annual report

2016

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 Pakistan Stock Exchange. 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. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Legal Advisor
Ms. Shazia Malik
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 (Non-Executive Director)	Chairman
Mr. Iskander M. Khan (Executive Director)	Member
Mr. Baber Ali Khan (Non-Executive Director)	Member

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. Usman Salim Khan (Independent Director)	Chairman
Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Member
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member
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 form 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 matte 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.

Human Resource and Remuneration Committee

Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Member
Mr. Usman Salim Khan (Independent Director)	Member
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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
(R U P E E S IN T H O U S A N D)										
Income	10,904	13,636	13,169	13,143	13,724	13,020	10,855	9,839	7,994	8,450
Operating Profit	(55)	4,347	5,500	5,126	5,274	6,122	4,703	6,495	4,826	5,713
Profit / (loss) before tax	13,483	12,731	891	(10,486)	(10,600)	2,604	12,433	20,385	4,823	5,710
Profit / (loss) after tax	12,227	11,651	312	(10,795)	(10,867)	1,334	11,074	17,923	3,536	3,986
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	309,282	289,225	263,226	237,247	242,386	248,916	232,357	217,045	96,759	93,267
Capital Employed	309,472	289,404	263,405	237,247	242,556	249,073	232,527	217,198	96,892	93,375
Fixed Assets - Net	6,507	6,480	6,553	6,631	6,712	6,799	6,891	6,988	7,091	7,202
Total Assets	313,504	292,546	266,240	238,317	244,709	251,505	235,555	221,674	196,114	95,585
Current Assets	75,209	66,354	62,713	69,815	52,131	32,345	27,608	24,400	17,606	64,301
Current Liabilities	4,032	3,142	2,835	2,436	2,153	2,432	3,028	4,476	1,841	2,210
Long Term Liabilities	190.00	179.00	179	0	170	157	170	153	133	108
Dividend										
Cash Dividend (%)	15	10	-	-	-	-	-	-	-	-
Ratios Profitability										
Operating Profit (%)	(0.50)	31.88	41.76	39.00	38.43	47.02	43.33	66.01	60.37	67.61
Profit / (loss) before tax (%)	123.65	93.36	6.77	(79.78)	(77.24)	20.00	114.54	207.19	60.33	67.57
Profit / (loss) After tax (%)	112.13	85.44	2.37	(82.13)	(79.18)	10.25	102.02	182.16	44.23	47.17
Return to Shareholders (ROE)										
ROE - Before Tax (%)	4.36	4.40	0.34	(4.42)	(4.37)	1.05	5.35	9.39	4.98	6.12
ROE - After Tax (%)	3.95	4.03	0.12	(4.55)	(4.48)	0.54	4.77	8.26	3.65	4.27
Return on Capital Employed (%)	3.95	4.03	0.12	(4.55)	(4.48)	0.54	4.76	8.25	3.65	4.27
E.P.S - After Tax	3.06	2.91	0.08	(2.70)	(2.72)	0.33	2.77	4.48	0.88	1.00
Activity										
Income to Total Assets	0.03	0.05	0.05	0.06	0.06	0.05	0.05	0.04	0.04	0.09
Income to Fixed Assets	1.68	2.10	2.01	1.98	2.04	1.91	1.58	1.41	1.13	1.17
Liquidity/Leverage										
Current Ratio	18.65	21.12	22.12	28.66	24.21	13.30	9.12	5.45	9.56	29.10
Break up Value per Share	77.32	72.31	65.81	59.31	60.60	62.23	58.09	54.26	24.19	23.32
Total Liabilities to Equity (Times)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 39th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on October 31, 2016 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 October 31, 2015.

2- To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended June 30, 2016.

3- To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 1.50 per share (15%) for the year ended June 30, 2016.

4- To appoint the Auditors of the Company and to fix their remuneration for the financial year ending June 30, 2017.

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

SPECIAL BUSINESS

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

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

The share transfer books of the Company will remain closed from October 21, 2016 to October 31, 2016 (both days inclusive).

By order of the Board

Islamabad
04 October, 2016

(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 aare 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, 2016, effective July 01, 2016, 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. Rae of tax deduction for non-filer of income tax returns 20.0 %

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. 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.premiergrouppk.com/arpak needs to be duly filled and submitted to the Company on its registered address.

7. 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.

