

HOTEL INTERCONTINENTAL

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016

RAFAQAT BABAR & CO.
Chartered accountants



Member firm of
The Leading Edge Alliance

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of "Hotel Intercontinental" which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together "the financial statements").

Managements' Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

1. The opening balances of property, plant and equipment amounting to AFN 322,411,808/- as on March 21, 2009 could not be verified because these were valued by management on January 06, 2008 using their judgment of open market prices. An independent valuation has not been carried out in this respect. Also the financial statements of the entity before 2008 were not audited. Consequently, we were unable to verify the completeness, existence and valuation of the aforementioned opening balances of property, plant and equipment. Due to the lack of an independent valuation process and non-availability of audited financial statements for the years before 2008 we were unable to quantify its financial impact on the financial statements of the entity.

RAFAQAT BABAR & CO.

Chartered Accountants

Peshawar Islamabad Karachi Kabul



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2. As provided in note 3.1 to the financial statements, transactions in currencies other than USD (Afghanis and Pakistani Rupees) are first recorded in USD using a uniform exchange rate of 50 per USD. These amounts are then translated to the presentation currency i.e. Afghani, using the same rate. Further, financial assets and liabilities denominated in currencies other than presentation currency are translated to presentation currency using the same uniform rate i.e. 50 per USD. Moreover, non-monetary items are also translated into presentation currency at the aforementioned exchange rate. The said practice is a noncompliance of IAS 21, "The effects of changes in Foreign Exchange rates" which require that transactions in currencies other than presentation currency are to be converted into presentation currency at the exchange rate prevailing on the date of transaction or average exchange rate for the year. Financial assets and liabilities denominated in currencies other than presentation currency are to be translated into presentation currency using the exchange rate prevailing on the date of statement of financial position. Non-monetary items are to be translated into presentation currency at the exchange rate prevailing on the date of transaction or at the date when the fair value of the relevant item is determined, as the case may be. Owing to the nature of record maintained by the entity, we were unable to quantify the financial impact of the aforementioned noncompliance on the financial statements.
3. We were unable to observe the physical count of stock in trade stated at AFN 1,858,419/- (December 31, 2015: AFN 1,248,002/-), stores and spares stated at AFN 3,273,711/- (December 31, 2015: AFN 2,363,873/-) and cash in hand stated at AFN 16,626,180/- (December 31, 2016: AFN 7,062,961/-) as on December 31, 2016 since that date was prior to the time of our appointment as auditors of the entity. We were also unable to satisfy ourselves concerning these inventory quantities and the amount cash in hand by alternative means.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements give a true and fair view of the financial position of "Hotel Intercontinental" as at December 31, 2016 and of its financial performance, and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

KABUL

June 8, 2017

A handwritten signature in black ink, appearing to read 'Rafiqat Babar & Co.', written over a circular stamp of the firm.

Chartered Accountants

Engagement Partner: Shuja-ul-Mulk, FCA

HOTEL INTERCONTINENTAL
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	Note	2016 AFN	2015 AFN
ASSETS			
Non-current assets			
Property, plant and equipment	4	535,009,945	543,217,099
Capital work in progress	5	6,812,264	6,133,400
		541,822,209	549,350,499
Current assets			
Stock in trade	6	1,858,419	1,248,001
Stores and spares	7	3,273,711	2,363,872
Trade receivables	8	30,940,685	24,049,788
Due from related parties	9	14,565,376	14,609,126
Advances and prepayments	10	545,150	321,300
Cash and bank balances	11	69,622,612	32,501,990
		120,805,953	75,094,077
Total assets		662,628,162	624,444,576
LIABILITIES			
Current liabilities			
Trade payables	12	4,194,982	4,806,742
Accrued expenses and other liabilities	13	116,365,321	116,420,708
Provision for taxation	14	22,016,698	20,248,321
Bank Overdraft facility	15	40,497,700	54,255,600
Total liabilities		183,074,701	195,731,371
Net assets		479,553,461	428,713,205
REPRESENTED BY EQUITY:			
Share capital	16	1,000,000	1,000,000
General reserve		331,107,674	331,107,673
Share deposit money	17	50,000,000	50,000,000
Retained earnings		97,445,787	46,605,532
		479,553,461	428,713,205

CONTINGENCIES AND COMMITMENTS 18

The annexed notes from 1 to 27 form an integral part of these financial statements.

