466,852)

Earnings per share

Loss per share for the year worked out at Rs. 45.10.

During the year under review; wholly owned M/s Pearl Tours & Travels (Private) Limited remain engaged in the business of rent-a-car as well as arrangement of tour packages and generated revenue of Rs. 206 million as compared to Rs. 212 million for last year . During the year under review the Company recorded profit after tax of Rs. 18.756 million as compared to Rs. 6.396 million in last year.

Wholly owned subsidiary companies M/s City Properties (Private) Limited, M/s Elite Properties (Private) Limited have not started their commercial operations, whereas another wholly owned subsidiary M/s Pearl Continental Hotels (Private) Limited remained dormant during the year 2018-19.

The Chairman's Review included in the Annual Report shall be treated as part of Directors' report which deals inter alia with the financial and operating results and significant deviations from the last year, major future plans, risk and uncertainties and other related matters of the Group.

Name of directors are included in Un-consolidated Directors report.

Nature of business throughout the year remains the same.

During the year no default occur due to nonpayment of debts.

The system of internal financial control is sound in design and has been effectively implemented and monitored.

No such material change, and commitment occurred between the date end of financial year and the date of report.

Murtaza Hashwani
Chief Executive

M.A. Bawany
Director

Islamabad: 01 October, 2019

ڈائریکٹرز رپورٹ (مجموعی)

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل)، کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی ۶۰ ویں سالانہ رپورٹ پیش کرتی ہے جس کے ساتھ محاسبہ شدہ مجموعی مالیاتی گوشوارے بمعہ محاسب رپورٹ برائے سال جو کہ مؤرخہ ۳۰ جون ۲۰۱۹ کو ختم ہوا، شامل ہے۔

مالیاتی نتائج برائے سال جو کہ مؤرخہ ۳۰ جون ۲۰۱۹ کو ختم ہوا اور مجموعی مالیاتی گوشواروں میں شامل ہیں، درج ذیل ہیں:

	(۰۰۰ روپوں میں)
نقصان قبل از ٹیکس	(961,388)
ٹیکس	(505,464)
منافع بعد از ٹیکس	(1,466,852)

آمدن فی حصص

فی حصہ نقصان برائے سال 2019-2018 مبلغ 45 روپے 10 پیسے ہے۔

زیر نظر جائزہ مدت کے دوران ملکیتی ذیلی کمپنی پرل ٹورز اینڈ ٹریولز (پرائیویٹ) لمیٹڈ رینٹ اے کار کے ساتھ ساتھ ٹور پیکجز کے کاروبار کے ساتھ منسلک رہی ہے اور گذشتہ سال کی 212 ملین روپے کی آمدن کے مقابلے میں اس سال اس کی آمدن 206 ملین روپے رہی۔ زیر نظر جائزہ مدت کے دوران کمپنی نے گذشتہ سال کے 6.396 ملین روپے کے منافع کے مقابلے میں اس سال 18.756 ملین روپے سالانہ بعد از ٹیکس ٹیکس منافع حاصل کیا۔

مکمل ملکیتی ذیلی کمپنیوں سٹی پراپرٹیز (پرائیویٹ) لمیٹڈ اور ایلیٹ پراپرٹیز (پرائیویٹ) لمیٹڈ نے اپنے کمرشل آپریشن شروع نہیں کیے جب کہ دوسری مکمل ملکیتی ذیلی کمپنی میسرز پرل کانٹی نینٹل ہوٹلز (پرائیویٹ) لمیٹڈ نے سال 2019-2018 کے دوران کوئی کاروباری سرگرمی نہیں کی۔

چیئرمین کی جائزہ رپورٹ جو کہ اس سالانہ رپورٹ میں منسلک ہے، اس ڈائریکٹرز رپورٹ کا حصہ ہے، جو کہ مجموعی طور پر مالیاتی اور کاروباری نتائج کے ساتھ ان میں گذشتہ سال سے وجہ تغیر اور مستقبل کے منصوبہ جات، خطرات، غیر یقینی صورت حال اور کمپنی کے دیگر معاملات کا احاطہ کرتی ہے۔
ڈائریکٹرز کے نام انفرادی ڈائریکٹرز رپورٹ میں شامل ہیں۔

دوران سال کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی۔
دوران سال قرضہ جات کی ادائیگی کے سلسلے میں کوئی ڈیفالٹ نہیں ہوا۔
اندرونی مالیاتی کنٹرول کا نظام مضبوط ہے اور اس کو مؤثر طور پر لاگو کیا گیا ہے اور اس پر نظر رکھی گئی ہے۔
سال کے اختتام اور آڈٹ رپورٹ شائع ہونے کے دوران کوئی اہم کاروباری معاملہ طے نہیں پایا۔
بورڈ آف ڈائیکٹرز نے مؤثر فنانشل کنٹرولز وضع کیے ہیں جو کہ مکمل طور پر نافذ ہیں۔

مرتضیٰ ہاشوانی
چیف ایگزیکٹو

ایم.اے. باوانی
ڈائریکٹر

اسلام آباد: 01 اکتوبر 2019ء

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pakistan Services Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Advance against purchase of land** We draw attention to notes 16.1 & 16.2 to the consolidated financial statements, wherein it is disclosed that the Group has extended advance against purchase of following land; ***Advance amounting to Rs. 626.82 million (note 16.1)*** • This was extended to a related party for purchase of two plots of land. According to the agreements, both the land were to be transferred to the Group by 30 June 2012 after completion of development work. ***Advance amounting to Rs. 381.65 million (note 16.2)*** • This his represents amount paid for purchase of 113.34 acres of land and fee for regularisation of land as per the value assessed by the Land Regularization Committee established by the Government of Sindh under the Sindh Ordinance, 2001. As disclosed in detail in note 16.2, the matter is under litigation. The Group is confident that the case will be decided in its favour and possession of land will be handed over to the Group. Further, the Group has sought legal advice that in case of an adverse outcome, the Group would be entitled to recover the amounts from the purchaser as well as from the relevant Government department. We identified advance against purchase of land as a key audit matter due to its relative significance and the risk that underlying asset is not eventually transferred to the Group due to litigation and prolonged delay.	Our audit procedures to evaluate the appropriateness of the impairment of advance against the purchase of land, amongst others, included the following: • held discussions at appropriate level of management and Audit Committee to assess their views on the settlement and recoverability of advances for land; • reviewing legal opinion obtained by the Group regarding transfer of land and recoverability of advance where Group is in litigation. • for advances where Group is not in litigation, circularised external confirmations, and evaluating the replies received thereto; and • evaluating the appropriateness of the disclosure in accordance with the accounting and reporting standards as applicable in Pakistan.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matter	How the matter was addressed in our audit
2	**Related party transactions, balances and disclosures** Transactions with related parties are disclosed in note 40 of the consolidated financial statements. We identified transactions with related parties and its disclosures as key audit matter due to the nature and number of transactions with related parties, and also due to their significance to the financial statements.	Our audit procedures to evaluate the related party transactions and disclosures, amongst others, included the following: • obtaining an understanding of the process that management has established to identify, account for and disclose related party transactions and authorize and approve related party transactions and arrangements; • obtaining the details of related parties and transactions and comparing the same with underlying accounting records to identify transactions that are outside the normal course of business; • inspecting bank and legal confirmations, and minutes of meetings; • obtaining, on a sample basis, confirmations of transactions and balances with related parties; • comparing, on a sample basis, the recording of related party transactions with the related agreements / arrangements and underlying supporting documents; and • evaluating the completeness and appropriateness of the related parties disclosure in accordance with the accounting and reporting standards as applicable in Pakistan.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

S. No.	Key audit matter	How the matter was addressed in our audit
3	**Revenue from letting of rooms and food and beverages** Refer note 29 to the consolidated financial statements. The Group recognized revenue of Rs. 11,321 million from rooms and food and beverages for the year ended 30 June 2019. We identified recognition of revenue from these two streams as a key audit matter because these are key performance indicators of the Group and gives rise to an inherent risk that rooms and food and beverages revenue could be subject to misstatement to meet expectations or targets.	Our audit procedures to evaluate the recognition of rooms and food and beverages revenue, amongst others, included the following: • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of revenue transactions recorded during the year with reservations, sales invoices and other relevant underlying documents; • comparing a sample of revenue transactions recorded around the year end with the bookings, sales invoices and other relevant underlying documentation to evaluate if the related revenue was recorded in the appropriate accounting period; and • comparing the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.
4	**Borrowings and finance cost** Refer to notes 8 and 35 to the consolidated financial statements. The Group has obtained range of borrowings from different financial institutions with varying terms and tenors. This was considered to be a key audit matter as this affects group's gearing, liquidity, and solvency.	Our audit procedures over borrowings and finance cost, amongst others, included the following: • understanding management's process of recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs; • obtaining confirmations directly from the financial institutions; • recalculating the markup recognized as expense and capitalized during the year; • evaluating whether the finance cost capitalized during the year meet capitalization criteria; • evaluating whether borrowings are correctly classified in current portion as per the agreement; and • evaluating the appropriateness of the related disclosures in accordance with the accounting and reporting standards as applicable in Pakistan.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAKISTAN SERVICES LIMITED

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad

4 October 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
EQUITY			
SHARE CAPITAL AND RESERVES			
Share capital	4	**325,242**	325,242
Capital reserves	5	**416,645**	416,645
Revenue reserves	6	**6,386,580**	7,539,821
Revaluation surplus on property, plant and equipment	7	**27,530,741**	27,530,741
Equity attributable to owners		**34,659,208**	35,812,449
Non-controlling interest		**14,583**	-
Total equity		**34,673,791**	35,812,449
LIABILITIES			
Loans and borrowings	8	**11,671,272**	9,681,188
Employee benefits	9	**815,402**	704,306
Deferred tax liability - net	10	**564,479**	288,014
Non current liabilities		**13,051,153**	10,673,508
Short term borrowings	11	**1,264,583**	570,768
Current portion of loans and borrowings	8	**3,107,251**	1,566,769
Trade and other payables	12	**1,765,945**	1,980,750
Contract liabilities	30	**276,581**	-
Liabilities directly associated with assets classified as held for sale		**-**	120
Unpaid dividend	13	**1,528**	19,210
Advance against sale of long term investment		**-**	115,000
Unclaimed dividend		**9,242**	9,242
Current liabilities		**6,425,130**	4,261,859
Total equity and liabilities		**54,150,074**	50,747,816
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
ASSETS			
Property, plant and equipment	15	**40,605,493**	40,039,622
Advances for capital expenditures	16	**2,057,190**	1,532,203
Investment property	17	**60,000**	60,000
Long term investments	18	**615,954**	1,105,980
Long term deposits and prepayments	19	**63,888**	42,837
Advance against equity	20	**355,314**	-
Non current assets		**43,757,839**	42,780,642
Inventories	21	**313,655**	279,917
Development properties	22	**4,301,165**	2,746,619
Trade debts	23	**557,183**	732,591
Contract assets	30	**29,752**	-
Advances, prepayments, trade deposits and other receivables	24	**430,331**	302,330
Short term investments	25	**1,106,813**	2,028,680
Non currenr asset held for sale	26	**2,748,739**	259,702
Advance tax - net	27	**559,147**	302,050
Cash and bank balances	28	**345,450**	1,315,285
Current assets		**10,392,235**	7,967,174
Total assets		**54,150,074**	50,747,816

Murtaza Hashwani
Chief Executive

M. A. Bawany
Director

Javed Iqbal
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
Revenue - net	29	10,232,377	10,622,580
Cost of sales and services	31	(6,164,500)	(5,739,399)
Gross profit		4,067,877	4,883,181
Other income	32	240,230	153,974
Administrative expenses	33	(3,344,694)	(3,276,907)
Other expense - impairment of goodwill		(73,155)	-
Impairment loss on trade debts	23	(21,457)	-
Operating profit		868,801	1,760,248
Finance income	34	(762,570)	(335,512)
Unrealised (loss)/ gain on remeasurement of investments to fair value - net		(1,635)	(1,355)
Finance cost	35	(1,161,272)	(728,100)
Net finance cost		(1,925,477)	(1,064,967)
Share of profit in equity accounted investments - net	18	95,288	90,552
(Loss)/ profit before taxation		(961,388)	785,833
Income tax expense	36	(505,464)	(384,338)
(Loss)/ profit for the year		(1,466,852)	401,495
Loss/ profit attributable to:			
Owners of the Company		(1,387,534)	401,495
Non-controlling interests		(79,318)	-
		(1,466,852)	401,495

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	30 June 2019	30 June 2018
	(Rupees'000)	
(Loss)/ profit for the year	(1,466,852)	401,495
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefits liability	(20,388)	(48,184)
Surplus on revaluation of property, plant and equipment	-	3,751,226
Related tax	5,913	12,046
	(14,475)	3,715,088
Items that are may be subsequently reclassified to profit or loss		
Exchange gain on translation of long term investments in equity accounted investees	507,898	215,539
Surplus on remeasurement of available for sale securities	(70,125)	(118,268)
Share of remeasurement of defined benefit obligation of associate	(1,563)	-
Related tax	(123,015)	(31,522)
	313,195	65,749
Total other comprehensive income for the year	298,720	3,780,837
Total comprehensive income for the year- (loss)	(1,168,132)	4,182,332
Total comprehensive income - (Loss) attributable to:		
Owners of the Company	(1,088,814)	4,182,332
Non-controlling interests	(79,318)	-
	(1,168,132)	4,182,332

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		(Rupees'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	37	2,008,038	2,572,820
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(33,738)	(21,239)
Development property		(1,554,546)	(1,649,423)
Trade debts		63,209	(106,211)
Contract assets		(29,752)	-
Advances		(15,730)	(22,237)
Trade deposits and prepayments		(23,543)	(1,915)
Other receivables		(82,959)	(39,581)
Advance against sale of long term investment		-	115,000
Contract liabilities		276,581	-
Decrease in trade and other payables		(228,357)	328,884
Cash used in operations		(1,628,835)	(1,396,722)
Staff retirement benefit - gratuity paid		(39,641)	(46,885)
Compensated leave absences paid		(34,348)	(22,960)
Income tax paid		(575,403)	(501,698)
Finance cost paid		(1,315,162)	(631,631)
Net cash used in operating activities		(1,585,351)	(27,076)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(3,904,648)	(3,944,893)
Advance for capital expenditure		(524,987)	(185,268)
Acquisition of subsidiary, net of cash acquired		(64,711)	-
Other receivable Advance against sale of long term investment/ (Advance for purchase of land)		-	3,648,420
Proceeds from disposal of property, plant and equipment		149,549	61,220
Proceeds from disposal of non current asset held for sale		144,582	-
Dividend income received		55,357	55,144
Short term investments		920,982	(1,990,691)
Advance against equity investment		(180,629)	-
Receipts of return on bank deposits and short term advance		197,821	31,338
Long term deposits and prepayments		(21,051)	(18,327)
Net cash used in investing activities		(3,227,735)	(2,343,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans and borrowings		(1,501,667)	(492,500)
Proceed from loans and borrowing		150,000	1,850,000
Proceeds from Sukuk issuance		4,666,667	2,333,333
Repayment of diminishing musharaka facility		(56,438)	(25,505)
Dividend paid		(17,682)	(475,999)
Advance against issuance of shares returned		(87,854)	-
Payment of transaction cost of long term financing		-	(45,000)
Net cash generated from financing activities		3,153,026	3,144,329
Net (decrease)/ increase in cash and cash equivalents		(1,660,060)	774,196
Cash and cash equivalents at acquisition			
Cash and cash equivalents at beginning of the year		760,224	(13,972)
Cash and cash equivalents at end of the year	38	(899,836)	760,224

