

*Special Purpose*  
**AUDITED FINANCIAL STATEMENTS**  
*For the Period Ended*  
**OCTOBER 31, 2024**

**PHDL**  
PAKISTAN HOTELS DEVELOPERS LIMITED

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# INDEPENDENT AUDITOR'S REPORT

To the members of: **PAKISTAN HOTELS DEVELOPERS LIMITED**

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the annexed special purpose financial statements of **PAKISTAN HOTELS DEVELOPERS LIMITED** (the Company), which comprise the special purpose statement of financial position as at October 31, 2024, and the special purpose statement of profit or loss and other comprehensive income, the special purpose statement of changes in equity, the special purpose statement of cash flows for the period then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the special purpose statement of financial position, and the special purpose statement of profit or loss and other of comprehensive income, the special purpose statement of changes in equity, and the special purpose statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at October 31, 2024 of the profit and other comprehensive income, the changes in equity and its cash flows for the period then ended.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our ethical responsibilities in accordance with the Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

We draw attention to Note 4.2 to the special purpose financial statements, which state that these special purpose financial statements have not been prepared on going concern basis. These special purpose financial statements have been prepared on an alternate basis of accounting, as disclosed therein. The reasons were, the Company has sold its hotel property and the board of director of the company, subsequent to the sale of the hotel property of the company, has decided to wind-up the company voluntarily under Companies Act 2017. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following is identified by us as a key audit matter:

| S.No. | Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                | How the Matter was addressed in our Audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | <p><b><u>Revenue recognition</u></b></p> <p>Refer notes 21 to the financial statements. The Company recognized revenue of 69,281 thousand rupees from rooms for the period ended October 31, 2024.</p> <p>We identified recognition of revenue from as a key audit matter, because this is the key performance indicator of the Company and gives rise to inherent risk that rooms revenue could be subject to misstatement to meet expectations or targets.</p> | <p>We performed the following audit procedures to assess the recognition of revenue from rooms:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the system relating to recognition of revenue and reviewed internal controls designed for recording of revenue;</li> <li>• Tested the design, implementation and operating effectiveness of key internal controls over revenue, by checking a sample of revenue transactions recorded during the period with reservations, sales invoices and other relevant underlying records;</li> <li>• Performed analytical procedures on revenue and sought management's explanation for major variances and corroborated the same with available audit evidence;</li> <li>• Tested the appropriateness of journal entries recorded in the revenue account, with the underlying documentation;</li> <li>• Ensured that for guests staying on the last day of the period, room revenue is accrued till last night and is kept in guest ledger balance, to confirm that revenue was recorded in the appropriate accounting period; and</li> <li>• Checked and compared revenue with sales tax returns.</li> </ul> |

***Information Other than the Financial Statements and Auditor's Report Thereon***

These special purpose financial statements are not accompanied by any other information, therefore we have nothing to report in this regard.

***Responsibilities of Management and Board of Directors for the Financial Statements***

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the special purpose financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the special purpose statement of financial position, the special purpose statement of profit or loss and other comprehensive income, the special purpose statement of changes in equity and the special purpose statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

## Restrictions on Use and Distribution

These special purpose financial statements are prepared in support of declaration of solvency of the Company with regard to winding up voluntarily under the Companies Act, 2017. Therefore, these special purpose financial statements shall be used for winding-up proceeding under Companies Act 2017 only and not be used for any other purpose.

The engagement partner on the audit resulting in this independent auditor's report is **SAUD ANSARI**



**Clarkson Hyde Saud Ansari**

Chartered Accountants

Date: December 02, 2024

**SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION  
AS AT OCTOBER 31, 2024**

|                                                            | Note | Oct 31, 2024<br>Rupees in '000 | Jun 30, 2024      |
|------------------------------------------------------------|------|--------------------------------|-------------------|
| <b>Non current assets</b>                                  |      |                                |                   |
| Property, plant and equipment                              | 7    | 462                            | 493               |
| Deferred taxation                                          | 8    | 3,691                          | -                 |
|                                                            |      | <u>4,153</u>                   | <u>493</u>        |
| <b>Current assets</b>                                      |      |                                |                   |
| Assets Held for Sale                                       | 9    | 15,000                         | 14,515,000        |
| Stores and spares                                          | 10   | -                              | 197               |
| Inventory - food and beverages                             | 11   | -                              | 991               |
| Trade Receivables                                          | 12   | 2,032                          | 42,009            |
| Advances, prepayments and other receivables                | 13   | 452,842                        | 26,492            |
| Cash and bank balances                                     | 14   | 1,044,698                      | 1,529,585         |
|                                                            |      | <u>1,514,572</u>               | <u>16,114,274</u> |
|                                                            |      | <u>1,518,725</u>               | <u>16,114,767</u> |
| <b>Share capital and reserves</b>                          |      |                                |                   |
| Share capital                                              | 15   | 180,000                        | 180,000           |
|                                                            |      | <u>180,000</u>                 | <u>180,000</u>    |
| <b>Capital reserve</b>                                     |      |                                |                   |
| Fair Value Reserve                                         | 16   | 6,758                          | 13,794,852        |
|                                                            |      | <u>6,758</u>                   | <u>13,794,852</u> |
| <b>Revenue Reserve</b>                                     |      |                                |                   |
| Unappropriated profit                                      |      | 1,277,033                      | 426,208           |
|                                                            |      | <u>1,463,791</u>               | <u>14,401,060</u> |
| <b>Non current liabilities</b>                             |      |                                |                   |
| Deferred taxation                                          | 17   | -                              | 133,275           |
|                                                            |      | -                              | <u>133,275</u>    |
| <b>Current liabilities</b>                                 |      |                                |                   |
| Security deposits                                          | 18   | 730                            | 4,280             |
| Advance against sale of assets classified as held for sale |      | 6,500                          | 1,455,500         |
| Unpaid dividend                                            |      | 7,056                          | 1,309             |
| Trade and Other Payables                                   | 19   | 40,648                         | 119,343           |
|                                                            |      | <u>54,934</u>                  | <u>1,580,432</u>  |
| <b>Contingencies and commitments</b>                       | 20   |                                |                   |
|                                                            |      | <u>1,518,725</u>               | <u>16,114,767</u> |

The annexed notes form an integral part of these financial statements

  
**MUZAFFAR F. Baweja**  
 Chief Executive Officer

  
**ZUBAIR Baweja**  
 Managing Director

  
**M. TAHA ALI KHAN**  
 Chief Financial Officer

## SPECIAL PURPOSE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED OCTOBER 31, 2024

|                                                                              | Note | For the Period<br>ended October 31,<br>2024<br>Rupees in '000 | For the Year<br>ended June<br>30, 2024 |
|------------------------------------------------------------------------------|------|---------------------------------------------------------------|----------------------------------------|
| <b><u>Income from Discontinued Operations</u></b>                            |      |                                                               |                                        |
| Revenue                                                                      | 21   | 78,266                                                        | 728,524                                |
| Less: Cost of sales and services                                             | 22   | 57,088                                                        | 377,341                                |
| Gross profit                                                                 |      | 21,178                                                        | 351,183                                |
| Less: Administrative, selling and general expenses                           | 23   | 74,888                                                        | 219,243                                |
|                                                                              |      | (53,710)                                                      | 131,940                                |
| Add: Other income                                                            | 25   | 217,993                                                       | 187,503                                |
|                                                                              |      | 164,283                                                       | 319,443                                |
| Less: Other charges                                                          | 26   | 11,151                                                        | 21,690                                 |
| Profit before taxation                                                       |      | 153,132                                                       | 297,753                                |
| Taxation                                                                     | 27   | 40,401                                                        | (149,124)                              |
| Net profit after taxation                                                    |      | 112,731                                                       | 446,877                                |
| <b>Other comprehensive income / (loss)</b>                                   |      |                                                               |                                        |
| <i>Items that may not be reclassified to the statement of profit or loss</i> |      |                                                               |                                        |
| Fair value djustment - Assets held for sale                                  | 28   | -                                                             | 4,387,697                              |
| Acturial (loss) / gain on defined benefit plan net of tax                    |      | -                                                             | (999)                                  |
|                                                                              |      | -                                                             | 4,386,698                              |
| Total comprehensive income for the period                                    |      | 112,731                                                       | 4,833,575                              |
| Earnings per share - basic and diluted - rupees                              | 31   | 6.26                                                          | 24.83                                  |

The annexed notes form an integral part of these financial statements.

