

AEG ENTERPRISES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AEG Enterprises (Private) Limited** as at December 31, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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 accounts 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;
 - 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;
- 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 comprehensive income, cash flow statement and statement of changes in equity 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 December 31, 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: April 8, 2016
Karachi

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AEG ENTERPRISES (PRIVATE) LIMITED
 BALANCE SHEET
 AS AT DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Long-term investment	4	126,958,228	126,958,228
Intangible asset	5	1	1
Current assets			
Deposits, prepayments and other receivables	6	1,201,770	2,344,639
Taxation refundable - net		-	80,804
Balances with banks	7	15,375,699	22,774,714
		<u>143,535,698</u>	<u>152,158,386</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital	8	<u>140,000,000</u>	<u>140,000,000</u>
Issued, subscribed and paid-up capital	8	98,762,500	98,762,500
Unappropriated profit		<u>31,277,662</u>	<u>38,192,910</u>
		130,040,162	136,955,410
Current liabilities			
Taxation payable - net		389,607	-
Accrued expenses and other payables	9	<u>13,105,929</u>	<u>15,202,976</u>
		<u>143,535,698</u>	<u>152,158,386</u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 19 form an integral part of these financial statements.


 CHAIRMAN & CHIEF EXECUTIVE OFFICER


 DIRECTOR

AEG ENTERPRISES (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees
Income			
Fees and air ticket commission		1,117,062	387,244
Dividend income		-	7,168,848
Interest income - net		481,986	743,631
		<u>1,599,048</u>	<u>8,299,723</u>
Expenses			
Administrative expenses	11	5,790,213	5,949,435
Finance cost	12	130,073	-
		<u>5,920,286</u>	<u>5,949,435</u>
Other income		-	90,123
(Loss) / profit before taxation		<u>(4,321,238)</u>	<u>2,440,411</u>
Taxation			
- Current	13	134,047	14,372
- Impact of group taxation		(990,037)	(1,457,292)
- Prior year		-	(3,461)
		<u>(855,990)</u>	<u>(1,446,381)</u>
(Loss) / profit after taxation		<u>(3,465,248)</u>	<u>3,886,792</u>
		Rupees	Rupees
(Loss) / earnings per share - basic and diluted	17	<u>(0.913)</u>	<u>0.058</u>

The annexed notes 1 to 19 form an integral part of these financial statements.

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CHAIRMAN & CHIEF EXECUTIVE OFFICER



DIRECTOR

AEG ENTERPRISES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Rupees	2014 Rupees
(Loss) / profit after taxation for the year	(3,465,248)	3,886,792
Other comprehensive income		
Items that will not be reclassified to profit and loss account	-	-
Total comprehensive (loss) / income	<u>(3,465,248)</u>	<u>3,886,792</u>

The annexed notes 1 to 19 form an integral part of these financial statements:

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CHAIRMAN & CHIEF EXECUTIVE OFFICER



DIRECTOR

AEG ENTERPRISES (PRIVATE) LIMITED
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(4,321,238)	2,440,411
Adjustment for non-cash and other items:			
Dividend income		-	(7,168,848)
Advance tax written off		336,366	-
		<u>(3,984,872)</u>	<u>(4,728,437)</u>
Decrease in assets			
Deposits, prepayments and other receivables		1,142,867	7,968,796
(Decrease) / Increase in liabilities			
Accrued expenses and other payables		(1,107,010)	5,142,478
Income taxes paid		-	(74,363)
Net cash (used in) / generated from operations		<u>(3,949,015)</u>	<u>8,308,474</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		-	7,168,848
Net cash generated from investing activities		-	7,168,848
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid on preference shares		(3,450,000)	(3,450,000)
Net cash used in financing activities		<u>(3,450,000)</u>	<u>(3,450,000)</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(7,399,015)</u>	<u>12,027,322</u>
Cash and cash equivalents at the beginning of the year		22,774,714	10,747,392
Cash and cash equivalents at end of the year		<u><u>15,375,699</u></u>	<u><u>22,774,714</u></u>

The annexed notes 1 to 19 form an integral part of these financial statements.


