

**AEG TRAVEL SERVICES (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 Travel Services (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 profit, its comprehensive income, 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

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

	Note	2015	2014
		-----Rupees-----	
ASSETS			
Non-current assets			
Operating fixed assets	5	37,425,488	35,497,834
Long-term loans and advances	6	12,190,007	13,618,172
Deferred taxation - net	7	16,775,148	18,843,621
		<u>66,390,643</u>	<u>67,959,627</u>
Current assets			
Trade debts	8	827,562,392	859,069,042
Loans and advances	9	15,687,967	16,252,876
Deposits and short-term prepayments	10	39,337,104	34,152,060
Other receivables	11	11,161,591	13,362,414
Taxation refundable - net		23,165,189	-
Cash and bank balances	12	20,863,132	24,746,029
		<u>937,777,375</u>	<u>947,582,421</u>
		<u>1,004,168,018</u>	<u>1,015,542,048</u>
Non-current liabilities			
Retirement benefit obligations - defined benefit plan	13	54,548,116	50,690,819
Current liabilities			
Short-term finances	16	544,157,530	544,377,719
Trade and other payables	17	248,037,063	282,439,202
Taxation payable - net		-	53,350
		<u>792,194,593</u>	<u>826,870,271</u>
		<u>846,742,709</u>	<u>877,561,090</u>
NET ASSETS		<u>157,425,309</u>	<u>137,980,958</u>
CONTINGENCIES AND COMMITMENTS			
	18		
REPRESENTED BY :			
Equity			
Issued, subscribed and paid-up capital	19	119,480,800	119,480,800
Unappropriated profit		35,065,565	15,621,214
General reserve		2,878,944	2,878,944
		<u>157,425,309</u>	<u>137,980,958</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

AHCO


Chairman & Chief Executive


Director

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

	Note	2015 Rupees	2014 Rupees
Net revenue	20	500,647,951	478,283,756
Operating and administrative expenses	21	415,518,088	397,814,749
		85,129,863	80,469,007
Other income	22	1,322,113	2,201,381
Other operating charges	23	6,468,301	5,949,032
Operating profit		79,983,675	76,721,356
Finance cost	24	43,782,958	48,857,544
Profit before taxation		36,200,717	27,863,812
Taxation	25	17,372,626	14,684,545
Profit after taxation		18,828,091	13,179,267
Earnings per share	26	15.76	11.03

The annexed notes 1 to 35 form an integral part of these financial statements.

AHCO


 Chairman & Chief Executive


 Director

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

	Note	2015 Rupees	2014 Rupees
Profit after taxation for the year		18,828,091	13,179,267
Other comprehensive income			
<i>Item that will not be reclassified to profit and loss account:</i>			
- Remeasurement gain / (loss) of defined benefit obligation	13.3	906,264	(2,237,120)
- Deferred tax asset on re-measurement of defined benefit obligation		(290,004)	782,992
		616,260	(1,454,128)
Total comprehensive income for the year		<u>19,444,351</u>	<u>11,725,139</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

AHCo


 Chairman & Chief Executive


 Director

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

	Note	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	27	103,772,415	(3,990,132)
Financial charges paid		(50,232,533)	(46,519,072)
Income taxes paid		(38,812,696)	(26,018,617)
Contribution paid to gratuity fund		(6,500,000)	(6,802,567)
Net cash generated / (outflow) from operating activities		<u>8,227,186</u>	<u>(83,330,388)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,050,731)	(12,594,834)
Proceeds from sale of fixed assets		3,160,837	1,250,001
Net cash outflow on investing activities		<u>(11,889,894)</u>	<u>(11,344,833)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-	(7,168,848)
Net cash outflow on financing activities		<u>-</u>	<u>(7,168,848)</u>
Net decrease in cash and cash equivalents during the year		<u>(3,662,708)</u>	<u>(101,844,069)</u>
Cash and cash equivalents as at January 1		(519,631,690)	(417,787,621)
Cash and cash equivalents as at December 31	33	<u>(523,294,398)</u>	<u>(519,631,690)</u>

ALXCO The annexed notes 1 to 35 form an integral part of these financial statements.


 Chairman & Chief Executive


 Director

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

	Issued subscribed and paid-up capital	General Reserve	Unappropriated profit	Total
	(Rupees)			
Balance as at January 1, 2014	119,480,800	2,878,944	11,064,923	133,424,667
Total comprehensive income for the year				
Profit after taxation for the year ended December 31, 2014	-	-	13,179,267	13,179,267
Other comprehensive income for the year				
-Remeasurement of defined benefit obligations net of tax	-	-	(1,454,128)	(1,454,128)
Interim dividend declared and paid during the year	-	-	(7,168,848)	(7,168,848)
Balance as at December 31, 2014	<u>119,480,800</u>	<u>2,878,944</u>	<u>15,621,214</u>	<u>137,980,958</u>
Total comprehensive income for the year				
Profit after taxation for the year ended December 31, 2015	-	-	18,828,091	18,828,091
Other comprehensive income for the year				
-Remeasurement of defined benefit obligations net of tax	-	-	616,260	616,260
Balance as at December 31, 2015	<u>119,480,800</u>	<u>2,878,944</u>	<u>35,065,565</u>	<u>157,425,309</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

