

# annual report 2015

## ARPAK INTERNATIONAL INVESTMENTS LIMITED

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# ARPAK INTERNATIONAL INVESTMENTS LIMITED

## COMPANY PROFILE

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

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

# ARPAK INTERNATIONAL INVESTMENTS LIMITED

## COMPANY INFORMATION

### **Board of Directors**

Begum Laila Sarfaraz

Chief Executive

Mr. Aziz Sarfaraz Khan

Mr. Abbas Sarfaraz Khan

Ms. Zarmine Sarfaraz

Ms. Najda Sarfaraz

Mr. Iskander M. Khan

Mr. Usman Salim Khan

### **Company Secretary**

Mr. Mujahid Bashir

### **Chief Financial Officer**

Mr. Rizwan Ullah Khan

### **Head of Internal Audit**

Syed Naveed Ali

### **Auditors**

M/s. Hameed Chaudhri & Co.,

Chartered Accountants

### **Legal Advisor**

Mr. Ishtiaq Ahmad

Advocate

### **Shares Registrar**

Messers Hameed Majeed Associates (Pvt.) Limited,

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

Phone No. : 042-37235081

Fax No. : 042-37235083

### **Bankers**

The Bank of Khyber

MCB Bank Limited

# ARPAK INTERNATIONAL INVESTMENTS LIMITED

## MANAGEMENT COMMITTEES

### **Executive Committee**

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

Mr. Iskander M. Khan          Member  
(Executive Director)

Mr. Baber Ali Khan            Member  
(Non-Executive Director)

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

### **Audit Committee**

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

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

Mr. Iskander M. Khan          Member  
(Executive Director)

Mr. Mujahid Bashir            Secretary

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

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

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

## **ARPAK INTERNATIONAL INVESTMENTS LIMITED**

### **Human Resource and Remuneration Committee**

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

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

Mr. Usman Salim Khan      Member  
(Independent Director)

Mr. Mujahid Bashir      Secretary

The Committee is responsible for:

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

# **ARPAK INTERNATIONAL INVESTMENTS LIMITED**

## **VISION STATEMENT**

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

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

## **MISSION STATEMENT**

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

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

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

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

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

# ARPAK INTERNATIONAL INVESTMENTS LIMITED

## CODE OF CONDUCT

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

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

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

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

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

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

### **General Principles**

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



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

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

### **Statement of Ethical Practices**

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

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

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

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

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

# ARPAK INTERNATIONAL INVESTMENTS LIMITED

## TEN YEARS PERFORMANCE AT A GLANCE

PARTICULARS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	( R U P E E S I N T H O U S A N D )									
Income	13,635	13,169	13,143	13,724	13,020	10,855	9,839	7,994	8,450	6,416
Operating Profit	4,342	5,500	5,126	5,274	6,122	4,703	6,495	4,826	5,713	4,585
Profit / (loss) before tax	7,167	890	(10,486)	(10,600)	2,604	15,743	20,385	(2,571)	5,710	4,583
Profit / (loss) after tax	6,086	312	(10,795)	(10,867)	1,334	14,384	17,923	(3,857)	3,986	3,632
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	251,411	241,951	235,704	242,386	248,916	243,455	217,045	194,141	93,267	92,107
Fixed Assets - Net	6,480	6,553	6,630	6,713	6,799	6,891	6,989	7,091	7,202	7,321
Total Assets	254,732	244,965	238,133	244,709	251,505	246,652	221,674	196,114	95,585	93,826
Long Term Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Dividend</b>										
Cash Dividend (%)	10	-	-	-	-	-	-	-	-	7.5
<b>Ratios Profitability</b>										
Operating Profit (%)	31.84	41.76	39.00	38.43	47.02	43.33	66.01	60.37	67.6	71.46
Profit / (loss) before tax (%)	52.56	6.76	(79.78)	(77.24)	20	145.03	207.19	(32.16)	67.57	71.43
Profit / (loss) After tax (%)	44.64	2.37	(82.13)	(79.18)	10.25	132.51	182.16	(48.25)	47.17	56.61
<b>Return to Shareholders (ROE)</b>										
ROE - Before Tax (%)	2.85	0.37	(4.45)	(4.37)	1.05	6.47	9.39	(1.32)	6.12	4.98
ROE - After Tax (%)	2.42	0.13	(4.58)	(4.48)	0.54	5.91	8.26	(54.39)	4.27	3.94
Return on Capital Employed (%)	2.42	0.13	(4.58)	(4.48)	0.54	5.9	44.81	9.64	9.97	9.08
E.P.S - After Tax	1.52	0.08	(2.70)	(2.72)	0.33	3.6	4.48	(0.96)	1.00	0.91
<b>Activity</b>										
Income to Total Assets	0.05	0.05	0.06	0.06	0.05	0.04	0.04	0.04	0.08	0.07
Income to Fixed Assets	2.10	2.01	1.98	2.04	1.91	1.58	1.41	1.13	1.17	0.88
<b>Liquidity/Leverage</b>										
Current Ratio	21.12	22.12	28.66	24.21	13.18	9.12	5.45	9.57	29.09	16.48
Break up Value per Share	62.90	60.53	58.88	60.6	62.23	60.86	54.26	48.54	23.31	23.03
Total Liabilities to Equity (Times)	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02