Kabul

General Manager

Finance Controller

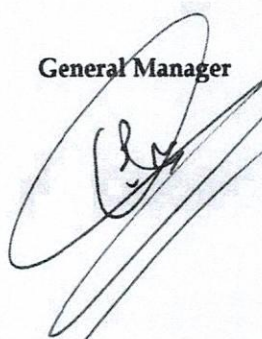
**HOTEL INTERCONTINENTAL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Note	2016 AFN	2015 AFN
Sales and services-net	19	216,095,942	165,715,852
Cost of sales and services	20	(128,064,657)	(124,477,672)
GROSS PROFIT		88,031,285	41,238,180
Administrative expenses	21	(54,766,206)	(62,244,911)
Other expenses	22	-	(3,716,204)
OPERATING PROFIT/(LOSS)		33,265,079	(24,722,934)
Other comprehensive income for the year	23	19,343,553	-
OPERATING PROFIT/(LOSS)		52,608,632	(24,722,934)
Taxation	24	(1,768,377)	-
NET COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		50,840,256	(24,722,934)

The annexed notes from 1 to 27 form an integral part of these financial statements.

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General Manager



Finance Controller



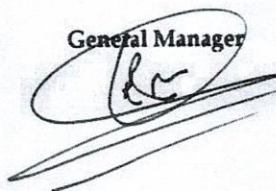
**HOTEL INTERCONTINENTAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note	2016 AFN	2015 AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	52,608,632	(24,722,934)
<i>Adjustment for non cash and other items:</i>		
Depreciation	13,095,856	18,867,053
Interest expense	3,593,217	2,721,000
Operating profit before working capital changes	69,297,705	(3,134,881)
<i>Changes in working capital:</i>		
<i>(Increase)/Decrease in current assets</i>		
Stock in trade	(610,417)	1,045,322
Stores and spares	(909,839)	(1,055,666)
Trade receivable	(6,890,898)	(3,143,861)
Due from related parties	43,750	11,515,224
Advances and prepayments	(223,850)	(18,750)
<i>Increase/(Decrease) in current liabilities</i>		
Trade payables	(611,759)	(2,806,953)
Accrued expenses and other liabilities	(55,387)	4,612,866
	(9,258,401)	10,148,183
Interest paid	(3,593,217)	(2,721,000)
Net cash generated from (used in) operations	56,446,088	4,292,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(4,888,701)	(3,886,077)
Capital work in progress	(678,865)	-
Net cash used in investing activities	(5,567,566)	(3,886,077)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents during the year	50,878,522	406,225
Cash and cash equivalents at the beginning of the year	(21,753,610)	(22,159,835)
Cash and cash equivalents at the end of the year	25	(21,753,610)

The annexed notes from 1 to 27 form an integral part of these financial statements.

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General Manager



Finance Controller



HOTEL INTERCONTINENTAL
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2016

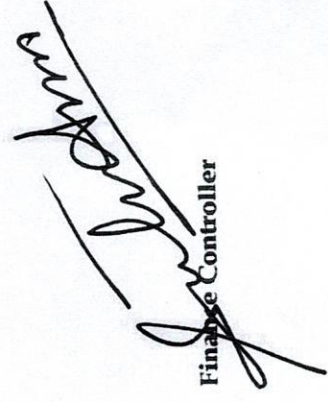
	Share capital	General Reserve	Share Deposit Money	Retained Earnings	Total
Balance as at December 31, 2014	1,000,000	331,107,674	50,000,000	71,328,466	453,436,140
Total loss for the year	-	-	-	(24,722,934)	(24,722,934)
Balance as at December 31, 2015	1,000,000	331,107,674	50,000,000	46,605,532	428,713,205
Total profit for the year	-	-	-	50,840,256	50,840,256
Balance as at December 31, 2016	1,000,000	331,107,674	50,000,000	97,445,787	479,553,461

The annexed notes from 1 to 27 form an integral part of these financial statements.

