

# Annual Report 2021

## 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 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 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**

Mr. Abbas Sarfaraz Khan	Chief Executive
Begum Laila Sarfaraz	Chairperson
Mr. Aziz Sarfaraz Khan	Director
Mr. Iskander M. Khan	Director
Ms. Najda Sarfaraz	Director
Mr. Usman Salim Khan	Independent Director
Mr. FaiysalAli Khan	Independent Director

### **Company Secretary**

Mr. Mujahid Bashir

### **Chief Financial Officer**

Mr. Rizwan Ullah Khan

### **Head of Internal Audit**

Mr. Zaheer Mir

### **Auditors**

M/s. ShineWing Hameed Chaudhri & Co.,  
Chartered Accountants

### **Legal Advisor**

Mr. Sarfaraz Rauf  
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**

MCB Bank Limited  
Bank Al-Habib Limited

## **ARPAK INTERNATIONAL INVESTMENTS LIMITED MANAGEMENT COMMITTEES**

### **Executive Committee**

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

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

Mr. Iskander M. Khan      Member  
(Executive Director)

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

### **Audit Committee**

Mr. Usman Salim Khan      Chairman  
(Independent Director)

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

Mr. FaiysalAli Khan      Member  
(Non-Executive Director)

Mr. Mujahid Bashir      Secretary

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

The Terms of Reference of the Audit Committee also includes the following:

- a) Determination of appropriate measures to safeguard the Company's assets;
  - b) Review of annual and interim 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;
    - Going-concern assumption;
    - Any changes in accounting policies and practices;
    - Compliance with applicable accounting standards;
    - Compliance with these regulations and other statutory and regulatory requirements; and.
    - All related party transactions.
  - c) Review of preliminary announcements of results prior to external communication and publication;
  - d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  - e) Review of management letter issued by external auditors and management's response thereto;
  - f) Ensuring coordination between the internal and external auditors of the Company;
  - g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures 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 of activities characterized by fraud, corruption and abuse of power and management's response thereto;
  - i) Ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the 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 and internal audit reports;
  - k) Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer 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 these regulations and identification of significant violations thereof;
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- n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof; and
- p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

## **Human Resource and Remuneration Committee**

Mr. Usman Salim Khan                      Chairman  
(Independent Director)

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

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

Mr. Mujahid Bashir                              Secretary

The Committee is responsible for:

- i) recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- ii) undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualification and major terms of appointment;
- iii) recommending human resource management policies to the board;
- iv) recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v) consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- vi) where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

## **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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	( R U P E E S I N T H O U S A N D )									
Income	13,061	17,360	16,029	11,588	11,642	10,904	13,636	13,169	13,143	13,724
Operating (Loss) / profit	(6,960)	(478)	(574)	(1,455)	(8,179)	(55)	4,347	5,500	5,126	5,274
(Loss) / profit before tax	(122,135)	192,629	(79,791)	(33,819)	(16,405)	13,483	12,731	891	(10,486)	(10,600)
(Loss) / profit after tax	(123,991)	190,403	(81,695)	(35,211)	(18,304)	12,227	11,651	312	(10,795)	(10,867)
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	299,519	371,382	184,468	180,441	654,872	550,314	289,225	263,226	237,247	242,386
Capital Employed	299,666	371,562	184,659	180,626	655,056	550,504	289,404	263,405	237,247	242,556
Fixed Assets - Net	6,287	6,394	6,521	6,480	6,466	6,507	6,480	6,553	6,631	6,712
Total Assets	304,060	375,662	191,131	185,842	660,783	554,537	292,546	266,240	238,317	244,709
Current Assets	28,015	36,474	56,340	45,098	48,345	75,209	66,354	62,713	69,815	52,131
Current Liabilities	4,394	4,100	6,470	5,218	5,728	4,032	3,142	2,835	2,436	2,153
Long Term Liabilities	147	180	191	185	184	190	179	179	0	170
<b>Dividend</b>										
Cash Dividend (%)	-	-	6.00	-	-	12.5	10	-	-	-
<b>Ratios Profitability</b>										
Operating Profit (%)	(53.29)	(2.75)	(3.58)	(12.56)	(70.25)	(0.50)	31.88	41.76	39.00	38.43
(Loss)/ profit before tax (%)	(935.11)	1,109.61	(497.79)	(291.85)	(140.91)	123.65	93.36	6.77	(79.78)	(77.24)
(Loss)/ profit after tax (%)	(949.32)	1,096.79	(509.67)	(303.86)	(157.22)	112.13	85.44	2.37	(82.13)	(79.18)
<b>Return to Shareholders (ROE)</b>										
ROE - Before Tax (%)	(40.78)	51.87	(43.25)	(18.74)	(2.51)	2.45	4.40	0.34	(4.42)	(4.37)
ROE - After Tax (%)	(41.40)	51.27	(44.29)	(19.51)	(2.80)	2.22	4.03	0.12	(4.55)	(4.48)
Return on Capital Employed (%)	(41.38)	51.24	(44.24)	(19.49)	(2.79)	2.22	4.03	0.12	(4.55)	(4.48)
E.P.S - After Tax	(31.00)	47.60	(20.42)	(8.80)	(4.58)	3.06	2.91	0.08	(2.70)	(2.72)
<b>Activity</b>										
Income to Total Assets	0.04	0.05	0.08	0.06	0.02	0.02	0.05	0.05	0.06	0.06
Income to Fixed Assets	2.08	2.72	2.46	1.79	1.80	1.68	2.10	2.01	1.98	2.04
<b>Liquidity/Leverage</b>										
Current Ratio	6.38	8.90	8.71	8.64	8.44	18.65	21.12	22.12	28.66	24.21
Break up Value per Share	74.88	92.85	46.12	45.11	163.72	137.58	72.31	65.81	59.31	60.60
Total Liabilities to Equity (Times)	0.02	0.01	0.04	0.03	0.01	0.01	0.01	0.01	0.01	0.01

