



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS

[UNAUDITED]

For the six months period ended 31 December 2018



PAKISTAN SERVICES LTD

Vision Statement

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

Mission Statement

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

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

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

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

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

Corporate Information

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 6 luxury hotels in Karachi, Lahore, Rawalpindi, Peshawar, Bhurban and Muzaffarabad; comprising 1,526 rooms. It also owns and manages another small hotel with 32 rooms in Lahore city.

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

COMPANY SECRETARY

Mr. Mansoor Khan

AUDITORS

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

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
NIB 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.pchotels.com>
<http://www.hashoogroup.com>

SHARE REGISTRAR

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

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial statements on the performance of the Company for the six-month period ended 31 December 2018.

Economic Overview

The Pakistan economy continued to face challenges on account of a slowdown of economic activities, Rupee depreciation, increased, interest rates, fiscal deficit, and rising inflation. The law and order situation in the country has improved considerably but recent the threats from the neighboring country may lead to adverse impacts on the economy.

Successful foreign policies supporting growth resulting in substantial backing from friendly countries like Saudi Arabia, UAE, and China reduced the pressure of external financing as the State Bank of Pakistan recently announced that Pakistan is now out of financial crisis. Pledges of investment in Pakistan by these countries will further assist in improving the economic outlook. The government has also taken measures to reduce the tax burden on the Balance of Payment Account and to increase tax revenues. The government is focusing on the promotion of tourism in Pakistan, which will result in both direct and indirect benefits. Initiatives like the visa on arrival policy and the opening of the Kartarpur corridor will lead to an increase in hospitality activity in years to come.

The year 2019 is expected to usher in the commencement of foreign investments in Pakistan due to new economic measures by the government. Pakistan will also be entering the second phase of China Pakistan Economic Corridor that shall be more focused on trade and industry, moving on from infrastructure. This shall play a pivotal role in terms of technology and skills transfer to our economy.

Overall performance of the Company

The slowdown of the economy has adversely affected the business community in general and hospitality industry in particular. During the six months period that ended 31 December 2018, the Company achieved revenue (net) of Rs. 5,036 million, as compared to Rs. 5,331 million recorded in the comparative period of the last year.

During the period, the gross profit was Rs. 2,093 million as compared to Rs. 2,573 million in the same period of last year, while loss before tax was Rs. 174 million as compared to Profit of Rs 407 million in last year. This loss during the period was partially due to unsatisfactory performance of marketable securities which resulted in unrealized loss of Rs. 285 million besides higher financial charges.

Highlights of Performance:

	For the six months period ended 31 December	
	2018	2017
	[Rupees million]	
Sales and Services – net	5,036	5,331
Gross profit	2,093	2,573
[Loss] / profit before taxation	[174]	407
[Loss] / profit after taxation	[420]	242
Earnings/[loss] per share [Rupees]	[12.91]	7.44

Performance of Rooms Department

During the period Rooms Revenue was recorded Rs. 2,442 million against Rs. 2,674 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. 2,344 million as compared to Rs. 2,412 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. 250 million [net] has been achieved as compared to Rs. 245 million of the corresponding period.

Prospects

Making Pakistan a tourist attraction is one of the primary goals of the new government of Pakistan. Prime, untapped tourist locations will be utilized as a resource to further promote tourism with renewed sense of security. Pakistan is putting efforts to persuade visitors back by opening e-visa and visa on arrival services to various countries of the world.

The Company is geared up with its full potential to grasp the prospective business and tourism activities in Pakistan. Properties are revamped and have the capacity to attract and serve the customers at their optimal satisfaction level.

Further the construction of two hotels – Pearl-Continental Hotel Mirpur-AJK and Pearl-Continental Hotel Multan is on full swing and the Company is hopeful to have soft openings for these hotels in 2019.

Consolidated Results

During the current period the group recorded a revenue [net] of Rs. 5,104 million as compared to Rs. 5,382 million of the same period last year. Loss after taxation is recorded at Rs. 385 million in comparison with Profit of Rs. 291 million of the corresponding period of last year.

Acknowledgment

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

For and on behalf of the Board of Directors


M.A. Bawany
Director


Shakir Abu Bakar
Director

Islamabad: 25 February 2019

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی ششماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ مسرت کے ساتھ پیش کر رہے ہیں۔

اقتصادی جائزہ:

پاکستان کی اقتصادی معیشت کو مختلف مسائل جیسے کہ روپے کی قدر میں کمی، شرح سود میں اضافہ، مالیاتی خسارہ اور بڑھتی ہوئی افراط زر کا سامنا کرنا پڑ رہا ہے۔ ملک میں امن و امان کی صورت حال میں نمایاں بہتری آ رہی ہے۔ لیکن حال ہی میں پڑوسی ملک کی دھمکیوں کی وجہ سے ملکی معیشت پر منفی اثرات ہو سکتے ہیں۔

کامیاب خارجہ پالیسی کے نتیجے میں دوست ممالک کے تعاون کی بدولت بیرونی قرضوں کے دباؤ میں کمی آ رہی ہے۔ جیسا کہ اسٹیٹ بینک آف پاکستان کے علاقے کے مطابق پاکستان مالی بحران سے نکل آیا ہے۔ دوست ممالک کی جانب سے سرمایہ کاری معیشت میں مزید بہتری کا سبب بنے گا۔ حکومت ٹیکس آمدنی بڑھانے اور بیرونی قرضوں کو اوپر ٹیکس اخراجات کو کم کرنے کو شش کر رہی ہے۔

سیاحت کے فروغ کے لیے بھی حکومت اقدامات کر رہی ہے جیسا کہ آمد پر ویزا کی سہولت اور کرتار پور راہداری آمدورفت کے لیے کھولنا بھی سیاحتی سرگرمیوں میں اضافہ کا باعث بنے گا۔

حکومت کے معاشی اقدامات کی بدولت سال ۲۰۱۹ء میں بیرونی سرمایہ کاری کے آغاز کا سال ہوگا۔ پاکستان چین اقتصادی راہداری دوسرے مرحلے میں داخل ہو رہی ہے اور صنعت و تجارت کو اس سے فائدہ حاصل ہوگا اور معیشت اور ٹیکنالوجی کی ترقی میں اہم کردار ہوگا۔

کمپنی کی مجموعی کارکردگی:

معیشت میں سست رفتاری کاروباری برداری کو عام طور پر اور ہاسٹیلٹی صنعت کو خاص طور پر متاثر کیا ہے۔ ۳۱ دسمبر ۲۰۱۸ء تک ختم ہونے والی ششماہی کی مدت کے دوران کمپنی ۵,۰۳۶ ملین روپے کی خالص آمدنی حاصل کی ہے جو کہ گزشتہ سال کے اسی عرصے کے دوران ۵,۳۳۱ ملین روپے تھی۔ اس مدت کے دوران کمپنی کا مجموعی منافع ۲,۰۹۳ ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں ۲,۵۷۳ ملین روپے تھی۔ قبل ازیں خسارہ ۳۷ ملین روپے تھا جو کہ گزشتہ برس کے اسی عرصے میں ۳۷ ملین منافع ریکارڈ کیا گیا تھا۔ یہ خسارہ بازار حصص کے مندرجہ تسکات میں سرمایہ کاری سے نقصان جو کہ ۲۸۵ ملین روپے ہے اور زیادہ مالیاتی اخراجات کی وجہ سے ہے۔

کارکردگی کی جھلکیاں:

	ششماہی مدت اختتام ۳۱ دسمبر ۲۰۱۸ء	
	۲۰۱۸	۲۰۱۷
	(ملین روپے)	
فروخت اور خدمات (خالص)	۵,۰۳۶	۵,۳۳۱
کل منافع	۲,۰۹۳	۲,۵۷۳
خسارہ قبل از ٹیکس	(۱۷۴)	۴۰۷
خسارہ بعد از ٹیکس	(۴۲۰)	۲۴۲
فی حصہ آمدنی/خسارہ (روپے میں)	(۱۲۹۱)	۷.۴۴

رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے ۲,۶۷۴ ملین روپے کی نسبت آمدنی (خالص) ۲,۴۴۲ ملین روپے ریکارڈ کی گئی۔

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

اس شعبے کی خالص آمدن ۲,۳۴۴ ملین روپے ریکارڈ کی گئی جو گزشتہ اسی عرصے میں ۲,۴۱۲ ملین روپے تھی۔

دیگر متعلقہ خدمات لائسنس فیس/ٹریول وٹورڈویشن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران ۲۴۵ ملین روپے کے مقابلے میں ۲۵۰ ملین روپے کی آمدنی (خالص) حاصل کی گئی۔

مستقبل کے امکانات:

’پاکستان کو سیاحوں کے لیے سازگار بنانا موجودہ حکومت کی بنیادی ترجیحات میں شامل ہے۔ مختلف سیاحتی مقامات کو بہترین سکیورٹی کے ساتھ سیاحوں

کے لیے استعمال میں لایا جائے گا۔ پاکستان دنیا کے مختلف ممالک کے سیاحوں کی سہولت کے لیے ای ویڑا اور آمد پرویزا کے لیے کوشش کر رہا ہے۔ کمپنی پاکستان میں مکمل کاروباری سیاحتی سرگرمیوں کو سمجھنے کے لیے مکمل صلاحیت کے ساتھ تیار ہے۔ پراپرٹیج کو بہتر بنایا جا رہا ہے تاکہ معزز مہمانوں کو مکمل اطمینان حاصل ہو۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے ۵,۱۰۴ ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں ۵,۳۸۲ ملین روپے تھے۔ گزشتہ برس اسی عرصے کے دوران ۲۹۱ ملین روپے منافع کی نسبت ۳۸۵ ملین روپے کا بعد از ٹیکس خسارہ ریکارڈ کیا گیا۔

اظہار تشکر:

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

مخائب بورڈ آف ڈائریکٹرز



شاہد ابوبکر

ڈائریکٹر



ایم۔ اے باوانی

ڈائریکٹر

اسلام آباد: ۲۵ فروری ۲۰۱۹ء

Independent Auditors' Review Report

To the members of Pakistan Services Limited

Report on review of Interim unconsolidated 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 2018 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes to the financial statements for the six-month period then ended [here-in-after referred to as the "interim unconsolidated financial statements"]. Management is responsible for the preparation and presentation of these interim unconsolidated 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 interim unconsolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim unconsolidated 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 unconsolidated 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.

Other matter

The figures for the quarters ended 31 December 2018 and 31 December 2017 in the interim unconsolidated financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Riaz Akbar Ali Pesnani.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
28 February 2019





**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS**

(Unaudited)

For the six months period ended 31 December 2018

Condensed Interim Unconsolidated Statement of Financial Position As at 31 December 2018

	Unaudited 31 December 2018	Audited 30 June 2018 Restated
Note	[Rupees'000]	
4	325,242 269,424 7,295,027 27,530,740 35,420,433	325,242 269,424 7,714,976 27,530,740 35,840,382
5	10,150,473 700,810 377,216 11,228,499	9,656,299 666,088 272,545 10,594,932
6	781,689	553,868
5	1,726,270	1,347,134
7	1,472,945	1,522,922
3.3	493,121 260,982 1,555 9,242 4,745,804 51,394,736	427,953 223,910 19,210 9,242 4,104,239 50,539,553

CONTINGENCIES AND COMMITMENTS

8

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

		Unaudited 31 December 2018	Audited 30 June 2018 Restated
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	9	41,380,924	39,925,287
Advance for capital expenditure	10	1,541,070	1,532,203
Investment property		60,000	60,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	11	3,411,571	2,014,570
Long term deposits and prepayments		52,187	37,970
Non current assets		47,483,546	44,607,824
Inventories		284,853	279,917
Contract assets	12	37,323	35,589
Trade debts		758,911	669,103
Advances, prepayments, trade deposits and other receivables		461,746	299,613
Short term investments	13	1,838,693	3,123,231
Short term advance		-	40,000
Advance tax - net		330,425	216,899
Cash and bank balances		199,239	1,267,377
Current assets		3,911,190	5,931,729
Total assets		51,394,736	50,539,553


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss [Unaudited]

For the six months period ended 31 December 2018

		Three months period ended 31 December		Six months period ended 31 December	
		2018	2017	2018	2017
	Note	[Rupees'000]			
Revenue - net	14	2,754,343	2,831,588	5,036,173	5,331,141
Cost of sales and services	15	[1,468,992]	[1,436,804]	[2,942,837]	[2,757,735]
Gross profit		1,285,351	1,394,784	2,093,336	2,573,406
Other income		55,226	24,800	89,805	52,081
Administrative expenses		[835,855]	[963,000]	[1,569,092]	[1,646,925]
Operating profit		504,722	456,584	614,049	978,562
Finance income		49,230	6,388	101,578	12,401
Unrealised loss on remeasurement of investments to fair value - net		[108,989]	[74,667]	[284,538]	[261,733]
Finance cost		[380,070]	[167,113]	[604,712]	[322,388]
Net finance cost		[439,829]	[235,392]	[787,672]	[571,720]
[Loss] / profit before taxation		64,893	221,192	[173,623]	406,842
Income tax expense		[127,206]	[71,854]	[246,326]	[164,811]
[Loss] / profit for the period		[62,313]	149,338	[419,949]	242,031
[Loss] / earnings per share - basic and diluted [Rupees]	16	[1.92]	4.59	[12.91]	7.44

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2018

	Three months period ended 31 December		Six months period ended 31 December	
	2018	2017	2018	2017
	(Rupees'000)			
[Loss] / profit for the period	(62,313)	149,338	(419,949)	242,031
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(62,313)</u>	<u>149,338</u>	<u>(419,949)</u>	<u>242,031</u>

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flow (Unaudited)

For the six months period ended 31 December 2018

	Note	Six months period ended 31 December	
		2018	2017
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	17	1,074,326	1,330,495
Changes in:			
Inventories		[4,936]	[6,999]
Contract assets		[1,734]	[17,858]
Trade debts		[91,651]	[316,995]
Advances		[74,481]	[74,196]
Trade deposits and prepayments		[66,077]	[60,479]
Other receivables		[1,666]	616,759
Trade and other payables		[49,977]	282,703
Contract liabilities		65,168	74,045
Cash (used in) / from operations		[225,354]	496,980
Staff retirement benefit - gratuity paid		[10,412]	[21,691]
Compensated leave absences paid		[16,240]	[19,370]
Income tax paid		[255,181]	[241,264]
Finance cost paid		[572,184]	[261,786]
Net cash (used in) / from operating activities		[5,045]	1,283,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		[1,863,197]	[1,407,711]
Advance for capital expenditure		[8,867]	[254,986]
Proceeds from disposal of property, plant and equipment		28,194	37,174
Advance against equity investment		[1,397,001]	[714,000]
Maturity of short term investments		1,000,000	-
Refund of short term advance		40,000	-
Dividend income received		380	355
Receipts of return on bank deposits and short term advance		79,302	10,393
Long term deposits and prepayments		[14,217]	[11,528]
Net cash used in investing activities		[2,135,406]	[2,340,303]
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		[643,333]	[225,000]
Proceeds from sukuk issuance		1,361,547	-
Proceeds from long term financing		150,000	570,000
Repayment of diminishing musharaka facility		[6,067]	-
Dividend paid		[17,655]	[310,380]
Net cash from financing activities		844,492	34,620
Net decrease in cash and cash equivalents		[1,295,959]	[1,022,319]
Cash and cash equivalents at beginning of the period		713,509	[69,285]
Cash and cash equivalents at end of the period	18	[582,450]	[1,091,604]

