

Pearl-Continental Hotel, Bhurban



# CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020



Pearl-Continental Hotel, Muzaffarabad



Pearl-Continental  
HOTELS & RESORTS

# CONDENSED INTERIM FINANCIAL STATEMENTS [UNAUDITED]

For the six months period ended 31 December 2020



PAKISTAN SERVICES LTD

## Vision Statement

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

## Mission Statement

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

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

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

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

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

## Corporate Information

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 7 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad, Malam Jabba comprising 1,543 rooms. It also owns 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. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	
Ms. Ayesha Khan	
Mr. Rohail Ajmal	
Mr. Shahid Hussain	

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

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

### CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

### 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  
Muslim Commercial Bank Limited  
Silk Bank Limited  
Faysal Bank Limited  
Standard Chartered Bank [Pakistan] Limited  
Industrial and Commercial Bank of China  
Dubai Islamic Bank [ Pakistan] Limited

### REGISTERED OFFICE

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

### SHARE REGISTRAR

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

# Directors' Report

## Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial statements on the performance of the Company for the six-month period, ended 31 December 2020.

## Economic Overview

Like almost every country around the globe, Pakistan's economy suffered with the COVID-19 pandemic, now the indicators of COVID-19 pandemic in Pakistan are seemed to be fading away gradually and availability of a vaccine will further improve the economic activities across the globe as surge in oil prices i.e. one of the major indicators is already prompted the same.

The economy is expected to rebound and return to pre-COVID levels. The decision to open the educational institutions and prompt support of economic relief package has resulted into visible economic activity. The sectors like agriculture, industry, financial service sector, construction, automobile sector, and power generation are performing outstanding and the demand for Pakistani products is expected to rise further. However, hospitality and travel business is still lagging behind and may take time for its full recovery.

The Moody's Investors Service, one of the world's top three credit rating agencies, reaffirmed Pakistan's stable outlook with reference to macro prudential policies implemented by the government.

## Overall performance of the Company

The Company's operations suffered due to COVID-19 pandemic virus which slowdown the economic activities in general and particular to tourism/hospitality industry, however during the current period the situation got slightly improved as compared to second half of the last financial year.

During the six-month period ended 31 December 2020, the Company recorded revenue [net] of Rs. 3,255 million, as compared to Rs. 5,381 million recorded in the corresponding period of the last year whereas the gross profit for the period under report was registered at Rs. 992 million as compared to Rs. 2,180 million of comparative period of the last year. The loss before tax is Rs. 367 million as compared to profit of Rs. 64 million of corresponding period of last year.

## Highlights of Performance:

	For the six months' period ended 31 December	
	2020	2019
	[Rupees million]	
Sales and Services – net	3,255	5,381
Gross profit	992	2,180
[Loss]/ Profit before taxation	[367]	64
Loss after taxation	[300]	[90]
Loss per share [Rupees]	[9.21]	[2.77]

## Performance of Rooms Department

During the period Rooms Revenue-net was recorded at Rs. 1,355 million against Rs. 2,530 million of the corresponding period of last year.

## Performance of Food & Beverage (F&B) Department

Net revenue from this segment has been recorded at Rs. 1,665 million as compared to Rs. 2,594 million of same period last year.

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

From this segment of business Revenue of Rs. 235 million [net] has been achieved as compared to Rs. 257 million of the comparative period revenues.

## Prospects

The economic activity is expected to recover, as lockdown measures has been lifted with certain exceptions. Sports activities have also been resumed in the country as cricket teams of South Africa and Zimbabwe visited Pakistan in recent past and at present Pakistan's premium cricket brand Pakistan Super League's matches are taking place in Pakistan.

The Company has reopened its all-operating units which are back to operations with partial restrictions imposed by the Government on F&B operations with respect to Dine-In and large banquets. These restrictions are expected to be lifted soon. Keeping in view availability of vaccine, it is expected that there will sharp increase economic activities across country resulting into rise in travelling and lodging will definitely have a positive impact on the business of the Company.

## State Bank of Pakistan Regulatory Relief

In purview of prevailing pandemic and in line with the Regulatory Relief extended by SBP and in view of restricted business environment resulting into stressed cash flows, the Company has approached its lenders for restructuring of long term loans and simultaneously evolved a plan to dispose-off its certain assets under its light asset strategy which is expected to address the stressed cash flow position as emphasized in auditors' review report.

## Consolidated Results

During the current period, the group recorded a revenue [net] of Rs. 3,373 million as compared to Rs. 5,419 million of the same period last year. Loss after taxation is recorded at Rs. 364 million in comparison with loss of Rs. 176 million of the corresponding period of the previous year.

## Acknowledgement

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

For and on behalf of the Board of Directors.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director

Islamabad: 24 February 2021

## ڈائریکٹرز رپورٹ

## محترم حصص داران:

پاکستان سروسز لمیٹڈ (پبلیس ایل) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والی ششماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

## اقتصادی جائزہ:

دنیا بھر کے تقریباً ہر ملک کی طرح پاکستان کی معیشت بھی Covid-19 سے متاثر ہوئی ہے۔ پاکستان میں Covid-19 کے پھیلاؤ میں بتدریج کمی آرہی ہے اور Covid-19 ویکسین کی دستیابی کے بعد معاشی سرگرمیاں مزید بہتر ہو رہی ہیں جس کا اندازہ خام تیل کی بڑھتی ہوئی قیمتوں سے لگایا جاسکتا ہے۔

اس بات کا قوی امکان ہے کہ معیشت میں نمایاں بہتری آئے گی اور توقع کی جارہی ہے کہ معیشت Covid-19 سے پہلے کی سطح پر واپس آجائے گی۔ تعلیمی اداروں کو کھولنے اور اقتصادی مراعات کے اجراء سے بھی معیشت میں واضح بہتری آئی ہے۔ زراعت، صنعت، تعمیرات مالیاتی خدمات، آٹوموبائل سیکٹرز اور بجلی کے پیداوار جیسے شعبہ جات میں نمایاں تیزی آئی ہے اور پاکستانی مصنوعات کی طلب میں بھی مزید اضافہ ہوا ہے تاہم سیر و سیاحت کے شعبے میں معاشی سرگرمیاں سست روی کا شکار رہیں اور دوبارہ مکمل بحالی میں مزید وقت لگ سکتا ہے۔

موڈرن جو کہ دنیا کے تین بہترین کرپٹ ریٹنگ ایجنسیوں میں سے ایک ہے نے پاکستان کے مستحکم معاشی حالت کی تصدیق کی ہے۔

## کمپنی کی مجموعی کارکردگی:

زیر جائزہ مدت کے دوران کمپنی کے کاروباری صورتحال Covid-19 کی وجہ سے کافی متاثر ہے، تاہم زیرہ جائزہ مدت کے دوران صورتحال گذشتہ مالی سال کے دوسرے ششماہی حصے کے مقابلے میں بہتر ہوئی ہے۔

31 دسمبر 2020 کو ختم ہونے والی ششماہی مدت کے دوران کمپنی نے 3,255 ملین روپے کی محصولات (خالص) ریکارڈ کیے ہیں جو گزشتہ سال کے اسی عرصے کے دوران 5,381 ملین روپے تھے۔ کمپنی کا مجموعی منافع 992 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں 2,180 ملین روپے تھا۔ قبل از ٹیکس خسارہ گزشتہ برس کے اسی عرصے کے 64 ملین منافع کے مقابلے میں 367 ملین روپے ریکارڈ کیا گیا۔

## کارکردگی کی جھلکیاں:

	ششماہی مدت اختتام 31 دسمبر 2020	
	2020	2019
	(ملین روپے)	
فروخت اور خدمات (خالص)	3,255	5,381
کل منافع	992	2,180
خسارہ / (منافع) قبل از ٹیکس	(367)	64
خسارہ بعد از ٹیکس	(300)	(90)
نی حصہ (خسارہ) / آمدنی (روپے میں)	(9.21)	(2.77)



### رومرڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے 2,530 ملین روپے کی نسبت آمدنی (خالص) 1,355 ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی خالص آمدن 1,665 ملین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے مقابلے میں 2,594 ملین روپے تھی۔

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

اس شعبے میں زیر جائزہ عرصے کے دوران میں 235 ملین روپے کی آمدنی (خالص) حاصل کی گئی۔ جو گزشتہ برس کے اسی عرصے کے مقابلے میں 257 ملین روپے تھی۔