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 June 30, 2016 will be provided on the website www.premiergrouppk.com/arpak at least 21 days before the date of Annual General Meeting.

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

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

Name of investee Company together with the amount and purpose of loan or advance; in case any loan had already been provided or loan has been written off to the said investee company, the complete details of the loan.	Chashma Sugar Mills Limited Total loan advanced Rs. 50.00 million Less: Received back Rs. 6.25 million Outstanding Loan Rs. 43.75 million The loan has been advanced for higher returns.
A brief about the financial position of the investee company on the basis of last published financial statements.	Chashma Sugar Mills Limited earned handsome profit during most of the preceding year, during the period ended June 30, 2016 the Company earned profit of Rs. 235.059 millions.
Rate of mark-up to be charged.	The rate will not be less than the borrowing cost of the Company.
Particulars of collateral security to be obtained from borrower and; if not needed, justification thereof.	Demand Promissory Note as a Collateral Security had been obtained.
Source of funds from where loan or advance will be given.	Retained earnings.
Repayment Schedule;	The balance amount in seven half-yearly installments, commencing from November 2019.
Purpose of loans and advance; and	Higher returns leading to better dividend to the shareholders
Benefits likely to accrue to the Company and the shareholders from loans and advances.	Higher returns on the loans leading to better dividends to the shareholders.

ARPAK INTERNATIONAL INVESTMENTS LIMITED
DIRECTORS' REPORT

The Directors of Arpak International Investments Limited are pleased to present the 39th Annual Report together with the Audited Financial Statements for the year ended June 30, 2016.

Summarized Financial Results

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

	2016 (Rupees)	2015 (Rupees)
Profit before taxation	**13,483,258**	12,731,366
Taxation		
Current tax	**(1,244,622)**	(1,080,565)
Deferred	**11,270**	32
	1,255,892	1,080,597
Profit after taxation	**12,227,366**	11,650,769
Earning per share	**3.06**	2.91

Financial performance and future prospects

The Company has incurred pre-tax loss of Rs 0.64 million during the year (2015: Rs. 4.342 million profit). However, after incorporating the share of profit of an associated undertaking, the Company's pre-tax profit has been reflected to Rs 13.483 million. The paid up capital of the Company is Rs. 40.000 million, Capital Reserves Rs. 7.441 million, General Reserves Rs. 5.400 million, Cash Reserve Rs. 60.668 million and un-appropriated profit of Rs. 256.025 million as on June 30, 2016.

The management is actively working on different options to ensure appropriate returns on available funds and with this objective the management and staff is 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 June 30, 2016, 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**
Mr. Aziz Sarfaraz Khan	5
Begum Laila Sarfaraz	4
Mr. Abbas Sarfaraz Khan	4
Ms. Zarmine Sarfaraz	4
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 June 30, 2016.

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 June 30, 2016 @ of Rs.1.50 per share.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in the Listing Rules, relevant for the year ended June 30, 2016 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. ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore as Auditors of the Company for the financial year ending June 30, 2017.

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
04 October, 2016

(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 Pakistan Stock Exchange.

Listing Fees
The annual listing fee for the financial year 2015-16 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 **PSX** is **Arpak Intl**.

Book Closure Dates
The Register of Members and Share Transfer books of the Company will remain closed from 21.10.2016 to 31.10.2016

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED

FORM-34

PATTERN OF SHAREHOLDING AS AT 30 JUNE, 2016

No. of Shareholders	Shareholding					Total Shares Held
337	From	1	to	100	Shares	12,897
268	From	101	to	500	Shares	65,873
99	From	501	to	1,000	Shares	70,494
130	From	1,001	to	5,000	Shares	271,872
12	From	5,001	to	10,000	Shares	81,910
2	From	10,001	to	15,000	Shares	20,950
3	From	15,001	to	25,000	Shares	65,612
11	From	25,001	to	70,000	Shares	490,362
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	382,386
1	From	400,001	to	500,000	Shares	413,451
1	From	500,001	to	above	Shares	1,207,442
870						**4,000,000**