 CHAIRMAN & CHIEF EXECUTIVE OFFICER


 DIRECTOR

AEG ENTERPRISES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid-up capital		Unappropriated profit	Total
	Ordinary shares	Preference shares		
-----Rupees-----				
Balance as at January 1, 2014 - restated	896,700	23,000,000	112,621,918	136,518,618
Total comprehensive income for the year				
Profit after taxation for the year ended December 31, 2014	-	-	3,886,792	3,886,792
Other comprehensive income	-	-	-	-
7,486,580 ordinary shares of Rs. 10 each issued as fully paid bonus shares	74,865,800	-	(74,865,800)	-
Dividend for the year on preference shares	-	-	(3,450,000)	(3,450,000)
Balance as at December 31, 2014	<u>75,762,500</u>	<u>23,000,000</u>	<u>38,192,910</u>	<u>136,955,410</u>
Total comprehensive income for the year				
Loss after taxation for the year ended December 31, 2015	-	-	(3,465,248)	(3,465,248)
Other comprehensive income	-	-	-	-
Dividend for the year on preference shares	-	-	(3,450,000)	(3,450,000)
Balance as at December 31, 2015	<u>75,762,500</u>	<u>23,000,000</u>	<u>31,277,662</u>	<u>130,040,162</u>

The annexed notes 1 to 19 form an integral part of these financial statements.


CHAIRMAN & CHIEF EXECUTIVE OFFICER


DIRECTOR

1 STATUS AND NATURE OF BUSINESS

AEG Enterprises (Private) Limited (the Company) is a private limited company incorporated in Pakistan on October 30, 2008 under the Companies Ordinance, 1984. The Company has been established to conduct travel and related services. The registered office of the company is situated at Shaheen Complex, Dr. Ziauddin Ahmed Road, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

In accordance with SRO 23(1)/2012 dated January 16, 2012 issued by the Securities and Exchange Commission of Pakistan (SECP) all Medium Sized Companies (MSC) as defined under the Fifth Schedule to the Companies Ordinance, 1984, amended vide SRO No. 928/ 2015 and 929/ 2015, have been directed to follow the International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) with regard to preparation and presentation of their financial statements.

AEG Enterprises (Private) Limited falls within the purview of Medium Sized Companies as per the requirements set out in the Fifth Schedule to the Companies Ordinance, 1984, amended vide SRO No. 928/ 2015 and 929/ 2015. Accordingly, these financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the approved accounting standards as applicable in Pakistan for MSCs. Approved accounting standards comprise of IFRS for SMEs issued by the International Accounting Standards Board (IASB) and the provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 prevail.

2.2 Accounting convention

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

2.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.5 These financial statements are the separate financial statements of the company in which the investment in subsidiaries are carried at cost and are not consolidated. The consolidated financial statements of the group are being issued separately.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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.

3.1 Investment in subsidiary company

Investment in subsidiary company is stated at cost, less provision for diminution in value of investment, if any.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

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a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

3.2.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

3.2.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available for sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

3.2.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortised cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

3.2.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

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3.2.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets having finite life are amortised using the straight line method from the month in which the assets are available for use, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

Expenditure that enhances and extends the benefits of computer software programmes beyond their original specifications and useful lives is recognised as a capital improvement and added to the original cost of the software.

3.4 Deposits, prepayments and other receivables

These are stated at cost less estimates made for any doubtful receivables based on review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

3.5 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cash in transit, cheques and drafts in hand and in transit, balances held with banks in current and saving accounts.

3.6 Taxation - Current and Deferred

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, and taxes paid under Presumptive Tax Regime. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation 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 of the amount can be made.

3.8 Share capital

Issued, subscribed and paid-up share capital is recognised at the fair value of the consideration received by the Company. Any transaction cost arising on the issue of ordinary shares are recognised directly in equity.

3.9 Borrowings and their cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset. Currently, the Company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

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3.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as liability in the period in which the dividends are approved by the Company's shareholders.

3.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

- Dividend income from investments is recognised when the Company's right to receive the dividend is established.
- Fee and commission income is recognised on accrual basis.
- Interest income is recognised on an accrual basis.

