annual report

2012

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 35th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on 31 October, 2012 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 31 October, 2011.

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, 2012.

3- To appoint the Auditors of the Company and to fix their remuneration for the financial year ending 30 June, 2013.

4- To elect the Directors of the Company for a period of three years commencing from the date of election, vide Section 178 of the Companies Ordinance, 1984, in that:-

a) Pursuant to Section 178(1) and (2) (a) of the Companies Ordinance, 1984, the Board of Directors through a Resolution passed in the Meeting held on 24 September, 2012, have fixed the number of Directors at seven.

b) Pursuant to section 178(2) (b) and (3) of the Companies Ordinance, 1984, names of the retiring Directors are as under:-
i) Mr. Aziz Sarfaraz Khan (ii) Begum Laila Sarfaraz (iii) Mr. Abbas Sarfaraz Khan (iv) Ms. Zarmine Sarfaraz (v) Ms. Najda Sarfaraz (vi) Mr. Iskander M. Khan (vii) Mr. Abdul Qadar Khattak.

Any person who seeks to contest election for the office of a Director may file nomination papers with the Secretary of the Company not latter 17 October, 2012. The retiring Directors shall be eligible for re-election.

5- 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, 2012 to 31 October, 2012 (both days inclusive).

By order of the Board

Islamabad
03 October, 2012

(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 Directors of Arpak International Investments Limited are pleased to present the 35th Annual Report together with the Audited Financial Statements for the year ended 30 June, 2012.

Summarized Financial Results

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

	2012 (Rupees)	2011 (Rupees)
(Loss) / Profit before taxation	**(10,599,924)**	2,603,940
Taxation		
Current tax	**253,873**	1,281,874
Deferred	**12,992**	(12,363)
	266,865	1,269,511
(Loss) / Profit after taxation	**(10,866,789)**	1,334,429
(Loss) / Earnings per share	**(2.72)**	0.33

Financial performance and future prospects

The Company has earned pre-tax profit of Rs.5.270 million during the year (2011: profit of Rs. 6.118 million). However, after incorporating the share of loss of an associated undertaking, the Company's pre-tax profit was converted to loss of Rs 10.599 million. The paid up capital of the Company was Rs. 40.000 million, Capital Reserves Rs. 7.441 million, General Reserves Rs.5.400 million, Cash Reserve Rs.42.39 million and un-appropriated profit of Rs. 189.194 million as on 30 June, 2012

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, 2012, 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	5
Mr. Aziz Sarfaraz Khan	3
Mr. Abbas Sarfaraz Khan	3
Ms. Zarmine Sarfaraz	5
Ms. Najda Sarfaraz	3
Mr. Iskander M. Khan	5
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, 2012.

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.

Election of Directors

The directors have retired in accordance with the provision of Section 178 of the Companies Ordinance, 1984 and fresh election will be held in the Annual General Meeting. The Board of Directors has fixed the total number of Directors to be seven (7) for the next three years.

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, 2012 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, 2013.

