



PAKISTAN SERVICES LTD.



Pearl-Continental  
HOTELS & RESORTS

# CONDENSED INTERIM FINANCIAL STATEMENTS

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For the Nine months period ended 31 March 2020





Pearl-Continental Hotel, Lahore



Pearl-Continental  
HOTELS & RESORTS

# CONDENSED INTERIM FINANCIAL STATEMENTS [UNAUDITED]

For the nine months period ended 31 March 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 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. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	
Ms. Ayesha Khan	
Mr. Rohail Ajmal	
Mr. Shahid Hussain	

**COMPANY SECRETARY**

Mr. Mansoor Khan

**AUDITORS**

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

**LEGAL ADVISOR**

M/s Liaquat Merchant & Associates

**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. Javed Iqbal

**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 information on the performance of the Company for the nine -month period ended 31 March 2020.

## Economic Overview

The world is struggling with unprecedented pandemic COVID-19 situation which did not leave any single country and the human had not witnessed such catastrophe in the recent century. The pandemic has affected the economic development significantly worldwide and also resulted in collapse of best health systems of the developed countries.

The world is still in a process of developing a treatment or vaccine for this deadly virus and so far the only solution which is available is social distancing, practicing hygiene lifestyle and having immunity boosting foods and containment of disease through locked down brought the world economy to halt.

The tenor of pandemic COVID-19 is unpredictable and countries around the globe are trying hard to figure out a balance between COVID-19's risk and financial implications, whilst this focus will continue, the implications for economic growth and corporate profits have to lead to a sharp decline.

The World Health Organization (WHO) in March has had to term this a global pandemic resulting in closure of borders and international travel, lockdowns and curfews the world over. The hospitality, tourism and travel industries have been most effected and severely impacted by the rapid spread of this virus.

Pakistan has also been hit by COVID-19, the Government of Pakistan started its protective precautionary measures i.e. screening at Airports, border entry points and establishing quarantine centers across country, along with imposition of lockdown now stands extended till May 09, 2020.

In view of and in compliance with the directives issued by the Government Authorities to control spread of COVID-19 by enforcing a ban & closure of Banquet Halls, Restuarants & F&B Outlets, events to restrict all sorts of public gatherings & social distancing, the Company had to temporarily close most of its Hotels, Resorts and allied facilities nationwide. The Company is currently operating with limited scope with all possible precautionary measures as prescribed by the Government Authorities.

Besides others government economic, financial and monetary measures, the State Bank of Pakistan (SBP) through its circular letter No. 13 of 2020 dated 26 March 2020 granted a regulatory relief of 12 months for deferment of repayment of principal loan, accordingly, your Company has approached to its financial institutions to seek the deferment and rescheduling of its long term loans amount as per the directives issued by SBP.

## Overall performance of the Company

The pandemic COVID-19 also effected the business of the Company during the current quarter since international and domestic travelling is abandoned and business across the globe is at minimal, as a result in the current quarter the revenue is drop as compared to preceding quarter , i.e. December 2019. During the nine months period ended 31 March 2020, the Company achieved net Revenue of Rs. 7,768 million, as

compared to Rs. 7,810 million recorded in the corresponding period of the last year.

The Gross profit is recorded at Rs. 3,200 million in comparison with Rs. 3,332 million of last year same period, while loss before tax is Rs. 304 million as compared to loss of Rs.53 million in the corresponding period.

### Highlights of Performance:

	For the Nine months' period ended 31 March	
	2020	2019
	[Rupees million]	
Revenue – net	7,768	7,810
Gross profit	3,200	3,332
Loss before taxation	(304)	(53)
Loss after taxation	(512)	(401)
Loss per share [Rupees]	(15.74)	(12.33)

### Performance of Rooms Department

During the period net room Revenue was recorded at Rs. 3,495 million against Rs. 3,798 million of the corresponding period of last year.

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

Net revenue from this segment has been recorded at Rs. 3,881 million as compared to Rs. 3,643 million of same period of last year.

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

From this segment of business net Revenue of Rs. 392 million has been achieved as compared to Rs. 369 million of corresponding period of last year.

### Consolidated Results

During the current period, the group recorded a net Revenue of Rs. 7,821 million as compared to Rs. 7,909 million of the corresponding period of last year, loss after taxation is recorded at Rs.688 million in comparison of Rs. 394 million of the corresponding period of last year.

### Election of the Board and Appointment of Chief Executive

During the period, the term of office of the Board of Directors expired and the new Board of Directors was elected unopposed in an extraordinary general meeting held on 26 March 2020 for a term of three years. The names of newly elected directors are Mr. Sadruddin Hashwani, Mr. Murtaza Hashwani, Mr. M.A. Bawany, Mr. Shakir Abu Bakar, Syed Haseeb Amjad Gardezi, Mr. M. Ahmed Ghazali Marghoob, Mr. Rohail Ajmal, Mr. Shahid Hussain and Ms. Ayesha Khan for the next term commencing from 29 March 2020. The newly elected Board appointed Mr. Sadruddin Hashwani as Chairman of the Board and Mr. Murtaza Hashwani as Chief Executive Officer of the Company for the next term of its office commencing from 29 March 2020.



### Prospects

The Hospitality and Travel industry is the largest victim of this Covid-19 virus among others, our operations are almost closed and company is facing severe economic and cash flow challenges, the businesses have to revisit the traditional financial strategies by crafting the same duly coherent with social and health strategies at corporate level to protect people, customers and all stakeholders and to preserve the sustainability, stability, financial health and profitability of the businesses. In the prevailing peculiar situation Government is also helping businesses to cope up with this situation along with revision in discount rate to single digit to 9%. We believe that your company will pass through this phase successfully and bounce back to its fully business capacity soon.

### 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 hygiene and safe products & 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: 29 April 2020



## ڈائریکٹر رپورٹ

### محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونیوالی نو ماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

### اقتصادی جائزہ :

دنیا اس وقت وبائی مرض COVID-19 کی مشکل صورتحال سے نبرد آزما ہے۔ یہ وبائی مرض دنیا کے تمام ممالک میں پھیل چکا ہے اور اس کی وجہ سے معیشت اور صحت کے نظام بری طرح متاثر ہوئے ہیں۔

دنیا COVID-19 کے علاج یا ویکسین کیلئے کوشاں ہے اور واحد حل معاشرتی دوری، حفظان صحت کے طرز زندگی پر عمل کرنا اور لاک ڈاؤن کے ذریعے اس بیماری کی روک تھام کرنا ہے دنیا کی معیشت لاک ڈاؤن کے باعث رکی ہوئی ہے۔

وبائی مرض COVID-19 کا دورانیہ غیر معلوم ہے اور دنیا کے تمام ممالک اس بیماری کے معاشی اثرات کا جائزہ لے رہے ہیں اگر یہ سلسلہ جاری رہا تو معاشی نمو اور کاروبار کے منافع میں تیزی سے کمی آئے گی۔

عالمی ادارہ صحت نے مارچ میں اس کو عالمی وبائی بیماری قرار دیا ہے جس کے نتیجے میں بین الاقوامی سیاحت اور سفر کو بندش کا سامنا ہے۔ سیاحت و سفری صنعت وائرس کی وجہ سے سب سے زیادہ متاثر ہوئی ہیں۔

پاکستان بھی COVID-19 کا شکار ہو چکا ہے حکومت پاکستان نے بھی حفاظتی احتیاطی اقدامات کے تحت ایئر پورٹ اور بارڈر انٹری پوائنٹ پر اسکریننگ کا سلسلہ شروع کرنے ساتھ ملک بھر میں لاک ڈاؤن کا نفاذ 09 مئی، 2020 کر دیا ہے

حکومت اور انتظامیہ کی جانب سے COVID-19 کے پھیلاؤ کو روکنے کیلئے تمام پبلکنٹ ہالز، ریسٹورنٹس، سماجی اجتماعات پر پابندی کے نتیجے میں کمپنی کو ملک بھر میں اپنے بیشتر ہوٹلز اور ریسٹورنٹس کو بند کرنا پڑا، کمپنی فی الحال محدود دائرے کار میں تمام حفاظتی تدابیر کے ساتھ کام کر رہی ہے۔

اس غیر معمولی صورتحال سے نمٹنے کیلئے معاشی، مالی اور مالیاتی اقدامات کے علاوہ اسٹیٹ بینک آف پاکستان (SBP) نے اپنے 26 مارچ 2020 کو جاری کیے گئے سرکلر نمبر 13 کے تحت کمپنیز کو موجودہ لون کی پرنسپل قسط کی واپسی میں 12 مہینے کی چھوٹ دی ہے آپ کی کمپنی نے (SBP) جاری کردہ ہدایت کی روشنی میں اپنے مالیاتی اداروں سے اس سلسلے میں رابطہ کیا ہے۔

