NISHAT HOSPITALITY (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nishat Hospitality (Private) Limited ('company') as at June 30, 2014 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2.1 with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

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(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the loss, changes in equity and its cash flows for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Lahore, September 16, 2014

Engagement Partner: Muhammad Masood

NISHAT HOSPITALITY (PRIVATE) LIMITED
BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
120,000,000 (2013 : 60,000,000) ordinary shares of Rs 10 each		1,200,000,000	600,000,000
Issued, subscribed and paid up share capital			
119,999,901 (2013 : 48,617,610) ordinary shares of Rs 10 each	5	1,199,999,010	486,176,100
Accumulated loss		(93,014,588)	(6,299,990)
		1,106,984,422	479,876,110
NON - CURRENT LIABILITIES			
Deferred income tax liabilities	6	-	162,927
CURRENT LIABILITIES			
Trade and other payables	7	235,229,095	33,369,508
Short term borrowings - unsecured	8	193,867,240	-
Accrued finance cost	9	806,078	-
		429,902,413	33,369,508
CONTINGENCIES AND COMMITMENTS	10	-	-
		1,536,886,835	513,408,545

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,397,460,898	494,170,089
Intangible assets	12	18,570,685	-
Long term deposits		1,064,500	814,500
Deferred income tax assets	6	17,389,662	-
		1,434,485,745	494,984,589
CURRENT ASSETS			
Stores and spares		6,063,135	-
Stock-in-trade	13	1,363,931	-
Trade debts	14	14,930,386	4,582,193
Income tax recoverable		17,049,384	2,908,090
Advances, deposits, prepayments and other receivables	15	55,208,229	5,374,775
Cash and bank balances	16	7,786,025	5,558,898
		102,401,090	18,423,956
		1,536,886,835	513,408,545

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

Director

NISHAT HOSPITALITY (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Revenue	17	52,210,602	22,475,218
Cost of sales and services	18	(131,355,398)	(20,480,950)
Gross profit		(79,144,796)	1,994,268
Administrative expenses	19	(22,807,064)	(4,020,040)
Other income	20	137,130	2,239
Loss from operations		(101,814,730)	(2,023,533)
Finance cost	21	(2,452,457)	(129,214)
Loss before taxation		(104,267,187)	(2,152,747)
Taxation	22	17,552,589	(247,584)
Loss after taxation		(86,714,598)	(2,400,331)
Loss per share - basic and diluted	23	(0.99)	(0.09)

The annexed notes 1 to 33 form an integral part of these financial statements.

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Chief Executive Director **Director**

NISHAT HOSPITALITY (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
Loss for the year	(86,714,598)	(2,400,331)
Other comprehensive income	-	-
Total comprehensive loss for the year	(86,714,598)	(2,400,331)

The annexed notes 1 to 33 form an integral part of these financial statements.

Director

Chief Executive **Director**

NISHAT HOSPITALITY (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Rupees		
	Share capital	Accumulated loss	Total
Balance as on July 01, 2012	199,950,000	(3,899,659)	196,050,341
Loss for the year	-	(2,400,331)	(2,400,331)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(2,400,331)	(2,400,331)
Ordinary shares issued against cash	286,226,100	-	286,226,100
Total contributions by and distributions to owners of the Company	286,226,100	-	286,226,100
Balance as on June 30, 2013	486,176,100	(6,299,990)	479,876,110
Loss for the year	-	(86,714,598)	(86,714,598)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(86,714,598)	(86,714,598)
Ordinary shares issued against cash	713,822,910	-	713,822,910
Total contributions by and distributions to owners of the Company	713,822,910	-	713,822,910
Balance as on June 30, 2014	1,199,999,010	(93,014,588)	1,106,984,422

The annexed notes 1 to 33 form an integral part of these financial statements.