Kabul

General Manager

Finance Controller




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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1 THE ENTITY AND ITS OPERATIONS

Hotel Intercontinental is a corporation established in April 08, 1967. The hotel is mainly owned by the Government of Afghanistan through Ministry of Finance and some other government institutions and corporations. Its registered office is located at Baghe Bala road, Kabul. It is principally engaged in the provision of hotel services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values as disclosed in their respective notes.

2.3 Functional and presentation currency

These financial statements are presented in Afghani, which is the Entity's functional currency. All information in Afghani has been rounded to the nearest Afghani.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date of financial statements and the reported amounts of revenues and expenses during the reporting period. 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 basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The management continually evaluates these estimates based on the information currently available. Changes in facts and circumstances may result in revised estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign currency transactions and balances

Transactions in foreign currencies other than USD (AFN and PKRs) are recorded in USD using a uniform exchange rate of 50 USD. These amounts are then translated to Afghani at the same rate for reporting purposes. Monetary assets and liabilities denominated in USD are retranslated to Afghani at the aforementioned rate.

Transactions in Euro are translated first to USD and then to the presentation currency at the rates at which US Dollars are translated to the presentation currency.

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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3.2 Property, plant and equipment

Property, plant and equipment including all additions are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is calculated so as to write-off the assets over their expected economic lives under the reducing balance method at rates given in note 4 to the financial statements. Repair and maintenance costs are expensed as incurred.

Depreciation is charged from the time that the asset becomes available for use or is in the location and condition to be capable of operating in the manner as intended by management till the time that the asset is derecognized or classified as held for sale whichever is earlier.

The hotel recognizes the sales proceeds and related gain or loss on disposal on completion of the sales process. In determining whether revenue and gain or loss should be recorded, the hotel considers whether it:

- has a continuing managerial involvement to the degree associated with asset ownership;
- has transferred the significant risks and rewards associated with asset ownership; and
- can reliably measure and will actually receive the proceeds.

3.3 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows associated with that asset.

Non-financial assets

The carrying amount of the entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is higher of fair value less cost to sell and value in use. In the absence of any information about the fair value of a cash generating unit, the recoverable amount is deemed to be the value in use. Impairment loss is recognized as expense in the statement of comprehensive income.

Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of comprehensive income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 Stores and spares parts

These are valued at lower of cost or net realizable value using moving average method.

3.5 Stock in trade

These are stated at the lower of cost and net realizable value using First-In-First-Out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

3.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3.7 Trade receivables

Trade receivables are recorded at their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

3.8 Advances and prepayments

Advances and prepayments are carried in the statement of financial position at cost, which is the fair value of the consideration to be settled in the future for goods and services to be received.

3.9 Trade payables, accrued expenses and other liabilities

Liabilities for trade payables, accrued expenses and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services whether or not billed to the Entity.

3.10 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if required by an IFRS.

3.11 Cash and cash equivalents

Cash and cash equivalents are measured at cost. For the purpose of "statement of cash flows", cash and cash equivalents comprise cash in hand, cash at bank and bank overdraft.

3.12 Provisions

Provisions are recognized when the Entity has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

3.13 Taxation

Income tax expense comprises current tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any

Receipts from rooms rent, sales of food and beverages, and from provision of other services such as banquet services, are also subject to Business Receipts Tax (BRT) as per Afghanistan Income Tax Law.

3.14 Revenue recognition

Revenue from rooms, food and beverages, and other related services is recognized on the performance of services. Rental income from banquet hall and shops is recognized on accrual basis.

3.15 Transactions with related parties

The hotel enters into transactions with related parties for sale and provision of goods and services respectively. Prices for these transactions are determined by reference to the market fair value for such goods and services.

