

annual report

2013

ARPAK INTERNATIONAL INVESTMENTS LIMITED

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ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY PROFILE

Arpak International Investments Limited (the Company) was incorporated in Pakistan on 26 July, 1977 as a Public Company and its shares are quoted on Lahore and Karachi Stock Exchanges. The registered office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad. The Company is principally engaged in investment business of various forms including following:

- a) To deal in commodities agricultural as well as industrial (i.e. sugar, rice, molasses, industrial alcohol, vegetable oils, cotton, polypropylene products and similar other products);
- b) To purchase, take on lease or otherwise acquire for the purpose of development and sale any estate, land, building, easement or other interest in real estate;
- c) To sell or dispose off the undertakings of the Company or any part thereof for such consideration as the Company may think fit and in particular shares, TFC or any other security of any other Company;
- d) To acquire and dispose of or to otherwise take over, undertake and carry on, wholly or in part for shares or cash or otherwise howsoever and as going concern or otherwise;
- e) To take part in the management, to manage and act as consultant and advisors to the business of other companies on fee, commission or such other bases or to enter into partnership of joint venture agreement on profit and loss sharing basis subject to any permission required under law; and
- f) To invest funds of the Companies in shares, stocks, fixed income securities, bonds, modaraba certificates, TFCs, certificates of investments, commercial papers, debentures, debenture stock and securities issued or guaranteed by any Government, or public body or authority, supreme, municipal, local or otherwise in Pakistan or abroad subject to any approval under the law.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

Board of Directors

Begum Laila Sarfaraz

Chief Executive

Mr. Aziz Sarfaraz Khan

Mr. Abbas Sarfaraz Khan

Ms. Zarmine Sarfaraz

Ms. Najda Sarfaraz

Mr. Iskander M. Khan

Mr. Usman Salim Khan

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Auditors

M/s. Hameed Chaudhri & Co.,

Chartered Accountants

Legal Advisor

Mr. Ishtiaq Ahmad

Advocate

Shares Registrar

Messers Hameed Majeed Associates (Pvt.) Limited,

H.M. House, 7-Bank Square, Lahore.

Phone No. : 042-37235081

Fax No. : 042-37235083

Bankers

Bank Al-Habib Limited

The Bank of Khyber

MCB Bank Limited

ARPAK INTERNATIONAL INVESTMENTS LIMITED

MANAGEMENT COMMITTEES

Executive Committee

Mr. Abbas Sarfaraz Khan Chairman
(Non-Executive Director)

Mr. Iskander M. Khan Member
(Executive Director)

Ms. Zarmine Sarfaraz Member
(Non-Executive Director)

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Mr. Aziz Sarfaraz Khan Chairman
(Non-Executive Director)

Mr. Abbas Sarfaraz Khan Member
(Non-Executive Director)

Mr. Iskander M. Khan Member
(Executive Director)

Mr. Mujahid Bashir Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of preliminary announcements of results prior to publication;
- c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards; and
 - Compliance with listing regulations and other statutory and regulatory requirements.
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the Company;
- g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) Consideration of major findings of internal investigations and management's response thereto;
- i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determining of compliance with relevant statutory requirements;
- m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and
- n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

Human Resource and Remuneration Committee

Mr. Aziz Sarfaraz Khan Chairman
(Non-Executive Director)

Mr. Abbas Sarfaraz Khan Member
(Non-Executive Director)

Mr. Usman Saleem Khan Member
(Independent Director)

Mr. Mujahid Bashir Secretary

The Committee is responsible for:

- i) The overall system of remuneration and benefits for senior management and functional heads;
- ii) Succession and career development within the senior management;
- iii) The size and composition of the Board including the “mix” of Executive and Non-Executive Directors;
- iv) Selection and nomination of Non-Executive Directors to the Board and the terms & conditions, wherever applicable and if any, on which Non-Executive Directors are appointed and hold office, for the ultimate approval of the shareholders.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

VISION STATEMENT

To obtain the highest rate of return by making diversified and secured investments. Efficient organization with professional competence of top order.

To ensure attractive returns to business associates and optimizing the shareholders value as per their expectations.

MISSION STATEMENT

We have developed a unique set of strength and competencies. We wish to build safe, healthy and environment friendly atmosphere and will strive continuously to achieve higher level of excellence.

To be a dynamic, profitable and growth oriented company through investments in new national and international markets and undertakings.

To give attractive returns to business associates and shareholders as per their expectations. Be a responsible employer and reward employees according to their ability and performance.

To be a good corporate citizen to fulfill its social responsibilities.

The quality policy also encompasses are long term strategic Goals and Core Values, which are integral part of our business.

ARPAK INTERNATIONAL INVESTMENTS LIMITED CODE OF CONDUCT

Arpak International Investments Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

Arpak International Investments Limited Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

Arpak International Investments Limited Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all Arpak employees and characterizes the Conduct of the organization.