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Capital reserves		Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non controlling Interest	Total equity
		Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Surplus on remeasure-ment of avail-able for sale securities	Unappropriat-ed profit				
	(Rupees'000)										
Balance at 30 June 2017	325,242	269,424	147,221	1,600,000	530,331	222,514	5,243,733	23,779,515	32,117,980	-	32,117,980
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	401,495	-	401,495	-	401,495
Other comprehensive income for the year	-	-	-	-	184,017	(118,268)	(36,138)	3,751,226	3,780,837	-	3,780,837
Total comprehensive income for the year	-	-	-	-	184,017	(118,268)	365,357	3,751,226	4,182,332	-	4,182,332
Transaction with owners of the Company											
Distributions:											
Final cash dividend 30 June 2017 - Rs. 5 per share	-	-	-	-	-	-	(162,621)	-	(162,621)	-	(162,621)
First interim cash dividend 2018 - Rs. 5 per share	-	-	-	-	-	-	(162,621)	-	(162,621)	-	(162,621)
Second interim cash dividend 2018 -Rs. 5 per share	-	-	-	-	-	-	(162,621)	-	(162,621)	-	(162,621)
Total distributions	-	-	-	-	-	-	(487,863)	-	(487,863)	-	(487,863)
Balance at 30 June 2018	325,242	269,424	147,221	1,600,000	714,348	104,246	5,121,227	27,530,741	35,812,449	-	35,812,449
Balance at 01 July 2018	325,242	269,424	147,221	1,600,000	714,348	104,246	5,121,227	27,530,741	35,812,449	-	35,812,449
Effect of change in policy (note 3)	-	-	-	-	-	-	(64,427)	-	(64,427)	-	(64,427)
Adjusted balance at 01 July 2018	325,242	269,424	147,221	1,600,000	714,348	104,246	5,056,800	27,530,741	35,748,022	-	35,748,022
Adjusted balance at 01 July 2018	325,242	269,424	147,221	1,600,000	714,348	104,246	5,056,800	27,530,741	35,748,022	-	35,748,022
Change in ownership interest											
NCI on acquisition of subsidiaries										93,901	93,901
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	(1,387,534)	-	(1,387,534)	(79,318)	(1,466,852)
Other comprehensive income for the year	-	-	-	-	384,883	(70,125)	(16,038)	-	298,720	-	298,720
Total comprehensive income for the year	-	-	-	-	384,883	(70,125)	(1,403,572)	-	(1,088,814)	(79,318)	(1,168,132)
Balance at 30 June 2019	325,242	269,424	147,221	1,600,000	1,099,231	34,121	3,653,228	27,530,741	34,659,208	14,583	34,673,791

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Murtaza Hashwani Chief Executive	M. A. Bawany Director	Javed Iqbal Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 Group is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Pakistan. The Group also owns one small sized property in Lahore, operating under the budget concept. The Group also grants franchise to use its trade mark and name "Pearl Continental". Further, the Group is also in the process of constructing hotels in Multan and Mirpur Azad Jammu and Kashmir.

The Group's registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The addresses of lands, hotel buildings and other properties owned by the Group located in Karachi, Lahore, Rawalpindi, Bhurban, Peshawar, Multan, Muzaffarabad and Mirpur are disclosed in note 15.1.5. The addresses of the Group's other sales offices / lounges are as follows:

- CIP Lounge, New Islamabad International Airport.
- CIP Lounge, Allama Iqbal International Airport, Lahore
- CIP Lounge, Jinnah International Airport, Karachi
- Sales center, office no. 05, Basement, Islamabad Center, Fazal-e-Haq Road, Blue Area, Islamabad.

As at the reporting date, the Group has the following subsidiaries:

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards), 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Details of the accounting policies are included in note 3.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Group and the subsidiary companies together constituting "the Group".

2.2.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

consolidated statement of profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These consolidated financial statements include Pakistan Services Limited (PSL/Group) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary, except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise of interests in associates and a jointly controlled entity. Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

Transactions elimination in consolidation

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

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Pak Rupee at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Pak Rupee at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in the consolidated statement of comprehensive income, and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated profit or loss account as part of the gain or loss on disposal. When the Group disposes of only a part of an associate or jointly controlled entity while retaining significant influence or control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2.3 Basis of measurement and preparation

These consolidated financial statements have been prepared under historical cost convention except for the following items which are measured on an alternative basis on each reporting date.

Item	Measurement basis
Land	Revaluation model
Investment property	Fair value
Investments held for trading	Fair value
Employee benefits -Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial valuation

The method used to measure fair values are disclosed in respective policy notes.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees (Rupee or PKR), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

- Note 15.1 useful lives, reassessed values, residual values and depreciation method of property, -plant and equipment
- Note 17 fair value of investment property
- Note 21 provision for slow moving inventories
- Note 14 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 9 measurement of defined benefit obligations: key actuarial assumptions
- Note 10 and 36 recognition of deferred tax liabilities and estimation of income tax provisions
- Note 23 measurement of expected credit loss allowance on trade debts

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management 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 management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes as indicated below:

- The Group has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of 01 July 2018. IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts' and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

As a result of application of IFRS 15, the following presentational changes are made:

- contract liabilities, previously presented as advances from customers under trade and other payables has now been presented as a separate line item on the consolidated statement of financial position
- contract assets previously merged in trade debts has now been presented as a separate line item on the consolidated statement of financial position.

The change in accounting policy has no impact on the reported amount of unappropriated profit as at 01 July 2018. Relevant accounting policy notes on adoption of the new standard have been explained in note 3.13 and impact of adoption of IFRS 15 on Group's consolidated statement of financial position and consolidated statement of profit or loss and consolidated comprehensive income are disclosed in note 29.5.

The Group has also adopted IFRS 9 'Financial Instruments' with a date of initial application of 01 July 2018. IFRS 9 replaced IAS 39 'Financial Instruments – Recognition and Measurement' and includes the requirements on the classification and measurement of financial assets and liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model. The Securities and Exchange Commission of Pakistan vide its notification dated 02 September 2019 has deferred the application of expected credit loss model on financial assets due from the Government of Pakistan which continues to be accounted for under the previously applicable requirements of IAS 39 'Financial Instruments: Recognition and Measurement' till 30 June 2021. The Group has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' with the exception of long term deposits and short term deposits which are classified as Fair value through profit or loss (FVTPL) as they do not meet "solely payment of principal and interest" (SPPI) test criteria, 'held to maturity' is now classified as 'amortized cost' and 'available for sale' is now classified as 'fair value through other comprehensive income (FVTOCI)' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. Further, effective 01 July 2018, the Group implemented expected credit loss impairment model for financial assets. For trade debts, the calculation methodology has been updated to consider expected losses based on ageing profile and forward looking estimates such as economic profiling related to trade debts.

The Group has adopted IFRS 9 by taking cumulative effect of initially applying IFRS 9 'Financial Instruments' to the opening retained earnings at the beginning of annual reporting period i.e. 01 July 2018. In choosing the transition method for IFRS 9, the Group has taken advantage of exemption allowed from IFRS 9 from restating prior period in respect of IFRS 9 classification and measurement including impairment requirement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

As a result of adoption of IFRS 9 the Group has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. Previously, the Group's approach was to include the impairment of trade debts in 'Administrative expenses'.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about financial year 2019 but have not been generally applied to comparative information.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings:

	Impact of adopting IFRS 9 at 01 July 2018
	(Rupees'000)
Retained earnings	
Recognition of expected credit losses under IFRS 9	90,742
Related tax	(26,315)
Impact at 01 July 2018	**64,427**

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 3.5.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets			(Rupees' 000)	
Certificate of investments	Held to maturity	*Amortized cost*	-	-
Certificate of investments	Avialable for sale	*Fiar value through other comprehnsive income*	-	-
Term Deposit Receipt	Loans and receivables	*Amortized cost*	2,020,952	2,020,952
Investment in equity securities	Held for trading	*Financial assets at fair value through profit or loss*	7,728	7,728
Trade debts	Loans and receivables	*Amortized cost*	732,591	641,849
Long term deposits	Loans and receivables	*Financial assets at fair value through profit or loss*	34,522	34,522
Advances, trade deposits and other receivables	Loans and receivables	*Amortized cost*	277,971	277,971
Short term deposits	Loans and receivables	*Financial assets at fair value through profit or loss*	27,839	27,839
Cash and Bank balances	Loans and receivables	*Amortized cost*	1,315,285	1,315,285
	Total financial assets		**4,366,888**	**4,276,146**
Financial Liabilities				
Loans and Borrowings	*Amortized cost*	*Amortized cost*	12,607,204	12,607,204
Short term borrowings	*Amortized cost*	*Amortized cost*	570,768	570,768
Trade and other payables	*Amortized cost*	*Amortized cost*	1,980,750	1,980,750
Unclaimed dividend	*Amortized cost*	*Amortized cost*	9,242	9,242
Unpaid dividend	*Amortized cost*	*Amortized cost*	19,210	19,210
	Total financial liabilities		**15,187,174**	**15,187,174**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 July 2018:

	IAS 39 carrying amount at 30 June 2018	Remeasurement	IFRS 9 carrying amount at 01 July 2018
Financial Assets		(Rupees' 000)	
Certificate of investments	-		
Brought forward: Held to maturity		-	
Remeasurement			-
Carry forward: Amortized cost			
Certificate of investments			
Brought forward: Available for sale	-		
Remeasurement		-	
Carry forward: Fiar value through other comprehnsive income			-
Term Deposit Receipt			
Brought forward: Loans and receivables	2,020,952		
Remeasurement		-	
Carry forward: Amortized cost			2,020,952
Investment in equity securities			
Brought forward: Held for trading	7,728		
Remeasurement		-	
Carry forward: Financial assets at fair value through profit or loss			7,728
Trade debts			
Brought forward: Loans and receivables	732,591		
Remeasurement		(90,742)	
Carry forward: Amortized cost			641,849
Long term deposits			
Brought forward: Loans and receivables	34,522		
Remeasurement		-	
Carry forward: Financial assets at fair value through profit or loss			34,522
Advances, trade deposits and other receivables			
Brought forward: Loans and receivables	227,971		
Remeasurement		-	
Carry forward: Amortized cost			227,971
Short term deposits			
Brought forward: Loans and receivables	27,839		
Remeasurement		-	
Carry forward: Financial assets at fair value through profit or loss			27,839
Cash and Bank balances			
Brought forward: Loans and receivables	1,315,285		
Remeasurement		-	
Carry forward: Amortized cost			1,315,285
	4,366,888	**(90,742)**	**4,276,146**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39- see note 3.8.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9 impairment requirements at 1 July 2018 results in increase in loss allowance for impairment as follows:

Loss allowance at 30 June 2018 under IAS 39	**Rupees'000)**
Impairment recognised at 01 July 2018 on:	**180,781**
Increase in loss allowance for trade debts	80,320
Loss allowance at 01 July 2018 under IFRS 9	**261,101**

Additional information about how the Group measures the allowance for impairment is described in Note 3.8.

Impact of of adoption of IFRS 9 as at 01 July 2018

The impact of adoption of IFRS 15 and IFRS 9 on the consolidated statement of financial position and the consolidated statement of profit or loss is disclosed in note 45.

3.1 Property, plant and equipment and advance for capital expenditure

3.1.1 Owned

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- land (free hold and lease hold) which is carried at revalued amount
- capital work in progress and advance for capital expenditure which are stated at cost less impairment loss, if any.

Items in property, plant and equipment are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to a capital reserve in shareholders' equity and presented as a separate line item in statement of financial position.

Increases in the carrying amounts arising on revaluation of land are recognised, in consolidated statement of comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

Cost comprises of purchase price and other directly attributable costs less refundable taxes. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use.

The completed / acquired capital work in progress and advance for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the diminishing balance method over their estimated useful lives, and is generally recognised in consolidated statement of profit or loss at rates given in note 15 to these consolidated financial statements. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and capital work in progress is not depreciated. Rates of depreciation are mentioned in note 15.1 to these consolidated financial statements.

Depreciation on additions to property, plant and equipment is charged on prorate basis from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed of / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.1.2 Leased

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Group.

Lease payments

Payments made over operating leases are recognised in consolidated statement of profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Ijarah

Assets held under Ijarah arrangement are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

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

3.2 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.3 Inventories

3.3.1 Stores, spare parts and loose tools

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

3.3.2 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

The Group reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stock in trade.

3.4 Financial instruments

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

3.4.1 Financial asset

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated profit or loss. Any gain or loss on de-recognition is recognized in consolidated profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated profit or loss. Other net gains and losses are recognized in consolidated OCI. On de-recognition, gains and losses accumulated in consolidated OCI are reclassified to consolidated profit or loss.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in consolidated OCI and are never reclassified to consolidated profit or loss.

De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

3.4.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in consolidated profit or loss.

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The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the consolidated statement of profit or loss for the period in which it arises.

3.4.3 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4.4 Financial instruments – accounting policy applied before 01 July 2018

The Group classified financial assets into the following categories:

(a) financial assets at fair value through profit or loss (FVTPL);

(b) financial assets available for sale; and

(c) loans and receivables

Subsequent to initial recognition, financial assets at FVTPL were measured at fair value and changes therein including interest or dividend income were recognized in consolidated profit or loss. Available for sale financial assets subsequently measured at fair value through other comprehensive income. Loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial liabilities were initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost and are classified into other financial liabilities category.

3.5 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.7.

3.6 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

3.7 Impairment

3.7.1 Financial assets

The Group recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For recognition of impairment on financial assets due from the Government of Pakistan entities, the Group continues to apply the accounting policy as stated below.

Impairment of financial assets – accounting policy applied before 01 July 2018

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in consolidated statement of profit or loss. An impairment loss is reversed in the consolidated statement of profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.7.2 Non-financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as finance cost.

3.9 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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3.10 Share capital and dividend

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

3.11 Employee benefits

The accounting policies for employee benefits are described below:

3.11.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.2 Defined contribution plan – Provident fund

The Group operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Group and employees at an agreed rate of salary, the fund is managed by its Board of Trustees. The contributions of the Group are charged to consolidated statement of profit or loss.

Defined benefit plans

The Group operates the following defined benefit plans:

3.11.2.1 Gratuity

The Group operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme.

The Group's net liability in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC).

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in consolidated statement of comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in consolidated statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.11.2.2 Compensated leave absences

The Group operates defined benefit plan comprising an unfunded compensated leave absences scheme covering all eligible employees as specified by the scheme.

The Group recognises provision for compensated absences on the unavailed balance of privilege leaves of all its permanent employees. The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC) and related expense related to defined benefit plans are recognised in profit or loss.

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During the year, the Group has changed its compensated leave policy under which unavailed annual leaves are now allowed to be accumulated up to 45 working days (from 75 days) which resulted in past service cost of Rs. 21.99 million (refer note 9.2.3).

3.12 Income tax

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

3.12.1 Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

3.12.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

3.13 Revenue recognition

The Group generates revenue from room rentals, food and beverages sales, communication tower, shop license fees and revenue from minor operating departments.

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3.13.1 Revenue from contracts with customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms, and the related revenue recognition policies.

Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 01 July 2018)	Revenue recognition under IAS 18 (applicable before 01 July 2018)
Room revenue	The performance obligation is satisfied at the point in time when control of room is transferred to the customer, which is mainly at the time of handing over of room key. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.	Room revenue was recognized on performance of services to the guests.
Food and beverages revenue	The performance obligation is satisfied at the point in time when food and beverages are served to the customer. For service charges levied on food and beverages, the performance obligation is satisfied at the point in time when the food and beverages are served. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Food and beverages revenue is recognized on consumption of food and beverages by the customer.	Food and beverages revenue was recognized on consumption of food and beverages by the customer.
Revenue from other related services	The performance obligation is satisfied at the point in time when services are provided to the customer. There is no financing component involved. Discounts are offered to the customers at the management's discretion.	Revenue from other related services is recognized when the services are provided.	Revenue from other related services was recognized when services are provided to the customer.