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2018

Share capital	Capital reserve		Revenue reserves		Total equity
	Share premium	Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
[Rupees'000]					

Balance at 01 July 2017 325,242 269,424 23,779,515 1,600,000 6,141,680 32,116,041

Total comprehensive income for the period

Profit for the period	-	-	-	-	242,031	242,031
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	242,031	242,031

Transaction with owners of the Company
Distribution:

Final dividend of 2017 @ Rs. 5 per share	-	-	-	-	(162,621)	(162,621)
First interim dividend of 2018 @ Rs. 5 per share	-	-	-	-	(162,621)	(162,621)
Total distribution	-	-	-	-	(325,242)	(325,242)
Balance at 31 December 2017	325,242	269,424	23,779,515	1,600,000	6,058,469	32,032,830

Balance at 01 July 2018 325,242 269,424 27,530,740 1,600,000 6,114,976 35,840,382

Total comprehensive income for the period

Loss for the period	-	-	-	-	(419,949)	(419,949)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period-Loss	-	-	-	-	(419,949)	(419,949)
Balance at 31 December 2018	325,242	269,424	27,530,740	1,600,000	5,695,027	35,420,433

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

The disclosures in these interim unconsolidated financial statements do not include the information that was reported in annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 2018. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2018, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flow and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the six months period ended 31 December 2017.

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 Accounting policies

The accounting policies adopted in the preparation of these 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 2018 except for the adoption of new standard effective as of 01 July 2018 as referred to in note 3.3 to these interim unconsolidated financial statements.

3.2 New standards, interpretations and amendments adopted by the Company

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018. The impact of the adoption of standard and the new accounting policy is disclosed in note 3.3 below. A number of amendments/interpretations are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim financial statements.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

3.3 IFRS 15 'Revenue from Contracts with Customers'

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and other revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. IFRS 15 became applicable to the Company on 01 July 2018 and the Company used the retrospective method to adopt the standard. Under this method cumulative effect of applying the new standard is recognized at the start of the earliest period presented. The Company has reviewed its revenue streams i.e. sale of goods and rendering of services and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have an impact on the Company's condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income and condensed interim unconsolidated statement of financial position except advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' and unbilled receivables which were included in 'Trade debts' are now reclassified to 'Contract assets' presented separately in these condensed interim statement of financial position. In addition, comparative figures of these account heads are also reclassified for comparison purpose. As required for the condensed interim financial statements, the Company disaggregated revenue recognised from contracts with customers which is disclosed in Note 14 to these condensed interim unconsolidated financial statements.

Accounting Policy

Customers obtain control of goods and services when goods are consumed and services are provided to the customers. Invoices are generated and revenue is recognised net of upfront discounts at that point in time. Invoices are usually payable within 30 days. Generally for such sales, the customer has no right of return. The Company does not have any obligations for return of goods and services.

3.4 Accounting Estimates and Judgments

In preparing these 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 judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15, which are described in note 3.3.

Measurement of fair values

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

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

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.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

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

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

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

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

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

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019 or period / year ending 30 June 2019:

- IFRS 16: Leases	[effective 01 January 2019]
- IFRS 9 Financial Instruments	[effective period / year ending 30 June 2019]
- IFRIC 23: Uncertainty over Income Tax Treatments	[effective 01 January 2019]
- Amendment to IFRS 09: Prepayments Feature with Negative Compensation	[effective 01 January 2019]
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	[effective 01 January 2019]
- Amendment to IAS 28: Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures	[effective 01 January 2019]
- Amendments to IFRS 3: Business Combinations	[effective 01 January 2020]
- Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	[effective 01 January 2020]

Annual improvements to IFRS Standards 2015 - 2017 cycle:

- IFRS 3: Business Combinations and IFRS 11 Joint Arrangement	[effective 01 January 2019]
- Amendments to IAS 12: Income Taxes	[effective 01 January 2019]
- Amendments to IAS 23: Borrowing Costs	[effective 01 January 2019]

The above amendments are not likely to have an impact on the Company's interim unconsolidated financial statements except for "IFRS 16 Leases", "IFRS 9 Financial Instruments" and "IFRIC 23 Uncertainty over income tax treatments" for which the Company is currently in the process of analyzing the potential impact of adoption of these standards and interpretation.

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2018.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

		Unaudited 31 December 2018	Audited 30 June 2018
		(Rupees'000)	
5 LOANS AND BORROWINGS - Secured			
Non current potion			
Term Finance Loan - 1		722,500	807,500
Syndicated term loan		675,000	900,000
Term Finance Loan - 2		2,150,000	2,150,000
Term Finance Loan - 3		2,666,668	3,000,000
Term Finance Loan - 4		2,000,000	1,850,000
Sukuk		3,694,880	2,333,333
Transaction costs		[60,095]	[71,257]
		11,848,953	10,969,576
Current portion of loans		[1,716,667]	[1,335,000]
		10,132,286	9,634,576
Lease finance facilities			
Diminishing musharaka facility		27,790	33,857
Current portion		[9,603]	[12,134]
		18,187	21,723
		10,150,473	9,656,299
Current portion			
Current portion of loans		1,716,667	1,335,000
Current portion of diminishing musharaka facility		9,603	12,134
		1,726,270	1,347,134
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 2018.			
6 SHORT TERM BORROWINGS - Secured	Note	Unaudited 31 December 2018	Audited 30 June 2018
		(Rupees'000)	
Running finance facilities - from banking companies	6.1	781,689	553,868
6.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2018.			
7 TRADE AND OTHER PAYABLES		Unaudited 31 December 2018	Audited 30 June 2018
		(Rupees'000)	
Creditors		389,601	549,082
Accrued liabilities		580,715	563,862
Shop deposits		54,930	57,280
Retention money		209,646	172,357
Due to related parties - unsecured		50,683	14,881
Sales tax payable		123,491	105,321
Income tax deducted at source		6,757	1,493
Other liabilities		57,122	58,646
		1,472,945	1,522,922

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the contingent liabilities as reported in the annual audited unconsolidated financial statements for the year ended 30 June 2018 except for the following:

The Deputy Commissioner Inland Revenue, Zone IV, Large Taxpayer Unit, Karachi based upon the sales tax audit for the year 2008-09, passed Order in Original 52/2013 dated 28 June 2013 against which the Company filed appeal before the Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department is in appeal before the Appellate Tribunal Inland Revenue [ATIR]. During the period, the assessing officer, during remand back proceedings, decided the case against the Company by raising total demand along with default surcharge and penalty aggregating to Rs. 49,393,192. The Company has filed appeal against said order and the matter is subjudice before Commissioner Inland revenue [CIR].