## ARPAK INTERNATIONAL INVESTMENTS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 38th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on 31 October, 2015 at 11:30 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, 2014.
- 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, 2015.
- 3- To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 1/- per share (10%) for the year ended 30th June, 2015.
- 4- To appoint the Auditors of the Company and to fix their remuneration for the financial year ending 30 June, 2016.
- 5- 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 22 September, 2015 have fixed the number of Directors at Seven (7).
  - b) Pursuant to section 178(2) (b) and (3) of the Companies Ordinance, 1984, names of the retiring Directors are: 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. Usman Salim Khan
- 6- 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, 2015 to 31 October, 2015 (both days inclusive).

Islamabad  
05 October, 2015

By order of the Board



(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.
  5. All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2015, effective July 01, 2015, reforms have been made with regards to deduction of income tax for cash dividend; the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
    1. Rates of tax deduction for filer of income tax returns 12.5 %
    2. Rates of tax deduction for non-filer of income tax returns 17.5 %

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into CDC are requested to send a copy of detail regarding tax payment status also the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Total Shares	Folio / CDS ID/AC#	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

7. In accordance with the SECP's Circular No. 18 of 2012 dated June 2012, the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt for the dividend mandate option as stated, the dividend mandate Form is available at Company's website i.e. [www.premiergroup.pk.com/arpak](http://www.premiergroup.pk.com/arpak) needs to be duly filled and submitted to the Company on its registered address.
8. Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5 July 2012 which provides that the dividend warrant should bear the CNIC number of the registered member. In case your CNIC copy is not available your dividend warrant will be no be issue/dispatched to you.
9. The Directive of SECP contained in SRO 787(1) 2014 of 8 September 2014 whereby SECP has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. along with notice of annual general meeting to its members through e-mail. Members are requested to provide their e-mail addresses on registered address of the Company.
10. Audited accounts of the Company for the year ended 30 June, 2015 will be provided on the website [www.premiergroup.pk.com/arpak](http://www.premiergroup.pk.com/arpak) at least 21 days before the date of Annual General Meeting.

## ARPAK INTERNATIONAL INVESTMENTS LIMITED DIRECTORS' REPORT

The Directors of Arpak International Investments Limited are pleased to present the 38th Annual Report together with the Audited Financial Statements for the year ended 30 June, 2015.

### Summarized Financial Results

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

	<b>2015 (Rupees)</b>	2014 (Rupees)
Profit before taxation	<b>7,167,064</b>	890,912
Taxation	-----	-----
Current tax	<b>1,080,565</b>	576,140
Deferred	<b>32</b>	2,527
	-----	-----
	<b>1,080,597</b>	578,667
Profit after taxation	<b>6,086,467</b>	312,245
	=====	=====
<b>Earning per share</b>	<b>1.52</b>	0.08

### Financial performance and future prospects

The Company has earned pre-tax profit of Rs 4.342 million during the year (2014: Rs. 5.500 million). However, after incorporating the share of profit of an associated undertaking, the Company's pre-tax profit increased to Rs 7.167 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. 64.441 million and un-appropriated profit of Rs. 197.958 million as on 30 June, 2015.

The management is actively working on different options to ensure appropriate returns on available funds and with this objective the management and staffs are doing the best

### 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, 2015, 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:

<b>Name of Director</b>	<b>No. of meetings attended</b>
Mr. Aziz Sarfaraz Khan	5
Begum Laila Sarfaraz	4
Mr. Abbas Sarfaraz Khan	5
Ms. Zarmin Sarfaraz	3
Ms. Najda Sarfaraz	4
Mr. Iskander M. Khan	5
Mr. Usman Salim Khan	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, 2015.

### **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.

### **Dividend**

The Board has recommended payment of Final Cash Dividend for the year ended 30 June, 2015 @ Rs. 1 per share (10%) to all the share holders of the Company.

### **Election of Directors**

All the existing directors retire in accordance with the provision of section 178 of the Companies Ordinance, 1984 and fresh election will be held in the Annual General Meeting.