### کمپنی کی مجموعی کارکردگی:

COVID-19 نے کمپنی کے کاروبار کو بھی متاثر کیا ہے اور موجودہ سہ ماہی میں بین الاقوامی اور قومی سیاحت میں کمی کی وجہ سے موجودہ سہ ماہی میں آمدنی کچھلی سہ ماہی مدت سے کم رہی ہے 31 مارچ 2020 کو ختم ہونیوالی نو ماہی مدت کے دوران 7,768 ملین روپے کے محصولات (خالص) ریکارڈ کیے ہیں جو کہ گزشتہ سال کے اس عرصے کے دوران 7,810 ملین روپے تھے۔

کمپنی کا مجموعی منافع 3,200 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں 3,332 ملین روپے تھا۔ قبل از ٹیکس خسارہ 304 ملین روپے ہے جو گزشتہ برس کے اسی عرصے میں 53 ملین روپے تھا۔

### کارکردگی کی جھلکیاں:

نوماہی مدت اختتام 31 مارچ 2020 ملین روپے		
2020	2019	
7,768	7,810	فروخت اور خدمات (خالص)
3,200	3,332	کل منافع
(304)	(53)	خسارہ قبل از ٹیکس
(512)	(401)	خسارہ بعد از ٹیکس
(15.74)	(12.33)	فی حصہ خسارہ (روپے میں)

### رومژ ڈیپارٹمنٹ کی کارکردگی:

اس سال کے دوران گزشتہ سال کے اسی عرصے کے 3,798 ملین روپے کی نسبت آمدنی (خالص) 3,495 ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی خالص آمدنی 3,881 ملین روپے ریکارڈ کی گئی جو کہ گزشتہ سال اسی عرصے میں 3,643 ملین روپے تھی۔

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

اس شعبے میں زیر جائزہ عرصے کے دوران میں 392 ملین روپے کی آمدنی (خالص) حاصل کی گئی جو گزشتہ برس کے اسی عرصے کے مقابلے میں 369 ملین روپے تھی۔

### بورڈ کے انتخابات اور چیف ایگزیکٹو کی تقرری:

اس موجودہ عرصے میں بورڈ آف ڈائریکٹرز کی مدت مکمل ہو گئی اور نئے بورڈ آف ڈائریکٹرز کا انتخابات 26 مارچ 2020 کو ہونیوالے غیر معمولی اجلاس میں کیا گیا۔ نئے منتخب ہونے والے ڈائریکٹران کے نام یہ ہیں: جناب صدر الدین ہاشوائی، جناب مرتضیٰ ہاشوائی، جناب ایم۔ اے باوانی، جناب شاکر ابوبکر، سید حبیب امجد گردیزی، جناب احمد غزالی مرغوب، جناب روحیل اجمل، جناب شاہد حسین اور محترمہ عائشہ خان جن کی مدت 29 مارچ 2020 سے شروع ہوگی۔

نئے منتخب بورڈ نے جناب صدر الدین ہاشوائی کو چیئر مین آف بورڈ اور جناب مرتضیٰ ہاشوائی کو 29 مارچ 2020 سے شروع ہونے والی مدت کے لئے چیف ایگزیکٹو آفیسر منتخب کیا۔

## مجموعی نتائج:

زیر جائزہ عرصہ کے دوران گروپ نے 7,821 ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصہ میں 7,909 ملین روپے تھے خسارہ بعد از ٹیکس 688 ملین روپے ریکارڈ کیا گیا جو کہ گزشتہ سال اسی عرصے کے دوران 394 ملین روپے تھا۔

## مستقبل کے امکانات:

سیاحت کی صنعت COVID-19 کی وجہ سے شدید متاثر ہوئی ہے۔ ہماری کاروباری سرگرمیاں تقریباً بند ہو گئی ہیں اور کمپنی کو معاشی مشکلات کا سامنا ہے کاروباری اداروں کو روایتی مالیاتی حکمت عملی کا از سر نو جائزہ لینا ہوگا اور پالیسیوں کو ملازمین، صارفین، اسٹیک ہولڈرز، مالی استحکام اور منافع کو مد نظر رکھتے ہوئے ترتیب دینا ہوگا۔ اس موجودہ غیر معمولی صورتحال سے نمٹنے کیلئے حکومت بھی کاروباری اداروں کی مدد کر رہی ہے اور شرح سود میں کمی کرتے ہوئے 9% تک کمی کر دی گئی۔ ہمیں یقین ہے کہ آپ کی کمپنی موجودہ صورتحال سے کامیابی سے گزرے گی اور جلد ہی اپنی مکمل کاروباری سرگرمیوں پر واپس آ جائے گی۔

## 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 سرسرتی حاصل رہے۔ ہم ان تمام مشوروں، تعاون اور باہمی ادراک کے لیے حکومتی اداروں اور اپنے کنسلٹنٹس، بینکاروں، مشیران اور شرکات داروں کے ممنون ہیں، جو ہمارے پروگراموں، پروجیکٹس اور عمومی کاروباری امور میں کامیابی کے لیے انتہائی اہم ہیں۔

منجانب بورڈ آف ڈائریکٹرز



شاہد ابوبکر

ڈائریکٹر



ایم۔ اے۔ باقائی

ڈائریکٹر

اسلام آباد 29 اپریل 2020ء



Pearl-Continental Hotel, Peshawar





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

For the nine months period ended 31 March 2020



# Condensed Interim Unconsolidated Statement of Financial Position

As at 31 March 2020

		Unaudited 31 March 2020	Audited 30 June 2019
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		6,267,665	6,779,566
Revaluation surplus on property, plant and equipment		27,530,740	27,530,740
Total equity		34,393,071	34,904,972
LIABILITIES			
Loans and borrowings	5	9,608,318	11,631,374
Lease liabilities	10	165,760	-
Employee benefits		830,599	773,666
Deferred tax liability - net		504,231	429,984
Non - current liabilities		11,108,908	12,835,024
Short term borrowings	6	2,847,581	1,264,583
Current portion of loans and borrowings	5	3,968,831	3,087,750
Trade and other payables	7	2,583,639	1,677,278
Contract liabilities		316,390	275,772
Lease liabilities	10	74,069	-
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		9,801,280	6,316,153
Total equity and liabilities		55,303,259	54,056,149
CONTINGENCIES AND COMMITMENTS			
	8		

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

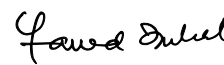
		Unaudited 31 March 2020	Audited 30 June 2019
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	9	42,845,093	40,462,093
Right of use assets	10	244,188	-
Advance for capital expenditure	11	1,595,470	2,057,190
Investment property		60,000	60,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	12	3,412,571	3,412,571
Long term deposits and prepayments		58,283	62,316
Non - current assets		49,253,399	47,091,964
Inventories		346,995	313,644
Trade debts		627,336	543,377
Contract assets		8,531	29,752
Advances, prepayments, trade deposits and other receivables		498,271	401,258
Short term investments	13	1,126,359	1,716,437
Short term advance	14	30,500	515,000
Non - current asset held for sale		2,748,739	2,748,739
Advance tax - net		514,917	454,898
Cash and bank balances		148,212	241,080
Current assets		6,049,860	6,964,185
Total assets		55,303,259	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 nine months period ended 31 March 2020

		Three months period ended 31 March		Nine months period ended 31 March	
		2020	2019	2020	2019
	Note	[Rupees'000]			
Revenue - net	15	2,436,586	2,774,257	7,767,887	7,810,430
Cost of sales and services	16	[1,420,805]	[1,535,372]	[4,567,447]	[4,478,209]
<b>Gross profit</b>		<b>1,015,781</b>	<b>1,238,885</b>	<b>3,200,440</b>	<b>3,332,221</b>
Other income		47,544	59,374	140,484	149,179
Administrative expenses		[739,332]	[813,932]	[2,390,072]	[2,383,024]
Impairment loss on trade debts		[49,010]	-	[38,480]	-
<b>Operating profit</b>		<b>274,983</b>	<b>484,327</b>	<b>912,372</b>	<b>1,098,376</b>
Finance income		68,363	102,859	146,681	204,437
Loss on remeasurement of equity instruments		[275,263]	[69,311]	[151,674]	[353,849]
Finance cost		[435,948]	[397,677]	[1,211,364]	[1,002,389]
<b>Net finance cost</b>		<b>[642,848]</b>	<b>[364,129]</b>	<b>[1,216,357]</b>	<b>[1,151,801]</b>
(Loss)/ profit before taxation		[367,865]	120,198	[303,985]	[53,425]
Income tax expense		[53,856]	[101,204]	[207,916]	[347,530]
<b>(Loss) / profit for the period</b>		<b>[421,721]</b>	<b>18,994</b>	<b>[511,901]</b>	<b>[400,955]</b>
(Loss) / earnings per share - basic and diluted [Rupees]	17	[12.97]	0.58	[15.74]	[12.33]