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Chairman & Chief Executive


Director

1 STATUS AND NATURE OF BUSINESS

The Company is a private limited company incorporated in Pakistan on June 2, 2005 under the Companies Ordinance, 1984. The Company is engaged in the business of air ticket selling by acting as a sale agent for both local and international airlines. The Company is also engaged in the business of various travel related services including visa facilitation, hotel and lodging services and group travel etc. The Company is a fully owned subsidiary of AEG Enterprises (Private) Limited. 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 Travel Services (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 except for certain staff retirement benefits which are carried at present value.

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

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 unless stated otherwise.

3.1 Operating fixed assets and depreciation

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of fixed assets includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

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Depreciation is calculated using the straight line basis so as to write off the depreciable amount of the assets over their estimated useful lives at the rates specified in note 5 to these financial statements. Depreciation on additions is charged from the month the asset is available for use and no depreciation is charged in the month of disposal.

The estimated useful lives of the Company's fixed assets are as follows:

Leasehold improvements	5 years
Furniture and fixtures	5 to 8 years
Computer equipment	3 to 5 years
Communication equipment and office appliances	5 to 8 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset at the time of disposal, and are recognised in the profit and loss account in the year in which assets are disposed off.

3.2 Assets used under Ijarah Arrangement

The Company accounts for assets under Ijarah arrangements whereby periodic Ijarah payments for such assets are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

3.3 Financial instruments

3.3.1 Financial assets

3.3.1.1 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:

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.

3.3.1.2 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.

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3.3.1.3 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.

3.3.1.4 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.

3.3.2 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.

3.3.3 Financial liabilities

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

3.3.4 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.

3.4 Trade and other receivables

Trade debts and other receivables relate to travel and regular trade receivables due to the Company in the normal course of business.

Trade debts and other receivable balances are presented on the balance sheet net of reserves for losses, and include principal and any related accrued fees.

3.5 Loans and advances

Loans and advances relate to staff loans and cash advances in the normal course of business.

3.6 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash and which are subject to insignificant changes in value and short term running finance.

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3.7 Employee benefits

3.7.1 Defined contribution plan

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the fund. The Company has no further payment obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

3.7.2 Defined benefit plan - approved gratuity fund

The Company also operates an approved gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out with sufficient regularity using the Projected Unit Credit Method and the latest valuation of the scheme was carried out at December 31, 2015.

Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. The liability recognised in the balance sheet in respect of the defined gratuity scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Contributions are made to cover the obligations under the scheme on the basis of actuarial recommendations.

3.7.3 Employee insurance policy

The Company maintains a group health and life insurance policy for its permanent employees and their dependent children up to the age of 25 years.

3.7.4 Leave fare assistance

The Company recognises, in respect of its employees, a leave fare assistance reserve. Under leave fare assistance, the employees are given cash benefit for their entitled leaves under their employment terms.

3.8 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Borrowing costs are recognised as an expense in the period in which these are incurred.

3.9 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.

3.10 Taxation

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets / liabilities are recognised for all deductible / taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date; and

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- (iii) the tax consequence that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the profit and loss account for the year.

3.11 Provisions

Provisions are recognised when the Company has a 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.12 Share capital

Issued 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 is recognised directly in equity as a reduction of the share proceeds received.

3.13 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.

3.14 Foreign currency transactions and translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or average rates of exchange where these approximate to actual rates. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the profit and loss account.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined.

3.15 Revenue recognition

(a) Rendering of services

Revenue from air ticketing operations and travel services is recognised in the period when the services are rendered. Override and service fee from various airlines is recognised on accrual basis.

(b) Other income

Other income is recognised on an accrual basis.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards for MSEs as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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. 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. estimation of useful lives and residual values of operating fixed assets (note 3.1 and note 5)
- ii. estimation of provision for impairment of trade debts (note 3.4 and note 8)
- iii. provision for taxation (note 3.10 and note 25)
- iv. calculation of provision for staff retirement gratuity (note 3.7.2 and note 13)
- v. calculation of override from various airlines (note 3.15 and note 20)

