annual report

2011

ARPAK INTERNATIONAL INVESTMENTS LIMITED

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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. Abdul Qadar Khattak
BOARD AUDIT COMMITTEE	Mr. Aziz Sarfaraz Khan *Chairman* Mr. Abbas Sarfaraz Khan *Member* Mr. Iskander M. Khan *Member*
COMPANY SECRETARY/ CHIEF FINANCIAL OFFICER	Mr. Mujahid Bashir
AUDITORS	Messers Hameed Chaudhri & Co., *Chartered Accountants*
TAX CONSULTANTS	Messers BDO Ibrahim & Co., *Chartered Accountants*
LEGAL ADVISERS	Mr. Ishtiaq Ahmad *Advocate*
SHARE REGISTRAR	Messers Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore
BANKERS	Bank Al-Habib Limited The Bank of Khyber MCB Bank Limited
REGISTERED OFFICE	King's Arcade, 20-A, Markaz F-7, Islamabad Phone: 051-2650805-7 Fax: 051-2651285-6

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 34th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on 31 October, 2011 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:-

1- To confirm the minutes of the Annual General Meeting held on 29 October, 2010.

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, 2011.

3- To appoint the Auditors of the Company and to fix their remuneration for the financial year ending 30 June, 2012.

4- To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from 21 October, 2011 to 31 October, 2011 (both days inclusive).

By order of the Board

Islamabad
07 October, 2011

(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.

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
DIRECTORS' REPORT

The Board of Directors of Arpak International Investments Limited is pleased to present their Report together with the Audited Financial Statements for the year ended 30 June, 2011.

Summarized Financial Results

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

	2011 (Rupees)	2010 (Rupees)
Profit before taxation	**2,603,940**	15,743,126
Taxation		
Current tax	**1,281,874**	1,342,317
Deferred	**(12,363)**	16,657
	1,269,511	1,358,974
Profit after taxation	**1,334,429**	14,384,152
Earnings per share	**0.33**	3.60

Financial performance and future prospects

The Company earned Rs. 6.118 million (2010, Rs. 4.698 million) pre-tax profit during the year. However, after incorporating the share of loss of an associated undertaking, the Company's pre-tax profit was reduced to Rs. 1.334 million. The paid up capital of the Company was Rs. 40.000 million, Capital Reserves Rs. 7.715 million, General Reserves Rs.5.400 million, Cash Reserve Rs.25.028 million and un-appropriated profit of Rs. 195.800 million as on 30 June, 2011.

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 Company, 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, 2011, except for those disclosed in the financial statements.

- During the year, five meetings of the Board of Directors were held. Attendance by each director was as follows:

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

- 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, 2011.

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, 2011 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, 2012.

