



PAKISTAN SERVICES LTD.



Pearl-Continental

HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023

PC Legacy Hunza



Pearl-Continental Hotel, Bhurban



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS [UNAUDITED]

For the six months period ended 31 December 2023



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 8 luxury hotels in Karachi, Lahore, Rawalpindi, Bhurban, Muzaffarabad, Hunza, Murree and Malam Jabba, besides one franchised hotel located at Gwadar, comprising total inventory of 1,702 rooms.

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	
Mr. M. Saleem Ahmed Ranjha	

AUDIT COMMITTEE

Mr. Shahid Hussain	Chairman
Mr. M. A. Bawany	
Mr. M. Ahmed Ghazali Marghoob	
Mr. Rohail Ajmal	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rohail Ajmal	Chairman
Mr. Murtaza Hashwani	
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

COMPANY SECRETARY

Mr. Muhammad Amir

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
Meezan Bank 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
Plot No. 32-C, Jami Commercial
Street-2, DHA, Phase VII
Karachi

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial statements of the Company for the six months period ended 31 December 2023.

Economic Overview

The world is also seeing another crisis in the Middle East in form of Gaza-Palestine with the unimaginable destruction and economic crisis in addition to ongoing war between Russia and Ukraine, the global economic situation is fragile and can lead to further difficult time if the world fails to address these issues amicably.

Pakistan's economic outlook remains subdued, the hyperinflationary economy is hitting the masses and continuously reducing the purchasing power of the public, all the efforts of State Bank of Pakistan to maintain a record-high policy rate to overcome the inflation seems not working rather caused shrinkage of economy without growth. The inflation coupled with currency depreciation besides increase in power and gas tariff resulted into high cost of living which in a way is affecting the overall performance of our company as individual and others as collectively, despite all these odds the company managed to register earning per share of Rs18.99 for the period under report.

During the period, the Company recorded revenue [net] of Rs. 7,737 million, as compared to Rs. 6,959 million registered in the corresponding period of the last year whereas the gross profit for the period is Rs. 3,382 million as compared to Rs. 2,862 million of comparative period of the last year. The profit before tax is Rs. 775 million as compared to Rs. 227 million in the corresponding period of last year.

Highlights of Performance:

	For the six months' period ended 31 December	
	2023	2022
	[Rupees million]	
Sales and Services – net	7,737	6,959
Gross profit	3,382	2,862
Profit before taxation	775	227
Profit after taxation	617	136
Earnings per share [Rupees]	18.99	4.17

Performance of Rooms Department

During the period Rooms Revenue-net was recorded at Rs. 3,389 million as against Rs. 2,942 million of the corresponding period of last year.

Performance of Food & Beverage (F&B) Department

Revenue-net from this segment has been recorded at Rs. 3,900 million for the period under review as compared to Rs. 3,584 million of the same period last year.

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

From this segment of the business revenue-net of Rs. 448 million has been achieved as compared to Rs. 433 million of the comparative period of last year.

Consolidated Results

During the current period, the group recorded a revenue [net] of Rs. 7,874 million as compared to Rs. 7,198 million of the same period last year. Profit after taxation is recorded at Rs. 1,051 million in comparison with profit of Rs. 28 million of the corresponding period of the previous year.

Prospects

A strong and stable Government is the need of time, which will result in a stable political and economic environment. The newly formed government must implement new economic plan to fortify the economy alongside the growth in economic activities.

Acknowledgement

On behalf of the Board, we express our appreciation for the dedication to duty and professional conduct of the employees of the Company, as well as of the shareholders/stakeholders and in particular the Government Authorities for their advice, understanding, and support. We thank the bankers of the Company for the understanding and the cooperation they have extended. Finally, we are thankful to our loyal and confident customers, the combined efforts of all have been instrumental in the sustainable growth of the Company against all odds. Prayers are for a peaceful and prosperous Pakistan.

For and on behalf of the Board of Directors,



M.A. Bawany

Director



M. Ahmed Ghazali Marghoob

Director

Islamabad: 27 February 2024

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونیوالی ششماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

اقتصادی جائزہ:

مشرق وسطیٰ میں غزہ فلسطین کی صورت میں ایک بحران کا سامنا ہے، جس کے نتیجے میں ناقابل قصور تباہی اور معاشی بحران ہے، روس اور یوکرین کا معاملہ بھی ابھی چل رہا ہے اور عالمی معاشی صورتحال نازک ہے اور جو کہ مزید خرابی کی طرف جاسکتی ہے اگر ان مسائل کا تدارک نہ کیا گیا۔

پاکستان کی اقتصادیات مسلسل دباؤ کا شکار ہے۔ افراط زر کی شرح عوام کی قوت خرید کو کم کر رہی ہے۔ اسٹیٹ بینک آف پاکستان کی مہنگائی پر قابو کرنے کے لئے پالیسی کی شرح کو بلند رکھنے کی کوشش کا رگر ثابت نہیں ہوئی بلکہ معیشت پر دباؤ بڑھا ہے۔ مہنگائی اور روپے کی قدر میں کمی کے ساتھ گیس اور بجلی کی قیمتوں میں اضافے نے عام آدمی کی زندگی کو کافی متاثر کیا ہے، جس کا اثر ہماری کمپنی کی کارکردگی پر بھی ہوا ہے۔ ان تمام مشکلات کے باوجود کمپنی کی فی حصص آمدنی 18.99 روپے رہی ہے۔

31 دسمبر 2023 کو ختم ہونیوالی ششماہی مدت کے دوران کمپنی نے 7,737 ملین روپے کی محصولات (خالص) ریکارڈ کیے ہیں جو گزشتہ سال کے اسی عرصے کے دوران 6,959 ملین روپے تھے۔

کمپنی کا مجموعی منافع 3,382 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں 2,862 ملین روپے تھا۔ قبل از ٹیکس منافع گزشتہ برس کے اسی عرصے کے 227 ملین منافع کے مقابلے میں 775 ملین روپے ریکارڈ کیا گیا۔

کارکردگی کی جھلکیاں:

	ششماہی مدت اختتام 31 دسمبر	
	2023	2022
	(ملین روپے)	
فروخت اور خدمات (خالص)	7,737	6,959
کل منافع	3,382	2,862
منافع قبل از ٹیکس	775	227
منافع بعد از ٹیکس	617	136
فی حصہ آمدنی (روپے میں)	18.99	4.17

رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے 2,942 ملین روپے کی نسبت آمدنی 3,389 ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی آمدن 3,900 ملین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے مقابلے میں 3,584 ملین روپے تھی۔

دیگر متعلقہ خدمات لائسنس فیس/ٹریپول وٹورز ڈویژن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران میں 448 ملین روپے کی آمدنی حاصل کی گئی۔ جو گزشتہ برس کے اسی عرصے کے مقابلے میں 433

ملین روپے تھی۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے 7,874 ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں 7,198 ملین روپے تھے۔ گزشتہ برس کے 28 ملین روپے بعد از ٹیکس منافع کی نسبت موجودہ عرصہ میں 1,051 ملین روپے منافع ریکارڈ کیا گیا۔

مستقبل کے امکانات:

آنے والے مہینوں میں عام انتخابات متوقع ہیں اور نئی منتخب حکومت کے قیام کے ساتھ ہی سیاسی بے چینی ختم ہونے کا امکان ہے اور ایک نئی مستحکم حکومت کو معیشت کو مستحکم کرنے کے لیے نئے اقتصادی منصوبے پر عمل درآمد کرنا ہوگا۔