		Unaudited 31 December 2018	Audited 30 June 2018
		[Rupees'000]	
8.2	Commitments		
	Commitments for capital expenditure	1,280,358	1,601,622
9	PROPERTY, PLANT AND EQUIPMENT		
	Note		
	Operating fixed assets	37,633,671	36,586,141
	Capital work in progress	3,747,253	3,339,146
		41,380,924	39,925,287
9.1	Operating fixed assets		
	Carrying amount at beginning of the period / year	36,586,141	30,841,298
	Additions during the period / year	393,073	1,056,033
	Transfer from Capital work in progress	1,077,726	1,705,525
	Revaluation surplus	-	3,751,225
	Disposal during the period / year	(7,699)	(120,961)
	Depreciation charge for the period / year	(415,570)	(646,979)
	Carrying amount at end of the period / year	37,633,671	36,586,141
9.2	Capital work in progress		
	Carrying amount at beginning of the period / year	3,339,146	2,074,130
	Additions during the period / year	1,485,833	2,970,541
	Transferred to operating fixed assets	(1,077,726)	(1,705,525)
	Carrying amount at end of the period / year	3,747,253	3,339,146
9.2.1	Closing capital work in progress represents:		
	Construction of Pearl Continental Multan	1,360,994	1,032,064
	Construction of Pearl Continental Mirpur	1,653,915	1,311,671
	Aircraft	-	612,912
	Other civil works	732,344	382,499
		3,747,253	3,339,146

9.3 Additions in and depreciation on property, plant and equipment during the half year ended 31 December 2017 were Rs. 1,418.76 million and Rs. 285.85 respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

		Unaudited 31 December 2018	Audited 30 June 2018
	Note	[Rupees'000]	
10 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land		677,972	667,820
Advance for purchase of Malir Delta Land	10.1	381,656	381,656
		1,059,628	1,049,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		304,015	358,660
Advances for Pearl Continental Multan Project		76,471	72,420
Advances for Pearl Continental Mirpur Project		100,956	51,647
		481,442	482,727
		1,541,070	1,532,203

- 10.1 This represents amount paid for purchase of 1/3rd share of land [113.34 acres] from Ms. Seema Tressa Gill, 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 an agreement to sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Government 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.

11 ADVANCE AGAINST EQUITY INVESTMENT

During the period, the Company advanced Rs. 834 million and Rs. 563 million respectively to its wholly owned subsidiary companies City Properties (Private) Limited and Elite Properties (Private) Limited for issuance of ordinary shares.

12 CONTRACT ASSETS

Contract assets primarily relate to the Company's rights to consideration for goods and services provided to the customers but not billed at the reporting date. Contract assets are transferred to trade debts when invoice is raised. Opening balance of contract asset is fully transferred to trade debts during the period.

		Unaudited 31 December 2018	Audited 30 June 2018
	Note	[Rupees'000]	
13 SHORT TERM INVESTMENTS			
Shares of listed companies	13.1	829,170	1,113,708
Term Deposit Receipt	13.2	1,009,523	2,009,523
		1,838,693	3,123,231

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

	Unaudited Three months period ended 31 December 2018	Unaudited Three months period ended 31 December 2017	Unaudited Six months period ended 31 December 2018	Unaudited Six months period ended 31 December 2017
	[Rupees '000]			
15 COST OF SALES AND SERVICES				
Food and beverages				
Opening balance	87,083	86,762	86,196	83,160
Purchases during the period	447,845	434,517	857,268	817,847
Closing balance	(87,727)	(82,128)	(87,727)	(82,128)
Consumption during the period	447,201	439,151	855,737	818,879
Direct expenses				
Salaries, wages and benefits	431,136	394,246	851,108	757,135
Heat, light and power	151,522	148,711	381,061	368,218
Repair and maintenance	84,441	141,641	170,480	221,978
Depreciation	187,408	131,725	374,013	257,272
Guest supplies	61,864	61,638	114,101	119,328
Linen, china and glassware	25,628	29,753	52,062	56,768
Communication and other related services	26,244	20,274	47,034	38,869
Banquet and decoration	12,312	24,132	24,402	43,789
Transportation	15,275	18,559	27,502	33,184
Uniforms	8,820	7,761	15,206	12,891
Music and entertainment	3,538	3,380	7,089	6,208
Others	13,603	15,833	23,042	23,216
	1,468,992	1,436,804	2,942,837	2,757,735

16 [LOSS] / EARNINGS PER SHARE

[Loss] / profit for the period [Rupees '000]	[62,312]	149,338	[419,949]	242,031
Weighted average number of ordinary shares [Numbers]	32,524,170	32,524,170	32,524,170	32,524,170
[Loss] - earnings per share - basic [Rupees]	[1.92]	4.59	[12.91]	7.44

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

	Unaudited Six months period ended 31 December 2018	Unaudited Six months period ended 31 December 2017
	[Rupees '000]	
[Loss] / profit before tax	[173,623]	406,842
Adjustments for:		
Depreciation	415,570	285,858
Gain on disposal of property, plant and equipment	[20,495]	[106]
Provision for staff retirement benefit - gratuity	41,156	31,475
Provision for compensated leave absences	20,218	30,654
Provision for doubtful debts	1,843	2,629
Return on bank deposits / certificates of investment	[99,213]	[10,623]
Finance cost	604,712	322,388
Dividend income	[380]	[355]
Unrealised loss on remeasurement of investments to fair value	284,538	261,733
	1,074,326	1,330,495

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

	Unaudited Six months period ended 31 December 2018	Unaudited 2017 [Rupees'000]
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	199,239	203,002
Short term borrowings	(781,689)	(1,294,606)
	<u>(582,450)</u>	<u>(1,091,604)</u>

19 TRANSACTIONS 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:

	Six months period ended 31 December 2018	2017 [Rupees'000]
Transactions and balances with subsidiary companies		
Sales	1,752	1,686
Services provided	10,240	4,893
Services availed	29,458	44,601
Advance against equity investment	1,397,000	714,000
Refund of short term advance	40,000	-
Long term advance and interest converted into equity	-	419,570
Balances as at the period end:		
- Trade debts	4,623	* 5,229
- Long term investments	1,037,794	*1,037,794
- Advance against equity investment	3,411,571	*2,014,570
- Short term advance	-	*40,000
Transactions and balances with associated undertakings		
Sales	74	107
Services provided	790	990
Services availed	41,936	20,432
Purchases	63,283	64,037
Franchise fee - income	2,373	2,381
Franchise and management fee - expense	5,028	5,413
Refund of advance for purchase of land	-	630,000
Dividend paid	13,473	88,610
Balances as at the period end:		
- Trade debts	3,145	* 2,349
- Trade Advances & prepayments	48,082	* 30,398
Transactions and balances with other related parties		
Sales	232	-
Services provided	182	44
Services availed	95,123	55,492
Purchases	-	2,359
Contribution to defined contribution plan - provident fund	28,129	22,394
Dividend paid	-	3
Advance for purchase of vehicle	1,622	3,950
Balances as at the period end:		
- Trade debts	855	* 1,013
- Advance for capital expenditure	628,442	*626, 820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	79,465	57,906
Dividend paid	-	4,916

* Represents balances as at 30 June 2018.

CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31 December 2018

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

20 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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.

		Carrying amount			Fair value				
					Amount in Rs'000				
		Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31st December 2018	Note								
Financial assets measured at fair value									
Short term investments	13	829,170	-	-	829,170	829,170	-	-	829,170
Financial assets not measured at fair value									
Long term deposits	20.1.1	-	45,009	-	45,009	-	-	-	-
Trade debts		-	978,824	-	978,824	-	-	-	-
Contract assets		-	37,323	-	37,323	-	-	-	-
Advances to employees		-	41,108	-	41,108	-	-	-	-
Trade deposits		-	24,499	-	24,499	-	-	-	-
Other receivables		-	100,654	-	100,654	-	-	-	-
Interest accrued		-	32,339	-	32,339	-	-	-	-
Short term investments	13	-	1,009,523	-	1,009,523	-	-	-	-
Cash and bank balances		-	199,239	-	199,239	-	-	-	-
		-	2,468,518	-	2,468,518	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	11,909,048	11,909,048	-	-	-	-
Short term borrowings	6	-	-	781,689	781,689	-	-	-	-
Trade and other payables	7 & 20.2	-	-	1,342,697	1,342,697	-	-	-	-
Markup accrued		-	-	260,982	260,982	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,555	1,555	-	-	-	-
		-	-	14,305,213	14,305,213	-	-	-	-