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
07 October, 2011

(Begum Laila Sarfaraz)
Chief Executive

ARPAK INTERNATIONAL INVESTMENTS LIMITED

FINANCIAL HIGHLIGHTS

PARTICULARS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	(R U P E E S IN T H O U S A N D)									
Income	13,020	10,854	9,839	7,994	8,450	6,416	3,884	2,034	4,716	7,064
Operating Profit	6,122	4,703	6,495	4,826	5,713	4,585	2,258	(248)	2,135	4,496
Profit before tax	2,604	15,743	20,385	(2,571)	5,710	4,583	2,351	(204)	2,258	4,430
Profit after tax	1,334	14,384	17,923	(3,857)	3,986	3,632	1,728	(200)	1,359	3,408
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Share holders' Equity	248,916	243,455	224,722	194,141	93,267	92,107	88,478	86,769	86,822	85,341
Fixed Assets - Net	6,799	6,891	6,989	7,091	7,202	7,321	5,293	7,586	5,510	7,898
Total Assets	251,505	246,653	229,352	196,114	95,585	93,826	92,212	89,745	90,438	90,725
Long Term Liabilities	-	-	-	-	-	-	-	202	202	202
Dividend										
Cash Dividend (%)	-	-	-	-		7.50	-	-	-	5
Ratios Profitability										
Operating Profit (%)	47.02	43.33	66.01	60.37	67.60	71.46	58.14	(12.19)	45.27	63.65
Profit befor tax (%)	20.00	145.04	207.19	(32.16)	67.57	71.43	60.53	(10.03)	47.88	62.72
Profit After tax (%)	10.25	132.52	182.16	(48.25)	47.17	56.61	44.49	(9.83)	28.82	48.24
Return to Sharehoders (ROE)										
ROE - Before Tax (%)	1.05	6.47	9.07	(1.32)	6.12	4.98	2.66	(0.24)	2.60	5.19
ROE - After Tax (%)	0.54	5.91	7.98	(54.39)	4.27	3.94	1.95	(0.23)	1.57	3.99
Return on Capital Employed (%)	44.81	44.81	44.81	9.64	9.97	9.08	4.32	(0.23)	1.56	3.98
E.P.S - After Tax	0.33	3.60	4.48	(0.96)	1.00	0.91	0.43	(0.05)	0.34	0.85
Activity										
Income to Total Assets	0.05	0.04	0.04	0.04	0.08	0.07	0.04	0.02	0.05	0.08
Income to Fixed Assets	1.91	1.58	1.41	1.13	1.17	0.88	0.73	0.27	0.86	0.89
Liquidity/Leverage										
Current Ratio	5.45	5.45	5.45	9.57	29.09	16.48	16.48	24.72	20.29	13.10
Break up Value per Share	62.23	60.86	56.18	48.54	23.31	23.03	22.12	21.69	21.71	21.34
Total Liabilities to Equity (Times)	0.01	0.02	0.02	0.02	0.02	0.02	0.04	0.03	0.04	0.06

ARPAK INTERNATIONAL INVESTMENTS LIMITED

FORM-34

PATTERN OF SHAREHOLDING AS AT 30 JUNE, 2011

No. of Shareholders	Shareholding					Total Shares Held
327	From	1	to	100	Shares	13,475.00
266	From	101	to	500	Shares	63,827.00
119	From	501	to	1,000	Shares	85,010.00
147	From	1,001	to	5,000	Shares	308,785.00
15	From	5,001	to	10,000	Shares	102,666.00
3	From	10,001	to	15,000	Shares	31,689.00
3	From	15,001	to	25,000	Shares	60,307.00
8	From	25,001	to	70,000	Shares	412,095.00
1	From	70,001	to	160,000	Shares	105,498.00
4	From	160,001	to	210,000	Shares	811,253.00
2	From	210,001	to	400,000	Shares	384,502.00
1	From	400,001	to	500,000	Shares	413,451.00
1	From	500,001	to	above	Shares	1,207,442.00
897						**4,000,000.00**

Categories of Shareholders	Numbers		Shares Held		Percentage of Paid-up Capital
Associated Companies, Undertakings and Related Parties	**2**		**835,945**		**20.90**
The Premier Sugar Mills & Distillery Co. Limited		384,502		9.61	
Azlak Enterprises (Pvt.) Limited		451,443		11.29	
Directors & Relatives	**11**		**2,380,493**		**59.51**
Executives	**-**		**-**		**-**

Public Sector Companies & Corporations	**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		5268		0.13	
N.H Securities Pvt. Limited		2514		0.06	
Sarfaraz Mahmood (Pvt) Limited		142		0.00	
Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	**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	
Individuals	**870**		**753,962**		**18.85**
Others	**4**		**4,060**		**0.10**
Chief Administrator of Auqaf, Punjab		3,798		0.09	
Corporate Law Authority		1		0.00	
Deputy Administrator Abandoned Properities		87			
The Society for Rehabilitation of Crippled Children		174		0.00	
	897		**4,000,000**		**100.00**

Shareholders holding 10% or more Voting Interest in the Company

Mr. Abbas Sarfaraz Khan	1,207,442	30.19
Azlak Enterprises (Pvt.) Limited	451,443	11.29

