



PAKISTAN SERVICES LTD.



Pearl-Continental
HOTELS & RESORTS



Pearl-Continental Hotel, Muzaffarabad

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 30 September 2020



Pearl-Continental Hotel, Muzaffarabad



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS [UNAUDITED]

For the three months period ended 30 September 2020



PAKISTAN SERVICES LTD.

Vision Statement

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

Mission Statement

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

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

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

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

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

Corporate Information

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 7 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad, Malam Jabba comprising 1,543 rooms. It also owns 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	

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

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
Muslim Commercial Bank Limited
Silk Bank Limited
Faysal Bank Limited
Standard Chartered Bank [Pakistan] Limited
Industrial and Commercial Bank of China
Dubai Islamic Bank [Pakistan] Limited

REGISTERED OFFICE

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

SHARE REGISTRAR

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

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) present the condensed interim financial statements on the performance of the Company for the three-month period, ended 30 September 2020.

Economic Overview

COVID-19 indicators in Pakistan are definitely showing a slowdown and social & business activities are resuming post lockdown period. The children are back to their school with certain SOPs and economic activities are restoring from the COVID halt and effects of COVID-19 are fading away gradually.

The economy is expected to gain momentum in FY 2021 as uncertainty over the pandemic diminishes. Moreover, reforms and concession introduced should support investment, while demand for Pakistani products is expected to rise in tandem with the global economic recovery.

The Moody's Investors Service, one of the world's top three credit rating agencies, reaffirmed Pakistan's stable outlook mentioning macro prudential policies implemented by the government. This positive outlook of Pakistan's economy indicates that in the time to come a lot of the economic activity in the country will be generated that would enhance the economic growth.

Overall performance of the Company

During the period under review the company continued to operate with limited scope and its most of hotel properties were closed in compliance with government's directions and preventive measures to restrict the spread of pandemic COVID-19, this impacted the business of the Company for the reported period.

During the three-month period ended 30 September 2020, the Company recorded revenue (net) of Rs. 1,254 million, as compared to Rs. 2,385 million recorded in the corresponding period of the last year whereas the gross profit for the period under report was registered Rs. 291 million as compared to Rs. 846 million of comparative period of the last year. The loss before tax is Rs. 424 million as compared to loss of Rs. 216 million of corresponding period of last year.

Highlights of Performance:

	For the three months' period ended 30 September	
	2020	2019
	[Rupees million]	
Sales and Services – net	1,254	2,385
Gross profit	291	846
Loss before taxation	[424]	[216]
Loss after taxation	[457]	[296]
Loss per share [Rupees]	[14.05]	[9.10]

Performance of Rooms Department

During the period Rooms Revenue-net was recorded at Rs. 541 million against Rs. 1,129 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. 598 million as compared to Rs. 1,132 million of same period last year.

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

From this segment of business Revenue of Rs. 115 million (net) has been achieved as compared to Rs. 124 million of the comparative period revenues.

Prospects

Pakistan is in the Post COVID-19 situation, lock down is eased out , restrictions on social gathering and travelling has been lifted and economic activities are in the rehabilitation phase. Sports activities have also been resumed in the country with National T- twenty tournament during October 2020, furthermore the Zimbabwe Cricket team is also on tour to Pakistan for one day and T-20 series, and Pakistan Super League's final stage matches are scheduled in November 2020.

All the business units/ Hotels of the Company have been opened after the lock down period and the management of the Company expects that increased economic activities will definitely have a positive impact on the business of the Company.

Consolidated Results

During the current period, the group recorded a revenue (net) of Rs. 1,262 million as compared to Rs. 2,403 million of the same period last year. Loss after taxation is recorded at Rs. 486 million in comparison with loss of Rs. 343 million of the corresponding period of the previous year.

Acknowledgement

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

For and on behalf of the Board of Directors



Shakir Abu Bakar

Director



Syed Haseeb Amjad Gardezi

Director

Islamabad: 28 October 2020

ڈائریکٹرز رپورٹ

مختصر مخلصانہ بیان:

پاکستان سروسز لمیٹڈ (پبلیشڈ ایئر) کے ہیرا آف انڈیکسڈ 30 ستمبر 2020 کو ختم ہونے والی سالیانہ رپورٹ میں کھلی کارکردگی اور باہمی معلومات کا عمومی خلاصہ بیان کیا ہے۔

اقتصادی ماحول:

پاکستان میں COVID-19 کے پھیلاؤ میں کمی ہے اور کاروباری ماحول مثبت سرگرمیوں ایک نئے دور کا آغاز ہے اور بحال ہو رہی ہیں۔ تاریخ کی ہدایت ہے کہ COVID-19 کے پھیلاؤ میں کمی سے حالیہ سال 2020 میں معیشت کی رفتار بہتر بنانے کی حوصلہ افزائی اور ماحول کے ساتھ ساتھ سرمایہ کاری کو فروغ دینا چاہیے۔ ایسی عالمی اقتصاد کی بحالی کے ساتھ پاکستانی معیشت کی ترقی میں بھی اضافے کی امید ہے۔ ماحول کے چاہنے والوں کو بریل کرنا نہ صرف پاکستان میں سے ایک ہے۔ نئے پاکستان کے حکم ناموں کی ترقی کی ہے۔ پاکستان کی معیشت کا پائیدار معیشت اور ترقی کا نئے نئے ماحول میں مالی سرگرمیوں میں حوصلہ افزائی اور باہمی معلومات کا عمومی خلاصہ بیان کیا ہے۔

کھلی کارکردگی:

ذریعہ کو معیشت کے دوران کھلی سالیانہ کاروباری ریکارڈ حکومت کی ہدایت اور COVID-19 کے پھیلاؤ کی ایک تمام کے ہونے کو بروقت ہی مہم کے لیے بند ہے جس نے کاروبار کو متاثر کیا۔ 30 ستمبر 2020 کو ختم ہونے والی سالیانہ رپورٹ کے دوران کھلی سالیانہ 1,254 ملین روپے کی محصولات (خالص آمدنی) کے لیے جو کہ گزشتہ سال کے اسی مہم کے دوران 2,385 ملین روپے تھی۔ کھلی کاروباری تاریخ 291 ملین روپے ہے جو کہ گزشتہ سال کے اسی مہم میں 846 ملین روپے تھی۔ انجمن شرابہ گزشتہ سال کے اسی مہم کے 218 ملین شرابہ کے ساتھ میں 424 ملین شرابہ لیا گیا۔

کاروباری کی پیمائش:

