



CONDENSED
INTERIM
FINANCIAL
STATEMENTS
(UNAUDITED)

Photo: Faisal Mosque, Islamabad

For the three months period
ended 30 September 2019



Pearl-Continental Hotel Lahore



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS [UNAUDITED]

For the three months period ended 30 September 2019



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

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION

COMMITTEE

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

REGISTERED OFFICE

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

CHIEF FINANCIAL OFFICER

Mr. Javed Iqbal

COMPANY SECRETARY

Mr. Mansoor Khan

SHARE REGISTRAR

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

AUDITORS

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

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial information on the performance of the Company for the three-month period ended 30 September 2019.

Economic Overview

After economic slowdown in the last year, the pace of global economic activity remains weak. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade.

As far as Pakistan's economy is concerned, economic growth in FY 2020 is likely to remain on minimal side as Pakistan's severe twin digit deficits require fiscal austerity. In addition, a tighter monetary stance and elevated inflation are expected to hit household spending and credit growth. Deteriorating relations with India and substantial financing needs represent additional risks to the outlook.

The IMF praised the government's progress on transitioning to a market-based exchange rate system and improving tax collections, it also encouraged authorities to press on with reforms and warned of mounting economic headwinds. The Financial Action Task Force (FATF) and IMF reports are important but the country is moving slowly and persistently in the right direction and beyond the current difficult patch, where necessary readjustments had to be made, the future is said to be promising.

Overall performance of the Company

During the three month period ended 30 September 2019, the Company achieved net Revenue (net) of Rs. 2,357 million, as compared to Rs. 2,282 million recorded in the corresponding period of the last year.

The Gross profit is Rs. 848 million against Rs. 808 million of last year same period, while loss before tax arrived at Rs. 216 million as compared to corresponding period of last year of Rs. 239 million. This positive sign is due to some satisfactory performance of marketable securities which resulted in unrealized profit of Rs. 40 million.

Highlights of Performance:

	For the three months' period ended 30 September	
	2019	2018
	(Rupees million)	
Sales and Services – net	2,357	2,282
Gross profit	848	808
Loss before taxation	(216)	(239)
Loss after taxation	(296)	(358)
Loss per share (Rupees)	(9.10)	(11.00)

Performance of Rooms Department

During the period net room Revenue was recorded at Rs. 1,189 million against Rs. 1,103 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. 1,044 million as compared to Rs. 1,075 million of same period last year.

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

From this segment of business net Revenue of Rs. 124 million has been achieved as compared to Rs. 104 million of corresponding period.

Consolidated Results

During the current period the group recorded a net Revenue of Rs. 2,375 million as compared to Rs. 2,318 million of the same period last year, loss after taxation is recorded at Rs. 343 million in comparison of Rs. 332 million of the corresponding period of last year.

Prospects

The present government accorded top priority to the promotion of tourism and culture and is making efforts to further enhance cooperation with China through CPEC in all vital sectors. Pakistan particularly has a lot of potential regarding tourism because of its diverse and well-preserved culture and beautiful valleys of the northern areas. The government is planning to open Kartarpur Corridor in the mid of November 2019 which is a good sign for the future of Religious Tourism in Pakistan. Further, World Tourism Forum (WTF) Leaders Meeting 2020 will be held in Islamabad, the capital of Pakistan. The meeting will host over 1,000 participants.

The Company is playing its role in further developing the tourism industry by keenly improving its existing facilities to provide more satisfactory services to its customers and for this purpose the Company is deploying modern technologies and equipment to its existing properties, constructing new hotels, signing MOUs with different entities to promote the tourism industry in Pakistan.

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 for the advice, understanding, and support that are critical for the success of programs, projects, and business operations. And finally, our valued guests, who encourage and expect from the company and its staff to provide the best level of products and services to win their continued support and patronage.

For and on behalf of the Board of Directors



M.A. Bawany

Director



Shakir Abu Bakar

Director

Islamabad: 28 October 2019

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

اقتصادی جائزہ:

گذشتہ سال 2019 میں معاشی سست روی کے بعد عالمی معاشیاتی سرگرمیوں خصوصاً صنعتی سرگرمیوں کی رفتار کمزور ہے۔ تجارتی اور جغرافیائی اختلافات نے مستقبل میں عالمی تجارتی نظام کے بارے میں غیر یقینی کی صورت حال قائم کر دی ہے۔

جہاں تک پاکستان کی معیشت کا تعلق ہے تو مالی سال 2020ء میں معاشی نموک سے کم رہنے کا امکان ہے۔ کیونکہ پاکستان کے دو عددی خسارے میں مالی سادگی کی ضرورت ہے۔ مزید برآں، سخت مالیاتی موقف اور زیادہ افراط زر سے گھر بیو اخراجات اور کریڈٹ گروتھ کو متاثر ہونے کا امکان ہے۔ ہندوستان کے ساتھ تعلقات میں خرابی اور مالی اعانت کی خاطر خواہ ضروریات اس نقطہ نظر کے اضافی خطرات کی نمائندگی کرتی ہیں۔

عالمی مالیاتی فنڈ (آئی ایم ایف) نے مارکیٹ پر مبنی ایکسیچ ریٹ سسٹم میں منتقلی اور ٹیکسوں کی وصولی کو بہتر بنانے کے سلسلے میں حکومت کے کوششوں کی تعریف کی ہے۔ اور ساتھ ہی حکام کو اصلاحات کے ساتھ باؤڈلنے کی بھی حوصلہ افزائی کی ہے اور ساتھ معاشی شدت بڑھ جانے کا بھی اہتباہ کیا ہے۔ فنانشل ایکشن ٹاسک فورس (ایف اے ٹی ایف) اور آئی ایم ایف کی رپورٹس اہم ہیں۔ اور ملک آہستہ آہستہ اور مستقل طور پر صبح سمت کی طرف جا رہا ہے۔ اور موجودہ مشکل حالات کے باوجود اگر جہاں کہیں ضروری ہو تو اصلاحات کرنا پڑیں گی۔

کمپنی کی مجموعی کارکردگی:

30 ستمبر 2019ء تک ختم ہونے والی سہ ماہی مدت کے دوران کمپنی نے ۲,۳۵۷ ملین روپے کی خالص آمدنی حاصل کی ہے جو گزشتہ سال کے اسی عرصے کے دوران ۲,۲۸۲ ملین روپے تھی۔ کمپنی کا مجموعی منافع ۸۴۸ ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں ۸۰۸ ملین روپے تھا۔ قبل از ٹیکس خسارہ گزشتہ برس کے اسی عرصے کے ۲۳۹ ملین خسارے کے مقابلے میں ۲۱۶ ملین ریکارڈ کیا گیا جو کہ بازار حصص کے مندرجہ تمسکات میں سرمایہ کاری کی تسلی بخش کی کارکردگی کی وجہ سے ہے جو کہ ۲۰۰ ملین منافع ریکارڈ کیا گیا۔

کارکردگی کی جھلکیاں:

		سہ ماہی مدت اختتام 30 ستمبر ۲۰۱۹ء	
		۲۰۱۹	۲۰۱۸
		(ملین روپے)	
فروخت اور خدمات (خالص)	۲,۳۵۷	۲,۲۸۲	
کل منافع	۸۴۸	۸۰۸	
خسارہ قبل از ٹیکس	(۲۱۶)	(۲۳۹)	
خسارہ بعد از ٹیکس	(۲۹۶)	(۳۵۸)	
نی حصہ خسارہ (روپے میں)	(۹,۱۰)	(۱۱,۰۰)	

رومز ڈیپارٹمنٹ کی کارکردگی:

اس شعبے کی خالص آمدن گزشتہ سال کے اسی عرصہ کے ۱,۱۰۳ ملین روپے کی نسبت آمدنی (خالص) ۱,۱۸۹ ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی خالص آمدن ۰,۴۴۲ ملین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے مقابلے میں ۰,۷۷۵ ملین روپے تھی۔

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

اس شعبے میں زیر جائزہ عرصے کے دوران میں ۱۲۴ ملین روپے کی آمدنی (خالص) حاصل کی گئی۔ جو گزشتہ سال اسی عرصے کے مقابلے میں ۱۰۴ ملین روپے تھی۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے ۲,۳۷۵ ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں ۲,۳۱۸ ملین روپے تھے۔ گزشتہ برس کے ۳۳۲ ملین روپے بعد از ٹیکس خسارے کی نسبت موجودہ عرصہ میں ۳۴۳ ملین روپے خسارہ ریکارڈ کیا گیا۔

مستقبل کے امکانات:

موجودہ حکومت سیاحت اور ثقافت کے فروغ کیلئے کوشاں ہے اور چین کے ساتھ CPEC کے ذریعے تمام اہم شعبوں میں تعاون کو مزید بہتر بنانے کی کوشش کر رہی ہے۔ شمالی علاقوں کی محفوظ ثقافت اور خوبصورت وادیوں کی وجہ سے پاکستان میں خاص طور پر سیاحت کے میدان میں بہت صلاحیت موجود ہے۔ حکومت نومبر کے وسط تک کرتار پور راہداری کو کھولنے کی منصوبہ بندی کر رہی ہے جس سے مذہبی سیاحت میں بہت بہتری آئے گی۔ اس کے علاوہ (WTF) World Tourism Forum کی 2020ء کی میٹنگ پاکستان کے دارلخلافہ اسلام آباد میں ہونے جارہی ہے جس میں تقریباً 1000 کے قریب لوگ شرکت کریں گے۔

کمپنی سیاحت کو فروغ دینے کیلئے اپنا کردار ادا کر رہی ہے۔ اور اپنی موجودہ سہولیات کو مزید بہتر کر رہی ہے تاکہ اپنے گاہکوں کو زیادہ بہتر اور تسلی بخش خدمات فراہم کرتی رہے۔ اور اس مقصد کے لئے کمپنی اپنے ہوٹلوں میں جدید ٹیکنالوجی اور سامان کو فروغ دے رہی ہے۔ نئے ہوٹل تعمیر کر رہی ہے اور سیاحت کو فروغ دینے کیلئے مختلف کمپنیوں کے ساتھ معاہدے بھی کر رہی ہے۔

اظہار تشکر:

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

منجانب بورڈ آف ڈائریکٹرز



شاہد ابوبکر

ڈائریکٹر



ایم۔ اے باوانی

ڈائریکٹر

اسلام آباد: ۲۸ اکتوبر ۲۰۱۹ء



Pearl-Continental Hotel Karachi



**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**
For the three months period ended 30 September 2019

Condensed Interim Unconsolidated Statement of Financial Position

As at 30 September 2019

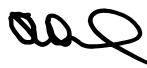
		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		6,483,669	6,779,566
Revaluation surplus on property, plant and equipment		27,530,740	27,530,740
Total equity		34,609,075	34,904,972
LIABILITIES			
Loans and borrowings	5	10,546,319	11,631,374
Lease liabilities	10	133,709	-
Employee benefits		801,957	773,666
Deferred tax liability - net		464,799	429,984
Non current liabilities		11,946,784	12,835,024
Short term borrowings	6	2,015,997	1,264,583
Current portion of loans and borrowings	5	3,585,521	3,087,750
Trade and other payables	7	2,610,014	1,677,278
Contract liabilities		300,791	275,772
Lease liability	10	22,821	-
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		8,545,914	6,316,153
Total equity and liabilities		55,101,773	54,056,149
CONTINGENCIES AND COMMITMENTS	8		

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

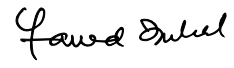
		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	9	41,765,987	40,462,093
Right-of-use Assets	10	159,490	-
Advance for capital expenditure	11	1,797,603	2,057,190
Investment property		60,000	60,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	12	3,412,571	3,412,571
Long term deposits and prepayments		57,140	62,316
Non current assets		48,290,585	47,091,964
Inventories		324,079	313,644
Trade debts		551,009	543,377
Contract assets		44,485	29,752
Advances, prepayments, trade deposits and other receivables		498,892	401,258
Short term investments	13	1,759,002	1,716,437
Short term advance	14	255,000	515,000
Non current asset held for sale		2,748,739	2,748,739
Advance tax - net		480,471	454,898
Cash and bank balances		149,511	241,080
Current assets		6,811,188	6,964,185
Total assets		55,101,773	54,056,149



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the three months period ended 30 September 2019

	Note	30 Sep 2019 [Rupees'000]	30 Sep 2018
Revenue - net	15	2,356,574	2,281,830
Cost of sales and services	16	[1,508,642]	[1,473,845]
Gross profit		847,932	807,985
Other income		52,239	34,579
Administrative expenses		[775,380]	[733,258]
Impairment [loss] / gain on trade debts		[7,222]	21
Operating profit		117,569	109,327
Finance income		36,507	52,348
Gain / [loss] on remeasurement of investments to fair value - net		40,173	[175,549]
Finance cost		[410,408]	[224,642]
Net finance cost		[333,728]	[347,843]
Loss before taxation		[216,159]	[238,516]
Income tax expense		[79,738]	[119,120]
Loss for the period		[295,897]	[357,636]
Loss per share - basic and diluted [Rupees]	17	[9.10]	[11.00]

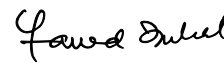
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M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the three months period ended 30 September 2019

	30 Sep 2019	30 Sep 2018
	[Rupees'000]	
Loss for the period	(295,897)	(357,636)
Other comprehensive income for the period	-	-
Total comprehensive income for the period- [loss]	<u>(295,897)</u>	<u>(357,636)</u>

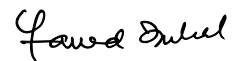
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M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the three months period ended 30 September 2019