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF ETHICS AND BUSINESS PRACTICES

The articulation of this statement is based on the following:

1. Elimination of improper payments or use of the Company's assets.
2. Elimination of political contributions.
3. Accuracy of books and records of the Company and its safe custody.
4. Authentic and genuine payment of amounts due to costumers, agents and distribution.
5. Elimination of reporting violations.
6. Integrity and scrupulous dealings.
7. Strict observance of the laws of the county.
8. Respect of basic human rights.
9. Teamwork, trust, determination and delegation of powers.

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; at present the Board includes one independent non-executive director.

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 vacancies were occurred in the Board during the year.

5. The Company has prepared a “Statement of Ethics and Business Practices”, which has been signed by all the directors and employees of the Company.

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. Directors are well conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.

10. There was no new appointment of CFO, Company Secretary or Head of Internal Audit Department during the year.

11. 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.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee, which comprises of three members, of whom one is non-executive director.

16. 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.

17. The Board has set-up an effective internal audit function.

18. 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.

19. 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.

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with requirements of listing regulation number 35 of the Karachi Stock Exchange (Guarantee) Limited.

21. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

ISLAMABAD
07 October, 2011

(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's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 the 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, 2011.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Hameed Chaudhri

LAHORE;
08 October, 2011

ARPAK INTERNATIONAL INVESTMENTS LIMITED
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** as at 30 June, 2011 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, 2011 and of the profit, total 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 (XVIII of 1980).

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Hameed Chaudhri

LAHORE;
08 October, 2011

ARPAK INTERNATIONAL INVESTMENTS LIMITED
BALANCE SHEET AS AT 30 JUNE, 2011

	Note	2011 Rupees	2010 Rupees Re-stated	2009 Rupees Re-stated
Equity and Liabilities				
Share Capital and Reserves				
Authorised capital 5,000,000 ordinary shares of Rs.10 each		50,000,000	50,000,000	50,000,000
Issued, subscribed and paid-up capital 4,000,000 ordinary shares of Rs.10 each issued for cash	8	40,000,000	40,000,000	40,000,000
Reserves	9	13,115,888	13,037,498	12,994,890
Unappropriated profit		195,799,805	190,417,691	171,727,149
		248,915,693	243,455,189	224,722,039
Deferred taxation	10	157,299	169,662	153,005
Current Liabilities				
Accruals and other payables	11	1,750,932	1,685,773	2,228,320
Taxation	12	681,082	1,341,706	2,248,000
		2,432,014	3,027,479	4,476,320
Contingencies and Commitments	13			
		251,505,006	246,652,330	229,351,364

	Note	2011 Rupees	2010 Rupees Re-stated	2009 Rupees Re-stated
Assets				
Non-current Assets				
Property, plant and equipment	14	4,814,355	4,881,170	4,952,375
Investment property	15	1,984,519	2,009,423	2,035,637
Long term investments	16	162,361,107	162,153,331	147,962,881
Loan to an Associated Company	17	50,000,000	50,000,000	50,000,000
		219,159,981	219,043,924	204,950,893
Current Assets				
Investments	18	24,373,071	19,179,695	0
Advance to employees - considered good		121,750	9,750	663,700
Accrued profit and mark-up	19	6,878,784	6,222,876	7,722,190
Prepayments		30,466	0	16,298
Advance income tax and tax deducted at source		285,849	1,600,183	2,289,484
Bank balances	20	655,105	595,902	13,708,799
		32,345,025	27,608,406	24,400,471
		251,505,006	246,652,330	229,351,364