The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.
- The Arpak Cod of Conduct aims at guiding the “Arpak team” with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

It is the basic principle of Arpak International Investments Limited to obey the law of the land and comply with its legal system. Accordingly every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

All business transactions on behalf of Arpak International Investments Limited must be reflected accordingly in the accounts of the Company. The image and reputation of Arpak International Investments Limited is determined by the way each and every of us acts and conducts him / her at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

FINANCIAL HIGHLIGHTS

PARTICULARS	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	(R U P E E S I N T H O U S A N D)									
Income	13,143	13,724	13,020	10,855	9,839	7,994	8,450	6,416	3,884	2,034
Operating Profit	5,126	5,274	6,122	4,703	6,495	4,826	5,713	4,585	2,258	(248)
Profit / (loss) before tax	(10,486)	(10,600)	2,604	15,743	20,385	(2,571)	5,710	4,583	2,351	(204)
Profit / (loss) after tax	(10,795)	(10,867)	1,334	14,384	17,923	(3,857)	3,986	3,632	1,728	(200)
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	235,521	242,386	248,916	243,455	217,045	194,141	93,267	92,107	88,478	86,769
Fixed Assets - Net	6,630	6,713	6,799	6,891	6,989	7,091	7,202	7,321	5,293	7,586
Total Assets	238,133	244,709	251,505	246,652	221,674	196,114	95,585	93,826	92,212	89,745
Long Term Liabilities	-	-	-	-	-	-	-	-	-	202
Dividend										
Cash Dividend (%)			-	-	-	-		7.5	-	-
Ratios Profitability										
Operating Profit (%)	39.00	38.43	47.02	43.33	66.01	60.37	67.6	71.46	58.14	(12.19)
Profit / (loss) before tax (%)	(79.78)	(77.24)	20	145.03	207.19	(32.16)	67.57	71.43	60.53	(10.03)
Profit / (loss) After tax (%)	(82.13)	(79.18)	10.25	132.51	182.16	(48.25)	47.17	56.61	44.49	(9.83)
Return to Shareholders (ROE)										
ROE - Before Tax (%)	(4.45)	(4.37)	1.05	6.47	9.39	(1.32)	6.12	4.98	2.66	(0.24)
ROE - After Tax (%)	(4.58)	(4.48)	0.54	5.91	8.26	(54.39)	4.27	3.94	1.95	(0.23)
Return on Capital Employed (%)	(4.58)	(4.48)	0.54	5.90	44.81	9.64	9.97	9.08	4.32	(0.23)
E.P.S - After Tax	(26.99)	(27.17)	0.33	3.60	4.48	(0.96)	1.00	0.91	0.43	(0.05)
Activity										
Income to Total Assets	0.06	0.06	0.05	0.04	0.04	0.04	0.08	0.07	0.04	0.02
Income to Fixed Assets	1.98	2.04	1.91	1.58	1.41	1.13	1.17	0.88	0.73	0.27
Liquidity/Leverage										
Current Ratio	28.66	24.21	13.18	9.12	5.45	9.57	29.09	16.48	16.48	24.72
Break up Value per Share	58.88	60.6	62.23	60.86	54.26	48.54	23.31	23.03	22.12	21.69
Total Liabilities to Equity (Times)	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.04	0.03

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 36th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on 31 October, 2013 at 10:30 AM at the Registered Office of the Company at King's Arcade, 20-A, Markaz F-7, Islamabad, for transacting the following business:-

ORDINARY BUSINESS

- 1- To confirm the minutes of the Annual General Meeting held on 31 October, 2012.
- 2- To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended 30 June, 2013.
- 3- To appoint the Auditors of the Company and to fix their remuneration for the financial year ending 30 June, 2014.
- 4- To transact any other business of the Company as may be permitted by the Chair.

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolution, with or without amendment, as a Special Resolution:

“Resolved that the consent of the shareholders in the General Meeting be and is hereby accorded to reschedule the installments, after the grace period, for further period of three years for repayment of balance loan by Chashma Sugar Mills Limited, an associated undertaking.”

The share transfer books of the Company will remain closed from 21 October, 2013 to 31 October, 2013(both days inclusive).

By order of the Board

Islamabad
03 October, 2013

(MUJAHID BASHIR)
Company Secretary

- N.B:**
1. Members unable to attend in person may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.
 2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.
 3. C.D.C shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and participants I.D. numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his / her Computerized National Identity Card.

4. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's CNIC or passport, account and participants ID numbers must be deposited along with the form of Proxy. Representative of corporate members should bring the usual documents required for such purpose.

STATEMENT UNDER SECTION 160 (1) OF THE COMPANIES ORDINANCE, 1984

A statement under section 160 of the Companies Ordinance, 1984 setting forth all material facts concerning the matters contained in the Notice which will be considered for adoption at the meeting and the information required under SRO 865(1)(b)/2000 is provided below:

Name of investee Company together with the amount and purpose of loan or advance; in case any loan had already been provided or loan has been written off to the said investee company, the complete details of the loan.	Chashma Sugar Mills Limited Total loan advanced Rs. 50.00 million Less: Received back Rs. 6.25 million Outstanding Loan Rs. 43.75 million The loan has been advanced for higher returns.
A brief about the financial position of the investee company on the basis of last published financial statements.	Chashma Sugar Mills Limited earned handsome profit during most of the preceding year, during the period ended 30 June, 2013 the Company earned profit of Rs. 30.273 millions.
Rate of mark-up to be charged.	The rate will not be less than the borrowing cost of the Company.
Particulars of collateral security to be obtained from borrower and; if not needed, justification thereof.	Demand Promissory Note as a Collateral Security had been obtained.
Source of funds from where loan or advance will be given.	Retained earnings.
Repayment Schedule;	The balance amount in seven half-yearly installments, commencing from November 2016.
Purpose of loans and advance; and	Higher returns leading to better dividend to the shareholders
Benefits likely to accrue to the Company and the shareholders from loans and advances.	Higher returns on the loans leading to better dividends to the shareholders.