### مستقبل کے امکانات:

Covid-19 کے تحت لگائی گئی پابندیوں میں کمی آنے کی وجہ سے توقع کی جارہی ہے کہ معاشی سرگرمیاں بہتر ہو جائیں گی جیسا کہ ملک میں کھیلوں کی سرگرمیاں بھی بحال ہو گئی ہیں، زمبابوے اور جنوبی افریقہ کی کرکٹ ٹیموں نے کرکٹ میچز کے لئے پاکستان کا دورہ کیا، اور اس وقت پاکستان کے پریم کرکٹ برانڈ پاکستان سپر لیگ کے میچز پاکستان میں ہو رہے ہیں۔

کمپنی نے اپنے تمام ہولڈرز دوبارہ سے کھول دیئے ہیں فوڈ اینڈ بیورٹیج کے شعبے جزوی طور پر فعال ہوئے ہیں ریسٹورنٹس اور بڑے اجتماعات پر کچھ پابندیوں ابھی بھی موجود ہیں جن کا مستقبل قریب میں ختم ہونے کا امکان ہے۔ ویکسن کی دستیابی کو مد نظر رکھتے ہوئے یہ توقع کی جارہی ہے کہ ملک میں معاشی سرگرمیوں میں تیزی آئے گی اور سروس سیکٹور کے شعبے میں بھی بہتری آئے گی جس کا کمپنی کے کاروبار پر یقیناً مثبت اثر ہوگا۔

### اسٹیٹ بینک آف پاکستان ریگولیٹری ریلیف:

اسٹیٹ بینک آف پاکستان کے ریگولیٹری ریلیف کے تحت کمپنی نے کیش فلو دباؤ کو کم کرنے کیلئے اپنے مالیاتی اداروں سے اپنے طویل مدتی قرضہ جات کی تنظیم نو کے لئے رجوع کیا جس کے نتیجے میں اپنے کچھ اثاثہ جات کو بیچنے کی حکمت عملی طے پائی تاکہ کیش فلو کے دباؤ کو بہتر کیا جاسکے جیسا کہ آڈیٹرز رپورٹ میں بھی ذکر کیا گیا ہے۔

### مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے 3,373 ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں 5,419 ملین روپے تھے۔ گزشتہ برس کے 176 ملین روپے بعد از ٹیکس خسارہ کی نسبت موجودہ عرصہ میں 364 ملین روپے خسارہ ریکارڈ کیا گیا۔

اظہار تشکر:

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

منجانب بورڈ آف ڈائریکٹرز



شاہد ابوبکر

ڈائریکٹر



مرتیٰ ہاشوانی

چیف ایگزیکٹو

اسلام آباد: 24 فروری 2021

# INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Services Limited

Report on review of Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Pakistan Services Limited ("the Company") as at 31 December 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity, and notes to the condensed interim unconsolidated financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

## Scope of Review

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

## Conclusion

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

## Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 of the condensed interim unconsolidated financial statements, which indicates that the Company incurred a net loss of Rs. 299,689 thousand during the six months period ended 31 December 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 3,577,984 thousand. These events or conditions, along with other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Other matter

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three months period ended 31 December 2020 and 31 December 2019, have not been reviewed and we do not express a conclusion on them.

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



KPMG Taseer Hadi & Co.  
Chartered Accountants

Islamabad  
Date: 26 February 2021



Pearl-Continental Hotel, Lahore



**CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 31 December 2020

# Condensed Interim Unconsolidated Statement of Financial Position

As at 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000]	
<b>EQUITY</b>			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		4,787,910	5,087,599
Revaluation surplus on property, plant and equipment		29,243,030	29,243,030
<b>Total equity</b>		<b>34,625,606</b>	<b>34,925,295</b>
<b>LIABILITIES</b>			
Loans and borrowings	5	9,934,523	9,325,615
Lease liabilities	6	166,233	210,697
Deferred government grant		32,474	30,148
Employee benefits		680,696	735,246
Deferred tax liability - net		124,822	239,465
Other liabilities		51,463	-
Non - current liabilities		<b>10,990,211</b>	<b>10,541,171</b>
Short term borrowings	7	2,606,929	2,807,284
Current portion of loans and borrowings	5	4,389,798	4,525,870
Current portion of lease liabilities	6	86,787	104,785
Trade and other payables	8	2,286,323	2,178,062
Contract liabilities		519,150	403,933
Advance against non-current assets held for sale	15	200,000	12,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
<b>Current liabilities</b>		<b>10,099,757</b>	<b>10,042,704</b>
<b>Total equity and liabilities</b>		<b>55,715,574</b>	<b>55,509,170</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000]	
<b>ASSETS</b>			
Property, plant and equipment	10	43,317,954	43,738,846
Intangible asset	11	91,781	-
Advance for capital expenditure	12	1,312,521	1,338,170
Investment property		65,000	65,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	13	3,335,571	3,412,571
Long term deposits and prepayments		33,180	33,657
<b>Non - current assets</b>		<b>49,193,801</b>	<b>49,626,038</b>
Inventories		328,914	289,712
Trade debts		334,632	195,492
Contract assets		16,204	3,578
Advances, prepayments, trade deposits and other receivables		416,153	371,355
Short term investments	14	1,362,394	1,273,816
Assets held for sale	15	3,203,853	2,908,739
Advance tax - net		488,044	481,238
Cash and bank balances		371,579	359,202
<b>Current assets</b>		<b>6,521,773</b>	<b>5,883,132</b>
<b>Total assets</b>		<b>55,715,574</b>	<b>55,509,170</b>



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 31 December 2020

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2020	2019	2020	2019
[Rupees'000]					
Revenue - net	16	2,001,401	2,995,972	3,255,451	5,380,629
Cost of sales and services	17	[1,306,133]	[1,661,662]	[2,263,795]	[3,200,626]
<b>Gross profit</b>		<b>695,268</b>	<b>1,334,310</b>	<b>991,656</b>	<b>2,180,003</b>
Other income		168,044	40,701	227,844	92,940
Administrative expenses		[522,361]	[872,728]	[964,938]	[1,646,084]
[Impairment] / reversal loss on trade debts		[89,402]	17,752	[39,111]	10,530
<b>Operating profit</b>		<b>251,549</b>	<b>520,035</b>	<b>215,451</b>	<b>637,389</b>
Finance income		13,524	41,811	20,929	78,318
Unrealised gain on remeasurement of investments to fair value - net		51,613	83,416	93,157	123,589
Finance cost		[265,438]	[365,008]	[696,829]	[775,416]
<b>Net finance cost</b>		<b>[200,301]</b>	<b>[239,781]</b>	<b>[582,743]</b>	<b>[573,509]</b>
<b>Profit / [loss] before taxation</b>		<b>51,248</b>	<b>280,254</b>	<b>[367,292]</b>	<b>63,880</b>
Income tax		100,538	[74,322]	67,603	[154,060]
<b>Profit / [loss] for the period</b>		<b>151,786</b>	<b>205,932</b>	<b>[299,689]</b>	<b>[90,180]</b>
Earnings / [loss] per share - basic and diluted [Rupees]	18	4.67	6.33	[9.21]	[2.77]

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer



# Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2020

	Three months period ended 31 December		Six months period ended 31 December	
	2020	2019	2020	2019
	[Rupees'000]			
Profit / [loss] for the period	151,786	205,932	[299,689]	[90,180]
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period - [loss]	151,786	205,932	[299,689]	[90,180]

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the six months period ended 31 December 2020

	Note	31 December 2020	31 December 2019
		[Rupees'000]	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows from operating activities before working capital changes	19	797,363	1,232,801
<b>Working capital changes</b> <b>(Increase) / decrease in current assets</b>			
Inventories		[39,202]	[15,121]
Trade debts		[178,251]	[233,620]
Contract assets		[12,626]	759
Advances		[6,196]	[10,436]
Trade deposits and prepayments		[17,345]	[84,268]
Other receivables		[21,257]	[13,207]
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		[108,933]	904,060
Non current liabilities		24,299	-
Contract liabilities		115,217	77,231
<b>Cash (used in) / generated from operations</b>		<b>[244,294]</b>	<b>625,398</b>
Staff retirement benefit - gratuity paid		[40,825]	[12,265]
Compensated leave absences paid		[26,969]	[12,781]
Income tax paid		[53,846]	[125,205]
Finance cost paid		[175,566]	[953,774]
<b>Net cash generated from operating activities</b>		<b>255,863</b>	<b>754,174</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		[385,687]	[1,319,934]
Advance for capital expenditure		[30,448]	[308,072]
Payment for intangible asset		[21,857]	-
Proceeds from disposal of property, plant and equipment		49,649	11,336
Refund against equity investment		77,000	-
Refund against short term advance		-	412,000
Advance against asset held for sale		200,000	-
Proceed from asset held for sale		149,134	-
Dividend income received		-	225
Receipts of return on bank deposits and short term investments		27,502	71,635
Long term deposits and prepayments		477	[1,476]
<b>Net cash generated / (used in) from investing activities</b>		<b>65,770</b>	<b>[1,134,286]</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		[100,000]	[691,666]
Proceeds from long term financing		29,136	-
Repayment of diminishing musharaka facility		-	[7,767]
Lease liabilities paid		[62,462]	[39,552]
Repayment of loan to director		[150,000]	-
<b>Net cash used in financing activities</b>		<b>[283,326]</b>	<b>[738,985]</b>
Net increase / (decrease) in cash and cash equivalents		38,307	[1,119,097]
Cash and cash equivalents at beginning of the period		[2,228,578]	[1,003,341]
Cash and cash equivalents at end of the period	20	<b>[2,190,271]</b>	<b>[2,122,438]</b>