	سالیانہ معیشت 30 ستمبر 2020	
	2020	2019
	(ملین روپے)	
نہایت سے محصولات (خالص)	1,254	2,385
کل تاریخ	291	846
تاریخ (شرابہ) ملین روپے	(424)	(218)
نہایت سے ملین روپے	(457)	(296)
نی صلا (شرابہ) آمدنی (روپے میں)	(14,05)	(9,10)

رواجیہ پارٹنر کی کارکردگی:

اس مہم کے دوران گزشتہ سال کے اسی مہم کے 1,129 ملین روپے کی سہ ماہی (خالص) 541 ملین روپے کاروباری تھی۔

فونڈ اینڈ بورڈنگ (F&B) پارٹنر کی کارکردگی:

اس شعبے کی خالص آمدنی 599 ملین روپے کاروباری تھی جو کہ گزشتہ سال اسی مہم کے ساتھ میں 1,132 ملین روپے تھی۔

دیگر متعلقہ خدمات کا سٹمس فیس الریورل ڈیولپمنٹ بورڈ کی کارکردگی اور نتیجے میں درج ذیل مرحلے کے دوران میں 115 ملین روپے کی آمدنی (خاص طور پر اصل کی) جو کہ شیئرز کے اس مرحلے کے نتائج میں 124 ملین روپے کی

مجموعی نتائج:

ذیل درج ذیل مرحلے کے دوران گراہنے 2021 میں 126 ملین روپے کے محصولات (خاص طور پر) کے جو کہ شیئرز کے اس مرحلے میں 2022 میں 143 ملین روپے بعد از گیس سٹارڈ کی نسبت 17 ملین روپے میں 143 ملین روپے اضافہ کیا گیا۔

مشقیوں کے امکانات:

پاکستان میں سوشل ڈیولپمنٹ اور سروس پروویڈر کی کارکردگی اور سہولتی سرگرمیوں کے مرحلے میں ہیں، انہوں نے سرگرمیوں کی ترقی کو اپنی توجہ سمیت کے ساتھ شروع کیا ہے۔ اور اسے ایک کارآمد کامیابی بنانا شروع کیا ہے۔ یہ پاکستان میں ایک کامیابی کے ساتھ شروع کیا ہے۔

کئی کے تمام پروگرام 2021 میں ہی کے بعد 2022 میں ہی کے ہیں اور کئی کی کارکردگی شروع ہے کہ کئی کو سہولتی سرگرمیوں کی ترقی کو اپنی توجہ سمیت کے ساتھ شروع کیا ہے۔

ادبی رائے:

ہم یہ بھی کہیں کہ ہم نے کئی کے عملے کو ترقی دے کر اسے ایک کامیابی بنانا شروع کیا ہے۔ یہ پاکستان میں ایک کامیابی کے ساتھ شروع کیا ہے۔ اور اسے ایک کارآمد کامیابی بنانا شروع کیا ہے۔

ہم یہ بھی کہیں کہ ہم نے کئی کے عملے کو ترقی دے کر اسے ایک کامیابی بنانا شروع کیا ہے۔ یہ پاکستان میں ایک کامیابی کے ساتھ شروع کیا ہے۔ اور اسے ایک کارآمد کامیابی بنانا شروع کیا ہے۔

مناوب پور ڈاک ڈائریکٹرز


 محمد صوب احمد کوچی
 چیئرمین


 شاہد کبری
 ڈائریکٹر

2020-21-2022-23



Pearl-Continental Hotel, Lahore



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

For the three months period ended 30 September 2020

Condensed Interim Unconsolidated Statement of Financial Position

As at 30 September 2020

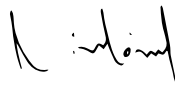
		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		4,630,652	5,087,599
Revaluation surplus on property, plant and equipment		29,243,030	29,243,030
Total equity		34,468,348	34,925,295
LIABILITIES			
Loans and borrowings	5	10,140,698	9,325,615
Lease liabilities	6	181,218	210,697
Deferred government grant		32,474	30,148
Employee benefits		707,169	735,246
Deferred tax liability - net		251,148	239,465
Non current liabilities		11,312,707	10,541,171
Short term borrowings	7	2,560,851	2,807,284
Current portion of loans and borrowings	5	4,099,623	4,525,870
Current portion of lease liabilities		106,008	104,785
Trade and other payables	8	2,336,092	2,178,062
Contract liabilities		446,376	403,933
Advance against non-current assets held for sale		-	12,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		9,559,720	10,042,704
Total equity and liabilities		55,340,775	55,509,170
CONTINGENCIES AND COMMITMENTS	9		

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

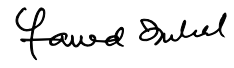
		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	43,824,422	43,738,846
Advances for capital expenditure	11	1,304,009	1,338,170
Investment property		65,000	65,000
Long term investments		1,037,794	1,037,794
Advances against equity investment	12	3,412,571	3,412,571
Long term deposits		31,529	33,657
Non-current assets		49,675,325	49,626,038
Inventories		311,424	289,712
Trade debts		250,990	195,492
Contract assets		14,197	3,578
Advances, prepayments, trade deposits and other receivables		377,331	371,355
Short term investments	13	1,310,789	1,273,816
Assets held for sale		2,748,739	2,908,739
Advance income tax - net		471,172	481,238
Cash and bank balances		180,808	359,202
Current assets		5,665,450	5,883,132
Total assets		55,340,775	55,509,170



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



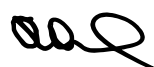
Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the three months period ended 30 September 2020

	Note	30 Sep 2020 [Rupees'000]	30 Sep 2019
Revenue - net	14	1,254,050	2,384,657
Cost of sales and services	15	[963,134]	[1,538,749]
Gross profit		290,916	845,908
Other income		59,800	52,239
Administrative expenses		[442,577]	[773,356]
Impairment reversal / [loss] on trade debts		50,291	[7,222]
Operating [loss] / profit		[41,570]	117,569
Finance income		7,405	36,507
Gain on remeasurement of investments to fair value - net		41,544	40,173
Finance cost		[431,391]	[410,408]
Net finance cost		[382,442]	[333,728]
Loss before taxation		[424,012]	[216,159]
Income tax expense		[32,935]	[79,738]
Loss for the period		[456,947]	[295,897]
Loss per share - basic and diluted [Rupees]	16	[14.05]	[9.10]

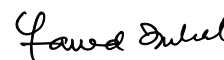
The annexed notes 1 to 22 form an integral part of these interim unconsolidated financial statements.