Categories of Shareholders	Numbers		Shares Held		Percentage of Paid-up Capital
Associated Companies, Undertakings and Related Parties	**2**		**833,829**		**21**
The Premier Sugar Mills & Distillery Co. Limited		382,386		9.56	
Azlak Enterprises (Pvt.) Limited		451,443		11.29	
Directors & Relatives	**11**		**2,377,994**		**59**
Executives	**-**		**-**		**-**
Public Sector Companies & Corporations	**5**		**16,265**		**0**
Bibojee Services (Pvt) Limited		10,396		0.26	
Excel Securities (Pvt) Limited		100		0.00	
BCGA Punjab (Pvt) Limited		5,268		0.13	
Sarfaraz Mahmood (Pvt) Limited		500		0.01	
Maple Leaf Capital Limited		1		0.00	

Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	**3**		**6,550**	**0**
Fidelity Investment Bank Limited		2,850	0.07	
Investment Corporation of Pakistan		2,700	0.07	
EFU General Insurance Limited.		1,000	0.03	
Individuals	**845**		**703,803**	**18**
Others	**4**		**61,559**	**2**
Chief Administrator of Auqaf, Punjab		3,798	0.09	
Deputy Administrator Abandoned Properities		87		
The Society for Rehabilitation of Crippled Children		174	0.00	
Governing body Gulshan-e-Maymaar Foundation		57,500		
	870		**4,000,000**	**100**

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 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 Pakistan Stock Exchange 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 CCG 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

The independent director meets the criteria of Independence under clause 5.19.1 (b) of the CCG.

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 resident 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. 6 out of 7 Directors of the Company were exempted from the requirement of Director's Training Program by virtue of minimum of 14 years of education and 15 years of experience as director of a listed company. Remaining one director of the Company will conduct training program in the upcoming year.

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

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.

15. The Board has formed an Audit Committee, which comprises of four members, of whom three are non-executive directors.

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 CCG. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three 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.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles contained in the CCG have been complied with.

For and on behalf of the Board

Laila Sarfaraz

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

Islamabad
04 October, 2016

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, 2016 to comply with the Code contained in regulation no. 5.19 of Rule Book of the Pakistan Stock Exchanges Limited.

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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 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, 2016.

Shinewing Hameed Chaudhri & Co

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

LAHORE;
05 October, 2016

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, 2016 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, 2016 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).

ShineWing Hameed Chaudhri & Co

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

Lahore; 05 October, 2016

ARPAK INTERNATIONAL INVESTMENTS LIMITED
BALANCE SHEET AS AT 30 JUNE, 2016

	Note	2016	2015	2014
		---- Rupees ----	Restated	Restated
Equity and Liabilities				
Share Capital and Reserves				
Authorised capital				
5,000,000 ordinary shares of Rs.10 each		**50,000,000**	50,000,000	50,000,000
Issued, subscribed and paid-up capital				
4,000,000 ordinary shares of Rs.10 each				
issued for cash	7	**40,000,000**	40,000,000	40,000,000
Reserves	8	**13,256,873**	13,453,531	13,404,878
Unappropriated profit		**256,024,859**	235,771,778	209,821,274
		309,281,732	289,225,309	263,226,152
Deferred taxation	9	**189,959**	178,689	178,657
Current Liabilities				
Accruals and other payables	10	**3,080,237**	2,415,217	2,258,060
Taxation	11	**952,261**	726,458	577,161
		4,032,498	3,141,675	2,835,221
Contingencies and Commitments	12			
		313,504,189	292,545,673	266,240,030
Assets				
Non-current Assets				
Property, plant and equipment	13	**4,629,474**	4,583,595	4,636,406
Investment property	14	**1,877,479**	1,896,749	1,917,033
Long term investments	15	**200,538,460**	175,961,477	153,223,910
Loan to an Associated Company	16	**31,250,000**	43,750,000	43,750,000
		238,295,413	226,191,821	203,527,349
Current Assets				
Current portion of loan to an Associated Company	16	**12,500,000**	-	-
Short term investment	17	**59,454,365**	-	59,703,644
Advances to employees - considered good		**244,750**	439,750	309,750
Accrued mark-up	18	**390,527**	651,289	1,873,037
Prepayments		**4,486**	15,068	35,775
Advance income tax and tax deducted at source		**1,401,279**	806,528	674,267
Bank balances	19	**1,213,369**	64,441,217	116,208
		75,208,776	66,353,852	62,712,681
		313,504,189	292,545,673	266,240,030