ARPAK INTERNATIONAL INVESTMENTS LIMITED DIRECTORS' REPORT

The Directors of Arpak International Investments Limited are pleased to present the 36th Annual Report together with the Audited Financial Statements for the year ended 30 June, 2013.

Summarized Financial Results

The financial results of the Company for the year under review are as follow:-

	2013 (Rupees)	2012 (Rupees)
Loss before taxation	(10,486,594)	(10,599,924)
Taxation	-----	-----
Current tax	303,199	253,873
Deferred	5,839	12,992
	-----	-----
	309,038	266,865
Loss after taxation	(10,795,632)	(10,866,789)
	=====	=====
Loss per share	(2.70)	(2.72)

Financial performance and future prospects

The Company earned a pre-tax profit of Rs. 5.123 million during the year (2012: profit of Rs. 5.270 million). However, after incorporating the share of loss of an associated undertaking, the Company's pre-tax profit got converted to a loss of Rs. 10.487 million. The paid up capital of the Company is Rs. 40.000 million, Capital Reserves Rs. 7.441 million, General Reserves Rs. 5.400 million, Cash Reserve Rs. 54.91 million and un-appropriated profit of Rs. 182.493 million as on 30 June, 2013.

Corporate and financial reporting framework

- The financial statements, prepared by the management of Arpak International Investments Limited, presents fair state of affairs, cash flows and changes in the equity.
- Proper books of account of Arpak International Investments Limited have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.

- The system of internal control has been effectively implemented and monitored.
- The Arpak International Investments Limited has the ability to continue as a “going concern”.
- The Company has followed corporate governance as detailed in the listing regulations.
- Key operating and financial data for the last decade in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as at 30 June, 2013, except for those disclosed in the financial statements.
- During the year, five (5) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of meetings attended
Begum Laila Sarfaraz	3
Mr. Aziz Sarfaraz Khan	3
Mr. Abbas Sarfaraz Khan	5
Ms. Zarmine Sarfaraz	4
Ms. Najda Sarfaraz	4
Mr. Iskander M. Khan	5
Mr. Usman Salim Khan	1
Mr. Abdul Qadar Khattak	2

- Leave of absence was granted to directors who could not attend some of the Board Meetings.
- No trade in the shares of the Company were carried-out by the Directors, CEO, CFO/Company Secretary and their spouses and minor children during the year ended 30 June, 2013.

Role of shareholders

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their Listing Rules, relevant for the year ended 30 June, 2013 have been duly complied with. A statement to this effect is annexed with the report.

Auditors

As recommended by the Audit Committee, the Board of Directors has recommended to re-appoint Messrs Hameed Chaudhri & Co., Chartered Accountants, Lahore as Auditors of the Company for the financial year ending 30 June, 2014.

Pattern of Shareholding

The Pattern of Shareholding, as required under section 236 (2) (d) of the Companies Ordinance, 1984 is annexed.

Acknowledgment

The Directors appreciate the hard work and dedication displayed by the employees of the Company.

The Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

On Behalf Of The Board

Islamabad
03 October, 2013

(Begum Laila Sarfaraz)
Chief Executive

ARPAK INTERNATIONAL INVESTMENTS LIMITED

Shareholders' Information

Registered Office

King's Arcade, 20-A,
Markaz F-7, Islamabad.
Tel # 92-51-02650805-7
Fax # 92-51-2651285-6

Shares Registrar

Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel # 92-42-37235081-2
Fax # 92-42-37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchanges

Arpak equity shares are listed on Karachi and Lahore Stock Exchanges.

Listing Fees

The annual listing fee for the financial year 2012-13 has been paid to the stock exchanges within the prescribed time limit.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code

The stock code for dealing in equity shares of Arpak at KSE and LSE is Arpak Intl.

Book Closure Dates

The Register of Members and Share Transfer books of the Company will remain closed from 21.10.2013 to 31.10.2013

Web Presence

Updated information regarding the Company can be accessed at Arpak website, www.premiergrouppk.com/arpak. The website contains the latest financial results of the Company together with Company's profile.

ARPAK INTERNATIONAL INVESTMENTS LIMITED
FORM-34
PATTERN OF SHAREHOLDING AS AT 30 JUNE, 2013

No. of Shareholders	Shareholding					Total Shares Held
330	From	1	to	100	Shares	13,366
275	From	101	to	500	Shares	66,845
118	From	501	to	1,000	Shares	84,635
140	From	1,001	to	5,000	Shares	292,081
16	From	5,001	to	10,000	Shares	112,666
4	From	10,001	to	15,000	Shares	42,689
1	From	15,001	to	25,000	Shares	21,754
9	From	25,001	to	70,000	Shares	443,818
1	From	70,001	to	160,000	Shares	105,498
4	From	160,001	to	210,000	Shares	811,253
1	From	210,001	to	400,000	Shares	384,502
1	From	400,001	to	500,000	Shares	413,451
1	From	500,001	to	above	Shares	1,207,442
901						4,000,000