3.13.2 Revenue from other sources

Communication towers and other rental income

Communication towers and other rental income is recognized on a straight-line basis over the agreed terms. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits.

Other income

Other income is recognized on an accrual basis. Net gains and losses of disposal of property, plant and equipment have been recognized in the consolidated statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Dividend income from investments is recognized when the Group's right to receive has been established.

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Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.13.3 Contract assets

The contract assets primarily relate to the Group's right to consideration for service provided but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional. This usually occurs when the Group issue an invoice to the customer.

3.13.4 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfer services to a customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group perform its performance obligation under the contract.

3.14 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupee at the exchange rate ruling on the reporting date and exchange differences, if any, are recognised in consolidated statement of profit or loss.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in consolidated statement of profit or loss.

3.15 Operating profit

Operating profit is the result generated from continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance income, finance costs, income taxes and reversals of impairment.

3.16 Finance income and finance cost

The Group's finance income and finance costs include interest income, dividend income, bank charges, interest expense, foreign currency gain or loss on financial assets and financial liabilities. Interest income or expense is recognised using the effective interest method. Dividend income is recognised in consolidated statement of profit or loss on the date on which the Group's right to receive payment is established.

Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

3.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.18 Development properties

Development properties include land acquired to carry on real estate business and property development. These are carried in the consolidated statement of financial position at lower of cost and net realizable value. Cost includes purchase costs, related government taxes, construction cost, borrowing cost and other overheads necessary to bring the properties in the saleable condition. Net realizable value represents the selling price in the ordinary course of business less cost of completion and estimated cost necessary to be incurred for making the sale. This also includes advances given to acquire the land / villas.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term investments and short-term borrowings under mark-up arrangements, used by the Group in the management of its short-term commitments.

3.20 Segment reporting

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

3.21 Standards, Interpretations and Amendments to the Approved Accounting 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 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Group is currently in the process of assessing the impact on Group's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of assessing the impact on Group's financial statements.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving

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compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, the Group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

- Amendment to IFRS 3 *'Business Combinations'* – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general-purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Group increases its interest in a joint operation that meets the definition of a business. A Group remeasures its previously held interest in a joint operation when it obtains control of the business. A Group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 *Income Taxes* - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

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- IAS 23 Borrowing Costs - the amendment clarifies that a Group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group's consolidated financial statements.

4 SHARE CAPITAL

4.1 Authorised share capital

Authorized share capital is 200,000,000 (2018: 200,000,000) ordinary share of Rs. 10 each.

4.2 Issued, subscribed and paid up share capital

2019	2018		2019	2018
Number of shares			(Rupees'000)	
		Ordinary shares of Rs.10 each		
25,672,620	25,672,620	- Fully paid in cash	**256,726**	256,726
362,100	362,100	- For consideration other than cash (against property)	**3,621**	3,621
6,489,450	6,489,450	- Fully paid bonus shares	**64,895**	64,895
32,524,170	32,524,170		**325,242**	325,242

4.2.1 All ordinary shares rank equally with regard to the Parent Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Parent Company.

4.2.2 As of the reporting date 7,370,336 (2018: 7,363,936) and 585,938 (2018: 585,938) ordinary shares of Rs. 10 each were held by associated companies and directors of the Parent Company respectively.

4.3 Capital management

The Group's objective when managing capital is to safeguard the Groups's ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stake holders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to share holders and/or issue new shares. There were no changes to Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirement.

5 CAPITAL RESERVE	Note	2019	2018
		(Rupees'000)	
Share premium	5.1	**269,424**	269,424
Share of associate's capital reserve		**147,221**	147,221
		416,645	416,645

5.1 This represents share premium received during previous years.

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			2019	2018
6	REVENUE RESERVES		(Rupees'000)	
	General reserve		1,600,000	1,600,000
	Exchange translation reserve		1,099,231	714,348
	Surplus on remeasurement of available for sale securities		34,121	104,246
	Unappropriated profits		3,653,228	5,121,227
			6,386,580	7,539,821

		Note	2019	2018
7	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		(Rupees'000)	
	Balance at 01 July		27,530,741	23,779,515
	Surplus arising on revaluation during the year		-	3,751,226
	Balance at 30 June	15.1.3	27,530,741	27,530,741
8	LOANS AND BORROWINGS - Secured			
a.	**Non current portion**			
	Term Finance Loan - 1	8.1	637,500	807,500
	Term Finance Loan - 2	8.2	1,935,000	2,150,000
	Term Finance Loan - 3	8.3	2,333,333	3,000,000
	Term Finance Loan - 4	8.4	2,000,000	1,850,000
	Syndicated term loan	8.5	450,000	900,000
	Sukuk	8.6	7,000,000	2,333,333
	Transaction cost		(52,208)	(71,257)
			14,303,625	10,969,576
	Current portion of loans		(2,694,444)	(1,335,000)
			11,609,181	9,634,576
	Lease finance facilities			
	Diminishing Musharaka Facility	8.7	94,844	70,859
	Current portion		(32,753)	(24,247)
			62,091	46,612
			11,671,272	9,681,188
b.	**Current portion**			
	Current portion of loans		2,694,444	1,335,000
	Current portion of Diminishing Musharaka Facility		32,753	24,247
			2,727,197	1,359,247
	Markup Accrued		380,054	207,522
			3,107,251	1,566,769

8.1 This represents outstanding balance of term finance loan of Rs. 350 million and Rs. 500 million carrying markup of 3-month KIBOR plus 1.5% (2018: 3-month KIBOR plus 1.5%) per annum. These are secured against first pari passu equitable mortgage charge on land and building of Pearl Continental Hotel, Rawalpindi for an amount of Rs. 1,534 million (2018: Rs. 1,534 million), ranking hypothecation charge over all present and future movable assets of Pearl Continental Hotel, Rawalpindi to the extent of Rs. 734 million (2018: Rs. 734 million). These loans are repayable in twenty equal quarterly installments of Rs. 17.50 million and Rs. 25.00 million each against respective loans. Repayments have started from June 2018.

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8.2 This represents outstanding balance of term finance loan of Rs. 2,150 million carrying markup of 3-month KIBOR plus 0.75% (2018 :3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against charge over land and building of Pearl Continental Hotel, Rawalpindi and Peshawar to the extent of Rs. 1,200 million (2018: Rs. 1,200 million) and Rs. 1,667 million (2018: Rs. 1,667 million) respectively. The loan is repayable in twenty equal quarterly installments of Rs. 107.50 million each. Repayments have started from January 2019.

8.3 This represents outstanding balance of term finance loan of Rs. 3,000 million carrying markup of 3-month KIBOR plus 0.75% (2018: 3-month KIBOR plus 0.75%) per annum payable quarterly. This facility is secured against ranking equitable mortgage charge over land and building of Pearl Continental Hotel, Karachi and ranking hypothecation charge on all present and future fixed and current assets of Pearl Continental Hotel, Karachi to the extent of Rs. 4,000 million (2018: Rs. 4,000 million). The loan is repayable in eighteen equal quarterly installments of Rs. 166.67 million. Repayments have started from September 2018.

8.4 This represents term finance loan of Rs. 2,000 million carrying markup of 6-month KIBOR plus 0.65% per annum payable semi-annual (2018: 6-month KIBOR plus 0.65%) per annum. This facility is secured against first pari passu equitable mortgage charge over land and building and first pari passu hypothecation charge on all on all present and future moveable assets of Pearl Continental Hotel, Peshawar with 25% margin. The loan is repayable in ten equal semi-annual installments commencing from May 2020.

8.5 This represents the outstanding balance of syndicated term loan of Rs. 1,800 million carrying markup of 6-month KIBOR plus 1.95% (2018: 6-month KIBOR plus 1.95%) per annum payable semi-annually. This facility is secured against first pari passu equitable mortgage charge over the property of Pearl Continental Hotel, Karachi with 25% margin and first pari passu hypothecation charge over all present and future movable and immovable fixed assets (excluding land and building) of Pearl Continental Hotel, Karachi with 25% margin. The loan is repayable in eight equal semi-annual installments of Rs. 225 million each. Repayments have started from July 2016.

8.6 During the year, the Company further issued remaining amount of Sukuk certificates of Rs. 4,666.67 millions per arrangement for issuance of rated, secured, long term privately placed Sukuk of Rs. 7,000 million. Pak Brunei Investment Company Limited is the trustee while Faysal Bank Limited is acting as shariah structuring advisor for this Sukuk arrangement. The Sukuk tenor is six years, and carries profit of 6-month KIBOR plus 1% (2018: 6-month KIBOR plus 1%) per annum payable semi-annually. The Sukuk is secured by way of first mortgage charge on Pearl Continental Hotel, Lahore with 25% margin and hypothecation on all the present and future assets (excluding land and building) of Pearl Continental Hotel, Lahore. Redemption of Sukuk will be in nine equal semi-annual installments starting from March 2020.

8.7 This represents outstanding balance of diminishing musharka facility from an Islamic financial institution and carries markup of 3-month KIBOR plus 1% (2018: 3-month KIBOR plus 1%) per annum payable quarterly . The facility is secured by way of ownership of leased assets.

Diminishing musharaka facility is payable as follows:

	Present value of minimum lease payment	Interest cost for future periods	Future minimum lease payments
2019		(Rupees'000)	
Not later than one year	**32,753**	**9,361**	**42,114**
Later than one year and not later than five years	**62,091**	**7,691**	**69,782**
	94,844	**17,052**	**111,896**
2018			
Not later than one year	24,247	1,467	25,714
Later than one year and not later than five years	46,612	1,115	47,727
	70,859	2,582	73,441

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9	EMPLOYEE BENEFITS	Note	2019	2018
			(Rupees'000)	
	Net defined benefit liability - gratuity	9.1.1	631,187	561,853
	Net defined benefit liability - compensated leave absences	9.2.2	184,215	142,453
			815,402	704,306

9.1 Net defined benefit liability - gratuity

The Group operates an unfunded gratuity scheme for its eligible employees detail of which are as follows:

9.1.1	Movement in net defined liability - gratuity	Note	2019	2018
			(Rupees'000)	
	Balance at 01 July		561,853	493,617
	Included in profit or loss	9.1.3	88,587	66,937
	Benefits paid		(39,641)	(46,885)
	Included in other comprehensive income	9.1.4	20,388	48,184
	Balance at 30 June		631,187	561,853
9.1.2	**Reconciliation of liability recognised in the statement of financial position**			
	Present value of defined benefit liability		631,187	561,853
	Net defined benefit liability		631,187	561,853
9.1.3	**Included in profit or loss**			
	Current service cost		40,367	31,084
	Interest cost		48,220	35,853
			88,587	66,937
9.1.3.1	**Expense is recognized in the following line items in profit or loss**			
	Cost of sales and services		53,694	40,370
	Administrative expenses		34,893	26,567
			88,587	66,937
9.1.4	**Included in other comprehensive income**			
	Actuarial loss from changes in financial assumptions		3,032	691
	Experience adjustments on defined benefit liability		17,356	47,493
			20,388	48,184

9.1.5 Key Actuarial assumption

The latest actuarial valuation was carried out on 30 June 2019 using projected unit credit method with the following assumptions:

	Note	2019	2018
Discount rate		9.00%	7.75%
Expected increase in eligible salary		14.50%	N/A
Mortality rate	9.1.5.1	SLIC 2001-2005	SLIC 2001-2005

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

9.1.6 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2019		2018	
	Increase	**Decrease**	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	**592,261**	**665,071**	520,160	590,964
Salary increase rate	**665,319**	**591,423**	591,185	519,340

9.1.6.1 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sentivity of the assumptions shown.

9.1.6.2 The Company's expected charge for the defined benefit liability - gratuity for the next year is Rs. 87.66 million

9.1.7 Risk associated with defined benefit liability- gratuity

9.1.7.1 Salary Risk- (linked to inflation risk)

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

9.1.7.2 Demographic Risks

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

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

9.1.8 Expected benefit payments for the next 10 years and beyond;

Years	(Rupees '000)
FY 2020	74,015,110
FY 2021	58,515,366
FY 2022	55,318,952
FY 2023	61,997,191
FY 2024	80,601,405
FY 2025	103,621,955
FY 2026	107,240,599
FY 2027	126,054,754
FY 2028	119,675,631
FY 2029	209,422,568
FY 2030 onwards	2,365,750,369

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		Note	2019	2018
9.2	**Net defined benefit liability - compensated leave absences**		(Rupees'000)	
9.2.1	**Movement in defined benefit liability - compensated leave absences**			
	Balance at 01 July		**142,453**	138,876
	Included in profit or loss	9.2.3	**76,110**	26,537
	Payments made during the year		**(34,348)**	(22,960)
	Balance at 30 June		**184,215**	142,453
9.2.2	**Reconciliation of liability recognised in the Statement of financial position**			
	Present value of defined benefit liability		**184,215**	142,453
	Net defined benefit liability		**184,215**	142,453
9.2.3	**Included in profit or loss**			
	Current service cost		**29,796**	21,083
	Interest cost		**9,102**	9,768
	Past service cost		**21,990**	-
	Experience adjustments on defined benefit liability		**15,222**	(4,314)
			76,110	26,537
9.2.3.1	**Expense is recognized in the following line items in profit or loss**			
	Cost of sales and services		**40,801**	9,346
	Administrative expenses		**35,309**	17,191
			76,110	26,537
9.2.4	**Actuarial assumption**			
	Discount rate		**9.00%**	7.25%
	Expected increase in eligible salary		**14.50%**	N/A
	Mortality rate	9.2.4.1	**SLIC 2001-2005**	SLIC 2001-2005

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

9.2.5 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2019		2018	
	Increase	**Decrease**	Increase	Decrease
	(Rupees'000)		(Rupees'000)	
Discount rate	**170,322**	**197,826**	129,826	152,632
Salary increase rate	**197,339**	**170,541**	152,627	129,985

9.2.5.1 Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sentivity of the assumptions shown.