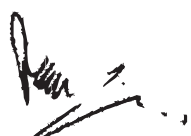
  
**MUZAFFAR F. BAWEJA**  
Chief Executive Officer

  
**ZUBAIR BAWEJA**  
Managing Director

  
**M. TAHA ALI KHAN**  
Chief Financial Officer

**SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED OCTOBER 31, 2024**

|                                                                                    | Share capital | Capital Reserve                                        | Revenue Reserve    | Total        |                       |
|------------------------------------------------------------------------------------|---------------|--------------------------------------------------------|--------------------|--------------|-----------------------|
|                                                                                    |               | Surplus on revaluation of property plant and Equipment | Fair Value Reserve |              | Unappropriated profit |
| '----- Rupees '000 -----'                                                          |               |                                                        |                    |              |                       |
| Balance as at June 30, 2023                                                        | 180,000       | 9,419,404                                              | -                  | 166,081      | 9,765,485             |
| Transfer to unappropriated profit due to incremental depreciation net of tax       | -             | (12,249)                                               | -                  | 12,249       | -                     |
| Transfer to fair value reserve upon classification as assets held for sale         | -             | (9,407,155)                                            | 9,407,155          | -            | -                     |
| Total comprehensive income for the year                                            |               |                                                        |                    |              |                       |
| Profit for the year                                                                | -             | -                                                      |                    | 446,877      | 446,877               |
| Other comprehensive income / (loss)                                                | -             | -                                                      | 4,387,697          | (999)        | 4,386,698             |
|                                                                                    | -             | -                                                      | 4,387,697          | 445,878      | 4,833,575             |
| Final cash dividend paid @ Rs.1.00 per share (10%) for the year 2023               | -             | -                                                      | -                  | (18,000)     | (18,000)              |
| 1st Interim cash dividend paid @ Rs.3.00 per share (30%) for the year 2024         | -             | -                                                      | -                  | (54,000)     | (54,000)              |
| 2nd Interim cash dividend paid @ Rs.3.00 per share (30%) for the year 2024         | -             | -                                                      | -                  | (54,000)     | (54,000)              |
| 3rd Interim cash dividend paid @ Rs.4.00 per share (40%) for the year 2024         | -             | -                                                      | -                  | (72,000)     | (72,000)              |
| Balance as at June 30, 2024                                                        | 180,000       | -                                                      | 13,794,852         | 426,208      | 14,401,060            |
| Total comprehensive income for the period ended October 31, 2024                   |               |                                                        |                    | 112,731      | 112,731               |
| Fair value reserve transfer to revenue reserve on disposal of assets held for sale |               |                                                        | (13,788,094)       | 13,788,094   | -                     |
| 1st interim cash dividend paid @Rs.725/= per share (7,250%) for the year 2025      |               |                                                        |                    | (13,050,000) | (13,050,000)          |
| Balance as at October 31, 2024                                                     | 180,000       | -                                                      | 6,758              | 1,277,033    | 1,463,791             |



**MUZAFFAR F. BAWEJA**  
Chief Executive Officer



**ZUBAIR BAWEJA**  
Managing Director

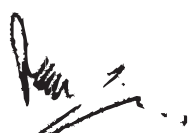


**M. TAHA ALI KHAN**  
Chief Financial Officer

## SPECIAL PURPOSE STATEMENT OF CASH FLOWS

### FOR THE PERIOD ENDED OCTOBER 31, 2024

|                                                               | Note | For the Period<br>ended October<br>31, 2024 | For the Year<br>ended June 30,<br>2024 |
|---------------------------------------------------------------|------|---------------------------------------------|----------------------------------------|
| Rupees in '000                                                |      |                                             |                                        |
| <b>Cash flow from discontinued operations</b>                 |      |                                             |                                        |
| <b>Cash from operating activities</b>                         |      |                                             |                                        |
| Cash generated from operations                                | 29   | (84,061)                                    | 178,251                                |
| Income tax paid                                               |      | (623,260)                                   | (75,892)                               |
| <b>Net cash from/(used in) operating activities</b>           |      | <b>(707,321)</b>                            | <b>102,359</b>                         |
| <b>Cash from investing activities</b>                         |      |                                             |                                        |
| Payments for acquisition of property, plant & equipment       |      | -                                           | (5,203)                                |
| Proceed from disposal of fixed assets                         |      | 13,051,000                                  | -                                      |
| Profit on bank deposits                                       |      | 215,687                                     | 187,503                                |
| <b>Net cash from/(used in) investing activities</b>           |      | <b>13,266,687</b>                           | <b>182,300</b>                         |
| <b>Cash from financing activities</b>                         |      |                                             |                                        |
| Advance against sale of assets classified as held for sale    |      | -                                           | 1,455,500                              |
| Dividend paid                                                 |      | (13,044,253)                                | (223,531)                              |
| <b>Net cash from/(used in) financing activities</b>           |      | <b>(13,044,253)</b>                         | <b>1,231,969</b>                       |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |      | <b>(484,887)</b>                            | <b>1,516,628</b>                       |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | <b>1,529,585</b>                            | <b>12,957</b>                          |
| <b>Cash and cash equivalents at the end of the period</b>     | 30   | <b>1,044,698</b>                            | <b>1,529,585</b>                       |

  
**MUZAFFAR F. BAWEJA**  
 Chief Executive Officer

  
**ZUBAIR BAWEJA**  
 Managing Director

  
**M. TAHA ALI KHAN**  
 Chief Financial Officer

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD ENDED OCTOBER 31, 2024

### 1 Corporate and General Information

Pakistan Hotels Developers Limited ('Company') was incorporated and domiciled in 1979 at Karachi, Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a private limited company and converted into a public limited company in 1981. The company is listed on Pakistan Stock Exchange Limited. The registered office of the company was situated at 195/2, Sharah-e-Faisal, Karachi, the same has been changed to Office No.202, 2nd Floor, Marium Complex, Bihar Muslim Co-Operative Housing Society, Block-3, Sharfabad, Karachi on September 10, 2024. The Company was principally engaged in hotel business and owns and operates a Five Star Hotel known as Regent Plaza Hotel and Convention Centre, Karachi. The operations of the Company has been closed upon the sale of the hotel property.

### 2 Purpose of Preparation

The board of directors of the company, subsequent to the sale of the hotel property of the company, has decided to wind-up the company voluntarily under Companies Act 2017. The process of winding-up shall be initiated by declaration of board of the directors about the state of solvency of the Company under the Companies Act 2017 and in support of declaration these audited financial which were prepared up-to nearest possible date of declaration is prepared.

### 3 Period of accounts

These financial statements are prepared for the period of four months from July 01, 2024 to October 31, 2024.

### 4 Basis of Presentation

#### 4.1 Statement of Compliance

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

- I. International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- II. Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 4.2 Going Concern Basis of Accounting

On the basis of the reasons explained in Note No.2 above, these financial statements have not been prepared on going concern basis. These financial statements have been prepared on an alternate basis of accounting, which is as follows:

- \* All assets are stated at their realisable values; and
- \* All liabilities are stated at amounts payable.

While preparing these financial statements on the aforesaid basis, the management has applied accounting and reporting standards as applicable in Pakistan. The management has applied the most relevant and reliable financial information about the transactions, events and conditions, of and related to the Company as disclosed in the relevant material accounting policies note.

#### 4.3 New standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following accounting standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's financial reporting which became effective for the current year:

##### IAS 1 Classification of liabilities as current or non current

Effective date: January 1, 2024

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of these amendments, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a Company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after considering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months of the reporting date.

### IAS 8 Definition of accounting estimates

Effective date: January 1, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

### IAS 1 Disclosure of accounting policies

Effective date: January 1, 2023

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

### IAS 12 Deferred Tax

Effective date: January 1, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

#### 4.4 Standards and amendments to approved published standards that are effective and not considered relevant to the Company

There are standards and amendments to published standards that are mandatory for the current accounting period but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

#### 4.5 Standards, interpretations and amendments to published approved accounting standards that are neither yet effective nor early adopted but relevant to the Company

The following standards, amendments to IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements, and would be relevant to the Company:

##### Standards

IFRS 18 – Presentation and Disclosures in Financial Statements

Effective date: January 1, 2027

IFRS 19 – Subsidiaries without Public Accountability

Effective date: January 1, 2027

##### Amendments

IFRS 9 - Financial Instruments

Effective date: January 1, 2026

IFRS 7 - Financial Instruments: Disclosures

Effective date: January 1, 2026

IAS 21 - The Effects of Changes in Foreign Exchange Rates

Effective date: January 1, 2025

IAS 1 - Clarification regarding Classification of Non-Current Liabilities

Effective date: January 1, 2024

IAS 16 - Leases (Clarification regarding Sale and Leaseback)

Effective date: January 1, 2024

IAS 7 - Statement of Cash Flows (Additional disclosure requirements For Supplier Finance Arrangements)

Effective date: January 1, 2024

The adoption of above standards and amendments are not expected to have any material impact on the financial statements, when effective, hence the impact has not been explained.