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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3.16 Application of a standard(s), amendment(s) or interpretation(s)

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the entity's current operations or are not expected to have significant impact on the entity's financial statements other than certain additional disclosures:

Standards / amendments / interpretations	Effective for annual periods beginning on or after
<i>Amendment to IAS 1 - Presentation of Financial Statements - Clarification of Requirements for comparative information</i>	<i>January 01, 2013</i>
<i>Amendment to IAS 16 - Property, Plant and Equipment - Classification of servicing Equipment</i>	<i>January 01, 2013</i>
<i>Amendment to IAS 19 - Employee Benefits</i>	<i>July 1, 2014</i>
<i>Amendment to IAS 32 - Financial Instruments: Presentation - Offsetting financial assets and financial liabilities</i>	<i>January 1, 2014</i>
<i>Amendments to IAS 36- Recoverable Amount Disclosures for Non-Financial Assets</i>	<i>January 1, 2014</i>
<i>The amendments to IAS 39-Novation of Derivatives and Continuation of Hedge Accounting</i>	<i>January 1, 2014</i>
<i>Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities</i>	<i>January 1, 2014</i>
<i>IFRS 15- Revenue from Contract with Customers - issued by the IASB on 28 May 2014.</i>	<i>January 1, 2017</i>
<i>Other than the aforesaid standards, interpretation and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally.</i>	

Standards or interpretations

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 9 - Financial Instruments

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Agreements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11

IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

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HOTEL INTERCONTINENTAL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

I PROPERTY, PLANT AND EQUIPMENT

"All amounts in Afghani"

Particulars	C O S T			Rate (%)	D E P R E C I A T I O N			W.D.V December 31, 2016
	January 01, 2016	Additions	Deletions		December 31, 2016	Adjustment	For the year	
Land	298,160,000	-	-	-	-	-	-	298,160,000
Building	15,449,671	2,867,140	-	5	18,316,811	-	3,962,170	14,354,641
Furniture fixtures and fittings	212,237,559	213,750	-	5	212,451,309	-	7,979,592	204,471,717
Vehicles	9,560,100	-	-	10	9,560,100	-	71,807	9,488,293
Office equipment	2,427,975	-	-	10	2,427,975	-	147,740	2,280,235
Electrical equipment	18,406,237	1,162,010	-	10	19,568,247	-	678,955	18,889,292
Computers and accessories	2,252,030	301,401	-	33	2,553,431	-	175,979	2,377,452
Heating and cooling system	67,470,000	-	-	5	67,470,000	-	2,561,450	64,908,550
Others	18,757,715	344,400	-	5	19,102,115	-	724,826	18,377,289
December 31, 2016	644,721,287	4,888,701	-		649,609,988	-	13,095,856	536,514,132
December 31, 2015	640,835,210	3,886,077	-		644,721,287	-	18,867,051	525,854,236

I.1 Allocation of Depreciation

DESCRIPTION	December 31, 2016			December 31, 2015		
	Cost of sales 96%	Administrative expenses 4% AFN	Total Depreciation	Cost of sales 97%	Administrative expenses 3% AFN	Total Depreciation
Building	725,287	30,220	755,507	749,309	23,175	772,484
Furniture fixtures and fittings	7,660,408	319,184	7,979,592	10,293,522	318,356	10,611,878
Vehicles	68,935	2,872	71,807	927,330	28,680	956,010
Office equipment	141,830	5,910	147,740	235,514	7,284	242,798
Electrical equipment	651,797	27,158	678,955	1,785,405	55,219	1,840,624
Computers and accessories	168,940	7,039	175,979	127,917	3,956	131,873
Heating and cooling system	2,458,992	102,458	2,561,450	3,272,295	101,205	3,373,500
Others	695,833	28,993	724,826	909,749	28,137	937,886
Total	12,572,022	523,834	13,095,856	18,301,039	566,012	18,867,051

HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 AFN	2015 AFN
5 CAPITAL WORK IN PROGRESS			
Opening Balance		6,133,400	6,133,400
Additions during the year:			
Construction of boundry wall		678,864	-
Building heating and cooling system		-	-
Works completed and transferred to Property, plant and equipment:			
Building decoration and renovation		-	-
Extension of Lobby		-	-
Building heating and cooling system		-	-
		6,812,264	6,133,400
6 STOCK IN TRADE			
Food & beverages		1,268,255	1,248,001
Guest supply stock		590,164	-
		1,858,419	1,248,001
7 STORES AND SPARES			
Kitchen Fuel (gas)		405,379	273,480
Fuel (diesel)		460,827	52,814
Cleaning Supplies		1,005,208	968,497
Maintenance Supplies		852,384	722,002
Stores and spares		549,913	347,079
		3,273,711	2,363,872
8 TRADE RECEIVABLES			
Accrued room occupation charges		-	2,058,513
Trade debtors less provision	8.1	35,873,061	24,768,851
Due from Ministries	8.2	9,633,000	11,831,550
Due from related parties		(14,565,376)	(14,609,126)
		30,940,685	24,049,788
8.1 Trade debtors less provision			
Trade debtors		35,873,061	30,428,001
Less: Provision for doubtful debts		-	(5,659,150)
		35,873,061	24,768,851
8.2 Due from Ministries			
Ministry of Education		420,100	544,100
Ministry of Mines		476,650	476,650
Ministry of Communication & IT		577,700	1,341,100
Ministry of Refuges		100,850	100,850
Ministry of Power		-	203,350
Ministry of labor Social Affairs		8,650	8,650
Ministry of Foreign affairs		2,421,400	2,421,400
Ministry of Interior affairs		1,355,800	1,641,050
Ministry of information & Culture		2,637,150	2,637,150
Ministry of Commerce & Industries		-	822,550
Presidential office		1,573,000	1,573,000
Ministry of Narcotics		61,700	61,700
		9,633,000	11,831,550

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HOTEL INTERCONTINENTAL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 AFN	2015 AFN
9 DUE FROM RELATED PARTIES			
Ariana Afghan Airlines		13,574,850	13,574,850
Ministry of Finance		990,526	1,034,276
		14,565,376	14,609,126
10 ADVANCES AND PREPAYMENTS			
Salary advance		545,150	321,300
		545,150	321,300
11 CASH AND BANK BALANCES			
Cash in hand		16,626,180	7,062,962
Cash at bank	11.1	52,996,432	25,439,028
		69,622,612	32,501,990
11.1 Cash at bank			
Pashtany bank USD A/C #: 02100123		43,701,015	11,458,013
Pashtany bank AFN A/C #: 1100400		9,295,417	13,981,015
		52,996,432	25,439,028
12 TRADE PAYABLES			
Payable to suppliers		694,982	4,806,742
Advance received from suppliers		3,500,000	-
		4,194,982	4,806,742
13 ACCRUED EXPENSES AND OTHER LIABILITIES			
Accrued salaries		-	3,103,200
Electricity & water bills		1,911,671	6,763,853
Business receipt tax	13.1	83,577,159	74,956,859
Withholding tax payable		27,701,327	28,652,549
Tip payable		10,800	10,000
Municipality tax		1,100,914	2,934,247
TDS Payable		1,689,810	-
Payable to Maihan Construction Co.		373,640	-
		116,365,321	116,420,708
13.1 Business receipt tax (BRT) payable			
Opening balance		74,956,859	74,164,459
BRT accrued on revenue during the year		24,010,660	18,412,872
Tax withheld by customers		(2,390,360)	(4,247,992)
BRT paid during the year		(13,000,000)	(13,372,480)
		83,577,159	74,956,859
14 PROVISION FOR TAXATION			
Opening balance of provision for income tax		20,248,321	20,248,321
Provision for the year		(1,768,377)	-
Payment during the year		-	-
		22,016,698	20,248,321