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5 OPERATING FIXED ASSETS

2015						
Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Communication Equipment and Office Appliances	Motor Vehicles	TOTAL	
Rupees						
At January 1, 2015						
Cost	17,054,002	7,476,688	36,203,964	24,727,928	29,484,500	114,947,082
Accumulated depreciation	(12,310,756)	(4,177,707)	(25,565,559)	(17,003,289)	(20,391,937)	(79,449,248)
Net book value	<u>4,743,246</u>	<u>3,298,981</u>	<u>10,638,405</u>	<u>7,724,639</u>	<u>9,092,563</u>	<u>35,497,834</u>
Year ended December 31, 2015						
Opening net book value	4,743,246	3,298,981	10,638,405	7,724,639	9,092,563	35,497,834
Additions during the year	-	-	1,946,888	1,611,761	11,492,082	15,050,731
Disposals at net book value	-	-	(157,594)	(26,656)	(1,654,474)	(1,838,724)
Depreciation charge for the year	(1,596,121)	(730,666)	(2,771,524)	(2,648,765)	(3,535,277)	(11,284,353)
Closing net book value	<u>3,145,125</u>	<u>2,568,315</u>	<u>9,656,175</u>	<u>6,660,979</u>	<u>15,394,894</u>	<u>37,425,488</u>
As at December 31, 2015						
Cost	17,054,002	7,476,688	29,365,892	25,456,466	23,813,082	103,266,130
Accumulated depreciation	(13,908,677)	(4,908,373)	(19,709,717)	(18,795,487)	(8,518,188)	(65,840,642)
Net book value	<u>3,145,125</u>	<u>2,568,315</u>	<u>9,656,175</u>	<u>6,660,979</u>	<u>15,394,894</u>	<u>37,425,488</u>
Depreciation rate % per annum	20	12.5 - 20	20 - 33.33	12.5 - 20	20	
2014						
Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Communication Equipment and Office Appliances	Motor Vehicles	TOTAL	
Rupees						
At January 1, 2014						
Cost	22,160,354	6,808,025	35,333,212	23,105,602	31,768,500	119,175,693
Accumulated depreciation	(16,230,924)	(3,433,353)	(29,494,939)	(15,939,745)	(17,616,834)	(82,715,795)
Net book value	<u>5,929,430</u>	<u>3,374,672</u>	<u>5,838,273</u>	<u>7,165,857</u>	<u>14,151,666</u>	<u>36,459,898</u>
Year ended December 31, 2014						
Opening net book value	5,929,430	3,374,672	5,838,273	7,165,857	14,151,666	36,459,898
Additions during the year	492,426	750,000	8,172,145	3,180,263	-	12,594,834
Disposals at net book value	-	-	(106,593)	-	(171,427)	(278,020)
Depreciation charge for the year	(1,678,610)	(825,691)	(3,265,420)	(2,621,481)	(4,887,676)	(13,278,878)
Closing net book value	<u>4,743,246</u>	<u>3,298,981</u>	<u>10,638,405</u>	<u>7,724,639</u>	<u>9,092,563</u>	<u>35,497,834</u>
As at December 31, 2014						
Cost	17,054,002	7,476,688	36,203,964	24,727,928	29,484,500	114,947,082
Accumulated depreciation	(12,310,756)	(4,177,707)	(25,565,559)	(17,003,289)	(20,391,937)	(79,449,248)
Net book value	<u>4,743,246</u>	<u>3,298,981</u>	<u>10,638,405</u>	<u>7,724,639</u>	<u>9,092,563</u>	<u>35,497,834</u>
Depreciation rate % per annum	20	12.5 - 20	20 - 33.33	12.5 - 20	20	

5.1 The cost of fully depreciated fixed assets which are still in the company's use as at December 31, 2015 amounted to Rs 34.202 million (2014: Rs 48.909 million).

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6	LONG TERM LOANS AND ADVANCES	Note	2015 Rupees	2014 Rupees
	Considered good - unsecured Loans and advances to			
	Chief Executive		4,603,096	7,852,336
	Directors		5,320,001	3,533,269
	Other employees		14,948,481	15,416,837
		6.1	<u>24,871,578</u>	<u>26,802,442</u>
	Less: Current portion of long term loans and advances	9	<u>(12,681,571)</u>	<u>(13,184,270)</u>
			<u>12,190,007</u>	<u>13,618,172</u>

6.1 Reconciliation of carrying amount of loans to executives and other employees:

Particulars	Opening balance as at January 1, 2015	Disbursements	Repayments	Closing balance as at December 31, 2015
	----- Rupees -----			
Chief Executive	7,852,336	-	3,249,240	4,603,096
Directors	3,533,269	3,180,345	1,393,613	5,320,001
Other employees	15,416,837	8,877,691	9,346,047	14,948,481
	<u>26,802,442</u>	<u>12,058,036</u>	<u>13,988,900</u>	<u>24,871,578</u>

6.2 These represent interest free loans granted to the employees / executives of the Company in accordance with the terms of their employment and are repayable over a period not exceeding seventy-two months. The mark-up in respect of the above loans is being borne by the Company.