	Note	30 Sep 2019	30 Sep 2018
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	18	411,774	342,475
Working capital changes			
(Increase) / decrease			
Inventories		[10,435]	[10,339]
Trade debts		[14,854]	[86,912]
Contract assets		[14,733]	-
Advances		[23,740]	[48,512]
Trade deposits and prepayments		[32,166]	[88,265]
Other receivables		[44,027]	[37,076]
Increase / (decrease) in trade and other payables		932,736	[1,080]
Increase Contract liabilities		25,019	-
Cash generated / (used in) from operations		817,800	(272,184)
Staff retirement benefit - gratuity paid		[5,121]	[3,334]
Compensated leave absences paid		[2,955]	[4,477]
Income tax paid		[70,495]	[145,685]
Finance cost paid		[568,260]	[177,727]
Net Cash generated / (used in) from operations		582,743	(260,932)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		[959,821]	[795,349]
Advance for capital expenditure		[170,048]	[92,362]
Proceeds from disposal of property, plant and equipment		7,604	6,128
Refund against short term advance		260,000	-
Advance against equity investment		-	[847,001]
Dividend income received		-	380
Receipts of return on bank deposits and short term investments		31,533	18,670
Long term deposits and prepayments		[295]	[7,790]
Net cash used in investing activities		[831,027]	[1,717,324]
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		[541,666]	[267,500]
Proceeds from Sukuk issuance		-	1,361,547
Repayment of diminishing Musharaka facility		[3,998]	[3,033]
Repayment of lease liability		[13,417]	-
Dividend paid		-	[17,681]
Net cash (used in) / generated from financing activities		[559,081]	1,073,333
Net decrease in cash and cash equivalents		[807,365]	[904,923]
Cash and cash equivalents at beginning of the period		[1,003,341]	713,509
Cash and cash equivalents at end of the period	19	[1,810,706]	[191,414]

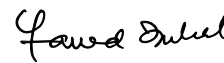
The annexed notes 1 to 22 form an integral part of these interim unconsolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the three months period ended 30 September 2019

	Capital reserve		Revenue reserves		Total equity	
	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	General reserve		Unappropriated profit
[Rupees'000]						
Adjusted balance at 01 July 2018	325,242	269,424	27,530,740	1,600,000	6,057,949	35,783,355
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(357,636)	(357,636)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period-[loss]	-	-	-	-	(357,636)	(357,636)
Balance at 30 September 2018	325,242	269,424	27,530,740	1,600,000	5,700,313	35,425,719
Balance at 01 July 2019	325,242	269,424	27,530,740	1,600,000	5,179,566	34,904,972
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(295,897)	(295,897)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period-[loss]	-	-	-	-	(295,897)	(295,897)
Balance at 30 September 2019	325,242	269,424	27,530,740	1,600,000	4,883,669	34,609,075

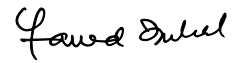
The annexed notes 1 to 22 form an integral part of these interim unconsolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

1 STATUS AND NATURE OF BUSINESS

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.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

The disclosures in these interim unconsolidated financial statements do not include the information that was reported in annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 2019. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2019, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flow and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the three months period ended 30 September 2018.

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 Accounting policies

The accounting policies 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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

year ended 30 June 2019 except for the adoption of new standard effective as of 01 July 2019 as referred to in note 3.2 to these interim unconsolidated financial statements.

3.2 New standards, interpretations and amendments adopted by the Company

The Company has adopted IFRS 16 'Leases' from 01 July 2019. The impact of the adoption of standard and the new accounting policy is disclosed in note 3.3 below.

3.3 IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company upon adoption of IFRS-16, recognises new assets and liabilities for its operating leases of Land and office space. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

3.4 Accounting Estimates and Judgements

In preparing these interim unconsolidated financial statements, management has made judgements 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 judgements 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, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which are described in note 3.3.

Measurement of fair values

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

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.

3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020 :

- Amendments to IFRS 3: Business Combinations	[effective 01 January 2020]
- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2020]
- Amendments to IAS 8: Accounting policies, changes in accounting estimates and errors	[effective 01 January 2020]
- Amendments to IFRS 7: Financial instruments- disclosures	[effective 01 January 2020]
- Amendments to IFRS 9: Financial instruments	[effective 01 January 2020]

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 authorised and issued, subscribed and paid up share capital of the Company from 30 June 2019.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	Unaudited 30 Sep 2019	Audited 30 June 2019
	(Rupees'000)	
5 LOANS AND BORROWINGS - Secured		
a. Non current portion		
Term Finance Loan - 1	595,000	637,500
Term Finance Loan - 2	1,827,500	1,935,000
Term Finance Loan - 3	2,166,667	2,333,333
Term Finance Loan - 4	2,000,000	2,000,000
Syndicated term loan	225,000	450,000
Sukuk	7,000,000	7,000,000
Transaction cost	(47,598)	(52,208)
	<u>13,766,569</u>	<u>14,303,625</u>
Current portion of loans	(3,247,222)	(2,694,444)
	<u>10,519,347</u>	<u>11,609,181</u>
Lease finance facilities		
Diminishing Musharaka Facility	42,067	35,446
Current portion	(15,095)	(13,253)
	<u>26,972</u>	<u>22,193</u>
	<u>10,546,319</u>	<u>11,631,374</u>
b. Current portion		
Current portion of loans	3,247,222	2,694,444
Current portion of Diminishing Musharaka Facility	15,095	13,253
Markup accrued	323,204	380,053
	<u>3,585,521</u>	<u>3,087,750</u>

5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2019.

		Unaudited 30 Sep 2019	Audited 30 June 2019
		(Rupees'000)	
6 SHORT TERM BORROWINGS - Secured			
	Note		
Running finance facilities - from banking companies	6.1	1,959,676	1,243,464
Markup accrued		56,321	21,119
		<u>2,015,997</u>	<u>1,264,583</u>

6.1 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 2019 except as disclosed in note 6.1.1.

6.1.1 During the period the Company availed fresh facility of Rs. 300 million carrying markup of 3-month KIBOR plus 0.50%, and secured against pari passu charge on current and fixed assets of Pearl Continental Hotel Rawalpindi.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
7 TRADE AND OTHER PAYABLES		
Creditors	1,194,908	463,255
Accrued liabilities	681,856	598,999
Shop deposits	54,567	54,267
Retention money	229,325	211,070
Due to related parties - unsecured	56,287	21,353
Sales tax payable	131,695	100,357
Income tax deducted at source	21,071	4,180
Un-earned income	165,392	165,082
Other liabilities	74,913	58,715
	<u>2,610,014</u>	<u>1,677,278</u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 There is no change in the contingent liabilities as reported in the annual audited unconsolidated financial statements for the year ended 30 June 2019 except for the following:

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
Note		
8.1.2 Guarantees	<u>303,633</u>	<u>285,716</u>
8.2 Commitments		
Commitments for capital expenditure	<u>3,049,849</u>	<u>2,797,346</u>
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	9.1 35,799,741	35,848,499
Capital work in progress	9.2 5,966,246	4,613,594
	<u>41,765,987</u>	<u>40,462,093</u>
9.1 Operating fixed assets		
Carrying amount at beginning of the period / year	35,848,499	36,586,141
Additions during the period / year	197,660	883,955
Transfer from Capital work in progress	-	2,119,451
Asset classified as held for sale	-	[2,748,739]
Disposal during the period / year	[5,104]	[118,332]
Depreciation charge for the period / year	[241,314]	[873,977]
Carrying amount at end of the period / year	<u>35,799,741</u>	<u>35,848,499</u>
9.2 Capital work in progress		
Carrying amount at beginning of the period / year	4,613,594	3,339,146
Additions during the period / year	1,352,652	3,393,899
Transferred to operating fixed assets	-	[2,119,451]
Carrying amount at end of the period / year	<u>5,966,246</u>	<u>4,613,594</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
9.2.1 Closing capital work in progress represents:		
Construction of Pearl Continental Multan	2,446,465	1,748,390
Construction of Pearl Continental Mirpur	3,029,970	2,495,724
Other civil works	489,811	369,480
	5,966,246	4,613,594

Additions in and depreciation on property, plant and equipment during the three months period ended 30 September 2018 were Rs. 926.763 million and Rs. 207.339 million respectively.

10 RIGHT-OF- USE ASSETS / LEASE LIABILITIES

The Company upon adoption of IFRS-16 "Leases", recognises a lease liability and corresponding right of use of assets under its operating lease arrangement, previously the assets were treated as operating lease under IAS-17, which is now recognized as right of use asset upon adoption of IFRS-16 "Leases", refer note -3.2.

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
Right-of-use Assets	159,490	-
Lease liabilities:		
Non current portion	133,709	-
Current portion	22,821	-
	156,530	-

The lease liability is accounted for at present value of the remaining lease payments discounted using the weighted average borrowing rate at the date of initial application. The right of use asset is adjusted with prepaid lease rental.

		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
11 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land	11.1	732,220	717,220
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
		1,113,876	1,098,876
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		221,579	560,500
Advances for Pearl Continental Multan Project		237,032	255,818
Advances for Pearl Continental Mirpur Project		225,116	141,996
		683,727	958,314
		1,797,603	2,057,190

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

- 11.1 This includes amount of Rs. 626.82 million [30 June 2019: 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.
- 11.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

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

12 ADVANCE AGAINST EQUITY INVESTMENT

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

		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
13 SHORT TERM INVESTMENTS			
Shares of listed companies	13.1	662,221	622,048
Term deposit receipt		1,009,523	1,009,523
Term Finance certificate		75,000	75,000
		1,746,744	1,706,571
Accrued interest		12,258	9,866
		<u>1,759,002</u>	<u>1,716,437</u>

- 13.1 This mainly includes investment in an associated company having carrying value of Rs. 657.018 million [30 June 2019 : Rs. 615.954 million].
- 13.1.1 Out of total shares held by the Company, 13,500,000 [30 June 2019: 8,500,000] ordinary shares are placed / lien marked as security against running finance facility of the Company.

14 SHORT TERM ADVANCE

This represent short term advance extended to wholly owned subsidiary , City Properties (Private) Limited.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

		30 Sep 2019	30 Sep 2018
		(Rupees'000)	
15	REVENUE- NET		
	Rooms	1,404,516	1,272,647
	Food and beverages	1,230,146	1,267,330
	Other related services	147,405	142,846
	Shop license fees	11,543	15,441
		<u>2,793,610</u>	<u>2,698,264</u>
	Discounts and commissions	(62,730)	(46,760)
	Sales tax	(374,306)	(369,674)
		<u>2,356,574</u>	<u>2,281,830</u>
15.1	This includes revenue from telephone, laundry, discount cards and other ancillary services.		
		30 Sep 2019	30 Sep 2018
		(Rupees'000)	
16	COST OF SALES AND SERVICES		
	Food and beverages		
	Opening balance	86,014	86,196
	Purchases during the period	371,983	409,423
	Closing balance	(92,693)	(87,083)
	Consumption during the period	<u>365,304</u>	<u>408,536</u>
	Direct expenses		
	Salaries, wages and benefits	432,653	419,972
	Heat, light and power	274,437	229,539
	Repair and maintenance	79,735	86,039
	Depreciation	217,182	186,605
	Guest supplies	55,255	52,237
	Linen, china and glassware	20,184	26,434
	Communication and other related services	16,604	20,790
	Banquet and decoration	14,479	12,090
	Transportation	13,025	12,227
	Uniforms	4,885	6,386
	Music and entertainment	4,011	3,551
	Others	10,888	9,439
		<u>1,508,642</u>	<u>1,473,845</u>
17	LOSS PER SHARE		
	Loss for the period (Rupees '000)	(295,897)	(357,636)
	Weighted average number of ordinary shares (Numbers)	<u>32,524,170</u>	<u>32,524,170</u>
	Loss per share - basic (Rupees)	<u>(9.10)</u>	<u>(11.00)</u>
17.1	There is no dilution effect on the basic earnings per share of the Company.		

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

18	CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	30 Sep 2019	30 Sep 2018
		[Rupees'000]	
	Loss before tax	(216,159)	(238,516)
	Adjustments for:		
	Depreciation	241,314	207,339
	Depreciation on right-of-use asset	8,805	-
	Gain on disposal of property, plant and equipment	(2,500)	(2,859)
	Provision for staff retirement benefit - gratuity	22,454	20,543
	Provision for compensated leave absences	13,912	6,310
	Impairment loss / [gain] on trade debts	7,222	(21)
	Return on bank deposits / certificate of investments	(33,509)	(50,132)
	Finance cost	410,408	224,642
	Dividend income	-	(380)
	Unrealised [Gain]/ loss on remeasurement of investments to fair value	(40,173)	175,549
		<u>411,774</u>	<u>342,475</u>
19	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	149,511	468,973
	Short term borrowings	(2,015,997)	(660,387)
	Accrued markup on short term borrowings	56,321	-
	Accrued profit on bank deposits	(541)	-
		<u>(1,810,706)</u>	<u>(191,414)</u>
20	TRANSACTIONS AND BALANCES WITH RELATED PARTIES		

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

	30 Sep 2019	30 Sep 2018
[Rupees'000]		
Transactions with subsidiary companies		
Sales	897	737
Services provided	4,960	5,649
Services availed	22,628	14,405
Refund against short term advance	260,000	-
Advance against equity investment	-	847,001
Balances as at the period end:		
- Trade debts	5,793	* 3,295
- Long term investments	1,037,794	*1,037,794

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	30 Sep 2019	30 Sep 2018
	[Rupees'000]	
Transactions and balances with associated undertakings		
Sales	29	13
Services provided	1,214	416
Services availed	101,970	8,801
Purchases	21,748	33,734
Franchise fee - income	1,022	1,097
Franchise and management fee - expense	2,024	2,290
Dividend paid	-	13,473
Balances as at the period end:		
- Trade debts	3,644	*2,675
- Advances, deposits and prepayments	73,185	*69,521
Transactions with other related parties		
Sales	-	155
Services provided	-	232
Services availed	-	11,171
Purchases	-	1,358
Contribution to defined contribution plan - provident fund	14,751	13,946
Project Management fee	-	75,000
Balances as at the period end:		
- Trade debts	165	*511
- Advance for capital expenditure	626,820	*626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	50,516	35,100