### **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, 2015 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, 2016.

**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.

**Islamabad**  
05 October, 2015

**On Behalf Of The Board**



**( Begum Laila Sarfaraz )**  
Chief Executive



## **ARPAK INTERNATIONAL INVESTMENTS LIMITED**

### **Shareholders' Information**

#### **Registered Office**

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

#### **Shares Registrar**

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

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

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

#### **Listing on Stock Exchanges**

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

#### **Listing Fees**

The annual listing fee for the financial year 2014-15 has been paid to the stock exchanges within the prescribed time limit

#### **Statutory Compliance**

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

#### **Stock Code**

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

#### **Book Closure Dates**

The Register of Members and Share Transfer books of the Company will remain closed from 21.10.2015 to 31.10.2015

#### **Web Presence**

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

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**FORM-34**  
**PATTERN OF SHAREHOLDING AS AT 30 JUNE, 2015**

<u>No. of</u> <u>Shareholders</u>	<u>Shareholding</u>					<u>Total</u> <u>Shares Held</u>
342	From	1	to	100	Shares	13,362
289	From	101	to	500	Shares	70,954
118	From	501	to	1,000	Shares	84,448
144	From	1,001	to	5,000	Shares	304,285
16	From	5,001	to	10,000	Shares	109,289
3	From	10,001	to	15,000	Shares	31,689
2	From	15,001	to	25,000	Shares	44,254
8	From	25,001	to	70,000	Shares	421,515
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	382,560
1	From	400,001	to	500,000	Shares	413,451
1	From	500,001	to	above	Shares	1,207,442
<b>930</b>						<b>4,000,000</b>

<u>Categories of Shareholders</u>	<u>Numbers</u>	<u>Shares Held</u>	<u>Percentage</u> <u>of Paid-up</u> <u>Capital</u>
<b><u>Associated Companies, Undertakings</u></b> <b><u>and Related Parties</u></b>	<b>2</b>	<b>834,003</b>	<b>20.85</b>
The Premier Sugar Mills & Distillery Co. Limited		382,560	9.56
Azlak Enterprises (Pvt.) Limited		451,443	11.29
<b><u>Directors &amp; Relatives</u></b>	<b>11</b>	<b>2,377,994</b>	<b>59.45</b>

<b><u>Executives</u></b>	-	-	-
<b><u>Public Sector Companies &amp; Corporations</u></b>	<b>5</b>	<b>16,734</b>	<b>0.42</b>
Bibojee Services (Pvt) Limited	10,396	0.26	
Excel Securities (Pvt) Limited	100	0.00	
AWJ Securities (SMC-Private) Limited	470	0.01	
BCGA Punjab (Pvt) Limited	5,268	0.13	
Sarfaraz Mahmood (Pvt) Limited	500	0.01	
<b><u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u></b>	<b>3</b>	<b>6,550</b>	<b>0.16</b>
Fidelity Investment Bank Limited	2,850	0.07	
Investment Corporation of Pakistan	2,700	0.07	
EFU General Insurance Limited	1,000	0.03	
<b><u>Individuals</u></b>	<b>905</b>	<b>760,659</b>	<b>19.02</b>
<b><u>Others</u></b>	<b>4</b>	<b>4,060</b>	<b>0.10</b>
Chief Administrator of Auqaf, Punjab	3,798	0.09	
Securities & Exchange Commission of Pakistan	1	0.00	
Deputy Administrator Abandoned Properties	87		
The Society for Rehabilitation of Crippled Children	174	0.00	
	<b>930</b>	<b>4,000,000</b>	<b>100.00</b>
<b><u>Shareholders holding 10% or more Voting Interest in the Company</u></b>			
Mr. Abbas Sarfaraz Khan	1,207,442	30.19	
Aztrak Enterprises (Pvt.) Limited	451,443	11.29	

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

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

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

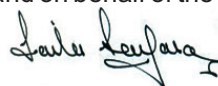
1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

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

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

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

For and on behalf of the Board



**(BEGUM LAILA SARFARAZ)**  
**CHIEF EXECUTIVE**

**Islamabad**  
**05 October, 2015**

**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 (the Code) prepared by the Board of Directors of **Arpak International Investments Limited** (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges, where the Company is listed. .

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 June 30, 2015.