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, 2016

	Note	2016	2015
		---- Rupees ----	
			Restated
Income	20	10,903,970	13,635,668
Operating and general expenses	21	(10,959,014)	(9,289,047)
Operating profit		(55,044)	4,346,621
Bank charges		(9,624)	(4,434)
		(64,668)	4,342,187
Share of profit of Associated Companies - net	15	13,547,926	8,389,179
Profit before taxation		13,483,258	12,731,366
Taxation	22	(1,255,892)	(1,080,597)
Profit after taxation		12,227,366	11,650,769
Earnings per share	23	3.06	2.91

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, 2016

	Note	2016	2015
		---- Rupees ----	
Profit after taxation		**12,227,366**	11,650,769
Other comprehensive (loss) / income			
Fair value (loss) / gain on re-measurement of available-for-sale investments	**15**	**(196,658)**	48,653
Total comprehensive income for the year		**12,030,708**	11,699,422

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, 2016

	2016	2015
	--- Rupees ---	
Cash flow from operating activities		
(Loss) / profit for the year - before taxation and share of profit of Associated Companies	**(64,668)**	4,342,187
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	**54,121**	52,811
Depreciation on investment property	**19,270**	20,284
Mark-up on loan to an Associated Company	**(3,439,238)**	(4,578,252)
Dividend income	**-**	(10,691)
Fair value gain on re-measurement of investments	**(59,552)**	-
Gain on redemption of short term investments - net	**(1,862,277)**	(4,782,797)
Loss before working capital changes	**(5,352,344)**	(4,956,458)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Short term Investment	**(57,532,536)**	64,486,441
Advances to employees	**195,000**	(130,000)
Prepayments	**10,582**	20,707
Increase in accruals and other payables	**665,020**	157,157
	(56,661,934)	64,534,305
Cash (used in) / generated from operating activities	**(62,014,278)**	59,577,847
Income tax paid	**(1,613,570)**	(1,063,529)
Dividend paid	**(4,000,000)**	-
Net cash (used in) / generated from operating activities	**(67,627,848)**	58,514,318
Cash flow from investing activities		
Mark-up received on loan to an Associated Company	**3,700,000**	5,800,000
Dividends received	**800,000**	10,691
Purchase of property, plant and equipment	**(100,000)**	-
Net cash generated from investing activities	**4,400,000**	5,810,691
Net (decrease) / increase in cash and cash equivalents	**(63,227,848)**	64,325,009
Cash and cash equivalents - at beginning of the year	**64,441,217**	116,208
Cash and cash equivalents - at end of the year	**1,213,369**	64,441,217

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, 2016

	Share capital	Reserves			Unappr-opriated profit	Total
		Capital reserve	General reserve	Unrealised gain on available-for-sale investments		
	- - - - - - - - - -	- - - - - - - -	Rupees	- - - - - - - -	- - - - - - - - - -	
Balance as at June 30, 2014 - as previously reported	40,000,000	7,440,781	5,400,000	564,097	187,341,817	240,746,695
Effect of retrospective application of rectification of error (note 6)	-	-	-	-	22,479,457	22,479,457
Balance as at June 30, 2014 - restated	40,000,000	7,440,781	5,400,000	564,097	209,821,274	263,226,152
Total comprehensive income for the year ended June 30, 2015	-	-	-	48,653	11,650,769	11,699,422
Effects of items directly credited in equity by Associated Companies	-	-	-	-	14,299,735	14,299,735
Balance as at June 30, 2015 - restated	**40,000,000**	**7,440,781**	**5,400,000**	**612,750**	**235,771,778**	**289,225,309**
Total comprehensive (loss) / income for the year ended June 30, 2016	-	-	-	(196,658)	12,227,366	12,030,708
Dividend paid during the year @ Re.1 / share	-	-	-	-	(4,000,000)	(4,000,000)
Effects of items directly credited in equity by Associated Companies	-	-	-	-	12,025,715	12,025,715
Balance as at June 30, 2016	**40,000,000**	**7,440,781**	**5,400,000**	**416,092**	**256,024,859**	**309,281,732**

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, 2016

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 Pakistan Stock Exchange. 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 (IFRSs) 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 IFRSs, 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 have been presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupee has been rounded to the nearest rupee unless otherwise stated.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning form July 1, 2015:

(a) 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 only affects the disclosures in the Company’s financial statements.