#### 4.6 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

### 5 Use of Estimates and Judgements

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant effect on the financial statements, are as follows:-

**Depreciable amount and useful lives of Property, Plant and Equipment**

In accordance with the accounting policy, the management carries out an annual assessment of depreciation amount and useful lives of assets. Further, the Company reviews the value of assets for possible impairment on an annual basis. As stated in Note No.2 the Company has discontinued its operations and classified its property as asset held for sale, therefore it is carried at fair value on the basis of the agreed sales consideration. The carrying value of other items of property, plant and equipment has been determined by the management according to their best estimate.

**Stores and Spares**

The Company reviews the net realisable value and impairment of stores and spares to assess any diminution in the respective carrying value and wherever required provision for impairment is made. The calculation of provision involves the use of estimates with regard to future estimated use and past consumption of stores and spares along with holding period.

**Inventories – Food and Beverages**

Since these financial statements have been prepared on non going concern basis, the management has determined net realizable value Food and Beverages according to its best estimate.

**Provision for Expected Credit Losses**

The assessment of allowance for expected credit losses, requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on days overdue. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows, in determining the level of provision.

**Income Taxes**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

**6 Summary of Material Accounting Policies****6.1 Property, Plant and Equipment**

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably. All operating fixed assets are stated at their historical cost less accumulated depreciation and impairment losses (if any).

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in Note No.7. The depreciation for assets acquired or disposed off during the year is charged from the date of acquisition or up-to the date of disposal of such assets respectively.

Capital work in progress is stated at cost, less any recognized impairment loss. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**6.2 Assets Held for Sale**

Property, plant and equipment held for sale are measured at the lower of their carrying amount and fair value less costs. The fair value has been determined on the basis of the actual sale agreement executed with the buyer and the costs to sell were also based on the actual costs incurred subsequent to the reporting date. No depreciation on these assets have been charged after the month in which the agreement to sell was entered into in accordance with paragraph 25 of IFRS -5 " Non-current Assets Held for Sale and Discontinued Operations "

**6.3 Stores and Spares**

These are valued at lower of cost and estimated net realizable value. Cost comprises cost of purchase and other costs incurred in bringing the stores and spares to their present location and condition. Cost signifies the weighted average cost. Average is calculated as each additional shipment is received.

**Inventories - Food and beverages**

Inventories are valued at the lower of cost and estimated net realizable value. Cost is calculated using the weighted average method. Average cost is calculated as each additional item is received. Since these financial statements have been prepared on non going concern basis, the management has determined net realizable value according to its best estimate, instead of the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

**6.4 Financial Instruments**

The Company follows IFRS 9 "Financial Instruments" in respect of financial instruments.

**6.4.1 Financial Assets**

The standard prescribes three classification and measurement models for financial assets as follows:

- \* Measured at Amortised Cost
- \* Measured at Fair Value through Other Comprehensive Income (FVTOCI)
- \* Measured at Fair Value through Profit or Loss (FVTPL)

**Measured at Amortised Cost**

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest on the principal amount outstanding.

Amortised cost is determined using the effective interest rate method and gains and losses including impairment are recognised in the statement of profit or loss.

For financial assets measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Company is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

**Measured at Fair Value through Other Comprehensive Income (FVTOCI)**

A financial asset is measured at fair value through other comprehensive income, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Measured at Fair Value through Profit or Loss (FVTPL)**

A financial asset that does not meet the criteria for amortised cost or FVTOCI is measured at FVTPL.

**6.4.2 Financial Liabilities**

The Company classifies financial liabilities as follows:

- \* Measured at Amortised Cost
- \* Measured at Fair Value through Profit or Loss (FVTPL)

Financial liabilities are measured at amortised cost, as required by para 4.2.1 of IFRS-9, unless they are required to be measured at FVTPL (such as derivatives) vide aforesaid para of IFRS-9 or has opted to measure them at FVTPL as per para 4.2.2 of the IFRS-9. However, where expected amount to settle the liability materially differs with the amortised cost, the earlier is adopted to report the liability.

**6.4.3 Recognition of Financial Instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**6.4.4 Initial Measurement of Financial Instruments**

At initial recognition a financial asset or financial liability, except trade receivables, is measured at fair value, plus or minus, in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of financial asset or financial liability.

**6.4.4.1 Trade Receivables**

Trade debts are carried at original invoice amount less an estimated amount for expected credit loss, if any. Balances considered bad and irrecoverable are written off when identified. A contract asset or trade receivable is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. As the operations of the Company are being discontinued, provision for expected credit losses is based on management's best estimate and more forward looking information to assess the loss.

**6.4.4.2 Trade and Other Payables**

Liabilities for trade and other amounts payable are stated at amounts payable.

**6.4.4.3 Offsetting of Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**6.5 Staff Retirement Benefits**

The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. As the Gratuity Benefits have been terminated and settled by the Company upon discontinuance of its operations on July 19, 2024, the present value of defined benefit obligation has been calculated on the basis of benefit termination to determine settlement gain/(loss) at the termination date.

**6.6 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. It also includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**6.7 Cash and Cash Equivalents**

For the purpose of cash flow, cash and cash equivalent comprise of cash and bank balances and short-term borrowings from the bank.

**6.8 Dividend distribution**

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

**6.9 Revenue Recognition**

The Company follows a single five-step model for revenue recognition, in accordance with IFRS-15, and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

***Room Revenue***

The performance obligation is satisfied at the point in time when control of room is transferred to the customer, which is mainly at the time of handing over of room key. Room revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the room.

***Food and Beverages Revenue***

The performance obligation for food and beverages and service charges levied thereon, is satisfied at the point in time when food and beverages are served to the customer. Food and beverages revenue is recognized on consumption of food and beverages by the customer.

***Other Related Services***

The performance obligation is satisfied at the point in time / over time when services are provided to the customer. Revenue from other related services is recognized when the services are provided.

### 7 PROPERTY, PLANT AND EQUIPMENT (Rs'000)

FOR THE PERIOD ENDED OCTOBER 31, 2024

| PARTICULARS | COST / REVALUATION |          |          |          | Rate | DEPRECIATION |                     |                |          | W.D.V. as at 31.10.24 | Transfer | Balance W.D.V. as at 31.10.24 |
|-------------|--------------------|----------|----------|----------|------|--------------|---------------------|----------------|----------|-----------------------|----------|-------------------------------|
|             | as at              | Addition | Deletion | as at    |      | as at        | Disposal adjustment | For the period | as at    |                       |          |                               |
|             | 01.07.24           |          |          | 31.10.24 |      | 01.07.24     |                     |                | 31.10.24 |                       |          |                               |

----- Rupees ' 000 -----

#### Owned

|          |       |   |   |       |     |       |   |    |       |     |   |     |
|----------|-------|---|---|-------|-----|-------|---|----|-------|-----|---|-----|
| Vehicles | 2,800 | - | - | 2,800 | 20% | 2,365 | - | 29 | 2,394 | 406 | - | 406 |
| Arms     | 104   | - | - | 104   | 10% | 46    | - | 2  | 48    | 56  | - | 56  |
|          | 2,904 | - | - | 2,904 |     | 2,411 | - | 31 | 2,442 | 462 | - | 462 |

For the year ended June 30, 2024 (Rs'000)

| PARTICULARS | COST / REVALUATION |          |          |          | Rate | DEPRECIATION |                     |              |          | W.D.V. as at 30.06.24 | Transfer | Balance W.D.V. as at 30.06.24 |
|-------------|--------------------|----------|----------|----------|------|--------------|---------------------|--------------|----------|-----------------------|----------|-------------------------------|
|             | as at              | Addition | Deletion | as at    |      | as at        | Disposal adjustment | For the year | as at    |                       |          |                               |
|             | 01.07.23           |          |          | 30.06.24 |      | 01.07.23     |                     |              | 30.06.24 |                       |          |                               |