**LAHORE;**  
**06 October, 2015**

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

## **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 June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of 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 June 30, 2015 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*

**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**

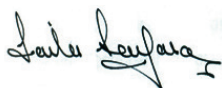
Audit Engagement Partner: Osman Hameed Chaudhri

**Lahore; 06 October, 2015**

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**BALANCE SHEET AS AT 30 JUNE, 2015**

	2015	2014	2013
Note	---- Rupees ----		
		Restated	Restated
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital			
5,000,000 ordinary shares of Rs.10 each	<b>50,000,000</b>	50,000,000	50,000,000
Issued, subscribed and paid-up capital			
4,000,000 ordinary shares of Rs.10 each issued for cash	<b>7</b> 40,000,000	40,000,000	40,000,000
Reserves	<b>8</b> 13,453,531	13,404,878	13,211,243
Unappropriated profit	<b>197,957,667</b>	187,341,817	181,600,108
	<b>251,411,198</b>	240,746,695	234,811,351
<b>Deferred taxation</b>	<b>9</b> 178,689	178,657	
<b>Current Liabilities</b>			
Accruals and other payables	<b>10</b> 2,415,217	2,258,060	2,132,800
Taxation	<b>11</b> 726,458	577,161	303,199
	<b>3,141,675</b>	2,835,221	2,435,999
<b>Contingencies and Commitments</b>	<b>12</b>		
	<b>254,731,562</b>	243,760,573	237,247,350
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	<b>13</b> 4,583,595	4,636,406	4,692,294
Investment property	<b>14</b> 1,896,749	1,917,033	1,938,385
Long term investments	<b>15</b> 138,147,366	130,744,453	129,551,859
Loan to an Associated Company	<b>16</b> 43,750,000	43,750,000	31,250,000
	<b>188,377,710</b>	181,047,892	167,432,538
<b>Current Assets</b>			
Current portion of loan to an Associated Company	-	-	12,500,000
Short term investments	<b>17</b> -	59,703,644	51,313,746
Advances to employees - considered good	<b>439,750</b>	309,750	9,750
Accrued mark-up	<b>18</b> 651,289	1,873,037	2,029,996
Prepayments	<b>15,068</b>	35,775	-
Advance income tax and tax deducted at source	<b>806,528</b>	674,267	360,298
Bank balances	<b>19</b> 64,441,217	116,208	3,601,022
	<b>66,353,852</b>	62,712,681	69,814,812
	<b>254,731,562</b>	243,760,573	237,247,350

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



**CHIEF EXECUTIVE**



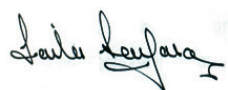
**DIRECTOR**



**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE, 2015**

	<b>Note</b>	<b>2015</b> ----- <b>Rupees</b> -----	<b>2014</b> ----- Restated
Income	<b>20</b>	<b>13,635,668</b>	13,168,593
Operating and general expenses	<b>21</b>	<b>(9,289,047)</b>	(7,668,927)
<b>Operating profit</b>		<b>4,346,621</b>	5,499,666
Bank charges		<b>(4,434)</b>	(2,119)
		<b>4,342,187</b>	5,497,547
Share of profit / (loss) of Associated Companies - net	<b>15</b>	<b>2,824,877</b>	(4,606,635)
<b>Profit before taxation</b>		<b>7,167,064</b>	890,912
Taxation	<b>22</b>	<b>(1,080,597)</b>	(578,667)
<b>Profit after taxation</b>		<b>6,086,467</b>	312,245
			Restated
<b>Earning per share</b>	<b>23</b>	<b>1.52</b>	0.08

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



**CHIEF EXECUTIVE**

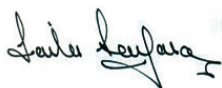


**DIRECTOR**

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE, 2015**

	Note	2015 ----- Rupees -----	2014 ----- Restated
<b>Profit after taxation</b>		<b>6,086,467</b>	312,245
<b>Other comprehensive income</b>			
Fair value gain on re-measurement of available-for-sale investments	15	<b>48,653</b>	193,635
<b>Total comprehensive income / (loss) for the year</b>		<b><u>6,135,120</u></b>	<b><u>505,880</u></b>

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, 2015**

	2015	2014
	- - - Rupees - - -	
<b>Cash flow from operating activities</b>		
Profit for the year - before taxation and share of profit / (loss) of Associated Companies	4,342,187	5,497,547
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	52,811	55,888
Depreciation on investment property	20,284	21,352
Mark-up on loan to an Associated Company	(4,578,252)	(4,843,041)
Dividend income	(10,691)	(19,500)
Fair value gain on re-measurement of investments	-	(4,389,898)
Gain on redemption of short term investments - net	(4,782,797)	-
<b>Loss before working capital changes</b>	<b>(4,956,458)</b>	<b>(3,677,652)</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Short term Investments	64,486,441	(4,000,000)
Advances to employees	(130,000)	(300,000)
Prepayments	20,707	(35,775)
Increase in accruals and other payables	157,157	125,260
	<b>64,534,305</b>	<b>(4,210,515)</b>
<b>Cash used in operating activities</b>	<b>59,577,847</b>	<b>(7,888,167)</b>
Income tax paid	(1,063,529)	(616,147)
<b>Net cash generated from / (used in) operating activities</b>	<b>58,514,318</b>	<b>(8,504,314)</b>
<b>Cash flow from investing activities</b>		
Mark-up received on loan to an Associated Company	5,800,000	5,000,000
Dividends received	10,691	19,500
<b>Net cash generated from investing activities</b>	<b>5,810,691</b>	<b>5,019,500</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>64,325,009</b>	<b>(3,484,814)</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>116,208</b>	<b>3,601,022</b>
<b>Cash and cash equivalents - at end of the year</b>	<b>64,441,217</b>	<b>116,208</b>