3.13 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.14 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards for MSCs as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas where various assumptions and estimates are significant to the company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Classification and valuation of investments (notes 3.1 and 4)
- ii) Provision for taxation (note 3.6 and 13)

4 LONG-TERM INVESTMENT

	2015 Percentage Holding	2014 Percentage Holding	2015 Rupees	2014 Rupees
Investment in subsidiary companies				
1,194,808 ordinary shares (2014: 1,194,808 ordinary shares) held in AEG Travel Services (Private) Limited - subsidiary company	100%	100%	118,958,208	118,958,208
800,002 ordinary shares (2014: 800,002 ordinary shares) held in EasyWay Travel (Private) Limited - subsidiary company	100%	100%	8,000,020	8,000,020
Total Investment			126,958,228	126,958,228

5 INTANGIBLE ASSET

	2015							Written down value	Rate of amortization
	COST			ACCUMULATED AMORTISATION					
	At January 1, 2015	Additions/ (disposal)	At December 31, 2015	At January 1, 2015	For the year	(On disposals)	At December 31, 2015		
	Rupees								%
Computer software	233,000	-	233,000	232,999	-	-	232,999	1	33.33%

	2014							Written down value	Rate of amortization
	COST			ACCUMULATED AMORTISATION					
	At January 1, 2014	Additions/ (disposal)	At December 31, 2014	At January 1, 2014	For the year	(On disposals)	At December 31, 2014		
	Rupees								%
Computer software	233,000	-	233,000	232,999	-	-	232,999	1	33.33%

	Note	2015 Rupees	2014 Rupees
6 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit against rent		63,258	-
Prepayments		368,797	-
Other receivables			
- from Easyway Travel (Private) Limited		-	476,737
- from AEG Travel Services (Private) Limited		-	1,367,902
- from others		769,715	500,000
		<u>1,201,770</u>	<u>2,344,639</u>
7 BALANCES WITH BANKS			
Current account		518,286	4,173,908
Savings account	7.1	12,190,213	15,933,606
Cash margin with bank	10.1.2	2,667,200	2,667,200
		<u>15,375,699</u>	<u>22,774,714</u>

7.1 This carries mark-up at the rate of 4.5% (2014: 8.00%) per annum.

8 SHARE CAPITAL

8.1 Authorised capital

2015 Number of shares	2014 Number of shares		2015 Rupees	2014 Rupees
10,000,000	1,000,000	Ordinary shares of Rs 10 each	100,000,000	100,000,000
20,000	20,000	Preference shares of Rs 2,000 each	40,000,000	40,000,000
<u>10,020,000</u>	<u>1,020,000</u>		<u>140,000,000</u>	<u>140,000,000</u>

8.2 Issued, subscribed and paid-up capital

2015 Number of shares	2014 Number of shares	Note	2015 Rupees	2014 Rupees
89,670	89,670	Ordinary shares of Rs 10 each fully paid in cash	896,700	896,700
7,486,580	7,486,580	Issued as fully paid bonus shares	74,865,800	74,865,800
11,500	11,500	Preference shares of Rs 2,000 each fully paid in cash	23,000,000	23,000,000
<u>7,587,750</u>	<u>7,587,750</u>	8.3 & 8.4	<u>98,762,500</u>	<u>98,762,500</u>

8.3 Terms and conditions of preference shares:

Preference shareholders have three times voting rights as against ordinary shareholders. They are guaranteed a cumulative dividend of 15% per annum for the face value of the shares prior to declaring dividend to the ordinary shareholders.

These shares are redeemable, partly or fully, on the approval of the Board of Directors at their own discretion, any time after completion of three years period from the date of allotment of shares. The payment shall be for the actual amount paid at the time of allotment of each preference share.

8.4 The redeemable preference shares have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 86 to the Companies Ordinance, 1984 (the Ordinance) read with section 90 to the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The financial capital of the Company and the issue of the shares were duly approved by the shareholders.
- Return of allotment of shares was filed under Section 73 (1) to the Ordinance.
- The Company is required to set up a reserve for the redemption of preference shares, under Section 85 to the Ordinance, in respect of the shares redeemed which effectively makes redeemable preference shares a part of equity.
- Dividend on the shares is appropriation of profit, both, under the Ordinance and the tax laws.