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 شکرگزار ہیں، جو ہمیشہ ہماری اور اسٹاف کی حوصلہ افزائی کرتے ہیں تاکہ بہترین پروڈکٹس اور خدمات کی فراہمی میں ان کا مسلسل تعاون اور سرپرستی حاصل رہے۔ ہم ان تمام مشوروں، تعاون اور باہمی ادراک کے لیے حکومتی اداروں اور اپنے کنسلٹنٹس، بینکاروں، مشیران اور شراکت داروں کے ممنون ہیں، جو ہمارے پروگراموں، پروڈیکٹس اور عمومی کاروباری امور میں کامیابی کے لیے انتہائی اہم ہیں۔

منجانب بورڈ آف ڈائریکٹرز



ایم احمد غزالی مرغوب

ڈائریکٹر



ایم۔ اے باوانی

ڈائریکٹر

اسلام آباد: 27 فروری 2024

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Services Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Pakistan Services Limited ("the Company") as at 31 December 2023 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity, and notes to the condensed interim unconsolidated financial statements for the six months period then ended [here-in-after referred to as the "interim financial statements"]. Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 of the condensed interim unconsolidated financial statements, which indicates that as at 31 December 2023 the Company was in breach of repayment terms agreed with the lenders as part of its debt restructuring. These events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matter

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three months period ended 31 December 2023 and 31 December 2022, have not been reviewed and we do not express a conclusion on them.

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



KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
28 February 2024
UDIN: RR202310111bfJgIPnDm



Pearl-Continental Hotel, Bhurban



Pearl-Continental Hotel, Muzaffarabad



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

For the six months period ended
31 December 2023

Condensed Interim Unconsolidated Statement of Financial Position

As at 31 December 2023

		Unaudited 31 Dec 2023	Audited 30 June 2023
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		8,463,861	7,846,376
Revaluation surplus on property, plant and equipment		36,498,204	36,498,204
Total equity		45,556,731	44,939,246
LIABILITIES			
Loans and borrowings	5	239,984	1,513,050
Lease liabilities	6	153,263	187,581
Employee benefits		1,032,182	976,778
Other non current liabilities		182,765	141,960
Non - current liabilities		1,608,194	2,819,369
Short term borrowings	7	1,799,936	1,613,027
Current portion of loans and borrowings	5	12,944,864	10,620,322
Current portion of lease liabilities	6	112,977	118,977
Trade and other payables	8	3,520,242	3,324,697
Contract liabilities		878,422	795,235
Advance against non-current assets held for sale		500,000	500,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		19,767,211	16,983,028
Total equity and liabilities		66,932,136	64,741,643
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

		Unaudited 31 Dec 2023	Audited 30 June 2023
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	47,537,308	46,360,926
Advance for capital expenditure	11	1,294,229	1,189,494
Intangible asset	12	78,574	91,454
Investment property		80,000	80,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	13	731,000	731,000
Long term deposits		19,130	19,281
Deffered tax assets-net		229,814	191,901
Non - current assets		51,007,849	49,701,850
Inventories		523,942	510,658
Trade debts		1,185,842	939,652
Contract assets		2,473	20,620
Advances, prepayments, trade deposits and other receivables		1,980,721	1,951,222
Short term investments	14	1,362,947	1,136,110
Non-current assets held for sale	15	10,113,134	9,339,704
Advance tax - net		358,034	787,018
Cash and bank balances		397,194	354,809
Current assets		15,924,287	15,039,793
Total assets		66,932,136	64,741,643



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 31 December 2023

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2023	2022	2023	2022
[Rupees'000]					
Revenue - net	16	4,181,924	3,807,887	7,736,520	6,959,476
Cost of sales and services	17	[2,225,307]	[2,076,011]	[4,354,501]	[4,097,829]
Gross profit		1,956,617	1,731,876	3,382,019	2,861,647
Other income		60,840	152,572	94,776	211,129
Administrative expenses		[1,019,988]	[1,047,392]	[1,962,328]	[1,900,796]
Allowance for Impairment loss on trade debts		[42,183]	[24,838]	[45,998]	[55,754]
Operating profit		955,286	812,218	1,468,469	1,116,226
Finance income		53,353	55,126	88,568	110,672
Unrealised gain / [loss] on remeasurement of investments to fair value - net		228,426	[76,127]	221,425	[61,937]
Finance cost		[536,971]	[475,125]	[1,003,604]	[938,418]
Net finance cost		[255,192]	[496,126]	[693,611]	[889,683]
Profit before taxation		700,094	316,092	774,858	226,543
Income tax expense		[144,058]	[28,531]	[157,373]	[90,937]
Profit for the period		556,036	287,561	617,485	135,606
Earnings [per share - basic and diluted] (Rupees)	18	17.10	8.84	18.99	4.17

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2023

	Three months period ended 31 December		Six months period ended 31 December	
	2023	2022	2023	2022
	[Rupees'000]			
Other comprehensive income for the period	556,036	287,561	617,485	135,606
Total comprehensive income for the period	556,036	287,561	617,485	135,606

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2023

	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 2022	325,242	269,424	39,067,870	1,600,000	3,891,769	45,154,305
Total comprehensive income for the period						
Profit for the period	-	-	-	-	135,606	135,606
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	135,606	135,606
Transfer on disposal of property, plant and equipment	-	-	(2,569,666)	-	2,569,666	-
Balance at 31 December 2022	325,242	269,424	36,498,204	1,600,000	6,597,041	45,289,911
Balance at 01 July 2023	325,242	269,424	36,498,204	1,600,000	6,246,376	44,939,246
Total comprehensive income for the period						
Profit for the period	-	-	-	-	617,485	617,485
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	617,485	617,485
Balance at 31 December 2023	325,242	269,424	36,498,204	1,600,000	6,863,861	45,556,731

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows [Unaudited]

For the six months period ended 31 December 2023

	Note	Six months period ended 31 December	
		2023	2022
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	19	2,052,262	1,597,657
Working capital changes			
[Increase] / decrease in current assets			
Inventories		[13,284]	[53,672]
Trade debts		[292,188]	[178,802]
Contract assets		18,147	[39,031]
Advances		[21,023]	[34,098]
Trade deposits and prepayments		[63,603]	[78,906]
Other receivables		55,127	11,742
Increase / [decrease] in current liabilities			
Trade and other payables		195,545	[138,219]
Non current liabilities		40,805	65,148
Contract liabilities		83,187	22,186
Cash generated / [used in] operations		2,713	[423,652]
Staff retirement benefit - gratuity paid		[7,187]	[14,762]
Compensated leave absences paid		[23,196]	[28,362]
Income tax -net		233,698	[308,531]
Finance cost paid		[629,593]	[1,086,995]
Net cash generated / [used in] from operating activities		1,628,697	[264,645]
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		[1,626,593]	[720,676]
Advance for capital expenditure		[104,735]	[17,852]
Proceeds from disposal of property, plant and equipment		12,924	48,183
Increase in non-current asset held for sale		[89,821]	[234,054]
Proceeds from disposal of non-current asset held for sale		-	2,337,910
Dividend income received		-	600
Receipts of return on bank deposits and short term investments		80,938	105,709
Long term deposits and prepayments		151	693
Net cash [used in] / generated in investing activities		[1,727,136]	1,520,513
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		[1,192]	[1,015,105]
Lease liabilities paid		[40,318]	[49,181]
Net cash used in financing activities		[41,510]	[1,064,286]
Net [decrease] / increase in cash and cash equivalents		[139,949]	191,582
Cash and cash equivalents at end of the period		[1,177,676]	[1,787,969]
Cash and cash equivalents at end of the period	20	[1,317,625]	[1,596,387]

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

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 and Muzaffarabad Azad Jammu & Kashmir. 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 2023. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2023, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the six months period ended 31 December 2022.