Director

Chief Executive **Director**

NISHAT HOSPITALITY (PRIVATE) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Cash flows from operating activities			
Cash generated from operations	24	82,499,211	368,986
Finance cost paid		(1,646,379)	(129,214)
Income tax paid		(14,141,294)	(2,934,219)
Net cash generated from / (used in) operating activities		66,711,538	(2,694,447)
Cash flows from investing activities			
Purchases of property, plant and equipment		(951,967,970)	(279,517,560)
Purchases of intangible assets		(19,956,591)	-
Security deposit paid		(250,000)	(814,500)
Net cash used in investing activities		(972,174,561)	(280,332,060)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		713,822,910	286,226,100
Proceeds from short term borrowings		193,867,240	-
Net cash inflow from financing activities		907,690,150	286,226,100
Net increase in cash and cash equivalents		2,227,127	3,199,593
Cash and cash equivalents at the beginning of the year		5,558,898	2,359,305
Cash and cash equivalents at the end of the year	25	7,786,025	5,558,898

The annexed notes 1 to 33 form an integral part of these financial statements.

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Director

Chief Executive **Director**

NISHAT HOSPITALITY (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. The Company and its operations

Nishat Hospitality (Private) Limited ('the Company') was incorporated in Pakistan on July 01, 2011 as a private limited company under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Mills Limited, a listed company. The address of the registered office of the Company is 1-B Aziz Avenue, Canal Bank, Gulberg V, Lahore. The principal activity of the Company is to carry on the business of hotel, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Company

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- Amendment to IFRS 7, Financial instruments: Disclosures , on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

-Amendment to IAS 16, 'Property, Plant and Equipment' which clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The change in this requirement is considered to be a change in accounting policy and applies retrospectively to all prior periods presented. As there is no material effect in the information in the balance sheet in the prior year and at the beginning of the earliest period presented, therefore, the Company has not presented that balance sheet.

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2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2014 or later periods, and the Company has not early adopted them:

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32,'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

3. Basis of measurement

These financial statements have been prepared under the historical cost convention.

3.1 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

(b) Taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature are in accordance with the law, the amounts are shown as contingent liabilities.

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4. Significant accounting policies

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

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. 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 the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

4.2 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation on all property, plant and equipment is charged to the profit and loss account on the reducing balance method, except for crockery which is being depreciated using the straight line method, so as to write off the historical cost of such assets over its estimated useful life at annual rates mentioned in note 11.1 after taking into account their residual values.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

4.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these assets are available for use.

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4.4 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to operating assets category as and when such items are available for use.

4.5 Intangible assets

Amortisation on additions to intangible assets is charged from the date when the asset is acquired or capitalised upto the date when the asset is de-recognized.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Trade debts

Trade debts are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.7 Stores and spares

Usable stores and spares are valued principally at lower of weighted average cost and net realizable value, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

4.8 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realizable value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

4.9 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost with any difference between proceeds (net of transaction costs) and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as a current liability unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

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4.10 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables, etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently.

4.11 Impairment

(a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

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4.14 Provisions

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

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.16 Revenue recognition

Revenue is generally recognized as services are performed. Hotel revenue primarily represents room rentals and other ancillary service charges.

4.17 Foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

5. Issued, subscribed and paid up share capital

2014	2013		2014	2013
Number of shares			Rupees	Rupees
119,999,901	48,617,610	Ordinary shares of Rs 10 each fully paid in cash	1,199,999,010	486,176,100

The holding company, Nishat Mills Limited, holds 119,999,898 ordinary shares of the Company as at June 30, 2014 (2013: 48,617,607).

6. Deferred taxation

	2014 Rupees	2013 Rupees
The (asset) / liability for deferred taxation comprises temporary differences relating to:		
Deferred tax liability		
Accelerated tax depreciation	142,934,170	162,927
Deferred tax assets		
Unabsorbed tax losses and tax credits	(160,323,832)	-
	(17,389,662)	162,927

6.1 The Company has not recognized deferred tax assets of Rs 20,553,164 (2013: Rs 2,216,742) in respect of business losses and Rs 269,018 (2013: Rs 269,018) in respect of minimum tax paid and available for carry forward u/s 113 of the Income Tax Ordinance, 2001, as sufficient tax profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs 154,465 and Rs 114,553 would not be available for carry forward against future tax liabilities subsequent to 2017 and 2018, respectively. Tax losses amounting to Rs 3,694,223, Rs 2,061,028 and Rs 54,695,233 will expire in 2018, 2019 and 2020, respectively.