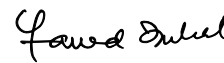
The annexed notes 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer

# Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2020

	Three months period ended 31 March		Nine months period ended 31 March	
	2020	2019	2020	2019
	[Rupees'000]			
(Loss) / profit for the period	[421,721]	18,994	[511,901]	[400,955]
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period - (loss)	[421,721]	18,994	[511,901]	[400,955]

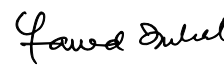
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**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer

# Condensed Interim Unconsolidated Statement of Cash Flows [Unaudited]


For the nine months period ended 31 March 2020

		Nine months period ended 31 March	
	Note	2020 [Rupees'000]	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows from operating activities before working capital changes	18	1,842,039	1,815,530
<b>Working capital changes</b>			
[Increase] / decrease in current assets			
Inventories		[33,351]	[60,454]
Trade debts		[122,439]	[160,090]
Contract assets		21,221	844
Advances		5,596	[82,047]
Trade deposits and prepayments		[40,524]	[66,168]
Other receivables		[25,139]	[5,083]
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		906,361	[32,449]
Contract liabilities		40,618	26,565
<b>Cash from / (used in) operations</b>		<b>752,343</b>	<b>[378,882]</b>
Staff retirement benefit - gratuity paid		[35,646]	[37,569]
Compensated leave absences paid		[17,142]	[34,949]
Income tax paid		[193,687]	[356,609]
Finance cost paid		[1,753,974]	[922,158]
<b>Net cash generated from operating activities</b>		<b>593,933</b>	<b>85,363</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		[2,111,024]	[2,685,739]
Advance for capital expenditure		32,085	[117,199]
Proceeds from disposal of property, plant and equipment		16,941	45,152
Advance against equity investment		-	[1,397,001]
Short term advance		-	[475,000]
Refund against short term advance		484,500	-
Short term investments		-	[15,862]
Maturity of short term investments		444,000	-
Dividend income received		225	380
Receipts of return on bank deposits and short term investments		94,787	149,449
Long term deposits and prepayments		[2,007]	[31,770]
<b>Net cash used in investing activities</b>		<b>[1,040,493]</b>	<b>[4,527,590]</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		[1,083,333]	[1,018,333]
Proceeds from Sukuk issuance		-	4,666,667
Proceeds from long term financing		-	150,000
Proceed from short term loan		170,000	-
Repayment of diminishing Musharaka facility		[12,037]	[9,400]
Repayment of lease liability		[73,520]	-
Dividend paid		-	[17,655]
<b>Net cash (used in) / generated from financing activities</b>		<b>[998,890]</b>	<b>3,771,279</b>
<b>Net decrease in cash and cash equivalents</b>		<b>[1,445,450]</b>	<b>[670,948]</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>[1,003,341]</b>	<b>713,509</b>
<b>Cash and cash equivalents at end of the period</b>	19	<b>[2,448,791]</b>	<b>42,561</b>

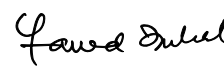
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**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer



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

For the nine months period ended 31 March 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)						
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	-	-	-	-	(400,955)	(400,955)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period - (loss)	-	-	-	-	(400,955)	(400,955)
Balance at 31 March 2019	325,242	269,424	27,530,740	1,600,000	5,656,994	35,382,400
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	-	-	-	-	(511,901)	(511,901)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period - (loss)	-	-	-	-	(511,901)	(511,901)
Balance at 31 March 2020	325,242	269,424	27,530,740	1,600,000	4,667,665	34,393,071

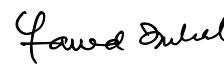
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**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer

# Notes to the Condensed Interim Unconsolidated Financial Statements [Unaudited]

For the nine months period ended 31 March 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.

## 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

The disclosures in these interim unconsolidated financial statements do not include the information that was reported in annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 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 nine months period ended 31 March 2019.

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

## 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 2019, except for the changes as indicated in note 3.2:

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

For the nine months period ended 31 March 2020

## 3.2 New standards, interpretations, amendments and directives adopted by the Company

### (a) IFRS 16 'Leases'

The Company has initially applied IFRS 16 'Leases' from 01 July 2019.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. As a result, the Company, as a lessee has recognised right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

IFRS 16 replaced previous 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 applied IFRS 16 using the modified retrospective approach, under which the Company has recognized right of use assets and lease liabilities at the date of initial recognition for leases previously classified as operating leases under IAS 17 at the present value of the remaining lease payments using the Company's weighted average incremental borrowing rate at the initial application date. The Company has chosen to measure the right of use assets at an amount equal to the lease liabilities adjusted by the amount of prepaid lease payments relating to the operating leases recognized in the statement of financial position as at 01 July 2019. Accordingly, no adjustment to equity has been made in these financial statements on adoption of the new policy and the comparative figures presented for 2018 have not been restated, i.e., it is presented, as previously reported, under IAS 17 and related interpretations.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision - making rights that are most relevant to changing how and for what purpose the asset is used.

On transition to IFRS 16, the Company has elected to apply the practical expedient to grandfather the assessment of which contracts or arrangements are leases, i.e., it applies IFRS 16 only to contracts that were previously identified as leases under IAS 17 and related interpretations. Contracts that were not previously identified as leases were not reassessed. As a result, the definition of lease under IFRS 16 would only be applied to contracts or arrangements entered into or changed after 01 July 2019, to be accounted for accordingly. Additionally, the Company has applied the following practical expedients:

- The use of a single discount rate to a portfolio of leases with reasonably similar risk characteristics.
- Applied the exemption not to recognize the right of use assets and lease liabilities of low value items and leases having a term of less than 12 months i.e., short term leases.

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

For the nine months period ended 31 March 2020

The Company has contracts for right to use of lands for hotel construction and spaces for normal course of operations along with its corporate office space, for a specific period of time in exchange of consideration.

Previously, the Company classified leases as an operating lease and a finance lease based on an assessment whether substantial risk and rewards of ownership has been transferred to the Company. Under IFRS 16, the Company has recognized right of use assets and lease liabilities for lease contracts, which were previously not presented on the statement of financial position.

Right of use assets are initially recognized at an amount equal to the amount of lease liability at initial recognition of the lease contract and subsequently depreciated on a straight line method over the term of the lease contract.

Lease liabilities are initially recognized at the present value of the remaining lease payments and are subsequently carried at their amortized cost using the effective interest method.

The Company has applied an incremental borrowing rate of 11.69% on transition to IFRS 16.

## Impact on Transition

On transition to IFRS 16, the Company recognized additional right of use assets and additional lease liabilities, presented on the statement of financial position. The right of use assets are recognized at an amount equal to the lease liabilities, adjusted by the prepaid lease payments pertaining to such lease contracts recognized in the statement of financial position of the Company at initial application date.

### *The impact of transition is detailed below:*

01 July 2019  
Rs. '000'

Right of use assets recognized on the statement of financial position

304,427

Lease liabilities recognized on the statement of financial position

294,269

Prepaid lease payments amounting to Rs. 10.158 million have been reclassified as right of use assets at initial application date.

## Impact for the period

In relation to adoption of IFRS 16, the Company recognized depreciation on right of use assets and interest on lease liabilities in the condensed interim unconsolidated statement of profit or loss and deducted lease contractual payments from lease liability during the nine months period ended 31 March 2020, as presented below:

Rs. '000'

Depreciation expense

60,239

Interest cost

19,080

Lease payments

54,440

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

For the nine months period ended 31 March 2020

Had IFRS 16 not been applied, the impact on condensed interim unconsolidated statement of profit or loss of the Company for the nine months period ended 31 March 2020 would have been as follows:

	Rs. '000'
Increase in rental expenses	46,581
Decrease in depreciation expenses	[60,239]
Decrease in interest cost	[19,080]
<b>Increase in profit for the period</b>	<b>32,738</b>

Reconciliation of amount presented on condensed interim unconsolidated statement of financial position is presented below:

	Right-of-use assets	Lease liabilities
	Rs. '000'	
Amount recognized on transition date	304,427	294,269
Depreciation expense for the period	[60,239]	-
Interest on lease liabilities	-	19,080
Lease payments made during the period	-	[73,520]
Amount as per financial statement	244,188	239,829

## [b] IFRIC 23 'Uncertainty over income tax treatments'

The Company has adopted IFRIC 23 'Uncertainty over income tax treatments' with a date of initial application of 01 July 2019. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. However, it has no significant impact on the Company's financial statements.