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, 2011

	Note	2011 Rupees	2010 Rupees Re-stated
Income	21	**13,020,157**	10,854,714
Operating and General Expenses	22	**6,898,020**	6,152,180
Operating Profit		**6,122,137**	4,702,534
Bank Charges		**3,392**	4,354
		6,118,745	4,698,180
Share of (Loss) / Profit of Associated Companies - net of taxation	16	**(3,514,805)**	11,044,946
Profit before Taxation		**2,603,940**	15,743,126
Taxation			
Current	12	**681,082**	1,341,706
Prior year	12	**600,792**	611
Deferred	10	**(12,363)**	16,657
		1,269,511	1,358,974
Profit after Taxation		**1,334,429**	14,384,152
Earnings per Share	23	**0.33**	3.60

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, 2011

	Note	**2011 Rupees**	2010 Rupees Re-stated
Profit after Taxation		**1,334,429**	14,384,152
Other Comprehensive Income			
Fair value gain on re-measurement of available-for-sale investments	9	**78,390**	42,608
Share of other comprehensive income of an Associated Company		**296,671**	161,251
Total Comprehensive Income for the Year		**1,709,490**	14,588,011

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, 2011

	2011 Rupees	2010 Rupees Re-stated
Cash flow from operating activities		
Profit for the year - before taxation and share of profit of Associated Companies	**6,118,745**	4,698,180
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**66,815**	71,205
Depreciation on investment property	**24,904**	26,214
Mark-up on loan to an Associated Company	**(7,156,069)**	(6,854,327)
Profit on term finance certificates	**(871,330)**	(871,496)
Capital gain on investments through profit or loss	**(10,131)**	0
Dividend income	**(19,500)**	0
Fair value gain on measurement of investments	**(2,383,245)**	(5,234)
Loss before working capital changes	**(4,229,811)**	(2,935,458)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments - net	**(2,800,000)**	(19,174,461)
Advance to employees	**(112,000)**	653,950
Prepayments	**(30,466)**	16,298
Increase / (decrease) in accruals and other payables	**65,159**	(542,547)
	(2,877,307)	(19,046,760)
Cash used in operating activities	**(7,107,118)**	(21,982,218)
Income tax paid	**(628,164)**	(1,559,310)
Net cash used in operating activities	**(7,735,282)**	(23,541,528)
Cash flow from investing activities		
Mark-up received on loan to an Associated Company	**7,371,491**	9,225,137
Redemption of held to maturity investments	**3,494**	3,494
Dividends received	**419,500**	1,200,000
Net cash generated from investing activities	**7,794,485**	10,428,631
Net increase / (decrease) in cash and cash equivalents	**59,203**	(13,112,897)
Cash and cash equivalents - at beginning of the year	**595,902**	13,708,799
Cash and cash equivalents - at end of the year	**655,105**	595,902

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, 2011

	Share capital	Reserves			Unappr-opriated profit	Total
		Capital reserve	General reserve	Unrealised gain on long term investments		
	----------------	----------------	R u p e e s	----------------	----------------	----------------
Balance as at 30 June, 2009 (as previously reported)	40,000,000	7,440,781	5,400,000	154,109	164,049,937	217,044,827
Effect of re-statement as detailed in note 7	0	0	0	0	7,677,212	7,677,212
Balance as at 30 June, 2009 (as re-stated)	40,000,000	7,440,781	5,400,000	154,109	171,727,149	224,722,039
Total comprehensive income for the year ended 30 June, 2010	0	0	0	42,608	14,545,403	14,588,011
Effects of items directly credited in equity by Associated Companies	0	0	0	0	4,145,139	4,145,139
Balance as at 30 June, 2010	40,000,000	7,440,781	5,400,000	196,717	190,417,691	243,455,189
Total comprehensive income for the year	0	0	0	78,390	1,631,100	1,709,490
Effects of items directly credited in equity by Associated Companies	0	0	0	0	3,751,014	3,751,014
Balance as at 30 June, 2011	40,000,000	7,440,781	5,400,000	275,107	195,799,805	248,915,693

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, 2011

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified by the provisions of and directives issued under the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ from the requirements of these standards, the requirements of the Ordinance or the 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 below.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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 indicator of impairment is identified.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 Amendments to published standards that are effective in current financial year and are relevant to the Company