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.

2.1 Going concern basis of accounting

These condensed interim unconsolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business. Accordingly, these condensed interim unconsolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate

As at the date that these condensed interim unconsolidated financial statements were authorized for issue, the Company was in breach of repayment terms agreed with the lenders as part of its debt restructuring. As per

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

the restructuring agreements, the Company was obligated to repay Rs. 5,500 million by December 15, 2023 out of the proceeds from the sale of certain properties classified as assets held for sale. However, due to delay in certain regulatory approvals, the Company has not been able to realize the total sale proceeds from sale of such properties.

However, management has prepared these condensed interim unconsolidated financial statements on a going concern basis as the management has entered into negotiations with its' lenders for an extension in the date of repayment of remaining Rs. 5,000 million by 15 March 2024. An amount of Rs. 500 million has been repaid by the management from funds generated from operating activities. Further to this, the lenders have verbally acknowledged the Company's request for extension in the date of repayment till 15 March 2024, which is also evident from the fact that lenders have not initiated any proceedings against the Company relating to the recovery of outstanding debt obligation. The transactions relating to the sale of properties although delayed is expected to materialize before 15 March 2024 impending requisite regulatory approvals. However, a legally irrevocable, legally binding signed sponsor support agreements to guarantee the repayment of remaining Rs 5 billion are also in place. In accordance with the sponsor support agreements concluded, the Company's CEO will either inject equity or provide sponsor loan in case the Company is not able to repay Rs. 5,000 million to lenders. In case the Company's CEO is not able to fulfil his commitment, the lender reserves the right to execute debt property swap. i.e., acquiring the property identified for sale purpose.

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

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Material accounting policy information

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 2023.

There are certain changes to accounting and reporting standards which became applicable during the period, however, these changes have no material impact on these condensed interim financial statements.

3.2 Accounting estimates and judgments

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Company for the year ended 30 June 2023.

4 SHARE CAPITAL

There is no change in the authorised, issued, subscribed and paid up share capital of the Company from 30 June 2023.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

		Unaudited 31 Dec 2023	Audited 30 June 2023
	Note	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured			
a. Non current portion			
Term Finance Loan - 1		1,915,649	1,915,649
Term Finance Loan - 2		1,333,333	1,333,333
Term Finance Loan - 3		1,600,000	1,600,000
Term Finance Loan - 4		349,858	351,050
Sukuk		5,751,166	5,751,166
Transaction cost		(28,685)	(32,711)
		<u>10,921,321</u>	<u>10,918,487</u>
Current portion of loans	5.1	<u>(10,681,337)</u>	<u>(9,405,437)</u>
		<u>239,984</u>	<u>1,513,050</u>
b. Current portion			
Current portion of loans		10,681,337	9,405,437
Markup accrued		2,263,527	1,214,885
		<u>12,944,864</u>	<u>10,620,322</u>

5.1 During the prior year the company entered into restructuring agreement with its lenders relating to long term borrowings. Under the terms of restructuring arrangements, the Company's non-core property situated at Civil Line Quarters, Karachi had to be disposed off, and the company had to partially disinvest from its wholly owned subsidiary, all these proceeds estimated to be Rs.5,500 million were to be utilized to repay the deferred payments by December 2023. The Company has made a partial repayment amounting to Rs. 500 million during the period however as the Company has not been able to repay the loan as per the terms of the restructuring agreement the entire loan amount has been classified to current liabilities as at the reporting date. However, as also disclosed in note 2.1, the Company has verbally agreed with the lenders to enhance the repayment date till 15 March 2024. The management has a reasonable expectation to materialize the transaction and to make repayment till the expected date and accordingly expects that the loans and borrowing which have been classified as current will be repaid in accordance with the agreed repayment schedule.

5.2 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 2023.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000']	
6 LEASE LIABILITIES		
Opening	306,558	314,037
Interest expenses	31,039	40,369
Additions during the period/ year	-	82,600
Lease payments	[71,357]	[130,448]
Closing	<u>266,240</u>	<u>306,558</u>
Current portion	<u>112,977</u>	<u>118,977</u>
Non-current portion	<u>153,263</u>	<u>187,581</u>

6.1 The current payable amount to related party is Rs. 5.20 million [30 June 2023: Rs.7.60 million]

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000']	
7 SHORT TERM BORROWINGS - secured		
Running finance facilities - banking companies	7.1 1,713,580	1,531,623
Markup accrued	86,356	81,404
	<u>1,799,936</u>	<u>1,613,027</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 2023.

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000']	
8 TRADE AND OTHER PAYABLES	Note	
Creditors		1,712,323
Accrued liabilities	8.1	728,997
Shop deposits		50,795
Retention money		149,167
Due to related parties - unsecured		64,747
Sales tax payable		218,507
Income tax deducted at source		53,808
Unearned income		37,700
Other liabilities	8.1	308,653
		<u>3,324,697</u>

8.1 This includes amount of Rs. 68.96 million [30 June 2023: Rs. 20.71 million] payable to directors.

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 2023 except for the following:

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

		Unaudited 31 Dec 2023	Audited 30 June 2023
		[Rupees'000']	
9.1.2	Guarantees	332,450	329,200
9.2	Commitments		
	Commitments for capital expenditure	2,910,734	2,915,776
		Unaudited 31 Dec 2023	Audited 30 June 2023
10	PROPERTY, PLANT AND EQUIPMENT	[Rupees'000']	
	Operating fixed assets	10.1 42,202,738	42,489,556
	Capital work in progress	10.2 5,334,570	3,871,370
		47,537,308	46,360,926
10.1	Operating fixed assets		
	Carrying amount at beginning of the period / year	42,489,556	45,803,771
	Additions during the period / year	10.2.2 58,556	211,785
	Transfer from Capital work in progress	105,415	1,162,574
	Asset classified as held for sale	-	(3,768,347)
	Transfer from CWIP	(578)	(1,154)
	Disposal during the period / year	(6,013)	(33,088)
	Depreciation charge for the period / year	10.2.2 (444,198)	(885,985)
	Carrying amount at end of the period / year	42,202,738	42,489,556
10.2	Capital work in progress		
	Carrying amount at beginning of the period / year	3,871,370	3,730,842
	Additions during the period / year	1,568,615	1,345,749
	Transferred to operating fixed assets	(105,415)	(1,162,574)
	Transferred to assets held for sale	-	(42,647)
	Carrying amount at end of the period / year	10.2.1 5,334,570	3,871,370
10.2.1	Closing capital work in progress represents:		
	Construction of Pearl Continental Mirpur	3,659,259	3,654,757
	Other civil works	1,675,311	216,613
		5,334,570	3,871,370

10.2.2 Additions in and depreciation on property, plant and equipment during the six months period ended 31 December 2022 were Rs.317.064 million and Rs. 438.150 million respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

11 ADVANCE FOR CAPITAL EXPENDITURE	Note	Unaudited 31 Dec 2023 (Rupees'000)	Audited 30 June 2023
Advance for purchase of land	11.1	668,820	668,820
Advance for purchase of Malir Delta Land	11.2	381,656	381,656
Impairment loss		(40,000)	(40,000)
		1,010,476	1,010,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		150,538	45,803
Advances for Pearl Continental Mirpur Project		133,215	133,215
		283,753	179,018
		1,294,229	1,189,494

11.1 This includes amount of Rs. 626.82 million (30 June 2023: 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 previous years, 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 general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appelants, the management and Board have complied with the directions of SECP in this regard.