----- Rupees ' 000 -----

#### Owned

|                                  |            |       |   |            |     |         |   |        |         |            |            |     |
|----------------------------------|------------|-------|---|------------|-----|---------|---|--------|---------|------------|------------|-----|
| Leasehold Land - Hotel           | 8,900,000  |       |   | 8,900,000  | 0%  | -       | - | -      | -       | 8,900,000  | 8,900,000  | -   |
| Leasehold Land - Farm House      | 4,900      |       | - | 4,900      | 0%  | -       | - | -      | -       | 4,900      | 4,900      | -   |
| Hotel Building on Leasehold Land | 981,616    |       | - | 981,616    | 5%  | 57,398  | - | 17,091 | 74,489  | 907,127    | 907,127    | -   |
| Farm House on Leasehold Land     | 10,416     |       | - | 10,416     | 5%  | 1,514   | - | 162    | 1,676   | 8,740      | 8,740      | -   |
| Airconditioning Plant            | 131,124    | 638   | - | 131,762    | 10% | 68,810  | - | 2,339  | 71,149  | 60,613     | 60,613     | -   |
| Elevators                        | 13,510     |       | - | 13,510     | 10% | 6,798   | - | 248    | 7,046   | 6,464      | 6,464      | -   |
| Electric Installations           | 7,485      |       | - | 7,485      | 10% | 7,125   | - | 13     | 7,138   | 347        | 347        | -   |
| Electric Fancy Fittings          | 565        |       | - | 565        | 10% | 537     | - | 1      | 538     | 27         | 27         | -   |
| Water & Sprinkler & Smoke Detec  | 51,937     | 161   | - | 52,098     | 10% | 10,679  | - | 1,537  | 12,216  | 39,882     | 39,882     | -   |
| Furniture and Fixtures           | 126,224    | 3,382 | - | 129,606    | 10% | 84,850  | - | 1,623  | 86,473  | 43,133     | 43,133     | -   |
| Inhouse TV System                | 17,314     |       | - | 17,314     | 10% | 10,976  | - | 234    | 11,210  | 6,104      | 6,104      | -   |
| Gas Connection                   | 227        |       | - | 227        | 10% | 223     | - | -      | 223     | 4          | 4          | -   |
| Carpets                          | 26,839     | 833   | - | 27,672     | 10% | 15,338  | - | 445    | 15,783  | 11,889     | 11,889     | -   |
| Sound Radio Fusion System        | 2,440      |       | - | 2,440      | 10% | 2,258   | - | 7      | 2,265   | 175        | 175        | -   |
| Telephone Installation           | 18,780     |       | - | 18,780     | 10% | 12,322  | - | 239    | 12,561  | 6,219      | 6,219      | -   |
| Crockery & Cutlery               | 5,520      |       | - | 5,520      | 0%  | -       | - | -      | -       | 5,520      | 5,520      | -   |
| Uniforms & Linen                 | 8,878      |       | - | 8,878      | 0%  | -       | - | -      | -       | 8,878      | 8,878      | -   |
| Laundry Equipment                | 5,007      | -     | - | 5,007      | 10% | 4,478   | - | 20     | 4,498   | 509        | 509        | -   |
| Equipment & Accessories          | 57,571     | 189   | - | 57,760     | 10% | 36,318  | - | 795    | 37,113  | 20,647     | 20,647     | -   |
| Office Equipment                 | 5,489      |       | - | 5,489      | 10% | 4,900   | - | 22     | 4,922   | 567        | 567        | -   |
| Vehicles                         | 2,800      |       | - | 2,800      | 20% | 2,256   | - | 109    | 2,365   | 435        | -          | 435 |
| Neon Signs                       | 435        |       | - | 435        | 10% | 403     | - | 1      | 404     | 31         | 31         | -   |
| Arms                             | 104        |       | - | 104        | 10% | 39      | - | 7      | 46      | 58         | -          | 58  |
| Diesel Generator - Caterpillar   | 4,100      |       | - | 4,100      | 10% | 3,601   | - | 18     | 3,619   | 481        | 481        | -   |
| Diesel Generator - Perkins       | 4,196      |       | - | 4,196      | 10% | 3,419   | - | 29     | 3,448   | 748        | 748        | -   |
|                                  | 10,387,477 | 5,203 | - | 10,392,680 |     | 334,242 | - | 24,940 | 359,182 | 10,033,498 | 10,033,005 | 493 |

|                                                                       | Oct 31, 2024   | Jun 30, 2024  |
|-----------------------------------------------------------------------|----------------|---------------|
|                                                                       | Rupees in '000 |               |
| 7.1 Depreciation charge for the period has been allocated as follows: |                |               |
| Cost of sales and services                                            | 28             | 22,446        |
| Administrative, selling and general expenses                          | 3              | 2,494         |
|                                                                       | <u>31</u>      | <u>24,940</u> |

- 7.2 Leasehold land is situated at Plot No. 195/2, Shahrah-e-Faisal, Karachi. The building was being used for hotel business and operating a Five Star Hotel, known as Regent Plaza Hotel and Convention Centre, Karachi, which is classified as held for sale as stated in Note No.8.

Other Lands are situated at Deh Mehro, Sufico, Tappa Gujjo, Taluka Mirpur Sakro District Thatta bearing Survey No.312 and No.313, with area of 10 acres and 4 acres, respectively.

### 8 Deferred Taxation

This represents deferred tax asset arising due to the following temporary differences:

|                                            |              |          |
|--------------------------------------------|--------------|----------|
| Assets held for sale carried at fair value | (226)        | -        |
| Accelerated tax depreciation               | 174          | -        |
| Others                                     | 3,743        | -        |
|                                            | <u>3,691</u> | <u>-</u> |

### 9 Assets Held for Sale

|                                                |               |                   |
|------------------------------------------------|---------------|-------------------|
| Carrying value at the time of reclassification | 13,640        | 10,033,005        |
| Fair value adjustment                          | 1,360         | 4,481,995         |
|                                                | <u>15,000</u> | <u>14,515,000</u> |

Assets held for sale as of October 31, 2024 represents land and farm house on land situated at Gharo, as the Company has entered into an agreement to sell the same at a sales consideration of Rs.15,000,000. The assets held for sale as of June 30, 2024 represents Leasehold land situated at Plot No. 195/2, Shahrah-e-Faisal, Karachi, with a area of 13,202.8 square yards, total covered area of building is 47,034 square yards, and attached items like airconditioning plant, elevators, generators etc, sold to SIUT on July 15, 2024, as well as land and farm house on land situated at Gharo. The aforesaid assets have reported at fair value determined in accordance with agreed sale price of the properties.

### 10 Stores and Spares

|                              |          |            |
|------------------------------|----------|------------|
| Consumable stores            | -        | 521        |
| Stationery                   | -        | 1,349      |
|                              | -        | 1,870      |
| Provision for lost inventory | -        | (1,673)    |
|                              | <u>-</u> | <u>197</u> |

### 11 Inventory - Food and Beverages

|                              |          |            |
|------------------------------|----------|------------|
| Food and beverages           | -        | 1,617      |
| Provision for lost inventory | -        | (626)      |
|                              | <u>-</u> | <u>991</u> |

### 12 Trade Receivables

|                                                     | Oct 31, 2024   | Jun 30, 2024  |
|-----------------------------------------------------|----------------|---------------|
|                                                     | Rupees in '000 |               |
| Trade Receivables (Note No. 12.1)                   | 8,092          | 48,069        |
| Provision for expected credit losses (Note No.12.3) | (6,060)        | (6,060)       |
|                                                     | <u>2,032</u>   | <u>42,009</u> |

12.1 This represents Company's unconditional right to receive consideration for the provision of services under contract with customers.