Categories of Shareholders	Numbers	Shares Held	Percentage of Paid-up Capital
<u>Associated Companies, Undertakings and Related Parties</u>			
	2	835,945	20.90
The Premier Sugar Mills & Distillery Co. Limited		384,502	9.61
Azlak Enterprises (Pvt.) Limited		451,443	11.29
<u>Directors & Relatives</u>			
	11	2,377,994	59.45
<u>Executives</u>			
	-	-	-
<u>Public Sector Companies & Corporations</u>			
	7	18,990	0.47
Bibojee Services (Pvt) Limited		10,396	0.26
Naeem Securities Limited		100	0.00
Excel Securities (Pvt) Limited		100	0.00
AWJ Securities (SMC-Private) Limited		470	0.01
BCGA Punjab (Pvt) Limited		5,268	0.13
N.H Securities(Pvt.) Limited		2,514	0.06
Sarfaraz Mahmood (Pvt) Limited		142	0.00

<u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>	3	6,550		0.17
Fidelity Investment Bank Ltd.		2,850	0.07	
Investment Corporation of Pakistan		2,700	0.07	
EFU General Insurance Limited.		1,000	0.03	
<u>Individuals</u>	874	756,461		18.91
<u>Others</u>	4	4,060		0.10
Chief Administrator of Auqaf, Punjab		3,798	0.09	
Corporate Law Authority		1	0.00	
Deputy Administrator Abandoned Properties		87		
The Society for Rehabilitation of Crippled Children		174	0.00	
	901	4,000,000		100.00
<u>Shareholders holding 10% or more Voting Interest in the Company</u>				
Mr. Abbas Sarfaraz Khan		1,207,442	30.19	
Azlak Enterprises (Pvt.) Limited		451,443	11.29	

ARPAK INTERNATIONAL INVESTMENTS LIMITED STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Usman Salim Khan
Executive Directors	Begum Laila Sarfaraz, Mr. Iskander M. Khan
Non-Executive Directors	Mr. Aziz Sarfaraz Khan, Mr. Abbas Sarfaraz Khan, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz

2. The Directors have confirmed that none of them is serving as a director in more than ten listed Companies including this Company.
3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he/she, being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred in the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated among the directors.

9. There was no new appointment of Company Secretary. New Appointment of CFO and Head of Internal Audit Department was made during the year.
10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee, which comprises of three members, of whom two are non-executive directors.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.
16. The Board ensures arrangement of orientation courses for its Directors to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are non-executive directors and the chairman of the Committee is a non-executive director.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange (s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange (s).
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Islamabad
03 October, 2013

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

ARPAK INTERNATIONAL INVESTMENTS LIMITED
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company) to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2013.

LAHORE;
04 October, 2013

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

ARPAK INTERNATIONAL INVESTMENTS LIMITED AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company) as at 30 June, 2013 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (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 30 June, 2013 and of the loss, total 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 (XVIII of 1980).

LAHORE;
04 October, 2013

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

ARPAK INTERNATIONAL INVESTMENTS LIMITED
BALANCE SHEET AS AT 30 JUNE, 2013

	Note	2013 Rupees	2012 Rupees		Note	2013 Rupees	2012 Rupees
Equity and Liabilities				Assets			
Share Capital and Reserves				Non-current Assets			
Authorised capital				Property, plant and equipment	13	4,692,294	4,751,512
5,000,000 ordinary shares of Rs.10 each		<u>50,000,000</u>	<u>50,000,000</u>	Investment property	14	1,938,385	1,960,861
Issued, subscribed and paid-up capital				Long term investments	15	130,621,144	142,115,741
4,000,000 ordinary shares of Rs.10 each issued for cash	7	40,000,000	40,000,000	Loan to an Associated Company	16	<u>31,250,000</u>	<u>43,750,000</u>
Reserves	8	13,211,243	13,192,036			<u>168,501,823</u>	<u>192,578,114</u>
Unappropriated profit		<u>182,493,263</u>	<u>189,193,527</u>	Current Assets			
		<u>235,704,506</u>	<u>242,385,563</u>	Current portion of non-current assets	17	12,500,000	9,154,073
Deferred taxation	9	176,130	170,291	Investments	18	51,313,746	41,869,803
Current Liabilities				Advance to employees - considered good		9,750	9,750
Accruals and other payables	10	2,132,800	1,900,944	Accrued profit and mark-up	19	2,029,996	291,201
Taxation	11	303,199	252,425	Prepayments		0	16,152
		<u>2,435,999</u>	<u>2,153,369</u>	Advance income tax and tax deducted at source		360,298	271,277
Contingencies and Commitments	12			Bank balances	20	3,601,022	518,853
						<u>69,814,812</u>	<u>52,131,109</u>
		<u>238,316,635</u>	<u>244,709,223</u>			<u>238,316,635</u>	<u>244,709,223</u>

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

CHIEF EXECUTIVE

DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2013

	Note	2013 Rupees	2012 Rupees
Income	21	13,142,934	13,723,865
Operating and General Expenses	22	8,017,149	8,449,647
Operating Profit		<u>5,125,785</u>	<u>5,274,218</u>
Bank Charges		3,207	4,408
		<u>5,122,578</u>	<u>5,269,810</u>
Share of Loss of Associated Companies - net	15	<u>(15,609,172)</u>	<u>(15,869,734)</u>
Loss before Taxation		<u>(10,486,594)</u>	<u>(10,599,924)</u>
Taxation			
Current	11	303,199	252,425
Prior year	11	0	1,448
Deferred	9	5,839	12,992
		<u>309,038</u>	<u>266,865</u>
Loss after Taxation		<u><u>(10,795,632)</u></u>	<u><u>(10,866,789)</u></u>
Loss per Share	23	<u><u>(2.70)</u></u>	<u><u>(2.72)</u></u>