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.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000']	
12 INTANGIBLE ASSET		
Software	78,574	91,454
Cost		
Opening balance	200,180	200,180
Additions	-	-
Closing balance	200,180	200,180
Accumulated amortisation		
Opening balance	108,726	76,284
Amortisation charge	12,880	32,442
Closing balance	121,606	108,726
Net book value		
Cost	200,180	200,180
Accumulated amortisation	(121,606)	(108,726)
Closing balance	78,574	91,454
Amortisation rate per annum	30%	30%

13 ADVANCE AGAINST EQUITY INVESTMENT

This represents advance against equity investment of Rs. 731 million [30 June 2023: Rs. 731 million] extended by the Company to its wholly owned subsidiary company Elite Properties (Private) Limited .

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000']	
14 SHORT TERM INVESTMENTS		
Fair value through other comprehensive income		
National Technology Development Corporation Limited	200	200
Indus Valley Solvent Oil Extraction Limited	500	500
Allowance for Impairment loss	(700)	(700)
	-	-
Amortized cost		
Term deposit receipt	637,579	637,579
Term Finance certificate	75,000	75,000
Accrued interest	8,064	2,652
	720,643	715,231
Financial assets at fair value through profit or loss		
Shares of listed Companies	642,304	420,879
	1,362,947	1,136,110

14.1 This mainly includes investment in an associated company having carrying value of Rs. 632.380 million [30 June 2023: Rs. 414.058 million].

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

14.1.1 Out of total shares 15,056,661 held by the Company in an associated company, 15,000,000 (30 June 2023: 15,000,000) ordinary shares are placed / lien marked as security against running finance facility availed by the Company.

	Unaudited 31 Dec 2023	Audited 30 June 2023
	(Rupees'000')	
15 NON CURRENT ASSET HELD FOR SALE		
Property - Civil Line Quarters, Abdullah Haroon Road, Karachi	3,766,242	3,766,242
Under Construction Hotel Pearl Continental Multan	6,346,892	5,573,462
	10,113,134	9,339,704

16 REVENUE - NET	Note	Three months period ended 31 December		Six months period ended 31 December	
		2023	2022	2023	2022
		(Rupees'000')			
Rooms		2,091,450	1,962,655	3,937,802	3,462,889
Food and beverages		2,559,040	2,329,100	4,635,892	4,192,172
Other related services	16.1	262,335	243,033	518,215	498,939
Fee revenue from franchise & management properties		24,483	15,147	59,254	29,469
Shop license fees		9,817	12,695	18,865	25,378
		4,947,125	4,562,630	9,170,028	8,208,847
Discounts		(97,867)	(80,177)	(208,297)	(157,725)
Sales tax		(667,334)	(674,566)	(1,225,211)	(1,091,646)
		4,181,924	3,807,887	7,736,520	6,959,476

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

17 COST OF SALES AND SERVICES	Three months period ended 31 December		Six months period ended 31 December	
	2023	2022	2023	2022
(Rupees'000')				
Food and beverages				
Opening balance	158,403	148,484	186,720	150,527
Purchases during the period	742,781	687,769	1,287,635	1,280,188
Closing balance	(182,552)	(170,326)	(182,552)	(170,326)
Consumption during the period	718,632	665,927	1,291,803	1,260,389
Direct expenses				
Salaries, wages and benefits	557,891	538,093	1,123,865	1,018,328
Heat, light and power	391,936	333,462	871,141	823,796
Repair and maintenance	114,583	123,210	230,573	220,482
Depreciation	178,162	177,978	360,207	358,901
Amortization	5,554	7,660	11,591	15,811
Guest supplies	98,131	73,730	179,642	136,305
Linen, china and glassware	46,902	41,167	88,331	68,470
Communication	3,304	3,179	5,063	5,908
Laundry and dry cleaning	22,598	20,561	42,871	37,729
Banquet and decoration	18,525	20,064	34,412	38,694
Transportation	19,219	13,456	30,257	23,740
Uniforms	5,352	6,896	12,968	11,731
Music and entertainment	5,314	4,602	9,902	9,099
Others	39,204	46,026	61,875	68,446
	2,225,307	2,076,011	4,354,501	4,097,829

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Three months period ended 31 December		Six months period ended 31 December	
	2023	2022	2023	2022
18 EARNINGS PER SHARE	[Rupees'000]			
Profit for the period [Rupees '000]	556,036	287,561	617,485	135,606
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share - basic [Rupees]	17.10	8.84	18.99	4.17

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

19 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	Six months period ended 31 December	
	2023	2022
	[Rupees'000]	
Profit before tax	774,858	226,543
Adjustments for:		
Depreciation	444,198	438,150
Amortization	12,880	17,568
[Gain] /on disposal of property, plant and equipment	[6,912]	[28,498]
Gain on disposal of non-current assets held for sale	-	[98,356]
Provision for staff retirement benefit - gratuity	58,880	62,565
Provision for compensated leave absences	26,907	29,051
Impairment loss on trade debts	45,998	55,754
Return on bank deposits / certificate of investments	[86,726]	[104,875]
Finance cost	1,003,604	938,418
Dividend income	-	[600]
Unrealised gain/ [loss] on remeasurement of investments to fair value	[221,425]	61,937
	<u>2,052,262</u>	<u>1,597,657</u>
20 CASH AND CASH EQUIVALENTS		
Cash and bank balances	397,194	563,771
Short term borrowings	[1,799,936]	[2,239,101]
Accrued markup on short term borrowings	86,356	82,105
Accrued profit on bank deposits	[1,239]	[3,162]
	<u>[1,317,625]</u>	<u>[1,596,387]</u>
21 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:

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

Six months period ended
31 December
2023 2022
[Rupees'000]

Transactions with subsidiary companies

Sales	2,202	1,723
Services provided	13,800	6,387
Services availed	70,790	62,588
Refund of Advance against equity investment	150,000	-

Balances as at the period end:

- Trade debts	13,038	*8,310
- Long term investments	1,037,794	*1,037,794
- Refundable against equity investment	1,143,071	*1,293,071
- Advances, deposits and prepayments	40	-
- Contract liabilities	45,087	*12,190

Transactions with associated undertakings

Sales	1,695	106
Services provided	6,179	5,897
Services availed	336,208	269,899
Purchases	151,069	89,701
Franchise fee - income	3,615	2,740

Balances as at the period end:

- Trade debts	87,330	*18,223
- Advances, deposits and prepayments	30,944	*24,659

Transactions with other related parties

Sales	304	16
Services provided	-	79
Services availed	23,162	14,712
Contribution to defined contribution plan - provident fund	35,600	30,322
Purchase of Fixed asset	-	4,708

Balances as at the period end:

- Trade debts	352	*325
- Advance for capital expenditure	626,820	*626,820

Transactions with key management personnel

Remuneration and allowances including staff retirement benefits	267,937	223,723
Advance remuneration & other receivables	574	-
Payable to key management personnel	69,857	20,712

* Represents balances as at 30 June 2023.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