7	DEFERRED TAXATION - NET	Note	2015 Rupees	2014 Rupees
	The balance of deferred taxation comprises:			
	(Taxable) / deductible temporary differences on accelerated tax / accounting depreciation on operating fixed assets		(121,592)	1,538,328
	Deductible temporary differences on provision against doubtful debts		630,672	720,769
	Deductible temporary differences on provision against staff gratuity		16,268,068	16,584,524
			<u>16,775,148</u>	<u>18,843,621</u>

8 TRADE DEBTS

Unsecured				
	Considered good		827,562,392	859,069,042
	Considered doubtful		2,203,040	2,203,040
			829,765,432	861,272,082
	Provision for doubtful debts	8.1	(2,203,040)	(2,203,040)
			<u>827,562,392</u>	<u>859,069,042</u>

8.1 Provision for doubtful debts

	Opening balance		2,203,040	3,144,218
	Less: reversal of provision		-	(941,178)
	Closing balance		<u>2,203,040</u>	<u>2,203,040</u>

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	Note	2015 Rupees	2014 Rupees
9 LOANS AND ADVANCES			
Considered good - unsecured			
Advances to employees		2,956,396	3,068,606
Advances to directors		50,000	-
	9.1	3,006,396	3,068,606
Current portion of long term loans and advances	6	12,681,571	13,184,270
		<u>15,687,967</u>	<u>16,252,876</u>
9.1 Advances to working directors and other employees are given to meet business expenses and are settled as and when the expenses are incurred. Loans and advances are carried at cost due to the short-term nature thereof.			
		2015 Rupees	2014 Rupees
10 DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits		19,587,389	14,203,037
Short term prepayments		17,247,839	15,991,970
Furniture and equipment allowance to employees		2,501,876	3,957,053
		<u>39,337,104</u>	<u>34,152,060</u>
11 OTHER RECEIVABLES			
Receivable from parent company - AEG Enterprises (Private) Limited			
- Others		3,168,506	-
- Insurance receivable		1,021,510	1,021,510
Receivable from associated company		-	6,470,902
Others		6,971,575	5,870,002
		<u>11,161,591</u>	<u>13,362,414</u>
12 CASH AND BANK BALANCES			
Cash in hand		5,391,644	3,486,396
Balances with banks - current account		15,471,488	21,259,633
		<u>20,863,132</u>	<u>24,746,029</u>

13 RETIREMENT BENEFIT OBLIGATIONS - DEFINED BENEFIT PLAN

13.1 Salient features

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since, the benefit is calculated on the final salary, the benefit amount increases accordingly.

Withdrawal risks

The risk of higher or lower experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Investment risks

The risk of investment underperforming and not being sufficient to meet the liabilities.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

13.2 Valuation results

An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit and the latest valuation was carried out as at December 31, 2015.

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The projected unit credit method, as allowed under the International Accounting Standards 19 - 'Employee Benefits', was used for actuarial valuation based on the following significant assumptions:

		2015 (Principal actuarial assumptions)	2014
Financial Assumptions			
Salary increase rate		8.0% p.a	9.50% p.a
Discount rate		9.0% p.a	10.50% p.a
Expected interest rate on plan assets of the fund		9.0% p.a	10.50% p.a
Demographic Assumptions			
Mortality rates (for death in service)		SLIC (2001-05)-1 rated down 1 year	SLIC (2001-05)-1 rated down 1 year
Rates of employee turnover		Light	Light
	Note	2015 Rupees	2014 Rupees
13.3 Amount recognised in the balance sheet			
Present value of defined benefit obligation	13.4	116,048,993	109,044,131
Fair value of plan assets	13.5	<u>(61,500,877)</u>	<u>(58,353,312)</u>
Payable to defined benefit plan		<u>54,548,116</u>	<u>50,690,819</u>
Reconciliation of liability			
Opening net liability		50,690,819	44,399,851
Charge for the year - net		11,263,561	10,856,415
Contribution paid to the fund		(6,500,000)	(6,802,567)
Net remeasurement (gain) / loss on defined benefit obligations		(906,264)	2,237,120
Closing net liability		<u>54,548,116</u>	<u>50,690,819</u>
13.4 Movement in present value of defined benefit obligation			
Obligation at the beginning of the year		109,044,131	93,178,918
Current service cost		5,981,944	5,236,585
Interest cost		11,578,268	12,014,444
Benefits paid		(5,595,405)	(1,567,778)
Remeasurements:			
Gain from change in financial assumptions		(189,145)	(145,839)
Experience (gains) / losses		(4,770,800)	327,801
		(4,959,945)	181,962
Obligation at the end of the year		<u>116,048,993</u>	<u>109,044,131</u>
13.5 Movement in fair value of plan assets			
Fair value at the beginning of the year		58,353,312	48,779,067
Expected return on plan assets		6,296,651	6,394,614
Contribution by the employer		6,500,000	6,802,567
Benefits paid during the year		(5,595,405)	(1,567,778)
Remeasurement - return on plan assets excluding amounts included in interest income		(4,053,681)	(2,055,158)
Fair value at the end of the year		<u>61,500,877</u>	<u>58,353,312</u>
13.6 Components of Defined benefit cost			
13.6.1 Amount to be recognised in profit and loss account			
Current service cost		5,981,944	5,236,585
Net interest cost		5,281,617	5,619,830
Charge for defined benefit plan		<u>11,263,561</u>	<u>10,856,415</u>
13.6.2 Amounts recognised in other comprehensive income			
Actuarial gain / (loss) on obligation		4,959,945	(181,962)
Actuarial loss on plan asset		(4,053,681)	(2,055,158)
Net remeasurement gain / (loss) on defined benefit obligation		<u>906,264</u>	<u>(2,237,120)</u>