* Represents balances as at 30 June 2019.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

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				
		Amount in Rs'000			Total	Level 1	Level 2	Level 3	Total
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost					
30 September 2019									
Financial assets measured at fair value									
Short term investment	13	662,221	-	-	662,221	662,221	-	-	662,221
Long term deposits		57,140	-	-	57,140	-	-	57,140	57,140
Short term deposits		16,214	-	-	16,214	-	-	16,214	16,214
		<u>735,575</u>	<u>-</u>	<u>-</u>	<u>735,575</u>	<u>662,221</u>	<u>-</u>	<u>73,354</u>	<u>735,575</u>
Financial assets not measured at fair value									
Trade debts	21.2	-	551,009	-	551,009	-	-	-	-
Contract assets		-	44,485	-	44,485	-	-	-	-
Advance to employees		-	38,966	-	38,966	-	-	-	-
Other receivables		-	214,398	-	214,398	-	-	-	-
Term deposit receipt	13	-	1,009,523	-	1,009,523	-	-	-	-
Term finance certificate	13	-	75,000	-	75,000	-	-	-	-
Short term advance		-	255,000	-	255,000	-	-	-	-
Cash and bank balances		-	149,511	-	149,511	-	-	-	-
		<u>-</u>	<u>2,337,892</u>	<u>-</u>	<u>2,337,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	13,814,167	13,814,167	-	-	-	-
Short term borrowings	6	-	-	2,015,997	2,015,997	-	-	-	-
Trade and other payables	21.3	-	-	2,291,856	2,291,856	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>18,132,790</u>	<u>18,132,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2019									
Financial assets measured at fair value									
Short term investment	13	622,048	-	-	622,048	622,048	-	-	622,048
Long term deposits		55,976	-	-	55,976	-	-	55,976	55,976
Short term deposits		15,905	-	-	15,905	-	-	15,905	15,905
		<u>693,929</u>	<u>-</u>	<u>-</u>	<u>693,929</u>	<u>622,048</u>	<u>-</u>	<u>71,881</u>	<u>693,929</u>
Financial assets not measured at fair value									
Trade debts	21.2	-	543,377	-	543,377	-	-	-	-
Contract assets		-	29,752	-	29,752	-	-	-	-
Advance to employees		-	13,405	-	13,405	-	-	-	-
Other receivables		-	56,221	-	56,221	-	-	-	-
Term deposit receipt	13	-	1,009,523	-	1,009,523	-	-	-	-
Term finance certificate	13	-	75,000	-	75,000	-	-	-	-
Short term advance		-	515,000	-	515,000	-	-	-	-
Cash and bank balances		-	241,080	-	241,080	-	-	-	-
		<u>-</u>	<u>2,483,358</u>	<u>-</u>	<u>2,483,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	14,355,833	14,355,833	-	-	-	-
Short term borrowings	6	-	-	1,264,583	1,264,583	-	-	-	-
Trade and other payables	7	-	-	1,407,659	1,407,659	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>17,038,845</u>	<u>17,038,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

- 21.2 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.
- 21.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.

22 DATE OF AUTHORISATION FOR ISSUE

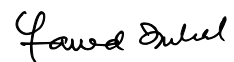
These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 28 October 2019.



M.A. Bawany
Director



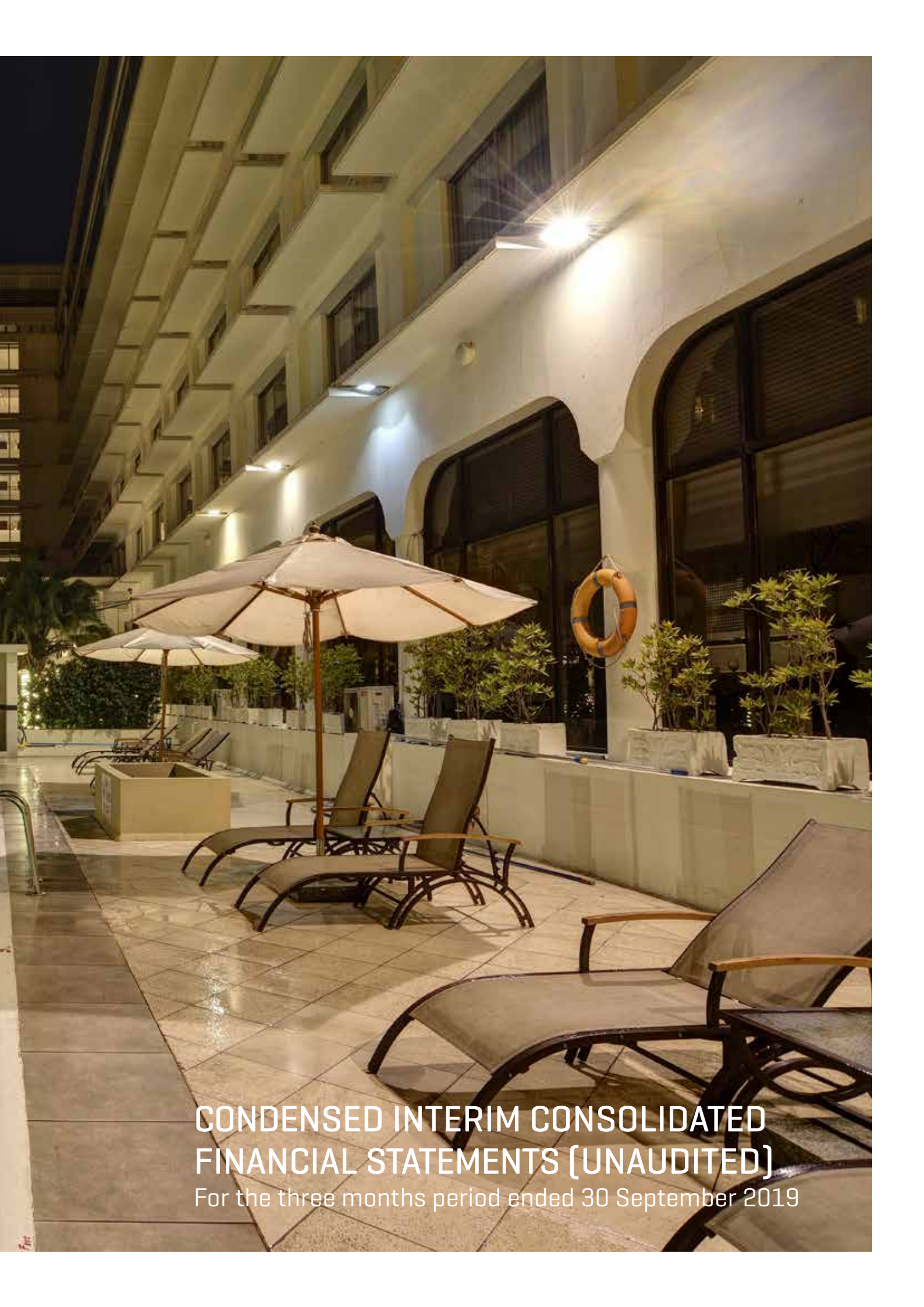
Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer



Pearl-Continental Hotel Lahore



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS [UNAUDITED]**

For the three months period ended 30 September 2019

Condensed Interim Consolidated Statement of Financial Position

As at 30 September 2019

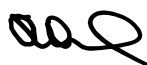
		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		416,645	416,645
Revenue reserves		6,060,265	6,386,580
Revaluation surplus on property, plant and equipment		27,530,741	27,530,741
Equity attributable to owners		34,332,893	34,659,208
Non- controlling interest		[1,938]	14,583
Total equity		34,330,955	34,673,791
LIABILITIES			
Loans and borrowings	5	10,580,240	11,671,272
Lease liabilities	10	133,709	-
Employee benefits		845,133	815,402
Deferred tax liability - net		601,300	564,479
Non current liabilities		12,160,382	13,051,153
Short term borrowings	6	2,015,997	1,264,583
Current portion of loans and borrowings	5	3,605,014	3,107,251
Trade and other payables	7	3,072,850	1,765,945
Contract liabilities		301,644	276,581
Lease liability	10	22,821	-
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		9,029,096	6,425,130
Total equity and liabilities		55,520,433	54,150,074
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.

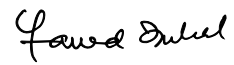
		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	9	41,905,555	40,605,493
Right-of-use Assets	10	159,490	-
Advance for capital expenditure	11	1,797,603	2,057,190
Investment property		60,000	60,000
Long term investments		657,018	615,954
Advance against equity investment		419,814	355,314
Long term deposits and prepayments		58,712	63,888
Non current assets		45,058,192	43,757,839
Inventories		324,157	313,655
Trade debts		567,857	557,183
Development properties		4,304,382	4,301,165
Contract assets		44,485	29,752
Advances, prepayments, trade deposits and other receivables		515,766	430,331
Short term investments	12	1,108,471	1,106,813
Non current asset held for sale		2,748,739	2,748,739
Advance tax - net		584,266	559,147
Cash and bank balances		264,118	345,450
Current assets		10,462,241	10,392,235
Total assets		55,520,433	54,150,074



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For the three months period ended 30 September 2019

	Note	30 Sep 2019 [Rupees'000]	30 Sep 2018
Revenue - net	13	2,375,049	2,318,334
Cost of sales and services	14	[1,528,589]	[1,509,038]
Gross profit		846,460	809,296
Other income		52,433	69,312
Administrative expenses		[817,426]	[736,516]
Impairment loss on trade debts		[7,222]	21
Operating profit		74,245	142,113
Finance income		64,645	[125,376]
Unrealized loss on remeasurement of investments to fair value - net		[892]	[345]
Finance cost		[411,800]	[225,903]
Net finance cost		[348,047]	[351,624]
Share of profit in equity accounted investments		13,944	3,738
Loss before taxation		[259,858]	[205,773]
Income tax expense		[82,978]	[126,361]
Loss for the period		[342,836]	[332,134]
Loss attributable to:			
Owners of the Company		[326,315]	[332,134]
Non-controlling interest		[16,521]	-
		[342,836]	[332,134]

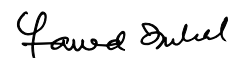
The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)


For the three months period ended 30 September 2019

	30 Sep 2019	30 Sep 2018
	[Rupees'000]	
Loss for the period	[342,836]	[332,134]
Other comprehensive income for the period	-	-
Total comprehensive income for the period- [loss]	[342,836]	[332,134]
Total comprehensive income- [loss] attributable to:		
Owners of the Company	[326,315]	[332,134]
Non-controlling interest	[16,521]	-
	[342,836]	[332,134]

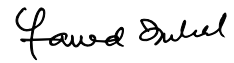
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M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For the three months period ended 30 September 2019

	30 Sep 2019	30 Sep 2018
	[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flow from operating activities before working capital changes	375,667	374,767
Working capital changes [Increase] / decrease		
Inventories	(10,502)	(10,339)
Trade debts	(17,896)	(95,759)
Development properties	(3,217)	(882,287)
Contract assets	(14,733)	-
Advances	(24,127)	(48,147)
Trade deposits and prepayments	(31,595)	(88,494)
Other receivables	(32,012)	(36,797)
Increase/(decrease) in trade and other payables	1,306,905	(6,005)
Increase in Contract liabilities	25,063	-
Cash generated / [used in] from operations	1,197,886	(1,167,828)
Staff retirement benefit - gratuity paid	(5,119)	(3,334)
Compensated leave absences paid	(2,955)	(4,477)
Income tax paid	(71,276)	(163,504)
Finance cost paid	(569,652)	(178,795)
Net Cash generated / [used in] from operating activities	924,552	(1,143,171)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(961,748)	(795,397)
Advance for capital expenditure	(170,048)	(92,362)
Proceeds from disposal of property, plant and equipment	7,604	17,611
Proceeds from disposal of held for sale asset	-	144,582
Advance against equity investment	(64,500)	-
Dividend income received	-	380
Receipts of return on bank deposits and short term investments	33,237	-
Short term investment	-	20,083
Long term deposits and prepayments	(295)	(9,419)
Net cash used in investing activities	(1,155,750)	(714,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(541,666)	(267,500)
Proceeds from Sukuk issuance	-	1,361,547
Repayment of diminishing Musharaka facility	(9,982)	(7,483)
Repayment of lease liability	(13,417)	-
Dividend paid	-	(17,681)
Net cash [used in] / generated from financing activities	(565,065)	1,068,883
Net decrease in cash and cash equivalents	(796,263)	(788,810)
Cash and cash equivalents at beginning of the period	(899,836)	760,224
Cash and cash equivalents at end of the period	(1,696,099)	(28,586)

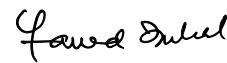
The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

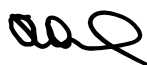
For the three months period ended 30 September 2019

Share capital	Capital reserve		Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non controlling Interest	Total Equity
	Share premium	Share of associate's capital reserve	General reserve	Exchange translation reserve (net of tax)	Surplus on remeasurement of available for sale securities	Unappropriated profit				
(Rupees'000)										
Adjusted Balance at 01 July 2018	325,242	269,424	147,221	1,600,000	714,348	104,246	5,056,800	27,530,741	35,748,022	- 35,748,022
Total comprehensive income for the year										
Profit for the period	-	-	-	-	-	-	(332,134)	-	(332,134)	- (332,134)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	(332,134)	-	(332,134)	- (332,134)
Balance at 30 September 2018	325,242	269,424	147,221	1,600,000	714,348	104,246	4,724,666	27,530,741	35,415,888	- 35,415,888
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 year										
Loss for the period	-	-	-	-	-	-	(326,315)	-	(326,315)	(16,521) (342,836)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - loss	-	-	-	-	-	-	(326,315)	-	(326,315)	(16,521) (342,836)
Balance at 30 September 2019	325,242	269,424	147,221	1,600,000	1,099,231	34,121	3,326,913	27,530,741	34,332,893	(1,938) 34,330,955

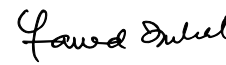
The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

1 STATUS AND NATURE OF BUSINESS

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 Group 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 process of constructing hotels in Multan and Mirpur, Azad Jammu & Kashmir.