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2020

	Capital reserve		Revenue reserves		Total equity	
	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	General reserve		Unappropriated profit
	[Rupees'000]					
<b>Balance at 01 July 2019</b>	325,242	269,424	27,530,740	1,600,000	5,179,566	34,904,972
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(90,180)	(90,180)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period - [loss]</b>	-	-	-	-	(90,180)	(90,180)
<b>Balance at 31 December 2019</b>	325,242	269,424	27,530,740	1,600,000	5,089,386	34,814,792
<b>Balance at 01 July 2020</b>	325,242	269,424	29,243,030	1,600,000	3,487,599	34,925,295
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(299,689)	(299,689)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period - [loss]</b>	-	-	-	-	(299,689)	(299,689)
<b>Balance at 31 December 2020</b>	325,242	269,424	29,243,030	1,600,000	3,187,910	34,625,606

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 1 THE COMPANY AND ITS OPERATIONS

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

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

### 1.1 Going concern basis of accounting

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

The Company has incurred a net loss after tax of Rs. 299,689 thousand during the six months period ended 31 December 2020 and, as at that date, current liabilities exceeded current assets by Rs. 3,577,984 thousand. Further, as explained in note 24, during the period the Company’s operations continued to be affected by COVID-19 outbreak.

Management expects the situation to improve in subsequent period and is confident that operating cash flows will be adequate to fulfill obligations when due. The Company is in advanced stage of negotiations with banks for rescheduling of loans and accrued interest payments which will have a positive impact on the Company’s liquidity.

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

## 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

The disclosures in these interim unconsolidated financial statements do not include the information that was reported in annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 2020. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2020, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the six months period ended 31 December 2019.

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

## 3 ACCOUNTING POLICIES AND ESTIMATES

### 3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2020. However during the period, the Company has acquired intangible assets and has adopted the following accounting policy:

**3.1.1** During the period, the Company recognized an intangible asset on account of new software implementation cost.

Intangible asset is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures only be capitalized when it increases the future economic benefits embodied in the intangible asset.

Amortization is calculated to write of the cost of intangible asset less their estimated residual values using the diminishing balance method over the useful life on monthly basis and is recognized in profit or loss.

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

### 3.2 Accounting estimates and judgments

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Company for the year ended 30 June 2020.

#### Measurement of fair values

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

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

Level 3 fair values, and reports directly to the management.

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

Significant valuation issues are reported to the Board.

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

Level 1: quoted prices [unadjusted] in active markets for identical assets or liabilities.

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

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

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

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

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

The following International Financial Reporting Standards [IFRS Standards] as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021 :

- Amendments to IFRS 16: Leases	[effective 01 June 2021]
- Amendments to IFRS 7: Financial Instruments- disclosures	[effective 01 January 2021]
- Amendments to IFRS 9: Financial Instruments	[effective 01 June 2021]
- Annual improvement 2018-2020 , IFRS-9, IFRS-16, IAS-41	[effective 01 January 2022]

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

## 4 SHARE CAPITAL

There is no change in the authorised, issued, subscribed and paid up share capital of the Company from 30 June 2020.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	(Rupees'000)	
<b>5 LOANS AND BORROWINGS - Secured</b>			
<b>a. Non current portion</b>			
Term Finance Loan - 1	5.2	548,212	552,500
Term Finance Loan - 2	5.2	1,706,650	1,720,000
Term Finance Loan - 3	5.3	1,984,476	2,000,000
Term Finance Loan - 4	5.4	1,984,476	2,000,000
Term Finance Loan - 5	5.5	374,251	347,441
Sukuk	5.4	6,559,797	6,611,111
Transaction cost		(33,262)	(33,262)
		<b>13,124,600</b>	<b>13,197,790</b>
Current portion of loans		<b>(3,585,685)</b>	<b>(3,872,175)</b>
		<b>9,538,915</b>	<b>9,325,615</b>
Markup accrued	5.2 & 5.3	395,608	-
		<b>9,934,523</b>	<b>9,325,615</b>
<b>b. Current portion</b>			
Current portion of loans		<b>3,585,685</b>	<b>3,872,175</b>
Markup accrued		<b>804,113</b>	<b>653,695</b>
		<b>4,389,798</b>	<b>4,525,870</b>

- 5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2020 except as disclosed in note 5.2, 5.3 and 5.5.
- 5.2 These loans have been restructured for seven years with grace period of two years, with effective date of 01 April 2020.
- 5.3 This loan has been restructured for seven years with grace period of two years with effective date of 23 May 2020.
- 5.4 In response to COVID-19 pandemic, the State Bank of Pakistan vide its BPRD Circular No. 13 of 2020 dated 26 March 2020 announced relief to customers of financial institutions in the form of deferment of repayment of principal installments and markup payments. Pursuant to this relief, the Company approached to the financial institutions in June 2020 for rescheduling/restructuring of its existing outstanding loan amounts along with markup for a period of seven years inclusive of two years of deferment/grace period for repayment of principal and markup on loans including the unpaid principal installments and markup due prior to the reporting date. Management expects the rescheduling/restructuring of these financing arrangements to be finalized in the near future.
- 5.5 During the period the Company availed remaining amount of Rs. 29.137 million out of total facility limit of Rs. 406.726 million, under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

	Note	Unaudited 31 December 2020 (Rupees'000')	Audited 30 June 2020
<b>6 LEASE LIABILITIES</b>			
Opening		315,482	377,700
Additions during the period / year		-	73,396
Lease payments		(62,462)	(78,235)
Lease modification		-	(57,379)
Closing		253,020	315,482
Current portion		86,787	104,785
Non-current portion		166,233	210,697
<b>7 SHORT TERM BORROWINGS - secured</b>			
Running finance facilities - banking companies	7.1	2,561,595	2,587,186
Short term loan - unsecured		-	150,000
Markup accrued		45,334	70,098
		2,606,929	2,807,284

7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2020.

	Note	Unaudited 31 December 2020 (Rupees'000')	Audited 30 June 2020
<b>8 TRADE AND OTHER PAYABLES</b>			
Creditors		924,499	945,491
Accrued liabilities		592,000	648,345
Shop deposits		54,466	54,026
Retention money		221,638	223,478
Due to related parties - unsecured		47,405	45,455
Sales tax payable		170,706	75,576
Income tax deducted at source		2,650	1,409
Unearned income		30,043	49,900
Other liabilities	8.1	242,916	134,382
		2,286,323	2,178,062

8.1 This includes amount of Rs. 65.249 million [30 June 2020: Rs. 20.548 million] payable to directors and Rs. 58.955 million [30 June 2020: Rs. Nil] on account of software fee.



# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited unconsolidated financial statements for the year ended 30 June 2020.