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9. ACCRUED EXPENSES AND OTHER PAYABLES	2015 Rupees	2014 Rupees	
Payable to subsidiary company - AEG Travel Services (Private) Limited			
- Insurance payable	1,021,510	1,021,510	
- Others	3,168,506	-	
Dividend payable on preference shares	3,450,000	3,450,000	
Payable to Alitalia	4,039,627	9,614,851	
Audit fee payable	401,893	378,702	
Professional fee payable	314,996	-	
Rent payable	-	28,516	
Other payables	709,397	709,397	
	<u>13,105,929</u>	<u>15,202,976</u>	
10 CONTINGENCIES AND COMMITMENTS			
10.1 Contingencies			
Bank guarantees	<u>11,717,950</u>	<u>12,486,710</u>	
10.1.1 Facilities for guarantees available from Faysal Bank Limited as at December 31, 2015 amounts to Rs 15.150 million (2014: Rs 15.150 million), of which the unutilised facility as at the year end amounts to Rs 3.432 million (2014: Rs 2.663 million). The above performance guarantees were obtained in accordance with the requirements of International Air Transport Association (IATA), Department of Tourism and Airline Companies.			
10.1.2 The guarantee is secured against cash margin placed with the bank.			
10.2 There were no other contingencies and commitments as at December 31, 2015 and December 31, 2014.			
11 ADMINISTRATIVE EXPENSES	Note	2015 Rupees	2014 Rupees
Salary and other benefits		2,771,982	2,845,617
Legal and professional charges		978,511	1,346,379
Printing & stationery		-	2,200
Rent		593,253	561,377
Auditors' remuneration	11.1	764,165	453,786
Communication		210,641	135,596
Travelling		-	39,541
Advance tax written off during the year		336,366	-
Others		135,295	564,938
		<u>5,790,213</u>	<u>5,949,435</u>
11.1 Auditors' remuneration			
Audit fee		425,000	388,500
Out of pocket expenses		48,665	46,786
Other services		250,000	-
Sindh Sales tax on services		40,500	18,500
		<u>764,165</u>	<u>453,786</u>
12 FINANCE COST			
Bank charges		<u>130,073</u>	<u>-</u>
13 TAXATION			
Current year		134,047	14,372
Impact of group taxation	13.4	(990,037)	(1,457,292)
Prior year		-	(3,461)
		<u>(855,990)</u>	<u>(1,446,381)</u>

13.1 Relationship between tax expense and accounting profit	2015	2014
	Rupees	Rupees
Accounting (loss) / profit before taxation	<u>(4,321,238)</u>	<u>2,440,411</u>
Statutory Income tax rate in Pakistan	<u>32%</u>	<u>33%</u>
Tax on accounting profit	-	805,336
Effect of permanent differences	-	(669,917)
Effect of tax under presumptive tax regime	134,047	941
Effect of prior year excess provision	-	(3,461)
Impact of group taxation	(990,037)	(1,457,292)
Others	-	(121,988)
Tax expense for the current year	<u>(855,990)</u>	<u>(1,446,381)</u>

13.2 For tax years 2007 to 2015, the Company has filed the returns of income under section 114 of the Income Tax Ordinance, 2001. Under the provisions of section 120 of the Income Tax Ordinance, 2001 the return is deemed to be an assessment order passed by the Commissioner of Income Tax for the respective tax years.

13.3 For tax years 2012, 2013, 2014 and 2015 the returns of the Company were filed as one fiscal unit under group taxation in terms of section 59 AA of the Income Tax Ordinance, 2001 as a Parent of the group along with its Subsidiary Company, AEG Travel Services (Private) Limited.

13.4 This represents the amount of tax benefit availed by the subsidiary company, in the form of reduced tax burden, by utilizing tax losses of the Company. Had the Company not opted for group taxation as one fiscal unit under the terms of section 59AA of the Income Tax Ordinance, 2001, these losses may have resulted in deferred tax asset with a corresponding deferred tax income in the books of the Company. As the deferred tax asset of the Company has been utilized by the subsidiary company, the Company has recorded this tax benefit in its books as a reduction in tax charge with a corresponding receivable from the subsidiary company.