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

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

The disclosures in these condensed 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 2019. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2019, 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 three months period ended 30 September 2018.

These condensed 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.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Accounting policies

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended 30 June 2019 except for the adoption of new standard effective as of 01 July 2019 as referred to in note 3.2 to these condensed interim consolidated financial statements.

3.2 New standards, interpretations and amendments adopted by the Group

The Group has adopted IFRS 16 'Leases' from 01 July 2019. The impact of the adoption of standard and the new accounting policy is disclosed in note 3.3 below.

- 3.3 IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC-15 Operating Leases – incentives and SIC-27 evaluating the substance of transactions involving the legal form of a Lease.

The Group upon adoption of IFRS-16, recognises new assets and liabilities for its operating leases of Land. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

3.4 Accounting Estimates and Judgements

In preparing these condensed interim consolidated financial statements, management has made judgements 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 judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which are described in note 3.3.

Measurement of fair values

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

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.

3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020 :

- Amendments to IFRS 3: Business Combinations	[effective 01 January 2020]
- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2020]
- Amendments to IAS 8: Accounting policies, changes in accounting estimates and errors	[effective 01 January 2020]
- Amendments to IFRS 7: Financial instruments- disclosures	[effective 01 January 2020]
- Amendments to IFRS 9: Financial instruments	[effective 01 January 2020]

The above amendments are not likely to have an impact on the Group's condensed interim consolidated financial statements.

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Parent Company from 30 June 2019.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured		
a. Non current portion		
Term Finance Loan - 1	595,000	637,500
Term Finance Loan - 2	1,827,500	1,935,000
Term Finance Loan - 3	2,166,667	2,333,333
Term Finance Loan - 4	2,000,000	2,000,000
Syndicated term loan	225,000	450,000
Sukuk	7,000,000	7,000,000
Transaction cost	(47,598)	(52,208)
	13,766,569	14,303,625
Current portion of loans	(3,247,222)	(2,694,444)
	10,519,347	11,609,181
Lease finance facilities		
Diminishing Musharaka Facility	95,481	94,844
Current portion	(34,588)	(32,753)
	60,893	62,091
	10,580,240	11,671,272
b. Current portion		
Current portion of loans	3,247,222	2,694,444
Current portion of Diminishing Musharaka Facility	34,588	32,753
Markup accrued	323,204	380,054
	3,605,014	3,107,251

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 2019.

		Unaudited 30 Sep 2019	Audited 30 June 2019
		[Rupees'000]	
6 SHORT TERM BORROWINGS - Secured			
Running finance facilities - from banking companies	Note 6.1	1,959,676	1,243,464
Markup accrued		56,321	21,119
		2,015,997	1,264,583

6.1 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 2019 except as disclosed in note 6.1.1.

6.1.1 During the period the Parent Company availed fresh facility of Rs. 300 million carrying markup of 3-month KIBOR plus 0.50%, and secured against pari passu charge on current and fixed assets of Pearl Continental Hotel Rawalpindi.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
7 TRADE AND OTHER PAYABLES		
Creditors	1,200,987	475,617
Accrued liabilities	689,420	606,134
Shop deposits	54,567	54,267
Retention money	229,421	211,070
Due to related parties - unsecured	165,649	25,242
Sales tax payable	131,986	100,569
Income tax deducted at source	21,582	4,185
Un-earned income	165,392	221,082
Advances against sale of development property	316,000	-
Other liabilities	97,846	67,779
	<u>3,072,850</u>	<u>1,765,945</u>
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
8.1.1	There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements for the year ended 30 June 2019 except for the following:	
	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
8.1.2 Guarantees	<u>303,633</u>	<u>286,852</u>
8.2 Commitments		
Commitments for capital expenditure	<u>3,049,849</u>	<u>2,911,627</u>
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	9.1 35,939,309	35,991,899
Capital work in progress	9.2 5,966,246	4,613,594
	<u>41,905,555</u>	<u>40,605,493</u>
9.1 Operating fixed assets		
Carrying amount at beginning of the period / year	35,991,899	36,700,470
Additions during the period / year	199,587	945,045
Transfer from Capital work in progress	-	2,119,451
Asset classified as held for sale	-	[2,748,739]
Disposal during the period / year	[5,104]	[127,939]
Depreciation charge for the period / year	[247,073]	[896,389]
Carrying amount at end of the period / year	<u>35,939,309</u>	<u>35,991,899</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
9.2 Capital work in progress		
Carrying amount at beginning of the period / year	4,613,594	3,339,146
Additions during the period / year	1,352,652	3,393,899
Transferred to operating fixed assets	-	[2,119,451]
Carrying amount at end of the period / year	<u>5,966,246</u>	<u>4,613,594</u>
9.2.1 Closing capital work in progress represents:		
Construction of Pearl Continental Multan	2,446,465	1,748,390
Construction of Pearl Continental Mirpur	3,029,970	2,495,724
Other civil works	489,811	369,480
	<u>5,966,246</u>	<u>4,613,594</u>

Additions in and depreciation on property, plant and equipment during the three months period ended 30 September 2019 were Rs. 944.144 million and Rs. 212.578 million respectively.

10 RIGHT-OF- USE ASSETS / LEASE LIABILITIES

The Group upon adoption of IFRS-16 "Leases", recognises a lease liability and corresponding right of use of assets under its operating lease arrangement, previously the assets were treated as operating lease under IAS-17, which is now recognized as right of use assets upon adoption of IFRS-16 "Leases", refer note -3.2.

	Unaudited 30 Sep 2019	Audited 30 June 2019
	[Rupees'000]	
Right-of-use Asset	159,490	-
Lease liability:		
Non current portion	133,709	-
Current portion	22,821	-
	<u>156,530</u>	-

The lease liability is accounted for at present value of the remaining lease payments discounted using the weighted average borrowing rate at the date of initial application. The right of use asset is adjusted with prepaid lease rental.