## 3.3 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, except for the new significant judgments related to the application of IFRS 16, which are detailed in note 3.2[a] to these condensed interim financial statements.

### 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.



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

For the nine months period ended 31 March 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 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.

## 3.4 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 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]
- Amendments to revised conceptual framework	[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 the authorised, 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 nine months period ended 31 March 2020

		Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
<b>5 LOANS AND BORROWINGS - Secured</b>			
<b>a. Non current portion</b>			
Term Finance Loan - 1		552,500	637,500
Term Finance Loan - 2		1,720,000	1,935,000
Term Finance Loan - 3		2,000,000	2,333,333
Term Finance Loan - 4		2,000,000	2,000,000
Syndicated term loan		-	450,000
Sukuk		7,000,000	7,000,000
Transaction cost		(36,788)	(52,208)
		13,235,712	14,303,625
Current portion of loans		(3,650,000)	(2,694,444)
		9,585,712	11,609,181
<b>Lease finance facilities</b>			
Diminishing musharaka arrangements		37,649	35,446
Current portion thereon		(15,043)	(13,253)
		22,606	22,193
		9,608,318	11,631,374
<b>b. Current portion</b>			
Current portion of loans	5.2	3,650,000	2,694,444
Current portion of Diminishing musharaka arrangements		15,043	13,253
Markup accrued		303,788	380,053
		3,968,831	3,087,750

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.

5.2 The State Bank of Pakistan (SBP) through its circular letter No. 13 of 2020 dated 26 March 2020 grant a regulatory relief to defer repayment of principal loan amount by one year provided that obligor will continue to service the markup amount, according to this regulatory relief the Company has approached to its financial institutions and seek the deferment of its loan amount as per the directives issued by SBP.

		Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
<b>6 SHORT TERM BORROWINGS</b>			
Running finance facilities - secured	6.1	2,596,113	1,243,464
Short term loan	6.2	170,000	-
Markup accrued		81,468	21,119
		2,847,581	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 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 facilities of Rs. 860 million carrying markup ranging 3M KIBOR plus 0.50% to 3M KIBOR plus 1.50% .

6.2 This short term loan of Rs. 170 million represents loan obtained from Director.

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

For the nine months period ended 31 March 2020

	Unaudited 31 March 2020	Audited 30 June 2019
	[Rupees'000]	
<b>7 TRADE AND OTHER PAYABLES</b>		
Creditors	1,166,411	463,255
Accrued liabilities	670,558	598,999
Shop deposits	54,526	54,267
Retention money	225,828	211,070
Due to related parties - unsecured	49,217	21,353
Sales tax payable	126,248	100,357
Income tax deducted at source	9,651	4,180
Unearned income	187,281	165,082
Other liabilities	93,919	58,715
	<u>2,583,639</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:

	Note	Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
<b>8.1.2 Guarantees</b>		<u>307,816</u>	<u>285,716</u>
<b>8.2 Commitments</b>			
Commitments for capital expenditure		<u>2,506,864</u>	<u>2,797,346</u>
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	9.1	35,757,310	35,848,499
Capital work in progress	9.2	7,087,783	4,613,594
		<u>42,845,093</u>	<u>40,462,093</u>
<b>9.1 Operating fixed assets</b>			
Carrying amount at beginning of the period / year		35,848,499	36,586,141
Additions during the period / year	9.2.2	286,032	883,955
Transfers from capital work in progress	9.2.2	355,872	2,119,451
Asset classified as held for sale		-	[2,748,739]
Disposal during the period / year		[7,618]	[118,332]
Depreciation charge for the period / year	9.2.2	[725,475]	[873,977]
Carrying amount at end of the period / year		<u>35,757,310</u>	<u>35,848,499</u>
<b>9.2 Capital work in progress</b>			
Carrying amount at beginning of the period / year		4,613,594	3,339,146
Additions during the period / year		2,830,061	3,393,899
Transfers to operating fixed assets		[355,872]	[2,119,451]
Carrying amount at end of the period / year	9.2.1	<u>7,087,783</u>	<u>4,613,594</u>

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

For the nine months period ended 31 March 2020

	Unaudited 31 March 2020	Audited 30 June 2019
	[Rupees'000]	
9.2.1 Closing capital work in progress represents:		
Construction of Pearl Continental Multan	2,981,610	1,748,390
Construction of Pearl Continental Mirpur	3,481,990	2,495,724
Other civil works	624,183	369,480
	<u>7,087,783</u>	<u>4,613,594</u>

9.2.2 Additions in and depreciation on property, plant and equipment during the nine months period ended 31 March 2019 were Rs. 2,181.465 million and Rs. 635.667 million respectively.

## 10 RIGHT OF USE ASSETS / LEASE LIABILITIES

The Company upon initial application of IFRS 16 recognized right of use assets and lease liabilities at present value of outstanding lease payments using weighted average incremental borrowing rate. The right of use assets are recognized at an amount equal to present value of lease liabilities adjusted by prepaid lease rentals existing at initial application date.

	Note	Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
Right-of-use Asset		244,188	-
Lease liabilities			
Not later than one year		72,004	-
Later than one but not later than five years		106,198	-
Later than five years		427,468	-
Total undiscounted lease commitments		<u>605,670</u>	<u>-</u>
Discounted lease liability using the incremental borrowing rate		239,829	-
Less: Current portion thereon		<u>(74,069)</u>	<u>-</u>
		<u>165,760</u>	<u>-</u>

## 11 ADVANCE FOR CAPITAL EXPENDITURE

Advance for purchase of land	11.1	667,220	717,220
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
		<u>1,048,876</u>	<u>1,098,876</u>
Advance for purchase of apartment		40,509	40,509
Impairment loss		<u>(40,509)</u>	<u>(40,509)</u>
		<u>-</u>	<u>-</u>
Advance for purchase of fixed assets		353,021	560,500
Advances for Pearl Continental Multan Project		91,806	255,818
Advances for Pearl Continental Mirpur Project		101,767	141,996
		<u>546,594</u>	<u>958,314</u>
		<u>1,595,470</u>	<u>2,057,190</u>

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

For the nine months period ended 31 March 2020

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.

## 13 SHORT TERM INVESTMENTS

limited respectively.

		Unaudited 31 March 2020	Audited 30 June 2019
	Note	[Rupees'000']	
<b>SHORT TERM INVESTMENTS</b>			
<b>Amortized cost</b>			
Certificate of investments		5,300	5,300
Impairment loss		(5,300)	(5,300)
		-	-
<b>Fair value through other comprehensive income</b>			
National Technology Development Corporation Limited		500	500
Indus Valley Solvent Oil Extraction Limited		200	200
Impairment loss		(700)	(700)
		-	-
<b>Amortized cost</b>			
Term deposit receipt	13.1	565,523	1,009,523
Term Finance certificate	13.2	75,000	75,000
Accrued interest		15,462	9,866
		655,985	1,094,389
<b>Financial assets at fair value through profit or loss</b>			
Shares of listed Companies	13.3	470,374	622,048
		1,126,359	1,716,437



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

For the nine months period ended 31 March 2020

13.1 The Term deposit receipts carry interest rate ranging from 5.25% to 9.80% [ 30 June 2019: 5.25% to 9%].

13.2 Term Finance certificate carry profit @ 3-month KIBOR plus 1.60%.

13.3 This mainly includes investment in an associated company having carrying value of Rs. 465.525 million [30 June 2019 : Rs. 615.954 million].

13.3.1 Out of total shares 13,687,874 held by the Company in Jubilee General Insurance Company Limited-an associated 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 represents short term advance extended to wholly owned subsidiary, City Properties (Private) Limited.