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, 2015**

	Reserves				Unappropriated profit	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on available-for-sale investments		
----- Rupees -----						
Balance as at June 30, 2013 - as previously reported	40,000,000	7,440,781	5,400,000	370,462	182,493,263	235,704,506
Effect of retrospective application of rectification of error (note 6)					(893,155)	(893,155)
Balance as at June 30, 2013 - restated	40,000,000	7,440,781	5,400,000	370,462	181,600,108	234,811,351
Total comprehensive income for the year ended June 30, 2014	-	-	-	193,635	312,245	505,880
Effects of items directly credited in equity by Associated Companies	-	-	-	-	5,429,464	5,429,464
<b>Balance as at June 30, 2014 - restated</b>	<b>40,000,000</b>	<b>7,440,781</b>	<b>5,400,000</b>	<b>564,097</b>	<b>187,341,817</b>	<b>240,746,695</b>
Total comprehensive income for the year ended June 30, 2015	-	-	-	48,653	6,086,467	6,135,120
Effects of items directly credited in equity by Associated Companies	-	-	-	-	4,529,383	4,529,383
<b>Balance as at June 30, 2015</b>	<b>40,000,000</b>	<b>7,440,781</b>	<b>5,400,000</b>	<b>612,750</b>	<b>197,957,667</b>	<b>251,411,198</b>

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, 2015**

**1. CORPORATE INFORMATION**

Arpak International Investments Limited (the Company) was incorporated in Pakistan on July 26, 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. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the 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 under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee unless otherwise stated.

**3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS**

**3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

- (a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32, 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.
- (b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

### **3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following are the new standards and amendments to existing approved accounting standards that will be effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

- (a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.
- (b) IFRS 12 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- (c) IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.
- (d) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

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

## **4. 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.

## **4.1 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.

## **4.2 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.

## **4.3 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.

## **4.4 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.

#### **4.5 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.

#### **4.6 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.

#### **4.7 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.

#### **4.8 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.

#### **4.9 Revenue recognition**

Income on deposit / saving accounts / term finance certificates is accrued on time proportion basis by reference to the principal outstanding and the applicable rate of return / interest.

- Dividend income is accounted for when the right of receipt is established.
- Rental income is accounted for on 'accrual basis'.

#### **4.10 Financial instruments**

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

Financial instruments carried on the balance sheet include investments, loan to an Associated Company, advances to employees, accrued 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.

#### **4.11 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.

### **5. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were 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.

### **6. RE-STATEMENT**

Premier Board Mills Ltd. (PBML - an Associated Company), during the current year has rectified an error. 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 of the requirements of IAS 8. The rectification of error by PBML has decreased profit of the Company for the year and shareholders equity as at June 30, 2015 by Rs.0.223 million (2014: Rs.0.223 million)

The effect of this error on earnings per share for the year ended June 30, 2015 is immaterial in the overall context of these financial statements. There is no cash flow impact as a result of the retrospective application of rectification of error.

## 7. SHARE CAPITAL

The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises (Pvt.) Ltd. (Associated Companies) respectively hold 382,560 and 451,443 ordinary shares of the Company as at June 30, 2015 and 2014.

## 8. RESERVES

	Note	2015 - - - Rupees - - -	2014
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 re-measurement of available-for-sale investments	15	612,750	564,097
		<u>13,453,531</u>	<u>13,404,878</u>

### 8.1 The year-end balance comprised of as follows:

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

December 31, 1981	2,648,331	2,648,331
December 31, 1984	1,500,000	1,500,000
June 30, 1998	2,690,925	2,690,925
	<u>6,839,256</u>	<u>6,839,256</u>
Gain on sale of investments arisen during the accounting year ended on December 31, 1983	601,525	601,525
	<u>7,440,781</u>	<u>7,440,781</u>