## **ARPAK INTERNATIONAL INVESTMENTS LIMITED NOTICE OF 44th ANNUAL GENERAL MEETING**

Notice is hereby given that 44th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on Tuesday, October 26, 2021 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:

### **Ordinary Business**

1. To confirm the minutes of the Annual General Meeting held on October 26, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' reports, thereon.
3. To appoint the External Auditors of the Company and to fix their remuneration for the financial year ending June 30, 2022.
4. To elect seven (7) Directors as fixed by the Board of Directors in accordance with the provision of section 159 of the Companies Act, 2017 for a term of three (3) years commencing from the date of AGM October 26, 2021. The names of retiring Directors of the Company, also eligible to offer themselves for re-election, are as follows:  
  
(i) Mr. Aziz Sarfaraz Khan (ii) Begum Laila Sarfaraz (iii) Mr. Abbas Sarfaraz Khan  
(iv) Ms. Najda Sarfaraz (vi) Mr. Iskander M. Khan (vii) Mr. Usman Salim Khan  
(vii) Mr. Faiysal Ali Khan
5. To transact any other business of the Company as may be permitted by the Chair.

The Share transfer books of the Company will remain closed from October 19, 2021 to October 26, 2021 (both days inclusive).

**By order of the Board**



**(MUJAHID BASHIR)**  
Company Secretary

**Islamabad**  
October 01, 2021

### **Notes:**

1. A member, eligible to attend and vote at this meeting, may appoint another member as his/her proxy to attend, speak and vote instead of himself/herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.
3. CDC shareholders are requested to bring their original Computerized National Identity Card (CNIC) or Original Passport, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
4. Members who desires to receive annual financial statements and notice of meeting for the financial year ending June 30, 2022 or onward through email, instead of registered post/ courier, may submit their consent on the form available for the purpose on company's website.
5. The Financial Statements of the Company for the year ended June 30, 2021 along with reports have been placed at website of the Company <http://premiergroup.pk.com/arpak/>
6. Shareholders, who by any reason, could not claim their dividend/shares, if any are advised to contact to our share Registrar M/s. Hameed Majeed Associates, H.M. House 7 Bank Square, Lahore to collect/enquire about their unclaimed dividend / shares, if any.
7. In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. post or e-voting, in the manner and subject to conditions contained in aforesaid regulations.
8. Pursuant to section 72 of the Companies Act and directive issued by SECP vide its letter no CSD/ED/Misc./2016-639-640 dated March 26, 2021 all listed Companies are required to pursue their shareholders who will still hold shares in physical form, requiring them to convert their shares into Book-Entry form.