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, 2012

(Begum Laila Sarfaraz)
Chief Executive

ARPAK INTERNATIONAL INVESTMENTS LIMITED

FINANCIAL HIGHLIGHTS

PARTICULARS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	(R U P E E S IN T H O U S A N D)									
Income	13,724	13,020	10,855	9,839	7,994	8,450	6,416	3,884	2,034	4,716
Operating Profit	5,274	6,122	4,703	6,495	4,826	5,713	4,585	2,258	(248)	2,135
Profit / (loss) before tax	(10,600)	2,604	15,743	20,385	(2,571)	5,710	4,583	2,351	(204)	2,258
Profit / (loss) after tax	(10,867)	1,334	14,384	17,923	(3,857)	3,986	3,632	1,728	(200)	1,359
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	242,386	248,916	243,455	217,045	194,141	93,267	92,107	88,478	86,769	86,822
Fixed Assets - Net	6,713	6,799	6,891	6,989	7,091	7,202	7,321	5,293	7,586	5,510
Total Assets	244,709	251,505	246,652	221,674	196,114	95,585	93,826	92,212	89,745	90,438
Long Term Liabilities	-	-	-	-	-	-	-	-	202	202
Dividend										
Cash Dividend (%)		-	-	-	-		7.5	-	-	-
Ratios Profitability										
Operating Profit (%)	38.43	47.02	43.33	66.01	60.37	67.6	71.46	58.14	(12.19)	45.27
Profit / (loss) before tax (%)	(7.72)	20	145.03	207.19	(32.16)	67.57	71.43	60.53	(10.03)	47.88
Profit / (loss) After tax (%)	(7.92)	10.25	132.51	182.16	(48.25)	47.17	56.61	44.49	(9.83)	28.82
Return to Shareholders (ROE)										
ROE - Before Tax (%)	(0.44)	1.05	6.47	9.39	(1.32)	6.12	4.98	2.66	-0.24	2.6
ROE - After Tax (%)	(0.45)	0.54	5.91	8.26	(54.39)	4.27	3.94	1.95	-0.23	1.57
Return on Capital Employed (%)	(0.45)	0.54	5.9	44.81	9.64	9.97	9.08	4.32	-0.23	1.56
E.P.S - After Tax	(2.72)	0.33	3.6	4.48	(0.96)	1	0.91	0.43	-0.05	0.34
Activity										
Income to Total Assets	0.06	0.05	0.04	0.04	0.04	0.08	0.07	0.04	0.02	0.05
Income to Fixed Assets	2.04	1.91	1.58	1.41	1.13	1.17	0.88	0.73	0.27	0.86
Liquidity/Leverage										
Current Ratio	24.21	13.18	9.12	5.45	9.57	29.09	16.48	16.48	24.72	20.29
Break up Value per Share	60.6	62.23	60.86	54.26	48.54	23.31	23.03	22.12	21.69	21.71
Total Liabilities to Equity (Times)	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.04	0.03	0.04

ARPAK INTERNATIONAL INVESTMENTS LIMITED

FORM-34

PATTERN OF SHAREHOLDING AS AT 30 JUNE, 2012

No. of Shareholders	Shareholding					Total Shares Held
328	From	1	to	100	Shares	13,366
265	From	101	to	500	Shares	63,627
117	From	501	to	1,000	Shares	83,635
143	From	1,001	to	5,000	Shares	296,799
16	From	5,001	to	10,000	Shares	108,666
3	From	10,001	to	15,000	Shares	31,689
1	From	15,001	to	25,000	Shares	21,754
9	From	25,001	to	70,000	Shares	458,318
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
890						**4,000,000**

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	**863**		**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	
	890		**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
03 October, 2012

(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 have not carried-out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

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, 2012.

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

LAHORE;
04 October, 2012

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, 2012 and the related profit and loss account, 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, 2012 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).

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

LAHORE;
04 October, 2012

ARPAK INTERNATIONAL INVESTMENTS LIMITED

BALANCE SHEET AS AT 30 JUNE, 2012

	Note	2012 Rupees	2011 Rupees
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
5,000,000 ordinary shares of Rs.10 each		50,000,000	50,000,000
Issued, subscribed and paid-up capital 4,000,000 ordinary shares of Rs.10 each issued for cash	7	40,000,000	40,000,000
Reserves	8	13,192,036	13,115,888
Unappropriated profit		189,193,527	195,799,805
		242,385,563	248,915,693
Deferred taxation	9	170,291	157,299
Current Liabilities			
Accruals and other payables	10	1,900,944	1,750,932
Taxation	11	252,425	681,082
		2,153,369	2,432,014
Contingencies and Commitments	12		
		244,709,223	251,505,006

	Note	2012 Rupees	2011 Rupees
Assets			
Non-current Assets			
Property, plant and equipment	13	4,751,512	4,814,355
Investment property	14	1,960,861	1,984,519
Long term investments	15	142,115,741	162,361,107
Loan to an Associated Company	16	43,750,000	50,000,000
		192,578,114	219,159,981
Current Assets			
Current portion of non- current assets	17	9,154,073	0
Investments	18	41,869,803	24,373,071
Advance to employees - considered good		9,750	121,750
Accrued profit and mark-up	19	291,201	6,878,784
Prepayments		16,152	30,466
Advance income tax and tax deducted at source		271,277	285,849
Bank balances	20	518,853	655,105
		52,131,109	32,345,025
		244,709,223	251,505,006