		Carrying amount			Fair value				
					Amount in Rs'000				
		Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018	Note								
Financial assets measured at fair value									
Short term investments	13	1,113,708	-	-	1,113,708	1,113,708	-	-	1,113,708
Financial assets not measured at fair value									
Long term deposits		-	29,655	-	29,655	-	-	-	-
Trade debts		-	669,103	-	669,103	-	-	-	-
Contract assets		-	35,589	-	35,589	-	-	-	-
Advances to employees		-	18,005	-	18,005	-	-	-	-
Trade deposits		-	24,721	-	24,721	-	-	-	-
Other receivables		-	98,989	-	98,989	-	-	-	-
Interest accrued		-	12,428	-	12,428	-	-	-	-
Short term investment		-	2,009,523	-	2,009,523	-	-	-	-
Short term advance		-	40,000	-	40,000	-	-	-	-
Cash and bank balances		-	1,267,377	-	1,267,377	-	-	-	-
		-	4,205,390	-	4,205,390	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	5	-	-	11,040,833	11,040,833	-	-	-	-
Short term borrowings	6	-	-	553,868	553,868	-	-	-	-
Trade and other payables	7 & 20.2	-	-	1,416,108	1,416,108	-	-	-	-
Markup accrued		-	-	223,910	223,910	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	19,210	19,210	-	-	-	-
		-	-	13,263,171	13,263,171	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the six months period ended 31 December 2018

20.1.1 Since these financial assets and financial liabilities are either short term in nature or repriced periodically therefore fair value and carrying value of these financial assets and financial liabilities is same.

20.2 It excludes sales tax payable and income tax deducted at source.

21 NON- ADJUSTING EVENTS AFTER REPORTING DATE

Subsequent to reporting date, the Company issued 3rd and final tranche of Sukuk amounting to Rs. 3,305 million with same terms and conditions as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2018.

22 DATE OF AUTHORISATION FOR ISSUE

These interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 25 February 2019.

23 GENERAL

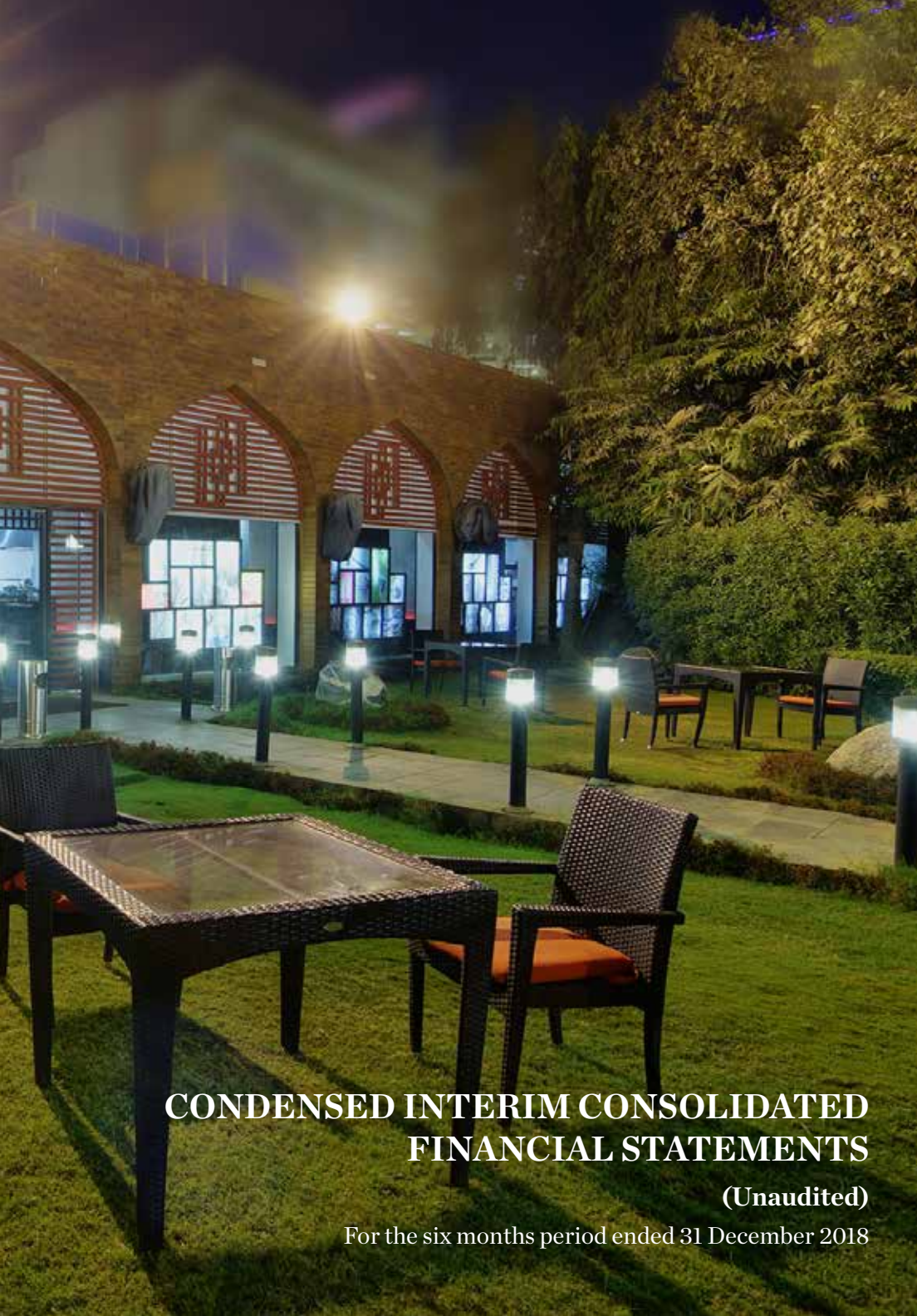
Figures have been rounded off to the nearest thousand of rupees.


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer





CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For the six months period ended 31 December 2018

Condensed Interim Consolidated Statement of Financial Position

As at 31 December 2018

		Unaudited 31 December 2018	Audited 30 June 2018 Restated
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		416,645	416,645
Revenue reserves		7,143,095	7,539,821
Revaluation surplus on property, plant and equipment		27,530,741	27,530,741
Total equity		35,415,723	35,812,449
LIABILITIES			
Loans and borrowings	5	10,205,271	9,681,188
Employee benefits		742,231	704,306
Deferred tax liability - net		392,877	288,014
Non current liabilities		11,340,379	10,673,508
Short term borrowings	6	781,689	553,868
Current portion of loans and borrowings	5	1,750,384	1,359,247
Trade and other payables	7	1,486,649	1,552,648
Contract liabilities		493,935	428,102
Markup accrued		262,142	224,422
Liabilities directly associated with assets classified as held for sale		-	120
Unpaid dividend		1,555	19,210
Advance against sale of long term investment		-	115,000
Unclaimed dividend		9,242	9,242
Current liabilities		4,785,596	4,261,859
Total equity and liabilities		51,541,698	50,747,816

CONTINGENCIES AND COMMITMENTS

8

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

		Unaudited 31 December 2018	Audited 30 June 2018 Restated
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	9	41,566,685	40,039,622
Advance for capital expenditure	10	1,541,070	1,532,203
Investment property		60,000	60,000
Long term investments		821,409	1,105,980
Long term deposits and prepayments		59,989	42,837
Non current assets		44,049,153	42,780,642
Inventories		284,853	279,917
Development properties		4,188,650	2,746,619
Trade debts		806,677	697,002
Contract assets	11	37,323	35,589
Advances, prepayments, trade deposits and other receivables		474,392	314,953
Short term investments	12	1,017,284	2,017,250
Asset held for sale	13	-	259,702
Advance tax - net		427,804	302,050
Cash and bank balances		255,562	1,314,092
Current assets		7,492,545	7,967,174
Total assets		51,541,698	50,747,816


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss [Unaudited]