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		2014 Rupees	2013 Rupees
7. Trade and other payables			
Trade creditors	- note 7.1	181,315,862	19,253,393
Franchise fee payable		792,648	-
Retention money payable		41,914,919	12,922,398
Accrued liabilities		7,847,521	43,848
Due to related party - the holding company	- note 7.2	89,496	206,333
Due to statutory authorities		2,373,657	796,001
Due to provincial authorities - bed tax		888,994	142,535
Advances from customers		5,998	5,000
		235,229,095	33,369,508

7.1 Includes an amount of Nil (2013: Rs 982,327) payable to D.G. Khan Cement Company Limited, an associate company.

7.2 This amount is payable to related Nishat Mills Limited, the holding company, on account of reimbursement of expenses.

8. This represents short term loan acquired from Nishat Mills Limited - the holding company. The amount is repayable on March 25, 2015. The effective rate of markup charged during the year on the outstanding balance ranges from 6.18% to 7.71% per annum.

9. This represents accrued finance charges on the short term loan acquired from Nishat Mills Limited, the holding company.

10. Contingencies and commitments

10.1 Contingencies

(i) The Company has issued letter of guarantees of Rs 1,806,000 (2013: 153,064) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.

(ii) Post dated cheques furnished by the Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rs 2,945,455 (2013: 2,002,349).

10.2 Commitments

(i) Contracts for capital expenditure Nil (2013: Rs 235,100,597)

(ii) The amount of future payments to Nishat Mills Limited, the holding company, under operating leases and the period in which these payments will become due are as follows:

	2014 Rupees	2013 Rupees
Not later than one year	13,769,800	12,518,000
Later than one year and not later than five years	92,472,607	84,066,006
Later than five years - cannot be determined due to unspecified period of the lease	-	-
	106,242,407	96,584,006

11. Property, plant and equipment

		2014 Rupees	2013 Rupees
Operating fixed assets	- note 11.1	1,395,835,055	2,738,883
Capital work-in-progress	- note 11.2	-	491,431,206
Major spare parts and stand-by equipment		1,625,843	-
		1,397,460,898	494,170,089

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	2014 Rupees	2013 Rupees
11.2 Capital work-in-progress		
Building on leasehold land	-	328,081,942
Plant and machinery	-	45,419,017
Advance against goods and services - considered good	-	114,612,595
Unallocated expenses	-	3,317,652
	-	491,431,206

	Franchise fee	Computer software Rupees	Total
13. Intangible assets			
COST			
Balance as at July 01, 2012	-	-	-
Additions during the year	-	-	-
Balance as at June 30, 2013	-	-	-
Balance as at July 01, 2013		-	-
Additions during the year	9,834,735	9,630,743	19,465,478
Balance as at June 30, 2014	9,834,735	9,630,743	19,465,478
AMORTIZATION			
Balance as at July 01, 2012	-	-	-
Additions during the year	-	-	-
Balance as at June 30, 2013	-	-	-
Balance as at July 01, 2013	-	-	-
Charge for the year - note 19	264,056	630,737	894,793
Balance as at June 30, 2014	264,056	630,737	894,793
Written down value as at June 30, 2013	-	-	-
Written down value as at June 30, 2014	**9,570,679**	**9,000,006**	**18,570,685**
Annual amortization rate %	**20**	**20**	

13. This represents food and beverage items.

14. Trade debts - unsecured

These are considered good and are interest free. Trade debts include the following amounts due from related parties:

	2014 Rupees	2013 Rupees
MCB Bank Limited - an associate company	165,222	-
Nishat Hotel & Properties Limited - an associate company	1,374,905	166,939
Lalpir Power Limited - an associate company	133,469	-
Nishat Mills Limited - the holding company	464,134	-
D.G. Khan Cement Company Limited - an associate company	238,716	-
	2,376,446	166,939

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11.1 **Operating fixed assets**