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

CHIEF EXECUTIVE

DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2013

	Note	2013 Rupees	2012 Rupees
Loss after Taxation		(10,795,632)	(10,866,789)
Other Comprehensive Income			
Fair value gain on re-measurement of available-for-sale investments	15	19,207	76,148
Total Comprehensive Loss for the Year		<u>(10,776,425)</u>	<u>(10,790,641)</u>

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

CHIEF EXECUTIVE

DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2013

	2013 Rupees	2012 Rupees
Cash flow from operating activities		
Profit for the year - before taxation and share of loss of Associated Companies	5,122,578	5,269,810
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	59,218	62,843
Depreciation on investment property	22,476	23,658
Mark-up on loan to an Associated Company	(5,514,380)	(6,901,205)
Profit on term finance certificates	(11,139)	(459,880)
Dividend income	(43,875)	(29,250)
Fair value gain on re-measurement of investments	(4,193,943)	(3,496,732)
Loss before working capital changes	(4,559,065)	(5,530,756)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments at fair value through profit or loss	(5,250,000)	(14,000,000)
Advance to employees	0	112,000
Prepayments	16,152	14,314
Increase in accruals and other payables	231,856	150,012
	(5,001,992)	(13,723,674)
Cash used in operating activities	(9,561,057)	(19,254,430)
Income tax paid	(341,446)	(667,958)
Net cash used in operating activities	(9,902,503)	(19,922,388)
Cash flow from investing activities		
Instalment of loan to an Associated Company received	6,250,000	0
Mark-up on loan to an Associated Company and profit on held-to-maturity investments	3,786,724	13,948,668
Redemption of held to maturity investments	2,904,073	5,808,218
Dividends received	43,875	29,250
Net cash generated from investing activities	12,984,672	19,786,136
Net increase / (decrease) in cash and cash equivalents	3,082,169	(136,252)
Cash and cash equivalents - at beginning of the year	518,853	655,105
Cash and cash equivalents - at end of the year	3,601,022	518,853

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

CHIEF EXECUTIVE

DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2013

	Reserves			Unrealised gain on available-for-sale investments	Unappropriated profit	Total
	Share capital	Capital reserve	General reserve			
	----- Rupees -----					
Balance as at 30 June, 2011	40,000,000	7,440,781	5,400,000	275,107	195,799,805	248,915,693
Total comprehensive income / (loss) for the year ended 30 June, 2012	0	0	0	76,148	(10,866,789)	(10,790,641)
Effects of items directly credited in equity by Associated Companies	0	0	0	0	4,260,511	4,260,511
Balance as at 30 June, 2012	40,000,000	7,440,781	5,400,000	351,255	189,193,527	242,385,563
Total comprehensive income / (loss) for the year ended 30 June, 2013	0	0	0	19,207	(10,795,632)	(10,776,425)
Effects of items directly credited in equity by Associated Companies	0	0	0	0	4,095,368	4,095,368
Balance as at 30 June, 2013	40,000,000	7,440,781	5,400,000	370,462	182,493,263	235,704,506

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

CHIEF EXECUTIVE

DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2013

1. CORPORATE INFORMATION

Arpak International Investments Limited (the Company) was incorporated in Pakistan on 26 July, 1977 as a Public Company and its shares are quoted on Lahore and Karachi Stock Exchanges. The registered office of the Company is situated at 20-A, Markaz F-7, Islamabad. The Company is principally engaged in investment business of various forms.

2. STATEMENT OF COMPLIANCE

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or requirements of the said directives have been followed.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All financial information presented in Pak Rupees has been rounded-off to the nearest Rupee, unless otherwise stated.

4. NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

4.1 New standards, amendments to approved accounting standards and interpretations, which became effective during the year ended 30 June, 2013

There are certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee, which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

4.2 New standards, amendments to approved accounting standards and new interpretations, which are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the date specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases.

- (a) IAS 19 (Amendment), 'Employee benefits' is applicable on accounting periods beginning on or after 01 January, 2013. These amendments shall eliminate the corridor approach and calculate finance cost on a net funding basis. The application of these amendments have no impact on the Company's financial statements.
- (b) IAS 28 (Revised), 'Associates and joint ventures' (effective for periods beginning on or after 01 January, 2013). This standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The Company is yet to assess the full impact of IAS 28 (Revised).
- (c) IAS 32 (Amendment), 'Financial instruments: presentation' (effective for periods beginning on or after 01 January, 2014). This amendment updates the application guidance in IAS 32, 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any significant impact on the Company's financial statements.
- (d) Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after 01 January, 2013. This set of amendments includes changes to five standards: IFRS 1 'First time adoption of IFRSs', IAS 1 'Presentation of financial statements', IAS 16 'Property, plant and equipment', IAS 32 'Financial instruments: presentation' and IAS 34 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.
- (e) IFRS 9, 'Financial instruments' (effective for periods beginning on or after 01 January, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.
- (f) IFRS 13, 'Fair value measurement' (effective for periods beginning on or after 01 January, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance and how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company shall apply this standard from 01 July, 2013 and does not expect to have a material impact on its financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.2 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.3 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

5.4 Property, plant and equipment

These are stated at cost less accumulated depreciation except freehold land which is stated at cost. Depreciation is taken to profit and loss account applying reducing balance method at the rates stated in note 13 to write-off the cost over estimated remaining useful life of assets. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

5.5 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been valued at cost whereas building on freehold land has been valued at cost less accumulated depreciation and any identified impairment loss.