22 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

22.1 Accounting classifications and fair values

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

	Note	Carrying amount			Fair value				
		Amount in Rs'000			Total	Level 1	Level 2	Level 3	Total
		Financial Assets Fair value through profit or loss	Amortized cost	Financial Liabilities Amortized cost					
31 December 2023									
Financial assets measured at fair value									
Shares of listed Companies	14	642,304	-	-	642,304	642,304	-	-	642,304
Long term deposits		19,130	-	-	19,130	-	-	19,130	19,130
Short term deposits		21,826	-	-	21,826	-	-	21,826	21,826
		683,260	-	-	683,260	642,304	-	40,956	683,260
Financial assets not measured at fair value									
Trade debts	22.2	-	1,185,842	-	1,185,842	-	-	-	-
Contract assets		-	2,473	-	2,473	-	-	-	-
Advance to employees		-	9,764	-	9,764	-	-	-	-
Other receivables		-	1,716,827	-	1,716,827	-	-	-	-
Short term investments	14	-	712,579	-	712,579	-	-	-	-
Accrued interest		-	9,303	-	9,303	-	-	-	-
Cash and bank balances		-	397,194	-	397,194	-	-	-	-
		-	4,033,982	-	4,033,982	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	13,213,533	13,213,533	-	-	-	-
Other non current liabilities		-	-	182,765	182,765	-	-	-	-
Short term borrowings	7	-	-	1,799,936	1,799,936	-	-	-	-
Lease liabilities	6	-	-	266,240	266,240	-	-	-	-
Trade and other payables	22.3	-	-	3,048,935	3,048,935	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	18,522,179	18,522,179	-	-	-	-
30 June 2023									
Financial assets measured at fair value									
Short term investments	14	420,879	-	-	420,879	420,879	-	-	420,879
Long term deposits		19,281	-	-	19,281	-	-	19,281	19,281
Short term deposits		21,431	-	-	21,431	-	-	21,431	21,431
		461,591	-	-	461,591	420,879	-	40,712	461,591
Financial assets not measured at fair value									
Trade debts	22.2	-	939,652	-	939,652	-	-	-	-
Contract assets		-	20,620	-	20,620	-	-	-	-
Advance to employees		-	7,109	-	7,109	-	-	-	-
Other receivables		-	1,771,954	-	1,771,954	-	-	-	-
Short term investments	14	-	712,579	-	712,579	-	-	-	-
Accrued Interest		-	3,514	-	3,514	-	-	-	-
Cash and bank balances		-	354,809	-	354,809	-	-	-	-
		-	3,810,237	-	3,810,237	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	12,166,083	12,166,083	-	-	-	-
Other non current liabilities		-	-	141,960	141,960	-	-	-	-
Short term borrowings	7	-	-	1,613,027	1,613,027	-	-	-	-
Lease liabilities	6	-	-	306,558	306,558	-	-	-	-
Trade and other payables	22.3	-	-	3,014,682	3,014,682	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	17,253,080	17,253,080	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

- 22.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.
- 22.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.
- 23 DATE OF AUTHORISATION FOR ISSUE**
- 23.1 These condensed interim unconsolidated financial statements have been signed by two directors of the Company on behalf of the board as the chief Executive Officer at the time of signing was not available in Pakistan.
- 23.2 These condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 27 February 2024.



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer



Pearl-Continental Hotel, Rawalpindi



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

For the six months period ended
31 December 2023

Condensed Interim Consolidated Statement of Financial Position

As at 31 December 2023

		Unaudited 31 Dec 2023	Audited 30 June 2023
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		509,226	145,070
Revenue reserves		6,693,508	5,620,965
Revaluation surplus on property, plant and equipment		36,498,205	36,498,205
Equity attributable to owners		44,026,181	42,589,482
Non-controlling interest		195,693	117,667
Total equity		44,221,874	42,707,149
LIABILITIES			
Loans and borrowings	5	608,984	1,882,050
Lease liabilities	6	214,039	248,909
Employee benefits		1,085,071	1,042,945
Deferred tax liability - net		593,645	633,007
Other non current liabilities		182,765	141,960
Non - current liabilities		2,684,504	3,948,871
Short term borrowings	7	2,039,234	2,576,960
Current portion of loans and borrowings	5	13,076,311	10,729,652
Current portion of lease liabilities	6	129,698	151,161
Trade and other payables	8	3,766,963	3,707,432
Contract liabilities		1,028,522	952,335
Advance against non-current assets held for sale	15	500,000	500,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		20,551,498	18,628,310
Total equity and liabilities		67,457,876	65,284,330
CONTINGENCIES AND COMMITMENTS	9		

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

		Unaudited 31 Dec 2023	Audited 30 June 2023
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	47,714,036	46,576,613
Intangible asset	11	297,823	677,847
Advance for capital expenditure	12	1,294,229	1,189,494
Investment property		80,000	80,000
Long term investments		1,574,048	1,103,776
Advance against equity investment	13	104,536	-
Long term deposits and prepayments		19,131	50,026
Non - current assets		51,083,803	49,677,756
Inventories		526,293	520,654
Development properties		1,844,125	2,005,487
Trade debts		1,268,482	987,640
Contract assets		2,473	20,620
Advances, prepayments, trade deposits and other receivables		1,036,360	790,940
Short term investments	14	733,941	725,755
Assets held for sale	15	10,113,134	9,339,704
Advance tax - net		388,516	828,745
Cash and bank balances		460,749	387,029
Current assets		16,374,073	15,606,574
Total assets		67,457,876	65,284,330



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 31 December 2023

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2023	2022	2023	2022
[Rupees'000]					
Revenue - net	16	4,268,377	3,960,006	7,873,648	7,198,294
Cost of sales and services	17	[2,296,873]	[2,187,518]	[4,481,869]	[4,293,157]
Gross profit		1,971,504	1,772,488	3,391,779	2,905,137
Other income		108,565	168,311	142,607	226,943
Administrative expenses		[1,054,689]	[1,123,539]	[2,026,489]	[2,033,544]
Other expenses/ reversal		153,179	[85,968]	153,179	[99,829]
Gain on disposal of subsidiary		491,749	-	491,749	-
Allowance for impairment loss on trade debts		[42,183]	[24,838]	[45,998]	[55,754]
Operating profit		1,628,125	706,454	2,106,827	942,953
Finance income		95,845	56,788	92,746	113,485
Unrealised gain / [loss] on remeasurement of investments to fair value - net		2,877	[844]	3,103	[205]
Finance cost		[557,910]	[492,803]	[1,046,240]	[970,784]
Net finance cost		[459,188]	[436,859]	[950,391]	[857,504]
Share of profit in equity accounted investments		31,979	10,685	65,144	38,097
Profit before taxation		1,200,916	280,280	1,221,580	123,546
Income tax expense		[154,724]	[27,171]	[170,184]	[95,329]
Profit for the period		1,046,192	253,109	1,051,396	28,217
Profit / [Loss] attributable to:					
Owners of the Company		1,054,909	271,370	1,072,543	52,523
Non-controlling interests		[8,717]	[18,261]	[21,147]	[24,306]
		1,046,192	253,109	1,051,396	28,217
Earnings [per share - basic and diluted] [Rupees]		32.42	8.34	32.98	1.61

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



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2023

	Three months period ended 31 December		Six months period ended 31 December	
	2023	2022	2023	2022
	[Rupees'000]			
Profit for the period	1,046,192	253,109	1,051,396	28,217
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,046,192	253,109	1,051,396	28,217
Total comprehensive income- [loss] attributable to:				
Owners of the Company	1,054,909	271,370	1,072,543	52,523
Non-controlling interests	[8,717]	[18,261]	[21,147]	[24,306]
	1,046,192	253,109	1,051,396	28,217

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



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity [Unaudited]