	Land	Building	Plant and machinery	Electric installation	Office equipment	Furniture, fixture and fittings	Computers	Vehicles	Kitchen equipments	Crockery	Total
						(Rupees)					
COST											
Balance as at July 01, 2012	-	-	-	-	-	49,250	152,467	-	-	-	201,717
Additions during the year	-	-	-	-	-	-	104,046	2,545,914	-	-	2,649,960
Balance as at June 30, 2013	-	-	-	-	-	49,250	256,513	2,545,914			2,851,677
Balance as at July 01, 2013	-	-	-	-	-	49,250	256,513	2,545,914		-	2,851,677
Transferred from CWIP	-	946,503,578	-	197,834,868	-	-	-	-		-	1,144,338,446
Additions during the year	19,129,036	-	125,265,085	-	10,251,042	92,175,853	10,377,754	7,477,213	18,100,364	14,658,540	297,434,887
Balance as at June 30, 2014	**19,129,036**	**946,503,578**	**125,265,085**	**197,834,868**	**10,251,042**	**92,225,103**	**10,634,267**	**10,023,127**	**18,100,364**	**14,658,540**	**1,444,625,010**
DEPRECIATION											
Balance as at July 01, 2012	-	-	-	-	-	1,753	19,322	-	-	-	21,075
Charge for the year	-	-	-	-	-	4,750	53,489	33,480	-	-	91,719
Balance as at June 30, 2013	-	-	-	-	-	6,503	72,811	33,480	-	-	112,794
Balance as at July 01, 2013	-	-	-	-	-	6,503	72,811	33,480	-	-	112,794
Charge for the year	-	30,454,612	4,118,731	6,110,509	254,033	2,942,447	1,008,951	944,692	1,209,997	1,633,189	48,677,161
Balance as at June 30, 2014	-	**30,454,612**	**4,118,731**	**6,110,509**	**254,033**	**2,948,950**	**1,081,762**	**978,172**	**1,209,997**	**1,633,189**	**48,789,955**
Book value as at June 30, 2014	**19,129,036**	**916,048,966**	**121,146,354**	**191,724,359**	**9,997,009**	**89,276,153**	**9,552,505**	**9,044,955**	**16,890,367**	**13,025,351**	**1,395,835,055**
Book value as at June 30, 2013	-	-	-	-	-	**42,747**	**183,702**	**2,512,434**	-	-	**2,738,883**
Annual depreciation rate	-	**10%**	**10%**	**10%**	**10%**	**10%**	**30%**	**20%**	**20%**	**33%**	

11.1.1 The depreciation charge for the year has been allocated as follows:

		June 30 2014	June 30 2013
		Rupees	
Cost of sales	- note 18	43,809,445	40,241
Administrative expenses	- note 19	4,867,716	51,478
		48,677,161	91,719

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Ageing analysis of the amounts due from related parties is as follows:

	1 to 3 months Rupees	More than 3 months Rupees	2014 Rupees
MCB Bank Limited - an associate company	117,157	48,065	165,222
Nishat Hotel & Properties Limited - an associate company	972,177	402,728	1,374,905
Lalpir Power Limited - an associate company	116,991	16,478	133,469
Nishat Mills Limited - the holding company	354,914	109,220	464,134
D.G. Khan Cement Company Limited - an associate company	238,716	-	238,716
	1,799,955	576,491	2,376,446

	1 to 3 months Rupees	More than 3 months Rupees	2013 Rupees
Nishat Hotel & Properties Limited - an associate company	166,939	-	166,939
	166,939	-	166,939

15. Advances, deposits, prepayments and other receivables

		2014 Rupees	2013 Rupees
Advances - considered good			
- To employees	- note 15.1	427,696	170,192
- To suppliers		16,660,566	52,512
		17,088,262	222,704
Prepayments	- note 15.2	691,049	-
Balances with statutory authorities - sales tax (considered good)			
- Sales tax		37,317,161	5,144,666
- Excise duty		110,757	6,405
		37,427,918	5,151,071
Other receivables - considered good		1,000	1,000
		55,208,229	5,374,775

15.1 Included in advances to employees is an amount due from executives of Rs 36,990 (2013: 32,678).

15.2 Included in prepayments is an amount due from Security General Insurance Company Limited - an associate company of Rs 378,788 (2013: Nil).