5.6 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

5.7 Investments

(a) Available-for-sale investments

These represent investments which are not held for trading. All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

Any gain or loss from a change in the fair value of available-for-sale investments is recognised in other comprehensive income as unrealised, unless sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in other comprehensive income will be reclassified from equity to profit and loss account for the period.

(b) Investments at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost is recognised in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

(c) Held-to-maturity investments

Investments with fixed maturity, that the management has the intent and ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are initially measured at cost and at subsequent reporting dates measured at amortised cost using the effective yield method.

(d) Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks.

5.9 Revenue recognition

- Income on deposit / saving accounts / term finance certificates is accrued on time proportion basis by reference to the principal outstanding and the applicable rate of return / interest.
- Dividend income is accounted for when the right of receipt is established.
- Rental income is accounted for on 'accrual basis'.

5.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include investments, loan to an Associated Company, advances to employees, accrued profit & mark-up, bank balances and accruals & other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.11 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

6. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards 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 expectation 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:

a) Taxation

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

b) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

7. SHARE CAPITAL

The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises (Pvt.) Ltd. (Associated Companies) respectively hold 384,502 and 451,443 ordinary shares of the Company as at 30 June, 2013 and 2012.

8. RESERVES

	Note	2013 Rupees	2012 Rupees
Capital reserve	8.1	7,440,781	7,440,781
Revenue reserve - general	8.2	5,400,000	5,400,000
Fair value reserve on measurement of available-for-sale investments	15	370,462	351,255
		<u>13,211,243</u>	<u>13,192,036</u>

8.1 The year-end balance comprised of as follows:

Gain on sale of land arisen during the accounting years ended on:

31 December, 1981	2,648,331	2,648,331
31 December, 1984	1,500,000	1,500,000
30 June, 1998	2,690,925	2,690,925
	<u>6,839,256</u>	<u>6,839,256</u>

Gain on sale of investments arisen during the accounting year ended on 31 December, 1983

601,525	601,525
<u>7,440,781</u>	<u>7,440,781</u>

8.2 This reserve was created by transfer from profit and loss appropriation account for the year ended 31 December, 1983.**9. DEFERRED TAXATION**

The year-end credit balance has arisen due to accelerated tax depreciation allowances.

10. ACCRUALS AND OTHER PAYABLES

Accrued expenses	136,500	166,500
Security deposits - refundable	424,776	424,776
Tax deducted at source	0	10,240
Unclaimed dividend	210,428	210,428
Advance rent	1,361,096	1,089,000
	<u>2,132,800</u>	<u>1,900,944</u>

11. TAXATION - Net	2013 Rupees	2012 Rupees
Opening balance	252,425	681,082
Add: provision made during the year:		
- current	303,199	252,425
- prior year	0	1,448
	303,199	253,873
	555,624	934,955
Less: adjusted against completed assessments:		
- tax deducted at source	252,425	285,849
- tax paid along with return	0	396,681
	252,425	682,530
	303,199	252,425

11.1 Returns filed by the Company for Tax Years 2003 to 2012 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001. The Company has not received any notice from the Tax Department for selection of its cases for detailed scrutiny.

11.2 Numeric tax rate reconciliation has not been presented in these financial statements as provisions made during the current and preceding years represent tax payable on property and dividend income.

12. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 30 June, 2013 and 2012.

13. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings on freehold land	Furniture and fixtures	Equipment	Vehicle	Total
	----- Rupees -----					
COST AS AT 30 JUNE, 2012 AND 30 JUNE, 2013	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
DEPRECIATION						
Balance as at 30 June, 2011	0	2,804,965	24,236	172,398	417,708	3,419,307
Charge for the year	0	60,013	371	1,901	558	62,843
Balance as at 30 June, 2012	0	2,864,978	24,607	174,299	418,266	3,482,150
Charge for the year	0	57,012	334	1,425	447	59,218
Balance as at 30 June, 2013	0	2,921,990	24,941	175,724	418,713	3,541,368
BOOK VALUE AS AT 30 JUNE, 2012	3,600,000	1,140,242	3,335	5,701	2,234	4,751,512
BOOK VALUE AS AT 30 JUNE, 2013	3,600,000	1,083,230	3,001	4,276	1,787	4,692,294
Depreciation rate (%)	0	5	10	25	20	

14. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
	-----Rupees-----		
As at 30 June, 2011			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	0	1,026,831	1,026,831
Book value	<u>1,511,350</u>	<u>473,169</u>	<u>1,984,519</u>
Year ended 30 June, 2012			
Depreciation charge	0	23,658	23,658
Book value as at 30 June, 2012	<u>1,511,350</u>	<u>449,511</u>	<u>1,960,861</u>
Year ended 30 June, 2013			
Depreciation charge	0	22,476	22,476
Book value as at June 30, 2013	<u>1,511,350</u>	<u>427,035</u>	<u>1,938,385</u>
As at 30 June, 2012			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	0	1,050,489	1,050,489
Book value	<u>1,511,350</u>	<u>449,511</u>	<u>1,960,861</u>
As at 30 June, 2013			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	0	1,072,965	1,072,965
Book value	<u>1,511,350</u>	<u>427,035</u>	<u>1,938,385</u>
Depreciation rate (%)		<u>5</u>	

14.1 Fair value of the investment property, based on the management's estimation, as at 30 June, 2013 is Rs.13.900 million.