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

## 9. DEFERRED TAXATION

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

## 10. ACCRUALS AND OTHER PAYABLES

Accrued expenses	132,500	136,500
Tax deducted at source	12,520	-
Security deposits - refundable	424,776	424,776
Unclaimed dividend	210,428	210,428
Advance rent	1,634,993	1,486,356
	<u>2,415,217</u>	<u>2,258,060</u>

	2015	2014
<b>11. TAXATION - Net</b>	<b>--- Rupees ---</b>	
<b>Opening balance</b>	577,161	303,199
Add: provision made / (reversed) during the year:		
- current	726,458	577,161
- prior year	354,107	(1,021)
	1,080,565	576,140
	<b>1,657,726</b>	<b>879,339</b>
Less: adjusted against completed assessments		
- tax deducted at source	616,146	302,178
- tax paid along with return	315,122	-
<b>Closing balance</b>	<b>726,458</b>	<b>577,161</b>

**11.1** Returns filed by the Company for Tax Years 2003 to 2014 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001. The Company has not received any notice from the Tax Department for the selection of its cases for detailed scrutiny.

Numeric tax rate reconciliation has not been presented in these financial statements as provision made during the current year represents tax payable on property and capital gain (2014: tax payable on property and dividend income).

## 12. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at June 30, 2015 and 2014

## 13. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings on freehold land	Furniture and fixtures	Equipment	Vehicle	Total
	----- Rupees -----					
<b>Cost as at June 30, 2014 and June 30, 2015</b>	<b>3,600,000</b>	<b>4,005,220</b>	<b>27,942</b>	<b>180,000</b>	<b>420,500</b>	<b>8,233,662</b>
<b>Depreciation</b>						
Balance as at June 30, 2013	-	2,921,990	24,941	175,724	418,713	3,541,368
Charge for the year	-	54,162	300	1,069	357	55,888
<b>Balance as at June 30, 2014</b>	<b>-</b>	<b>2,976,152</b>	<b>25,241</b>	<b>176,793</b>	<b>419,070</b>	<b>3,597,256</b>
Charge for the year	-	51,453	270	802	286	52,811
<b>Balance as at June 30, 2015</b>	<b>-</b>	<b>3,027,605</b>	<b>25,511</b>	<b>177,595</b>	<b>419,356</b>	<b>3,650,067</b>
<b>Book value as at June 30, 2014</b>	<b>3,600,000</b>	<b>1,029,068</b>	<b>2,701</b>	<b>3,207</b>	<b>1,430</b>	<b>4,636,406</b>
<b>Book value as at June 30, 2015</b>	<b>3,600,000</b>	<b>977,615</b>	<b>2,431</b>	<b>2,405</b>	<b>1,144</b>	<b>4,583,595</b>
<b>Depreciation rate (%)</b>	<b>-</b>	<b>5</b>	<b>10</b>	<b>25</b>	<b>20</b>	

#### 14. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
	----- Rupees -----		
<b>As at June 30, 2013</b>			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,072,965	1,072,965
<b>Book value</b>	<b>1,511,350</b>	<b>427,035</b>	<b>1,938,385</b>
<b>Year ended June 30, 2014</b>			
Depreciation charge	-	21,352	21,352
<b>Book value as at June 30, 2014</b>	<b>1,511,350</b>	<b>405,683</b>	<b>1,917,033</b>
<b>Year ended June 30, 2015</b>			
Depreciation charge	-	20,284	20,284
<b>Book value as at June 30, 2015</b>	<b>1,511,350</b>	<b>385,399</b>	<b>1,896,749</b>
<b>As at June 30, 2014</b>			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,094,317	1,094,317
<b>Book value</b>	<b>1,511,350</b>	<b>405,683</b>	<b>1,917,033</b>
<b>As at June 30, 2015</b>			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,114,601	1,114,601
<b>Book value</b>	<b>1,511,350</b>	<b>385,399</b>	<b>1,896,749</b>
<b>Depreciation rate (%)</b>		<b>5</b>	

14.1 Fair value of the investment property, based on the management's estimation, as at June 30, 2015 is Rs.13.900 million.

**15. LONG TERM INVESTMENTS**

**2015**                      **2014**  
**--- Rupees ---**

**Associated Companies**

**Quoted:**

**The Premier Sugar Mills and Distillery Company Ltd. (PSM)**

400,000 ordinary shares of Rs.10 each - cost	<b>8,800,000</b>	8,800,000	8,800,000
Equity held 10.67% (2014:10.67%)			
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	<b>75,454,444</b>	75,628,317	90,326,776
Loss for the year - net of taxation	<b>(746,169)</b>	(4,272,064)	(17,452,825)
	<b>83,508,275</b>	80,156,253	81,673,951

**Un-quoted:**

**Premier Board Mills Ltd. (PBML)**

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

Equity held 10.63% (2014:10.63%)

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

Profit / (loss) for the year - net of taxation

	Restated	Restated
<b>6,000,000</b>	6,000,000	6,000,000
<b>44,318,757</b>	44,222,136	39,750,544
<b>3,571,046</b>	(334,571)	1,620,364
<b>53,889,803</b>	49,887,565	47,370,908
<b>137,398,078</b>	130,043,818	129,044,859

**Others - Quoted**

**Available-for-sale**

Ibrahim Fibres Ltd.