In view of the aforesaid requirements shareholders of the Company are requested to convert their physical shares into book entry form as soon as possible. Conversion of shares into book entry form would facilitate the shareholders i.e. readily available market, for instant sale and purchase of shares, elimination of risk of loss & damage, easy & safe transfer and less formalities as compared to physical shares. Shareholders may contact Share Registrar of the Company.

9. Any person who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Registered Office not later than fourteen (14) days before the date of the Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent to act as director in Form 28, duly completed and signed by the candidate; (b) a detailed profile along with office address for placement on the Company's website seven days prior to the date of AGM, in terms of SRO 634(i) of July 10, 2014; and (c) declarations in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017.

## **ARPAK INTERNATIONAL INVESTMENTS LIMITED CHAIRPERSON'S REVIEW REPORT**

I am pleased to welcome you to the 44th Annual Report of your Company and it gives me great pleasure to present a Review Report along with the Audited Financial Statements for the year ended June 30, 2021, on behalf of the Board of Directors, on the performance of your Company as required by Section 192 of the Companies Act, 2017.

It has been a very challenging year for the Company, but I remain positive and confident about the future of Company. The difficult situation due to COVID -19 keeps its existence around the world impacting the businesses.

As required under Listed Companies (Code of Corporate Governance), an annual evaluation of the Board is carried out. The Board Evaluation process is conducted internally by the Company Secretary who prepared an annual Evaluation Assessment Questionnaire which is circulated amongst the Board Members to provide clarification and further insights and perspective on the performance of the Board.

The Board met the duties as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2017, which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments. During the year the Board met five times. The Board is compliant with all the regulatory requirements and acted in accordance with applicable laws & best practices.

Being the Chairperson of the Board, I ensured that the management is actively working on different options to ensure appropriate returns on available funds in the agenda of the Board meetings held during the year. All written notices, including the agenda, supporting documents and other working papers of meetings were circulated prior to the meetings. Further, I ensured that the Board plays an effective role in fulfilling its responsibilities.

The information about the financial results are explained in detail in the attached Directors' Report and Financial Statements which gives comprehensive overview of performance of Company during the year ended June 30, 2021.

On the behalf of the Board of Directors of your Company, I take this opportunity to acknowledge the devoted and sincere services of employees of the Company. I am also thankful for the valuable shareholders for their patronage and confidence reposed in the Company



**(BEGUM LAILA SARFARAZ)**  
Chairperson

Islamabad, October 01, 2021

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## آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

### چئیر پرسن کی جائزہ رپورٹ

میں آپ کی کمپنی کے 44 ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتی ہوں اور مجھے خوشی ہے کہ میں آپ کے سامنے اپنی جائزہ رپورٹ کے ساتھ آڈیٹڈ فنانشل سٹیٹمنٹس برائے سال 30 جون، 2021 اور کمپنی کی کارکردگی، بورڈ آف ڈائریکٹرز کی جانب سے پیش کر رہی ہوں جو کے کمپنیز ایکٹ 2017 کے سیکشن 192 کے مطابق ہے۔

یہ کمپنی کے لئے بہت مشکل سال رہا ہے، لیکن میں کمپنی کے مستقبل کے بارے میں مثبت اور پر اعتماد ہوں۔ کوویڈ-19 کی وجہ سے مشکل صورتحال دنیا بھر میں اپنا وجود برقرار رکھتی ہے جس سے کاروبار متاثر ہو رہے ہیں۔

لسٹڈ کمپنیوں کی مطلوبہ شرائط کے مطابق (کوڈ آف کارپوریٹ گورننس) اور کمپنی کے بورڈ کی جانچ کا کام کیا جاتا ہے۔ بورڈ کی جانچ کے کام کا عمل کمپنی سیکریٹری کے زیر نگرانی ہے جو کہ سالانہ جانچ کا سوال نامہ تیار کر کے بورڈ کے ممبرز کو دیتے ہیں جس سے بورڈ کی کارکردگی بہتر ہوتی ہے۔