12.2 The aging of trade receivables is as under:

|                             |              |               |
|-----------------------------|--------------|---------------|
| Up to 30 days               | -            | 27,266        |
| Above 30 days upto 180 days | 7,267        | 19,817        |
| Above 180 days              | 825          | 986           |
|                             | <u>8,092</u> | <u>48,069</u> |

12.3 Provision for expected credit losses

|                            |              |              |
|----------------------------|--------------|--------------|
| Opening balance            | 6,060        | 2,061        |
| Provided during the period | -            | 3,999        |
|                            | <u>6,060</u> | <u>6,060</u> |

### 13 Advances, Prepayments and Other Receivables

#### Advances

|            |                |            |
|------------|----------------|------------|
| Suppliers  | -              | 356        |
| Income tax | 446,461        | 568        |
|            | <u>446,461</u> | <u>924</u> |

#### Other Receivables

|                                                                                 |                |               |
|---------------------------------------------------------------------------------|----------------|---------------|
| Receivable against sale of portion of building - Al-Sehat Centre (Note No.13.1) | 1,965          | 1,965         |
| Rent receivable                                                                 | -              | 364           |
| Interest receivable                                                             | 209            | 18,833        |
| Miscellaneous                                                                   | 4,207          | 4,406         |
|                                                                                 | <u>6,381</u>   | <u>25,568</u> |
|                                                                                 | <u>452,842</u> | <u>26,492</u> |

13.1 This amount is under litigation, as stated in Note No.20.

### 14 Cash and Bank Balances

|                                                |                  |                  |
|------------------------------------------------|------------------|------------------|
| Cash in hand                                   | 8,252            | 63,030           |
| Cash at bank - Current Accounts                | 959,809          | 1,406,582        |
| Cash at bank - Saving Accounts (Note No. 14.1) | 76,637           | 59,973           |
|                                                | <u>1,044,698</u> | <u>1,529,585</u> |

14.1 This include Rs. 0.730 million (30.06.2024: Rs.4.280 million) being security money received from the tenants as per tenancy agreements. Such deposits do not attract any markup or interest and shall be repaid at the time of termination of lease.

### 15 Share Capital

| 2024              | 2023              |                                                  | Oct 31, 2024   | Jun 30, 2024   |
|-------------------|-------------------|--------------------------------------------------|----------------|----------------|
| Number of Shares  |                   |                                                  | Rupees in '000 |                |
| <u>30,000,000</u> | <u>30,000,000</u> | <b>Authorised</b>                                |                |                |
|                   |                   | Ordinary shares of Rs. 10 each                   | <u>300,000</u> | <u>300,000</u> |
|                   |                   | <b>Issued, Subscribed and Paid up</b>            |                |                |
| 16,580,800        | 16,580,800        | Ordinary shares of Rs.10 each fully paid in cash | 165,808        | 165,808        |
| 1,419,200         | 1,419,200         | Ordinary shares of Rs.10 each issued for         |                |                |
| <u>18,000,000</u> | <u>18,000,000</u> | consideration other than cash                    | <u>14,192</u>  | <u>14,192</u>  |
|                   |                   |                                                  | <u>180,000</u> | <u>180,000</u> |

Oct 31, 2024      Jun 30, 2024  
Rupees in '000

### 16 Fair Value Reserve

This represents fair value of the Assets Held for Sale, as describe in Note No. 8.

|                                                                                |              |                   |
|--------------------------------------------------------------------------------|--------------|-------------------|
| Revaluation surplus on assets held for sale as of the date of reclassification | 5,624        | 9,407,155         |
| Fair value adjustment net of tax                                               | 1,134        | 4,387,697         |
|                                                                                | <u>6,758</u> | <u>13,794,852</u> |

### 17 Deferred Taxation

This represents deferred tax liability arising due to the following temporary differences:

|                                            |          |                |
|--------------------------------------------|----------|----------------|
| Assets held for sale carried at fair value |          | 94,298         |
| Accelerated tax depreciation               | -        | 45,161         |
| Others                                     | -        | (6,184)        |
|                                            | <u>-</u> | <u>133,275</u> |

### 18 Security Deposits

|                      |            |              |
|----------------------|------------|--------------|
| Opening balance      | 4,280      | 4,680        |
| Paid during the year | (3,550)    | (400)        |
|                      | <u>730</u> | <u>4,280</u> |

The above amount represents security money received from the tenants as per tenancy agreements. These deposits do not attract any mark up or interest and shall be repaid at the time of termination of tenancy. These are kept in deposit account as stated in Note No.14.1.

### 19 Trade and Other Payables

|                 |       |        |
|-----------------|-------|--------|
| Trade Creditors | 6,246 | 29,087 |
|-----------------|-------|--------|

#### Accrued liabilities

|                  |               |               |
|------------------|---------------|---------------|
| Accrued expenses | 1,056         | 27,801        |
| Taxes and others | 14,252        | 4,749         |
| Sales Tax        | 11            | 5,489         |
|                  | <u>15,319</u> | <u>38,039</u> |

#### Other liabilities

|                                                  |               |                |
|--------------------------------------------------|---------------|----------------|
| Guests' credit balances                          | 1,276         | 2,132          |
| Payable to employee gratuity fund (Note No.19.1) | -             | 6,212          |
| Workers' Welfare Fund                            | 17,240        | 6,089          |
| Advance from customers                           | 567           | 33,597         |
| Miscellaneous                                    | -             | 4,187          |
|                                                  | <u>19,083</u> | <u>52,217</u>  |
|                                                  | <u>40,648</u> | <u>119,343</u> |

19.1 As mentioned in note 6.5, the Company operated an approved gratuity fund and makes contribution on actuarial recommendations. The most recent actuarial valuations were carried out by M/s Nauman Associates, Consulting Actuaries on September 6, 2024 of the present value of the defined benefit obligation at June 30, 2024. The projected unit credit method has been used to measure Gratuity Benefits. The Gratuity Benefits have been terminated and settled by the Company on July 31, 2024. Therefore, present value of defined benefit obligation has been calculated based on benefit termination to determine settlement gain or loss as at July 31, 2024. The significant assumptions used for the actuarial valuation are as follows:

|                                                                        | Oct 31, 2024   | Jun 30, 2024       |
|------------------------------------------------------------------------|----------------|--------------------|
|                                                                        | Rupees in '000 |                    |
| <b>Acturial Assumptions</b>                                            |                |                    |
| Discount rate for interest cost in Profit and Loss charge              | 0.00%          | 16.25%             |
| Discount rate used for year end obligation                             | 0.00%          | 14.75%             |
| Salary increase used for year end obligation:                          |                |                    |
| Salary increase FY 2024                                                | -              | N/A                |
| Salary increase FY 2025                                                | 0.00%          | 15.25%             |
| Salary increase FY 2026 onwards                                        | 0.00%          | 15.25%             |
| Net salary is increased at:                                            | -              | 1-Jul-23           |
| Mortality rate                                                         | -              | SLIC 2001-2005 Set |
| Withdrawal rates                                                       | -              | Age-based          |
| Retirement assumption                                                  | -              | Age 60             |
| <b>Amount recognised in the statement of financial position:</b>       |                |                    |
| Present value of defined benefit obligation                            | -              | -                  |
| Add: Payable                                                           | -              | 10,400             |
| Less: Fair value of Plan asset                                         | -              | (4,188)            |
|                                                                        | <u>-</u>       | <u>6,212</u>       |
| <b>Changes in present value of defined benefit obligation:</b>         |                |                    |
| Opening present value of obligation                                    | -              | 6,873              |
| Current service cost                                                   | -              | 837                |
| Interest cost on defined benefit obligations                           | -              | 1,072              |
| Benefits due but not paid during the year                              | -              | (9,457)            |
| Benefits paid                                                          | -              | (406)              |
| Gain and losses arising on plan settlements remeasurement              | -              | 693                |
| Remeasurement                                                          | -              | 388                |
|                                                                        | <u>-</u>       | <u>-</u>           |
| <b>Changes in fair value of plan assets</b>                            |                |                    |
| Opening fair value of plan assets                                      | -              | 4,010              |
| Interest income on plan assets                                         | -              | 728                |
| Return on plan assets, excluding interest income                       | -              | (610)              |
| Benefits paid                                                          | -              | (1,290)            |
| Contribution by Company                                                | -              | 1,350              |
|                                                                        | <u>-</u>       | <u>4,188</u>       |
| <b>Expense recognised in the statement of profit or loss</b>           |                |                    |
| Current service cost                                                   | -              | 837                |
| Interest cost on defined benefit obligation                            | -              | 693                |
| Gain and losses arising on plan settlement remeasurement               | -              | 1,072              |
| Interest income on plan assets                                         | -              | (728)              |
|                                                                        | <u>-</u>       | <u>1,874</u>       |
| <b>Acturial gain / (loss) recognised in other comprehensive income</b> |                |                    |
| Acturial gains/(losses) from changes in financial assumptions          | -              | (51)               |
| Remeasurement of plan obligation - Experience adjustment               | -              | 440                |
| Return on plan assets, excluding interest income                       | -              | 610                |
| Unrecognized Acturial Gains/(Losses) at end                            | -              | 999                |
| <b>Changes in net liability</b>                                        |                |                    |
| Liability/(asset) as per statement of financial position               | -              | 4,690              |
| Expense chargeable to statement of profit or loss                      | -              | 1,873              |
| Remeasurement chargeable in other comprehensive income                 | -              | 999                |
| Contributions                                                          | -              | (1,350)            |
| Statement of financial position's liability                            | <u>-</u>       | <u>6,212</u>       |

**19.2** Based on actuarial advise the company has charged an amount of approximately Rs.1.873 million in respect of gratuity fund in the financial statements for the year ending 30 June 2024.