(b) IFRS 12, ‘Disclosures 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 only affects the disclosures in 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 1, 2015 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 approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

3.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Company:

(a) IFRS 9, ‘Financial instruments’ is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, ‘Financial instruments’, which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(b) IFRS 15, ‘Revenue from contracts with customers’ is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(c) Amendments to IAS 1, ‘Presentation of financial statements’ on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB’s Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company’s financial statements.

(d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

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

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 12 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 using the equity method of accounting. Under the equity method, the investments 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 Investee after the date of acquisition.

The Company’s share of post acquisition profit or loss is recognised in the profit and loss account, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in Associates equals or exceeds its interest in the Associates the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associates.

The Company determines at each reporting date whether there is any objective evidence that the investments in the Associates are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associates and its carrying values and recognises the amount adjacent to share of profit / loss of Associates in the profit and loss account.

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

The Company, upto June 30, 2015, had computed its share in investment in Premier Sugar Mills & Distillery Company Ltd. (PSM - an Associated Company) under equity method by using the figures reported in separate financial statements of PSM instead of its consolidated financial statements. Effective from current year, the Company has changed the previous treatment and is now computing its share in PSM under equity method by using figures reported in the consolidated financial statements of PSM. The financial statements have been restated retrospectively in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). This change has increased carrying value of investment in PSM as at June 30, 2014 and June 30, 2015 by Rs.22.479 million and Rs.37.814 million respectively. Profit for the year ended June 30, 2015 has increased by Rs.5.564 million whereas earnings per share have increased to Rs.2.91 from Rs.1.52.

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, 2016 and 2015.

8. RESERVES

	Note	2016	2015
		--- 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 re-measurement of available-for-sale investments	15	**416,092**	612,750
		13,256,873	13,453,531

8.1 The year-end balance comprised of as follows:

	2016	2015
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
	6,839,256	6,839,256
Gain on sale of investments arisen during the accounting year ended on December 31, 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 December 31, 1983.

9. DEFERRED TAXATION

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

10. ACCRUALS AND OTHER PAYABLES

	2016	2015
	--- Rupees ---	
Accrued expenses	**314,894**	132,500
Tax deducted at source	**15,320**	12,520
Security deposits	**424,776**	424,776
Unclaimed dividend	**541,707**	210,428
Advance rent	**1,783,540**	1,634,993
	3,080,237	**2,415,217**

11. TAXATION - Net

	2016	2015
Opening balance	**726,458**	577,161
Add: provision made during the year:		
- current	**952,261**	726,458
- prior year	**292,361**	354,107
	1,244,622	1,080,565
	1,971,080	1,657,726
Less: adjusted against completed assessments / payments:		
- tax deducted at source	**806,527**	616,146
- tax paid along with return	**212,292**	315,122
Closing balance	**952,261**	726,458

11.1 Returns filed by the Company for Tax Years 2003 to 2015 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 income, capital gain and dividend income (2015: tax payable on property and dividend income).

12. CONTINGENCIES AND COMMITMENTS

There was no known contingency or commitment outstanding as at June 30, 2016 and 2015.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Furniture and fixtures	Generator and equipment	Vehicle	Total
	--	----------	---------- Rupees ----------	----------	----------	--
As at June 30, 2014						
Cost	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Accumulated depreciation	-	(2,976,152)	(25,241)	(176,793)	(419,070)	(3,597,256)
Book value	3,600,000	1,029,068	2,701	3,207	1,430	4,636,406
Year ended June 30, 2015:						
Depreciation for the year	-	(51,453)	(270)	(802)	(286)	(52,811)
Book value	3,600,000	977,615	2,431	2,405	1,144	4,583,595
Year ended June 30, 2016:						
Additions	**-**	**-**	**-**	**100,000**	**-**	**100,000**
Depreciation for the year	**-**	**(48,881)**	**(243)**	**(4,768)**	**(229)**	**(54,121)**
Book value	**3,600,000**	**928,734**	**2,188**	**97,637**	**915**	**4,629,474**
As at June 30, 2015						
Cost	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Accumulated depreciation	-	(3,027,605)	(25,511)	(177,595)	(419,356)	(3,650,067)
Book value	3,600,000	977,615	2,431	2,405	1,144	4,583,595
As at June 30, 2016						
Cost	**3,600,000**	**4,005,220**	**27,942**	**280,000**	**420,500**	**8,333,662**
Accumulated depreciation	**-**	**(3,076,486)**	**(25,754)**	**(182,363)**	**(419,585)**	**(3,704,188)**
Book value	**3,600,000**	**928,734**	**2,188**	**97,637**	**915**	**4,629,474**
Depreciation rate (%)	**-**	**5**	**10**	**25**	**20**	

14. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
	- - - - - - - - - - Rupees - - - - - - - - - -		
As at June 30, 2014			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,094,317	1,094,317
Book value	**1,511,350**	**405,683**	**1,917,033**
Year ended June 30, 2015			
Depreciation charge	-	20,284	20,284
Book value	**1,511,350**	**385,399**	**1,896,749**
Year ended June 30, 2016			
Depreciation charge	**-**	**19,270**	**19,270**
Book value	**1,511,350**	**366,129**	**1,877,479**
As at June 30, 2015			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,114,601	1,114,601
Book value	1,511,350	385,399	1,896,749
As at June 30, 2016			
Cost	**1,511,350**	**1,500,000**	**3,011,350**
Accumulated depreciation	**-**	**1,133,871**	**1,133,871**
Book value	**1,511,350**	**366,129**	**1,877,479**
Depreciation rate (%)		**5**	

14.1 Fair value of the investment property, based on the management's estimation, as at June 30, 2016 is Rs.13.900 million.

15. LONG TERM INVESTMENTS

LONG TERM INVESTMENTS		Note	2016	2015	2014
			- - - - - - - - Rupees - - - - - - - -		
Associated Companies				Restated	Restated
Quoted:					
The Premier Sugar Mills and Distillery Company Ltd.	(PSM)	**15.1**			
Balance as at July 01,			**121,322,386**	102,635,710	105,657,465
Effect of items directly credited in equity / share of OCI			**12,544,438**	13,868,543	11,744,859
Share of after tax profit / (loss)			**10,097,814**	4,818,133	(14,766,614)
Dividend received			**(800,000)**	-	-
			143,164,638	121,322,386	102,635,710
Un-quoted:					
Premier Board Mills Ltd.	(PBML)	**15.2**	**13,562,117**		
Balance as at July 01,			**53,889,803**	49,887,565	47,370,908
Effect of items directly credited in equity / share of OCI			**(518,723)**	431,192	896,293
Share of after tax profit					
- current year			**3,464,303**	3,571,046	1,620,364
- adjustment for last year based on audited financial statements			**(14,191)**	-	-
			3,450,112	3,571,046	1,620,364
			56,821,192	53,889,803	49,887,565
Others - Quoted					
Available-for-sale					
Ibrahim Fibres Ltd.					
9,750 ordinary shares of Rs.10 each - **cost**			**136,538**	136,538	136,538
Add: adjustment on re-measurement to fair value			**416,092**	612,750	564,097
			552,630	749,288	700,635
			200,538,460	175,961,477	153,223,910

15.1 Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (2015: 10.67%) of PSM's issued, subscribed and paid-up capital as at June 30, 2016. PSM was incorporated on July 24, 1944 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of PSM is manufacturing and sale of white sugar and spirit. Market value of the Company's investment in PSM as at June 30, 2016 was Rs.64.220 million (2015: Rs.34.800 million). PSM is an associate of the Company due to common directorship.

15.1.1 Summarised financial information of PSM for the year ending March 31, based on the audited consolidated financial statements for year ended September 30, and reviewed condensed interim financial statements for the half year ended March 31, is as follows:

Summarised Condensed Interim Consolidated Balance Sheet	**2016**	2015
	Rupees in '000	
Non-current assets	**8,050,424**	7,921,774
Current assets	**7,366,338**	9,279,368
	15,416,762	17,201,142
Surplus on revaluation of property, plant and equipment	**2,245,515**	2,419,621
Non-current liabilities	**3,520,517**	3,157,591
Current liabilities	**7,788,553**	10,091,630
	13,554,585	15,668,842
Net assets	**1,862,177**	1,532,300
Net assets - attributable to the shareholders of PSM	**1,338,266**	1,133,841
Reconciliation to carrying amount		
Opening net assets	**1,133,841**	961,971
Profit for the year	**94,667**	45,170
Dividend paid during the year	**(7,500)**	-
Effect of items directly credited in equity	**127,648**	125,192
Other comprehensive (loss) / income for the year	**(8,364)**	1,149
Effect of items directly credited in equity by Associated Companies	**(2,026)**	359
Closing net assets	**1,338,266**	1,133,841
Company's share percentage 10.67%		
Company's share	**142,793**	120,981
Miscellaneous adjustments	**372**	341
Carrying amount of investment	**143,165**	121,322