بورڈ کی جانب سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی شرائط کے مطابق اپنے فرائض منصبی کی ادائیگی کی گئی جن میں اہمیت حامل پالیسیوں کی منظوری، موثر اندرونی کنٹرول کے نظام کا قیام، بھرت اور مالیاتی نتائج کی منظوری اور اہمیت کی حامل سرمایہ کاری کی منظوری جیسے امور شامل ہیں۔ زیر نظر مالی سال کے دوران بورڈ کی جانب سے پانچ اجلاس منعقد کئے گئے۔ بورڈ تمام قانونی شرائط و ضوابط پر پورا اترتا ہے، مروجہ قوانین اور بہترین روایات کی پاسداری کرتے ہوئے اپنے فرائض منصبی کی ادائیگی کرتا ہے۔

بورڈ کی چئیر پرسن ہونے کے ناطے اس بات کی یقین دہانی کراتی ہوں کہ انتظامیہ فعال طور پر مختلف آپشنز کو مد نظر رکھتے ہوئے دستیاب فنڈز کے مناسب ریٹرنز کے ایجنڈہ پر سال کے دوران ہونے والی بورڈ میٹنگ میں کام کرتی رہی ہے۔ تمام لکھے گئے نوٹس، بشمول ایجنڈہ، متعلقہ دستاویزات اور دیگر ورکنگ پیپرز میٹنگ کے دوران مہیا کیے گئے تھے۔ مزید برآں میں اس بات کی یقین دہانی کراتی ہوں کہ بورڈ اپنی ذمہ داریوں کو پورا کرنے میں موثر کردار ادا کر رہا ہے۔

مالیاتی نتائج کے بارے میں معلومات منسلک ڈائریکٹرز کی رپورٹ اور مالیاتی بیانات میں تفصیل سے بیان کی گئی ہیں جو کہ 30 جون 2021 کو اختتام ہونے والے مالی سال کے دوران کمپنی کی کارکردگی کا جامع جائزہ پیش کرتی ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، میں کمپنی کے ملازمین کی مخلص خدمات کو سراہتی ہوں۔ میں کمپنی کے شیئر ہولڈرز کی کمپنی پر قابل قدر اعتماد پر ان کی شکر گزار ہوں۔



بیگم لیلہ سرفراز

چئیر پرسن

اسلام آباد، 01 اکتوبر 2021

## ARPAK INTERNATIONAL INVESTMENTS LIMITED DIRECTORS' REPORT

The Board of Directors of Arpak International Investments Limited are pleased to present the 44th Annual Report together with the Audited Financial Statements for the year ended June 30, 2021.

### 1. Summarized Financial Results

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

	2021 (Rupees)	2020 (Rupees)
(Loss) / profit before before taxation	<u>(122,134,667)</u>	<u>192,629,138</u>
Taxation		
Current tax	(1,889,201)	(2,237,730)
Deferred tax	<u>32,983</u>	<u>11,887</u>
	<u>(1,856,218)</u>	<u>(2,225,843)</u>
Loss) / profit after taxation	<u>(123,990,885)</u>	<u>190,403,295</u>
(Loss) / earnings per share	<b>(31.00)</b>	47.60

### 2. Financial performance and future prospects

The Company has incurred pre-tax loss of Rs. 6.970 million during the year (2020: Rs.0.485 million). However, after incorporating the share of profit/(loss) of associated companies, the Company's pre-tax loss has increased to Rs. 122.134 million. The paid up capital of the Company is Rs. 40.000 million, Capital Reserves Rs.7.440 million, General Reserves Rs 5.400 million, Cash Reserve Rs. 0.693 million and accumulated loss of Rs. 45.130 million as on June 30, 2021.

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.

### 3. Staff

The management and staff relations remained cordial during the year.

### 4. Pattern of Shareholding

The Pattern of Shareholding, as required under section 227 (2) (f) of the Companies Act, 2017 is annexed.

### 5. 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 have been maintained.

- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal control has been effectively implemented and monitored.
- The Company has the ability to continue as a “going concern”.
- The Company has followed code of 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, 2021, except for those disclosed in the financial statements.

## **6. Trading in Shares**

No trade in the shares of the Company were carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO who purchased 88,582 shares during the year ended June 30, 2021, other than disclosed in the pattern of the shareholding.

## **7. Human Resource Committee**

The Human Resource Committee is performing its duties in line with its term of reference as determined by the Board of Directors.