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13.7	Components of plan assets as a percentage of total plan assets	2015	2014
	Cash and Cash equivalents	3.62%	0.91%
	Mutual Funds	8.34%	0.00%
	Debt Instruments - Term Deposits	88.04%	99.09%
		<u>100.00%</u>	<u>100.00%</u>

13.8 The actual return on plan assets for the year was Rs 2.243 million (2014: Rs 4.339 million).

13.9 Expected contributions to be paid to the fund in the next financial year

The Company contributes to the gratuity fund according to the actuary's advice. The management estimates that the charge in respect of the defined benefit plan for the year ending December 31, 2016 would be Rs 10.768 million (2015: Rs 11.264 million).

13.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

13.11 The weighted average duration of defined benefit obligation is 6.02 years.

13.12 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

As at December 31, 2015	Between 0-1 year	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	(Rupees)				
Gratuity	<u>21,631,375</u>	<u>41,605,163</u>	<u>87,987,324</u>	<u>172,108,318</u>	<u>323,332,180</u>

13.13 Sensitivity analysis

The impact of 1.0% change in following variables on defined benefit obligation is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees)		
Discount rate	1.0%	109,431,532	123,444,819
Expected rate of increase in salaries	1.0%	123,444,819	109,314,557

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

14 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees and the contributions were made by the Company to the Fund in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2015 was Rs.7.508 million (2014: Rs. 7.384). The audit of the provident fund for the year ended December 31, 2011 is currently in progress. Total net assets based on the audited financial statements of Provident Fund as at December 31, 2010 was Rs. 38.089 million out of which 93.85% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose. The fair value and cost of investments of the provident fund as at December 31, 2015 was Rs.106.686 million.

Break up of Investments	-- (Rupees)--	% of size of Fund's Investment
Musharika deposit certificates	34,315,000	32%
Term deposit receipts	72,370,670	68%
	<u>106,685,670</u>	<u>100%</u>

15	STAFF STRENGTH	2015 (Number of employees)	2014 (Number of employees)
	Number of employees as at December 31	94	91
	Average number of employees during the year	93	92

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	Note	2015 Rupees	2014 Rupees
16 SHORT-TERM FINANCES - SECURED			
Short-term running finance			
- MCB Bank Limited	16.1 & 16.2	190,559,609	135,085,982
- Faysal Bank Limited	16.3 & 16.4	353,597,921	409,291,737
		<u>544,157,530</u>	<u>544,377,719</u>
16.1	This represents running finance facility availed from MCB Bank Limited. The total facility available to the Company amounts to Rs 200 million (2014: Rs 150 million) of which the unutilised facility available as at December 31, 2015 under this financing arrangement amounted to 9.440 million. The facility carries mark-up at the rate of 1 month KIBOR plus 2.50% per annum (2014: 1 month KIBOR plus 2.50% per annum). The facility is secured against hypothecation of present and future book debts.		
16.2	In addition, facilities for guarantees available from MCB Bank Limited as at December 31, 2015 amounted to Rs 50 million (2014: Rs 50 million) all of which were unutilised as at December 31, 2015 and December 31, 2014.		
16.3	This represents running finance facility availed from Faysal Bank Limited. The book balance of this running finance facility is Rs. 353.598 million due to unrepresented cheques issued on December 31, 2015 to suppliers, although, the actual facility, under this financing arrangement, availed by the Company as at December 31, 2015 amounted to Rs 259.217 million (2014: Rs 271.611 million) out of the total facility available to the Company of Rs. 340 million (2014: Rs. 340 million). The facility carries mark-up at the rate of 1 month KIBOR plus 2.5% per annum. The facility is secured against hypothecation of book debts and present and future fixed assets of the Company amounting to Rs 594 million and Rs 49.8 million respectively.		
16.4	In addition, facilities for guarantees available from Faysal Bank Limited as at December 31, 2015 amounted to Rs 130 million (2014: Rs 130 million) of which the unutilised facility available to the Company as at December 31, 2015 amounted to Rs 98.824 million (2014: Rs 49.461 million).		

	Note	2015 Rupees	2014 Rupees
17 TRADE AND OTHER PAYABLES			
Trade creditors		129,025,793	176,291,383
Accrued expenses and liabilities		34,991,687	25,385,964
Payable to customers/ Advances from customers		6,785,366	13,923,102
Workers' Welfare Fund		2,082,234	1,296,639
Accrued mark up on short-term finances		6,571,577	13,021,152
Trade deposits		17,618,546	12,495,113
Sales tax payable on licensing fee		2,055,066	1,856,140
Licensing fee payable to GBT US II LLC	17.1	29,353,854	18,560,942
Payable to parent company - AEG Enterprises (Private) Limited		-	1,367,902
Payable to associated company - EasyWay Travel (Private) Limited		12,466,038	-
Sales tax payable		2,469,928	89,407
Others		4,616,974	18,151,458
		<u>248,037,063</u>	<u>282,439,202</u>

17.1 This represents licensing fee payable by the Company to GBT US II LLC in consideration of GBT US II LLC granting the Company the right to use the GBT US II LLC licensed marks in Pakistan.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

The Company does not have any contingencies as at December 31, 2015 and December 31, 2014.