9.2.6 Risk associated with defined benefit liability- compensated leave absences

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9.2.6.1 Salary Risk- (linked to inflation risk)

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

9.2.6.2 Demographic Risks

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

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

9.2.7 Expected benefit payments for the next 10 years and beyond;

Years	(Rupees '000)
FY 2020	23,349,446
FY 2021	21,313,359
FY 2022	21,838,410
FY 2023	22,085,765
FY 2024	25,347,463
FY 2025	36,097,016
FY 2026	38,727,059
FY 2027	26,030,225
FY 2028	23,820,982
FY 2029	44,328,953
FY 2030 onwards	1,072,832,636

10 DEFERRED TAX LIABILITY

	Net balance at 01 July 2018	Adjustment on adoption of IFRS 9	Adjusted balance at 01 July 2018	Recognized in Profit or loss (Note 36)	Recognized in Other comprehensive income	Net balance at 30 June 2019
2019	(Rupees'000)					
Taxable temporary differences						
Property, plant and equipment	501,170	-	501,170	243,887	-	745,057
Exchange translation reserve	172,632	-	172,632	-	123,015	295,647
Deductible temporary differences						
Employees benefit - gratuity	140,463	-	140,463	36,668	5,913	183,044
Provision against doubtful debts	48,529	26,316	74,845	13,988	-	88,833
Unabsorbed tax losses and depreciation	122	-	122	-	-	122
Share in loss of equity accounted investments	30,729	-	30,729	119,911	-	150,640
Provision for inventory	410	-	410	66	-	476
Short term investment	1,500	-	1,500	240	-	1,740
Income not yet received	44	-	44	8,584	-	8,628
Write down of investment to its net selling price	134,179	-	134,179	(134,179)	-	-
Diminishing musharaka facility	29,812	-	29,812	12,931	-	42,743
	385,788	26,316	412,104	58,209	5,913	476,225
	288,014	(26,316)	261,698	185,678	117,102	564,479

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	Net balance at 01 July 2017	Recognized in Profit or loss (Note 36)	Recognized in Other comprehensive income	Net balance at 30 June 2018
2018	(Rupees'000)			
Taxable temporary differences				
Property, plant and equipment	467,783	33,387	-	501,170
Exchange translation reserve - reclassified	141,110	-	31,522	172,632
Deductible temporary differences				
Employees benefit - gratuity	155,519	(27,102)	12,046	140,463
Provision against doubtful debts	59,661	(11,132)	-	48,529
Unabsorbed tax losses and depreciation	122	-	-	122
Share in loss of equity accounted investments	59,697	(28,968)	-	30,729
Provision for inventory	434	(24)	-	410
Short term investment	1,590	(90)	-	1,500
Income not yet received	44	-	-	44
Write down of investment to its net selling price	134,179	-	-	134,179
Diminishing musharaka facility	5,493	24,319	-	29,812
	416,739	(42,997)	12,046	385,788
	192,154	76,384	19,476	288,014

11 SHORT TERM BORROWINGS - Secured	Note	2019	2018
		(Rupees'000)	
Running finance facilities - from banking companies	11.1	**1,243,464**	553,868
Accrued markup		**21,119**	16,900
		1,264,583	570,768

11.1 These facilities are obtained from various commercial banks with an aggregate limit of Rs. 1,620 million (2018: Rs. 1,770 million) which are secured against pari passu equitable mortgage charge on fixed assets and hypothecation charge on stock-in-trade, trade debts, receivables and all other moveable properties of Pearl Continental Hotel Karachi and Rawalpindi and lien on certain listed securities held by the Parent Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.6% to 0.7% (2018: 1-month KIBOR to 3-month KIBOR plus 0.6% to 0.7%) per annum.

11.2 The Company has unutilised running finance facilities aggregating to Rs. 376.54 million (2018: Rs.1,216.13 million) at the year end.

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		Note	2019	2018
12	TRADE AND OTHER PAYABLES		(Rupees'000)	
	Creditors		**475,617**	556,376
	Accrued liabilities		**606,134**	579,585
	Advances from customers		**-**	288,726
	Shop deposits	12.1	**54,267**	57,280
	Retention money		**211,070**	172,357
	Due to related parties - unsecured		**25,242**	21,101
	Sales tax payable - net		**100,569**	105,924
	Income tax deducted at source		**4,185**	1,493
	Un-earned income		**221,082**	139,376
	Other liabilities		**67,779**	58,532
			1,765,945	1,980,750

12.1 As per terms of written agreement with customers, the amount of shop deposits are fully utilizable by the Parent Company.

13 UNPAID DIVIDEND

13.1 As per the provision of Section -242 of the Companies Act, 2017 and directives of the Securities and Exchange Commission of Pakistan vide circular no. 18 dated 01 August, 2017, cash dividend will only paid through electronic mode directly in the bank accounts of shareholders, accordingly this unpaid dividend pertains to those sahreholders who did not provided their valid bank accounts details.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 For tax related contingencies please refer note 36.2.

		Note	2019	2018
14.1.2	**Guarantees**		(Rupees'000)	
	Guarantees		**286,852**	278,724
14.2	**Commitments**			
	Commitments for capital expenditure		**2,911,627**	1,601,622
15	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	15.1	**35,991,899**	36,700,470
	Capital work in progress	15.2	**4,613,594**	3,339,152
			40,605,493	40,039,622

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15.1 OPERATING FIXED ASSETS

15.1.1 Reconciliation of carrying amount

	Owned									Leased	Total
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture, fixtures, fittings and office equipment	Computers	Vehicles	Air craft (Note 15.1.1.1)	Vehicles	
Cost / Revalued amounts	Rupees'000										
Balance at 01 July 2017	12,840,701	13,323,790	1,695,236	2,009,422	3,566,162	2,234,376	417,641	309,287	-	69,288	36,465,903
Additions	110,959	-	-	-	334,462	495,139	56,136	15,870	-	59,924	1,072,490
Revaluation surplus	3,586,226	165,000	-	-	-	-	-	-	-	-	3,751,226
Disposals	-	-	(120,767)	(9,266)	(99,289)	(16,837)	(3,079)	(56,847)	-	-	(306,085)
Transfer from lease assets to owned assets	-	-	-	-	-	-	-	24,941	-	(24,941)	-
Transfer from CWIP (refer note 15.2)	-	-	823,433	100,385	232,560	371,662	177,485	-	-	-	1,705,525
Transfer to Asset held for sale	(250,247)	-	(10,000)	-	-	-	-	-	-	-	(260,247)
Balance at 30 June 2018	16,287,639	13,488,790	2,387,902	2,100,541	4,033,895	3,084,340	648,183	293,251	-	104,271	42,428,812
Balance at 01 July 2018	16,287,639	13,488,790	2,387,902	2,100,541	4,033,895	3,084,340	648,183	293,251	-	104,271	42,428,812
Additions	56,670	-	-	2,350	396,109	180,497	53,948	175,048	-	80,423	945,045
Disposals	-	-	(54,516)	(56,660)	(104,836)	(102,894)	(315)	(107,304)	-	-	(426,525)
Transfer from CWIP (refer note 15.2)	-	-	325,021	246,607	258,789	440,728	65,020	-	783,286	-	2,119,451
Transfer to Asset held for sale (refer note 15.1.7)	(2,620,000)	-	(150,249)	-	-	-	-	-	-	-	(2,770,249)
Balance at 30 June 2019	13,724,309	13,488,790	2,508,158	2,292,838	4,583,957	3,602,671	766,836	360,995	783,286	184,694	42,296,534
Accumulated depreciation											
Balance at 01 July 2017	-	-	715,862	792,430	2,383,928	926,878	229,879	185,412	-	15,306	5,249,695
Depreciation (refer note 15.1.6)	-	-	64,620	58,324	203,046	237,609	74,886	15,830	-	10,900	665,215
Disposals	-	-	(58,890)	(4,239)	(84,002)	(14,393)	(2,520)	(11,068)	-	(9,723)	(184,835)
Transfer to Asset held for sale (refer note 15.1.7)	-	-	(1,733)	-	-	-	-	-	-	-	(1,733)
Balance at 30 June 2018	-	-	719,859	846,515	2,502,972	1,150,094	302,245	190,174	-	16,483	5,728,342
Balance at 01 July 2018	-	-	719,859	846,515	2,502,972	1,150,094	302,245	190,174	-	16,483	5,728,342
Depreciation (refer note 15.1.6)	-	-	89,305	62,628	249,691	301,564	99,968	26,459	45,953	20,821	896,389
Disposals	-	-	(38,147)	(36,337)	(92,813)	(82,430)	(188)	(15,719)	-	-	(265,634)
Transfer to Asset held for sale (refer note 15.1.7)	-	-	(21,510)	-	-	-	-	(32,952)	-	-	(54,462)
Balance at 30 June 2019	-	-	749,507	872,806	2,659,850	1,369,228	402,025	167,962	45,953	37,304	6,304,635
Carrying amount - 30 June 2018	16,287,639	13,488,790	1,668,043	1,254,026	1,530,923	1,934,246	345,938	103,077	-	87,788	36,700,470
Carrying amount - 30 June 2019	13,724,309	13,488,790	1,758,651	1,420,032	1,924,107	2,233,443	364,811	193,033	737,333	147,390	35,991,899
Rates of depreciation per annum/useful life (2019 and 2018)	-	-	5%	5%	15%	15%	30%	15%	10-20 years	15%	

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15.1.2 The operating fixed assets are secured against various loan availed by the Parent Company. Refer note 8 and 11.

15.1.3 Revaluation surplus on property, plant and equipment

Freehold and leasehold land were revalued on 30 June 2018 by an independent valuer, based on market value basis method.

Had the aforementioned revaluation not carried out, the book value of freehold and leasehold land would have been Rs. 921.26 million (2018: Rs. 2,245.69 million), an asset with cost of Rs. 1,389.09 (2018: Rs. Rs. 1,389.09) million has been transferred to non current asset held for sale, as disclosed in note 26.

15.1.4 The forced sale value of the revalued land has been assessed at Rs. 24,451 million.

15.1.5 Particulars of immovable fixed assets (i.e. land and building) of the Parent Company are as follows:

Location	Address	Particular	Land area (Sq. yards)
Karachi	Plot No. 11, CL 11, Club Road	Land and building	23,255
Karachi	Civil Line Quarters, Abdullah Haroon Road (refer note 15.1.7)	Land and building	13,101
Lahore	Upper Mall	Land and building	74,440
Lahore	Plot No. 105-A, Upper Mall Road	Land and building	2,420
Lahore	Shahi Muhallah, Fort Road	Land	1,132
Lahore	Defence Housing Authority (refer note 15.1.8)	Building	2,420
Rawalpindi	Property No.253, Survey No. 559, The Mall Road	Land and building	26,668
Peshawar	Survey No.32-B, Khyber Road, Peshawar Cantt	Land and building	25,167
Multan	Askari By-Pass Road, Mouza Abdul Fateh	Land and under Construction building	8,303
Hunza	Mominabad	Land	24,107
Gwadar	Mauza/ Qard, Koh-e-Batil	Land	96,800
Gilgit	Airport Road	Land	16,375
Chitral	Zargarandeh	Land	10,528
Bhurban	Compartment No. 08, at Bhurban Tehsil, Murree	Building	-
Muzaffarabad	Upper Chattar, Muzaffarabad.	Building	-
Mirpur	Village Barban Tehsil & District, Mirpur (AJK)	Under construction building	-

		2019	2018
15.1.6 Depreciation charge has been allocated as follows:	**Note**	**(Rupees'000)**	
Cost of sales and services	31	**806,193**	598,101
Administrative expenses	33	**90,196**	67,114
		896,389	665,215

15.1.7 The Parent Company purchased this property from an associated company, the possession of the property has been transferred to the Parent Company, however NOC for transfer of title was not issued by respective department for transfer title in favor of the Parent Company and the property is still in the name of Hashoo (Private) Limited, an associated company. The Parent Company is pursuing issuance of NOC at different forums. The Parent Company has decided to dispose of this property at market competetive price against different available offers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15.1.8 The Parent Company constructed building for spa and saloon facility under an agreement of absolute transfer and assignment agreement with Nirvana, a partnership firm (a related party as defined under Companies Act 2017). As per the term of the said agreement Nirvana will use two floors of this building. Since completion certificate from Defence Housing Authority Lahore (DHAL) has not been obtained yet, therefore the transfer of title of the property is pending.

15.1.9 Detail of disposal of operating fixed assets:

Description	Cost	Carrying value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Purchaser	Relationship with purchaser
	(Rupees'000)						
Building	111,176	36,692	9,105	(27,587)	Negotiation	Various	
Plant and Machinery	104,836	12,022	14,105	2,083	Negotiation	Various	
Furniture, fixture and equipment	102,894	20,465	6,506	(13,959)	Negotiation	Various	
Vehicle	37,124	37,124	37,124	-	Negotiation	Hashwani Hotels Limited	Related party
Vehicle	1,463	563	1,172	609	Auction	Muhammad Aslam	
Vehicle	1,463	542	1,145	603	Auction	Tariq Mehmood	
Vehicle	2,129	740	1,306	566	Auction	Shaad Bin Shad	
Vehicle	1,463	577	577	-	Company Policy	Nadeem Riaz	Employee
Vehicle	1,463	563	1,200	637	Auction	Muhammad Usman Ali	
Vehicle	1,489	524	524	-	Company Policy	Hamid Bashir	Employee
Vehicle	1,463	570	570	-	Company Policy	Hassan Khurshid	Employee
Vehicle	1,463	555	555	-	Company Policy	Muhammad Azeem	Employee
Vehicle	1,463	570	1,350	780	Insurance	Efu General Insurance	
Vehicle	1,463	542	1,120	578	Auction	Sajid Hussain Gondal	
Aggregate of other items with individual book values not exceeding Rs. 500,000.	55,174	15,887	73,190	57,303			
Total - 2019	**426,526**	**127,936**	**149,549**	**21,613**			
Total - 2018	306,084	121,250	61,220	(60,030)			

		Note	2019	2018
			(Rupees'000)	
15.2	**Capital work in progress**			
	Balance at 01 July		**3,339,152**	2,074,136
	Additions during the year		**3,393,893**	2,970,541
	Transfers to operating fixed assets	15.1.1	**(2,119,451)**	(1,705,525)
	Balance at 30 June	15.2.1	**4,613,594**	3,339,152
	Construction of Pearl Continental Hotel Multan		**1,748,390**	1,032,064
15.2.1	Construction of Pearl Continental Hotel Mirpur		**2,495,724**	1,311,671
	Aircraft		**-**	612,912
	Other civil works	15.2.2	**369,480**	382,505
		15.2.3	**4,613,594**	3,339,152

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15.2.2 This includes construction work on expansion of Pearl Continental Hotel Peshawar amounting to Rs. 94.39 million (2018: Rs. 94.39 million) which is under suspension due to dispute with the Military Estate Office.

This also includes capitalized borrowing cost amounting to Rs. 523.66 million (2018: Rs. 173.97 million). During the year borrowing cost amounting to Rs. 349.69 million (2018: Rs. 38.22 million) was capitalized at the rate of 9.99% (2018: 7.51%) per annum.

16 ADVANCES FOR CAPITAL EXPENDITURES	Note	2019	2018
		(Rupees'000)	
Advance for purchase of land	16.1	**717,220**	667,820
Advance for purchase of Malir Delta Land	16.2	**381,656**	381,656
		1,098,876	1,049,476
Advance for purchase of apartment		**40,509**	40,509
Impairment loss		**(40,509)**	(40,509)
		-	-
Advance for purchase of fixed assets		**560,500**	358,660
Advances for Pearl Continental Multan Project		**255,818**	72,420
Advances for Pearl Continental Mirpur Project		**141,996**	51,647
		958,314	482,727
		2,057,190	1,532,203

16.1 This includes amount of Rs. 626.82 million (2018: 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.

16.2 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 Honourable Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Group 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.

17 INVESTMENT PROPERTY	Note	2019	2018
		(Rupees'000)	
17.1 Reconciliation of carrying amount			
Balance at 01 July		**60,000**	50,000
Increase in fair value		**-**	10,000
Balance at 30 June	17.1.1	**60,000**	60,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17.1.1 This represents piece of land, located at Gawadar, owned by the Parent Company held for capital appreciation. On 30 June 2019, an independent valuation exercise was carried out to assess the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date in the vicinity / locality and has been prepared on openly available / provided information after making relevant inquiries. The valuer holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Particular of Investment Company and Forced sale value are as follows:

Location	Area (Sq. yards)	FSV Rs. '000'
Khasra no. 59 min, khewat no.12, and khatooni no. 12, katat 20, mouza ankara north, tehsil & district Gwadar, Balochistan	**484,000**	**51,000**

Increases in fair value are recognised as gains in consolidated profit or loss and included in other income. All increase in fair value of investment property are unrealised.

17.2 Measurement of fair values

17.2.1 Fair Value hierarchy

The fair value of investment property was determined by external, independent valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement of the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. Since the value has been determined by the external independent valuer and inputs are unobservable, sensitivity analysis has not been presented.