## **8. Board Meetings**

During the year, ten (10) meetings were held and attendance by each director was as follows:

Name of Directors	Board Meetings	Board of Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
<b>Non- Executive Directors</b>			
Mr. Aziz Sarfaraz Khan	5	4	1
Mr. Abbas Sarfaraz Khan	5	-	1
Ms. Najda Sarfaraz	4	-	-
<b>Executive Directors</b>			
Begum Laila Sarfaraz	3	-	-
Mr. Iskander M. Khan	5	-	-
<b>Independent Director</b>			
Mr. Usman Salim Khan	3	4	1
Mr. Faiyisal Alikhan	4	4	-

- Leave of absence was granted to directors who could not attend some of the Board Meetings.

## **9. 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. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability.

## **10. Dividend**

The Directors do not recommend any dividend due to operational losses suffered by the Company.



**11. External Auditors**

The present Auditors, M/s. ShineWing Hameed Chaudhri & Co, Chartered Accountants, Lahore, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for year ending June 30, 2022.

**12. Compliance with the Code of Corporate Governance**

The Company remains committed to the highest standards of corporate governance and conducts its business in line with the best practices of the Code of Corporate Governance and the Listing Regulations of the Pakistan Stock Exchange Limited. For further details, please refer to the 'Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations'.

**13. 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**



**(ABBAS SARFARAZ KHAN)**  
CEO



**(ISKANDER M. KHAN)**  
Director

Islamabad  
October 01, 2021

## آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

### ڈائریکٹرز کی رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی 44 ویں سالانہ رپورٹ اور 30 جون 2021 کو ختم ہونے والے سال کے آڈیٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

#### ۱۔ مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی کا ذیل میں خلاصہ پیش ہے۔

2020 (روپے)	2021 (روپے)	
192,629,138	(112,136,667)	ٹیکس سے پہلے (نقصان) / نفع
		ٹیکسیشن
(2,237,730)	(1,889,201)	موجودہ ٹیکس
11,887	32,983	ڈیفریڈ ٹیکس
(2,225,843)	(1,865,218)	
(190,402,295)	(123,990,885)	بعد از ٹیکس (نقصان) / نفع
47.60	(31.00)	(نقصان) / نفع فی شیئر

#### ۲۔ مالیاتی کارکردگی اور مستقبل کے امکانات

کمپنی کو اس سال ٹیکس کی ادائیگی سے پہلے 6.970 ملین کا نقصان ہوا (2020 میں 0.485 ملین) تاہم، منسلک کمپنیوں کے نقصان کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس ادائیگی سے پہلے نقصان 122.134 ملین تک بڑھ گیا۔ 30 جون 2021 کو کمپنی کا ادا شدہ سرمایہ 40 ملین، کیپیٹل ریزرو 7.440 ملین، عمومی ریزرو 5.400 ملین، نقد ریزرو 0.693 ملین، اور مجموعی نقصان 45.130 ملین تھا۔

بینجمنٹو فعال طور پر مختلف طریقوں کو مد نظر رکھتے ہوئے کام کر رہی ہے تاکہ دستیاب شدہ فنڈز پر زیادہ منافع حاصل کیا جاسکے۔

### ۳۔ سٹاف

سال کے دوران انتظامیہ اور ورکرز کے تعلقات مثالی رہے۔

### ۴۔ شیئر ہولڈنگ کی ترتیب

کمپنی ایکٹ 2017 کے سیکشن 227 سب سیکشن 2(f) کے مطابق، حصص داران کی تفصیل منسلک ہے۔

### ۵۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

۔ آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، رقم کی آمد و رفت، کاروباری سرمایہ میں ہونے والی تبدیلیاں اور تمام معاملات کو واضح پیش کرتے ہیں۔

۔ کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔

۔ مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں۔ یہ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

۔ انٹرنیشنل اکاؤنٹنگ رپورٹنگ سٹینڈرڈ، جو پاکستان میں اپنائے جاتے ہیں ان پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے جاتے ہیں۔

۔ اندرونی کنٹرول کا نظام موثر طریقے سے نافذ اور نگرانی کیا گیا ہے۔

۔ کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہیں پایا جاتا ہے۔

۔ کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد و ضوابط، جو کہ لسٹنگ کے قواعد میں واضح کئے گئے ہیں کی پاسداری کر رہی ہے۔