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)


For the three months period ended 30 September 2020

	30 Sep 2020	30 Sep 2019
	[Rupees'000]	
Loss for the period	(456,947)	(295,897)
Other comprehensive income for the period	-	-
Total comprehensive income for the period- [loss]	<u>(456,947)</u>	<u>(295,897)</u>

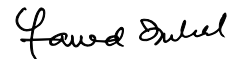
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Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

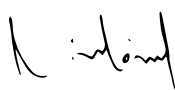
For the three months period ended 30 September 2020

	Note	30 Sep 2020	30 Sep 2019
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	17	168,967	411,774
Working capital changes			
[Increase] / decrease in current assets			
Inventories		[21,712]	[10,435]
Trade debts		[5,207]	[14,854]
Contract assets		[10,619]	[14,733]
Advances		[8,813]	[23,740]
Trade deposits and prepayments		[21,436]	[32,166]
Other receivables		24,273	[44,027]
[Decrease] / Increase in trade and other payables		[32,471]	932,736
Contract liabilities		42,443	25,019
Cash [used in] /generated from operations		[33,542]	817,800
Staff retirement benefit - gratuity paid		[30,972]	[5,121]
Compensated leave absences paid		[21,351]	[2,955]
Income tax paid		[11,185]	[70,495]
Finance cost paid		[92,297]	[568,260]
Cash [used in] /generated from operations		[20,380]	582,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		[124,337]	[959,821]
Advance for capital expenditure		[4,900]	[170,048]
Proceeds from disposal of property, plant and equipment		28,250	7,604
Refund against short term advance		-	260,000
Proceed from disposal of Asset held for sale - net		149,134	-
Receipts of return on bank deposits and short term investments		14,475	31,533
Long term deposits and prepayments		2,128	[295]
Net cash generated / [used in] investing activities		64,750	[831,027]
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	[541,666]
Proceeds from long term financing		29,136	-
Repayment of Director loan		[150,000]	-
Repayment of diminishing Musharka facility		-	[3,998]
Repayment of lease liability		[28,256]	[13,417]
Net cash used in financing activities		[149,120]	[559,081]
Net decrease in cash and cash equivalents		[104,750]	[807,365]
Cash and cash equivalents at beginning of the period		[2,228,578]	[1,003,341]
Cash and cash equivalents at end of the period	18	[2,333,328]	[1,810,706]

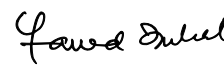
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Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

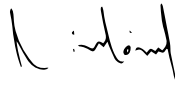
For the three months period ended 30 September 2020

	Capital reserve		Revenue reserves		Total equity	
	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	General reserve		Unappropriated profit
[Rupees'000]						
Balance at 01 July 2019	325,242	269,424	27,530,740	1,600,000	5,179,566	34,904,972
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(295,897)	(295,897)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period-(loss)	-	-	-	-	(295,897)	(295,897)
Balance at 30 September 2019	325,242	269,424	27,530,740	1,600,000	4,883,669	34,609,075
Balance at 01 July 2020	325,242	269,424	29,243,030	1,600,000	3,487,599	34,925,295
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(456,947)	(456,947)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period-(loss)	-	-	-	-	(456,947)	(456,947)
Balance at 30 September 2020	325,242	269,424	29,243,030	1,600,000	3,030,652	34,468,348

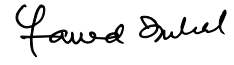
The annexed notes 1 to 22 form an integral part of these interim unconsolidated financial statements.



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

1 STATUS AND NATURE OF BUSINESS

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

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

2 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 2020. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2020, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the three months period ended 30 September 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 2020.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

3.2 Accounting estimates and judgments

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

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

Measurement of fair values

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

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

Significant valuation issues are reported to the Board.

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

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

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

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

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

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

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

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

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 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 16: Property, Plant and Equipment	[effective 01 January 2022]
- Amendments to IFRS 16: Leases	[effective 01 June 2021]
- Amendments to IFRS 7: Financial Instruments- disclosures	[effective 01 January 2021]
- Annual improvement 2018-2020 , IFRS-9, IFRS-16, IAS-41	[effective 01 January 2022]

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

4 SHARE CAPITAL

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

		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured			
a. Non current portion			
Term Finance Loan - 1	5.2	552,500	552,500
Term Finance Loan - 2	5.2	1,720,000	1,720,000
Term Finance Loan - 3	5.3	2,000,000	2,000,000
Term Finance Loan - 4	5.4	2,000,000	2,000,000
Term Finance Loan - 5	5.5	374,251	347,441
Sukuk	5.4	6,611,111	6,611,111
Transaction cost		[33,262]	[33,262]
		<u>13,224,600</u>	<u>13,197,790</u>
Current portion of loans		[3,485,856]	[3,872,175]
		<u>9,738,744</u>	<u>9,325,615</u>
Markup accrued	5.2 & 5.3	401,954	-
		<u>10,140,698</u>	<u>9,325,615</u>
b. Current portion			
Current portion of loans		3,485,856	3,872,175
Markup accrued		613,767	653,695
		<u>4,099,623</u>	<u>4,525,870</u>

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

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

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

5.4 In response to COVID-19 pandemic, the State Bank of Pakistan vide its BPRD Circular No. 13 of 2020 dated 26 March 2020 announced relief to customers of financial institutions in the form of deferment of repayment of principal installments and markup payments. Pursuant to this relief, the Company approached to the financial institutions in June 2020 for rescheduling/restructuring of its existing outstanding loan amounts along with

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

markup for a period of seven years inclusive of two years of deferment/grace period for repayment of principal and markup on loans including the unpaid principal installments and markup due prior to the reporting date. Management expects the rescheduling/restructuring of these financing arrangements to be finalized in the near future.

- 5.5 During the period, The Company availed remaining amount of Rs. 29.137 million out of total facility limit of Rs. 406.726 million, under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers, the loan is extended at below-market rate of 3% per annum payable quarterly (2019: Nil). This facility is secured against first pari passu ranking charge over fixed assets including land and building of Pearl Continental Hotel, Karachi subject to subsequent perfection to the extent of Rs. 598 million (2019:Nil). The loan is repayable in eight equal quarterly installments starting from January 2021.