	Country of incorporation / Jurisdiction	Amount in Foreign Currency	Percentage of holding	Note	2019	2018
					(Rupees'000)	
18 LONG TERM INVESTMENTS						
Associated undertaking - unquoted						
Hashoo Group Limited	British Virgin Island	$9,800,000	14%	18.1	**-**	-
Hotel One (Private) Limited	Pakistan		17.85%	18.2	**-**	-
Associated undertaking - quoted						
Jubilee General Insurance Company Limited - an associated company	Pakistan	`	7.6%	18.3	**615,954**	1,105,980
					615,954	1,105,980
Investment in jointly controlled entity - unquoted						
Pearl Continental Hotels Limited	United Arab Emirates	$4,750,000	50%	18.4	**-**	-
Other investments						
Available for sale - unquoted company						
Malam Jabba Resorts Limited					**1,000**	1,000
Impairment loss					**(1,000)**	(1,000)
					-	-
					615,954	1,105,980

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18.1 Hashoo Group Limited

The Parent Company holds 98,000 (2018: 98,000) ordinary shares of US$ 100 each in Hashoo Group Limited (HGL). HGL is treated as an 'associate' due to the Parent Company's significant influence over it due to common directorship. Due to prevailing political turmoil, unrest, law and order situation in Libya, this Investment has been fully impaired.

This is an equity investment therefore period of investment is not specific, the Parent Company has not received any return from this investment, during the term of investment no default/breach is made.

Beneficial owner of Hashoo group Limited are:

Name	% of Holding	Address
Pakistan Services Limited	14%	1st Floor Nespak House Islamabad
Saladala investment	86%	53rd street 16th Floor Panama, the republic of panama

18.2 Hotel One (Private) Limited

The Parent Company holds 500,000 (2018: 500,000) ordinary shares of Rs.100 each in Hotel One (Private) Limited (HOPL). HOPL is treated as an 'associate' due to the Parent Company's significant influence over it due to common directorship. This investment was fully impaired based on prudence, considering the accumulated losses, however HOPL is performing well and the management is hopeful for recovery of the impairment in near future.

	2019	2018
18.3 Jubilee General Insurance Company Limited	(Rupees'000)	
Cost of investment	1,534,082	1,534,082
Share of equity brought forward	1,260,659	1,163,027
Share of profit for the year - net	97,285	92,177
Share of surplus on remeasurement of FVOCI for the year	(70,125)	(118,268)
Share of experience adjustments on defined benefit obligation of associate	(1,563)	-
Share of exchange translation reserve for the year	424,189	178,474
Dividend received	(54,751)	(54,751)
	395,035	97,632
	1,655,694	1,260,659
Impairment losses		
Opening balance	(1,688,761)	(1,342,009)
Loss recognised during the year	(885,061)	(346,752)
Loss reversed during the year	-	-
	(2,573,822)	(1,688,761)
	615,954	1,105,980

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

	Hashoo Group Limited		Hotel One (Pvt) Limited		Jubilee General Insurance	
	2019	2018	**2019**	2018	**2019**	2018
			(Rupees'000)			
Non current assets	**12,094,415**	8,952,817	**157,333**	161,500	**11,680,711**	12,476,601
Current assets	**275,723**	209,621	**414,487**	371,527	**8,607,964**	10,301,774
Non current Liabilities	-	-	**31,797**	45,353	**7,891,308**	9,087,271
Current Liabilities	**480,999**	375,516	**188,028**	146,992	**4,997,778**	5,667,201
Net Assets	**11,889,139**	8,786,922	**351,995**	340,682	**7,399,589**	8,023,903
Group share in net assets	**1,664,479**	1,230,169	**62,831**	47,968	**561,259**	608,613
Impairment	**(1,664,858)**	(1,230,548)	**(64,728)**	(61,340)	**(861,844)**	(414,789)
Other adjustments	**379**	379	**1,897**	13,372	**9,830**	9,830
Goodwill	-	-	-	-	**709,299**	709,299
Impact of policy alignment	-	-	-	-	**193,493**	193,027
Carrying amount of interest	-	-	-	-	**3,917**	-
in associate	-	-	-	-	**615,954**	1,105,980
Revenues	-	-	**502,150**	490,959	**5,870,560**	5,388,965
Expenses	**84,068**	(101,158)	**(483,168)**	(472,112)	**(4,794,358)**	(4,449,221)
Profit / (loss)	**84,068**	(101,158)	**18,982**	18,847	**1,076,202**	939,744
Group share of profit / (loss)	**11,770**	(14,162)	**3,388**	2,654	**81,684**	71,327

The reporting date of M/s Jubilee General Insurance Company Limited is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and consolidated statement of profit or loss are based on the financial statements of the year / period ended 30 June 2019.

Out of total shares, 12,500,000 (2018: 3,000,000) ordinary shares are placed / lien marked as security against running finance facility amounting to Rs. 100 million availed by the Parent Company .

18.4 Pearl Continental Hotels Limited

The Parent Company holds 95 (2018: 95) ordinary shares of US $ 50,000 each in Pearl Continental Hotels Limited - UAE (PCHL - UAE) which represents 50% interest in PCHL - UAE, a jointly controlled entity of the Company and Hashwani Hotels Limited, a related party. Due to economic meltdown in year 2007-08, PCHL - UAE incurred losses and consequently the investment was fully impaired, however the Company is putting all its efforts to recover the losses.

This is an equity investment therefore period of investment is not specific, the Parent Company has not received any return from this investment, during the term of investment no default/breach is made.

Beneficial owner of Pearl Continental Hotels Limited are:

Name	**% of Holding**	**Address**
Pakistan Services Limited	50%	1st Floor Nespak House Islamabad
Hashwani Hotels Limited	50%	107-A, 1st Floor I.I. Chudrigar Road Karachi

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18.4.1 Investment in jointly controlled entity

	2019	2018
	(Rupees'000)	
Cost of investment	**284,052**	284,052
Post acquisition loss brought forward	**(35,985)**	(71,425)
Share of loss for the year	**(1,997)**	(1,625)
Share of exchange translation reserve for the year	**83,709**	37,065
	81,712	35,440
	45,727	(35,985)
	329,779	(248,067)
Impairment losses		
Opening balance	**(248,067)**	(212,627)
Loss recognised during the year	**(81,712)**	(35,440)
	(329,779)	(248,067)
	-	-

18.4.2 Summarised financial information of jointly controlled entity is as follows:

	2019	2018
	(Rupees'000)	
Non current assets	**-**	-
Current assets	**715,769**	536,346
Non current Liabilities	**-**	-
Current Liabilities	**49,299**	33,436
Net Assets	**666,342**	502,910
Group share of net assets	**333,171**	251,455
Opening balance of impairment	**(248,067)**	(212,627)
Impairment loss recognised during the year	**(81,712)**	(35,436)
Other adjustments	**(3,392)**	(3,392)
Carrying amount of interest in jointly controlled entity	**-**	-
Revenues	**-**	-
Expenses	**(3,995)**	(3,249)
Loss	**(3,995)**	(3,249)
Group share of loss	**(1,997)**	(1,625)

The reporting date of Pearl Continental Hotels Limited - UAE is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and consolidated profit or loss are based on the audited financial statements of the period ended 30 June 2019.

18.5 All the investments in associated companies been made in accordance with the provisions of Section 199 of the Companies Act, 2017 and the rules formulated for this purpose.

19 LONG TERM DEPOSITS AND PREPAYMENTS

	2019	2018
	(Rupees'000)	
Deposits	**57,548**	34,522
Prepayments	**6,340**	8,315
	63,888	42,837

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		Note	2019	2018
			(Rupees'000)	
20	ADVANCE AGAINST EQUITY INVESTMENT			
	Foreepay (Pvt) Limited		219,280	-
	Xoop Technologies (Pvt) Limited		136,034	-
			355,314	-
21	INVENTORIES			
	Stores, spare parts and loose tools			
	Stores		169,765	136,066
	Spare parts and loose tools		59,303	59,297
			229,068	195,363
	Provision for obsolescence		(1,642)	(1,642)
			227,426	193,721
	Stock in trade - food and beverages		86,229	86,196
			313,655	279,917
22	DEVELOPMENT PROPERTIES			
	Land	22.1	3,658,551	2,278,465
	Advance for purchase of land and property		642,614	468,154
			4,301,165	2,746,619

22.1 This includes land measuring 20 kanal 8 marla amounting to Rs. 30 million purchased from M/s. Hashwani Hotels Limited, a related party, possession of land has been handed over to the Group, however, title of the property is in the process of transfer to the Group.

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22.2 Particulars of land included in development properties of the Group are as follows:

Location	Address	Particulars	Land area (Acres)
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	11.26
Faisalabad	Moza Chak No 164 Rab, Tehsil Chak Jhumra	Land	21.12
Faisalabad	Moza Chak No 164 Rab, Tehsil Chak Jhumra	Land	4.13
Faisalabad	Moza Chak No 164 Rab, Tehsil Chak Jhumra	Land	2.76
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	1.54
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	13.67
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	8.14
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	3.08
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	0.92
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	0.75
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	1.69
Faisalabad	Moza Chak No 189 Rab, Tehsil Chak Jhumra	Land	0.97
Multan	Mouza Kotla Abdul Fateh, Tehsil Multan City	Land	9.51
Multan	Mouza Kotla Abdul Fateh, Tehsil Multan City	Land	0.87
Karachi	Plot bearing Survey No 10/1, Sheet CL-9, Civil Line Quarters, Karachi	Land	0.50
Islamabad	Plot No 21, Street Apricot, Sector-A, Al Hamra Hills, Country Housing Scheme, Islamabad	Land	2.55
Lahore	Bungalow No S-42-R-15, 15-Race Course, Mouza Mozang, Tehsil Lahore	Land	2.09
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	5.26
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	2.54
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.17
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.54
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.60
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.06
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	1.31
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	2.33
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	0.54
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	8.08
Faisalabad	Moza Chak No 162 Rab, Tehsil Chak Jhumra	Land	1.06

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		Note	2019	2018
23	TRADE DEBTS -Unsecured		(Rupees'000)	
	Considered good			
	Due from related parties	23.1	8,342	10,905
	Others		548,841	721,686
			557,183	732,591
	Considered doubtful		306,317	194,118
			863,500	926,709
	Provision against doubtful debts at 01 July		(194,118)	(94,161)
	Recognition of expected credit losses under IFRS 9		(90,742)	-
	Provision against doubtful debts for the year 2019		(21,457)	43
	Provision against doubtful debts	23.3	(306,317)	(194,118)
			557,183	732,591

		Maximum amount outstanding at the end of any month during the year	Note	2019	2018
				(Rupees'000)	
23.1	**Due from related parties**				
	Hashwani Hotels Limited	4,867		4,686	6,948
	Hashoo Foundation	568		568	894
	Hotel One (Private) Limited	165		108	543
	Hashoo Holdings (Private) Limited	410		410	-
	Jubilee General Insurance Company Limited	155		11	112
	Orient Petroleum Inc.	1187		1,187	1,090
	OPI Gas (Private) Limited	126		126	-
	Pearl Ceramics (Private) Limited			-	204
	Pearl Communications (Private) Limited	382		382	382
	Pearl Real Estate Holdings (Private) Limited	340		272	176
	Trans Air Travels (Private) Limited			-	329
	Tejari Pakistan (Private) Limited	498		457	158
	Zahdan Retail (Private) Limited	65		65	66
	Zaver Mining Private Limited	50		50	3
	Karakorum Security Services (Private) Limited	20		20	-
			23.2	8,342	10,905

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		Note	2019	2018
			(Rupees'000)	
23.2	**Age analysis of due from related parties is as follows:**			
	Past due by 30 days		**2,395**	2,968
	Past due by 31 to 90 days		**1,519**	3,890
	Past due over 91 days		**542**	822
	Past due over 1 year		**3,886**	3,225
			8,342	10,905

23.3 This includes provision of Rs. 4.75 million (2018: Rs. 3.23 million) against doubtful debts.

24 ADVANCES, PREPAYMENTS, TRADE DEPOSITS AND OTHER RECEIVABLES

	Note	2019	2018
		(Rupees'000)	
Advance to employees		**19,623**	22,150
Advance to suppliers and contractors		**65,099**	74,741
Advance to related parties	24.2	**63,615**	29,947
Trade deposits		**19,967**	27,839
Prepayments		**77,935**	46,520
Refundable sales tax		**120,437**	61,775
Other receivables		**63,655**	39,358
		430,331	302,330

24.1 This advances as per company policy and are un-secured, interest free and are repayable over varying periods.

		2019	2018
24.2	**Advance to related parties - non-interest bearing**	(Rupees'000)	
	OPI Gas (Private) Limited	**18,001**	1,203
	Tejari Pakistan (Private) Limited	**7,000**	3,010
	Genesis Trading (Private) Limited	**-**	309
	Pearl Ceramics (Private) Limited	**38,614**	25,425
		63,615	**29,947**

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		Note	2019	2018
25	SHORT TERM INVESTMENTS		(Rupees'000)	
	Amortized cost			
	Certificate of investments		**5,300**	5,300
	Provision for impairment loss		**(5,300)**	(5,300)
			-	-
	Fiar value through other comprehnsive income			
	National Technology Development Corporation Limited		**200**	200
	Indus Valley Solvent Oil Extraction Limited		**500**	500
	Impairment loss		**(700)**	(700)
			-	-
	Amortized cost			
	Term Deposit Receipt	25.1	**1,009,523**	2,009,522
	Term Finance Certificate	25.2	**75,000**	-
	Mutual Fund		**6,329**	-
	Interest accrued		**9,866**	11,430
			1,100,718	2,020,952
	Financial assets at fair value through profit or loss			
	Short term investments in shares of listed companies	25.3	**6,095**	7,728
			1,106,813	2,028,680

25.1 This represent term deposit receipts having maturity of 3 months to one year carrying interest rate ranging from 5.25% to 9% (2018: 5% to 5.22%) per annum.

25.2 During the year the Company made investment in 750 TFCs having face value of Rs.100,000/- each and carrying profit @ 3-month KIBOR plus 1.60%.

25.3 **Short term investments in shares of listed companies**

	No. of ordinary shares of Rs. 10 each	2019	2018
		(Rupees'000)	
Pakistan Telecommunication Company Limited	350,000	**2,895**	4,004
Lotte Chemical Pakistan Limited	150,000	**2,288**	1,794
Fauji Fertilizer Bin Qasim Limited	50,000	**912**	1,930
		6,095	7,728

26 NON CURRENT ASSET HELD FOR SALE

The Board of Directors of the Parent Company in their meeting held on 26 April 2019 decided to sell one of the properties bearing Survey No. 8, New Survey Sheet CI-11 situated at Civil Line Quarters Abdullah Haroon Road, Karachi. Pursuant to the Board of Directors decision, the Parent Company has received a preliminary offer for this property which would soon be presented to the Board for consideration. Management expects to complete the negotiations and execute the formalities for sale of the property within the next financial year.