۔ کمپنی کے گزشتہ دس سال کے انتظامی اور مالی امور سے مطلق اعداد و شمار منسلک ہیں۔

۔ 30 جون 2021 تک کسی بھی قسم کی کوئی ٹیکسس، فرائض، لیویز، چارجز، بقایا جات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

### ۶۔ شیئرز کی تجارت

30 جون 2021 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص

میں کوئی لین دین نہیں ہوا سوائے سی ای او کے جنہوں نے سال کے دوران 88,582 شیئرز خریدے جو کہ شیئر ہولڈنگ کے بیٹرن میں بیان کئے گئے ہیں۔

## ۷۔ ہیومن ریسورس کمیٹی

ہیومن ریسورس کمیٹی بورڈ آف ڈائریکٹرز کے بنائے گئے ٹرم آف ریفرنس کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔

## ۸۔ بورڈ اجلاس

سال کے دوران کل دس بورڈ کے اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی شمولیت کی تفصیل مندرجہ ذیل ہے؛

ڈائریکٹرز کے نام	بورڈ آف ڈائریکٹرز کے اجلاس	آؤٹ کمیٹی کے اجلاس	ہیومن ریسورس اور محاسبہ کی کمیٹی
نام	حاضری	حاضری	حاضری
نان۔ ایگزیکٹو ڈائریکٹرز			
جناب عزیز سرفراز خان	5	4	1
جناب عباس سرفراز خان	5	--	1
محترمہ مجیدہ سرفراز	4	--	--
ایگزیکٹو ڈائریکٹر			
ٹیگم لیلی سرفراز	3	--	--
جناب اسکندر محمد خان	5	--	--
آڈو ڈائریکٹرز			
جناب عثمان سلیم خان	3	4	1
جناب فیصل علی خان	4	4	--

جو ڈائریکٹر بورڈ میٹنگ اجلاس میں حاضر نہیں ہو سکے ان کو چھٹی کی منظوری دی گئی تھی۔

## ۹۔ حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمیٹی کے حصص داران کو کسی بھی ایسی اہم پیش رفت سے بروقت مطلع کیا جائے، جو کمیٹی کے معاملات پر اثر انداز ہو۔ اس مقصد کو حاصل کرنے کے لیے حصص داران کو سہ ماہی، نصف اور سالانہ رپورٹ کی معلومات فراہم کی جاتی ہے۔ بورڈ آف ڈائریکٹرز اعلیٰ سطحی احتساب کو یقینی بنانے کے لیے حصص داروں کو سالانہ اجلاس میں شرکت کی حوصلہ افزائی کرتے ہیں۔

## ۱۰۔ ڈیویڈنڈ / منافع کی ادائیگی

کمیٹی کے نقصان میں ہونے کی وجہ سے ڈائریکٹرز نے اس سال حصص داران کو ڈیویڈنڈ دینے کی سفارش کی ہے۔

## ۱۱۔ آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، لاہور، سالانہ اجلاس عام تک ریٹائرڈ ہو جائیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آڈیٹرز کو 30 جون 2022 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

## ۱۲۔ ضابطہ برائے کاروباری نظم و نسق

کمپنی ضابطہ برائے کاروباری نظم و نسق کے تمام قواعد و ضوابط جو کہ پاکستان اسٹاک ایکسچینج کی رول بک میں درج ہیں اور 30 جون 2021 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اور اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

## ۱۳۔ اعتراف

ڈائریکٹرز نے کمپنی کے لیے سٹاف کی محنت کو سراہا ہے۔

بورڈ قابل قدر حصص داروں کا شکر گزار ہے جنہوں نے مشکل وقت میں کمپنی کا ساتھ دیا اور کمپنی پہ اپنا بھروسہ رکھا، جس کی وجہ سے کمپنی موجودہ چیلنج میں سرخرو ہوئی۔

منجانب بورڈ



(عباس سرفراز خان)

چیف ایگزیکٹو



(اسکندر محمد خان)

ڈائریکٹر

اسلام آباد

بتاریخ: 01 اکتوبر، 2021

## **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 Exchange**

Arpak equity shares are listed on Pakistan Stock Exchange.