Summarised Condensed Interim Profit and Loss Account	**2016**	2015
	Rupees in '000	
Sales - total	**12,191,150**	4,155,454
Profit before taxation - total	**151,766**	(171,528)
Profit after taxation - attributable to the shareholders of PSM	**94,667**	45,170

15.1.2 The management, as at June 30, 2016, has carried out impairment testing of its investment in PSM as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investment in PSM amounted Rs.506.125 million (2015: Rs.653.707 million). The recoverable amount of investment has been determined using the 'value-in-use' computation. In assessing the value in use, estimated future cash flows have been discounted to their present value using a post-tax discount rate that reflects current market assessment of the time value of money. The post-tax discount rate applied to cash flow projections is 6.42% (2015: 6.34%). As a result of the aforementioned impairment testing, the management has concluded that the carrying value of investment in PSM does not exceed its recoverable amount.

15.2 Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (2015: 10.63%) of PBML's issued, subscribed and paid-up capital as at June 30, 2016. PBML was incorporated on May 12, 1980 as a public company and it is evaluating certain proposals for setting-up some industrial unit. PBML is an associate of the Company due to common directorship.

15.2.1 Summarised financial information of PBML, based on the un-audited financial statements for the year ended June 30, 2016 and audited financial statements for the year ended June 30, 2015, is as follows:

Summarised Balance Sheet	**2016**	2015
	Rupees in '000	
Non-current assets	**365,981**	373,442
Current assets	**172,511**	149,373
	538,492	522,815
Current liabilities	**3,956**	15,989
Net assets	**534,536**	506,826
Reconciliation to carrying amount		
Opening net assets	**506,826**	469,186
Profit for the year	**32,590**	33,585
Other comprehensive (loss) / income for the year	**(7,002)**	1,732
Other adjustments	**2,122**	2,323
Closing net assets	**534,536**	506,826
Company's share percentage 10.63%		
Carrying amount of investment	**56,821**	53,890
Summarised Profit and Loss Account		
Income	**14,575**	21,002
Profit before taxation	**33,651**	32,365
Profit after taxation	**32,564**	33,585

16. LOAN TO AN ASSOCIATED COMPANY

	2016	2015
	--- Rupees ---	
Balance as at June 30,	**43,750,000**	43,750,000
Less: current portion grouped under current assets	**12,500,000**	-
	31,250,000	43,750,000

The Company and Chashma Sugar Mills Ltd. (CSM) had 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 1-Month KIBOR+1.25% per annum; effective mark-up rates charged by the Company, during the current financial year, ranged from 7.50% to 8.24% (2015: 8.08% to 11.62%) 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 financial year ending June 30, 2014, 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. SHORT TERM INVESTMENT

- At fair value through profit or loss

First Habib Cash Fund		
592,559 (2015: Nil) Units - **cost**	**59,394,813**	-
Adjustment on re-measurement to fair value	**59,552**	-
	59,454,365	-

18. ACCRUED MARK-UP

This represents due from Chashma Sugar Mills Ltd. (an Associated Company) on account of mark-up accrued on loan advanced.

19. BANK BALANCES

Cash at banks on:		
- Current account	**537,774**	-
- Deposit accounts	**484,030**	64,441,217
- Dividend account	**191,565**	-
	1,213,369	64,441,217

19.1 Deposit accounts, during the current financial year, carried profit at the rates ranging from 4.00% to 4.55 (2015: 4.50 to 7.58%) per annum.