### 20 Contingencies and Commitments

#### Contingency

##### Taxation

As detailed in note 2 of these financial statements, the company has sold its property. Further, the proceeds were also distributed, as dividend subsequent to year end. The gain on sale of property has been credited in fair value reserve by the company in its books of accounts and for taxation purposes, the company has considered depreciation on immovable assets claimed, as tax expense, in all preceding years as taxable gain under Income Tax Ordinance 2001, for subsequent year. Further, company has considered the implication of super tax on gain on sale of immovable property and is of the view that chargeability of super tax will not affect the company based on related tax matter reported decision of Honorable Supreme Court of Pakistan.

#### Description of Legal Proceedings

| Name of the Court, Agency or Authority          | Description of the factual basis of the proceedings and relief sought for                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Principal Parties                                                           |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| High Court of Sindh                             | Civil Aviation Authority has demanded a sum of Rs.0.336 million, being rental charges of the Company's restaurant at Karachi Airport. the suit is pending in the High Court of Sindh. The company has filed a counter suit for recovery of rent of furniture, fixtures and loss of food stuff and other assets of the company retained by the Civil Aviation Authority.                                                                                                                                                                                                                                                                                                                                                                                                                      | Civil Aviation Authority vs Company                                         |
| High Court of Sindh                             | Suit No.137 of 1984 has been filed by the company against Civil Aviation Authority for recovery of Rs.5.733 million on the ground that Civil Aviation Authority allowed the company for running of one restaurant and four refreshment counters but later on they tried to open the same with another contractor when the company was trying to lift their goods from existing restaurant and four refreshment counters, they were stopped by Civil Aviation Authority.                                                                                                                                                                                                                                                                                                                      | Company vs Civil Aviation Authority                                         |
| High Court of Sindh                             | Suit bearing No.343 of 1996 has been filed by the company against Saudi Arabian Airlines for the cancellation of agreement dated 22-02-1990, relating to the sale of two floors and four shops on the ground floor of AL-SEHAT CENTRE, and for recovery of possession of those premises. After the institution of the above suit, Saudi Arabian Airlines has also filed counter suit 936 of 1996 praying for the specific performance of the aforesaid agreement. Both these suits are pending in the High Court of Sindh at Karachi.                                                                                                                                                                                                                                                        | Company vs Saudi Arabian Airlines; and<br>Saudi Arabian Airlines vs Company |
| Appellate Tribunal Inland Revenue               | The Additional Commissioner Inland Revenue, Audit Range A, Zone - V, Large Taxpayer Unit, Karachi, on June 21, 2017, has issued an order under section 122(5A) of the Income Tax Ordinance, 2001, for further amending the assessment for the Tax Year 2011. The Learned Assessing Officer in his said order has treated the revenue on which tax has been deducted by the clients of company under Presumptive Tax Regime and has under same observation created tax demand of Rs.9,437,198/-. The company has filed an Appeal in the Office of the Commissioner (Appeals), Large Taxpayer Unit, Karachi. The appeal was decided partially against the Company. The appeal against the decision of commissioner appeals was filed in Income tax tribunal and matter is pending in tribunal. | Federal Board of Revenue vs<br>Company                                      |
| Commissioner appeals - Federal Board of Revenue | During the year the assessment for the tax year 2022 was made by Additional Commissioner- MTO Karachi u/s 122(5A) of Income Tax Ordinance 2001 and tax demand of Rs. 34.5 million was raised against the company. The assessment officer in his order disallowed certain expenses on different grounds and increase the taxable income of the company. The company being aggrieved by the order filed an appeal in the office of Commissioner appeals which was pending for decision after hearing.                                                                                                                                                                                                                                                                                          | Additional Commissioner - Medium<br>Taxpayer Unit- Karachi                  |

For the Period  
ended October  
31, 2024

For the Year  
ended June 30,  
2024

Rupees in '000

### 21 Revenue

|                                        |               |                |
|----------------------------------------|---------------|----------------|
| Room revenue                           | 69,281        | 435,796        |
| Food and beverages revenue             | 7,707         | 191,100        |
| Other related services (Note No. 21.1) | 1,116         | 99,637         |
| Shop license fee                       | 162           | 1,991          |
|                                        | <u>78,266</u> | <u>728,524</u> |

21.1 This includes revenue from convention centre, and sale of telephone, laundry, health club and other ancillary services.

21.2 The above revenue is net of applicable sales tax amounting to Rs.11.752 million (30.06.2024: Rs.94.820 million)

For the Period  
ended October  
31, 2024

For the Year  
ended June 30,  
2024

Rupees in '000

### 22 Cost of Sales and Services

#### Cost of food and beverages

|                                   |       |         |
|-----------------------------------|-------|---------|
| Opening Stock -food and beverages | 1,617 | 3,222   |
| Purchases                         | 1,614 | 75,372  |
| Closing Stock -food and beverages | -     | (1,617) |
| Consumption during the year       | 3,231 | 76,977  |

#### Direct expenses

|                                                   |        |         |
|---------------------------------------------------|--------|---------|
| Salaries, wages and other benefits (Note No.22.1) | 38,161 | 109,685 |
| Heat, light and power                             | 9,019  | 123,674 |
| Replacement of linen, china and glassware         | -      | 7,646   |
| Uniforms                                          | 193    | 605     |
| Guest transportation charges                      | 511    | 6,712   |
| Water charges                                     | 315    | 2,075   |
| Decoration hire charges                           | 95     | 1,402   |
| Consumable stores                                 | 534    | 6,506   |
| Guest supplies                                    | 1,118  | 5,061   |
| Commission                                        | 158    | 5,893   |
| Musical expenses                                  | 93     | 562     |
| Laundry and dry cleaning                          | 16     | 1,000   |
| Security Service                                  | -      | 15      |
| Telephone, internet and other related expenses    | 159    | 3,947   |
| License and taxes                                 | 17     | 610     |
| Travelling and transportation                     | -      | 128     |
| Printing and stationery                           | 1,119  | 2,059   |
| Miscellaneous                                     | 2,321  | 338     |
| Depreciation                                      | 28     | 22,446  |
|                                                   | 53,857 | 300,364 |
|                                                   | 57,088 | 377,341 |

22.1 This includes Rs.NIL (30.06.2024: Rs.0.093 million) in respect of employees retirement benefits.

### 23 Administrative, General and Selling Expenses

|                                                    |        |         |
|----------------------------------------------------|--------|---------|
| Salaries and other benefits (Note Nos.23.1 and 24) | 55,253 | 106,701 |
| Entertainment                                      | -      | 75      |
| Travelling and transportation                      | 568    | 4,384   |
| Running and maintenance of vehicle                 | 1,380  | 6,812   |
| Rent, rates and taxes                              | -      | 8,921   |
| Heat, light and power                              | 986    | 13,166  |
| Communications                                     | 165    | 1,640   |
| Printing and stationery                            | 227    | 1,833   |
| Advertisement and sales promotion                  | 134    | 2,778   |
| Legal and professional charges                     | 9,779  | 14,505  |
| Auditors' remuneration (Note No.23.2)              | 300    | 621     |
| Repair and maintenance                             | 2,505  | 47,862  |
| Bank commission and charges                        | 20     | 225     |
| Fee and subscription                               | 1,386  | 1,941   |
| Pest control                                       | 217    | 1,809   |
| Insurance                                          | -      | 72      |
| Commissions                                        | 644    | 2,303   |
| Miscellaneous                                      | 654    | 82      |
| Shops premium                                      | 118    | -       |
| Software charges                                   | 549    | 1,019   |
| Depreciation                                       | 3      | 2,494   |
|                                                    | 74,888 | 219,243 |