#### **Listing Fees**

The annual listing fee for the financial year 2020-21 has been paid to the stock exchange within the prescribed time limit.

#### **Statutory Compliance**

During the year, the Company has complied with all applicable provisions, filed all the returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 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.

#### **Book Closure Dates**

The Register of Members and Share Transfer books of the Company will remain closed from 19.10.2021 to 26.10.2021

#### **Web Presence**

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

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**PATTERN OF SHAREHOLDING**  
**As at June 30, 2021**

<b>No. of Shareholders</b>	<b>Shareholding</b>					<b>Total Shares Held</b>
338	From	1	to	100	Shares	13,407
245	From	101	to	500	Shares	58,299
93	From	501	to	1,000	Shares	64,921
103	From	1,001	to	5,000	Shares	221,587
9	From	5,001	to	10,000	Shares	56,322
1	From	10,001	to	15,000	Shares	10,396
3	From	15,001	to	25,000	Shares	58,818
8	From	25,001	to	70,000	Shares	441,292
0	From	70,001	to	160,000	Shares	-
4	From	160,001	to	210,000	Shares	811,253
1	From	210,001	to	400,000	Shares	379,649
1	From	400,001	to	500,000	Shares	413,451
1	From	500,001	to	above	Shares	1,470,605
<b>807</b>						<b>4,000,000</b>

<b>Categories of Shareholders</b>	<b>Numbers</b>	<b>Shares Held</b>	<b>Percentage of Paid-up Capital</b>
<b><u>Associated Companies, Undertakings and Related Parties</u></b>	<b>2</b>	<b>846,592</b>	<b>21</b>
The Premier Sugar Mills & Distillery Co. Limited		379,649	9.49
Azlake Enterprises (Pvt.) Limited		466,943	11.67
<b><u>Directors &amp; Relatives</u></b>	<b>12</b>	<b>2,573,666</b>	<b>64</b>
<b><u>Executives</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Public Sector Companies &amp; Corporations</u></b>	<b>6</b>	<b>16,365</b>	<b>0</b>
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
M/s Naeems Securities (Pvt.) Ltd.		100	0.00

<b><u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u></b>	<b>3</b>	<b>4,850</b>		<b>0</b>
Fidelity Investment Bank Limited		2,850	0.07	
EFU General Insurance Limited.		1,000	0.03	
Investment Corporation Limited		1,000		
<b><u>Individuals</u></b>	<b>781</b>	<b>506,555</b>		<b>13</b>
<b><u>Others</u></b>	<b>3</b>	<b>51,972</b>		<b>1</b>
Chief Administrator of Auqaf, Punjab		3,798	0.09	
The Society for Rehabilitation of Crippled Children		174	0.00	
Governing body Gulshan-e-Maymaar Foundation		48,000		
	<b>807</b>	<b>4,000,000</b>		<b>100</b>
<b><u>Shareholders holding 10% or more Voting Interest in the Company</u></b>				
Mr. Abbas Sarfaraz Khan		1,470,605	36.77	
Aztrak Enterprises (Pvt.) Limited		466,943	11.67	



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

**Name of Company:** Arpak International Investments Limited

**Year ending:** June 30, 2021

The Company has complied with the requirements of the Regulations in the following manner: -

1. The total numbers of Director are seven as per the following;
  - a. Male 5
  - b. Female 2
2. The composition of the Board of Director is as follows:

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

3. The Directors have confirmed that none of them is serving as a director in more than seven listed Companies including this Company.
4. 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.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these regulations.
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
11. The Board has formed Committees comprising of members given below:
- a) **Board of Audit Committee**
- i. Mr. Usman Salim Khan **Chairman**
- ii. Mr. Aziz Sarfaraz **Member**
- iii. Ms. Faiysal Ali Khan Khan **Member**
- b) **Human Resource & Remuneration Committee**
- i. Mr. Usman Salim Khan **Chairman**
- ii. Mr. Aziz Sarfaraz Khan **Member**
- iii. Mr. Abbas Sarfaraz Khan **Member**
12. The term of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The frequency of meeting of the Committee were as per following;
- a) Audit Committee Quarterly
- b) Human Resource & Remuneration Committee Yearly
14. The Board has set-up an effective internal audit function.
15. 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 and registered with Audit Oversight Board of Pakistan, that they and all their Partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company.