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, 2012

	Note	2012 Rupees	2011 Rupees
Income	21	**13,723,865**	13,020,157
Operating and General Expenses	22	**8,449,647**	6,898,020
Operating Profit		**5,274,218**	6,122,137
Bank Charges		**4,408**	3,392
		5,269,810	6,118,745
Share of Loss of Associated Companies - net of taxation	15	**(15,869,734)**	(3,514,805)
(Loss) / Profit before Taxation		**(10,599,924)**	2,603,940
Taxation			
Current	11	**252,425**	681,082
Prior year	11	**1,448**	600,792
Deferred	9	**12,992**	(12,363)
		266,865	1,269,511
(Loss) / Profit after Taxation		**(10,866,789)**	1,334,429
(Loss) / Earnings per Share	23	**(2.72)**	0.33

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, 2012

	Note	2012 Rupees	2011 Rupees 0
(Loss) / Profit after Taxation		**(10,866,789)**	1,334,429
Other Comprehensive Income			
Fair value gain on re-measurement of available-for-sale investments	**15**	**76,148**	78,390
Share of other comprehensive income of an Associated Company		**288,262**	296,671
Total Comprehensive (Loss) / Income for the Year		**(10,502,379)**	1,709,490

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, 2012

	2012 Rupees	2011 Rupees
Cash flow from operating activities		
Profit for the year - before taxation and share of profit of Associated Companies	**5,269,810**	6,118,745
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**62,843**	66,815
Depreciation on investment property	**23,658**	24,904
Mark-up on loan to an Associated Company	**(6,901,205)**	(7,156,069)
Profit on term finance certificates	**(459,880)**	(871,330)
Capital gain on investments through profit or loss	**0**	(10,131)
Dividend income	**(29,250)**	(19,500)
Fair value gain on measurement of investments	**(3,496,732)**	(2,383,245)
Loss before working capital changes	**(5,530,756)**	(4,229,811)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments - net	**(14,000,000)**	(2,800,000)
Advance to employees	**112,000**	(112,000)
Prepayments	**14,314**	(30,466)
Increase in accruals and other payables	**150,012**	65,159
	(13,723,674)	(2,877,307)
Cash used in operating activities	**(19,254,430)**	(7,107,118)
Income tax paid	**(667,958)**	(628,164)
Net cash used in operating activities	**(19,922,388)**	(7,735,282)
Cash flow from investing activities		
Mark-up received	**13,948,668**	7,371,491
Redemption of held to maturity investments	**5,808,218**	3,494
Dividends received	**29,250**	419,500
Net cash generated from investing activities	**19,786,136**	7,794,485
Net (decrease) / increase in cash and cash equivalents	**(136,252)**	59,203
Cash and cash equivalents - at beginning of the year	**655,105**	595,902
Cash and cash equivalents - at end of the year	**518,853**	655,105

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, 2012

	Share capital	Reserves			Unappr-opriated profit	Total
		Capital reserve	General reserve	Unrealised gain on available-for-sale investments		
	------------------------------------ Rupees ------------------------------------					
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 ended 30 June, 2011	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
Total comprehensive income / (Loss) for the year	0	0	0	76,148	(10,578,527)	(10,502,379)
Effects of items directly credited in equity by Associated Companies	0	0	0	0	3,972,249	3,972,249
Balance as at 30 June, 2012	**40,000,000**	**7,440,781**	**5,400,000**	**351,255**	**189,193,527**	**242,385,563**

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, 2012

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. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amended standards that are effective in the current year and are relevant to the Company

The following amendments to the approved accounting standards are mandatory for the periods beginning on or after 01 July, 2011 and are relevant to the Company:

(a) IFRS 7 (Amendment), ‘Financial Instruments: Disclosures’. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with the financial instruments. The amendment has only resulted in additional disclosures with respect to financial instruments, which have been duly incorporated in these financial statements.