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	2019		
	Land	Building	Total
Cost / Revalued amount		(Rupees '000)	
Accurmulated depreciation	2,620,000	150,249	2,770,249
Net book value	-	(21,510)	(21,510)
	2,620,000	128,739	2,748,739

		Note	2019	2018
			(Rupees'000)	
27	ADVANCE TAX - net			
	Balance at 01 July		302,050	108,318
	Income tax paid during the year		576,883	501,686
	Charge for the year	36	(319,786)	(307,954)
	Balance at 30 June		559,147	302,050
28	CASH AND BANK BALANCES			
	Cash in hand		47,346	31,903
	Cash at bank			
	Current accounts - Local currency		41,641	63,862
	Deposit accounts - Local currency	28.1	252,386	1,213,274
	Deposit accounts - Foreign currency	28.2	2,255	5,053
			296,282	1,282,189
	Accrued profit		1,822	1,193
			345,450	1,315,285

28.1 Deposit accounts carry interest rate ranging from 4.50% to 10.30% (2018: 1.75% to 5.75%) per annum.

28.2 Deposit accounts carry interest @ 0.25% (2018: 0.25%) per annum.

		2019	2018
29	REVENUE- NET	(Rupees'000)	
	Revenue from contract with customers	12,135,869	12,534,459
	Discounts and commissions	(240,056)	(207,479)
	Sales tax	(1,663,436)	(1,704,400)
		10,232,377	10,622,580

29.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by, major products and service lines, and timing of revenue recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Major products/service lines	Note	2019	2018
		(Rupees'000)	
Rooms		**5,360,984**	6,013,861
Food and beverages		**5,960,071**	5,702,439
		11,321,055	11,716,300
Other related services	29.2	**618,034**	606,976
Vehicle rental		**143,547**	161,021
Shop license fees		**53,233**	50,162
Revenue - gross		**12,135,869**	12,534,459

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

29.3 Revenue amounting to Rs. 194.54 million has been recognized from contract liabilities at the beginning of the year.

29.4 Group's entire revenue is generated within Pakistan.

29.5 The following tables summarise the impacts of adopting IFRS 15 on the Group's consolidated statement of financial position as at 30 June 2019 and its unconsolidated statement of profit or loss and other comprehensive income for the year then ended for each line items affected. There was no material impact on the Group's consolidated statement of cash flows for the year ended 30 June 2019.

Impact on unconsolidated statement of financial position

	As reported	Adjustments	Amounts without adoption of IFRS 15
30 June 2019			
Assets			
Non current assets	43,757,839	-	43,757,839
Contract assets	29,752	(29,752)	-
Trade debts	557,183	29,752	586,935
Other current assets	9,805,300	-	9,805,300
Current assets	10,392,235	-	10,392,235
Total assets	**54,150,074**	**-**	**54,150,074**
Equity			
Total equity	34,673,791	-	34,673,791
Liabilities			
Non-current liabilities	13,051,153	-	13,051,153
Trade and other payables	1,765,945	276,581	2,042,526
Contract liabilities	276,581	(276,581)	-
Other current liabilities	4,382,604	-	4,382,604
Current liabilities	6,425,130	-	6,425,130
Total liabilities	19,476,283	-	19,476,283
Total equity and liabilities	**54,150,074**	**-**	**54,150,074**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	As reported	Adjustments	Amounts without adoption of IFRS 15
Impact on unconsolidated statement of profit or loss			
Revenue - net			
Rooms	4,525,984	325,937	4,851,921
Food and beverages	5,096,667	(311,456)	4,785,211
Other related services	497,773	(14,481)	483,292
Vehicle rental	111,953	-	111,953
	10,232,377	**-**	**10,232,377**
Cost of sales and services	(6,164,500)	-	(6,164,500)
Gross profit	**4,067,877**	**-**	**4,067,877**
Other income	240,230	-	240,230
Administrative expenses	(3,344,694)	-	(3,344,694)
Impairment of goodwill	(73,155)	-	(73,155)
Impairment loss on trade debts	(21,457)	-	(21,457)
Operating profit	**868,801**	**-**	**868,801**
Finance income	(762,570)	-	(762,570)
Loss on remeasurement of investments to fair value - net	(1,635)	-	(1,635)
Finance cost	(1,161,272)	-	(1,161,272)
Net finance cost	**(1,925,477)**	**-**	**(1,925,477)**
Share of profit in equity accounted investments - net	**95,288**	-	95,288
Loss before tax	**(961,388)**	**-**	**(961,388)**
Income tax expense	(505,464)	-	(505,464)
Loss for the year	**(1,466,852)**	**-**	**(1,466,852)**
Total comprehensive income for the year	**298,720**	**-**	**298,720**

29.6 The classification change in revenue streams is due to introduction of stand alone selling price principal in the IFRS-15, previously revenue earned through package sales were allocated at fixed price in between revenue lines, in current year upon adoption of IFRS-15 stand alone selling price is allocated to each revenue line which results in change in revenues of each revenue line.

30 CONTRACT BALANCES	Note	2019	2018
		(Rupees'000)	
Contract assets	30.1	**29,752**	-
Contract liabilities	30.2	**276,581**	-

30.1 Contract assets primarily relate to the Group's rights to consideration for goods and services provided to the customers but not billed at the reporting date. Contract assets are transferred to trade debts when invoice is raised. Opening balance of contract asset is fully transferred to trade debts during the year.

30.2 Contract liabilities represent the Group's obligation to transfer goods or services for which the customer has already paid a consideration. These contract liabilities mainly relates to the advances received against banquets functions and room sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		Note	2019	2018
31	COST OF SALES AND SERVICES		(Rupees'000)	
	Food and beverages			
	Opening balance		86,196	83,160
	Purchases during the year		1,754,172	1,717,131
	Closing balance		(86,229)	(86,196)
	Consumption during the year		1,754,139	1,714,095
	Direct expenses			
	Salaries, wages and benefits	31.1	1,783,378	1,608,045
	Heat, light and power		799,582	700,065
	Repair and maintenance		378,297	422,545
	Depreciation	15.1.6	806,193	598,101
	Guest supplies		232,013	239,996
	Linen, china and glassware		91,066	101,242
	Communication and other related services		85,641	81,875
	Banquet and decoration		63,936	84,609
	Transportation		11,154	26,753
	Uniforms		21,513	26,834
	Music and entertainment		14,825	13,474
	Insurance		4,917	4,191
	Vehicle operating expense		33,288	33,961
	Vehicle rentals and registration charges		25,704	24,539
	Others		58,854	59,074
			6,164,500	5,739,399

31.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 97.78 million (2018: Rs. 76.08 million).

		2019	2018
32	OTHER INCOME	(Rupees'000)	
	Concessions and commissions	6,995	8,785
	Gain on disposal of property, plant and equipment	21,613	(60,030)
	Liabilities written back	58,410	82,743
	Increase in fair value of investments property	-	10,000
	Communication towers and other rental income	67,262	67,540
	Others - net	85,950	44,936
		240,230	153,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

			2019	2018
33	ADMINISTRATIVE EXPENSES	Note	(Rupees'000)	
	Salaries, wages and benefits	33.1	**1,492,992**	1,211,782
	Rent, rates and taxes		**287,682**	199,116
	Security and protective services		**340,876**	363,503
	Advertisement and sales promotion		**97,403**	102,321
	Repair and maintenance		**66,681**	80,345
	Heat, light and power		**95,331**	85,885
	Travelling and conveyance		**158,795**	98,786
	Depreciation	15.1.6	**90,196**	67,114
	Communications		**30,892**	29,808
	Printing and stationery		**43,445**	41,115
	Legal and professional charges		**239,781**	240,034
	Insurance		**112,369**	91,485
	Entertainment		**18,457**	19,751
	Subscriptions		**69,251**	86,759
	Laundry and dry cleaning		**7,981**	7,373
	Uniforms		**6,097**	5,614
	Auditors' remuneration	33.2	**6,538**	5,134
	Reversal of provision against doubtful debts		**-**	(43)
	Donations	33.3	**85,677**	455,650
	Vehicle rentals and registration charges	33.4	**67,866**	56,226
	Franchise fee		**9,569**	14,251
	Miscellaneous		**16,815**	14,898
			3,344,694	3,276,907

33.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 69.756 million (2018: Rs. 63.133 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
		(Rupees'000)	
33.2	**Auditors' remuneration**		
	KPMG Taseer Hadi & Co.		
	Annual audit fee	3,686	3,499
	Audit of consolidated financial statements	495	495
	Half yearly review	520	520
	Special reports and certificates	800	420
	Tax advisory	200	200
		5,701	5,134
	BDO Ebrahim & Co.		
	Annual audit fee	496	-
	Audit of consolidated financial statements	261	-
	Special reports and certificates	80	-
		837	
		6,538	5,134
33.3	**Name of donee**		
	Aga Khan Education Services	-	60,000
	Aga Khan Foundation	50,000	-
	The Supreme Court of Pakistan and the Prime minister of Pakistan Diamer-Bhasha and Mohmand Dams Fund.	34,677	-
	College of Electrical and Mechanical Engineering	1,000	-
	Aga Khan Hospital and Medical College Foundation	-	219,450
	Dil Jan Foundation	-	1,200
	Akhuwat Foundation	-	25,000
	Taraqee Foundation	-	105,000
	School of Leadership Foundation	-	45,000
		85,677	455,650

33.3.1 During the year no donation was made to institutions in which directors or their spouse(s) have interest. (2018:Nil).

33.4 This includes Ijarah payments of Rs. 65.575 million (2018: Rs. 53.184 million) and vehicles registration charges under an Ijarah (lease) agreement. As required under IFAS 2 " IJARAH" (notified through SRO 143(1) / 2007 by Securities & Exchange Commission of Pakistan). Ijarah payments under an Ijarah (lease) agreement are recognised as an expense in the profit or loss account on straight line basis over the term of Ijarah. The amount of future Ijarah payments and the periods in which these will be due are as follows:

	2019	2018
	(Rupees'000)	
Within one year	55,205	69,240
After one year but not more than five years	53,796	111,962
	109,001	181,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
34	FINANCE INCOME	(Rupees'000)	
	Interest income on		
	Bank deposits / certificate of investments	198,450	42,586
	Dividend income	606	393
	Impairmen on associates and jointly controlled entity	(966,778)	(382,191)
	Exchange gain - net	5,152	3,700
		(762,570)	(335,512)
35	FINANCE COST		
	Interest expense on		
	Loans and borrowing	596,609	512,143
	Short term borrowings	81,547	66,628
	Sukuk finance	380,109	51,505
	Amortization of finance cost	19,049	14,551
	Credit cards, bank and other charges	83,958	83,273
		1,161,272	728,100
36	INCOME TAX EXPENSE		
	Current tax expense		
	- Current year	304,233	310,914
	- Change in estimates related to prior year	15,553	(2,960)
		319,786	307,954
	Deferred tax expense	185,678	76,384
	Tax expense for the year	505,464	384,338

36.1 Relationship between accounting profit and tax expense is as follows:

	2019	2018
	(Rupees'000)	
Accounting (loss) / profit for the year	(961,388)	785,833
Tax charge @ 29% (2018: 30%)	-	235,750
Unrecognized deferred tax asset	210,372	-
Tax effect of minimum tax	281,650	87,782
Tax effect of permanent differences	2,514	-
Tax effect of exempt income	4,938	(27,379)
Tax effect of admissible / inadmissible items	-	84,042
Tax effect of tax credits	-	(25,796)
Tax effect of super tax	-	26,327
Tax effect of income subject to lower taxation	(9,563)	6,572
Prior year's tax charge	15,553	(2,960)
	505,464	384,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

36.2 Tax related contingencies

Income tax

The income tax assessments of the Parent Company have been finalised and returns have been filed up to and including the tax year 2018. However, for the assessment year 1999-2000, an appeal is pending with the Appellate Tribunal, Inland Revenue. In case of adverse decision of the appeal, the tax liability of Rs. 73.165 million (2018: Rs. 73.165 million) may arise against the Parent Company for which no provision has been recognised by the Parent Company. These comprise of disallowances of certain expenses and arbitrary additions to the income of the Parent Company. Based on appellate history and merits, the Parent Company is confident of a favorable outcome of the appeal. Therefore, the Parent Company considers that provision against this tax liability is not required.

Sales Tax

i. Sales Tax Collectorate, Lahore created the sales tax liability.amounting to Rs. 9.571 million on the basis of audit proceedings for the year 1997-98 that the Parent Company provided out door catering to PIA without payment of sales tax. The Additional Collector disposed off the above referred audit observations. The department filed appeal before the Appellate Tribunal Inland Revenue (ATIR).The ATIR set aside order of Additional collector through order no. 1394/LB/09 dated 13 May 2011.The Parent Company filed reference application no. 128/2011 before the Honorable Lahore High Court dated 12 September 2011 against the order passed by ATIR.

ii. The Additional Collector, Lahore disallowed the input tax relating to purchase of certain items amounting to Rs. 7.22 million during the period of October 2000 and June 2002 on the basis of section 8(1) of the Sales Tax Act, 1990 read with SRO 578(1)/98 dated 12 June 1998. The Parent Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), while the ATIR upheld the order of Additional Collector, Lahore. The Parent Company filed reference application before the Lahore High Court on 24 September 2011 against the order passed by ATIR.

iii. The Deputy Commissioner Inland Revenue, Zone IV, Large Taxpayer Unit, Karachi based upon the sales tax audit for the year 2008-09, passed Order in Original 52/2013 dated 28 June 2013 against which the Parent Company filed appeal before the Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department is in appeal before the Appellate Tribunal Inland Revenue (ATIR), the assessing officer, during remand back proceedings, decided the case against the Parent Company by raising total demand along with default surcharge and penalty aggregating to Rs. 49,393,192. The Company has filed appeal against said order before Commissioner Inland revenue (CIR), during the period , the CIR remanded the case back for de-novo consideration.

iv. The Deputy Commissioner, Punjab Revenue Authority, Lahore issued notices having references No.PRA/PC/Hotel/14/32972 on 05 November 2014 and No.PRA/PC/Hotel/14/32985 on 12 November 2014 for the tax period August 2014 and tax periods from July 2012 to September 2014 respectively. Through notice dated 05 November 2014 it has been alleged that the Group claimed inadmissible input tax adjustment on construction material amounting to Rs 21.15 million. Through notice dated 12 November 2014, the Deputy Commissioner, Punjab Revenue Authority, Lahore initiated the inquiry/investigation against the Company for the period from July 2012 to September 2014. The Group filed Writ Petition 30844/2014 before Lahore High Court which is pending adjudication.

The Assistant Commissioner Inland Revenue issued an order dated 26 May 2018 whereby a demand was raised of Rs. 30.88 million for the tax year 2016, with reference to order passed under section 161/205/182 of the Income Tax Ordinance, 2001. Against this order, the Group filed an appeal before Commissioner Inland Revenue (Appeals-I), who vide its Order No. 10-2019 dated 10 May 2019 remanded back the case of Deputy Commissioner Inland Revenue. Being aggrieved of the decision of Commissioner Inland Revenue (Appeals-I), Group filed an appeal to the Appellate Tribunal Inland Revenue on 16 May 2019 whose decision is pending to date. Management based on legal opinion is confident of a favorable outcome.