15. LONG TERM INVESTMENTS**Associated Companies:****Quoted:****The Premier Sugar Mills and Distillery Company Ltd. (PSM)**

400,000 ordinary shares of Rs.10 each - cost

Equity held 10.67% (2012:10.67%)

Post acquisition profit brought forward including effect of items directly credited in equity by PSM

Loss for the year-net of taxation

2013
Rupees**2012**
Rupees**8,800,000**

8,800,000

90,326,776

103,938,252

(17,452,825)

(17,074,000)

81,673,951

95,664,252

Un-quoted:**Premier Board Mills Ltd. (PBML)**

600,000 ordinary shares of Rs.10 each received as dividend from The Premier Sugar Mills and Distillery Company Ltd. - accounted for at face value

Equity held 10.63% (2012:10.63%)

Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML

Profit for the year - net of taxation

6,000,000

6,000,000

40,596,540

38,759,430

1,843,653

1,204,266

48,440,193

45,963,696

130,114,144

141,627,948

Others - Quoted**Available-for-sale**

Ibrahim Fibres Ltd.

9,750 ordinary shares of Rs.10 each - cost

Add: adjustment on re-measurement to fair value

136,538

136,538

370,462

351,255

507,000

487,793

Held to maturity

Bank Al-Habib Ltd. - term finance certificates

Less: current portion grouped under current assets

0

2,904,073

0

(2,904,073)

0

0

130,621,144

142,115,741

- 15.1** The Company had made investment in the redeemable capital of Bank Al-Habib Ltd. by purchasing 16 Term Finance Certificates (TFCs) having a total face value of Rs.8,735,000. These TFCs were redeemable in 16 half-yearly instalments commenced from January, 2005 and ended on July, 2012; first 13 instalments were of Rs.1,747 each whereas the last three instalments were of Rs.2,904,096. These TFCs carried profit at base rate plus 1.50% with a floor of 3.50% and cap of 10.00%.
- 15.2** Fair value of investments in PSM as at 30 June, 2013 was Rs.22.552 million (2012: Rs.16.144 million).
- 15.3** Summarised financial information of PSM, based on its reviewed condensed interim financial information for the half-year ended 31 March, is as follows:

	Note	2013 Rupees in thousand	2012
- total assets as at 31 March,		2,476,399	2,602,337
- total liabilities as at 31 March,		1,377,942	1,340,985
- revenue for the half-year ended 31 March,		913,911	907,512
- loss after taxation for half-year ended 31 March,		(45,880)	(42,531)

15.4 Summarised financial information of PBML, based on the un-audited financial statements for the year ended 30 June, is as follows:

- total assets as at 30 June,		460,828	449,029
- total liabilities as at 30 June,		5,255	7,135
- revenue for the year ended 30 June,		22,973	31,070
- profit after taxation for year ended 30 June,		17,399	23,648

16. LOAN TO AN ASSOCIATED COMPANY - Unsecured

Balance as at 30 June,		43,750,000	50,000,000
Less: current portion grouped under current assets		12,500,000	6,250,000
		31,250,000	43,750,000

The Company and Chashma Sugar Mills Ltd. (CSM) have entered into a loan agreement on 20 May, 2008 whereby the Company has advanced amounts aggregating Rs.50 million to CSM. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; the effective mark-up rate charged by the Company during the year ranged from 10.27% to 13.35% (2012: 13.17% to 14.81%) per annum. The loan is receivable in 8 equal half-yearly instalments commenced from May, 2013 and is secured against a promissory note of Rs.55.615 million.

17. CURRENT PORTION OF NON-CURRENT ASSETS

Bank Al-Habib Ltd. - term finance certificates	15	0	2,904,073
Loan to an Associated Company	16	12,500,000	6,250,000
		12,500,000	9,154,073

18. INVESTMENTS - At fair value through profit or loss		2013	2012
	Note	Rupees	Rupees
MCB Cash Management Optimizer			
332,902 (2012: 256,697) Units - cost		26,234,592	20,984,592
Adjustment on re-measurement to fair value		7,398,623	4,714,416
		33,633,215	25,699,008
Askari Sovereign Cash Fund			
175,657 (2012: 160,003) Units - cost		15,000,000	15,000,000
Adjustment on re-measurement to fair value		2,680,531	1,170,795
		17,680,531	16,170,795
		51,313,746	41,869,803
19. ACCRUED PROFIT AND MARK-UP			
The year-end balance amounting Rs.2.030 million (2012: Rs.0.158 million) represents due from Chashma Sugar Mills Ltd. (an Associated Company) on account of mark-up accrued on loan advanced.			
20. BANK BALANCES			
Deposit accounts, during the year, carried profit at the rates ranging from 6% to 8.25% (2012: 5.00% to 8.50%) per annum.			
21. INCOME			
Interest / profit on deposit accounts		41,480	31,798
Mark-up on loan to an Associated Company		5,514,380	6,901,205
Fair value gain on re-measurement of investments at fair value through profit or loss	18	4,193,943	3,496,732
Profit on term finance certificates		11,139	459,880
Dividends		43,875	29,250
Rent		3,327,904	2,805,000
Others		10,213	0
		13,142,934	13,723,865