	Note	Unaudited 31 December 2020 (Rupees'000)	Audited 30 June 2020
<b>9.1.2 Guarantees</b>		<b>310,342</b>	<b>307,816</b>
<b>9.2 Commitments</b>			
Commitments for capital expenditure		<b>2,613,497</b>	<b>2,684,376</b>
<b>10 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	10.1	<b>36,424,792</b>	<b>37,059,317</b>
Capital work in progress	10.2	<b>6,893,162</b>	<b>6,679,529</b>
		<b>43,317,954</b>	<b>43,738,846</b>
<b>10.1 Operating fixed assets</b>			
Carrying amount at beginning of the period / year		<b>37,059,317</b>	<b>35,848,499</b>
Impact of adoption of IFRS-16		-	<b>360,222</b>
Additions during the period / year	10.2.2	<b>36,869</b>	<b>438,143</b>
Transfer from capital work in progress		<b>305,526</b>	<b>678,321</b>
Revaluation surplus		-	<b>1,712,290</b>
Asset classified as held for sale		<b>(455,113)</b>	<b>(160,000)</b>
Disposal during the period / year		<b>(19,939)</b>	<b>(772,787)</b>
Depreciation charge for the period / year	10.2.2	<b>(501,868)</b>	<b>(1,045,371)</b>
Carrying amount at end of the period / year		<b>36,424,792</b>	<b>37,059,317</b>
<b>10.2 Capital work in progress</b>			
Carrying amount at beginning of the period / year		<b>6,679,529</b>	<b>4,613,594</b>
Additions during the period / year		<b>519,159</b>	<b>2,918,818</b>
Transferred to operating fixed assets		<b>(305,526)</b>	<b>(678,321)</b>
Write down adjustment		-	<b>(174,562)</b>
Carrying amount at end of the period / year	10.2.1	<b>6,893,162</b>	<b>6,679,529</b>
<b>10.2.1 Closing capital work in progress represents:</b>			
Construction of Pearl Continental Multan		<b>3,052,749</b>	<b>2,996,222</b>
Construction of Pearl Continental Mirpur		<b>3,525,631</b>	<b>3,371,377</b>
Other civil works		<b>314,782</b>	<b>311,930</b>
		<b>6,893,162</b>	<b>6,679,529</b>

10.2.2 Additions in and depreciation on property, plant and equipment during the six months period ended 31 December 2019 were Rs. 578.464 million and Rs. 483.544 million respectively.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000']	
<b>11 INTANGIBLE ASSET</b>			
Software	11.1	91,781	-
<b>Cost</b>			
Opening balance		-	-
Additions		107,978	-
Closing balance		107,978	-
<b>Accumulated amortisation</b>			
Opening balance		-	-
Amortisation charge		16,197	-
Closing balance		16,197	-
<b>Net book value</b>			
Cost		107,978	-
Accumulated amortisation		(16,197)	-
Closing balance		91,781	-
Amortisation rate per annum		30%	-

11.1 This represents the computer software acquired during the period by the Company, the payment of the software will be made on monthly installments, for which liability is recognized in current and non-current portion amounting to Rs. 58.955 million and Rs. 27.165 million respectively.

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000']	
<b>12 ADVANCE FOR CAPITAL EXPENDITURE</b>			
Advance for purchase of land	12.1	666,820	666,820
Advance for purchase of Malir Delta Land	12.2	381,656	381,656
		1,048,476	1,048,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		79,910	95,782
Advances for Pearl Continental Multan Project		89,233	92,145
Advances for Pearl Continental Mirpur Project		94,902	101,767
		264,045	289,694
		1,312,521	1,338,170

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

12.1 This includes amount of Rs. 626.82 million [30 June 2020: 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. During the previous year, the Securities and Exchange Commission of Pakistan [SECP] has imposed penalty on the Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the forthcoming general meeting to seek their approvals in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal with the SECP which is pending. Management believes that the matter has no impact on the Company's condensed interim unconsolidated financial statements.

12.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The 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.

## 13 ADVANCE AGAINST EQUITY INVESTMENT

This represents advance against equity investment of Rs. 2,381.57 million [30 June 2020: Rs. 2,458.57 million] and Rs. 954 million [30 June 2020: Rs. 954 million] extended by the Company to its wholly owned subsidiary companies City Properties [Private] Limited and Elite Properties [Private] Limited respectively.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

14 SHORT TERM INVESTMENTS	Note	Unaudited 31 December 2020 [Rupees'000']	Audited 30 June 2020
<i>Amortized cost</i>			
Certificate of investments		5,300	5,300
Impairment loss		(5,300)	(5,300)
		-	-
<i>Fair value through other comprehensive income</i>			
National Technology Development Corporation Limited		200	200
Indus Valley Solvent Oil Extraction Limited		500	500
Impairment loss		(700)	(700)
		-	-
<i>Amortized cost</i>			
Term deposit receipt		565,523	565,523
Term finance certificate		75,000	75,000
Accrued interest		5,992	10,571
		646,515	651,094
<i>Financial assets at fair value through profit or loss</i>			
Shares of listed companies	14.1	715,879	622,722
		<u>1,362,394</u>	<u>1,273,816</u>

14.1 This mainly includes investment in an associated company having carrying value of Rs. 709.168 million (30 June 2020 : Rs. 617.323 million).

14.1.1 Out of total shares 15,056,661 held by the Company in Jubilee General Insurance Company Limited - an associated company, 13,500,000 (30 June 2020: 13,500,000) ordinary shares are placed / lien marked as security against running finance facility of the Company.

15 NON CURRENT ASSET HELD FOR SALE	Note	Unaudited 31 December 2020 [Rupees'000']	Audited 30 June 2020
Properties	15.1	3,203,853	2,748,739
Land		-	160,000
		<u>3,203,853</u>	<u>2,908,739</u>

15.1 During the period the Board of Directors approved the disposal of commercial property bearing No.S-19R-136/l having book value of Rs. 455.114 million. An amount of Rs. 200 million has been received against disposal of this property and management expects to complete the sale transaction in near future.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

16 REVENUE - NET	Note	Three months period ended 31 December		Six months period ended 31 December	
		2020	2019	2020	2019
		[Rupees'000']			
Rooms		1,006,532	1,527,439	1,597,678	2,931,955
Food and beverages		1,210,192	1,818,997	1,963,818	3,049,143
Other related services	16.1	160,917	158,739	287,249	306,144
Shop license fees		10,377	11,373	20,481	22,916
		<b>2,388,018</b>	<b>3,516,548</b>	<b>3,869,226</b>	<b>6,310,158</b>
Discounts and commissions		(59,060)	(44,981)	(79,373)	(79,628)
Sales tax		(327,557)	(475,595)	(534,402)	(849,901)
		<b>2,001,401</b>	<b>2,995,972</b>	<b>3,255,451</b>	<b>5,380,629</b>

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

17 COST OF SALES AND SERVICES	Three months period ended 31 December		Six months period ended 31 December	
	2020	2019	2020	2019
	[Rupees'000']			
<b>Food and beverages</b>				
Opening balance	90,651	92,693	68,592	86,229
Purchases during the period	396,195	476,628	674,390	848,611
Closing balance	(95,881)	(98,157)	(95,881)	(98,157)
Consumption during the period	<b>390,965</b>	<b>471,164</b>	<b>647,101</b>	<b>836,683</b>
<b>Direct expenses</b>				
Salaries, wages and benefits	293,705	453,378	485,775	886,031
Heat, light and power	169,319	225,862	334,765	500,299
Repair and maintenance	77,789	94,235	119,801	173,970
Depreciation	205,821	218,008	415,634	435,190
Amortization	14,577	-	14,577	-
Guest supplies	52,012	65,948	81,447	121,203
Linen, china and glassware	20,193	29,285	26,236	49,469
Communication and other related services	16,756	20,077	26,366	36,681
Banquet and decoration	9,282	16,693	11,787	31,172
Transportation	7,134	17,239	8,539	30,264
Uniforms	3,787	7,062	6,639	11,947
Music and entertainment	3,816	4,372	5,323	8,383
Others	40,977	38,339	79,805	79,334
	<b>1,306,133</b>	<b>1,661,662</b>	<b>2,263,795</b>	<b>3,200,626</b>

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

	Three months period ended 31 December		Six months period ended 31 December	
	2020	2019	2020	2019
<b>18 EARNINGS / [LOSS] PER SHARE</b>	[Rupees'000]			
Profit / [loss] for the period [Rupees '000]	151,786	205,932	[299,689]	[90,180]
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170	32,524,170	32,524,170
Earnings / [loss] per share - basic [Rupees]	4.67	6.33	[9.21]	[2.77]

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

<b>19 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	Six months period ended 31 December	
	2020	2019
	[Rupees'000]	
[Loss] / profit before tax	[367,292]	63,880
<b>Adjustments for:</b>		
Depreciation	501,868	523,370
Amortization	16,197	-
Gain on disposal of property, plant and equipment	[29,710]	[5,028]
Provision for staff retirement benefit - gratuity	41,858	59,111
Provision for compensated leave absences	15,379	24,034
Impairment/ [reversal ] loss on trade debts	39,111	[10,530]
Return on bank deposits / certificate of investments	[22,584]	[73,638]
Finance cost	696,829	775,416
Dividend income	-	[225]
Gain on disposal of held for sale asset	[1,136]	-
Unrealised gain on remeasurement of investments to fair value	[93,157]	[123,589]
	797,363	1,232,801
<b>20 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	371,579	365,461
Short term borrowings	[2,606,929]	[2,569,286]
Accrued markup on short term borrowings	45,334	82,266
Accrued profit on bank deposits	[255]	[879]
	[2,190,271]	[2,122,438]
<b>21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>		