		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	(Rupees'000)	
6 LEASE LIABILITIES			
Opening		315,482	377,700
Additions during the period/ year		-	73,396
Lease payments		(28,256)	(78,235)
Lease modification		-	(57,379)
Closing		<u>287,226</u>	<u>315,482</u>
Current portion		<u>106,008</u>	<u>104,785</u>
Non-current portion		<u>181,218</u>	<u>210,697</u>
7 SHORT TERM BORROWINGS			
Running finance facilities - from banking companies- secured	7.1	2,513,685	2,587,186
Short term loan - unsecured		-	150,000
Markup accrued		47,166	70,098
		<u>2,560,851</u>	<u>2,807,284</u>

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

		Unaudited 30 Sep 2020	Audited 30 June 2020
		(Rupees'000)	
8 TRADE AND OTHER PAYABLES			
Creditors		1,007,425	945,491
Accrued liabilities		660,014	648,345
Shop deposits		53,726	54,026
Retention money		224,925	223,478
Due to related parties - unsecured		38,375	45,455
Sales tax payable		153,138	75,576
Income tax deducted at source		8,187	1,409
Un earned income		37,688	49,900
Other liabilities		152,614	134,382
		<u>2,336,092</u>	<u>2,178,062</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

	Note	Unaudited 30 Sep 2020 [Rupees'000]	Audited 30 June 2020
9.1.2		314,060	307,816
9.2			
		2,684,376	2,684,376
10			
	10.1	37,027,878	37,059,317
	10.2	6,796,544	6,679,529
		43,824,422	43,738,846
10.1			
		37,059,317	35,848,499
		-	360,222
		1,223	438,143
		235,661	678,321
		-	1,712,290
		-	[160,000]
		[12,380]	[772,787]
		[255,943]	[1,045,371]
		37,027,878	37,059,317
10.2			
		6,679,529	4,613,594
		352,676	2,918,818
		[235,661]	[678,321]
		-	[174,562]
		6,796,544	6,679,529
10.2.1			
		3,066,259	2,996,222
		3,517,460	3,371,377
		212,825	311,930
		6,796,544	6,679,529

Additions in and depreciation on property, plant and equipment during the three months period ended 30 September 2019 were Rs. 197.660 million and Rs. 241.314 million respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

11 ADVANCE FOR CAPITAL EXPENDITURE	Note	Unaudited 30 Sep 2020	Audited 30 June 2020
		[Rupees'000]	
Advance for purchase of land	11.1	666,820	666,820
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
		1,048,476	1,048,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		71,398	95,782
Advances for Pearl Continental Multan Project		89,233	92,145
Advances for Pearl Continental Mirpur Project		94,902	101,767
		255,533	289,694
		1,304,009	1,338,170

11.1 This includes amount of Rs. 626.82 million (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. In last year i.e 2019-20, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the forthcoming general meeting to seek their approvals in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal with the SECP which is pending. Management believes that the matter has no impact on the Company's financial statements.

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

These represent advances against equity investments 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.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000']	
13 SHORT TERM INVESTMENTS			
Shares of listed companies	13.1	664,266	622,722
Term deposit receipt		565,523	565,523
Term Finance certificate		75,000	75,000
		1,304,789	1,263,245
Accrued interest		6,000	10,571
		1,310,789	1,273,816

13.1 This mainly includes investment in an associated company having carrying value of Rs.657.675 million (30 June 2020 : Rs. 617.323 million).

13.1.1 Out of total shares held by the Company, 13,500,000 (30 June 2020: 13,500,000) ordinary shares are placed / lien marked as security against running finance facility of the Company.

		30 Sep 2020	30 Sep 2019
	Note	[Rupees'000]	
14 REVENUE- NET			
Rooms		591,146	1,316,050
Food and beverages		753,626	1,318,612
Other related services	14.1	126,332	147,405
Shop license fees		10,104	11,543
		1,481,208	2,793,610
Discounts		(20,313)	(34,647)
Sales tax		(206,845)	(374,306)
		1,254,050	2,384,657

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

		30 Sep 2020	30 Sep 2019
	Note	[Rupees'000]	
15 COST OF SALES AND SERVICES			
Food and beverages			
Opening balance		74,064	86,014
Purchases during the period		278,195	371,983
Closing balance		(90,651)	(92,693)
Consumption during the period		261,608	365,304
Direct expenses			
Salaries, wages and benefits		192,070	432,653
Heat, light and power		165,446	274,437
Repair and maintenance		42,012	79,735
Depreciation		209,813	217,182
Guest supplies		29,435	55,255
Linen, china and glassware		6,043	20,184
Communication and other related services		9,610	16,604
Banquet and decoration		2,505	14,479
Transportation		1,405	13,025
Uniforms		2,852	4,885
Music and entertainment		1,507	4,011
Others	15.1	38,828	40,995
		963,134	1,538,749

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

15.1 This includes an amount of Rs. 29.685 million (30 September 2019 : Rs. 28.023 million) relating to incremental cost of obtaining customers contract.

	30 Sep 2020	30 Sep 2019
	(Rupees'000)	
16 LOSS PER SHARE		
Loss for the period (Rupees '000)	(456,947)	(295,897)
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170
Loss per share - basic (Rupees)	(14.05)	(9.10)
16.1 There is no dilution effect on the basic earnings per share of the Company.		
17 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
Loss before tax	(424,012)	(216,159)
Adjustments for:		
Depreciation	255,943	250,119
Gain on disposal of property, plant and equipment	(15,870)	(2,500)
Provision for staff retirement benefit - gratuity	13,127	22,454
Provision for compensated leave absences	11,119	13,912
Impairment reversal / (loss) on trade debts	(50,291)	7,222
Return on bank deposits / certificate of investments	(9,760)	(33,509)
Finance cost	431,391	410,408
Gain on disposal of held for sale asset	(1,136)	-
Unrealised (Gain)/ loss on remeasurement of investments to fair value	(41,544)	(40,173)
	168,967	411,774
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	180,808	149,511
Short term borrowings	(2,560,851)	(2,015,997)
Accrued markup on short term borrowings	47,166	56,321
Accrued profit on bank deposits	(451)	(541)
	(2,333,328)	(1,810,706)

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	30 Sep 2020	30 Sep 2019
	[Rupees'000]	
Transactions & balances with subsidiary companies		
Sales	278	897
Services provided	956	4,960
Services availed	6,539	22,628
Refund against short term advance	-	260,000
Balances as at the period end:		
- Trade debts	4,182	* 3,680
- Long term investments	1,037,794	*1,037,794
Transactions and balances with associated undertakings		
Sales	30	29
Services provided	771	1,214
Services availed	60,901	101,970
Purchases	16,114	21,748
Franchise fee - income	686	1,022
Franchise and management fee - expense	1,113	2,024
Balances as at the period end:		
- Trade debts	4,053	* 6,132
- Advances, deposits and prepayments	42,170	*38, 015
Transactions & balances with other related parties		
Sales	265	-
Services provided	15	-
Services availed	1,002	-
Purchases	3,034	-
Contribution to defined contribution plan - provident fund	11,154	14,751
Balances as at the period end:		
- Trade debts	429	* 164
- Advance for capital expenditure	626,820	* 626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	33,579	50,516
Refund of loan to key management personnel	150,000	-