For the six months period ended 31 December 2018

		Three months ended 31 December		Six months ended 31 December	
		2018	2017	2018	2017
	Note	(Rupees'000)			
Revenue - net	14	2,785,819	2,855,900	5,104,153	5,381,905
Cost of sales and services	15	(1,498,511)	(1,457,574)	(3,007,549)	(2,806,138)
Gross profit		1,287,308	1,398,326	2,096,604	2,575,767
Other income		55,714	25,244	125,026	53,263
Administrative expenses		(841,358)	(968,298)	(1,577,853)	(1,654,478)
Operating profit		501,664	455,272	643,777	974,552
Finance income		(64,112)	(4,671)	(189,488)	(203,924)
Unrealised gain/ (loss) on remeasurement of investments to fair value - net		378	(752)	33	(1,663)
Finance cost		(381,715)	(167,638)	(607,618)	(323,458)
Net finance cost		(445,449)	(173,061)	(797,073)	(529,045)
Share of gain in equity accounted investment-net		18,546	(4,760)	22,284	14,761
(Loss) / profit before taxation		74,761	277,451	(131,012)	460,268
Income tax expense		(127,923)	(75,337)	(254,284)	(169,682)
(Loss) / profit for the period		(53,162)	202,114	(385,296)	290,586

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2018

	Three months ended 31 December		Six months ended 31 December	
	2018	2017	2018	2017
	(Rupees'000)			
[Loss] / profit for the period	(53,162)	202,114	(385,296)	290,586
Surplus on remeasurement of available for sale securities	(11,430)	(57,744)	(11,430)	(57,744)
Total comprehensive income for the period	<u>(64,592)</u>	<u>144,370</u>	<u>(396,726)</u>	<u>232,842</u>

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flow (Unaudited)

For the six months period ended 31 December 2018

		Six months ended 31 December	
		2018	2017
	Note	[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from operating activities before working capital changes	16	1,110,439	1,335,607
Change in:			
Inventories		(4,936)	(6,999)
Development Property		(1,442,031)	(753,428)
Contract assets		(1,734)	(17,858)
Trade debts		(111,518)	(335,883)
Advances		(68,910)	(77,005)
Trade deposits and prepayments		(68,723)	(64,525)
Other receivables		(1,449)	616,330
Increase in trade and other payables		(65,999)	325,980
Contract liabilities		65,833	74,147
Cash used in operations		(1,699,467)	(239,241)
Staff retirement benefit - gratuity paid		(10,412)	(21,691)
Compensated leave absences paid		(16,240)	(19,370)
Income tax paid		(275,175)	(257,927)
Finance cost paid		(574,448)	(262,836)
Net cash from operating activities		(1,465,303)	534,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,896,555)	(1,407,792)
Advance for capital expenditure		(8,867)	(254,986)
Proceeds from disposal of property, plant and equipment		41,346	49,032
Maturity of short term investments		1,000,000	85
Proceed from disposal of held for sale asset		144,582	-
Dividend income received		380	355
Receipts of return on bank deposits and short term advance		83,217	11,056
Long term deposits and prepayments		(17,152)	(12,944)
Net cash used in investing activities		(653,049)	(1,615,194)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(643,333)	(225,000)
Proceeds from Sukuk issuance		1,361,547	-
Proceeds from long term financing		150,000	570,000
Repayment of diminishing musharaka facility		(18,558)	(7,621)
Dividend paid		(17,655)	(310,380)
Net cash from financing activities		832,001	26,999
Net decrease in cash and cash equivalents		(1,286,351)	(1,053,653)
Cash and cash equivalents at beginning of the period		760,224	(13,972)
Cash and cash equivalents at end of the period	17	(526,127)	(1,067,625)

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


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the six months period ended 31 December 2018

Share capital	Capital reserve			Revenue reserves			Total equity
	Share premium	Share of associate's capital reserve	Surplus on revaluation of property, plant and equipment	General reserve	Exchange translation reserve [net of tax]	Surplus on remeasurement of available for sale securities	
	[Rupees'000]						

Balance at 01 July 2017	325,242	269,424	147,221	23,779,515	1,600,000	498,809	222,514	5,243,733	32,086,458
Total comprehensive income for the period									

Profit for the period	-	-	-	-	-	-	290,586	290,586	
Other comprehensive income for the period	-	-	-	-	-	(57,744)	-	(57,744)	
Total comprehensive income for the period	-	-	-	-	-	(57,744)	290,586	232,842	

Transaction with owners of the Company Distribution:

Final cash dividend of 2017 @ Rs. 5 per share	-	-	-	-	-	-	(162,621)	(162,621)	
First interim cash dividend for the year 2018 (@ Rs. 5.0 per share)	-	-	-	-	-	-	(162,621)	(162,621)	
Total distribution	-	-	-	-	-	-	(325,242)	(325,242)	

Balance at 31 December 2017	325,242	269,424	147,221	23,779,515	1,600,000	498,809	164,770	5,209,077	31,994,058
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Balance at 01 July 2018	325,242	269,424	147,221	27,530,741	1,600,000	714,348	104,246	5,121,227	35,812,449
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Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	-	(385,296)	(385,296)	
Other comprehensive income for the period	-	-	-	-	-	(11,430)	-	(11,430)	
Total comprehensive income for the period	-	-	-	-	-	(11,430)	(385,296)	(396,726)	

Balance at 31 December 2018	325,242	269,424	147,221	27,530,741	1,600,000	714,348	92,816	4,735,931	35,415,723
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The annexed notes 1 to 23 form an integral part of this condensed interim consolidated financial statements.


M.A. Bawany
Director


Shakir Abu Bakar
Director


Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

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.

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

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These 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 2018. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2018, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flow 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 2017.

This condensed interim consolidated financial information is unaudited and is 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 Statement (Unaudited)

For the six months period ended 31 December 2018

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Accounting policies

The accounting policies adopted in the preparation of these interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended 30 June 2018 except for the adoption of new standard effective as of 01 July 2018 as referred to in note 3.3 to these interim consolidated financial statements.

3.2 New standards, interpretations and amendments adopted by the Group

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018. The impact of the adoption of standard and the new accounting policy is disclosed in note 3.3 below. A number amendments/interpretations are effective from 01 July 2018 but they do not have a material effect on the Group's condensed interim financial statements.

3.3 IFRS 15 'Revenue from Contracts with Customers'

The IASB issued IFRS 15 Revenue from Contracts with Customers ["IFRS 15"] in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and other revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. IFRS 15 became applicable to the Group on 01 July 2018 and the Group used the retrospective method to adopt the standard. Under this method cumulative effect of applying the new standard is recognized at the start of the earliest period presented. The Group has reviewed its revenue streams i.e. sale of goods and rendering of services and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have an impact on the Group's condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income and condensed interim consolidated financial position except advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' and unbilled receivables which were included in 'Trade debts' are now reclassified to 'Contract assets' presented separately in condensed interim statement of financial position. In addition, comparative figures of these account heads are also reclassified for comparison purpose. As required for the condensed interim financial statements, the Group disaggregated revenue recognised from contracts with customers which is disclosed in Note 14 to these condensed interim consolidated financial statements.

Accounting Policy

Customers obtain control of goods and services when goods are consumed and services are provided to the customers. Invoices are generated and revenue is recognised net of upfront discounts at that point in time. Invoices are usually payable within 30 days. Generally for such sales, the customer has no right of return. The Group does not have any obligations for return of goods and services.

3.4 Accounting Estimates and Judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15, which are described in note 3.3.

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

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.

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

Significant valuation issues are reported to the Board.