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

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

Six months period ended  
31 December  
2020                      2019  
[Rupees'000]

## Transactions with subsidiary companies

Sales	736	1,301
Services provided	2,064	6,425
Services availed	18,878	50,808
Refund against short term advance	-	412,000
Refund of advance against equity investment	77,000	-

## Balances as at the period end:

- Trade debts	4,350	*3,680
- Long term investments	1,037,794	* 1,037,794

## Transactions with associated undertakings

Sales	108	75
Services provided	2,407	2,280
Services availed	123,324	198,513
Purchases	34,400	58,868
Franchise fee - income	1,599	2,226
Franchise and management fee - expense	2,910	4,656

## Balances as at the period end:

- Trade debts	5,095	*6,132
- Trade advances, deposits and prepayments	28,045	*38,015

## Transactions with other related parties

Sales	323	180
Services provided	418	18
Services availed	10,400	-
Purchases	2,490	-
Contribution to defined contribution plan - provident fund	21,161	29,954
Purchase of fixed asset	5,286	-

## Balances as at the period end:

- Trade debts	624	*164
- Advance for capital expenditure	626,820	*626,820

## Transactions with key management personnel

Remuneration and allowances including staff retirement benefits	68,771	108,600
Loan from key management personnel	-	* 150,000
Refund of loan to key management personnel	150,000	-
Payable to key management personnel	65,249	-

\* Represents balances as at 30 June 2020.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 22 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### 22.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Amount in Rs'000			Total	Level 1	Level 2	Level 3	Total
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost					
<b>31 December 2020</b>									
<b>Financial assets measured at fair value</b>									
Shares of listed companies	14	715,879	-	-	715,879	715,879	-	-	715,879
Long term deposits		33,180	-	-	33,180	-	-	33,180	33,180
Short term deposits		14,936	-	-	14,936	-	-	14,936	14,936
		<u>763,995</u>	<u>-</u>	<u>-</u>	<u>763,995</u>	<u>715,879</u>	<u>-</u>	<u>48,116</u>	<u>763,995</u>
<b>Financial assets not measured at fair value</b>									
Trade debts	22.2	-	334,632	-	334,632	-	-	-	-
Contract assets		-	16,204	-	16,204	-	-	-	-
Advance to employees		-	6,197	-	6,197	-	-	-	-
Other receivables		-	238,216	-	238,216	-	-	-	-
Short term investments	14	-	640,523	-	640,523	-	-	-	-
Accrued interest		-	6,247	-	6,247	-	-	-	-
Cash and bank balances		-	371,579	-	371,579	-	-	-	-
		<u>-</u>	<u>1,613,598</u>	<u>-</u>	<u>1,613,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	22.2	-	-	14,357,583	14,357,583	-	-	-	-
Short term borrowings	5	-	-	2,606,929	2,606,929	-	-	-	-
Lease liabilities	7	-	-	253,020	253,020	-	-	-	-
Trade and other payables	6	-	-	2,082,924	2,082,924	-	-	-	-
Unclaimed dividend	22.3	-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,311,226</u>	<u>19,311,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30 June 2020</b>									
<b>Financial assets measured at fair value</b>									
Short term investments	14	622,722	-	-	622,722	622,722	-	-	622,722
Long term deposits		33,657	-	-	33,657	-	-	33,657	33,657
Short term deposits		14,349	-	-	14,349	-	-	14,349	14,349
		<u>670,728</u>	<u>-</u>	<u>-</u>	<u>670,728</u>	<u>622,722</u>	<u>-</u>	<u>48,006</u>	<u>670,728</u>
<b>Financial assets not measured at fair value</b>									
Trade debts	22.2	-	195,491	-	195,491	-	-	-	-
Contract assets		-	3,578	-	3,578	-	-	-	-
Advance to employees		-	8,903	-	8,903	-	-	-	-
Other receivables		-	83,645	-	83,645	-	-	-	-
Short term investments	14	-	640,523	-	640,523	-	-	-	-
Cash and bank balances		-	359,202	-	359,202	-	-	-	-
		<u>-</u>	<u>1,291,342</u>	<u>-</u>	<u>1,291,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	22.2	-	-	13,884,747	13,884,747	-	-	-	-
Short term borrowings	5	-	-	2,807,284	2,807,284	-	-	-	-
Lease liabilities	7	-	-	315,482	315,482	-	-	-	-
Trade and other payables	6	-	-	2,101,077	2,101,077	-	-	-	-
Unclaimed dividend	22.3	-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,119,360</u>	<u>19,119,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

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

## 23 CORRESPONDING FIGURES

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

Description of item	Reclassified from	Reclassified to	Amount (Rupees'000)
Commission on room bookings	Discounts and commissions	Cost of sales - others	49,328
Franchise fee	Administrative expenses	Cost of sales - others	4,656

## 24 IMPACT OF COVID-19 ON THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

The novel coronavirus (COVID-19) emerged in previous year and on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, took stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and locking down cities and regions. The events and conditions resulted in disruption to business operations particularly to businesses in highly exposed sectors including hospitality industry and significant increase in economic uncertainty.

Due to the lockdown and restrictions imposed by the Government of Pakistan, the Company's following hotel properties remained fully/partially closed for operations:

PC Karachi partially closed from 17 March 2020 to 10 August 2020  
 PC Lahore partially closed from 23 March 2020 to 02 August 2020  
 PC Rawalpindi fully closed from 24 March 2020 to 01 July 2020  
 PC Bhurban 19 March 2020 to 10 August 2020  
 PC Muzaffarabad fully closed from 18 March to 12 August 2020  
 Hotel One- The Mall were fully closed from 18 March 2020 to 09 July 2020

The Company's recognized revenue of Rs. 3,255,451 thousand during the six months period as compared to Rs. 5,380,629 thousand in the corresponding period of previous year. The decline is attributed mainly to temporary close-down of operations. There is no impact of COVID-19 on the carrying amounts of assets and liabilities.

The material uncertainties relating to going concern assumption, including those arising from impacts of COVID-19 along-with information relating to management's actions and plans to mitigate adverse financial implications and operational changes are disclosed in Note 1.1.

## 25 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 24 February 2021.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer



Pearl-Continental Hotel, Bhurban



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the six months period ended 31 December 2020

# Condensed Interim Consolidated Statement of Financial Position

## As at 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000]	
<b>EQUITY</b>			
Share capital	4	325,242	325,242
Capital reserve		416,645	416,645
Revenue reserves		4,084,645	4,420,830
Revaluation surplus on property, plant and equipment		29,243,031	29,243,031
Equity attributable to owners		34,069,563	34,405,748
Non-controlling interest		97,410	79,909
<b>Total equity</b>		<b>34,166,973</b>	<b>34,485,657</b>
<b>LIABILITIES</b>			
Loans and borrowings	5	9,938,393	9,325,615
Lease liabilities	6	181,661	231,313
Deferred government grant		32,474	30,148
Employee benefits		710,731	773,019
Deferred tax liability - net		394,766	511,928
Other non current liabilities		51,463	-
<b>Non - current liabilities</b>		<b>11,309,488</b>	<b>10,872,023</b>
Short term borrowings	7	3,140,285	3,040,614
Current portion of loans and borrowings	5	4,393,708	4,525,870
Current portion of lease liabilities	6	104,080	127,771
Trade and other payables	8	2,377,281	2,464,373
Contract liabilities		519,150	403,933
Advance against non-current assets held for sale	15	200,000	12,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
<b>Current liabilities</b>		<b>10,745,274</b>	<b>10,585,331</b>
<b>Total equity and liabilities</b>		<b>56,221,735</b>	<b>55,943,011</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

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

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000]	
<b>ASSETS</b>			
Property, plant and equipment	10	43,437,742	43,871,165
Intangible asset	11	263,492	160,930
Advance for capital expenditure	12	1,312,521	1,338,170
Investment property		65,000	65,000
Long term investments		709,169	617,323
Advance against equity investment	13	741,339	642,194
Long term deposits and prepayments		33,181	33,657
<b>Non - current assets</b>		<b>46,562,444</b>	<b>46,728,439</b>
Inventories		332,766	291,930
Development properties		3,681,372	3,763,885
Trade debts		349,632	216,551
Contract assets		16,204	3,578
Advances, prepayments, trade deposits and other receivables		432,511	391,145
Short term investments	14	656,238	659,506
Assets held for sale	15	3,203,853	2,908,739
Advance tax - net		540,434	532,462
Cash and bank balances		446,281	446,776
<b>Current assets</b>		<b>9,659,291</b>	<b>9,214,572</b>
<b>Total assets</b>		<b>56,221,735</b>	<b>55,943,011</b>