The following amendments to published standards are mandatory for the financial year beginning 01 July, 2010:

(a) IAS 1 (Amendment), 'Presentation of Financial Statements' is effective from 01 July, 2010. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

(b) IAS 7 (Amendment), 'Statement of Cash Flows' is effective from 01 July, 2010. The amendment provides clarification that only expenditure that results in a recognised asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognised assets in the balance sheet. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

5.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are effective in current financial year but are not relevant to the Company

The other new standards, amendments to existing approved accounting standards and interpretations are mandatory for the periods beginning on or after 01 July, 2010 are considered not to be currently relevant as these do not have any significant effect on the Company's current financial reporting and operations; however, these may affect the accounting for future transactions and events.

5.3 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

The following new standards, amendments to existing approved accounting standards and interpretations are not effective for the periods beginning on or after 01 July, 2010 and have not been early adopted by the Company:

(a) IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for the periods beginning on or after 01 January, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with a financial instrument. The amendment will only affect the disclosures in the Company's financial statements.

(b) IFRS 9, 'Financial Instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 01 July, 2013 but is available for early adoption.

(c) IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for the periods beginning on or after 01 January, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment will only affect the disclosures in the Company's financial statements.

(d) IAS 24 (Revised), 'Related Party Disclosures' (effective for the periods beginning on or after 01 January, 2011). The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Company will be required to disclose transactions with its associates. At this stage it is not possible to assess the impact, if any, of the revised standard on the related party disclosures in the Company's financial statements.

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

6. 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.

6.1 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 substantially enacted by the balance sheet date 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. 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 between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

6.2 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.

6.3 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..

6.4 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 14 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.

6.5 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.

6.6 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

6.7 Operating leases

Assets leased out under operating leases are included in investment property and are depreciated over their expected useful life on a basis consistent with the similar owned tangible fixed assets.

6.8 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.

6.9 Loans and advances

These are stated at cost.

6.10 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of bank balances.

6.11 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..
- Rent income is accounted for on 'accrual basis'.

6.12 Financial assets and liabilities

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.

6.13 Off-setting of financial instruments

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 settle the liabilities simultaneously.

7. RE-STATEMENT

Premier Board Mills Ltd. (PBML- an Associated Company), during the current year to comply with the requirements of IAS 28 (Investments in Associates), has applied the equity method to account for its investments in Associated Companies; PBML has re-stated its financial statements retrospectively in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) by adjusting the opening balance of investments and unappropriated profit for the earliest prior period presented. Accordingly, the Company's investments in PBML have also been re-stated retrospectively in accordance with the requirements of IAS 8. The change in accounting policy by PBML has increased profit of the Company for the year and share-holders' equity as at 30 June, 2011 by Rs.5.368 million (2010: Rs.3.310 million).

8. SHARE CAPITAL

The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises Ltd. (Associated Companies) respectively hold 384,502 and 451,443 ordinary shares of the Company as at 30 June, 2011 and 2010.

9. RESERVES

	Note	**2011 Rupees**	2010 Rupees
Capital reserve	**9.1**	**7,440,781**	7,440,781
Revenue reserve - general	**9.2**	**5,400,000**	5,400,000
Fair value reserve on measurement of available-for-sale investments	**16**	**275,107**	196,717
		13,115,888	13,037,498

9.1 The year-end balance comprised of as follows:

	2011 Rupees	2010 Rupees
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
	6,839,256	6,839,256
Gain on sale of investments arisen during the accounting year ended on 31 December, 1983	**601,525**	601,525
	7,440,781	7,440,781

9.2 This reserve was created by transfer from profit and loss appropriation account for the year ended 31 December, 1983.