16. Cash and bank balances

		2014 Rupees	2013 Rupees
At bank on:			
- Current accounts	- note 16.1	7,591,125	5,147,398
- Saving account	- note 16.2	8,113	286,815
		7,599,238	5,434,213
Cash in hand		186,787	124,685
		7,786,025	5,558,898

16.1 Included in current accounts is an amount of deposit with MCB Bank Limited - an associate company of Rs 4,303,436 (2013: 4,693,554).

16.2 Profit on balance in saving account is 6.5% (2013: 6%) per annum.

			2014 Rupees	2013 Rupees
17.	**Revenue**			
Room rent			50,203,499	26,773,187
Services		- note 17.1	14,020,693	1,281,343
		- note 17.2	64,224,192	28,054,530
Less:	Sales tax		(8,807,615)	(3,869,657)
	Bed tax		(3,205,975)	(1,709,655)
			(12,013,590)	(5,579,312)
			52,210,602	22,475,218

17.1 This represents the revenue from providing laundry, food services, sale of minibar items and other ancillary services.

17.2 These include sales and services provided to the following related parties:

	2014 Rupees	2013 Rupees
D.G. Khan Cement Company Limited - an associate company	238,716	-
MCB Bank Limited - an associate company	170,092	-
Lalpir Power Limited - an associate company	149,366	337,711
Nishat Dairy (Private) Limited - an associate company	-	488,629
Nishat Hotels & Properties Limited - an associate company	1,560,702	589,448
Nishat Linen (Private) Limited - an associate company	-	73,420
Nishat Mills Limited - the holding company	601,688	2,330,209
	2,720,564	3,819,417

18. Cost of sales and services

Salaries, wages and other benefits	- note 18.1	25,704,758	4,088,773
Fuel, electricity and gas		20,662,124	849,414
Food and beverage cost		8,295,753	-
Minibar cost		40,158	455,542
SPA cost		1,586,617	-
Uniform cost		914,398	48,097
Decoration expenses		165,800	-
Royalty		1,889,163	-
Guest transportation charges		56,680	54,825
Guest supplies		1,939,829	2,701,660
Entertainment		16,597	93,907
Newspapers and journals		86,541	78,209
Advertisement		2,109,411	-
Rent	- note 18.2	11,271,187	8,960,000
Laundry and dry cleaning		143,661	561,291
Cleaning supplies		1,495,854	741,059
Communication charges		590,717	346,442
Traveling and conveyance		3,313,997	678,432
Printing and stationary		1,343,396	76,707
Repair and maintenance		2,657,882	548,573
Depreciation on property, plant and equipment	- note 11.1.1	43,809,445	40,241
Insurance		897,570	18,689
Computer supplies		29,400	7,031
Miscellaneous expenses		2,334,460	132,058
		131,355,398	20,480,950

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18.1 Salaries, wages and other benefits include provident fund contribution of Rs 359,760 (2013: Rs 189,757) by the Company.

18.2 This represents expense against lease of land of Nishat Mills Limited, the holding company.

19. Administrative expenses

		2014 Rupees	2013 Rupees
Salaries, wages and other benefits	- note 19.1	8,299,552	365,049
Fees and subscription		1,845,375	311,400
Printing and stationery		78,877	28,915
Auditor's remuneration	- note 19.2	533,185	295,655
Rent, rates and taxes	- note 19.3	1,389,313	1,496,700
Entertainment		223,605	280,575
Traveling and conveyance		985,379	24,780
Repair and maintenance		225,625	14,400
Advertisement		191,535	71,107
Legal and professional charges		1,527,970	811,800
Depreciation on property, plant and equipment	- note 11.1.1	4,867,716	51,478
Amortisation of intangible assets	- note 12	894,793	-
Postage and telegram		1,250	8,572
Communication charges		79,595	179,224
Insurance		135,091	-
Computer supplies		942,633	80,385
Miscellaneous expenses		585,570	-
		22,807,064	4,020,040

19.1 Salaries, wages and other benefits include provident fund contribution of Rs 247,120 (2013: Rs 16,502) by the Company.