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

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

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

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

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

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRS 16: Leases	(effective 01 January 2019)
- IFRIC 23: Uncertainty over Income Tax Treatments	(effective 01 January 2019)
- Amendment to IFRS 09: Prepayments Feature with Negative Compensation	(effective 01 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	(effective 01 January 2019)
- Amendment to IAS 28: Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures	(effective 01 January 2019)
- Amendments to IFRS 3: Business Combinations	(effective 01 January 2020)
- Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	(effective 01 January 2020)

Annual improvements to IFRS Standards 2015 - 2017 cycle:

- IFRS 3: Business Combinations and IFRS 11 Joint Arrangement	(effective 01 January 2019)
- Amendments to IAS 12: Income Taxes	(effective 01 January 2019)
- Amendments to IAS 23: Borrowing Costs	(effective 01 January 2019)

The above amendments are not likely to have an impact on the Group's interim consolidated financial statements except for "IFRS 16 Leases", "IFRS 9 Financial Instruments" and "IFRIC 23 Uncertainty over income tax treatments" for which the Group is currently in the process of analyzing the potential impact of adoption of these standards and interpretation.

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Group from 30 June 2018.

5 LOANS AND BORROWINGS - Secured

a. Non current portion

	Unaudited 31 December 2018	Audited 30 June 2018
	[Rupees'000]	
Term Finance Loan - 1	722,500	807,500
Syndicated term loan	675,000	900,000
Term Finance Loan - 2	2,150,000	2,150,000
Term Finance Loan - 3	2,666,667	3,000,000
Term Finance Loan - 4	2,000,000	1,850,000
Sukuk	3,694,880	2,333,333
Transaction cost	[60,095]	[71,257]
	11,848,952	10,969,576
Current portion of loans	[1,716,667]	[1,335,000]
	10,132,285	9,634,576
Lease finance facilities		
Diminishing Musharaka Facility/ lease finance	106,703	70,859
Current portion	[33,717]	[24,247]
	72,986	46,612
	10,205,271	9,681,188

b. Current portion

Current portion of loans	1,716,667	1,335,000
Current portion of Diminishing Musharaka Facility	33,717	24,247
	1,750,384	1,359,247

- 5.1 The markup rates, facility limits and securities offered for long term financing and lease finance facilities are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2018.

6 SHORT TERM BORROWINGS - Secured

Running finance facilities - from banking companies	781,689	553,868
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- 6.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2018.

7 TRADE AND OTHER PAYABLES

	Unaudited 31 December 2018	Audited 30 June 2018
	[Rupees'000]	
Creditors	404,222	556,376
Accrued liabilities	587,981	579,585
Shop deposits	54,930	57,280
Retention money	209,646	172,357
Due to related parties - unsecured	39,198	21,101
Sales tax payable	126,792	105,924
Income tax deducted at source	6,757	1,493
Other liabilities	57,123	58,532
	1,486,649	1,552,648

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements for the year ended 30 June 2018 except for the following:

The Deputy Commissioner Inland Revenue, Zone IV, Large Taxpayer Unit, Karachi based upon the sales tax audit for the year 2008-09, passed Order in Original 52/2013 dated 28 June 2013 against which the Parent Company filed appeal before the Commissioner Appeals, Karachi. The Commissioner Appeals remanded back the case to department against which department is in appeal before the Appellate Tribunal Inland Revenue (ATIR). During the period, the assessing officer, during remand back proceedings, decided the case against the Parent Company by raising total demand along with default surcharge and penalty aggregating to Rs. 49,393,192. The Parent Company has filed appeal against said order and the matter is subjudice before Commissioner Inland revenue (CIR).

		Unaudited 31 December 2018	Audited 30 June 2018
		[Rupees'000]	
8.2 Commitments			
Commitments for capital expenditure		1,280,358	1,601,622
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	37,786,186	36,700,470
Capital work in progress	9.2.1	3,780,499	3,339,152
		41,566,685	40,039,622
9.1 OPERATING FIXED ASSETS			
Carrying value at beginning of the period / year		36,700,470	31,216,208
Additions during the period / year - owned assets		393,191	1,012,567
Additions during the period / year - leased assets		54,402	59,924
Transfer from CWIP		1,077,726	1,705,525
Transfer to Asset held for sale		-	(258,514)
Revaluation surplus		-	3,751,225
Disposal during the period / year		(12,681)	(121,250)
Depreciation charge for the period / year		(426,922)	(665,215)
Carrying value at end of the period / year		37,786,186	36,700,470
9.2 Closing capital work in progress represents:			
Carrying amount at beginning of the period / year		3,339,146	2,074,136
Additions during the period / year		1,519,079	2,970,541
Transferred to operating fixed assets		(1,077,726)	(1,705,525)
Carrying amount at end of the period / year		3,780,499	3,339,152
9.2.1 Closing capital work in progress represents:			
Construction of Pearl Continental Multan		1,360,994	1,032,064
Construction of Pearl Continental Mirpur		1,653,915	1,311,671
Aircraft		-	612,912
Other civil works		765,590	382,505
		3,780,499	3,339,152
9.3 Additions in and depreciation on property, plant and equipment during the half year ended 31 December 2017 were Rs. 1,433.01 million and Rs. 294.66 respectively.			

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

10 ADVANCE FOR CAPITAL EXPENDITURE	Note	Unaudited 31 December 2018	Audited 30 June 2018
		[Rupees'000]	
Advance for purchase of land	10.1	677,972	667,820
Advance for purchase of Malir Delta Land		381,656	381,656
		1,059,628	1,049,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		[40,509]	[40,509]
		-	-
Advance for purchase of fixed assets		304,015	358,660
Advances for Pearl Continental Multan Project		76,471	72,420
Advances for Pearl Continental Mirpur Project		100,956	51,647
		481,442	482,727
		1,541,070	1,532,203

- 10.1 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 Group 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 Group also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Government of Sindh on her behalf through Challan.

Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Group 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 Group is diligently pursuing the same. The Group is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Group 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.

11 CONTRACT ASSETS

Contract assets primarily relate to the Group's rights to consideration for goods and services provided to the customers but not billed at the reporting date. Contract assets are transferred to trade debts when invoice is raised.

12 SHORT TERM INVESTMENTS		Unaudited 31 December 2018	Audited 30 June 2018
		[Rupees'000]	
Shares of listed companies	12.1	7,761	7,728
Term Deposit Receipt		1,009,523	2,009,522
		1,017,284	2,017,250

- 12.1 This represent term deposit receipts having maturity of 3 months to one year carrying interest rate ranging from 5% to 8.10% (2018: 5% to 5.22%) per annum.

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

13 ASSET HELD FOR SALE

During the period asset classified as held for sale were disposed off as per terms disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2018.

	Unaudited Three months ended 31 December 2018	Unaudited 2017	Unaudited Six months ended 31 December 2018	Unaudited 2017
	[Rupees'000]			
14 REVENUE - net				
Rooms	1,570,204	1,647,559	2,837,202	3,106,245
Food and beverages	1,495,453	1,506,214	2,762,046	2,818,392
Other related services	157,309	156,831	312,434	304,232
Vehicles Rental	42,644	42,015	88,598	82,440
Shop license fees	13,907	12,495	29,348	24,844
Revenue - gross	3,279,517	3,365,114	6,029,628	6,336,153
Discounts and commissions	(45,294)	(54,016)	(97,557)	(97,346)
Sales tax	(448,404)	(455,198)	(827,918)	(856,902)
Revenue - net	2,785,819	2,855,900	5,104,153	5,381,905

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

14.2 Revenue amounting to Rs. 110.22 million has been recognized from contract liabilities at the beginning of the period.

14.3 Disaggregation of revenue as product and service lines are disclosed above whereas Group's entire revenue is generated within Pakistan. Revenue is recognized when goods are consumed and services are provided to the customers at a point in time.