		Three months period ended 31 March		Nine months period ended 31 March	
		2020	2019	2020	2019
15 REVENUE - NET	Note	[Rupees'000]			
Rooms		1,260,037	1,585,489	4,191,992	4,433,297
Food and beverages		1,471,317	1,526,085	4,520,460	4,289,683
Other related services	15.1	147,614	144,563	453,758	435,244
Shop license fees		11,338	13,990	34,254	43,338
		2,890,306	3,270,127	9,200,464	9,201,562
Discounts and commissions		[66,466]	[52,347]	[195,422]	[138,343]
Sales tax		[387,254]	[443,523]	[1,237,155]	[1,252,789]
		2,436,586	2,774,257	7,767,887	7,810,430

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

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

For the nine months period ended 31 March 2020

	Three months period ended 31 March		Nine months period ended 31 March	
	2020	2019	2020	2019
	[Rupees'000]			
<b>16 COST OF SALES AND SERVICES</b>				
<b>Food and beverages</b>				
Opening balance	98,157	87,727	86,229	86,196
Purchases during the year	426,162	465,325	1,274,773	1,322,593
Closing balance	(108,338)	(99,770)	(108,338)	(99,770)
Consumption during the year	(415,981)	453,282	1,252,664	1,309,019
<b>Direct expenses</b>				
Salaries, wages and benefits	385,641	444,457	1,271,672	1,295,565
Heat, light and power	169,716	179,210	670,015	560,271
Repair and maintenance	94,747	102,584	268,717	273,064
Depreciation	217,737	198,087	652,927	572,100
Guest supplies	51,673	61,996	172,876	176,097
Linen, china and glassware	21,353	22,805	70,822	74,867
Communication and other related services	19,078	20,438	55,759	67,472
Banquet and decoration	14,045	13,172	45,217	37,574
Transportation	12,862	14,844	43,126	42,346
Uniforms	4,787	6,712	16,734	21,918
Music and entertainment	4,906	3,881	13,289	10,970
Others	8,279	13,904	33,629	36,946
	1,420,805	1,535,372	4,567,447	4,478,209
<b>17 [LOSS] / EARNINGS PER SHARE</b>				
[Loss] / profit for the period [Rupees '000]	(421,721)	18,994	(511,901)	(400,955)
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170	32,524,170	32,524,170
[Loss] / profit per share - basic [Rupees]	(12.97)	0.58	(15.74)	(12.33)

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 nine months period ended 31 March 2020

		Nine months period ended 31 March	
		2020	2019
		[Rupees'000]	
<b>18</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>		
	Loss before tax	(303,985)	[53,425]
	Adjustments for:		
	Depreciation	725,475	635,667
	Depreciation on right of use asset	60,239	-
	Gain on disposal of property, plant and equipment	(9,323)	[34,685]
	Provision for staff retirement benefit - gratuity	87,462	61,698
	Provision for compensated leave absences	22,258	43,433
	Impairment loss on trade debts	38,480	-
	Provision for bad debts	-	8,185
	Return on bank deposits / certificate of investments	(100,316)	[146,449]
	Finance cost	1,211,364	1,002,389
	Dividend income	(41,289)	[55,132]
	Loss on remeasurement of equity instruments	151,674	353,849
		<u>1,842,039</u>	<u>1,815,530</u>
<b>19</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	148,212	601,677
	Short term borrowings	(2,677,581)	[559,116]
	Accrued markup on short term borrowings	81,468	-
	Accrued profit on bank deposits	(890)	-
		<u>(2,448,791)</u>	<u>42,561</u>

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

For the nine months period ended 31 March 2020

## 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:

	Nine months period ended 31 March	
	2020	2019
	[Rupees'000]	
<b>Transactions with subsidiary companies</b>		
Sales	2,643	2,665
Services provided	7,024	13,197
Services availed	68,579	45,776
Refund of short term advance	484,500	40,000
Advance against equity investment	-	1,397,001
Short term advance	-	515,000
<b>Balances as at the period end:</b>		
- Trade debts	3,122	* 3,295
- Long term investments	1,037,794	*1,037,794
- Advance against equity investment	3,412,571	*3,412, 571
- Short term advance	30,500	*515,000
<b>Transactions and balances with associated undertakings</b>		
Sales	139	124
Services provided	4,630	2,695
Services availed	273,420	59,820
Purchases	100,644	114,107
Franchise fee - income	3,099	3,618
Franchise and management fee - expense	6,727	7,632
Dividend income	41,064	54,752
Dividend paid	-	13,473
<b>Balances as at the period end:</b>		
- Trade debts	4,687	* 2,676
-Trade Advances, deposits and prepayments	39,202	* 69,521
<b>Transactions with other related parties</b>		
Sales	663	257
Services provided	18	330
Services availed	-	96,273
Purchases	776	-
Contribution to defined contribution plan - provident fund	44,737	43,668
Advance for purchase of vehicle	-	1,622
<b>Balances as at the period end:</b>		
- Trade debts	484	* 511
- Advance for capital expenditure	626,820	* 626,820
<b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	151,732	164,031
Loan from key management personnel	170,000	-

\* Represents balances as at 30 June 2019.

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

For the nine months period ended 31 March 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.

		Carrying amount			Fair value				
					Amount in Rs'000				
		Financial Assets		Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
		Fair value through profit or loss	Amortized cost	Amortized cost					
31 March 2020	Note								
Financial assets measured at fair value									
Shares of listed Companies	13	470,374	-	-	470,374	470,374	-	-	470,374
Long term deposits		58,283	-	-	58,283	-	-	58,283	58,283
Short term deposits		14,349	-	-	14,349	-	-	14,349	14,349
		543,006	-	-	543,006	470,374	-	72,632	543,006
Financial assets not measured at fair value									
Trade debts	21.2	-	627,336	-	627,336	-	-	-	-
Contract assets		-	8,531	-	8,531	-	-	-	-
Advance to employees		-	37,967	-	37,967	-	-	-	-
Other receivables		-	236,574	-	236,574	-	-	-	-
Term deposit receipt	13	-	565,523	-	565,523	-	-	-	-
Term finance certificate	13	-	75,000	-	75,000	-	-	-	-
Short term advance		-	30,500	-	30,500	-	-	-	-
Accrued interest	13	-	15,462	-	15,462	-	-	-	-
Cash and bank balances		-	148,212	-	148,212	-	-	-	-
		-	1,745,105	-	1,745,105	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	13,272,500	13,272,500	-	-	-	-
Short term borrowings	6	-	-	2,847,581	2,847,581	-	-	-	-
Trade and other payables	21.3	-	-	2,260,459	2,260,459	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	18,391,310	18,391,310	-	-	-	-
30 June 2019									
Financial assets measured at fair value									
Shares of listed Companies	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
		693,929	-	-	693,929	622,048	-	71,881	693,929
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	-	-	-	-
		-	2,483,358	-	2,483,358	-	-	-	-
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	21.3	-	-	1,407,659	1,407,659	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	17,038,845	17,038,845	-	-	-	-

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

For the nine months period ended 31 March 2020

- 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

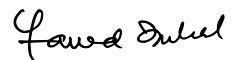
These condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors on 29 April 2020.



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer







Pearl-Continental Hotel, Karachi





**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS [UNAUDITED]**  
For the nine months period ended 31 March 2020

# Condensed Interim Consolidated Statement of Financial Position As at 31 March 2020

		Unaudited 31 March 2020	Audited 30 June 2019
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		416,645	416,645
Revenue reserves		5,786,572	6,386,580
Advance against equity investment		146,879	-
Revaluation surplus on property, plant and equipment		27,530,741	27,530,741
Equity attributable to owners		34,206,079	34,659,208
Non- controlling interest		[30,265]	14,583
Total equity		34,175,814	34,673,791
LIABILITIES			
Loans and borrowings	5	9,640,382	11,671,272
Lease liability	10	165,760	-
Employee benefits		874,576	815,402
Deferred tax liability - net		638,043	564,479
Non current liabilities		11,318,761	13,051,153
Short term borrowings	6	3,048,779	1,264,583
Current portion of loans and borrowings	5	3,987,722	3,107,251
Trade and other payables	7	3,188,951	1,765,945
Contract liabilities		316,489	276,581
Lease liability	10	74,069	-
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		10,626,780	6,425,130
Total equity and liabilities		56,121,355	54,150,074
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 20 form an integral part of these interim consolidated financial statements.