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HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 AFN	2015 AFN
15 BANK OVERDRAFT			
This represents overdraft facility obtained from Bank Milli Afghan with a limit of USD 2,000,000/- and carrying interest rate of 5% payable in arrears on monthly basis. The overdraft facility is especially aimed at meeting the working capital requirements of the hotel.			
16 SHARE CAPITAL			
	% age Share		
Shareholders			
Ministry of Finance	65.50	655,000	655,000
Ministry of Transportation	12.29	122,900	122,900
Ariana Afghan Airlines	12.13	121,300	121,300
Pashtany Bank	6.44	64,400	64,400
Afghan National Insurance Corporation	2.20	22,000	22,000
Speenzer Kunduz Limited	1.44	14,400	14,400
	100	1,000,000	1,000,000
17 SHARE DEPOSIT MONEY			
Share deposit Money		50,000,000	50,000,000
		50,000,000	50,000,000
This represent an amount of USD 1,000,000/- (equivalent to AFN 50,000,000/-) received from the Ministry of Finance, Government of Afghanistan. This amount is intended for a proportionate increase in the share of the Ministry of Finance. However in the absence of a resolution of the board of directors in this regard, this amount has been recognized as a share deposit money.			
18 CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments outstanding at the year end. (December 2015: none).			
19 SALES AND SERVICES-NET			
Rooms reservation income		67,976,270	33,600,850
Food and beverages		162,670,798	139,291,934
Other related services		441,797	3,054,040
Banquet hall and shops rent		9,200,500	9,008,100
Discounts and commissions		(182,763)	(826,200)
Business Receipts Tax		(24,010,660)	(18,412,872)
		216,095,942	165,715,852
20 COST OF SALES AND SERVICES			
Direct Expenses			
Food and beverages		66,614,404	58,092,076
Salaries, wages and benefits		13,613,881	13,478,216
Communication and other related services		1,639,045	1,566,850
Heat, light and power		27,975,555	26,275,045
Room related supplies		3,357,762	4,529,410
Repair and maintenance		1,421,313	1,051,612
Depreciation	4.1	12,572,022	18,301,039
Uniforms		134,175	211,554
Laundry and cleaning		166,900	5,720
Music and entertainment		569,600	966,150
		128,064,657	124,477,672

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HOTEL INTERCONTINENTAL
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 AFN	2015 AFN
21 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		40,841,643	42,522,995
Vehicle running and maintenance		-	1,016,089
Bank and interest charges		3,728,095	2,782,619
Auditors' remuneration and expenses		129,200	190,000
Rent, rates and taxes		-	2,917,544
Repair and maintenance		6,104,778	11,187,313
Transportation and conveyance		376,279	223,600
Printing & stationery		466,479	550,685
Security & liaison		108,880	-
Depreciation	4.1	523,834	566,012
Miscellaneous		2,487,018	288,054
		54,766,206	62,244,911
22 OTHER EXPENSES			
Exchange loss-net		-	3,716,204
		-	3,716,204
23 OTHER INCOME			
Antenna Charges		620,000	-
Fixed Assets Sales		474,000	-
Currency translation Gain/(Loss)		14,882,173	-
Massage Centre Rent		1,579,080	-
Shop Rent		1,788,300	-
		19,343,553	-
24 TAXATION			
Operating profit for the year before tax		52,608,632	-
Currency translation Gain/(Loss)		(14,882,173)	-
Adjustment of brought forward losses	24.1	(28,884,576)	-
Taxable profit/(loss) for the year		8,841,883	(24,722,934)
Income tax rate for the year		20%	20%
Tax for Current year		1,768,377	-

24.1 ADJUSTMENT OF BROUGHT FORWARD LOSSES

	Brought forward losses	1/3 Adjustment	Deduction allowed against taxable income for the period	Deduction allowed against taxable income for the period
Year 2013	(46,637,337)	(15,545,779)	(15,545,779)	-
Year 2014	(15,293,457)	(5,097,819)	(5,097,819)	-
Year 2015	(24,722,934)	(8,240,978)	(8,240,978)	-
			(28,884,576)	-

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**HOTEL INTERCONTINENTAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Note	2016 AFN	2015 AFN
25 CASH AND CASH EQUIVALENTS			
Cash and bank balances		69,622,612	32,501,990
Bank overdraft		(40,497,700)	(54,255,600)
		29,124,912	(21,753,610)

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in their meeting held on _____.

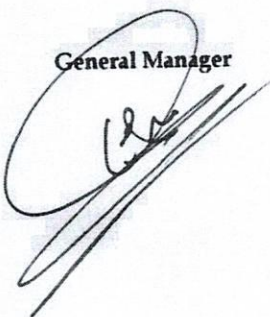
27 GENERAL

Figures have been rounded off the nearest Afghani.

Abus

Kabul

General Manager



Finance Controller