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 31 December 2020

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2020	2019	2020	2019
[Rupees'000]					
Revenue - net	16	2,111,137	3,015,560	3,372,679	5,418,692
Cost of sales and services	17	[1,411,880]	[1,684,853]	[2,384,141]	[3,243,549]
<b>Gross profit</b>		<b>699,257</b>	<b>1,330,707</b>	<b>988,538</b>	<b>2,175,143</b>
Other income		168,266	48,101	228,056	100,534
Administrative expenses		[542,253]	[918,616]	[1,010,242]	[1,734,018]
[Impairment]/ reversal loss on trade debts		[89,402]	17,752	[39,111]	10,530
<b>Operating profit</b>		<b>235,868</b>	<b>477,944</b>	<b>167,241</b>	<b>552,189</b>
Finance income		27,272	124,814	52,582	189,459
Unrealised gain on remeasurement of investments to fair value - net		119	1,153	1,312	261
Finance cost		[266,198]	[365,927]	[698,826]	[777,727]
<b>Net finance cost</b>		<b>[238,807]</b>	<b>[239,960]</b>	<b>[644,932]</b>	<b>[588,007]</b>
Share of profit in equity accounted investments		21,959	4,682	45,113	18,626
<b>Profit / [Loss] before taxation</b>		<b>19,020</b>	<b>242,666</b>	<b>[432,578]</b>	<b>[17,192]</b>
Income tax expense		97,896	[76,243]	68,712	[159,221]
<b>Profit / [Loss] for the period</b>		<b>116,916</b>	<b>166,423</b>	<b>[363,866]</b>	<b>[176,413]</b>
<b>Profit / [Loss] attributable to:</b>					
Owners of the Company		122,151	185,214	[352,867]	[141,101]
Non-controlling interests		[5,235]	[18,791]	[10,999]	[35,312]
		<b>116,916</b>	<b>166,423</b>	<b>[363,866]</b>	<b>[176,413]</b>

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



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2020

	Three months period ended 31 December		Six months period ended 31 December	
	2020	2019	2020	2019
	[Rupees'000]			
Profit / [Loss] for the period	116,916	166,423	[363,866]	[176,413]
Surplus on remeasurement of available for sale securities	16,682	[4,340]	16,682	[4,340]
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period - [loss]	133,598	162,083	[347,184]	[180,753]
<b>Total comprehensive income- [loss] attributable to:</b>				
Owners of the Company	138,833	180,874	[336,185]	[145,441]
Non-controlling interests	[5,235]	[18,791]	[10,999]	[35,312]
	133,598	162,083	[347,184]	[180,753]

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



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For the six months period ended 31 December 2020

	Note	Six months period ended 31 December	
		2020	2019
		[Rupees'000]	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows from operating activities before working capital changes	18	762,006	1,156,022
<b>Working capital changes</b>			
<b>[(Increase) / decrease in current assets]</b>			
Inventories		(40,836)	(17,326)
Development properties		82,513	(6,922)
Trade debts		(172,192)	(255,607)
Contract assets		(12,626)	759
Advances		(6,022)	(11,586)
Trade deposits and prepayments		(18,387)	(81,151)
Other receivables		(16,957)	(11,922)
<b>Increase / [(decrease) in current liabilities]</b>			
Trade and other payables		(304,286)	1,335,178
Non current liabilities		24,298	-
Contract liabilities		115,217	76,521
<b>Cash [used in] / generated from operations</b>		<b>(349,278)</b>	<b>1,027,944</b>
Staff retirement benefit - gratuity paid		(48,980)	(12,265)
Compensated leave absences paid		(27,482)	(12,781)
Income tax paid		(56,424)	(128,453)
Finance cost paid		(177,522)	(979,242)
<b>Net cash generated from operating activities</b>		<b>102,320</b>	<b>1,051,225</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(385,679)	(1,333,050)
Advance for capital expenditure		(30,448)	(308,072)
Payment for Intangible asset		(32,638)	-
Proceeds from disposal of property, plant and equipment		50,252	22,467
Advance against equity investment		(99,145)	(162,285)
Short term investments		-	(2,139)
Advance against asset held for sale		200,000	-
Proceed from disposal of asset held for sale		149,134	-
Dividend income received		-	225
Receipts of return on bank deposits and short term investments		29,227	72,500
Long term deposits and prepayments		476	(9,278)
<b>Net cash used in investing activities</b>		<b>(118,821)</b>	<b>(1,719,632)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(100,000)	(691,666)
Proceeds from long term financing		36,874	-
Proceeds from short term loan		150,027	233,012
Repayment of diminishing Musharka facility		-	(12,665)
Advance against issuance of shares		28,500	-
Lease liabilities paid		(73,343)	(16,396)
<b>Net cash generated /[(used in) financing activities]</b>		<b>42,058</b>	<b>(487,715)</b>
<b>Net increase /[(decrease) in cash and cash equivalents]</b>		<b>25,557</b>	<b>(1,156,122)</b>
Cash and cash equivalents at beginning of the period		(2,141,192)	(899,836)
Cash and cash equivalents at end of the period	19	(2,115,635)	(2,055,958)

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



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer



# Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2020

	Capital reserve		Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non controlling Interest	Total Equity	
	Share capital	Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Share of other OCI items of associate					Unappropriated profit
	(Rupees'000)										
Balance at 01 July 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
Total comprehensive income for the period											
Loss for the period	-	-	-	-	-	-	(141,101)	-	(141,101)	(35,312)	(176,413)
Other comprehensive income for the period	-	-	-	-	-	(4,340)	-	-	(4,340)	-	(4,340)
Total comprehensive income for the period - loss	-	-	-	-	-	(4,340)	(141,101)	-	(145,441)	(35,312)	(180,753)
Balance at 31 December 2019	325,242	269,424	147,221	1,600,000	1,099,231	29,781	3,512,127	27,530,741	34,513,767	(20,729)	34,493,038
Balance at 01 July 2020	325,242	269,424	147,221	1,600,000	1,137,393	46,808	1,636,629	29,243,031	34,405,748	79,909	34,485,657
Total comprehensive income for the year											
Loss for the period	-	-	-	-	-	16,682	(352,867)	-	(336,185)	(10,999)	(347,184)
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	28,500	28,500
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - loss	-	-	-	-	-	16,682	(352,867)	-	(336,185)	17,501	(318,684)
Balance at 31 December 2020	325,242	269,424	147,221	1,600,000	1,137,393	63,490	1,283,762	29,243,031	34,069,563	97,410	34,166,973

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



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 1 THE GROUP AND ITS OPERATIONS

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

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

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

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

### 1.1 Going concern basis of accounting

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

The Group has incurred a net loss after tax of Rs. 363,866 thousand during the six months period ended 31 December 2020 and, as at that date, current liabilities exceeded current assets by Rs. 1,086 thousand. Further, as explained in note 23, during the period the Group’s operations continued to be affected by COVID-19 outbreak.

Management expects the situation to improve in subsequent period and is confident that operating cash flows will be adequate to fulfill obligations when due. The Group is in advanced stage of negotiations with banks for rescheduling of loans and accrued interest payments which will have a positive impact on the Group’s liquidity.

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

## 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

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

The disclosures in these interim consolidated financial statements do not include the information that was reported in annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2020. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2020, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited interim consolidated financial statements for the six months period ended 31 December 2019.

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

## 3 ACCOUNTING POLICIES AND ESTIMATES

### 3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended 30 June 2020. However during the period, the Parent Company has acquired intangible assets and has adopted the following accounting policy:

#### 3.1.1 During the period the Parent Company recognized an Intangible asset on account of new software implementation cost.

Intangible asset is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures only be capitalized when it increases the future economic benefits embodied in the Intangible asset.

Amortization is calculated to write of the cost of Intangible asset less their estimated residual values using the diminishing balance method over the useful life on monthly basis and is recognized in profit or loss.

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

### 3.2 Accounting estimates and judgments

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Parent Company for the year ended 30 June 2020.

#### Measurement of fair values

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

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

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

Significant valuation issues are reported to the Board.

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

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

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

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

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

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021 :

- Amendments to IFRS 16: Leases	[effective 01 June 2021]
- Amendments to IFRS 7: Financial Instruments- disclosures	[effective 01 January 2021]
- Amendments to IFRS 9: Financial Instruments	[effective 01 June 2021]
- Annual improvement 2018-2020 , IFRS-9, IFRS-16, IAS-41	[effective 01 January 2022]

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

## 4 SHARE CAPITAL

There is no change in the authorised, issued, subscribed and paid up share capital of the Parent Company from 30 June 2020.