* Represents balances as at 30 June 2020.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

20 FINANCIAL INSTRUMENTS - FAIR VALUES

20.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Amount in Rs'000			Total	Level 1	Level 2	Level 3	Total
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost					
30 September 2020									
Financial assets measured at fair value									
Short term investments		-	664,266	-	664,266	664,266	-	-	664,266
Long term deposits		-	31,529	-	31,529	-	-	31,529	31,529
Short term deposits		-	16,006	-	16,006	-	-	16,006	16,006
		-	711,801	-	711,801	664,266	-	47,535	711,801
Financial assets not measured at fair value	20.2								
Trade debts		-	250,990	-	250,990	-	-	-	-
Contract assets		-	14,197	-	14,197	-	-	-	-
Advance to employees		-	7,264	-	7,264	-	-	-	-
Other receivables		-	43,985	-	43,985	-	-	-	-
Short term investments		-	640,523	-	640,523	-	-	-	-
Cash and bank balances		-	180,808	-	180,808	-	-	-	-
		-	1,137,767	-	1,137,767	-	-	-	-
Financial liabilities not measured at fair value	20.2								
Loans and borrowings		-	-	14,240,321	14,240,321	-	-	-	-
Short term borrowings		-	-	2,560,851	2,560,851	-	-	-	-
Lease liabilities		-	-	287,226	287,226	-	-	-	-
Trade and other payables	20.3	-	-	2,145,266	2,145,266	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
		-	-	19,244,434	19,244,434	-	-	-	-
30 June 2020									
Financial assets measured at fair value									
Short term investment		622,722	-	-	622,722	622,722	-	-	622,722
Long term deposits		33,657	-	-	33,657	-	-	33,657	33,657
Short term deposits		14,349	-	-	14,349	-	-	14,349	14,349
		670,728	-	-	670,728	622,722	-	48,006	670,728
Financial assets not measured at fair value	20.2								
Trade debts		-	195,492	-	195,492	-	-	-	-
Contract assets		-	3,578	-	3,578	-	-	-	-
Advance to employees		-	8,903	-	8,903	-	-	-	-
Other receivables		-	83,645	-	83,645	-	-	-	-
Short term investments		-	640,523	-	640,523	-	-	-	-
Cash and bank balances		-	359,202	-	359,202	-	-	-	-
		-	1,291,343	-	1,291,343	-	-	-	-
Financial liabilities not measured at fair value	20.2								
Loans and borrowings		-	-	13,884,747	13,884,747	-	-	-	-
Short term borrowings		-	-	2,807,284	2,807,284	-	-	-	-
Lease liabilities	20.3	-	-	315,482	315,482	-	-	-	-
Trade and other payables		-	-	2,101,077	2,101,077	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,119,360	19,119,360	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

20.2 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.

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

21 CORRESPONDING FIGURES

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

Description of item	Reclassified from	Reclassified to	Amount [Rupees'000]
Revenue	Rooms revenue	Food & beverages revenue	88,466
Commission on room bookings	Discounts and commissions	Cost of Sales- others	28,083
Franchise fee	Administrative expenses	Cost of Sales- others	2,024

22 DATE OF AUTHORISATION FOR ISSUE

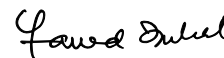
These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 28 October 2020.



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer



Pearl-Continental Hotel, Karachi



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS [UNAUDITED]**
For the three months period ended 30 September 2020

Condensed Interim Consolidated Statement of Financial Position

As at 30 September 2020

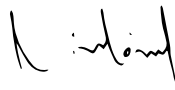
		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	(Rupees'000)	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		416,645	416,645
Revenue reserves		3,940,340	4,420,830
Revaluation surplus on property, plant and equipment		29,243,031	29,243,031
Equity attributable to owners		33,925,258	34,405,748
Non-controlling interest		74,145	79,909
Total equity		33,999,403	34,485,657
LIABILITIES			
Loans and borrowings	5	10,140,698	9,325,615
Lease liabilities	6	209,489	231,313
Deferred government grant		32,474	30,148
Employee benefits		742,051	773,019
Deferred tax liability - net		519,641	511,928
Non current liabilities		11,644,353	10,872,023
Short term borrowings	7	3,063,708	3,040,614
Current portion of loans and borrowings	5	4,099,623	4,525,870
Current portion of lease liabilities		123,932	127,771
Trade and other payables	8	2,426,147	2,464,373
Contract liabilities		446,376	403,933
Advance against non-current assets held for sale		-	12,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		10,170,556	10,585,331
Total equity and liabilities		55,814,312	55,943,011
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 21 form an integral part of these interim consolidated financial statements.

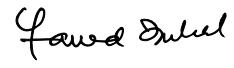
		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	43,950,597	43,871,165
Advances for capital expenditure	11	1,304,009	1,338,170
Intangible asset		166,320	160,930
Investment property		65,000	65,000
Long term investments		657,675	617,323
Long term deposits and prepayments		39,332	33,657
Advance against equity	12	692,594	642,194
Non-current assets		46,875,527	46,728,439
Inventories		314,021	291,930
Development properties		3,758,642	3,763,885
Trade debts		264,818	216,551
Contract assets		14,197	3,578
Advances, prepayments, trade deposits and other receivables		394,961	391,145
Short term investments	12	656,081	659,506
Assets held for sale		2,748,739	2,908,739
Advance income tax - net		522,860	532,462
Cash and bank balances		264,466	446,776
Current assets		8,938,785	9,214,572
Total assets		55,814,312	55,943,011



Shakir Abu Bakar
Director



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Director




Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

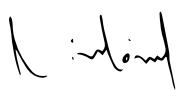
For the three months period ended 30 September 2020

	Note	30 Sep 2020 [Rupees'000]	30 Sep 2019
Revenue - net	14	1,261,542	2,403,132
Cost of sales and services	15	[977,733]	[1,558,696]
Gross profit		283,809	844,436
Other income		59,790	52,433
Administrative expenses		[467,989]	[815,402]
Impairment reversal / [loss] on trade debts		50,291	[7,222]
Operating [loss] / profit		[74,099]	74,245
Finance income		25,310	64,645
Gain / [loss] on remeasurement of investments to fair value - net		1,193	[892]
Finance cost		[432,628]	[411,800]
Net finance cost		[406,125]	[348,047]
Share of profit in equity accounted investments		23,154	13,944
Loss before taxation		[457,070]	[259,858]
Income tax expense		[29,184]	[82,978]
Loss for the period		[486,254]	[342,836]
Loss attributable to:			
Owners of the Company		[480,490]	[326,315]
Non-controlling interests		[5,764]	[16,521]
		[486,254]	[342,836]

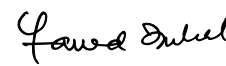
The annexed notes 1 to 21 form an integral part of these interim consolidated financial statements.