	2015 Rupees	2014 Rupees
18.2 Commitments in respect of Ijarah rentals		
Not later than one year	4,606,958	626,457
Later than one year but not later than five years	13,820,874	2,750,930
	<u>18,427,832</u>	<u>3,377,387</u>

Commitment for ijarah rentals in respect of ijarah transaction amounted to Rs 18.428 million (December 31, 2014: Rs 3.377 million).

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19 SHARE CAPITAL

19.1 Authorised share capital

	2015	2014		Note	2015 Rupees	2014 Rupees
	Number of shares					
	<u>1,750,000</u>	<u>1,750,000</u>	Ordinary shares of Rs 100 each		<u>175,000,000</u>	<u>175,000,000</u>

19.2 Issued, subscribed and paid-up capital

	2015	2014		Note	2015 Rupees	2014 Rupees
	Number of shares					
	<u>1,194,808</u>	<u>1,194,808</u>	Ordinary shares of Rs 100 each issued as fully paid in cash	19.2.1	<u>119,480,800</u>	<u>119,480,800</u>

19.2.1 At December 31, 2015 AEG Enterprises (Private) Limited held 100% (2014: 100%) of the share capital of the Company.

20 NET REVENUE

	Note	2015 Rupees	2014 Rupees
Income on air ticket sales - net of rebate expenses of Rs 16.411 million (2014: Rs 16.233 million)		196,774,382	189,471,802
Service fee			
US visa services		72,071,733	64,401,149
Dubai visa services		26,383,960	41,252,673
Other visa services		11,171,823	11,356,185
Insurance sales		6,182,234	7,020,637
Hotel and lodging services		55,709,698	47,133,167
Rail and ferry ticket sales		1,849,953	1,052,809
Group travel services		26,278,533	22,438,158
Other travel related services		63,199,765	51,365,872
		262,847,699	246,020,650
Airline incentive and others	20.1	41,025,870	42,791,304
		<u>303,873,569</u>	<u>288,811,954</u>
		<u>500,647,951</u>	<u>478,283,756</u>
20.1 Airline incentive and others			
Air ticket overrides and others		20,619,342	24,231,504
Customer Reservation System (CRS) revenue		20,406,528	18,559,800
		<u>41,025,870</u>	<u>42,791,304</u>

21 OPERATING AND ADMINISTRATIVE EXPENSES

Personnel cost			
Salaries and benefits		235,531,390	221,007,968
Contribution to defined contribution plan		7,508,117	7,383,950
Charge for defined benefit obligation	13.6	11,263,561	10,856,415
		254,303,068	239,248,333
Repair and maintenance		22,759,310	27,390,749
Rent, rates and taxes		19,664,800	18,418,522
Insurance		6,224,363	5,781,382
Utilities		9,320,962	10,573,343
Communication		22,940,651	19,743,963
Travelling		1,251,680	1,866,727
Legal and professional		3,258,969	2,016,919
Consultancy fee		18,913,770	14,939,016
Printing and stationery		8,539,360	8,786,881
Advertisement		1,357,300	1,429,100
Depreciation		11,284,353	13,278,878
Ijarah rentals	21.1	3,389,020	418,203
Security service charges		4,809,635	4,506,397
Canteen expenses		5,344,934	4,539,221
Licensing fee to GBT US II LLC	17.1	17,339,796	18,560,972
Other expenses		4,816,117	6,316,143
		<u>415,518,088</u>	<u>397,814,749</u>