Commissioner Inland Revenue based on scrutiny of sales tax returns for the period October 2015 to March 2019 issued a show cause notice number CIR/Zone-IV/CRTOKHI/2019/1950 dated 26 April 2019 for suspension of sales tax registration. Said notice was issued on grounds that Group claimed and adjusted input tax of Rs. 9.14 million against the output of services whereas no such adjustments are allowed under Services Ordinance, 2001. Commissioner Inland Revenue vide order no. CIR/Zone IV/CRTO/2019/2078 dated 14 May 2019 issued an order for temporary restoration of sales tax registration. Management based on legal opinion is confident of a favorable outcome.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

37 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

	Note	2019	2018
		(Rupees'000)	
(loss) / profit before tax		(961,388)	785,833
Adjustments for:			
Depreciation	15.1.6	896,389	665,215
Gain on disposal of property, plant and equipment	32	(21,613)	60,030
Provision for staff retirement benefit - gratuity	9.1	88,587	66,937
Provision for compensated leave absences	9.2	76,110	26,537
Impairment loss on trade debts		21,457	(43)
Return on bank deposits / certificate of investment	34	(198,450)	(42,586)
Share of gain on equity accounted investments		(95,288)	(90,552)
Finance cost	35	1,161,272	728,100
Dividend income	34	(606)	(393)
Impairment on associates in jointly controlled entity	34	966,788	382,191
Unrealized loss on remeasurement of investment to fair value		1,635	1,355
Unrealised gain on remeasurement of investments property	34	-	(10,000)
Impairment loss - goodwill		73,155	-
Provision on stores, spare parts and loose tools		-	196
		2,008,038	2,572,820

38 CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	28	345,450	1,315,285
Short term borrowings	11	(1,264,583)	(570,768)
Accrued profit		(1,822)	(1,193)
Accrued markup on short term borrowings		21,119	16,900
		(899,836)	760,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

38.1 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings	Diminishing Musharka Facility	Unclaimed dividend	Unpaid dividend	Total
			(Rupees'000)		
Balance at 01 July 2018	11,177,098	70,859	9,242	19,210	11,276,409
Changes from financing activities					
Proceeds from loans	4,816,667	-	-	-	4,816,667
Repayment of loan	(1,501,667)	-	-	-	(1,501,667)
Repayment Diminishing Musaraka Facility	-	(56,438)	-	-	(56,438)
Transaction cost paid	-	-	-	-	-
Dividend paid	-	-	-	(17,682)	-
	3,315,000	(56,438)	-	(17,682)	3,240,880
Other changes					
Amortization of transaction cost	19,049	-	-	-	19,049
Diminishing Musaraka Facility availed	-	80,423	-	-	80,423
Markup accured	172,532	-	-	-	172,532
	191,581	80,423	-	-	272,004
Balance at 30 June 2019	**14,683,679**	**94,844**	**9,242**	**1,528**	**14,789,293**

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings	Diminishing Musharka Facility	Unclaimed dividend	Unpaid dividend	Total
			(Rupees'000)		
Balance at 01 July 2017	7,309,192	36,440	16,588	-	7,362,220
Changes from financing activities					
Proceeds from loans	4,183,333	-	-	-	4,183,333
Repayment of loan	(492,500)	-	-	-	(492,500)
Repayment Diminishing Musaraka Facility	-	(25,505)	-	-	(25,505)
Transaction cost paid	(45,000)	-	-	-	(45,000)
Dividend paid	-	-	(475,999)	-	(475,999)
	3,645,833	(25,505)	(475,999)	-	3,144,329
Other changes					
Amortization of transaction cost	14,551	-	-	-	14,551
Diminishing Musaraka Facility availed	-	59,924	-	-	59,924
Markup accrued	207,522	-	-	-	207,522
Dividend declared	-	-	468,653	19,210	487,863
	222,073	59,924	468,653	19,210	769,860
Balance at 30 June 2018	**11,177,098**	**70,859**	**9,242**	**19,210**	**11,276,409**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

39 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executive Officer	Directors	Executives
			Rupees '000			
Managerial remuneration	**72,000**	**67,195**	**656,758**	72,000	37,643	467,725
Provident fund contribution	**3,999**	**3,523**	**17,338**	3,999	1,902	9,372
Provision for gratuity	**3,945**	**22,511**	**24,597**	4,932	2,520	6,101
Provision for compensated leave absences	**6,000**	**5,599**	**30,480**	6,000	3,137	7,254
Bonus	**12,000**	**7,446**	**1,433**	12,000	2,862	594
Leave fare assistance	**2,000**	**1,241**	**-**	2,000	954	-
Meeting fee	**30**	***450**	**-**	45	495	-
	99,974	**107,965**	**730,606**	100,976	49,513	491,046
Number of persons	**1**	**2**	**114**	1	2	95

* This includes Rs. 315,000 (2018: Rs. 345,000) paid to non-executive directors of the Group.

39.1 In addition to the above, Chief Executive Officer and certain executives are provided with the Group maintained vehicles carrying value of Rs. 151.72 million (2018: 99.72 million). Accommodation maintenance is also provided to Chief Executive Officer. Certain Executives are also provided with medical expenses and company maintained accommodation, as per the Group's policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40 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 related parties (with whom the Group has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

Basis of Relationship	Name of Related Party	Percentage of Share holding
Common directorship	Hashwani Hotels Limited	-
	Hotel One (Private) Limited	17.85%
	Hashoo Holdings (Private Limited)	-
	Jubilee General Insurance Company Limited	7.6%
	Orient Petroleum Inc.	-
	OPI Gas (Private) Limited	-
	Pearl Ceramics (Private) Limited	-
	Pearl Real Estate Holdings (Private) Limited	-
Directors	Mr. Murtaza Hashwani	-
	Mr. M.A. Bawany	-
	Mr. Mansoor Akbar Ali	-
	Syed Sajid Ali	-
	Mr. Shakir Abu Bakar	-
	Syed Haseeb Amjad Gardezi	-
	Syed Asad Ali Shah	-
	Mr. M. Ahmed Ghazali Marghoob	-
	Chief Financial officer	-
	Company Secretary	-
Directors as Board of trustees	Hashoo Foundation	-
Significant influence	Hashoo (Private) Limited	-
	Tejari Pakistan (Private) Limited	-
	Genesis Trading (Private) Limited	-
	Karakoram Security Services (Private) Limited	-
Significant influence of relative of Director	Nirvana, a partnership firm	-
Staff retirement fund	PSL Employees Provident Fund Trust	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		Note	2019	2018
			(Rupees'000)	
	Transactions and balances with associated undertakings			
	Sales		**122**	128
	Services provided		**32,503**	19,336
	Services availed		**499,228**	58,920
	Purchases		**153,242**	144,228
	Franchise fee - income		**4,517**	4,655
	Franchise and management fee - expense		**9,569**	10,305
	Dividend income		**54,751**	54,751
	Dividend paid		**13,471**	141,065
	Purchase of property, plant and equipment		**39**	17,444
	Purchase of vehicle		**1,622**	-
	Sale of vehicle		**37,124**	-
	Purchase of building material		**-**	2,728
	Advances/Deposits & Prepayments		**79,377**	29,947
	Other receivavle - Refund of advance against purchase of land		**-**	3,648,420
	Transactions and balances with other related parties			
	Sales		**258**	178
	Services provided		**182**	3,736
	Services availed		**500**	79,473
	Purchases		**-**	5,083
	Contribution to defined contribution plan - provident fund		**58,276**	46,228
	Sales of vehicles		**-**	2,564
	Dividend paid		**-**	6
	Transactions with key management personnel			
	Remuneration and allowances including staff retirement benefits	40.1	**223,411**	150,489
	Dividend paid		**-**	8,678
	Sales of vehicles		**-**	3,926
40.1	**Compensation to key management personnel**			
	Salaries and other benefits		**152,922**	109,643
	Contribution to provident fund		**8,157**	5,901
	Gratuity		**26,456**	7,452
	Bonus		**19,446**	14,862
	Meeting fee		**480**	540
	Others		**15,950**	12,091
			223,411	150,489
	Number of persons		**5**	3

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41 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

41.1 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							
		Fair value through profit or loss	Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2019									
Financial assets measured at fair value									
Short term investment	25	6,095	-	-	6,095	6,095	-	-	6,095
Long term deposits	19	57,548	-	-	57,548	-	-	57,548	57,548
Short term deposits	24	19,967	-	-	19,967	-	-	19,967	19,967
		83,610	-	-	83,610	6,095	-	77,515	83,610
Financial assets not measured at fair value	41.2								
Trade debts	23	-	557,183	-	557,183	-	-	-	-
Contract assets	30	-	29,752	-	29,752	-	-	-	-
Advance to employees	24	-	19,623	-	19,623	-	-	-	-
Other receivables	24	-	63,655	-	63,655	-	-	-	-
Term deposit receipt	25	-	1,019,389	-	1,019,389	-	-	-	-
Term finance certificate	25	-	75,000	-	75,000	-	-	-	-
Cash and bank balances	28	-	345,450	-	345,450	-	-	-	-
		-	2,110,052	-	2,110,052	-	-	-	-
Financial liabilities not measured at fair value	41.2								
Loans and borrowings	8	-	-	14,355,833	14,355,833	-	-	-	-
Short term borrowings	11	-	-	1,264,583	1,264,583	-	-	-	-
Liabilities against diminishing musharaka facility	8	-	-	94,844	94,844	-	-	-	-
Trade and other payables	12	-	-	1,440,109	1,440,109	-	-	-	-
Markup accrued		-	-	276,581	276,581	-	-	-	-
Unclaim dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	17,442,720	17,442,720	-	-	-	-

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	Note	Carrying amount				Fair value			
		Amount in Rs'000							
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018									
Financial assets measured at fair value									
Short term investment	25	7,728	-	-	7,728	7,728	-	-	7,728
Financial assets not measured at fair value	41.2								
Long term deposits	19	-	34,522	-	34,522	-	-	-	-
Trade debts	23	-	732,591	-	732,591	-	-	-	-
Advance to employees	24	-	22,150	-	22,150	-	-	-	-
Trade deposits	24	-	27,839	-	27,839	-	-	-	-
Other receivables	24	-	101,133	-	101,133	-	-	-	-
Term deposit receipt	25	-	2,020,952	-	2,020,952	-	-	-	-
Cash and bank balances	28	-	1,283,382	-	1,283,382	-	-	-	-
		-	4,222,569	-	4,222,569	-	-	-	-
Financial liabilities not measured at fair value	41.2								
Loans and borrowings	8	-	-	11,040,833	11,040,833	-	-	-	-
Short term borrowings	11	-	-	553,868	553,868	-	-	-	-
Liabilities against diminishing Musharaka facility	8	-	-	70,859	70,859	-	-	-	-
Trade and other payables	12	-	-	1,445,231	1,445,231	-	-	-	-
Markup accrued		-	-	224,422	224,422	-	-	-	-
Unclaim dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	19,210	19,210	-	-	-	-
		-	-	13,363,665	13,363,665	-	-	-	-

41.2 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.

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

Financial Risk Management

The Group has exposure to the following risks arising for financial instruments:

- Credit risk (note 41.4)
- Liquidity risk (note 41.5)
- Market risk (note 41.6)

Risk Management Framework

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

41.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade debts from customers.

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

Expected credit losses on financial assets and contract assets recognised in unconsolidated profit or loss were as follows.

	2019	2018
	(Rupees'000)	
Expected credit losses on trade debts and contract assets arising from contract with customers	21,457	-

i Trade debts and contract assets

The Group's exposure to credit risk is influenced mainly by the individual's characteristics of each customer. However, management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate. Detail of concentration of revenue are included in note 29.1.

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and are reviewed regularly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade debts by establishing a maximum payment period for each corporate customer based on the assessment of risk management committee.

Maximum of the Group's customers have been transacting with the Group for many years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

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At reporting date, the exposure to credit risk for trade debts and contract assets by geographical regions was as follows.

	2019		2018	
	Trade debts	Contract assets	Trade debts	Contract assets
	(Rupees '000)		(Rupees '000)	
Pearl Continental Hotel				
- Karachi	187,382	13,921	238,328	-
- Lahore	277,564	8,631	306,271	-
- Rawalpindi	74,214	3,412	88,927	-
- Peshawar	63,515	1,485	77,505	-
- Bhurban	53,950	1,267	43,513	-
- Muzaffarabad	8,779	615	17,188	-
- Hotel One The Mall, Lahore	6,445	420	8,737	-
Destinations of the world- Pakistan	152,248	-	105,004	-
Pearl Tours & Travels (Pvt) Ltd.	39,402	-	41,236	-
	863,500	29,752	926,709	-

At reporting date, the exposure to credit risk for trade debts and contracts assets by type of counterparty was as follows;

	Note	2019	2018
		(Rupees '000)	
From related parties		8,342	10,905
From government institutions		34,158	43,675
From foreign embassies		14,567	17,325
Others		836,185	854,804
	22 & 29	893,252	926,709

A summary of the Group's exposure to credit risk for trade debts is as follows.

	2019
	(Rupees' 000)
Customers with external credit rating of A1+ to A3	49,684
Customers without external credit rating	813,816
Total gross carrying amount	863,500
Allowance for expected credit losses	(306,317)
	557,183

Comparative information under IAS 39

Analysis of the credit quality of trade debts that were neither past due nor impaired and aging of trade debts as at 30 June 2018 is as follows.

	2018
Neither past due nor impaired	(Rupees' 000)
Customers with external credit rating of A1+ to B	76,167
Customers without external credit rating	656,424
	732,591

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Aging analysis of trade debts	2018 (Rupees' 000)
Not past due	259,186
Past due by 30 days	153,837
Past due 31 to 60 days	98,125
Past due 61 to 90 days	31,488
Past due over 90 days	189,955
Over 365 days	194,118
	926,709

Expected credit loss assessment for corporate customers as at 01 July 2018 and 30 June 2019

The Group allocates each exposure to a credit risk based on data that is determined to be predictive of the loss (including but not limited to external ratings, audited financial statements, management accounts, cash flow projection and available press information about customers) and applying experienced credit judgment. Credit risk are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definition from agencies (Rating agencies Pakistan Credit Rating Agency (PACRA) and JCR - VIS.

Exposure within each credit risk are segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts.

Scalar factors are based on GDP forecast, unemployment rate, Consumer Price Index and exchange rate which are as follows:

Years	GDP Forecast	Unemployment rate	Consumer price index	Exchange rate
2019	3.10	6.30	8.40	150.10
2018	5.83	6.00	5.08	121.82
2017	5.55	5.80	4.09	105.46
2016	5.53	5.80	3.75	104.77

The Group uses an allowance matrix to measure the ECLs of trade debts from corporate customers, which comprises a very large number of small balances.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics - geographic region and age of customer relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The following table provides information about the exposure to credit risk and ECL for trade debts and contract assets for corporate customers as at 30 June 2019.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	%	(Rupees' 000)		
Current	3.7%	**335,883**	**12,530**	No
0-30 days past due	10.1%	**121,225**	**12,279**	No
30-60 days past due	23.6%	**102,180**	**24,136**	No
60-90 days past due	50.0%	**38,755**	**19,378**	No
91-150 days past due	40.7%	**34,040**	**13,851**	No
151 days and above	96.9%	**231,416**	**224,142**	No
		863,500	**306,317**	

Movement in the allowance for expected credit losses in respect of trade debts and contract assets

The movement in the allowance for expected credit losses in respect of trade debts and contract assets during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019	2018
	(Rupees '000)	
Balance at 01 July under IAS 39	**194,118**	194,118
Adjustment on initial application of IFRS 9	**90,742**	-
Balance at 01 July under IFRS 9	**284,860**	194,118
Remeasurement of loss allowance	**21,457**	-
Balance as at 30 June	**306,317**	194,118

ii **Long term deposits**

The Group held long term deposits of Rs. 57.55 million as at 30 June 2019 (2018: Rs. 34.52 million). These long term deposits are held with the Government agencies and financial institutions which are rated AA+ , based on PACRA and JCR - VIS ratings.

Impairment on long term deposits has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its long term deposits have low credit risk based on external credit rating of the counterparties.

iii **Short term advances**

The Group held short term advances of Rs. 148.37 million as at 30 June 2019 (2018: Rs. 126.84 million). These short term advances are recoverable from the executives, employees and subsidiary of the Parent Company.

Impairment on short term advances has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its short term advances have low credit risk based on recovery of these advances from wholly owned subsidiary and from the final settlement of employees in case of default .

iv **Trade deposit and other receivables**

The Group held trade deposit and other receivables of Rs. 83.62 million as at 30 June 2019 (2018: Rs. 67.20 million).