14. FINANCIAL ASSETS AND LIABILITIES

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company is exposed to interest rate risk in respect of the following:

	-----2015-----						Total
	Interest Bearing			Non-Interest Bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	----- Rupees -----						
Financial assets							
Deposits and other receivables	-	-	-	832,973	-	832,973	832,973
Balances with banks	12,190,213	-	12,190,213	3,185,486	-	3,185,486	15,375,699
	<u>12,190,213</u>	<u>-</u>	<u>12,190,213</u>	<u>4,018,459</u>	<u>-</u>	<u>4,018,459</u>	<u>16,208,672</u>
Financial liabilities							
Accrued expenses and other payables	-	-	-	13,105,929	-	13,105,929	13,105,929
	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,105,929</u>	<u>-</u>	<u>13,105,929</u>	<u>13,105,929</u>
	-----2014-----						
	Interest Bearing			Non-Interest Bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	----- Rupees -----						
Financial assets							
Deposits and other receivables	-	-	-	2,344,639	-	2,344,639	2,344,639
Balances with banks	15,933,606	-	15,933,606	6,841,108	-	6,841,108	22,774,714
	<u>15,933,606</u>	<u>-</u>	<u>15,933,606</u>	<u>9,185,747</u>	<u>-</u>	<u>9,185,747</u>	<u>25,119,353</u>
Financial liabilities							
Accrued expenses and other payables	-	-	-	15,202,976	-	15,202,976	15,202,976
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,202,976</u>	<u>-</u>	<u>15,202,976</u>	<u>15,202,976</u>

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14.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the Company applies credit limits to its customers.

14.2 Liquidity risk

This is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company manages the liquidity risk by maintaining sufficient balances with bank.

14.3 Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their fair values in the opinion of the management.

15 CAPITAL RISK MANAGEMENT

The capital management policy objective is to maintain a consistently strong, flexible and value-creating capital position requiring the Company to:

- Maintain adequate capital levels
- Safeguard the Company's ability to continue as a going concern
- Provide capital in a cost effective manner while maintaining flexibility to meet unexpected losses or opportunities

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company finances its operations through equity.

16 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its key management personnel and its subsidiary named AEG Travel Services (Private) Limited and EasyWay Travel (Private) Limited.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive and other Directors to be key management personnel.

The following are the transactions that were carried out with related parties during the year ended:

Relationship with the company	Nature of transaction	2015 Rupees	2014 Rupees
(a) Subsidiary company - AEG Travel Services (Private) Limited	- Expenses paid by AEG Travel Services (Private) Limited - net	4,686,058	4,767,327
	- Repayment of expenses by the Company to AEG Travel Services (Private) Limited - net	149,650	-
	- Dividend income	-	7,168,848
(b) Subsidiary company - EasyWay Travel (Private) Limited	- Repayment of expenses by the Company to AEG Enterprises (Private) Limited	476,737	-

The related party status of outstanding balances at December 31, 2015 and December 31, 2014 is included in the respective notes to the financial statements.

	2015 Rupees	2014 Rupees
17. (LOSS) / EARNINGS PER SHARE		
Basic		
(Loss) / profit attributable to ordinary shareholders	<u>(6,915,248)</u>	<u>436,792</u>
	No of Shares	
Weighted average number of ordinary shares in issue during the year	<u>7,576,250</u>	<u>7,576,250</u>
	Rupees	Rupees
(Loss) / earnings per share	<u>(0.913)</u>	<u>0.058</u>

Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2015 and 2014 which would have any effect on the earnings per share if the option to convert is exercised.


18. **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant reclassifications have been made during the current year. All figures have been rounded off to the nearest rupee.

19. **DATE OF AUTHORISATION FOR ISSUE**

08 APR 2016

These financial statements were authorised for issue by the Board of Directors of the Company on _____

CHAIRMAN & CHIEF EXECUTIVE OFFICER



DIRECTOR

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company has been established to conduct travel and related services. There have been no significant changes in the nature of these activities during the year.

Final dividend on Preference Shares @ 15% i.e. PKR 300 per share of PKR 2,000 for the year ended Dec 31, 2015

Directors has been decided to redeem issued 11,500 preference shares of PKR 2,000 each. The necessary legal process and redemption will be completed by December 31, 2016 including amendments in Memorandum and articles of association of Company.


In this context Chairman & Chief Executive Officer and Company Secretary are hereby jointly authorized to take all steps necessary for the redemption of preference shares

The present auditors M/S A F Ferguson & CO. Chartered Accountants retire and being eligible, have offered themselves for reappointment. The Board of Directors has recommended their appointment as auditors of the Company for the year 2016.

The Board would like to congratulate the employees for consistent hard work and efforts

The Board is optimistic about future outlook of the Company

For and on Behalf of Board of Directors



Syed Saleemuddin Ahmad
Chairman & Chief Executive