		Unaudited 30 Sep 2019	Audited 30 June 2019
		[Rupees'000]	
11 ADVANCE FOR CAPITAL EXPENDITURE			
	Note		
Advance for purchase of land	11.1	732,220	717,220
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
		<u>1,113,876</u>	<u>1,098,876</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		221,579	560,500
Advances for Pearl Continental Multan Project		237,032	255,818
Advances for Pearl Continental Mirpur Project		225,116	141,996
		<u>683,727</u>	<u>958,314</u>
		<u>1,797,603</u>	<u>2,057,190</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

- 11.1 This includes amount of Rs. 626.82 million (30 June 2019: 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.
- 11.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Parent Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Parent Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

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

		Unaudited 30 Sep 2019	Audited 30 June 2019
	Note	[Rupees'000]	
12	SHORT TERM INVESTMENTS		
Shares of listed companies		5,203	6,095
Term deposit receipt		1,009,523	1,009,523
Term Finance certificate		75,000	75,000
Mutual Fund		6,329	6,329
		1,096,055	1,096,947
Accrued interest		12,416	9,866
		1,108,471	1,106,813
		30 Sep 2019	30 Sep 2018
		[Rupees'000]	
13	REVENUE- NET		
Rooms		1,403,619	1,266,998
Food and beverages		1,225,186	1,266,593
Other related services	13.1	156,073	155,125
Vehicles rental		29,749	45,954
Shop license fees		11,543	15,441
		2,826,170	2,750,111
Discounts and commissions		(68,728)	(52,263)
Sales tax		(382,393)	(379,514)
		2,375,049	2,318,334

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

	30 Sep 2019	30 Sep 2018
	(Rupees'000)	
14 COST OF SALES AND SERVICES		
Food and beverages		
Opening balance	86,014	86,196
Purchases during the period	371,983	409,423
Closing balance	(92,693)	(87,083)
Consumption during the period	365,304	408,536
Direct expenses		
Salaries, wages and benefits	446,554	433,844
Heat, light and power	274,437	229,539
Repair and maintenance	79,809	86,169
Depreciation	222,004	191,321
Guest supplies	55,255	52,237
Linen, china and glassware	20,184	26,434
Communication and other related services	16,604	20,790
Banquet and decoration	14,479	12,090
Transportation	1,838	6,188
Uniforms	4,885	6,386
Music and entertainment	4,011	3,551
Insurance	732	1,012
Vehicle operating expense	7,901	9,285
Vehicle rental and registration charges	3,361	10,556
Others	11,231	11,100
	<u>1,528,589</u>	<u>1,509,038</u>
15 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
Loss before tax	(259,858)	(205,773)
Adjustments for:		
Depreciation	247,073	212,578
Depreciation on right-of-use assets	8,805	
Gain on disposal of property, plant and equipment	(2,500)	(11,028)
Provision for staff retirement benefit - gratuity	23,562	22,665
Provision for compensated leave absences	14,242	6,624
Impairment loss on trade debts	7,222	(21)
Return on bank deposits / certificate of investments	(34,506)	(51,350)
Share of profit in equity accounted investments	(13,944)	(3,738)
Finance cost	411,800	225,903
Dividend income	-	(380)
Unrealised loss on remeasurement of investments to fair value [Reversal]/ impairment on investment in associated companies	892	345
	<u>(27,121)</u>	<u>178,942</u>
	<u>375,667</u>	<u>374,767</u>
16 CASH AND CASH EQUIVALENTS		
Cash and bank balances	264,118	631,801
Short term borrowings	(2,015,997)	(660,387)
Accrued markup on short term borrowings	56,321	-
Accrued profit on bank deposits	(541)	-
	<u>(1,696,099)</u>	<u>(28,586)</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	30 Sep 2019	30 Sep 2018
	[Rupees'000]	
Transactions and balances with associated undertakings		
Sales	29	13
Services provided	7,624	2,476
Services availed	104,873	12,874
Purchases	22,480	33,734
Franchise fee - income	1,022	1,097
Franchise and management fee - expense	2,024	2,290
Dividend paid	-	13,473
Balances as at the period end:		
- Trade debts	8,361	*7,774
- Advances, deposits and prepayments	73,185	*69,377
Transactions with other related parties		
Sales	-	155
Services provided	-	232
Services availed	-	11,171
Purchases	-	1,358
Contribution to defined contribution plan - provident fund	14,751	13,946
Project Management fee	-	75,000
Balances as at the period end:		
- Trade debts	222	*568
- Advance for capital expenditure	626,820	*626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	50,516	35,100

* Represents balances as at 30 June 2019.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

18 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

18.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Financial Assets		Financial Liabilities	Amount in Rs'000				
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
30 September 2019									
Financial assets measured at fair value									
Short term investment	12	5,203	-	-	5,203	5,203	-	-	5,203
Long term deposits		58,712	-	-	58,712	-	-	58,712	58,712
Short term deposits		19,556	-	-	19,556	-	-	19,556	19,556
		83,471	-	-	83,471	5,203	-	78,268	83,471
Financial assets not measured at fair value									
Trade debts		-	567,857	-	567,857	-	-	-	-
Contract assets		-	44,485	-	44,485	-	-	-	-
Advance to employees		-	46,376	-	46,376	-	-	-	-
Other receivables		-	216,104	-	216,104	-	-	-	-
Term deposit receipt	12	-	1,009,523	-	1,009,523	-	-	-	-
Term finance certificate	12	-	75,000	-	75,000	-	-	-	-
Cash and bank balances		-	264,118	-	264,118	-	-	-	-
		-	2,223,463	-	2,223,463	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	13,814,167	13,814,167	-	-	-	-
Short term borrowings	6	-	-	2,015,997	2,015,997	-	-	-	-
Trade and other payables	18.3	-	-	2,753,890	2,753,890	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	18,594,824	18,594,824	-	-	-	-
30 June 2019									
Financial assets measured at fair value									
Short term investment	12	6,095	-	-	6,095	6,095	-	-	6,095
Long term deposits		57,548	-	-	57,548	-	-	57,548	57,548
Short term deposits		19,967	-	-	19,967	-	-	19,967	19,967
		83,610	-	-	83,610	6,095	-	77,515	83,610
Financial assets not measured at fair value									
Trade debts	18.2	-	557,183	-	557,183	-	-	-	-
Contract assets		-	29,752	-	29,752	-	-	-	-
Advance to employees		-	19,623	-	19,623	-	-	-	-
Other receivables		-	63,655	-	63,655	-	-	-	-
Term deposit receipt	12	-	1,019,389	-	1,019,389	-	-	-	-
Term finance certificate	12	-	75,000	-	75,000	-	-	-	-
Cash and bank balances		-	345,450	-	345,450	-	-	-	-
		-	2,110,052	-	2,110,052	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	14,355,833	14,355,833	-	-	-	-
Short term borrowings	6	-	-	1,264,583	1,264,583	-	-	-	-
Liabilities against diminishing musharaka facility		-	-	94,844	94,844	-	-	-	-
Trade and other payables	18.3	-	-	1,440,109	1,440,109	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	17,166,139	17,166,139	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2019

- 18.2 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.
- 18.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.

19 DATE OF AUTHORISATION FOR ISSUE

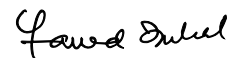
These consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 28 October 2019.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Javed Iqbal
Chief Financial Officer



Pearl-Continental Hotel Muzaffarabad



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OWNERS AND OPERATORS OF



Pearl-Continental
HOTELS & RESORTS

KARACHI
LAHORE
RAWALPINDI
PESHAWAR
BHURBAN
MUZAFFARABAD