Impairment on trade deposits and other receivables have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its trade deposits and other receivables have low credit risk based on external credit rating of the counterparties.

v **Short term investments**

The Group held short term investments of Rs. 1,106.82 million as at 30 June 2019 (2018: Rs. 2,028.68 million). These short term investments are held with the banks which are rated A1+ to AAA based on PACRA and JCR - VIS ratings.

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Impairment on short term investments has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its short term investments have low credit risk based on external credit rating of the counterparties.

vi **Cash at bank**

The Group held cash at bank of Rs. 296.282 million as at 30 June 2019 (2018: Rs. 1,282.189 million). These balances are held with the banks which are rated A+1 to A-2 based on PACRA and JCR - VIS ratings.

Impairment on cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Group considers that its cash at bank have low credit risk based on external credit rating of the counterparties.

41.5 **Liquidity risk**

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

There were no defaults on loans payable during the year.

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

	Note	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
		(Rupees' 000)			
2019					
Long term financing	8	**14,355,833**	**18,809,909**	**4,312,115**	**14,497,794**
Liabilities against diminishing musharaka facility	8	**94,844**	**111,896**	**42,114**	**69,782**
Trade and other payables	12	**1,440,109**	**1,440,109**	**1,440,109**	**-**
Markup accrued		**380,054**	**380,054**	**380,054**	**-**
Short term borrowings	11	**1,264,583**	**1,264,583**	**1,264,583**	**-**
Unclaim dividend		**9,242**	**9,242**	**9,242**	**-**
Unpaid dividend		**1,528**	**1,528**	**1,528**	**-**
		17,546,193	**22,017,321**	**7,449,745**	**14,567,576**
2018					
Long term financing	8	11,040,833	13,663,181	2,144,310	11,518,871
Liabilities against diminishing musharaka facility	8	70,859	73,441	25,714	47,727
Trade and other payables	12	1,445,231	1,445,231	1,445,231	-
Markup payable		224,422	224,422	224,422	-
Short term borrowings	11	553,868	553,868	553,868	-
Unclaim dividend		9,242	9,242	9,242	-
Unpaid dividend		19,210	19,210	19,210	-
		13,363,665	15,988,595	4,421,997	11,566,598

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The contractual cash flows relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark up rates have been disclosed in notes 8 and 11 to these consolidated financial statements.

41.6 **Market risk**

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

Foreign Currency risk

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

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to forex risk on year end monetary balances:

	2019		2018	
	(Rupees'000)	USD' 000	(Rupees' 000)	USD' 000
Bank Balance	2,255	13.75	5,053	41.62

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2019	2018	2019	2018
PKR/ US Dollars	137.29	110.43	164.00	121.40

Foreign Currency Sensitivity Analysis

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of USD applied to assets at reporting date represented in foreign currency, with all other variables held constant, of the Group's profit before tax.

	2019	2018
	(Rupees'000)	
Increase in 5% USD rate	113	253
Decrease in 5% USD rate	(113)	(253)

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Interest rate risk

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

Exposure to interest rate risk:

	2019	2018	2019	2018
	Effective interest rates %		(Rupees' 000)	
Variable rate instruments				
Financial assets	**0.25 to 10.3**	0.25 to 5.75	**254,641**	1,218,327
Variable rate instruments				
Financial assets	**-**	-	**-**	-
Financial liabilities	**KIBOR + 0.6 to 1.95**	KIBOR + 0.6 to 1.5	**(15,715,260)**	(11,665,560)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity / profit and loss by Rs. 154.46 million (2018: Rs. 104.47 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Other market price risk

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

Sensitivity analysis – equity price risk

For quoted investments classified as held for trading, a 100 basis point increase in market price at reporting date would have increased profit or loss by Rs. 0.06 million (2018: Rs. 0.07 million) thousand; an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2018 and assumes that all other variables remain the same.

	Level 1	Level 2	Level 3
Assets carried at fair value		(Rupees '000)	
2019			
Financial assets at fair value through profit or loss - held for trading	**6,095**	-	-
2018			
Financial assets at fair value through profit or loss - held for trading	7,728	-	-

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

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42 APPLICATION OF IFRIC INTERPRETATION 12 - SERVICE CONCESSION ARRANGEMENTS

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

	2019	2018
	(Rupees'000)	
Increase in profit after tax for the year	4,759	11,736
Derecognition of property, plant and equipment	(202,343)	(225,782)
Recognition of intangible asset	374,257	391,268
Recognition of financial liability	(28,538)	(28,813)
Increase in taxation obligations	1,944	2,834
Increase in unappropriated profits	100,430	95,671

43 CAPACITY

	Note	No. of lettable rooms		Average occupancy	
		2019	2018	2019	2018
Pearl Continental Hotel				%	%
- Karachi		286	286	87	75
- Lahore		607	607	59	68
- Rawalpindi		193	193	56	64
- Peshawar		148	148	46	59
- Bhurban		190	190	64	69
- Muzaffarabad		102	102	44	46
- Hotel One The Mall, Lahore	43.1	32	32	62	66

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

44 NUMBER OF EMPLOYEES

	2019	2018
Number of employees at the year end	3,450	3,644
Average number of employees during the year	3,578	3,545

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45 IMPACT OF ADOPTION OF IFRS 9 AND IFRS 15

	As on 01 July 2018			
	Before adoption of IFRS 9 and IFRS 15	Transition effect of IFRS -15	Transition effect of IFRS -9	After adoption of IFRS-9 and IFRS -15
	(Rupees'000)			
Effect on statement of financial position				
Total equity	35,812,449	-	(64,427)	**35,748,022**
Loans and borrowings	9,681,188	-	-	**9,681,188**
Employee benefits	704,306	-	-	**704,306**
Deferred tax liability - net	288,014	-	(26,315)	**261,699**
Non current liabilities	**10,673,508**	**-**	**(26,315)**	**10,647,193**
Short term borrowings	570,768	-	-	**570,768**
Current portion of loans and borrowings	1,566,769	-	-	**1,566,769**
Trade and other payables	1,980,750	-	-	**1,980,750**
Unpaid dividend	19,210	-	-	**19,210**
Unclaimed dividend	9,242	-	-	**9,242**
Other liabilities	115,120	-	-	**115,120**
Current liabilities	**4,261,859**	**-**	**-**	**4,261,859**
Total equity and liabilities	**50,747,816**	**-**	**(90,742)**	**50,657,074**
Non current assets	**42,780,642**	-	-	**42,780,642**
Inventories	279,917	-	-	**279,917**
Development properties	2,746,619	-	-	**2,746,619**
Trade debts	732,591	-	(90,742)	**641,849**
Advances, prepayments, trade deposits		-	-	**-**
and other receivables	302,330	-	-	**302,330**
Short term investments	2,028,680	-	-	**2,028,680**
Non currenr asset held for sale	259,702	-	-	**259,702**
Advance tax - net	302,050	-	-	**302,050**
Cash and bank balances	1,315,285	-	-	**1,315,285**
Current assets	**7,967,174**	**-**	**(90,742)**	**7,876,432**
Total assets	**50,747,816**	**-**	**(90,742)**	**50,657,074**

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	As previously reported at 30 June 2018	Transition effect of IFRS -15	Transition effect of IFRS -9	After adoption of IFRS-9 and IFRS -15
	(Rupees'000)			
Effect on statement of profit or loss				
Revenue - gross	12,534,459	-	-	12,534,459
Discounts and commissions	(207,479)	-	-	(207,479)
Sales tax	(1,704,400)	-	-	(1,704,400)
Revenue - net	**10,622,580**			
Cost of sales and services	(5,739,399)	-	-	(5,739,399)
Gross profit	**4,883,181**	-	-	-
Other income	153,974	-	-	153,974
Administrative expenses	(3,276,907)	-	-	(3,276,907)
Operating profit	1,760,248	-	-	1,760,248
Finance income	(335,512)	-	-	(335,512)
Unrealised (loss)/ gain on remeasurement of investments to fair value - net	(1,355)	-	-	(1,355)
Finance cost	(728,100)	-	-	(728,100)
Net finance cost	(1,064,967)	-	-	(1,064,967)
Share of profit in equity accounted investments - net	90,552	-	-	90,552
Profit before taxation	785,833	-	-	785,833
Income tax expense	(384,338)	-	-	(384,338)
Profit for the year	**401,495**	**-**	**-**	**401,495**

46 EMPLOYEES' PROVIDENT FUND

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

47 ACQUISITION OF SUBSIDIARY

On 02 February 2019, the Group assumed management control of Invency (Private) Limited ("the subsidiary company"), pursuant to acquisition for Invency (Private) Limited's shares.

Consideration transferred

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

	Invency (Pvt) Limited
	(Rupees)
Cash	**500,000**

Acquisition related costs

The Group incurred acquisition-related costs of Rs. 2,260 million on share transfer fee. These costs have been included in 'administrative expenses'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Identifiable assets acquired and liabilities assumed

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

	Invency (Pvt) Limited
	(Rupees)
Property and equipment	4,177
Advance against investment	246,299
Advances, deposits, prepayments and other receivables	5,769
Advance tax	1,481
Short term investment	751
Cash and bank balances	435,285
Trade and other payables	(173,019)
Total identifiable net assets acquired	520,746

Measurement of fair values

Property and equipment

Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Cash and bank balances

Cash and bank balances are measured at their book value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Goodwill

Goodwill arising from the acquisition has been recognised as follows;

	Invency (Pvt) Limited
	(Rupees)
Consideration transferred	500,000
Fair value of identifiable net assets	520,746
Less: Net assets attributable to non controlling interest	(93,901)
Fair value of identifiable net assets	426,845
Goodwill	73,155
Impairment of goodwill	(73,155)
	-

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 01 October 2019.

Murtaza Hashwani	M. A. Bawany	Javed Iqbal
Chief Executive	Director	Chief Financial Officer

PAKISTAN SERVICES LTD.

Dear Shareholder,

ELECTRONIC PAYMENT OF CASH DIVIDENDS

Pursuant to Section-242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), it is mandatory for a listed company to pay cash dividends to its shareholders only through electronic mode directly in the bank accounts of the shareholders.

In this connection, it is necessary to provide complete bank mandate detail including IBAN number to credit the proceeds of the future dividends into your bank account. You are therefore required to provide complete bank mandate details with IBAN otherwise future dividend may be withheld.

The Shareholders, who are holding physical shares are requested to submit e-dividend mandate form by filling the attached format and send it to Company's Share Registrar at the following address:

M/s. THK Associates (Pvt) Limited,
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi
Phone: 021-111-000-322 E-mail: sfc@thk.com.pk

The CDC shareholders must submit their e-dividend mandate form details to Investor Account Services or to their brokers where shares are placed electronically.

Electronic Dividend Mandate Form is attached with Printed Annual Report and also placed on Company's website www.psl.com.pk.

For any query/ problem/information, the investors may contact the company's Share Registrar at the above phone numbers, email address.

Yours faithfully,

for Pakistan Services Limited

Mansoor Khan
Company Secretary

PAKISTAN SERVIES LIMITED
FORM OF PROXY

I / We ____

_______________________________of_______________________ being a member of Pakistan Services Limited hereby

appoint Mr./Ms./M/s.____ of _________

____failing whom Mr./Ms./M/s.______________________________________

of____________________ as my proxy to attend and act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Monday, October 28, 2019 at 11:00 a.m. at Islamabad Marriott Hotel, and any adjournment thereof.

Dated this __________ day of _________ 2019.

Revenue
Stamp
Rs. 5/=

____
Specimen Signature of Proxy

Folio No. ________________________
Participant I.D. No.________________
Sub Account No.__________________

____
Signature of Shareholder

Folio No.__________________________
Participant I.D. No.________________
Sub Account No.__________________

____
Specimen Signature of Alternate Proxy

Folio No.__________________________
Participant I.D. No.________________
Sub Account No.__________________

Note:

i) If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Pakistan Services Limited, 1st Floor, NESPAK House, Sector G-5/2, Islamabad to reach not less than 48 hours before the time appointed for holding the meeting.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

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

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

پاکستان سروسز لمیٹڈ
پراکسی فارم

اختتام سال 30 جون 2019

میں/ہم .... سکنہ ....
بحیثیت ممبر (رکن) پاکستان سروسز لمیٹڈ بذریعہ ہذا مسمی/مسماۃ ....
سکنہ: ....
یا ان کی غیر حاضری کی صورت میں متبادل مسمی / مسماۃ .... سکنہ ....
کو اپنا پراکسی مقرر کرتا/کرتی ہوں جو کہ میری/ہماری عدم موجودگی کی صورت میں کمپنی کے سالانہ اجلاس عام جو کہ بروز جمعرات مورخہ 28 اکتوبر 2019 کو اسلام آباد میرٹ ہوٹل میں منعقد ہوگا یا التواء کی صورت میں حاضر ہو کر میری/ہماری نمائندگی کرے۔

مورخہ .... بروز 2019

....
پراکسی کے دستخط کا نمونہ

پانچ روپے مالیت کی ریونیو ٹکٹ

فولیو نمبر ....
سی ڈی سی پارٹسیپنٹ آئی ڈی نمبر ....
ذیلی اکاؤنٹ نمبر ....

ممبر (رکن) کا دستخط .... | متبادل پراکسی کے دستخط کا نمونہ ....

فولیو نمبر .... | فولیو نمبر ....

سی ڈی سی پارٹسیپنٹ آئی ڈی نمبر .... | سی ڈی سی پارٹسیپنٹ آئی ڈی نمبر ....

ذیلی اکاؤنٹ نمبر .... | ذیلی اکاؤنٹ نمبر ....

نوٹ:
(i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم 84 گھنٹے پہلے تک پاکستان سروسز لمیٹڈ واقع پہلی منزل، نیسپاک ہاؤس، سیکٹر G-5/2 اسلام آباد میں جمع کرادے
(ii) پراکسی فارم کے ہمراہ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنا ہوں گی۔
(iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
(iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بشمول نمونہ دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔

PAKISTAN SERVICES LTD.

E-DIVIDEND MANDATE FORM

To,

Investor Account Services - Central Depository Company of Pakistan Limited or **in case of a sub account with any of the broker participant, kindly convey information to your broker participant.**

OR

In case of Physical Shareholder

Share Registrar

Pakistan Services Limited

M/s. THK Associates (Pvt) Limited,

1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi

Phone: 021-111-000-322 E-mail: sfc@thk.com.pk

Participant Id	
Investor / Sub Account No.	
Folio number (Physical Shareholder)	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Email address	

Authorized Signatories (to be signed as per operating instruction, in case of physical dispatch)

1) ______________________________ 2) ______________________________

3) ______________________________ 4) ______________________________

For information, how to fill the form:

A)	IBAN Number (24 Digit):	PK37 HABB 0000 0700 3333 9999 (example)
B)	e-mail investor account services CDC:	ias-khi@cdcpak.com (example)
C)	Independent Share Registrar:	mail@ttpl.com.pk (example)
D)	CDC Participant:	in case of a sub account with any of the broker participant, kindly convey information to your broker participant.

NOTES

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SECP

Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

Pearl-Continental Hotel, Muzaffarabad

PAKISTAN SERVICES LTD.

OWNERS AND OPERATORS OF

Pearl-Continental

HOTELS & RESORTS

KARACHI

LAHORE

RAWALPINDI

PESHAWAR

BHURBAN

MUZAFFARABAD

PAKISTAN SERVICES LIMITED
1st Floor, NESPAK House,
Sector G-5/2, Islamabad
Tel: +92 51 2272 890-8
Fax: +92 51 2878 636
Email: psl@hashoohotels.com

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