(b) IAS 1 (Amendment), 'Presentation of Financial Statements'. 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 application of the revised standard has no material impact on the Company's financial statements.

(c) IAS 24 (Revised), 'Related Party Disclosures', issued in November, 2009 supersedes IAS 24 'Related Party Disclosures' issued in 2003. 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. The application of the revised standard has no material impact on the Company's financial statements.

(d) IAS 34 (Amendment), 'Interim Financial Reporting'. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment pertains to interim reporting and was duly incorporated in the Company's condensed interim financial information for the period of six months ended 31 December, 2011.

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

There are other new standards, amendments to approved accounting standards and interpretations that are mandatory for the periods beginning on or after 01 July, 2011; however, these are currently not considered to be relevant to the Company or do not have any impact on the Company's financial statements and therefore have not been detailed in these financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July, 2012 and have not been early adopted by the Company:

(a) IFRS 7 (Amendments), 'Financial Instruments: Disclosures' (effective for the periods beginning on or after 01 January, 2013). The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is only expected to result in additional disclosures and will not impact the Company's financial results.

(b) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after 01 January, 2015). This is the first standard issued as part of a wider project to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (i) amortised cost and (ii) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. 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.

(c) IFRS 13, 'Fair Value Measurement' (effective for the 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. It is unlikely that this standard will have a significant affect on the Company's financial statements.

(d) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after 01 July, 2012).The main change resulting from these amendments is a requirement for the entities to group items presented in other comprehensive income (OCI) on the basis of whether they can be potentially reclassified to profit or loss subsequently (reclassification adjustments). The amendments are expected to have an affect on the Company's financial statements.

There are other accounting standards, amendments to approved accounting standards and interpretations that are not yet effective; however, they are currently not considered to be relevant to the Company and therefore have not been detailed in these financial statements.

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.

- Rent 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, accrued profit and 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 Ltd. (Associated Companies) respectively hold 384,502 and 451,443 ordinary shares of the Company as at 30 June, 2012 and 2011.

8. RESERVES

	Note	**2012 Rupees**	2011 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**	**351,255**	275,107
		13,192,036	13,115,888

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
	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

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

	2012 Rupees	2011 Rupees
Accrued expenses	**166,500**	125,000
Security deposits - refundable	**424,776**	424,776
Tax deducted at source	**10,240**	276
Unclaimed dividend	**210,428**	210,880
Advance rent	**1,089,000**	990,000
	1,900,944	1,750,932

11. TAXATION - Net

	2012	2011
Opening balance	**681,082**	1,341,706
Add: provision made during the year:		
- current	**252,425**	681,082
- prior year	**1,448**	600,792
	253,873	1,281,874
	934,955	2,623,580
Less: adjusted against completed assessments:		
- tax deducted at source	**285,849**	1,600,183
- tax paid along with return	**396,681**	342,315
	682,530	1,942,498
	252,425	681,082

11.1 Income tax assessments of the Company have been completed upto the Tax Year 2011; the return for the said year has not been taken-up for audit till 30 June, 2012.

11.2 Relationship between tax expense and accounting profit

	2011 Rupees
Accounting profit before tax and share of profit of Associated Companies	6,118,745
Tax at the applicable rate of 35%	2,141,561
Tax effect of expenses that are not deductible in determining taxable profit	32,102
Tax effect of expenses that are deductible in determining taxable profit	(49,449)
Tax effect of applicability of lower tax rate on dividend income and capital gain	32,342
Tax effect of unrealised fair value gain on investments	(834,135)
Effect of surcharge	27,161
Tax effect of applicability of lower tax rate on rental income	(668,500)
Adjustment in respect of current income tax of prior year	600,792
Deferred tax (credit) / expense for the year	(12,363)
Tax charge for the year	1,269,511

No numeric tax rate reconciliation for the current year is given in these financial statements, as provision made for the current year represents tax charged on property income and dividend income only.

12. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 30 June, 2012 and 2011.

13. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings on freehold land	Furniture and fixtures	Equipment	Vehicle	Total
	---------------------------------- Rupees ----------------------------------					
COST						
Balance as at 30 June, 2010	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Balance as at 30 June, 2011	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Balance as at 30 June, 2012	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
DEPRECIATION						
Balance as at 30 June, 2010	0	2,741,794	23,824	169,864	417,010	3,352,492
Charge for the year	0	63,171	412	2,534	698	66,815
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
BOOK VALUE AS AT 30 JUNE, 2011	3,600,000	1,200,255	3,706	7,602	2,792	4,814,355
BOOK VALUE AS AT 30 JUNE, 2012	3,600,000	1,140,242	3,335	5,701	2,234	4,751,512
Depreciation rate (%)	0	5	10	25	20	

14. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
	----------------Rupees---------------		
As at 30 June, 2010			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	0	1,001,927	1,001,927
Book value	1,511,350	498,073	2,009,423
Year ended 30 June, 2011			
Depreciation charge	0	24,904	24,904
Net book value as at 30 June, 2011	1,511,350	473,169	1,984,519
Year ended 30 June, 2012			
Depreciation charge	0	23,658	23,658
Net book value as at June 30, 2012	1,511,350	449,511	1,960,861
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	1,511,350	473,169	1,984,519
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	1,511,350	449,511	1,960,861
Depreciation rate (%)		5	

14.1 Fair value of the investment property, based on the management's estimation, as at 30 June, 2012 is Rs.13.900 million.

15. LONG TERM INVESTMENTS

	2012 Rupees	2011 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
Equity held 10.67% (2011:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	**103,938,252**	111,399,869
Loss for the year-net of taxation	**(17,074,000)**	(10,745,602)
Dividend received	**0**	(400,000)
	95,664,252	109,054,267
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	**6,000,000**	6,000,000
Equity held 10.63% (2011:10.63%)		
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML	**38,759,430**	30,952,109
Profit for the year - net of taxation	**1,204,266**	7,230,797
	45,963,696	44,182,906
	141,627,948	153,237,173
Others - Quoted		
Available-for-sale		
Ibrahim Fibres Ltd.		
9,750 ordinary shares of Rs.10 each - cost	**136,538**	136,538
Add: adjustment arising from re-measurement to fair value	**351,255**	275,107
	487,793	411,645
Held to maturity		
Bank Al-Habib Ltd. - term finance certificates	**2,904,073**	8,712,289
Less: current portion grouped under current assets	**(2,904,073)**	0
	0	8,712,289
	142,115,741	162,361,107

15.1 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%.

15.2 Fair value of investments in PSM as at 30 June, 2012 was Rs.16.144 million (2011: Rs.15.844 million).

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

	2012	2011
	Rupees in thousand	
- total assets as at 31 March,	**2,602,337**	2,184,909
- total liabilities as at 31 March,	**1,340,985**	836,322
- revenue for the half-year ended 31 March,	**907,512**	377,616
- (loss) / profit after taxation for half-year ended 31 March,	**(42,531)**	(75,717)

15.4 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,	**449,029**	423,030
- total liabilities as at 30 June,	**7,135**	7,496
- revenue for the year ended 30 June,	**31,070**	21,258
- profit after taxation for year ended 30 June,	**23,648**	68,005

16. LOAN TO AN ASSOCIATED COMPANY - Unsecured

	Rupees	Rupees
Balance as at 30 June,	**50,000,000**	50,000,000
Less: current portion grouped under current assets	**6,250,000**	0
	43,750,000	50,000,000

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 13.17% to 14.81% (2011: 13.51% to 14.87%) per annum. The Company, during the preceding year, had 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.