19.2 Auditor's remuneration

	2014 Rupees	2013 Rupees
Audit fee	500,000	275,000
Out of pocket expenses	33,185	20,655
	533,185	295,655

19.3 Includes rent of Rs 1,248,813 (2013: Rs 1,420,000) against lease of land of Nishat Mills Limited, the holding company.

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20. This represents profit on bank deposits.

	2014 Rupees	2013 Rupees
21. Finance cost		
Mark-up on short term finance	1,934,757	-
Bank charges	517,700	129,214
	2,452,457	129,214

22. Taxation		
Current - for the year	-	114,553
Deferred	(17,552,589)	133,031
	(17,552,589)	247,584

	2014 % age	2013 % age
22.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
- Tax losses for which no deferred tax asset has been recognized	(17.84)	(41.18)
- Effect of change in tax rate	0.47	-
- Others	0.20	-
- Minimum tax for which no deferred tax asset has been recognized	-	(5.32)
	(17.17)	(46.50)
Average effective tax rate	16.83	(11.50)

22.2 In view of the available income tax loss, the provision for current taxation represents tax under section 113 'Minimum tax on income of certain persons'. Tax under 'Minimum tax' is available for carry forward and adjustment for five tax years immediately succeeding the tax year for which the amount was paid.

For the purposes of current taxation, the tax losses available for carry forward as at June 30, 2014 is estimated approximately at Rs 518,518,575 (2013: Rs 6,333,547).

23. Loss per share

23.1 Loss per share - basic

		2014	2013
Loss for the year	**Rupees**	(86,714,598)	(2,400,331)
Weighted average number of ordinary shares	**Number**	87,589,504	27,736,206
Loss per share - basic	**Rupees**	(0.99)	(0.09)

23.2 Loss per share - diluted

A diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2014 and June 30, 2013 which would have any effect on the loss per share if the option to convert is exercised.

	2014 Rupees	2013 Rupees

24. Cash generated from operations

	2014 Rupees	2013 Rupees
Loss before tax for the year	(104,267,187)	(2,152,747)
Adjustment for non cash charges and other items:		
- Depreciation on property, plant and equipment	48,677,161	91,719
- Amortization on intangible assets	1,385,906	-
- Finance cost	2,452,457	129,214
Loss before working capital changes	(51,751,663)	(1,931,814)
Effect on cash flow due to working capital changes:		
- Increase in trade debts	(10,348,193)	(1,642,299)
- Increase in stores and spares	(6,063,135)	-
- Increase in stock-in-trade	(1,363,931)	-
- Increase in advances, deposits, prepayments and other receivables	(49,833,454)	(1,277,990)
- Increase in trade and other payables	201,859,587	5,221,089
	134,250,874	2,300,800
	82,499,211	368,986

25. Cash and cash equivalents

	2014 Rupees	2013 Rupees
Cash and bank balances	7,786,025	5,558,898

26. Remuneration of Chief Executive, Directors and Executives

26.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2014 Rupees		
	Chief Executive	Directors	Executives
Short term employee benefits			
Managerial remuneration	-	-	5,286,377
Housing rent	-	-	1,471,962
Medical expenses	-	-	528,717
Bonus	-	-	-
Adhoc allowance	-	-	39,649
Meal allowance	-	-	-
Cost of living allowance	-	-	34,693
Special allowance	-	-	39,649
Utilities	-	-	528,717
	-	-	7,929,764
Post employment benefits			
Contribution to provident fund	-	-	509,268
	-	-	8,439,032
Number of persons	1	3	10

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	2013		
	Rupees		
	Chief Executive	Directors	Executives
Short term employee benefits			
Managerial remuneration	-	-	930,508
Housing rent	-	-	269,847
Medical expenses	-	-	93,051
Bonus	-	-	65,313
Adhoc allowance	-	-	2,800
Meal allowance	-	-	54,000
Cost of living allowance	-	-	350
Special allowance	-	-	2,800
Utilities	-	-	60,251
	-	-	1,478,920
Post employment benefits			
Contribution to provident fund	-	-	54,074
	-	-	1,532,994
Number of persons	1	3	2

The Company also provides the executives with company maintained cars.