10. DEFERRED TAXATION

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

11. ACCRUALS AND OTHER PAYABLES

	2011 Rupees	2010 Rupees
Accrued expenses	**125,000**	150,000
Security deposits - refundable	**424,776**	424,776
Tax deducted at source	**276**	0
Unclaimed dividend	**210,880**	210,997
Advance rent	**990,000**	900,000
	1,750,932	1,685,773

12. TAXATION - Net

	2011	2010
Opening balance	**1,341,706**	2,248,000
Add: provision made during the year:		
- current	**681,082**	1,341,706
- prior year	**600,792**	611
	1,281,874	1,342,317
	2,623,580	3,590,317
Less: adjusted against completed assessments:		
- tax deducted at source	**1,600,183**	1,194,140
- tax paid along with return	**342,315**	1,054,471
	1,942,498	2,248,611
	681,082	1,341,706

12.1 Income tax assessments of the Company have been completed upto the Tax Year 2010; the return for the said year has not been taken-up for audit till 30 June, 2011.

12.2 Relationship between tax expense and accounting profit

	2011	2010
Accounting profit before tax and share of profit of Associated Companies	**6,118,745**	4,698,180
Tax at the applicable rate of 35%	**2,141,561**	1,644,363
Tax effect of expenses that are not deductible in determining taxable profit	**32,102**	34,097
Tax effect of expenses that are deductible in determining taxable profit	**(49,449)**	(50,754)
Tax effect of applicability of lower tax rate on dividend income and capital gain	**32,342**	120,000
Tax effect of unrealised fair value gain on investments	**(834,135)**	0
Effect of surcharge	**27,161**	0
Tax effect of applicability of lower tax rate on rental income	**(668,500)**	(406,000)
Adjustment in respect of current income tax of prior year	**600,792**	611
Deferred tax (credit) / expense for the year	**(12,363)**	16,657
Tax charge for the year	**1,269,511**	1,358,974

13. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 30 June, 2011 and 2010.

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings on freehold land	Furniture and fixtures	Equipment	Vehicle	Total
	---------- Rupees ----------					
As at 30 June, 2009						
Cost	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Accumulated depreciation	0	2,675,298	23,367	166,485	416,137	3,281,287
Book value	3,600,000	1,329,922	4,575	13,515	4,363	4,952,375
Year ended 30 June, 2010:						
Depreciation for the year	0	66,496	457	3,379	873	71,205
Book value	3,600,000	1,263,426	4,118	10,136	3,490	4,881,170
Year ended 30 June, 2011:						
Depreciation for the year	0	63,171	412	2,534	698	66,815
Book value	3,600,000	1,200,255	3,706	7,602	2,792	4,814,355
As at 30 June, 2010:						
Cost	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Accumulated depreciation	0	2,741,794	23,824	169,864	417,010	3,352,492
Book value as at 30 June, 2010	3,600,000	1,263,426	4,118	10,136	3,490	4,881,170
As at 30 June, 2011						
Cost	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Accumulated depreciation	0	2,804,965	24,236	172,398	417,708	3,419,307
Book value as at 30 June, 2011	**3,600,000**	**1,200,255**	**3,706**	**7,602**	**2,792**	**4,814,355**
Depreciation rate (%)	0	5	10	25	20	

15. INVESTMENT PROPERTY

PARTICULARS	Cost as at 30 June, 2011	DEPRECIATION Rate %	Upto 30 June, 2010	For the year	Upto 30 June, 2011	BOOK VALUE AS AT 30 JUNE, 2011
	Rupees		-------------- Rupees --------------			
Freehold land	1,511,350	-	0	0	0	1,511,350
Building on freehold land	1,500,000	5	1,001,927	24,904	1,026,831	473,169
	3,011,350		**1,001,927**	**24,904**	**1,026,831**	**1,984,519**
Rupees	3,011,350		975,713	26,214	1,001,927	2,009,423

15.1 Fair value of the investment property, based on the management's estimation, as at 30 June, 2011 is Rs.50.300 million.