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

5	LOANS AND BORROWINGS - Secured	Note	Unaudited 31 December 2020	Audited 30 June 2020
			[Rupees'000]	
a.	<b>Non - current portion</b>			
	Term Finance Loan - 1	5.2	548,212	552,500
	Term Finance Loan - 2	5.2	1,706,650	1,720,000
	Term Finance Loan - 3	5.3	1,984,476	2,000,000
	Term Finance Loan - 4	5.4	1,984,476	2,000,000
	Term Finance Loan - 5	5.5	374,251	347,441
	Term Finance Loan - 6	5.6	7,738	-
	Sukuk	5.4	6,559,797	6,611,111
	Transaction cost		(33,262)	(33,262)
			<b>13,132,338</b>	<b>13,197,790</b>
	Current portion of loans		<b>(3,589,554)</b>	<b>(3,872,175)</b>
			9,542,784	9,325,615
	Markup accrued	5.2 & 5.3	395,609	-
			<b>9,938,393</b>	<b>9,325,615</b>
b.	<b>Current portion</b>			
	Current portion of loans		3,589,554	3,872,175
	Markup accrued		804,154	653,695
			<b>4,393,708</b>	<b>4,525,870</b>

5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2020 except as disclosed in note 5.2, 5.3 and 5.5.

5.2 These loans have been restructured for seven years with grace period of two years, with effective date of 01 April 2020.

5.3 This loan has been restructured for seven years with grace period of two years with effective date of 23 May 2020.

5.4 In response to COVID-19 pandemic, the State Bank of Pakistan vide its BPRD Circular No. 13 of 2020 dated 26 March 2020 announced relief to customers of financial institutions in the form of deferment of repayment of principal installments and markup payments. Pursuant to this relief, the Parent Company approached to the financial institutions in June 2020 for rescheduling/restructuring of its existing outstanding loan amounts along with markup for a period of seven years inclusive of two years of deferment/grace period for repayment of principal and markup on loans including the unpaid principal installments and markup due prior to the reporting date. Management expects the rescheduling/restructuring of these financing arrangements to be finalized in the near future.

5.5 During the period the Parent Company availed remaining amount of Rs. 29.137 million out of total facility limit of Rs. 406.726 million, under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers.

5.6 This represents fresh loan availed by the Group under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers, carrying markup of 3% per annum (30 June 2020: Nil) and secured by way of hypothecation charge over specific inventory. The loan is repayable in eight equal quarterly instalments, starting from January 2021.

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
	Note	[Rupees'000']	
<b>6 LEASE LIABILITIES</b>			
Opening		359,084	444,440
Additions during the period/ year		-	73,396
Lease payments		(73,343)	(101,373)
Lease modification		-	(57,379)
Closing		<u>285,741</u>	<u>359,084</u>
Current portion		<u>104,080</u>	<u>127,771</u>
Non-current portion		<u>181,661</u>	<u>231,313</u>
<b>7 SHORT TERM BORROWINGS - secured</b>			
Running finance facilities - banking companies	7.1	2,561,594	2,587,186
Short term loan - unsecured	7.2	533,357	383,330
Markup accrued		45,334	70,098
		<u>3,140,285</u>	<u>3,040,614</u>

7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2020.

7.2 This includes loan from directors Rs. 107.598 million and from related parties Rs. 330.759 million.

		Unaudited 31 December 2020	Audited 30 June 2020
		[Rupees'000]	
<b>8 TRADE AND OTHER PAYABLES</b>			
Creditors		927,997	955,610
Accrued liabilities		630,257	675,912
Shop deposits		54,466	54,026
Retention money		221,638	223,478
Due to related parties - unsecured		54,814	270,029
Sales tax payable		170,706	75,576
Income tax deducted at source		11,808	6,435
Unearned income		30,043	49,900
Payable to provident fund		16,246	13,236
Other liabilities	8.1	259,306	140,171
		<u>2,377,281</u>	<u>2,464,373</u>

8.1 This includes amount of Rs. 65.249 [30 June 2020: Rs. 20.548] million payable to directors, and Rs. 58.955 million [30 June 2020: Nil] on account of software fee.

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements of the Group for the year ended 30 June 2020 except for the following:

	Note	Unaudited 31 December 2020 [Rupees'000]	Audited 30 June 2020
9.1.2 <b>Guarantees</b>		<b>310,342</b>	308,952
9.2 <b>Commitments</b>			
Commitments for capital expenditure		<b>4,248,657</b>	4,248,657
<b>10 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	10.1	<b>36,544,580</b>	37,191,636
Capital work in progress	10.2	<b>6,893,162</b>	6,679,529
		<b>43,437,742</b>	43,871,165
<b>10.1 Operating fixed assets</b>			
Carrying amount at beginning of the period / year		<b>37,191,636</b>	35,991,899
Impact of adoption of IFRS-16		-	367,564
Additions during the period / year	10.2.2	<b>36,869</b>	449,958
Transfer from Capital work in progress		<b>305,526</b>	678,321
Revaluation surplus		-	1,712,290
Asset classified as held for sale		<b>[455,113]</b>	[160,000]
Disposal during the period / year		<b>[20,377]</b>	[777,377]
Depreciation charge for the period / year	10.2.2	<b>[513,961]</b>	[1,071,019]
Carrying amount at end of the period / year		<b>36,544,580</b>	37,191,636
<b>10.2 Capital work in progress</b>			
Carrying amount at beginning of the period / year		<b>6,679,529</b>	4,613,594
Additions during the period / year		<b>519,159</b>	2,918,818
Transferred to operating fixed assets		<b>[305,526]</b>	[678,321]
Write down adjustment		-	[174,562]
Carrying amount at end of the period / year	10.2.1	<b>6,893,162</b>	6,679,529
<b>10.2.1 Closing capital work in progress represents:</b>			
Construction of Pearl Continental Multan		<b>3,052,749</b>	2,996,222
Construction of Pearl Continental Mirpur		<b>3,525,631</b>	3,371,377
Other civil works		<b>314,782</b>	311,930
		<b>6,893,162</b>	6,679,529

10.2.2 Additions in and depreciation on property, plant and equipment during the six months period ended 31 December 2019 were Rs. 591.580 million and Rs. 494.419 million respectively.

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

11 INTANGIBLE ASSET	Note	Unaudited 31 December 2020 [Rupees'000']	Audited 30 June 2020
Project under development		171,711	160,930
Software	11.1	91,781	-
		<u>263,492</u>	<u>160,930</u>
<b>Cost</b>			
Opening balance		160,930	-
Additions		118,759	160,930
Closing balance		<u>279,689</u>	<u>160,930</u>
<b>Accumulated amortisation</b>			
Opening balance		-	-
Amortisation charge		16,197	-
Closing balance		<u>16,197</u>	<u>-</u>
<b>Net book value</b>			
Cost		279,689	160,930
Accumulated amortisation		[16,197]	-
Closing balance		<u>263,492</u>	<u>160,930</u>
Amortisation rate per annum		<u>30%</u>	<u>-</u>

11.1 This represents the computer software acquired during the period by the Group, the payment of the software will be made on monthly installments, for which liability is recognized in current and non-current portion amounting to Rs. 58.955 million and Rs. 27.165 million respectively.

12 ADVANCE FOR CAPITAL EXPENDITURE		Unaudited 31 December 2020 [Rupees'000']	Audited 30 June 2020
Advance for purchase of land	12.1	666,820	666,820
Advance for purchase of Malir Delta Land	12.2	381,656	381,656
		<u>1,048,476</u>	<u>1,048,476</u>
Advance for purchase of apartment		40,509	40,509
Impairment loss		[40,509]	[40,509]
		<u>-</u>	<u>-</u>
Advance for purchase of fixed assets		79,910	95,782
Advances for Pearl Continental Multan Project		89,233	92,145
Advances for Pearl Continental Mirpur Project		94,902	101,767
		<u>264,045</u>	<u>289,694</u>
		<u>1,312,521</u>	<u>1,338,170</u>



# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

- 12.1 This includes amount of Rs. 626.82 million [30 June 2020: 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. During the previous year, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Parent Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated Company' and also directed the Parent Company to place the matter before the shareholders of the Parent Company in the forthcoming general meeting to seek their approvals in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal with the SECP which is pending. Management believes that the matter has no impact on these financial statements.
- 12.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Parent Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Parent Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

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

	Unaudited 31 December 2020	Audited 30 June 2020
	[Rupees'000]	
<b>13 ADVANCE AGAINST EQUITY INVESTMENT</b>		
Foreepay (Private) Limited	524,780	426,280
Xoop Technologies (Private) Limited	216,559	215,914
	<u>741,339</u>	<u>642,194</u>