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the three months period ended 30 September 2020

	30 Sep 2020	30 Sep 2019
	[Rupees'000]	
Loss for the period	(486,254)	(342,836)
Other comprehensive income for the period	-	-
Total comprehensive income for the period- [loss]	<u>(486,254)</u>	<u>(342,836)</u>
Total comprehensive income- [loss] attributable to:		
Owners of the Company	(480,490)	(326,315)
Non-controlling interests	(5,764)	(16,521)
	<u>(486,254)</u>	<u>(342,836)</u>

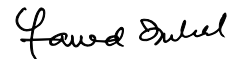
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Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

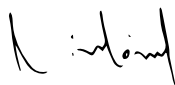
For the three months period ended 30 September 2020

	Note	30 Sep 2020	30 Sep 2019
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	16	142,651	375,667
Working capital changes			
(Increase) / decrease in current assets			
Inventories		[22,091]	[10,502]
Trade debts		2,024	[17,896]
Development property		5,243	[3,217]
Contract assets		[10,619]	[14,733]
Advances		[10,804]	[24,127]
Trade deposits and prepayments		[21,889]	[31,595]
Other receivables		28,877	[32,012]
Increase in trade and other payables		[228,727]	1,306,905
Contract liabilities		42,443	25,063
Cash [used in] /generated from operations		[215,543]	1,197,886
Staff retirement benefit - gratuity paid		[33,799]	[5,119]
Compensated leave absences paid		[21,484]	[2,955]
Income tax paid		[11,870]	[71,276]
Finance cost paid		[93,534]	[569,652]
Cash [used in] /generated from operations		[233,579]	924,552
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		[124,337]	[961,748]
Advance for capital expenditure		[4,900]	[170,048]
Development expenditure		[5,390]	-
Proceeds from disposal of property, plant and equipment		28,250	7,604
Advance against equity investment		[50,400]	[64,500]
Proceed from disposal of Asset held for sale - net		149,136	-
Short term investment		47	-
Receipts of return on bank deposits and short term investments		15,370	33,237
Long term deposits and prepayments		[5,675]	[295]
Net cash generated / [used in] investing activities		2,101	[1,155,750]
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	[541,666]
Proceeds from long term financing		29,136	-
Repayment of Director loan		[150,000]	-
Proceeds from short term loans		269,527	[9,982]
Repayment of lease liability		[25,663]	[13,417]
Net cash generated / [used in] financing activities		123,000	[565,065]
Net decrease in cash and cash equivalents		[108,478]	[796,263]
Cash and cash equivalents at beginning of the period		[2,141,192]	[899,836]
Cash and cash equivalents at end of the period	17	[2,249,670]	[1,696,099]

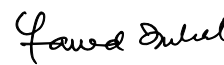
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Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the three months period ended 30 September 2020

	Capital reserve		Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non-controlling interest	Total equity	
	Share premium	Shares of associates's capital reserve	General reserve	Exchange translation reserve (net of tax)	Share of other OCI items of associate	Unappropriated profit					
Balance at 01 July 2019	325,242	269,424	1,47,221	1,600,000	1,099,231	34,121	3,653,228	27,530,741	34,659,208	14,583	34,673,791
Total comprehensive income for the period	-	-	-	-	-	-	(326,315)	-	(326,315)	(16,521)	(342,836)
Loss for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - loss	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2019	325,242	269,424	1,47,221	1,600,000	1,099,231	34,121	3,326,913	27,530,741	34,332,893	(1,938)	34,330,955
Balance at 01 July 2020	325,242	269,424	1,47,221	1,600,000	1,137,393	46,808	1,636,629	29,243,031	34,405,748	79,909	34,485,657
Total comprehensive income for the period	-	-	-	-	-	-	(480,490)	-	(480,490)	(5,764)	(486,254)
Loss for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - loss	-	-	-	-	-	-	(480,490)	-	(480,490)	(5,764)	(486,254)
Balance at 30 September 2020	325,242	269,424	1,47,221	1,600,000	1,137,393	46,808	1,156,139	29,243,031	33,925,258	74,145	33,999,403

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months period ended 30 September 2020

The annexed notes 1 to 21 form an integral part of these interim consolidated financial statements.



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 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 2020. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2020, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited interim consolidated financial statements for the three months period ended 30 September 2019.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 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 2020.

3.2 Accounting estimates and judgments

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual 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.

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.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

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

3.3 Standards, interpretations and amendments to approved accounting 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 there to 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 16: Property, Plant and Equipment	[effective 01 January 2022]
- Amendments to IFRS 16: Leases	[effective 01 June 2021]
- Amendments to IFRS 7: Financial Instruments- disclosures	[effective 01 January 2021]
- Annual improvement 2018-2020 , IFRS-9, IFRS-16, IAS-41	[effective 01 January 2022]

The above amendments are not likely to have an impact on the 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 Parent Company from 30 June 2020.

		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured			
a. Non current portion			
Term Finance Loan - 1	5.2	552,500	552,500
Term Finance Loan - 2	5.2	1,720,000	1,720,000
Term Finance Loan - 3	5.3	2,000,000	2,000,000
Term Finance Loan - 4	5.4	2,000,000	2,000,000
Term Finance Loan - 5	5.5	374,251	347,441
Sukuk	5.4	6,611,111	6,611,111
Transaction cost		[33,262]	[33,262]
		13,224,600	13,197,790
Current portion of loans		[3,485,856]	[3,872,175]
		9,738,744	9,325,615
Markup accrued	5.2 & 5.3	401,954	-
		10,140,698	9,325,615
b. Current portion			
Current portion of loans		3,485,856	3,872,175
Markup accrued		613,767	653,695
		4,099,623	4,525,870

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

- 5.2 These loans have been restructured for seven years with grace period of two years, with effective date of 01 April 2020.
- 5.3 This loan has been restructured for seven years with grace period of two years with effective date of 23 May 2020.
- 5.4 In response to COVID-19 pandemic, the State Bank of Pakistan vide its BPRD Circular No. 13 of 2020 dated 26 March 2020 announced relief to customers of financial institutions in the form of deferment of repayment of principal installments and markup payments. Pursuant to this relief, the Parent Company approached to the financial institutions in June 2020 for rescheduling/restructuring of its existing outstanding loan amounts along with markup for a period of seven years inclusive of two years of deferment/grace period for repayment of principal and markup on loans including the unpaid principal installments and markup due prior to the reporting date. Management expects the rescheduling/restructuring of these financing arrangements to be finalized in the near future.
- 5.5 During the period, the Parent Company availed remaining amount of Rs. 29.137 million out of total facility limit of Rs. 406.726 million, under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the workers, the loan is extended at below-market rate of 3% per annum payable quarterly (2019: Nil). This facility is secured against first pari passu ranking charge over fixed assets including land and building of Pearl Continental Hotel, Karachi subject to subsequent perfection to the extent of Rs. 598 million (2019: Nil). The loan is repayable in eight equal quarterly installments starting from January 2021.