17. CURRENT PORTION OF NON-CURRENT ASSETS

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

18. INVESTMENTS - At fair value through profit or loss

	Note	2012 Rupees	2011 Rupees
MCB Cash Management Optimizer			
256,697.1926 (2011: 211,538.3579) Units - **cost**		**20,984,592**	18,984,592
Adjustment arising from re-measurement to fair value		**4,714,416**	2,214,111
		25,699,008	21,198,703
Askari Sovereign Cash Fund			
160,002.6408 (2011: 31,526.1506) Units - **cost**		**15,000,000**	3,000,000
Adjustment arising from measurement to fair value		**1,170,795**	174,368
		16,170,795	3,174,368
		41,869,803	24,373,071

19. ACCRUED PROFIT AND MARK-UP

This includes Rs.0.158 million (2011: Rs.6.480 million) due from Chashma Sugar Mills Ltd. (an Associated Company).

20. BANK BALANCES- deposit accounts

These, during the current financial year, carried profit at the rates ranging from 5.00% to 8.50% (2011: 5.00% to 13.00%) per annum.

21. INCOME

	Note	2012 Rupees	2011 Rupees
Interest / profit on deposit accounts		**31,798**	29,882
Mark-up on loan to an Associated Company		**6,901,205**	7,156,069
Fair value adjustment of investments at fair value through profit or loss	**18**	**3,496,732**	2,383,245
Capital gain on investments through profit or loss		**0**	10,131
Profit on term finance certificates		**459,880**	871,330
Dividends		**29,250**	19,500
Rent		**2,805,000**	2,550,000
		13,723,865	13,020,157

22. OPERATING AND GENERAL EXPENSES

	Note	2012 Rupees	2011 Rupees
Salaries and allowances		**3,219,170**	2,982,272
Printing and stationery		**172,056**	195,630
Travelling and conveyance		**1,842,335**	1,244,646
Communication		**188,825**	194,151
Utilities		**5,662**	4,044
Rent, rates and taxes		**244,187**	362,471
Vehicles' running		**451,614**	286,951
Fees and subscription		**163,537**	90,925
Advertisement		**38,660**	45,580
Entertainment		**810,821**	529,845
Repair and maintenance		**691,509**	417,542
Insurance		**48,846**	68,005
Depreciation on property, plant and equipment	**13**	**62,843**	66,815
Depreciation on investment property	**14**	**23,658**	24,904
Auditors' remuneration:			
-statutory audit		**75,000**	75,000
-half yearly review		**55,000**	50,000
-certification charges		**48,000**	36,500
-out-of-pocket expenses		**20,000**	10,000
		198,000	171,500
Legal and professional charges (other than Auditors)		**120,000**	92,000
Others		**167,924**	120,739
		8,449,647	6,898,020

23. EARNINGS PER SHARE

There is no dilutive effect on the earnings per share of the Company, which is based on:

	2012	2011
(Loss) / Profit after taxation attributable to ordinary shareholders	**(10,866,789)**	1,334,429
	----- No. of shares -----	
Weighted average number of shares in issue during the year	**4,000,000**	4,000,000
	--------- Rupees ---------	
(Loss) / Earnings per share	**(2.72)**	0.33

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:

	2012 Rupees	2011 Rupees
Managerial remuneration	**2,502,264**	2,313,172
Medical and utility allowances	**588,766**	528,768
	3,091,030	2,841,940
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.96.081 million (2011: Rs.91.153 million) as tabulated below:

Long term investments	**3,391,866**	9,123,934
Loan to an Associated Company	**50,000,000**	50,000,000
Investments	**41,869,803**	24,373,071
Advance to employees	**9,750**	121,750
Accrued profit and mark-up	**291,201**	6,878,784
Bank balances	**518,853**	655,105
	96,081,473	91,152,644

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:

	2012 **Rupees**	2011 Rupees
Term finance certificates	**2,904,073**	8,712,289
Loan to an Associated Company	**50,000,000**	50,000,000
Bank balances	**518,853**	655,105
	53,422,926	59,367,394

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	**4,186,980**	1,917,969
Effect on equity	**48,779**	33,326
Effect on investments	**4,235,760**	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 03 October, 2012 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.

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, 2012 and at any adjournment thereof.

As witness my/our hand this ....day of 2012

Signed by the said
In the presence of

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

Revenue
Stamp
(Rs. 5.00)

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.