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

Add: adjustment on re-measurement to fair value

<b>136,538</b>	136,538	136,538
<b>612,750</b>	564,097	370,462
<b>749,288</b>	700,635	507,000
<b>138,147,366</b>	130,744,453	129,551,859

**15.1** Fair value of investments in PSM as at June 30, 2015 was Rs.34.800 million (2014: Rs.25.976 million).

**15.2** Summarised financial information of PSM, based on its reviewed condensed interim financial information for the half-year ended March 31, is as follows:

	<b>2015</b>	2014
	<b>Rupees in '000</b>	
- total assets as at March 31,	<b>2,603,678</b>	2,005,462
- total liabilities as at March 31,	<b>1,251,839</b>	944,408
- revenue for the half-year ended March 31,	<b>33,804</b>	649,484
- profit / (loss) after taxation for half-year ended March 31,	<b>24,360</b>	(45,665)

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

- total assets as at June 30,	<b>522,815</b>	484,764
- total liabilities as at June 30,	<b>15,989</b>	15,578
- revenue for the year ended June 30,	<b>33,585</b>	(3,146)
- profit / (loss) after taxation for year ended June 30,	<b>3,571</b>	(335)

## **16. LOAN TO AN ASSOCIATED COMPANY**

The Company and Chashma Sugar Mills Ltd. (CSM) have entered into a loan agreement on May 20, 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 current financial year, ranged from 8.08% to 11.62% (2014: 10.26% to 11.63%) per annum. As per the previous loan agreement, the loan was receivable in 8 equal half-yearly instalments which commenced from May, 2013. The Company and CSM, during the preceding financial year, have entered into a revised agreement whereby the balance of this loan is now receivable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.55.615 million.

17. <b>SHORT TERM INVESTMENTS</b>	Note	2015	2014
- At fair value through profit or loss		- - -	- - -
		<b>--- Rupees ---</b>	
<b>MCB Cash Management Optimizer</b>			
Nil (2014: 379,341) Units - <b>cost</b>		-	27,734,592
Adjustment on re-measurement to fair value		-	10,199,469
		-	37,934,061
<b>Askari Sovereign Cash Fund</b>			
Nil (2014: 189,898) Units - <b>cost</b>		-	15,000,000
Adjustment on re-measurement to fair value		-	4,096,321
		-	19,096,321
<b>Pakistan Cash Management Fund</b>			
Nil (2014: 53,465) Units - <b>cost</b>		-	2,500,000
Adjustment on re-measurement to fair value		-	173,262
		-	2,673,262
		-	59,703,644
<b>18. ACCRUED MARK-UP</b>			
This represents due from Chashma Sugar Mills Ltd. (an Associated Company) on account of mark-up accrued on loan advanced.			
<b>19. BANK BALANCES</b>			
Deposit accounts, during the current financial year, carried profit at the rates ranging from 4.50% to 7.58% (2014: 6% to 7%) per annum.			
<b>20. INCOME</b>			
Interest / profit on deposit accounts		<b>56,564</b>	81,414
Mark-up on loan to an Associated Company		<b>4,578,252</b>	4,843,041
Fair value gain on re-measurement of short term investments		-	4,389,898
Gain on redemption of short term investments	<b>17</b>	<b>4,782,797</b>	-
Dividends		<b>10,691</b>	19,500
Rent		<b>4,207,364</b>	3,834,740
		<b>13,635,668</b>	13,168,593