6 LEASE LIABILITIES	Note	Unaudited 30 Sep 2020	Audited 30 June 2020
[Rupees'000]			
Opening		359,090	444,440
Additions during the period/ year		-	73,396
Lease payments		(25,663)	(101,373)
Lease modification		-	(57,373)
Closing		<u>333,427</u>	<u>359,090</u>
Current portion		<u>123,932</u>	<u>127,771</u>
Non-current portion		<u>181,218</u>	<u>231,313</u>
7 SHORT TERM BORROWINGS			
Running finance facilities - from banking companies- secured	7.1	2,513,685	2,587,186
Short term loan - unsecured	7.2	502,857	383,330
Markup accrued		47,166	70,098
		<u>3,063,708</u>	<u>3,040,614</u>

- 7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2020.
- 7.2 This includes loan from directors Rs. 91.39 million and from a related party Rs. 376.18 million.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

		Unaudited 30 Sep 2020	Audited 30 June 2020
		[Rupees'000]	
8	TRADE AND OTHER PAYABLES		
	Creditors	1,010,807	955,610
	Accrued liabilities	698,021	675,912
	Shop deposits	53,726	54,026
	Retention money	224,925	223,478
	Due to related parties - unsecured	49,070	270,029
	Sales tax payable	151,272	75,576
	Income tax deducted at source	16,489	6,435
	Un earned income	37,688	49,900
	Payable to provident fund	15,287	13,236
	Other liabilities	168,862	140,171
		<u>2,426,147</u>	<u>2,464,373</u>
9	CONTINGENCIES AND COMMITMENTS		
9.1	Contingencies		
9.1.1	There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements for the year ended 30 June 2020 except for the following:		
		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
9.1.2	Guarantees	<u>314,060</u>	<u>308,952</u>
9.2	Commitments		
	Commitments for capital expenditure	<u>4,248,657</u>	<u>4,248,657</u>
10	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	10.1 37,154,053	37,191,636
	Capital work in progress	10.2 6,796,544	6,679,529
		<u>43,950,597</u>	<u>43,871,165</u>
10.1	Operating fixed assets		
	Carrying amount at beginning of the period / year	37,191,636	35,991,899
	Impact of adoption of IFRS-16	-	367,564
	Additions during the period / year	1,223	449,958
	Transfer from Capital work in progress	235,661	678,321
	Revaluation surplus	-	1,712,290
	Asset classified as held for sale	-	[160,000]
	Disposal during the period / year	[12,380]	[777,377]
	Depreciation charge for the period / year	[262,087]	[1,071,019]
	Carrying amount at end of the period / year	<u>37,154,053</u>	<u>37,191,636</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
10.2 Capital work in progress			
Carrying amount at beginning of the period / year		6,679,529	4,613,594
Additions during the period / year		352,676	2,918,818
Transferred to operating fixed assets		[235,661]	[678,321]
Write down adjustment		-	[174,562]
Carrying amount at end of the period / year	10.2.1	<u>6,796,544</u>	<u>6,679,529</u>
10.2.1 Closing capital work in progress represents:			
Construction of Pearl Continental Multan		3,066,259	2,996,222
Construction of Pearl Continental Mirpur		3,517,460	3,371,377
Other civil works		212,825	311,930
		<u>6,796,544</u>	<u>6,679,529</u>

Additions in and depreciation on property, plant and equipment during the three months period ended 30 September 2019 were Rs. 199.587 million and Rs. 247.073 million respectively.

		Unaudited 30 Sep 2020	Audited 30 June 2020
	Note	[Rupees'000]	
11 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land	11.1	666,820	666,820
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
		<u>1,048,476</u>	<u>1,048,476</u>
Advance for purchase of apartment		40,509	40,509
Impairment loss		[40,509]	[40,509]
		<u>-</u>	<u>-</u>
Advance for purchase of fixed assets		71,398	95,782
Advances for Pearl Continental Multan Project		89,233	92,145
Advances for Pearl Continental Mirpur Project		94,902	101,767
		<u>255,533</u>	<u>289,694</u>
		<u>1,304,009</u>	<u>1,338,170</u>

11.1 This includes amount of Rs. 626.82 million (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. In last year i.e 2019-20, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Parent Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Parent Company to place the matter before the shareholders of the Parent Company in the forthcoming general meeting to seek their approvals in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal with the SECP which is pending. Management believes that the matter has no impact on the Parent Company's financial statements.

11.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Parent Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs. 80 million which was followed by registered documents inter-alia includes a Deed

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of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Parent Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

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

	Unaudited 30 Sep 2020	Audited 30 June 2020
	(Rupees'000)	
12 ADVANCE AGAINST EQUITY INVESTMENT		
Foreepay (Private) Limited	476,280	426,280
Xoop Technologies (Private) Limited	216,314	215,914
	<u>692,594</u>	<u>642,194</u>
13 SHORT TERM INVESTMENTS		
Shares of listed companies	6,592	5,399
Term deposit receipts	565,523	565,523
Term Finance certificate	75,000	75,000
Mutual Fund	2,966	3,013
	<u>650,081</u>	<u>648,935</u>
Interest accrued	6,000	10,571
	<u>656,081</u>	<u>659,506</u>
14 REVENUE- NET	Note	Unaudited 30 Sep 2019
		(Rupees'000)
Rooms		1,315,153
Food and beverages		1,313,652
Other related services	14.1	156,073
Vehicles rental		29,749
Shop license fees		11,543
		<u>2,826,170</u>
Discounts		(40,645)
Sales tax		(382,393)
		<u>1,261,542</u>