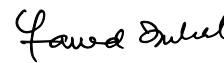
		Unaudited 31 March 2020	Audited 30 June 2019
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	9	42,982,025	40,605,493
Right-of-use Asset	10	244,188	-
Advance for capital expenditure	11	1,595,470	2,057,190
Investment property		60,000	60,000
Long term investments		465,525	615,954
Advance against equity investment	12	611,194	355,314
Long term deposits and prepayments		67,657	63,888
Non current assets		46,026,059	43,757,839
Inventories		349,212	313,655
Trade debts		671,226	557,183
Contract assets		8,531	29,752
Development properties		4,308,087	4,301,165
Advances, prepayments, trade deposits and other receivables		514,983	430,331
Short term investments	13	665,856	1,106,813
Non current asset held for sale		2,748,739	2,748,739
Advance tax - net		625,541	559,147
Cash and bank balances		203,121	345,450
Current assets		10,095,296	10,392,235
Total assets		56,121,355	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 nine months period ended 31 March 2020

		Three months period ended 31 March		Nine months period ended 31 March	
		2020	2019	2020	2019
	Note	[Rupees'000]			
Revenue - net	14	2,451,824	2,804,620	7,821,188	7,908,773
Cost of sales and services	15	[1,439,348]	[1,561,080]	[4,628,913]	[4,569,273]
<b>Gross profit</b>		<b>1,012,476</b>	<b>1,243,540</b>	<b>3,192,275</b>	<b>3,339,500</b>
Other income		47,551	59,476	148,085	184,502
Administrative expenses		[780,442]	[843,669]	[2,519,116]	[2,421,522]
Impairment loss on trade debts		[49,010]	-	[38,480]	-
<b>Operating profit</b>		<b>230,575</b>	<b>459,347</b>	<b>782,764</b>	<b>1,102,480</b>
Finance income		[288,843]	42,899	[99,384]	[146,589]
Loss on remeasurement of equity instruments		[1,505]	[735]	[1,244]	[702]
Finance cost		[438,152]	[398,950]	[1,215,879]	[1,006,568]
<b>Net finance cost</b>		<b>[728,500]</b>	<b>[356,786]</b>	<b>[1,316,507]</b>	<b>[1,153,859]</b>
Share of gain in equity accounted investment-net		38,067	[8,166]	56,693	14,118
[Loss]/ profit before taxation		[459,858]	94,395	[477,050]	[37,261]
Income tax expense		[51,726]	[102,762]	[210,947]	[357,046]
<b>[Loss]/ profit for the period</b>		<b>[511,584]</b>	<b>[8,367]</b>	<b>[687,997]</b>	<b>[394,307]</b>
<b>Loss attributable to:</b>					
Owners of the Company		[502,048]	[1,268]	[643,149]	[387,208]
Non-controlling interests		[9,536]	[7,099]	[44,848]	[7,099]
		<b>[511,584]</b>	<b>[8,367]</b>	<b>[687,997]</b>	<b>[394,307]</b>

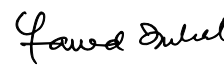
The annexed notes 1 to 20 form an integral part of these interim consolidated financial statements.



**M.A. Bawany**  
Director



**Shkir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer

# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2020

	Three months period ended 31 March		Nine months period ended 31 March	
	2020	2019	2020	2019
	[Rupees'000]			
[Loss]/ profit for the period	[511,584]	[8,367]	[687,997]	[394,307]
Surplus on remeasurement of available for sale securities	47,481	[163]	43,141	[11,593]
Total comprehensive income for the period- [loss]	[464,103]	[8,530]	[644,856]	[405,900]
Total comprehensive income-[loss] attributable to:				
Owners of the Company	[454,567]	[1,431]	[600,008]	[398,801]
Non-controlling interests	[9,536]	[7,099]	[44,848]	[7,099]
	[464,103]	[8,530]	[644,856]	[405,900]

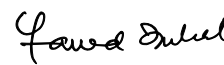
The annexed notes 1 to 20 form an integral part of these interim consolidated financial statements.



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer

# Condensed Interim Consolidated Statement of Cash Flows [Unaudited]

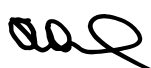
For the nine months period ended 31 March 2020

		Nine months period ended 31 March	
		2020	2019
		[Rupees'000]	
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flow from operating activities before working capital changes	16	1,724,055	1,833,752
<b>Working capital changes</b>			
[Increase] / decrease in current assets			
Inventories		[35,557]	[60,454]
Development property		[6,922]	[1,442,031]
Trade debts		[152,523]	844
Contract assets		21,221	[170,066]
Advances		4,690	[75,769]
Trade deposits and prepayments		[36,141]	[68,780]
Other receivables		[16,254]	[4,793]
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		1,423,006	[49,856]
Contract liabilities		39,908	82,518
<b>Cash from / (used in) operations</b>		<b>1,241,428</b>	<b>[1,788,387]</b>
Staff retirement benefit - gratuity paid		[35,646]	[37,569]
Compensated leave absences paid		[17,142]	[34,949]
Income tax paid		[203,777]	[378,002]
Finance cost paid		[1,758,489]	[926,499]
<b>Net Cash generated from / (used in) operations</b>		<b>950,429</b>	<b>[1,331,654]</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		[2,124,748]	[2,767,134]
Advance for capital expenditure		32,085	[117,199]
Proceeds from disposal of property, plant and equipment		27,823	58,304
Advance against equity investment		[255,880]	-
Short term investments		445,309	[15,863]
Long term investments		-	[435,807]
Proceeds from disposal of held for sale asset		-	144,582
Dividend income received		225	380
Receipts of return on bank deposits and short term investments		99,776	154,290
Long term deposits and prepayments		[9,809]	[34,705]
<b>Net cash used in investing activities</b>		<b>[1,785,219]</b>	<b>[3,013,152]</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		[1,083,333]	[1,018,333]
Proceeds from Sukuk issuance		-	4,666,667
Proceeds from long term financing		-	150,000
Repayment of diminishing Mutharika facility		[20,480]	[27,036]
Repayment of lease liability		[73,520]	-
Proceeds from short term loan		371,199	-
Proceed from advance against equity		146,879	-
Dividend paid		-	[17,655]
<b>Net cash (used in) / generated from financing activities</b>		<b>[659,255]</b>	<b>3,753,643</b>
<b>Net decrease in cash and cash equivalents</b>		<b>[1,494,045]</b>	<b>[591,163]</b>
<b>Cash and bank transfer upon acquisition of Subsidiary</b>		<b>-</b>	<b>74,571</b>
Cash and cash equivalents at beginning of the period		[899,836]	760,224
Cash and cash equivalents at end of the period	17	[2,393,881]	243,632

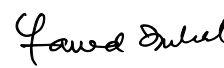
The annexed notes 1 to 20 form an integral part of these interim consolidated financial statements.



**M.A. Bawany**  
Director



**Shakir Abu Bakar**  
Director



**Javed Iqbal**  
Chief Financial Officer





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

For the nine months period ended 31 March 2020

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

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

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

## 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

The disclosures in these interim consolidated financial statements do not include the information that was reported in annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 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 nine months period ended 31 March 2019.

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

For the nine months period ended 31 March 2020

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

## 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 2019, except for the adoption of new standards and interpretations 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

#### [a] IFRS 16 'Leases'

The Group has initially applied IFRS 16 'Leases' from 01 July 2019.

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. As a result, the Group, as a lessee has recognised right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

IFRS 16 replaced previous 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 applied IFRS 16 using the modified retrospective approach, under which the Group has recognized right of use assets and lease liabilities at the date of initial recognition for leases previously classified as operating leases under IAS 17 at the present value of the remaining lease payments using the Group's weighted average incremental borrowing rate at the initial application date. The Group has chosen to measure the right of use assets at an amount equal to the lease liabilities adjusted by the amount of prepaid lease payments relating to the operating leases recognized in the statement of financial position as at 01 July 2019. Accordingly, no adjustment to equity has been made in these financial statements on adoption of the new policy and the comparative figures presented for 2018 have not been restated, i.e., it is presented, as previously reported, under IAS 17 and related interpretations.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision - making rights that are most relevant to changing how and for what purpose the asset is used.

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

For the nine months period ended 31 March 2020

On transition to IFRS 16, the Group has elected to apply the practical expedient to grandfather the assessment of which contracts or arrangements are leases, i.e., it applies IFRS 16 only to contracts that were previously identified as leases under IAS 17 and related interpretations. Contracts that were not previously identified as leases were not reassessed. As a result, the definition of lease under IFRS 16 would only be applied to contracts or arrangements entered into or changed after 01 July 2019, to be accounted for accordingly. Additionally, the Group has applied the following practical expedients:

- The use of a single discount rate to a portfolio of leases with reasonably similar risk characteristics.
- Applied the exemption not to recognize the right of use assets and lease liabilities of low value items and leases having a term of less than 12 months i.e., short term leases.

The Group has contracts for right to use of lands for hotel construction and for normal course of operations along with it's corporate office space, for a specific period of time in exchange of consideration.

Previously, the Group classified leases as an operating lease and a finance lease based on an assessment whether substantial risk and rewards of ownership has been transferred to the Group. Under IFRS 16, the Group has recognized right of use assets and lease liabilities for lease contracts, which were previously not presented on the statement of financial position.

Right of use assets are initially recognized at an amount equal to the amount of lease liability at initial recognition of the lease contract and subsequently depreciated on a straight line method over the term of the lease contract.

Lease liabilities are initially recognized at the present value of the remaining lease payments and are subsequently carried at their amortized cost using the effective interest method.

The Group has used an incremental borrowing rate of 11.69% on transition to IFRS 16.

## Impact on Transition

On transition to IFRS 16, the Group recognized additional right of use assets and additional lease liabilities, presented on the statement of financial position. The right of use assets are recognized at an amount equal to the lease liabilities, adjusted by the prepaid lease payments pertaining to such lease contracts recognized in the statement of financial position at initial application date.