22. OPERATING AND GENERAL EXPENSES	Note	2013 Rupees	2012 Rupees
Salaries and allowances		3,210,829	3,219,170
Printing and stationery		184,186	172,056
Travelling and conveyance		1,386,522	1,842,335
Communication		177,737	188,825
Utilities		4,046	5,662
Rent, rates and taxes		224,807	244,187
Vehicles' running		582,787	451,614
Fees and subscription		151,510	163,537
Advertisement		68,650	38,660
Entertainment		658,244	810,821
Repair and maintenance		856,770	691,509
Insurance		31,693	48,846
Depreciation on property, plant and equipment	13	59,218	62,843
Depreciation on investment property	14	22,476	23,658
Auditors' remuneration:			
-statutory audit		75,000	75,000
-half yearly review		55,000	55,000
-certification charges		36,500	48,000
-out-of-pocket expenses		15,000	20,000
		181,500	198,000
Legal and professional charges (other than Auditors)		51,000	120,000
Others		165,174	167,924
		8,017,149	8,449,647

24. REMUNERATION OF DIRECTORS AND EXECUTIVES

24.1 The Company has not paid any remuneration or meeting fee to any of its directors during the current and preceding years.

24.2 Salaries and benefits paid to key management	2013	2012
	Rupees	Rupees
Managerial remuneration	2,453,200	2,502,264
Medical and utility allowances	613,300	588,766
	<u>3,066,500</u>	<u>3,091,030</u>
No. of person	1	1

25. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk; - Liquidity risk; and - Market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management framework.

25.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted. The financial assets which are subject to credit risk aggregated Rs.101.212 million (2012: Rs.96.081 million) as tabulated below:

Long term investments	507,000	3,391,866
Loan to an Associated Company	43,750,000	50,000,000
Investments - at fair value through profit or loss	51,313,746	41,869,803
Advance to employees	9,750	9,750
Accrued profit and mark-up	2,029,996	291,201
Bank balances	3,601,022	518,853
	<u>101,211,514</u>	<u>96,081,473</u>

Credit rating of investments - at fair value through profit or loss

The analysis below summarises the credit rating of the Company's investments:

	Fund stability rating assigned by PACRA
- MCB Cash Management Optimizer	AA
- Askari Sovereign Cash Fund	AAA

25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations of the Company are short term in nature and are restricted to the extent of available liquidity. As at balance sheet date, accruals and other payables are the only financial liability of the Company that are due within next twelve months.

25.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk on its quoted and short term investments.

25.3.1 Currency risk

Foreign currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to foreign exchange risk as it does not have any foreign currency receivables or payables.

25.3.2 Interest rate risk

At the reporting date carrying amount of the mark-up / profit rate profile of the Company's significant financial assets was as follows:

	2013 Rupees	2012 Rupees
Term finance certificates	0	2,904,073
Loan to an Associated Company	43,750,000	50,000,000
Bank balances	3,601,022	518,853
	<u>47,351,022</u>	<u>53,422,926</u>

The effective mark-up / profit rates for the monetary financial assets are mentioned in respective notes to the financial statements.

25.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investments in Units of Mutual Funds and ordinary shares of a listed Company. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity and capital markets. In addition, the Company actively monitors the key factors that affect price movements.

The effects of a 10% increase in redemption value of Units of Mutual Fund and share price of investments would be as follows:

	2013 Rupees	2012 Rupees
Effect on profit and loss account	5,131,375	4,186,980
Effect on equity	50,700	48,779
Effect on investments	<u>5,182,075</u>	<u>4,235,759</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss account, equity and assets of the Company.

25.4 Fair value of financial instruments and hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

- Level:1** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level:2** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level:3** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's investments in equity instruments of a listed Company have been measured at fair value using year-end quoted price. Fair value of these investments falls within level 1 of fair value hierarchy as mentioned above.

The Company's investments in Mutual Funds have been measured at fair value using year-end Net Assets Value as computed by the respective Assets Management Companies. Fair value of these investments falls within level 2 of fair value hierarchy as mentioned above.

26. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

27. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 03 October, 2013 by the board of directors of the Company.

28. FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
20-A, Markaz F-7, Islamabad.

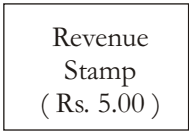
FORM OF PROXY
36th Annual General Meeting

I/We.....of.....being a member
of **Arpak International Investments Limited** and holding ordinary
shares entitled to vote or votes hereby appoint.....of.....or failing
him.....of.....as my/our
proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to
be held on 31 October, 2013 and at any adjournment thereof.

As witness my/our hand thisday of..... 2013

Signed by the said
In the presence of

Address.....
.....
.....



Signature

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.