For the six months period ended 31 December 2023

	Capital reserve			Revenue reserves					Total	Non-controlling interest	Total equity		
	Share premium	Acquisition reserve	Shares of associates's capital reserve	General reserve	Fair value through other comprehensive income	Exchange translation reserve (net of tax)	Share of other OCI items of associate	Unappropriated profit				Surplus on revaluation of property, plant and equipment	
Adjusted balance at 01 July 2022	325,242	269,424	(271,575)	147,221	1,600,000	-	1,468,847	27,840	958,478	39,067,871	43,593,348	186,344	43,779,692
Total comprehensive income for the period Profit/ (loss) for the period	-	-	-	-	-	-	-	-	52,523	-	-	(24,306)	28,217
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	-	14,400	14,400
Total comprehensive income for the period	-	-	-	-	-	-	-	-	52,523	-	-	(9,906)	42,617
Transfer on disposal of property, plant & equipment	-	-	-	-	-	-	-	-	2,569,666	(2,569,666)	-	-	-
Balance at 31 December 2022	325,242	269,424	(271,575)	147,221	1,600,000	-	1,468,847	27,840	3,580,667	36,498,205	43,645,871	176,438	43,822,309
Balance at 01 July 2023	325,242	269,424	(271,575)	147,221	1,600,000	19,678	2,170,394	3,125	1,827,768	36,498,205	42,589,482	117,667	42,707,149
Total comprehensive income for the year Profit/ (loss) for the period	-	-	-	-	-	-	-	-	1,072,543	-	1,072,543	(21,147)	1,051,396
Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	-	-	364,156	364,156
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	-	-	99,173
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	1,072,543	-	1,486,699	78,026	1,514,725
Balance at 31 December 2023	325,242	269,424	92,581	147,221	1,600,000	19,678	2,170,394	3,125	2,900,311	36,498,205	44,026,181	195,693	44,221,874

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



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For the six months period ended 31 December 2020

	Note	Six months period ended 31 December	
		2023	2022
[Rupees'000]			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	18	2,343,473	1,528,390
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(5,639)	(65,560)
Development properties		161,362	-
Trade debts		(326,840)	(173,863)
Contract assets		18,147	(39,031)
Advances		(156,809)	(64,395)
Trade deposits and prepayments		(63,233)	(86,052)
Other receivables		(25,378)	4,032
Increase / [decrease] in current liabilities			
Trade and other payables		59,531	(162,898)
Non current liabilities		40,805	65,148
Contract liabilities		76,187	18,386
Cash used in operations		(221,867)	(504,233)
Staff retirement benefit - gratuity paid		(23,130)	(28,577)
Compensated leave absences paid		(23,683)	(28,641)
Income tax paid- net		230,364	(321,905)
Finance cost paid		(650,112)	(1,095,825)
Net cash generated / [used in] operating activities		1,655,045	(450,791)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,626,593)	(800,728)
Advance for capital expenditure		(104,735)	63,628
Payment for Intangible asset		-	(33,337)
Proceeds from disposal of property, plant and equipment		58,408	70,056
Disposal of a subsidiary		764,551	-
Advance against equity investment		(104,536)	-
Short term investments		330	(330)
Proceed from disposal of asset held for sale		-	2,337,910
Addition in asset held for sale		(89,821)	(234,054)
Dividend income received		-	600
Receipts of return on bank deposits and short term investments		90,002	108,597
Long term deposits and prepayments		30,895	(242)
Net cash [used in] / generated investing activities		(981,499)	1,512,101
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,192)	(1,017,039)
Settlement of short term loan		(724,636)	-
Proceeds from short term loan		-	80,348
Proceeds from long term financing		-	70,000
Advance against issuance of shares		-	14,400
Lease liabilities paid		(56,333)	(73,448)
Net cash used in financing activities		(782,161)	(925,739)
Net [decrease] / increase in cash and cash equivalents		(108,615)	135,571
Cash and cash equivalents at beginning of the period		(1,145,455)	(1,627,920)
Cash and cash equivalents at end of the period	19	(1,254,070)	(1,492,349)

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



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

1 THE GROUP AND ITS OPERATIONS

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

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

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

Subsidiary Companies	Nature of business	Holding
Pearl Tours and Travels (Private) Limited	Rent-a-car, tour packages and travel related work	100%
Pearl Continental Hotels (Private) Limited	Non-operational	100%
City Properties (Private) Limited	Real Estate Development	100%
Elite Properties (Private) Limited	Real Estate Development	100%
Invency (Private) Limited (through CPPL)	Conglomerate	78%

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 2023. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2023, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited interim consolidated financial statements for the six months period ended 31 December 2022.

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.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

2.1 Going concern basis of accounting

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business. Accordingly, these condensed interim consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

As at the date that these condensed interim consolidated financial statements were authorized for issue, the Parent Company was in breach of repayment terms agreed with the lenders as part of its debt restructuring. As per the restructuring agreements, the Parent Company was obligated to repay Rs. 5,500 million by December 15, 2023 out of the proceeds from the sale of certain properties classified as assets held for sale. However, due to delay in certain regulatory approvals, the Parent Company has not been able to realize the total sale proceeds from sale of such properties.

However, management has prepared these condensed interim consolidated financial statements on a going concern basis as the management has entered into negotiations with its' lenders for an extension in the date of repayment of remaining Rs. 5,000 million by 15 March 2024. An amount of Rs. 500 million has been repaid by the management from funds generated from operating activities. Further to this, the lenders have verbally acknowledged the Parent Company's request for extension in the date of repayment till 15 March 2024, which is also evident from the fact that lenders have not initiated any proceedings against the Parent Company relating to the recovery of outstanding debt obligation. The transactions relating to the sale of properties although delayed is expected to materialize before 15 March 2024 impending requisite regulatory approvals. However, a legally irrevocable, legally binding signed sponsor support agreements to guarantee the repayment of remaining Rs 5 billion are also in place. In accordance with the sponsor support agreements concluded, the Parent Company's CEO will either inject equity or provide sponsor loan in case the Company is not able to repay Rs. 5,000 million to lenders. In case the Parent Company's CEO is not able to fulfil his commitment, the lender reserves the right to execute debt property swap. i.e., acquiring the property identified for sale purpose.

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

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Material accounting policy information

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 2023.

3.2 Accounting estimates and judgments

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Parent Company for the year ended 30 June 2023.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

4 SHARE CAPITAL

There is no change in the authorized, issued, subscribed and paid up share capital of the Parent Company from 30 June 2023.

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured	Note	
a. Non current portion		
Term Finance Loan - 1	1,915,649	1,915,649
Term Finance Loan - 2	1,333,333	1,333,333
Term Finance Loan - 3	1,600,000	1,600,000
Term Finance Loan - 4	349,858	351,050
Sukuk	5,751,166	5,751,166
Preference Shares	279,000	279,000
Term Finance Loan - 5	90,000	90,000
Transaction cost	(28,685)	(32,711)
	11,290,321	11,287,487
Current portion of loans	(10,681,337)	(9,405,437)
	608,984	1,882,050
b. Current portion		
Current portion of loans	10,681,337	9,405,437
Markup accrued	2,394,974	1,324,215
	13,076,311	10,729,652

5.1 During the prior year the Parent company entered into restructuring agreement with its lenders relating to long term borrowings. Under the terms of restructuring arrangements, the Parent Company's non-core property situated at Civil Line Quarters, Karachi had to be disposed off, and the parent company had to partially disinvest from its wholly owned subsidiary, all these proceeds estimated to be Rs.5,500 million were to be utilized to repay the deferred payments by December 2023. The parent Company has made a partial repayment amounting to Rs. 500 million during the period however as the Company has not been able to repay the loan as per the terms of the restructuring agreement the entire loan amount has been classified to current liabilities as at the reporting date. However, as also disclosed in note 2.1, the Parent Company has verbally agreed with the lenders to enhance the repayment date till 15 March 2024. The management has a reasonable expectation to materialize the transaction and to make repayment till the expected date and accordingly expects that the loans and borrowing which have been classified as current will be repaid in accordance with the agreed repayment schedule.