	01 July 2019 Rs. '000'
<i>The impact of transition is as below:</i>	
Right-of-use assets presented on the statement of financial position	<u>304,427</u>
Lease liabilities presented on the statement of financial position	<u>294,269</u>

Prepaid lease payments amounting to Rs. 10.158 million have been reclassified as right of use assets at initial application date.

## Impact for the period

In relation to adoption of IFRS 16, the Group recognized depreciation on right of use assets and interest on lease liabilities in the condensed interim consolidated statement of profit or loss and deducted lease contractual

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

For the nine months period ended 31 March 2020

payments from lease liability during the six months period ended 31 March 2020, as presented below:

	Rs. '000'
Depreciation expense	60,239
Interest cost	19,080
Lease payments	54,440

Had IFRS 16 not been applied, the impact on condensed interim consolidated statement of profit or loss of the Group for the nine months period ended 31 March 2020 would have been as follows:

	Rs. '000'
Increase in rental expenses	46,581
Decrease in depreciation expenses	[60,239]
Decrease in interest cost	[19,080]
<b>Increase in Profit</b>	<b>[32,738]</b>

## Reconciliation of amount presented on statement of Financial Statement:

	Right-of-use assets	Lease liabilities
	Rs. '000'	
Recognized on 01 July 2019	304,427	294,269
Depreciation expense for the period	[60,239]	-
Interest on lease liabilities	-	19,080
Lease payments made during the period	-	[73,520]
	<u>244,188</u>	<u>239,829</u>

## (b) IFRIC 23 'Uncertainty over income tax treatments'

The Group has adopted IFRIC 23 'Uncertainty over income tax treatments' with a date of initial application of 01 July 2019. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. However, it has no significant impact on the Group's financial statements.

## 3.3 Accounting Estimates and Judgements

In preparing these 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 judgments 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 financial statements, except for the new significant judgments related to the application of IFRS 16, which are detailed in note 3.2(a) to these condensed interim financial statements.

### 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.

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

For the nine months period ended 31 March 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.

## 3.4 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 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]
- Amendments to revised conceptual framework	[effective 01 January 2020]

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

## 4 SHARE CAPITAL

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



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

For the nine months period ended 31 March 2020

		Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
<b>5 LOANS AND BORROWINGS - Secured</b>			
<b>a. Non current portion</b>			
Term Finance Loan - 1		552,500	637,500
Term Finance Loan - 2		1,720,000	1,935,000
Term Finance Loan - 3		2,000,000	2,333,333
Term Finance Loan - 4		2,000,000	2,000,000
Syndicated term loan		-	450,000
Sukuk		7,000,000	7,000,000
Transaction cost		(36,788)	(52,208)
		13,235,712	14,303,625
Current portion of loans		(3,650,000)	(2,694,444)
		9,585,712	11,609,181
<b>Lease finance facilities</b>			
Diminishing Musharaka arrangements		88,604	94,844
Current portion		(33,934)	(32,753)
		54,670	62,091
		9,640,382	11,671,272
<b>b. Current portion</b>			
Current portion of loans	5.2	3,650,000	2,694,444
Current portion of Diminishing Musharaka Facility		33,934	32,753
Markup accrued		303,788	380,054
		3,987,722	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.

5.2 The State Bank of Pakistan (SBP) through its circular letter No. 13 of 2020 dated 26 March 2020 grant a regulatory relief to defer repayment of principal loan amount by one year provided that obliger will continue to service the markup amount, according to this regulatory relief the Group has approached to its financial institution and seek the deferment of its loan amount as per the directives issued by SBP.

		Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
<b>6 SHORT TERM BORROWINGS</b>			
Running finance facilities - secured	6.1	2,596,112	1,243,464
Short term loan	6.2	371,199	-
Markup accrued		81,468	21,119
		3,048,779	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 Group availed fresh facilities of Rs. 860 million carrying markup ranging 3M KIBOR plus 0.50% to 3M KIBOR plus 1.50% .

6.2 This also includes short term loan of Rs. 336 million availed from related parties.

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

For the nine months period ended 31 March 2020

	Unaudited 31 March 2020	Audited 30 June 2019
	[Rupees'000]	
<b>7 TRADE AND OTHER PAYABLES</b>		
Creditors	1,175,546	475,617
Accrued liabilities	679,501	606,134
Shop deposits	54,526	54,267
Retention money	225,828	211,070
Due to related parties - unsecured	59,052	25,242
Sales tax payable	123,461	100,569
Income tax deducted at source	11,697	4,185
Un-earned income	187,281	221,082
Advance against sale of development property	560,000	-
Other liabilities	112,059	67,779
	<b>3,188,951</b>	<b>1,765,945</b>

## 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:

Note	Unaudited 31 March 2020	Audited 30 June 2019
	[Rupees'000]	
<b>8.1.2 Guarantees</b>	<b>307,816</b>	<b>286,852</b>

### 8.2 Commitments

Commitments for capital expenditure	2,621,545	2,911,627
-------------------------------------	-----------	-----------

## 9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1	35,892,315	35,991,899
Capital work in progress	9.2	7,089,710	4,613,594
		<b>42,982,025</b>	<b>40,605,493</b>

### 9.1 Operating fixed assets

Carrying amount at beginning of the period / year		35,991,899	36,700,470
Additions during the period / year	9.2.2	297,829	945,045
Transfer from Capital work in progress	9.2.2	355,872	2,119,451
Asset classified as held for sale		-	[2,715,787]
Disposal during the period / year		[11,177]	[160,891]
Depreciation charge for the period / year	9.2.2	[742,108]	[896,389]
Carrying amount at end of the period / year		<b>35,892,315</b>	<b>35,991,899</b>

### 9.2 Capital work in progress

Carrying amount at beginning of the period / year		4,613,594	3,339,152
Additions during the period / year		2,831,988	3,393,893
Transferred to operating fixed assets		[355,872]	[2,119,451]
Carrying amount at end of the period / year	9.2.1	<b>7,089,710</b>	<b>4,613,594</b>

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

For the nine months period ended 31 March 2020

	Unaudited 31 March 2020	Audited 30 June 2019
	[Rupees'000]	
<b>9.2.1 Closing capital work in progress represents:</b>		
Construction of Pearl Continental Multan	2,981,610	1,748,390
Construction of Pearl Continental Mirpur	3,481,990	2,495,724
Other civil works	626,110	369,480
	<b>7,089,710</b>	<b>4,613,594</b>

9.2.2 Additions to operating fixed assets and depreciation during the nine months period ended 31 March 2020 were Rs. 2,236.59 million and Rs. 653.028 million respectively.

## 10 RIGHT-OF- USE ASSETS / LEASE LIABILITIES

The Group upon initial application of IFRS 16 recognized right of use assets and lease liabilities at present value of outstanding lease payments using weighted average incremental borrowing rate. The right of use assets are recognized at an amount equal to present value of lease liabilities adjusted by prepaid lease rentals existing at initial application date.

	Note	Unaudited 31 March 2020	Audited 30 June 2019
		[Rupees'000]	
Right-of-use Asset		244,188	-
<b>Lease liability:</b>			
Not later than one year		72,004	-
Later than one but not later than five years		106,198	-
Later than five years		427,468	-
Total undiscounted lease commitments		605,670	-
Discounted lease liability using the incremental borrowing rate		239,829	-
Less: Current portion thereon		(74,069)	-
		165,760	-

## 11 ADVANCE FOR CAPITAL EXPENDITURE

Advance for purchase of land	11.1	667,220	717,220
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
		<b>1,048,876</b>	<b>1,098,876</b>
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		353,021	560,500
Advances for Pearl Continental Multan Project		91,806	255,818
Advances for Pearl Continental Mirpur Project		101,767	141,996
		<b>546,594</b>	<b>958,314</b>
		<b>1,595,470</b>	<b>2,057,190</b>

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

For the nine months period ended 31 March 2020

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 an 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 the 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 March 2020	Audited 30 June 2019
	Note	[Rupees'000]	
<b>12 ADVANCE AGAINST EQUITY INVESTMENT</b>			
Foreepay (Pvt) Limited		397,280	219,280
Xoop Technologies (Pvt) Limited		213,914	136,034
		<b>611,194</b>	<b>355,314</b>
<b>13 SHORT TERM INVESTMENTS</b>			
Certificate of investments		5,300	5,300
Impairment loss		(5,300)	(5,300)
		-	-
<b>Fair value through other comprehensive income</b>			
National Technology Development Corporation Limited		200	200
Indus Valley Solvent Oil Extraction Limited		500	500
Impairment loss		(700)	(700)
		-	-
<b>Fair value through profit or loss</b>			
Shares of listed companies		4,851	6,095
		-	-
<b>Amortized cost</b>			
Term deposit receipt	13.1	565,523	1,009,523
Mutual Fund		5,020	6,329
Term Finance certificate	13.2	75,000	75,000
		<b>645,543</b>	<b>1,090,852</b>
Accrued interest		15,462	9,866
		<b>665,856</b>	<b>1,106,813</b>