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

		Unaudited 30 Sep 2020	Unaudited 30 Sep 2019
	Note	[Rupees'000]	
15	COST OF SALES AND SERVICES		
	Food and beverages		
	Opening balance	74,064	86,014
	Purchases during the period	278,195	371,983
	Closing balance	(90,651)	(92,693)
	Consumption during the period	261,608	365,304
	Direct expenses		
	Salaries, wages and benefits	197,364	446,554
	Heat, light and power	165,446	274,437
	Repair and maintenance	42,117	79,809
	Depreciation	213,668	222,004
	Guest supplies	29,435	55,255
	Linen, china and glassware	6,043	20,184
	Communication and other related services	9,610	16,604
	Banquet and decoration	2,505	14,479
	Transportation	1,405	1,838
	Uniforms	2,852	4,885
	Music and entertainment	1,507	4,011
	Insurance	483	732
	Vehicle operating expense	3,239	7,901
	Vehicle rental and registration charges	1,623	3,361
	Others	38,828	41,338
		977,733	1,558,696
15.1	This includes an amount of Rs. 29.685 million (30 September 2019 : Rs. 28.023 million) relating to incremental cost of obtaining customers contract.		
16	CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Unaudited 30 Sep 2020	Unaudited 30 Sep 2019
		[Rupees'000]	
	Loss before tax	(457,070)	(259,858)
	Adjustments for:		
	Depreciation	262,087	255,878
	Gain on disposal of property, plant and equipment	(15,871)	(2,500)
	Provision for staff retirement benefit - gratuity	13,196	23,562
	Provision for compensated leave absences	11,119	14,242
	Impairment reversal /[(loss)] on trade debts	(50,291)	7,222
	Return on bank deposits / certificate of investments	(10,467)	(34,506)
	Share of profit in equity accounted investments	(23,154)	(13,944)
	Finance cost	432,628	411,800
	Gain on disposal of held for sale asset	(1,136)	-
	Unrealised [Gain]/ loss on remeasurement of investments to fair value	(1,193)	892
	[Reversal]/ impairment on investment in associated companies	(17,198)	(27,121)
		142,651	375,667
17	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	264,466	264,118
	Short term borrowings	(2,560,851)	(2,015,997)
	Accrued markup on short term borrowings	47,166	56,321
	Accrued profit on bank deposits	(451)	(541)
		(2,249,670)	(1,696,099)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	30 Sep 2020	30 Sep 2019
	[Rupees'000]	
Transactions and balances with associated undertakings		
Sales	30	29
Services provided	3,629	7,624
Services availed	62,300	104,873
Purchases	16,430	22,480
Franchise fee - income	686	1,022
Franchise and management fee - expense	1,113	2,024
Balances as at the period end:		
- Trade debts	11,289	* 18,326
- Advances, deposits and prepayments	42,170	* 39,095
Transactions with other related parties		
Sales	265	-
Services provided	15	-
Services availed	1,002	-
Purchases	3,034	-
Contribution to defined contribution plan - provident fund	11,154	14,751
Balances as at the period end:		
- Trade debts	584	* 319
- Advance for capital expenditure	626,820	* 626,820
Transactions and balances with key management personnel		
Remuneration and allowances including staff retirement benefits	33,579	50,516
Refund of loan to key management personnel	150,000	-
Loan from key management personnel - balance	91,399	* 241,399

* Represents balances as at 30 June 2020.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 2020

19 FINANCIAL INSTRUMENTS - FAIR VALUES

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			Total	Level 1	Level 2	Level 3	Total
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost					
30 September 2020									
Financial assets measured at fair value									
Short term investments		-	6,592	-	6,592	6,592	-	-	6,592
Long term deposits		-	39,332	-	39,332	-	-	39,332	39,332
Short term deposits		-	17,169	-	17,169	-	-	17,169	17,169
		-	63,093	-	63,093	6,592	-	56,501	63,093
Financial assets not measured at fair value									
Trade debts	19.2	-	264,818	-	264,818	-	-	-	-
Contract assets		-	14,197	-	14,197	-	-	-	-
Advance to employees		-	15,632	-	15,632	-	-	-	-
Other receivables		-	197,463	-	197,463	-	-	-	-
Short term investments		-	568,489	-	568,489	-	-	-	-
Cash and bank balances		-	264,466	-	264,466	-	-	-	-
		-	1,325,065	-	1,325,065	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	19.2	-	-	14,240,321	14,240,321	-	-	-	-
Short term borrowings		-	-	3,063,708	3,063,708	-	-	-	-
Lease liabilities		-	-	333,421	333,421	-	-	-	-
Trade and other payables	19.3	-	-	2,220,698	2,220,698	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
		-	-	19,868,918	19,868,918	-	-	-	-
30 June 2020									
Financial assets measured at fair value									
Short term investment		5,399	-	-	5,399	5,399	-	-	5,399
Long term deposits		33,657	-	-	33,657	-	-	33,657	33,657
Short term deposits		15,512	-	-	15,512	-	-	15,512	15,512
		54,568	-	-	54,568	5,399	-	49,169	54,568
Financial assets not measured at fair value									
Trade debts	19.2	-	216,551	-	216,551	-	-	-	-
Contract assets		-	3,578	-	3,578	-	-	-	-
Advance to employees		-	15,305	-	15,305	-	-	-	-
Other receivables		-	90,373	-	90,373	-	-	-	-
Short term investments		-	640,523	-	640,523	-	-	-	-
Cash and bank balances		-	446,776	-	446,776	-	-	-	-
		-	1,413,106	-	1,413,106	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	19.2	-	-	13,884,747	13,884,747	-	-	-	-
Short term borrowings		-	-	3,040,614	3,040,614	-	-	-	-
Lease liabilities	19.3	-	-	359,084	359,084	-	-	-	-
Trade and other payables		-	-	2,332,462	2,332,462	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,627,677	19,627,677	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months period ended 30 September 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 CORRESPONDING FIGURES

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

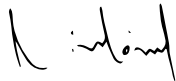
Description of item	Reclassified from	Reclassified to	Amount [Rupees'000]
Revenue	Rooms revenue	Food & beverages revenue	88,466
Commission on room bookings	Discounts and commissions	Cost of Sales- others	28,083
Franchise fee	Administrative expenses	Cost of Sales- others	2,024

21 DATE OF AUTHORISATION FOR ISSUE

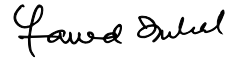
These consolidated condensed financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 28 October 2020.



Shakir Abu Bakar
Director



Syed Haseeb Amjad Gardezi
Director



Javed Iqbal
Chief Financial Officer



Pearl-Continental Hotel, Bhurban



PEARL CONTINENTAL HOTELS & RESORTS LTD.

1st Floor, NISPAK House, Sector G-5 E, Islamabad
Tel: +92-30-2272200-6, Fax: +92-30-2578430

OWNERS AND OPERATORS OF



Pearl-Continental
HOTELS & RESORTS

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