21.1 These comprise of Ijarah rentals paid against vehicles.

	Note	2015 Rupees	2014 Rupees
22 OTHER INCOME			
Gain on sale of fixed assets		1,322,113	971,981
Reversal of provision for doubtful debts		-	941,178
Others		-	288,222
		<u>1,322,113</u>	<u>2,201,381</u>
23 OTHER OPERATING CHARGES			
Auditors' remuneration	23.1	2,288,654	1,892,248
Workers' welfare fund		785,595	724,123
FED expense on licensing fee to GBT US II LLC		1,733,979	1,856,097
Bank charges		1,660,073	1,476,564
		<u>6,468,301</u>	<u>5,949,032</u>
23.1 Auditors' remuneration			
Audit fee		1,745,700	1,518,000
Special certifications		300,200	183,975
		2,045,900	1,701,975
Out of pocket expenses		120,000	108,598
Sindh sales tax on services		122,754	81,675
		<u>2,288,654</u>	<u>1,892,248</u>
24 FINANCE COST			
Mark-up on short term running finance		40,670,044	48,096,345
Mark-up on employee loan		3,112,914	2,761,199
		<u>43,782,958</u>	<u>48,857,544</u>
25 TAXATION			
Current - for the year		18,110,856	13,574,533
- prior year		(2,516,699)	3,386,016
Deferred		1,778,469	(2,276,004)
		<u>17,372,626</u>	<u>14,684,545</u>
25.1 Relationship between income tax expense and accounting profit			
Accounting profit before taxation		<u>36,200,717</u>	<u>27,863,812</u>
Statutory Income tax rate in Pakistan		<u>32%</u>	<u>33%</u>
Tax on accounting profit		11,584,229	9,195,058
Effect of tax under presumptive tax regime		4,312,415	2,377,348
Effect of prior year (excess) / short provision		(2,516,699)	3,386,016
Effect of change in tax rate		-	(464,254)
Permanent differences		137,333	-
Others		3,855,348	190,377
Tax expense for the current year		<u>17,372,626</u>	<u>14,684,545</u>

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- 25.2 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 returns are deemed to be an assessment order passed by the Commissioner of Income Tax for tax years 2007, 2008, 2010, 2011, 2014 and 2015. The assessment for the tax years 2009, 2012 and 2013 have been finalised during the year resulting in certain additions to the income / disallowances by the taxation authorities the impact of which was incorporated by the Company in these financial statements.

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

	2015 Rupees	2014 Rupees
26 Earnings per Share		
Basic		
Profit after taxation	<u>18,828,091</u>	<u>13,179,267</u>
	No of Shares	No of Shares
Weighted average number of shares in issue during the year	<u>1,194,808</u>	<u>1,194,808</u>
	Rupees	Rupees
Earnings per share	<u>15.76</u>	<u>11.03</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.

	Note	2015 Rupees	2014 Rupees
27 CASH GENERATED FROM OPERATIONS			
Profit before taxation		36,200,717	27,863,812
Adjustment for non-cash charges and other items:			
Depreciation		11,284,353	13,278,878
Financial charges		43,782,958	48,857,544
Gain on disposal of fixed assets		(1,322,113)	(971,981)
Charge for defined benefit obligation		11,263,561	10,856,415
Working capital changes	27.1	<u>2,562,939</u>	<u>(103,874,800)</u>
		<u>103,772,415</u>	<u>(3,990,132)</u>
27.1 Working capital changes			
Decrease / increase) in current assets			
Trade debts		31,506,650	(96,453,987)
Loans and advances		1,993,074	(5,551,863)
Deposits and short-term prepayments		(5,185,044)	4,247,525
Other receivables		<u>2,200,823</u>	<u>(4,667,196)</u>
		30,515,503	(102,425,521)
Decrease in current liabilities			
Trade and other payables		<u>(27,952,564)</u>	<u>(1,449,279)</u>
		<u>2,562,939</u>	<u>(103,874,800)</u>

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28 FINANCIAL INSTRUMENTS

28.1 Interest rate risk management

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						
Interest / mark-up bearing			Non-interest / mark-up bearing			Total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
(Rupees)						
Financial assets						
Loans and advances	-	-	15,687,967	12,190,007	27,877,974	27,877,974
Deposits	-	-	19,587,389	-	19,587,389	19,587,389
Trade debts	-	-	827,562,392	-	827,562,392	827,562,392
Other receivables	-	-	11,161,591	-	11,161,591	11,161,591
Cash and bank balances	-	-	20,863,132	-	20,863,132	20,863,132
	-	-	894,862,471	12,190,007	907,052,478	907,052,478
Financial liabilities						
Retirement benefit obligations	-	-	-	54,548,116	54,548,116	54,548,116
Short-term finances	544,157,530	-	544,157,530	-	-	544,157,530
Trade and other payables	-	-	239,579,334	-	239,579,334	239,579,334
	544,157,530	-	544,157,530	239,579,334	294,127,450	838,284,980
	(544,157,530)	-	(544,157,530)	655,283,137	(42,358,109)	612,925,028
(Rupees)						
2014						
Interest / mark-up bearing			Non-interest / mark-up bearing			Total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
(Rupees)						
Financial assets						
Loans and advances	-	-	16,252,876	13,618,172	29,871,048	29,871,048
Deposits	-	-	14,203,037	-	14,203,037	14,203,037
Trade debts	-	-	859,069,042	-	859,069,042	859,069,042
Other receivables	-	-	13,362,414	-	13,362,414	13,362,414
Cash and bank balances	-	-	24,746,029	-	24,746,029	24,746,029
	-	-	927,633,398	13,618,172	941,251,570	941,251,570
Financial liabilities						
Retirement benefit obligations	-	-	-	50,690,819	50,690,819	50,690,819
Short-term finances	544,377,719	-	544,377,719	-	-	544,377,719
Trade and other payables	-	-	277,877,597	-	277,877,597	277,877,597
	544,377,719	-	544,377,719	277,877,597	328,568,416	872,946,135
	(544,377,719)	-	(544,377,719)	649,755,801	(37,072,647)	612,683,154
(Rupees)						

28.2 The interest rate profile of interest / mark-up bearing assets and liabilities is given in the notes relating to the respective assets / liabilities.