	As reported	Adjustments	Amounts without adoption of IFRS 15
	[Rupees'000]		
Assets			
Non current assets	44,049,153	-	44,049,153
Contract assets	37,323	37,323	-
Trade debts	806,677	(37,323)	844,000
Other current assets	6,648,545	-	6,648,545
Current assets	7,492,545	-	7,492,545
Total assets	51,541,698		51,541,698
Equity			
Total equity	35,415,723	-	35,415,723
Liabilities			
Non-current liabilities	11,340,379	-	11,340,379
Trade and other payables	1,486,649	(493,935)	1,980,584
Contract liabilities	493,935	493,935	-
Other current liabilities	2,805,012	-	2,805,012
Current liabilities	4,785,596		4,785,596
Total liabilities	16,125,975		16,125,975
Total equity and liabilities	51,541,698		51,541,698

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

	Unaudited Three months ended 31 December 2018	Unaudited 2017	Unaudited Six months ended 31 December 2018	Unaudited 2017
	[Rupees'000]			
15 COST OF SALES AND SERVICES				
Food and beverages				
Opening balance	87,083	86,762	86,196	83,160
Purchases during the period	447,845	434,517	857,268	817,847
Closing balance	(87,727)	(82,128)	(87,727)	(82,128)
Consumption during the period	447,201	439,151	855,737	818,879
Direct expenses				
Salaries, wages and benefits	444,588	407,384	878,432	782,955
Heat, light and power	151,522	148,711	381,061	368,218
Repair and maintenance	84,615	142,012	170,784	222,962
Depreciation	192,909	135,319	384,230	264,791
Guest supplies	61,864	61,638	114,101	119,328
Linen, china and glassware	25,628	29,753	52,062	56,768
Communication and other related services	26,244	20,274	47,034	38,869
Banquet and decoration	12,312	24,132	24,402	43,789
Transportation	9,090	6,424	15,278	12,149
Uniforms	8,820	7,761	15,206	12,891
Music and entertainment	3,538	3,380	7,089	6,208
Insurance	1,258	1,383	2,270	2,622
Vehicle Operating Expense	8,952	7,460	18,237	16,865
Vehicle Rental and registration charges	5,330	7,222	15,886	14,057
Others	14,640	15,570	25,740	24,787
	<u>1,498,511</u>	<u>1,457,574</u>	<u>3,007,549</u>	<u>2,806,138</u>
16 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES				
			Six months ended 31 December 2018	2017
			[Rupees'000]	
[Loss] / profit before tax			(131,012)	460,268
Adjustments for:				
Depreciation			426,922	294,658
Gain on disposal of property, plant and equipment			(28,665)	(954)
Provision for staff retirement benefit - gratuity			43,731	32,668
Provision for compensated leave absences			20,846	30,654
Provision for doubtful debts			1,843	2,629
Return on bank deposits / certificate of investment			(103,572)	(11,408)
Finance cost			607,618	323,458
Dividend income			(380)	(355)
Unrealised (gain) / loss on remeasurement of investments to fair value			(33)	1,663
Share of gain in equity accounted investment-net			(22,284)	(14,761)
Impairment on investment in associated company			295,425	217,087
			<u>1,110,439</u>	<u>1,335,607</u>
17 CASH AND CASH EQUIVALENTS				
Cash and bank balances			255,562	226,981
Short term borrowings			(781,689)	(1,294,606)
			<u>(526,127)</u>	<u>(1,067,625)</u>

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

18 TRANSACTIONS 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 ended 31 December	
Note	2018	2017
	[Rupees'000]	
Transactions and balances with associated undertakings		
Sales	74	107
Services provided	2,850	8,689
Services availed	46,009	25,270
Purchases	64,025	65,344
Franchise fee - income	2,373	2,381
Franchise and management fee - expense	5,028	5,413
Refund of advance for purchase of land	-	630,000
Dividend paid	13,473	88,610
Balances as at the period end:		
- Trade debts	10,212	* 9,835
- Trade Advances	48,082	* 29,947
Transactions and balances with other related parties		
Sales	232	-
Services provided	182	44
Services availed	95,123	55,492
Purchases	-	2,359
Contribution to defined contribution plan - provident fund	28,129	22,394
Dividend paid	-	3
Advance for purchase of vehicle	1,622	3,950
Balances as at the period end:		
- Trade debts	912	* 1,070
- Advance for capital expenditure	628,442	* 626, 820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	79,465	57,906
Dividend paid	-	4,916
* Represents balances as at 30 June 2018.		

* Represents balances as at 30 June 2018.

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

19.1 Accounting classifications and fair values

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

		Carrying amount			Fair value				
		Fair value through profit or loss	Loans and receivables	Other financial liabilities	Amount in Rs'000				
					Total	Level 1	Level 2	Level 3	Total
31 December 2018									
Financial assets measured at fair value									
Short term investment	12	7,761	-	-	7,761	7,761	-	-	7,761
Financial assets not measured at fair value		19.1.1							
		-	-	-	-	-	-	-	-
Long term deposits		-	52,811	-	52,811	-	-	-	-
Trade debts		-	806,677	-	806,677	-	-	-	-
Advance to employees		-	45,274	-	45,274	-	-	-	-
Trade deposits		-	30,154	-	30,154	-	-	-	-
Other receivables		-	102,293	-	102,293	-	-	-	-
Interest accrued		-	32,978	-	32,978	-	-	-	-
Term deposit receipt	12	-	1,009,523	-	1,009,523	-	-	-	-
Cash and bank balances		-	255,562	-	255,562	-	-	-	-
		-	2,335,272	-	2,335,272	-	-	-	-
Financial liabilities not measured at fair value		19.1.1					-	-	
Loans and borrowings	5	-	-	11,909,047	11,909,047	-	-	-	-
Short term borrowings	6	-	-	781,689	781,689	-	-	-	-
Trade and other payables	7 & 19.2	-	-	1,353,100	1,353,100	-	-	-	-
Markup accrued		-	-	262,142	262,142	-	-	-	-
Unclaimed Dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,555	1,555	-	-	-	-
		-	-	14,316,775	14,316,775	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statement (Unaudited)

For the six months period ended 31 December 2018

	Note	Carrying amount			Fair value			
		Fair value through profit or loss	Loans and receivables	Other financial liabilities	Amount in Rs'000 Total	Level 1	Level 2	Level 3
30 June 2018								
Financial assets measured at fair value								
Short term investment	12	7,728	-	-	7,728	7,728	-	-
Financial assets not measured at fair value	1911							
Long term deposits		-	34,522	-	34,522	-	-	-
Trade debts		-	732,591	-	732,591	-	-	-
Advance to employees		-	22,150	-	22,150	-	-	-
Trade deposits		-	27,839	-	27,839	-	-	-
Other receivables		-	101,133	-	101,133	-	-	-
Interest accrued		-	12,623	-	12,623	-	-	-
Term deposit receipt	12	-	2,009,522	-	2,009,522	-	-	-
Cash and bank balances		-	1,314,092	-	1,314,092	-	-	-
		-	4,254,472	-	4,254,472	-	-	-
Financial liabilities not measured at fair value	1911							
Loans and borrowings	5	-	-	11,040,833	11,040,833	-	-	-
Short term borrowings	6	-	-	553,868	553,868	-	-	-
Trade and other payables	7&192	-	-	1,445,231	1,445,231	-	-	-
Markup accrued		-	-	224,422	224,422	-	-	-
Unclaimed Dividend		-	-	9,242	9,242	-	-	-
Unpaid dividend		-	-	19,210	19,210	-	-	-
		-	-	13,292,806	13,292,806	-	-	-

19.1.1 Since these financial assets and financial liabilities are either short term in nature or repriced periodically therefore fair value and carrying value of these financial assets and financial liabilities is same.

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

20 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.

21 NON- ADJUSTING EVENTS AFTER REPORTING DATE

Subsequent to reporting date, the Parent Company issued third and final tranche of Sukuk amounting to Rs. 3,305.120 million with same terms and conditions as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2018.

22 DATE OF AUTHORISATION FOR ISSUE

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 25 February 2019.

23 GENERAL

Figures have been rounded off to the nearest thousand of rupees.



M.A. Bawany
Director



Shakir Abu Bakar
Director



Tahir Mahmood
Chief Financial Officer