<b>21. OPERATING AND GENERAL EXPENSES</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>--- Rupees ---</b>	
Salaries and allowances		<b>3,891,500</b>	3,391,485
Printing and stationery		<b>216,826</b>	224,693
Travelling and conveyance		<b>1,400,501</b>	1,046,745
Communication		<b>302,250</b>	152,173
Utilities		<b>2,696</b>	8,192
Rent, rates and taxes		<b>428,707</b>	244,157
Vehicles' running		<b>601,205</b>	602,138
Fees and subscription		<b>134,899</b>	127,435
Advertisement		<b>86,500</b>	78,400
Entertainment		<b>959,518</b>	627,781
Repair and maintenance		<b>660,039</b>	558,044
Insurance		<b>71,354</b>	51,245
Depreciation on property, plant and equipment	<b>13</b>	<b>52,811</b>	55,888
Depreciation on investment property	<b>14</b>	<b>20,284</b>	21,352
Auditors' remuneration:			
-statutory audit		<b>75,000</b>	75,000
-half yearly review		<b>55,000</b>	55,000
-certification charges		<b>36,500</b>	36,500
-out-of-pocket expenses		<b>15,000</b>	20,000
		<b>181,500</b>	186,500
Legal and professional charges (other than Auditors)		<b>112,500</b>	104,000
Others		<b>165,957</b>	188,699
		<b><u>9,289,047</u></b>	<b><u>7,668,927</u></b>

<b>22. TAXATION</b>	<b>2015</b>	<b>2014</b>
	<b>--- Rupees ---</b>	
<b>Current</b>		
Current tax on profit for the year	<b>726,458</b>	577,161
Adjustments in respect of prior years	<b>354,107</b>	(1,021)
	<u><b>1,080,565</b></u>	<u>576,140</u>
<b>Deferred</b>		
Origination and reversal of temporary differences	<b>5,445</b>	7,707
Impact of change in tax rate	<b>(5,413)</b>	(5,180)
	<b>32</b>	2,527
	<u><b>1,080,597</b></u>	<u>578,667</u>

### 23. EARNING PER SHARE

Profit after taxation attributable to ordinary shareholders	<u><b>6,086,467</b></u>	<u>312,245</u>
	<b>--- No. of shares ---</b>	
Weighted average number of shares in issue during the year	<u><b>4,000,000</b></u>	<u>4,000,000</u>
	<b>---- Rupees ----</b>	
Earning per share	<u><b>1.52</b></u>	<u>0.08</u>

### 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 financial years.

#### 24.2 Salaries and benefits paid to key management personnel:

Managerial remuneration	<b>2,355,072</b>	2,355,072
Medical and utility allowances	<b>588,768</b>	588,768
	<u><b>2,943,840</b></u>	<u>2,943,840</u>
No. of person	<b>1</b>	1

### 25. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and other transactions with them have been disclosed in the relevant notes to these financial statements (Note. 15, 17 and 23).

## 26. 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.

### 26.1 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.110.032 million (2014: Rs.106.453 million) as tabulated below:

	2015	2014
	- - - Rupees - - -	
Long term investments	749,288	700,635
Loan to an Associated Company	43,750,000	43,750,000
Short term investments	-	59,703,644
Advance to employees	439,750	309,750
Accrued mark-up	651,289	1,873,037
Bank balances	64,441,217	116,208
	<u>110,031,544</u>	<u>106,453,274</u>

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.

### 26.2 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.

### 26.3 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.

**(a) 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.

**(b) 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:

	2015	2014
	- - - Rupees - - -	
Loan to an Associated Company	43,750,000	43,750,000
Bank balances	64,441,217	116,208
	<u>108,191,217</u>	<u>43,866,208</u>

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

**(c) 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	-	5,970,364
Effect on equity	74,929	70,064
Effect on investments	<u>74,929</u>	<u>6,040,428</u>

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

**26.4 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:

<b>Level:1</b>	Quoted prices (unadjusted) in active markets for identical assets or
<b>Level:2</b>	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).
<b>Level:3</b>	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

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

## **27. 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.

## **28. NUMBER OF EMPLOYEES**

The total number of employees as at June 30, 2015 and 2014 were two.

## **29. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors in its meeting held on October 05, 2015 has proposed a final cash dividend of Re. 1 per share for the year ended June 30, 2015. The financial statements for the year ended June 30, 2015 do not include the effect of proposed dividend amounting Rs. 4 million, which will be accounted for in the financial statements for the year ending June 30, 2016 after approval by the members in the annual general meeting to be held on October 31, 2015. The proposed dividend duly meet the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

### 30. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 05 October, 2015 by the board of directors of the Company.

### 31. FIGURES

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



**CHIEF EXECUTIVE**



**DIRECTOR**

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

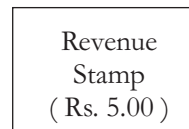
**FORM OF PROXY**  
**38th Annual General Meeting**

I/We.....of.....being a member  
of **Arpak International Investments Limited** and holding ..... ordinary  
shares entitled to vote or votes hereby appoint.....of.....or failing  
him.....of.....as my/our  
proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to  
be held on 31 October, 2015 and at any adjournment thereof.

As witness my/our hand this .....day of ..... 2015

Signed by the said  
In the presence of

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



Signature

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