5.2 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 2023.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000]	
6 LEASE LIABILITIES		
Opening	400,070	366,244
Additions during the period/ year	-	83,286
Interest	41,345	60,001
Payments	[97,678]	[180,534]
Transfer from Advance for Capex to Lease liability	-	71,073
Closing	<u>343,737</u>	<u>400,070</u>
Current portion	<u>129,698</u>	<u>151,161</u>
Non-current portion	<u>214,039</u>	<u>248,909</u>

6.1 The current payable amount to related party is Rs. 5.20 million (30 June 2023: Rs.7.60 million)

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000]	
7 SHORT TERM BORROWINGS - secured		
	Note	
Running finance facilities - banking companies	7.1	1,531,622
Short term loan - unsecured	7.2	963,934
Markup accrued		81,404
		<u>2,576,960</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 2023.

7.2 This includes loan from directors Rs. 22.27 million (30 June 2023: 696.90 million) and from related parties Rs. 217.03 million [30 June 2023 : Rs. 267.03 million] .

	Unaudited 31 Dec 2023	Audited 30 June 2023
	[Rupees'000]	
8 TRADE AND OTHER PAYABLES		
	Note	
Creditors		1,834,296
Accrued liabilities	8.1	850,675
Shop deposits		50,795
Retention money		149,167
Due to related parties - unsecured		62,471
Sales tax payable-net		218,507
Income tax deducted at source		76,466
Unearned income		37,700
Payable to provident fund		7,877
Other liabilities	8.1	419,477
		<u>3,707,432</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

8.1 This includes amount of Rs. 69.85 million (30 June 2023: Rs. 20.71 million) payable to director of the Parent Company and Rs. 20 million (30 June 2023 : Rs. 102.5 million) payable on behalf of a subsidiary.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements of the Group for the year ended 30 June 2023 except for the following:

	Note	Unaudited 31 Dec 2023 (Rupees'000)	Audited 30 June 2023
9.1.2 Guarantees		333,586	330,336
9.2 Commitments			
Commitments for capital expenditure		2,910,734	2,915,776
	Note	Unaudited 31 Dec 2023 (Rupees'000')	Audited 30 June 2023
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	42,379,466	42,705,243
Capital work in progress	10.2	5,334,570	3,871,370
		47,714,036	46,576,613
10.1 Operating fixed assets			
Carrying amount at beginning of the period / year		42,705,243	45,964,339
Additions during the period / year	10.2.2	58,556	311,098
Transfer from Capital work in progress		105,415	1,162,574
Asset classified as held for sale		-	(3,768,347)
Transfer to CWIP		(578)	(1,154)
Disposal during the period / year		(28,596)	(40,584)
Depreciation charge for the period / year	10.2.2	(460,574)	(922,683)
Carrying amount at end of the period / year		42,379,466	42,705,243
10.2 Capital work in progress			
Carrying amount at beginning of the period / year		3,871,370	3,730,842
Additions during the period / year		1,568,615	1,345,749
Transferred to operating fixed assets		(105,415)	(1,162,574)
Transferred to non current asset held for sale		-	(42,647)
Carrying amount at end of the period / year	10.2.1	5,334,570	3,871,370

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Unaudited 31 Dec 2023	Audited 30 June 2023
10.2.1 Closing capital work in progress represents:	Note	[Rupees'000]
Construction of Pearl Continental Mirpur	3,659,259	3,654,757
Other civil works	1,675,311	216,613
	<u>5,334,570</u>	<u>3,871,370</u>

10.2.2 Additions in and depreciation on property, plant and equipment during the six months period ended 31 December 2022 were Rs. 405.19 million and Rs. 455.45 million respectively.

	Unaudited 31 Dec 2023	Audited 30 June 2023
11 INTANGIBLE ASSET	[Rupees'000]	
Project under development	220,436	586,394
Software	77,387	91,453
	<u>297,823</u>	<u>677,847</u>
Cost		
Opening balance	789,462	712,432
Additions : Project under development	-	23,520
Additions : Project under development	-	40,024
Additions : Software	-	13,486
Closing balance	<u>789,462</u>	<u>789,462</u>
Accumulated amortisation		
Opening balance	111,615	77,320
Amortisation charge	14,066	34,295
Closing balance	<u>125,681</u>	<u>111,615</u>
Net book value		
Cost	789,462	789,462
Adjustment on subsidiary disposal	(365,958)	-
Accumulated amortisation	(125,681)	(111,615)
Closing balance	<u>297,823</u>	<u>677,847</u>
Amortisation rate per annum		
Project under development	5% to 10%	5% to 10%
Software	30%	30%

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

		Unaudited 31 Dec 2023	Audited 30 June 2023
		[Rupees'000]	
12 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land	12.1	668,820	668,820
Advance for purchase of Malir Delta Land	12.2	381,656	381,656
Impairment loss		(40,000)	(40,000)
		1,010,476	1,010,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		150,538	45,803
Advances for Pearl Continental Mirpur Project		133,215	133,215
		283,753	179,018
		1,294,229	1,189,494

12.1 This includes amount of Rs. 626.82 million [30 June 2023: 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 previous years, 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 general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appellants, the management and Board have complied with the directions of SECP in this regard.

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

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Unaudited 31 Dec 2023	Unaudited 31 Dec 2022
	[Rupees'000']	
13 ADVANCE AGAINST EQUITY INVESTMENT		
Xoop Technologies (Private) Limited Impairment allowance	-	248,278 [248,278]
Home Shopping Impairment allowance	-	116,124 [116,124]
Foreepay (Private) Limited	104,536	-
	104,536	-
14 SHORT TERM INVESTMENTS		
<i>Fair value through other comprehensive income</i>		
National Technology Development Corporation Limited	200	200
Indus Valley Solvent Oil Extraction Limited	500	500
Impairment loss	[700]	[700]
	-	-
<i>Amortized cost</i>		
Term deposit receipt	637,579	637,579
Term Finance certificate	75,000	75,000
Mutual Fund	3,373	3,703
Accrued interest	8,064	2,652
	724,016	718,934
<i>Financial assets at fair value through profit or loss</i>		
Shares of listed Companies	9,925	6,821
	733,941	725,755
15 NON CURRENT ASSET HELD FOR SALE		
Properties - Survey No. 8, Civil Line, Karachi	3,766,242	3,766,242
Under construction hotel Pearl Continental Multan	6,346,892	5,573,462
	10,113,134	9,339,704

	Note	Three months period ended 31 December		Six months period ended 31 December	
		2023	2022	2023	2022
		[Rupees'000']			
16 REVENUE - NET					
Rooms		2,081,449	1,958,616	3,924,002	3,456,502
Food and beverages		2,557,824	2,328,218	4,633,690	4,190,449
Other related services	16.1	305,935	393,464	573,565	702,869
Vehicle rentals		100,347	49,714	135,118	107,239
Shop license fees		[41,114]	12,695	18,865	25,378
Franchise & management fee revenue		50,206	15,147	59,254	29,469
		5,054,647	4,757,854	9,344,494	8,511,906
Discounts and commissions		[107,205]	[88,878]	[224,835]	[172,271]
Sales tax		[679,065]	[708,970]	[1,246,011]	[1,141,341]
		4,268,377	3,960,006	7,873,648	7,198,294