20. INCOME

	Note	2016	2015
		--- Rupees ---	
Interest / profit on deposit accounts		**899,851**	56,564
Mark-up on loan to an Associated Company		**3,439,238**	4,578,252
Fair value gain on re-measurement of short term investments		**59,552**	-
Gain on redemption of short term investments	17	**1,862,277**	4,782,797
Dividends		**-**	10,691
Rent		**4,643,052**	4,207,364
		10,903,970	13,635,668

21. OPERATING AND GENERAL EXPENSES

	Note	2016	2015
Salaries and allowances		**4,152,747**	3,891,500
Printing and stationery		**359,367**	216,826
Travelling and conveyance		**1,576,378**	1,400,501
Communication		**180,472**	302,250
Utilities		**6,179**	2,696
Rent, rates and taxes		**437,669**	428,707
Vehicles' running		**576,434**	601,205
Fees and subscription		**209,361**	134,899
Advertisement		**169,290**	86,500
Entertainment		**1,259,813**	959,518
Repair and maintenance		**1,193,464**	660,039
Insurance		**28,480**	71,354
Depreciation on property, plant and equipment	13	**54,121**	52,811
Depreciation on investment property	14	**19,270**	20,284
Auditors' remuneration:			
- statutory audit		**75,000**	75,000
- half yearly review		**55,000**	55,000
- certification charges		**40,000**	36,500
- out-of-pocket expenses		**30,500**	15,000
		200,500	181,500
Legal and professional charges (other than Auditors')		**192,303**	112,500
Others		**343,166**	165,957
		10,959,014	9,289,047

22. TAXATION

	Note	2016	2015
		--- Rupees ---	
Current			
Current tax on profit for the year	11	**952,261**	726,458
Adjustments in respect of prior years	11	**292,361**	354,107
		1,244,622	1,080,565
Deferred			
Origination and reversal of temporary differences		**16,854**	5,445
Impact of change in tax rate		**(5,584)**	(5,413)
		11,270	32
		1,255,892	1,080,597

23. EARNINGS PER SHARE - BASIC AND DILUTED

	2016	Restated
Profit after taxation attributable to ordinary shareholders	**12,227,366**	11,650,769
	--- No. of shares ---	
Weighted average number of shares	**4,000,000**	4,000,000
	---- Rupees ----	
Earnings per share	**3.06**	2.91

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:

	2016	2015
	--- Rupees ---	
Managerial remuneration	**3,171,546**	2,355,072
Medical and utility allowances	**792,886**	588,768
Expenses reimbursed	**1,988,778**	1,461,244
	5,953,210	4,405,084
No. of person	**1**	1

25. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, key management personnel and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 24. Significant transactions with related parties are as follows:

	2016	2015
	--- Rupees ---	
Mark-up charged on loan to an Associated Company	**3,439,238**	4,578,252
Mark-up received from Associated Company	**3,700,000**	5,800,000

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 (Board) 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.105.606 million (2015: Rs.110.032 million) as tabulated below:

Long term investments	**552,630**	749,288
Loan to an Associated Company	**43,750,000**	43,750,000
Short term investment	**59,454,365**	-
Advances to employees	**244,750**	439,750
Accrued mark-up	**390,527**	651,289
Bank balances	**1,213,369**	64,441,217
	105,605,641	110,031,544

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.

Credit rating of short term investment - at fair value through profit or loss

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

	Rating	Rating assigned by
Habib Assets Management Limited	AM3+	PACRA

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 long term investments and short term investment.

(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:

	2016	2015
	- - - Rupees - - -	
Loan to an Associated Company	**43,750,000**	43,750,000
Bank balances	**484,030**	64,441,217
	44,234,030	108,191,217

The effective mark-up / profit rates for the monetary financial assets have been 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 investment in Units of Mutual Fund and ordinary shares of a listed Company. To manage its price risk arising from aforesaid investment, 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 investment would be as follows:

Effect on profit and loss account	**5,945,437**	-
Effect on equity	**55,263**	74,929
Effect on investment	**6,000,700**	74,929

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:

Level:1 Quoted prices (unadjusted) in active markets for identical assets or

Level:2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level:3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The Company's investment in Mutual Fund have been measured at fair value using year-end Net Assets Value as computed by the respective Assets Management Company. 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, 2016 and 2015 and their average number during these years was two.

29. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on October 04, 2016 has proposed a final cash dividend of Rs.1.50 per share for the year ended June 30, 2016. The financial statements for the year ended June 30, 2016 do not include the effect of proposed dividend amounting Rs.6,000,000 million, which will be accounted for in the financial statements for the year ending June 30, 2017 after approval by the members in the annual general meeting to be held on October 31, 2016. The proposed dividend duly meets 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 October 04, 2016 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
39th 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, 2016** and at any adjournment thereof.

As witness my/our hand this ....day of 2016

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.