23.1 This includes Rs.NIL (30.06.2024: Rs.1.781 million) in respect of employees retirement benefits.

|                                                                     | For the Period<br>ended October<br>31, 2024 | For the year<br>ended June 30,<br>2024 |
|---------------------------------------------------------------------|---------------------------------------------|----------------------------------------|
|                                                                     | Rupees in '000                              |                                        |
| <b>23.2 Auditors' Remuneration</b>                                  |                                             |                                        |
| Annual audit fee                                                    | -                                           | 520                                    |
| Special purpose audit fee                                           | 300                                         | -                                      |
| Certification fee                                                   | -                                           | 20                                     |
| Out of pocket expenses                                              | -                                           | 81                                     |
|                                                                     | <u>300</u>                                  | <u>621</u>                             |
| <b>24 Remuneration of Chief Executive, Directors and Executives</b> |                                             |                                        |
| <b>Chief Executive</b>                                              |                                             |                                        |
| Managerial Remuneration                                             | 1,050                                       | 16,362                                 |
| Perquisites and allowances                                          | 577                                         | 7,790                                  |
| Leave encashment                                                    | -                                           | 1,210                                  |
|                                                                     | <u>1,627</u>                                | <u>25,362</u>                          |
| <b>Directors</b>                                                    |                                             |                                        |
| Managerial Remuneration                                             | 1,050                                       | 16,362                                 |
| Perquisites and allowances                                          | 577                                         | 7,790                                  |
| Leave encashment                                                    | -                                           | 1,210                                  |
|                                                                     | <u>1,627</u>                                | <u>25,362</u>                          |
| Number of Persons                                                   | <u>1</u>                                    | <u>1</u>                               |
| <b>Executives</b>                                                   |                                             |                                        |
| Managerial Remuneration                                             | 1,709                                       | 21,174                                 |
| Perquisites and allowances                                          | 1,139                                       | 11,646                                 |
| Bonus                                                               | 30,077                                      | -                                      |
| Leave Encashment                                                    | 915                                         | -                                      |
| Company's contribution to gratuity fund                             | -                                           | 545                                    |
|                                                                     | <u>33,840</u>                               | <u>33,365</u>                          |
| Number of Persons                                                   | <u>5</u>                                    | <u>14</u>                              |
| <b>25 Other Income</b>                                              |                                             |                                        |
| Profit on tender of foreign currency                                | 7                                           | 91                                     |
| Provision for lost inventory written back                           | 2,299                                       | -                                      |
| Profit on savings bank account                                      | 215,687                                     | 187,412                                |
|                                                                     | <u>217,993</u>                              | <u>187,503</u>                         |
| <b>26 Other Charges</b>                                             |                                             |                                        |
| Workers' welfare fund                                               | 11,151                                      | 6,089                                  |
| Provision for expected credit losses                                | -                                           | 10,846                                 |
| Provision for lost inventory                                        | -                                           | 2,299                                  |
| Rent receivable written off                                         | -                                           | 2,456                                  |
|                                                                     | <u>11,151</u>                               | <u>21,690</u>                          |
| <b>27 Taxation</b>                                                  |                                             |                                        |
| Current Year                                                        | 177,367                                     | 90,055                                 |
| Prior Year                                                          | -                                           | (1,945)                                |
| Deferred                                                            | (136,966)                                   | (237,234)                              |
|                                                                     | <u>40,401</u>                               | <u>(149,124)</u>                       |
| <b>27.1 Tax Reconciliation</b>                                      |                                             |                                        |
| Profit Before Taxation                                              | <u>153,132</u>                              | <u>297,753</u>                         |
| Tax at applicable rate of 29% (30.06.2024: 29%)                     | 44,408                                      | 86,348                                 |
| Tax effect of expenses not deductible in determining taxable profit | 124,946                                     | 13,970                                 |
| Including tax effect of minimum tax                                 | (4,409)                                     | (10,263)                               |
| Super Tax                                                           | 12,422                                      | -                                      |
| Tax effect of reversal of deferred tax                              | (136,966)                                   | (237,234)                              |
| Tax effect of changes in prior year current tax                     | -                                           | (1,945)                                |
|                                                                     | <u>40,401</u>                               | <u>(149,124)</u>                       |

|                                                                                                                                                                                                                                                                                                                                          | For the Period<br>ended October<br>31, 2024 | For the Year<br>ended June 30,<br>2024 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------|
|                                                                                                                                                                                                                                                                                                                                          | Rupees in '000                              |                                        |
| <b>28 Fair Value Adjustment - Assets Held for Sale</b>                                                                                                                                                                                                                                                                                   |                                             |                                        |
| Fair value of assets held for sale (Note No.8)                                                                                                                                                                                                                                                                                           | -                                           | 14,515,000                             |
| Less: Carrying value as on the date asset is classified as held for sale                                                                                                                                                                                                                                                                 | -                                           | (10,033,005)                           |
|                                                                                                                                                                                                                                                                                                                                          | -                                           | 4,481,995                              |
| Related deferred taxation                                                                                                                                                                                                                                                                                                                | -                                           | (94,298)                               |
|                                                                                                                                                                                                                                                                                                                                          | -                                           | 4,387,697                              |
| <b>29 Cash generated from Operations</b>                                                                                                                                                                                                                                                                                                 |                                             |                                        |
| Profit before taxation                                                                                                                                                                                                                                                                                                                   | 153,132                                     | 297,753                                |
| Adjustments for non cash and other items:                                                                                                                                                                                                                                                                                                |                                             |                                        |
| Depreciation                                                                                                                                                                                                                                                                                                                             | 31                                          | 24,940                                 |
| Provision for expected credit losses                                                                                                                                                                                                                                                                                                     | -                                           | 10,846                                 |
| Profit on bank deposits                                                                                                                                                                                                                                                                                                                  | (215,687)                                   | (187,503)                              |
|                                                                                                                                                                                                                                                                                                                                          | (215,656)                                   | (151,717)                              |
|                                                                                                                                                                                                                                                                                                                                          | (62,524)                                    | 146,036                                |
| <b>(Increase) / decrease in operating assets</b>                                                                                                                                                                                                                                                                                         |                                             |                                        |
| Stores and spares                                                                                                                                                                                                                                                                                                                        | 197                                         | 76                                     |
| Inventories - food and beverages                                                                                                                                                                                                                                                                                                         | 991                                         | 1,605                                  |
| Trade Receivables                                                                                                                                                                                                                                                                                                                        | 39,977                                      | 11,232                                 |
| Advances, prepayments and other receivables                                                                                                                                                                                                                                                                                              | 19,543                                      | (10,291)                               |
|                                                                                                                                                                                                                                                                                                                                          | 60,708                                      | 2,622                                  |
| <b>Increase / (decrease) in operating liabilities</b>                                                                                                                                                                                                                                                                                    |                                             |                                        |
| Trade and other payables                                                                                                                                                                                                                                                                                                                 | (78,695)                                    | 29,993                                 |
| Security deposits                                                                                                                                                                                                                                                                                                                        | (3,550)                                     | (400)                                  |
|                                                                                                                                                                                                                                                                                                                                          | (82,245)                                    | 29,593                                 |
|                                                                                                                                                                                                                                                                                                                                          | (84,061)                                    | 178,251                                |
| <b>30 Cash and Cash Equivalents</b>                                                                                                                                                                                                                                                                                                      |                                             |                                        |
| Cash and bank balances                                                                                                                                                                                                                                                                                                                   | 1,044,698                                   | 1,529,585                              |
|                                                                                                                                                                                                                                                                                                                                          | 1,044,698                                   | 1,529,585                              |
| <b>31 Earnings per share - basic and diluted</b>                                                                                                                                                                                                                                                                                         |                                             |                                        |
| Net profit for the year                                                                                                                                                                                                                                                                                                                  | 112,731                                     | 446,877                                |
| Weighted average number of ordinary shares outstanding                                                                                                                                                                                                                                                                                   | 18,000                                      | 18,000                                 |
| Earnings per share - basic and diluted - Rupees                                                                                                                                                                                                                                                                                          | 6.26                                        | 24.83                                  |
| <b>32 Related Party transactions</b>                                                                                                                                                                                                                                                                                                     |                                             |                                        |
| Related parties comprise of group companies ( associates ), directors, major shareholders, their close family members, gratuity fund and key management personell. Transactions with related parties during the year, other than and including those which have been disclosed elsewhere in these financial statements, are given below: |                                             |                                        |
| <b>Related Parties</b>                                                                                                                                                                                                                                                                                                                   |                                             |                                        |
| Dividend paid to directors and their relatives                                                                                                                                                                                                                                                                                           | 10,727,157                                  | 173,977                                |
| Amount paid to the gratuity fund                                                                                                                                                                                                                                                                                                         | 4,990                                       | 1,350                                  |