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

		Unaudited 31 December 2020	Audited 30 June 2020
		[Rupees'000]	
<b>14</b>	<b>SHORT TERM INVESTMENTS</b>		
	<i>Amortized cost</i>		
	Certificate of investments	5,300	5,300
	Impairment loss	(5,300)	(5,300)
		-	-
	<i>Fair value through other comprehensive income</i>		
	National Technology Development Corporation Limited	200	200
	Indus Valley Solvent Oil Extraction Limited	500	500
	Impairment loss	(700)	(700)
		-	-
	<i>Amortized cost</i>		
	Term deposit receipt	565,523	565,523
	Term Finance certificate	75,000	75,000
	Mutual Fund	3,013	3,013
	Accrued interest	5,992	10,571
		649,528	654,107
	<i>Financial assets at fair value through profit or loss</i>		
	Shares of listed Companies	6,710	5,399
		656,238	659,506
<b>15</b>	<b>NON CURRENT ASSET HELD FOR SALE</b>		
	Properties	3,203,853	2,748,739
	Land	-	160,000
		3,203,853	2,908,739

15.1 During the period the Parent Company's Board approved the disposal of commercial property bearing No.S-19R-136/I having book value of Rs.455.114 million, an amount of Rs. 200 million has been received against disposal of this property, and management expects to complete the sale transaction in near future.

		Three months period ended 31 December		Six months period ended 31 December	
		2020	2019	2020	2019
		[Rupees'000']			
<b>16</b>	<b>REVENUE - NET</b>				
	Rooms	1,005,424	1,521,911	1,595,614	2,925,530
	Food and beverages	1,209,734	1,822,656	1,963,082	3,047,842
	Other related services	261,378	165,275	387,710	321,348
	Vehicle rentals	21,633	31,001	31,287	60,750
	Shop license fees	9,458	11,373	20,481	22,916
		2,507,627	3,552,216	3,998,174	6,378,386
	Discounts and commissions	(63,513)	(52,262)	(84,527)	(92,907)
	Sales tax	(332,977)	(484,394)	(540,968)	(866,787)
		2,111,137	3,015,560	3,372,679	5,418,692

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



# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	Six months period ended 31 December	
	2020	2019
	[Rupees'000]	
<b>Transactions with associated undertakings</b>		
Sales	108	75
Services provided	8,570	15,387
Services availed	126,898	203,568
Purchases	34,400	60,146
Franchise fee - income	1,599	2,226
Franchise and management fee - expense	2,910	4,656
<b>Balances as at the period end:</b>		
- Trade debts	15,258	* 18,326
- Trade Advances, deposits and prepayments	29,125	*39,095
<b>Transactions with other related parties</b>		
Sales	323	180
Services provided	418	18
Services availed	10,400	-
Purchases	2,490	-
Contribution to defined contribution plan - provident fund	21,161	29,954
Purchase of Fixed asset	5,286	-
Short term loan during the period	223,628	185,000
<b>Balances as at the period end:</b>		
- Trade debts	779	* 319
- Advance for capital expenditure	626,820	* 626,820
- Short term loan	330,759	*107,131
<b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	68,771	108,600
Loan from key management personnel during the period	16,200	78,000
Loan balance from key management personnel	107,598	* 241,398
Refund of loan to key management personnel	150,000	-
Payable to key management personnel	65,249	-

\* Represents balances as at 30 June 2020.

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

## 21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### 21.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Financial Assets		Financial Liabilities	Amount in Rs'000				
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>31 December 2020</b>									
<b>Financial assets measured at fair value</b>									
Shares of listed Companies	14	6,710	-	-	6,710	6,710	-	-	6,710
Long term deposits		33,181	-	-	33,181	-	-	33,181	33,181
Short term deposits		16,099	-	-	16,099	-	-	16,099	16,099
		<u>55,990</u>	<u>-</u>	<u>-</u>	<u>55,990</u>	<u>6,710</u>	<u>-</u>	<u>49,280</u>	<u>55,990</u>
<b>Financial assets not measured at fair value</b>									
Trade debts	21.2	-	349,632	-	349,632	-	-	-	-
Contract assets		-	16,204	-	16,204	-	-	-	-
Advance to employees		-	12,344	-	12,344	-	-	-	-
Other receivables		-	65,664	-	65,664	-	-	-	-
Short term investments	14	-	643,536	-	643,536	-	-	-	-
Accrued interest		-	6,314	-	6,314	-	-	-	-
Cash and bank balances		-	446,281	-	446,281	-	-	-	-
		<u>-</u>	<u>1,539,975</u>	<u>-</u>	<u>1,539,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	5	-	-	14,365,363	14,365,363	-	-	-	-
Short term borrowings	7	-	-	3,140,285	3,140,285	-	-	-	-
Lease liabilities	6	-	-	285,741	285,741	-	-	-	-
Trade and other payables	21.3	-	-	2,164,724	2,164,724	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,966,883</u>	<u>19,966,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30 June 2020</b>									
<b>Financial assets measured at fair value</b>									
Short term investments	14	5,399	-	-	5,399	5,399	-	-	5,399
Long term deposits		33,657	-	-	33,657	-	-	33,657	33,657
Short term deposits		15,512	-	-	15,512	-	-	15,512	15,512
		<u>54,568</u>	<u>-</u>	<u>-</u>	<u>54,568</u>	<u>5,399</u>	<u>-</u>	<u>49,169</u>	<u>54,568</u>
<b>Financial assets not measured at fair value</b>									
Trade debts	21.2	-	216,551	-	216,551	-	-	-	-
Contract assets		-	3,578	-	3,578	-	-	-	-
Advance to employees		-	15,305	-	15,305	-	-	-	-
Other receivables		-	90,373	-	90,373	-	-	-	-
Short term investments	14	-	640,523	-	640,523	-	-	-	-
Cash and bank balances		-	446,776	-	446,776	-	-	-	-
		<u>-</u>	<u>1,413,106</u>	<u>-</u>	<u>1,413,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	5	-	-	13,884,747	13,884,747	-	-	-	-
Short term borrowings	7	-	-	3,040,614	3,040,614	-	-	-	-
Lease liabilities	6	-	-	359,084	359,084	-	-	-	-
Trade and other payables	21.3	-	-	2,332,462	2,332,462	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,627,677</u>	<u>19,627,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2020

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

## 22 CORRESPONDING FIGURES

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

Description of item	Reclassified from	Reclassified to	Amount [Rupees'000]
Commission on room bookings	Discounts and commissions	Cost of Sales- others	49,328
Franchise fee	Administrative expenses	Cost of Sales- others	4,656

## 23 IMPACT OF COVID-19 ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The novel coronavirus (COVID-19) emerged in previous year on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, took stringent steps to help contain the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and locking down cities and regions. The events and conditions resulted in disruption to business operations particularly to businesses in highly exposed sectors including hospitality industry and significant increase in economic uncertainty.

Due to the lockdown and restrictions imposed by the Government of Pakistan, the Groups' following hotel properties remained fully/partially closed for operations:

PC Karachi partially closed from 17 March 2020 to 10 August 2020  
 PC Lahore partially closed from 23 March 2020 to 02 August 2020  
 PC Rawalpindi fully closed from 24 March 2020 to 01 July 2020  
 PC Bhurban 19 March 2020 to 10 August 2020  
 PC Muzaffarabad fully closed from 18 March to 12 August 2020  
 Hotel One- The Mall were fully closed from 18 March 2020 to 09 July 2020

The Group's recognized revenue of Rs. 3,372,679 thousand during the six months period as compared to Rs. 5,418,692 thousand in the corresponding period of previous year. The decline is attributed mainly to temporary close-down of operations. There is no impact of COVID-19 on the carrying amounts of assets and liabilities.

The material uncertainties relating to going concern assumption, including those arising from impacts of COVID-19 along-with information relating to management's actions and plans to mitigate adverse financial implications and operational changes are disclosed in Note 1.1.

## 24 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 24 February 2021.



**Murtaza Hashwani**  
Chief Executive



**Shakir Abu Bakar**  
Director



**Tahir Mahmood**  
Chief Financial Officer



Pearl-Continental Hotel, Peshawar



PAKISTAN SERVICES LTD.

1st floor, NESPAK House, Sector G-5/2, Islamabad

Tel: +92-51-2272890-8, Fax: +92-51-2878636

OWNERS AND OPERATORS OF



Pearl-Continental

HOTELS & RESORTS

KARACHI • LAHORE • RAWALPINDI • PESHAWAR • BHURBAN  
MUZAFFARABAD • MALAMJABBA