13.1 The Term deposit receipts carry interest rate ranging from 5.25% to 9.80% [ 30 June 2019: 5.25% to 9%].

13.2 Term Finance certificate carry profit @ 3-month KIBOR plus 1.60%.

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

For the nine months period ended 31 March 2020

		Three months period ended 31 March		Nine months period ended 31 March	
		2020	2019	2020	2019
14 REVENUE - NET	Note	[Rupees'000]			
Rooms		1,259,438	1,583,448	4,184,968	4,420,650
Food and beverages		1,469,975	1,524,988	4,517,817	4,287,034
Other related services	14.1	148,515	146,777	469,863	459,211
Vehicles Rental		28,472	45,912	89,222	134,510
Shop license fees		11,338	13,990	34,254	43,338
		2,917,738	3,315,115	9,296,124	9,344,743
Discounts and commissions		[72,398]	[58,096]	[214,633]	[155,653]
Sales tax		[393,516]	[452,399]	[1,260,303]	[1,280,317]
		2,451,824	2,804,620	7,821,188	7,908,773

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

	Three months period ended 31 March		Nine months period ended 31 March	
	2020	2019	2020	2019
15 COST OF SALES AND SERVICES	[Rupees'000]			
Food and beverages				
Opening balance	98,157	87,083	86,229	86,196
Purchases during the year	426,161	465,325	1,274,772	1,322,593
Closing balance	(108,338)	(99,770)	(108,338)	(99,770)
Consumption during the year	415,980	452,638	1,252,663	1,309,019
Direct expenses				
Salaries, wages and benefits	398,394	458,956	1,314,329	1,337,388
Heat, light and power	169,716	179,210	670,015	560,271
Repair and maintenance	95,554	102,796	269,696	273,580
Depreciation	222,036	203,484	666,121	587,714
Guest supplies	51,673	61,996	172,876	176,097
Linen, china and glassware	21,353	22,805	70,822	74,867
Communication and other related services	19,078	20,438	55,759	67,472
Banquet and decoration	14,045	13,172	45,217	37,574
Transportation	3,977	6,882	8,837	22,160
Uniforms	4,787	6,712	16,734	21,918
Music and entertainment	4,906	3,881	13,289	10,970
Insurance	684	1,311	2,140	3,581
Vehicle operating Expense	6,648	6,875	23,566	25,112
Vehicle Rental and Registration Charges	3,098	7,668	10,829	23,554
Others	7,419	12,256	36,020	37,996
	1,439,348	1,561,080	4,628,913	4,569,273

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

For the nine months period ended 31 March 2020

		Nine months period ended 31 March	
		2020	2019
		[Rupees'000]	
<b>16</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>		
	Loss before tax	(477,050)	(37,261)
	Adjustments for:		
	Depreciation	742,108	653,028
	Depreciation on right-of-use asset	60,239	-
	Gain on disposal of property, plant and equipment	(16,646)	(42,855)
	Provision for staff retirement benefit - gratuity	89,452	65,683
	Provision for compensated leave absences	22,507	44,375
	Impairment loss on trade debts	38,480	-
	Provision for bad debts	-	8,185
	Return on bank deposits / certificate of investments	(104,440)	(151,095)
	Finance cost	1,215,879	1,006,568
	Dividend income	(225)	(55,132)
	Loss on remeasurement of equity instruments	1,244	702
	Share of gain in equity accounted investment-net	(56,693)	(14,118)
	Impairment on investment in associated company	209,200	355,672
		<u>1,724,055</u>	<u>1,833,752</u>
<b>17</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	203,121	802,748
	Short term borrowings	(2,677,580)	(559,116)
	Accrued markup on short term borrowings	81,468	-
	Accrued profit on bank deposits	(890)	-
		<u>(2,393,881)</u>	<u>243,632</u>



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

For the nine months period ended 31 March 2020

## 18 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:

	Nine months period ended 31 March	
	2020	2019
	[Rupees'000]	
<b>Transactions and balances with associated undertakings</b>		
Sales	139	124
Services provided	23,753	8,855
Services availed	281,170	67,903
Purchases	100,644	115,998
Franchise fee - income	3,099	3,618
Franchise and management fee - expense	6,727	7,632
Dividend income	41,064	54,752
Dividend paid		13,473
<b>Balances as at the period end:</b>		
- Trade debts	12,355	*7,774
- Advances, deposits and prepayments	39,202	*69,521
<b>Transactions with other related parties</b>		
Sales	663	257
Services provided	18	330
Services availed	-	96,273
Purchases	776	
Contribution to defined contribution plan - provident fund	44,737	43,668
Advance for purchase of vehicle	-	1,622
<b>Balances as at the period end:</b>		
- Trade debts	542	* 568
- Advance for capital expenditure	626,820	* 626,820
<b>Transactions with key management personnel</b>		
Remuneration and allowances including staff retirement benefits	151,732	164,031
Loan from key management personnel	259,399	-

\* Represents balances as at 30 June 2019.

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

For the nine months period ended 31 March 2020

## 19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### 19.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Amount in Rs'000							
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>31 March 2020</b>									
<b>Financial assets measured at fair value</b>									
Shares of listed Companies	13	4,851	-	-	4,851	4,851	-	-	4,851
Long term deposits		57,752	-	-	57,752	-	-	57,752	57,752
Short term deposits		17,055	-	-	17,055	-	-	17,055	17,055
		<u>79,658</u>	<u>-</u>	<u>-</u>	<u>79,658</u>	<u>4,851</u>	<u>-</u>	<u>74,807</u>	<u>79,658</u>
<b>Financial assets not measured at fair value</b>	19.2								
Trade debts		-	671,226	-	671,226	-	-	-	-
Contract assets		-	8,531	-	8,531	-	-	-	-
Advance to employees		-	41,950	-	41,950	-	-	-	-
Other receivables		-	183,578	-	183,578	-	-	-	-
Term deposit receipt	13	-	565,523	-	565,523	-	-	-	-
Term finance certificate	13	-	75,000	-	75,000	-	-	-	-
Short term investment	13	-	5,020	-	5,020	-	-	-	-
Accrued interest	13	-	15,462	-	15,462	-	-	-	-
Cash and bank balances		-	203,121	-	203,121	-	-	-	-
		<u>-</u>	<u>1,769,411</u>	<u>-</u>	<u>1,769,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>	19.2								
Loans and borrowings	5	-	-	13,272,500	13,272,500	-	-	-	-
Short term borrowings	6	-	-	3,048,779	3,048,779	-	-	-	-
Trade and other payables	7	-	-	2,866,512	2,864,947	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,198,561</u>	<u>19,196,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30 June 2019</b>									
<b>Financial assets measured at fair value</b>									
Short term investment	13	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
		<u>83,610</u>	<u>-</u>	<u>-</u>	<u>83,610</u>	<u>6,095</u>	<u>-</u>	<u>77,515</u>	<u>83,610</u>
<b>Financial assets not measured at fair value</b>	19.2								
Trade debts		-	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	13	-	1,019,389	-	1,019,389	-	-	-	-
Term finance certificate	13	-	75,000	-	75,000	-	-	-	-
Cash and bank balances		-	345,450	-	345,450	-	-	-	-
		<u>-</u>	<u>2,110,052</u>	<u>-</u>	<u>2,110,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>	19.2								
Loans and borrowings	5	-	-	14,355,833	14,355,833	-	-	-	-
Short term borrowings	6	-	-	1,264,583	1,264,583	-	-	-	-
Liabilities against diminishing Mutharika facility	-	-	-	94,844	94,844	-	-	-	-
Trade and other payables	7	-	-	1,440,109	1,440,109	-	-	-	-
Markup accrued		-	-	276,581	276,581	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>17,442,720</u>	<u>17,442,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

For the nine months period ended 31 March 2020

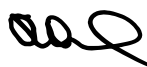
- 19.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.
- 19.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income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

## 20 DATE OF AUTHORISATION FOR ISSUE

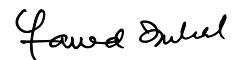
These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on 29 April 2020.



M.A. Bawany  
Director



Shakir Abu Bakar  
Director



Javed Iqbal  
Chief Financial Officer





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Pearl-Continental

HOTELS & RESORTS

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