### 33 Financial Instruments by Category

|                                                            | Amortised Cost   | FVTPL    | Total            |
|------------------------------------------------------------|------------------|----------|------------------|
| ----- Rupees '000 -----                                    |                  |          |                  |
| <b>As at October 31, 2024</b>                              |                  |          |                  |
| <b>Financial Assets</b>                                    |                  |          |                  |
| Trade receivables                                          | 2,032            | -        | 2,032            |
| Other receivables                                          | 6,381            | -        | 6,381            |
| Cash and Bank Balances                                     | 1,044,698        | -        | 1,044,698        |
|                                                            | <u>1,053,111</u> | <u>-</u> | <u>1,053,111</u> |
| <b>Financial Liabilities</b>                               |                  |          |                  |
| Security deposits                                          | 730              | -        | 730              |
| Unpaid dividend                                            | 7,056            | -        | 7,056            |
| Advance against sale of assets classified as held for sale | 6,500            | -        | 6,500            |
| Trade and other payables                                   | 40,648           | -        | 40,648           |
|                                                            | <u>54,934</u>    | <u>-</u> | <u>54,934</u>    |
| <b>As at June 30, 2024</b>                                 |                  |          |                  |
| <b>Financial Assets</b>                                    |                  |          |                  |
| Trade receivables                                          | 42,009           | -        | 42,009           |
| Advances                                                   | 356              | -        | 356              |
| Other receivables                                          | 25,568           | -        | 25,568           |
| Cash and Bank Balances                                     | 1,529,585        | -        | 1,529,585        |
|                                                            | <u>1,597,518</u> | <u>-</u> | <u>1,597,518</u> |
| <b>Financial Liabilities</b>                               |                  |          |                  |
| Security deposits                                          | 4,280            | -        | 4,280            |
| Unpaid dividend                                            | 1,309            | -        | 1,309            |
| Advance against sale of assets classified as held for sale | 1,455,500        | -        | 1,455,500        |
| Trade and other payables                                   | 119,343          | -        | 119,343          |
|                                                            | <u>1,580,432</u> | <u>-</u> | <u>1,580,432</u> |

### 34 Fair Value of Financial Assets and Financial Liabilities

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates. As described in Note 4.2 the Company is not considered a going concern, the financial assets have taken at realisable values and financial liabilities have been recorded at amounts payable.

### 35 Financial Risk Exposure and Risk Management

#### 35.1 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: price risk, interest rate risk and currency risk.

##### 35.1.1 Interest rate risk

Interest rate risk arises from the possibility of changes in interest rates which affect the value of financial instruments or cash flows of a financial instrument. The company is not exposed to interest rate risk as there are no fixed interest bearing financial instruments carried at fair value. The company only has balances with banks at variable rate, therefore it is exposed to interest rate cash flow risk. Interest Rate Cash flow risk is the risk that the future cash flows related to a financial instrument will fluctuate in amount due to changes in market interest rates.

##### *Effective interest rate*

At the reporting date, the effective interest rate on the deposit is around 14.50%. (30.06.2024: 17.50%)

### Sensitivity analysis

The following information summarises the estimated effect of a hypothetical 100 bps increase and decrease (2023: 100 bps) in cash flow from financial asset, subject to interest rate cash flow risk. The selected hypothetical change does not reflect, what could be considered to be best or worst case scenarios. The analysis assumes that all other variables remain constant.

|                                                        | Profit and Loss |          |
|--------------------------------------------------------|-----------------|----------|
|                                                        | Increase        | Decrease |
|                                                        | Rupees in '000  |          |
| <b>As at October 31, 2024</b>                          |                 |          |
| Cash Flow Sensitivity - Variable Rate Financial Assets | 10,364          | 10,364   |
| <b>As at June 30, 2024</b>                             |                 |          |
| Cash Flow Sensitivity - Variable Rate Financial Assets | 14,666          | 14,666   |

### 35.1.2 Other price risk

The Company is not exposed to any other market rate or price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

### 35.2 Credit risk

Credit risk represents the accounting loss that would be recognised if counter parties fail completely to perform as contracted.

#### Exposure to credit risk

The company is exposed to credit risk on trade debts, long term deposits, trade receivables, advances, other receivables and deposits with banks. The carrying amount of these financial assets represents the maximum credit exposure at the reporting date, which is detailed as follows:

|                   | Oct 31, 2024     | Jun 30, 2024     |
|-------------------|------------------|------------------|
|                   | Rupees in '000   |                  |
| Trade receivables | 2,032            | 42,009           |
| Advances          | -                | 356              |
| Other receivables | 6,381            | 25,568           |
| Bank Balances     | 1,036,446        | 1,466,555        |
|                   | <u>1,044,859</u> | <u>1,534,488</u> |

#### Concentration of credit risk

Concentration of credit risk arises from exposure to a single debtor, or when a number of counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The company believes that it is not exposed to major concentration of credit.

#### Credit risk management

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking in to account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Balance with banks are those having satisfactory credit ratings . Details of banks credit ratings are as follows:

| S. No. | Name of Bank                      |            |           |         |
|--------|-----------------------------------|------------|-----------|---------|
|        |                                   | Short term | long term | Agency  |
| 1      | Bank Al Habib Limited             | A1+        | AAA       | PACRA   |
| 2      | Silk Bank Limited                 | A          | B         | JCR-VIS |
| 3      | Summit Bank Limited               | A          | A         | JCR-VIS |
| 4      | National Bank of Pakistan Limited | A1+        | AAA       | PACRA   |
| 5      | Faysal Bank Limited               | A1+        | AA        | PACRA   |
| 6      | Habib Bank Limited                | A-1+       | AAA       | JCR-VIS |
| 7      | United Bank Limited               | A-1+       | AAA       | JCR-VIS |
| 8      | Al Baraka Bank Limited            | A-1+       | AAA       | JCR-VIS |
| 9      | Meezan Bank Limited               | A-1+       | AAA       | JCR-VIS |
| 10     | Bank Al-Falah Limited             | A1+        | AAA       | PACRA   |

### 35.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company is exposed to a significant level of liquidity risk. Following are the contractual maturities of financial liabilities:

| Remaining Contractual Maturities |                       |                        |
|----------------------------------|-----------------------|------------------------|
| Payable on Demand                | Payable within a year | Payable after one year |
| ----- Rupees '000 -----          |                       |                        |

#### Non-Derivative Financial Liabilities as at Oct 31, 2024

|                          |              |               |          |
|--------------------------|--------------|---------------|----------|
| Security deposits        | 730          | -             | -        |
| Unpaid dividend          | 7,056        | -             | -        |
| Trade and other payables | -            | 40,648        | -        |
|                          | <u>7,786</u> | <u>40,648</u> | <u>-</u> |

#### Non-Derivative Financial Liabilities as at June 30, 2024

|                          |              |                |          |
|--------------------------|--------------|----------------|----------|
| Security deposits        | 730          | 3,550          | -        |
| Unpaid dividend          | 1,309        | -              | -        |
| Trade and other payables | -            | 119,343        | -        |
|                          | <u>2,039</u> | <u>122,893</u> | <u>-</u> |

### 35.4 Capital Management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital employed, which the company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

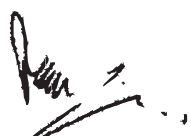
|                                                     | Oct 31, 2024 | Jun 30, 2024 |
|-----------------------------------------------------|--------------|--------------|
| <b>36 Number of Employees</b>                       |              |              |
| Total number of employees as on                     | <u>9</u>     | <u>114</u>   |
| Average number of employees during the period ended | <u>35</u>    | <u>107</u>   |
| <b>37 Capacity</b>                                  |              |              |
| Number of rooms                                     | <u>-</u>     | <u>400</u>   |
| Average percentage of occupancy                     | <u>-</u>     | <u>20%</u>   |

### 38 Figures

Figures have been rounded off to the nearest thousand rupees.

### 39 Date of Authorisation

These special purpose audited financial statements were authorised for issue on December 2, 2024 by the Board of Directors of the Company.

  
**MUZAFFAR F. BAWEJA**  
Chief Executive Officer

  
**ZUBAIR BAWEJA**  
Managing Director

  
**M. TAHA ALI KHAN**  
Chief Financial Officer

# PHDL

PAKISTAN HOTELS DEVELOPERS LIMITED



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