16. LONG TERM INVESTMENTS

	2011 Rupees	2010 Rupees	2009 Rupees
Associated Companies:			
Quoted:			
The Premier Sugar Mills and Distillery Company Ltd. (PSM)			
400,000 ordinary shares of Rs.10 each - cost	**8,800,000**	8,800,000	8,800,000
Equity held 10.67% (2010:10.67%)			
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	**111,399,869**	103,015,951	89,359,031
(Loss) / profit for the year-net of taxation	**(10,745,602)**	5,932,087	9,621,940
Dividend received	**(400,000)**	(1,200,000)	0
	109,054,267	116,548,038	107,780,971
Un-quoted:			
Premier Board Mills Ltd. (PBML) - Re-stated			
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	**6,000,000**	6,000,000	6,000,000
Equity held 10.63% (2010:10.63%)			
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML	**30,952,109**	25,443,396	18,335,886
Profit for the year - net of taxation	**7,230,797**	5,112,859	6,836,100
	44,182,906	36,556,255	31,171,986
	153,237,173	153,104,293	138,952,957
Others - Quoted			
Available-for-sale			
Ibrahim Fibres Ltd.			
9,750 ordinary shares of Rs.10 each - cost	**136,538**	136,538	136,538
Add: adjustment arising from re-measurement to fair value	**275,107**	196,717	154,109
	411,645	333,255	290,647
Held to maturity			
Bank Al-Habib Ltd. - term finance certificates	**8,712,289**	8,715,783	8,719,277
	162,361,107	162,153,331	147,962,881

16.1 The Company has 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 are redeemable in 16 half-yearly instalments commenced from January, 2005 and ending on July, 2012; first 13 instalments are of Rs.1,747 each whereas the last three instalments are of Rs.2,904,096. These TFCs carry profit at base rate plus 1.50% with a floor of 3.50% and cap of 10.00%.

16.2 Fair value of investments in PSM as at 30 June, 2011 was Rs.15.844 million (2010: Rs.14.800 million).

16.3 Summarised financial statements of PSM based on reviewed condensed interim financial information for the half-year ended 31 March were as follows:

	2011	2010
	Rupees in thousand	
- total assets as at 31 March,	**2,184,909**	1,738,074
- total liabilities as at 31 March,	**836,322**	285,329
- revenue for the half-year ended 31 March,	**377,616**	170,552
- (loss) / profit after taxation for half-year ended 31 March,	**(75,717)**	63,218

16.4 Summarised financial statements of PBML based on annual audited financial statements for the year ended 30 June were as follows:

- total assets as at 30 June,	**423,030**	350,990
- total liabilities as at 30 June,	**7,496**	7,183
- revenue for the year ended 30 June,	**21,258**	18,563
- profit after taxation for year ended 30 June,	**68,005**	48,086

17. LOAN TO AN ASSOCIATED COMPANY - Unsecured

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 13.51% to 14.87% (2010: 13.28% to 14.04%) per annum. The Company, during the year, has extended the grace period for further three years; accordingly, the loan is receivable in 8 equal half-yearly instalments commencing May, 2013. The loan is secured against a promissory note of Rs.55.615 million.

18. INVESTMENTS - At fair value through profit or loss

	Note	2011 Rupees	2010 Rupees
MCB Cash Management Optimizer			
211,538.3579 (2010: 188,284.3163) Units - **cost**		**18,984,592**	19,174,461
Adjustment arising from re-measurement to fair value		**2,214,111**	5,234
		21,198,703	19,179,695
Askari Sovereign Cash Fund			
31,526.1506 Units - **cost**		**3,000,000**	0
Adjustment arising from measurement to fair value		**174,368**	0
		3,174,368	0
		24,373,071	19,179,695

19. ACCRUED PROFIT AND MARK-UP

This includes Rs.6.480 million (2010: Rs.5.824 million) due from Chashma Sugar Mills Ltd. (an Associated Company).