28.3 Concentration of 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 except cash in hand amounting to Rs 5,391,644 (2014: Rs 3,486,396) 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.

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28.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

28.5 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The management believes that the Company is not materially exposed to risk from foreign currency exchange rate

28.6 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.

29 CAPITAL RISK MANAGEMENT

Capital risk management is governed by the ultimate parent's capital management policy. 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 un expected 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, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. The Company's overall capital management strategy remains unchanged since year 2009.

	Note	2015 Rupees	2014 Rupees
30 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets and financial liabilities			
Financial assets			
<i>Loans and receivables - amortised cost</i>			
Loans and advances		27,877,974	29,871,048
Deposits		19,587,389	14,203,037
Trade debts		827,562,392	859,069,042
Other receivables		11,161,591	13,362,414
Cash and bank balances		20,863,132	24,746,029
		<u>907,052,478</u>	<u>941,251,570</u>
Financial Liabilities			
<i>Amortised cost</i>			
Retirement benefit obligations		54,548,116	50,690,819
Short-term finances		544,157,530	544,377,719
Trade and other payables		239,579,334	277,877,597
		<u>838,284,980</u>	<u>872,946,135</u>

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31 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive Officer		Directors		Total	
	2015	2014	2015	2014	2015	2014
	(Rupees)					
Short-term employee benefits						
Managerial remuneration	13,624,944	11,847,814	10,845,927	10,731,648	24,470,871	22,579,462
Housing and utilities	6,527,165	6,527,165	5,657,270	5,657,270	12,184,435	12,184,435
Medical	60,000	60,000	120,000	120,000	180,000	180,000
Post employment benefits						
Retirement benefits	2,418,403	2,072,179	2,096,091	1,647,565	4,514,494	3,719,744
	<u>22,630,512</u>	<u>20,507,158</u>	<u>18,719,288</u>	<u>18,156,483</u>	<u>41,349,600</u>	<u>38,663,641</u>
Number of persons	1	1	2	2	3	3

31.1 The Chief Executive Officer, Directors and certain other officers are also provided with free use of Company cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

32 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of the parent company, AEG Enterprises (Private) Limited and associate company, Easy Way Travel (Private) Limited as well as its staff retirement benefit funds and key management personnel.

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:

Relationship with the Company	Nature of transaction	2015 Rupees	2014 Rupees
(a) Parent company - AEG Enterprises (Private) Limited	Expenses paid on behalf of AEG Enterprises (Private) Limited - net	4,686,058	4,767,327
	Repayment of expenses by AEG Enterprises (Private) Limited	149,650	-
(b) Associated company - EasyWay Travel (Private) Limited	Tickets sales on behalf of EasyWay Travel (Private) Limited	349,750,547	434,630,318
	Amount paid during the year to EasyWay Travel (Private) Limited	337,361,358	434,630,318
	Expenses paid on behalf of EasyWay Travel (Private) Limited - net	5,839,575	3,683,212
	Repayment of expenses by EasyWay Travel (Private) Limited	12,387,326	-
(c) Key management personnel	Salaries and benefits	36,835,306	34,943,897
	Post employment benefits	4,514,494	3,719,744
	Air ticket sales and related cost	421,057	61,810
(d) Other related parties	Consultancy fee	18,913,770	14,939,016

Contribution to and accruals in respect of staff retirement benefit plans are made in accordance with actuarial valuation / terms of contribution plan (refer to note 13 for details of the plans).

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

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33 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Note	2015 Rupees	2014 Rupees
Cash and bank balances	12	20,863,132	24,746,029
Short-term finances	16	<u>(544,157,530)</u>	<u>(544,377,719)</u>
		<u>(523,294,398)</u>	<u>(519,631,690)</u>

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. There have been no significant reclassifications in these financial statements except as mentioned below:

Note	Reclassification from component	Note	Reclassification to component	Rupees
17	Trade and other payables - Others	17	Trade and other payables - Sales tax payable	89,407
20	Net revenue - Other travel related services	20	Net revenue - Hotel and lodging services	10,044,016
21	Operating and administrative expenses - Other expenses	21	Operating and administrative expenses - Salaries and benefits	478,375

35 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company on April 8, 2016.

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Chairman & Chief Executive

Director

Directors' Report to the Shareholders

The directors have pleasure in presenting the Annual Report of your Company together with the Audited Accounts for the year ended December 31, 2015.

Performance Outlook

	2015	2014
	(Rupees in Thousands)	
Revenue	501,970	480,485
Expenses	421,986	403,763
Interest Expense	43,783	48,858
Profit Before Tax	36,201	27,864

No dividend will be declared for the year 2015 to shareholders of the Company.

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