27. Transactions with related parties

The related parties comprise the parent company, associated undertakings, other related parties, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 26. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	2014 Rupees	2013 Rupees
i. Holding company	Subscription of issued capital	713,822,910	286,226,100
	Short term borrowings	193,867,240	-
	Markup paid on short term borrowings	1,128,679	-
	Reimbursement of expenses to the company	236,573	1,003,657
	Purchase of goods and services	12,717,438	10,380,000
	Sale of services	601,688	2,330,209
ii. Associated companies	Purchase of goods and services	4,067,120	10,280,935
	Sale of services	2,118,876	1,489,208
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans - Provident Fund	982,505	271,347

		2014	2013

28. Capacity

		2014	2013
Nishat Suites - Average occupancy	% age	42	95
Number of rooms letable		61	12

29. Number of employees

	2014	2013
Total number of employees as at June 30	169	19
Average number of employees during the year	93	17

30. Provident fund

			2014 Rupees	2013 Rupees
(i)	Size of the Fund		982,505	740,365
(ii)	Cost of investments made		982,505	740,365
(iii)	Percentage of investments made		100%	100%
(iv)	Fair value of investments	- note 30.1	982,505	740,365

30.1 The breakup of fair value of investments is:

	2014		2013	
	Rupees	% age	Rupees	% age
Special account in a scheduled bank	982,505	100%	740,365	100%

The figures for 2014 and 2013 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

31. Financial risk management

31.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's Board of Directors (the Board). The Board has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to three types of market risk: currency risk, other price risk and interest rate risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company's foreign exchange risk exposure is limited to the outstanding foreign currency commitments at any balance sheet date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as it does not have any investment in equity securities.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	2014 Rupees	2013 Rupees
Fixed rate instruments:		
Financial assets		
Bank balances - saving account	8,113	286,815
Financial liabilities	-	-
Net exposure	8,113	286,815

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises primarily from advances against capital work in progress, trade debtors, other receivables and deposits with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 Rupees	2013 Rupees
Long term deposit	1,064,500	814,500
Trade debts - unsecured	14,930,386	4,582,193
Advances, deposits, prepayments and other receivables	17,089,262	223,704
Bank balances	7,599,238	5,434,213
	39,618,886	10,240,110

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The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating	2014	2013
	Short term	Long term	Agency	Rupees	Rupees
MCB Bank Limited	A1+	AAA	PACRA	4,303,436	4,693,554
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,060,467	349,383
Bank Alfalah Limited	A1+	AA	PACRA	2,235,335	391,276
				7,599,238	5,434,213

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

	Carrying amount Rupees	Less than one year Rupees	More than one year Rupees
The following are the contractual maturities of financial liabilities:			
At June 30, 2014			
Trade and other payables	235,229,095	235,229,095	-
At June 30, 2013			
Trade and other payables	33,369,508	33,369,508	-

31.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

31.3 Financial instruments by categories

	Loans and receivables	
	2014	2013
	Rupees	Rupees
Assets as per balance sheet		
Long term deposit	1,064,500	814,500
Trade debtors	14,930,386	4,582,193
Advances, deposits and other receivables	17,089,262	223,704
Cash and bank balances	7,786,025	5,558,898
	39,805,673	10,364,795

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	Financial liabilities at amortised cost	
	2014 Rupees	2013 Rupees
Liabilities as per balance sheet		
Trade and other payables	235,229,095	33,369,508

31.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As the Company is a wholly equity financed company, capital comprises all components of equity (shares capital and accumulating losses) as mentioned on the face of balance sheet, and is raised as required, through the approval of the Board of Directors.

32. Date of authorisation for issue

These financial statements were authorised for issue on September 16th, 2014 by the Board of Directors of the Company.

33. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangement has been made.

Director

Chief Executive **Director**