20. BANK BALANCES

	Note	2011 Rupees	2010 Rupees
Cash at banks on:			
- current accounts		**0**	137,892
- deposit accounts	**20.1**	**655,105**	458,010
		655,105	595,902

20.1 These, during the current financial year, carried profit at the rates ranging from 5.00% to 13.00% (2010: 5.00% to 12.50%) per annum.

21. INCOME

	Note	2011 Rupees	2010 Rupees
Interest / profit on deposit accounts		**29,882**	1,449,196
Mark-up on loan to an Associated Company		**7,156,069**	6,854,327
Fair value adjustment of investments at fair value through profit or loss	**18**	**2,383,245**	5,234
Capital gain on investments through profit or loss		**10,131**	174,461
Profit on term finance certificates		**871,330**	871,496
Dividends		**19,500**	0
Rent		**2,550,000**	1,500,000
		13,020,157	10,854,714

22. OPERATING AND GENERAL EXPENSES

	Note	2011 Rupees	2010 Rupees
Salaries and allowances		**2,982,272**	2,679,359
Printing and stationery		**195,630**	107,753
Travelling and conveyance		**1,244,646**	567,934
Communication		**194,151**	125,389
Utilities		**4,044**	12,581
Rent, rates and taxes		**362,471**	389,253
Vehicles' running		**286,951**	280,008
Fees and subscription		**90,925**	63,875
Advertisement		**45,580**	107,900
Entertainment		**529,845**	175,054
Repair and maintenance		**417,542**	1,230,327
Insurance		**68,005**	27,368
Depreciation on property, plant and equipment	14	**66,815**	71,205
Depreciation on investment property	15	**24,904**	26,214
Auditors' remuneration:			
-statutory audit		**75,000**	75,000
-half yearly review		**50,000**	50,000
-certification charges		**36,500**	35,000
-out-of-pocket expenses		**10,000**	10,000
		171,500	170,000
Legal and professional charges (other than Auditors)		**92,000**	77,000
Others		**120,739**	40,960
		6,898,020	6,152,180

23. EARNINGS PER SHARE

	2011 Rupees	2010 Rupees Re-stated
There is no dilutive effect on the earnings per share of the Company, which is based on:		
Profit after taxation attributable to ordinary shareholders	**1,334,429**	14,384,152
	----- No. of shares -----	
Weighted average number of shares in issue during the year	**4,000,000**	4,000,000
	--------- Rupees ---------	
Earnings per share	**0.33**	3.60

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 personnel:

	2011	2010
	Rupees	Rupees
Managerial remuneration	**2,313,172**	2,121,900
Medical and utility allowances	**528,768**	396,200
	2,841,940	2,518,100
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.91.153 million (2010: Rs.85.057 million) as tabulated below:

Long term investments	**9,123,934**	9,049,038
Loan to an Associated Company	**50,000,000**	50,000,000
Investments	**24,373,071**	19,179,695
Advance to employees	**121,750**	9,750
Accrued interest and profit	**6,878,784**	6,222,876
Bank balances	**655,105**	595,902
	91,152,644	85,057,261

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

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:

	2011	2010
	Rupees	Rupees
Term finance certificates	**8,712,289**	8,715,783
Loan to an Associated Company	**50,000,000**	50,000,000
Bank balances	**655,105**	458,010
	59,367,394	59,173,793

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:

Effect on profit and loss account	**2,437,307**	1,917,969
Effect on equity	**41,165**	33,326
Effect on investments	**2,478,472**	1,951,295

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 prices. 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 07 October, 2011 by the board of directors of the Company.

28. GENERAL

- Figures in these financial statements have been rounded-off to the nearest Rupee except stated otherwise.
- Except for the re-statement of long term investments as detailed in note 7, corresponding figures have neither been re-arranged nor re-classified.

CHIEF EXECUTIVE **DIRECTOR**

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

PROXY FORM

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, 2011 and at any adjournment thereof.

As witness my/our hand this ....day of 2011

Signed by the said
In the presence of

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

Revenue
Stamp

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.