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

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

	Three months period ended 31 December		Six months period ended 31 December	
	2023	2022	2023	2022
	[Rupees'000]			
17 COST OF SALES AND SERVICES				
Food and beverages				
Opening balance	158,403	148,484	186,720	150,527
Purchases during the period	742,781	687,769	1,287,635	1,280,188
Closing balance	[182,552]	[170,326]	[182,552]	[170,326]
Consumption during the period	718,632	665,927	1,291,803	1,260,389
Direct expenses				
Salaries, wages and benefits	587,066	559,146	1,176,705	1,060,353
Heat, light and power	391,936	333,462	871,141	823,796
Repair and maintenance	114,937	123,338	230,927	220,854
Depreciation	184,004	184,952	372,225	372,372
Amortization	5,554	7,660	11,591	15,811
Guest supplies	98,131	73,730	179,642	136,305
Linen, china and glassware	46,902	41,167	88,331	68,470
Communication and other related services	3,304	3,179	5,063	5,908
Laundry and dry cleaning	22,598	20,561	42,871	37,729
Banquet and decoration	18,525	20,064	34,412	38,694
Transportation	7,228	[298]	9,020	1,834
Uniforms	5,352	6,896	12,968	11,731
Music and entertainment	5,314	4,602	9,902	9,099
Insurance	849	844	1,676	1,662
Vehicle operating Expense	28,635	20,289	55,039	42,499
Vehicle Rental and Registration Charges	11,809	9,499	17,272	22,490
Others	46,097	112,500	71,281	163,161
	2,296,873	2,187,518	4,481,869	4,293,157
18 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES				
			Six months period ended 31 December	
			2023	2022
			[Rupees'000]	
Profit before tax			1,051,396	123,546
Adjustments for:				
Depreciation			460,574	455,452
Amortization			14,066	18,133
[Gain] / Loss on disposal of property, plant and equipment			[46,524]	[44,193]
Gain on disposal of Assets held for sale			-	[98,356]
Provision for staff retirement benefit - gratuity			61,895	64,435
Provision for compensated leave absences			27,045	29,187
Impairment loss on trade debts			45,998	55,754
Return on bank deposits / certificate of investments			[95,791]	[107,689]
Finance cost			1,046,240	970,784
Dividend income			-	[600]
Unrealised gain / [loss] on remeasurement of investments to fair value			[3,103]	205
Share of gain in equity accounted investment-net			[65,144]	[38,097]
[Reversal] / impairment on investment in associated company			[153,179]	99,829
			2,343,473	1,528,390
19 CASH AND CASH EQUIVALENTS				
Cash and bank balances			460,749	667,825
Short term borrowings			[1,713,580]	[2,156,996]
Accrued profit on bank deposits			[1,239]	[3,178]
			[1,254,070]	[1,492,349]

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	Six months period ended 31 December	
	2023	2022
	[Rupees'000]	
Transactions with associated undertakings		
Sales	1,695	106
Services provided	46,993	38,437
Services availed	347,188	277,856
Purchases	151,069	89,701
Franchise fee - income	3,615	2,740
Balances as at the period end:		
- Trade debts	120,908	* 34,698
- Trade Advances, deposits, prepayments & other receivables	32,024	* 25,739
Transactions with other related parties		
Sales	304	16
Services provided	-	79
Services availed	23,162	14,712
Contribution to defined contribution plan - provident fund	35,600	30,322
Purchase of Fixed asset	-	4,708
Short term loan repaid during the period	50,000	-
Balances as at the period end:		
- Trade debts	352	* 325
- Advance for capital expenditure	626,820	* 626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	285,901	266,626
Loan from key management personnel during the period	-	80,348
Loan settlement to key management personnel during the period	625,373	-
Advance remuneration and other receivables	574	5,362
Payable to key management personnel	69,857	20,712

* Represents balances as at 30 June 2023.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

21.1 Accounting classifications and fair values

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

	Note	Carrying amount				Fair value				
		Amount in Rs'000				Total	Level 1	Level 2	Level 3	Total
		Financial Assets		Financial Liabilities						
Fair value through profit or loss	Fair value through OCI	Amortized cost	Amortized cost							
31 December 2023										
Financial assets measured at fair value										
Shares of listed Companies	14	9,925	-	-	-	9,925	9,925	-	-	9,925
Long term investments		-	941,668	-	-	-	-	-	941,668	941,668
Long term deposits		19,131	-	-	-	19,131	-	-	19,131	19,131
Short term deposits		22,413	-	-	-	22,413	-	-	22,413	22,413
		<u>51,469</u>	<u>941,668</u>	<u>-</u>	<u>-</u>	<u>51,469</u>	<u>9,925</u>	<u>-</u>	<u>983,212</u>	<u>993,137</u>
Financial assets not measured at fair value										
Trade debts	21.2	-	1,268,482	-	1,268,482	-	-	-	-	-
Contract assets		-	2,473	-	2,473	-	-	-	-	-
Advance to employees		-	11,390	-	11,390	-	-	-	-	-
Other receivables		-	106,349	-	106,349	-	-	-	-	-
Short term investments	14	-	715,952	-	715,952	-	-	-	-	-
Accrued interest		-	9,303	-	9,303	-	-	-	-	-
Cash and bank balances		-	460,749	-	460,749	-	-	-	-	-
		<u>-</u>	<u>2,574,698</u>	<u>-</u>	<u>2,574,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value										
Loans and borrowings	5	-	-	13,713,980	13,713,980	-	-	-	-	-
Other non-current liabilities		-	-	182,765	182,765	-	-	-	-	-
Short term borrowings	7	-	-	2,039,234	2,039,234	-	-	-	-	-
Lease liabilities	6	-	-	343,737	343,737	-	-	-	-	-
Trade and other payables	21.3	-	-	3,293,383	3,293,383	-	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>19,583,869</u>	<u>19,583,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2023										
Financial assets measured at fair value										
Short term investments	14	6,821	-	-	-	6,821	6,821	-	-	6,821
Long term investment		-	689,718	-	-	689,718	-	689,718	-	689,718
Long term deposits		50,026	-	-	-	50,026	-	-	-	-
Short term deposits		22,018	-	-	-	22,018	-	-	-	-
		<u>78,865</u>	<u>689,718</u>	<u>-</u>	<u>-</u>	<u>768,583</u>	<u>6,821</u>	<u>689,718</u>	<u>-</u>	<u>696,539</u>
Financial assets not measured at fair value										
Trade debts	21.2	-	987,640	-	987,640	-	-	-	-	-
Contract assets		-	20,620	-	20,620	-	-	-	-	-
Advance to employees		-	29,583	-	29,583	-	-	-	-	-
Other receivables		-	184,946	-	184,946	-	-	-	-	-
Short term investments	14	-	716,282	-	716,282	-	-	-	-	-
Accrued interest		-	3,703	-	3,703	-	-	-	-	-
Cash and bank balances		-	387,029	-	387,029	-	-	-	-	-
		<u>-</u>	<u>2,329,803</u>	<u>-</u>	<u>2,329,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value										
Loans and borrowings	5	-	-	-	12,644,413	12,644,413	-	-	-	-
Other non-current liabilities		-	-	-	141,960	141,960	-	-	-	-
Short term borrowings	7	-	-	-	2,576,960	2,576,960	-	-	-	-
Lease liabilities	6	-	-	-	400,070	400,070	-	-	-	-
Trade and other payables	21.3	-	-	-	3,374,759	3,374,759	-	-	-	-
Unclaimed dividend		-	-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>19,148,932</u>	<u>19,148,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2023

21.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.

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

22 DATE OF AUTHORISATION FOR ISSUE

22.1 These condensed interim consolidated financial statements have been signed by two directors on behalf of the Board of Directors of the Parent Company as Chief Executive Officer at the time of signing was not available in Pakistan.

22.2 These condensed interim consolidated financial statements have been signed by the Board of Directors of the Parent Company in its meeting held on 27 February 2024.



M. Ahmed Ghazali Marghoob
Director



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer



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