For and on behalf of the Board



(Begum Laila Sarfaraz)  
CHAIRPERSON

Islamabad  
October 01, 2021

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**Review Report on the Statement of Compliance Contained in the Listed**  
**Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

*Shinewing Hameed Chaudhri & Co*

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

**LAHORE;**  
October 02, 2021

Audit Engagement Partner: Osman Hameed Chaudhri

# **ARPAK INTERNATIONAL INVESTMENTS LIMITED**

## **AUDITORS' REPORT TO THE MEMBERS**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2021 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

## **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to

Board of directors is responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

*Shinewing Hameed Chaudhri & Co*

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

**LAHORE;**  
October 02, 2021

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 ---- Rupees ----	2020
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		<u>50,000,000</u>	<u>50,000,000</u>
5,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital			
4,000,000 ordinary shares of Rs.10 each			
issued for cash	6	40,000,000	40,000,000
Reserves	7	12,840,781	12,840,781
(Accumulated loss) / Unappropriated profit		(45,130,961)	67,305,213
Share of surplus on revaluation of property, plant and equipment of Associated Companies		<u>291,809,030</u>	<u>251,236,239</u>
<b>Shareholders' equity</b>		<b>299,518,850</b>	<b>371,382,233</b>
<b>Deferred taxation</b>	8	147,073	180,057
<b>Current Liabilities</b>			
Accruals and other payables	9	1,446,694	870,217
Unclaimed dividend		1,039,042	1,104,573
Taxation	10	1,908,106	2,125,228
		4,393,842	4,100,018
<b>Contingencies and commitments</b>	11	<u>304,059,765</u>	<u>375,662,308</u>
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	12	4,492,186	4,584,118
Investment property	13	1,794,653	1,809,564
Long term investments	14	226,007,730	289,044,341
Loan to an Associated Company	15	43,750,000	43,750,000
		<u>276,044,569</u>	<u>339,188,023</u>
<b>Current Assets</b>			
Short term investment	16	21,528,835	31,049,192
Advances to employees - considered good		399,750	599,750
Accrued mark-up	17	2,523,095	723,377
Advances, prepayments and other receivables		1,336,394	2,348,690
Advance income tax and tax deducted at source		1,533,699	953,827
Bank balances	18	693,423	799,449
		28,015,196	36,474,285
		<u>304,059,765</u>	<u>375,662,308</u>

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

  
**Abbas Sarfaraz Khan**  
**CEO**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**



**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**STATEMENT OF PROFIT OR LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ---- Rupees ----	2020
Income	19	13,060,638	17,360,577
Operating and general expenses	20	<u>(20,020,209)</u>	<u>(17,838,476)</u>
<b>Operating loss</b>		<b>(6,959,571)</b>	<b>(477,899)</b>
Bank charges		<u>(10,983)</u>	<u>(6,738)</u>
		<b>(6,970,554)</b>	<b>(484,637)</b>
Share of profit from Associated Companies - net	14	<u>17,080,370</u>	21,541,477
(Provision made) / reversal of impairment in investment in an Associated Company	14	<u>(132,244,483)</u>	171,572,298
		<u>(115,164,113)</u>	193,113,775
<b>(Loss) / profit before taxation</b>		<b>(122,134,667)</b>	192,629,138
Taxation	21	<u>(1,856,218)</u>	<u>(2,225,843)</u>
<b>(Loss) / profit after taxation</b>		<u><b>(123,990,885)</b></u>	<u>190,403,295</u>
<b>(Loss) / earnings per share - basic and diluted</b>	22	<u><b>(31.00)</b></u>	<u>47.60</u>

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

  
**Abbas Sarfaraz Khan**  
**CEO**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	---- Rupees ----	
<b>(Loss) / profit after taxation</b>	<b>(123,990,885)</b>	190,403,295
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Share of other comprehensive loss from Associated Company - net	(131,456)	640,645
Share of surplus arisen on revaluation of property, plant and equipment carried out by an Associated Company	68,585,144	-
	<b>68,453,688</b>	640,645
<b>Total comprehensive (loss) / income for the year</b>	<b>(55,537,197)</b>	191,043,940

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

  
**Abbas Sarfaraz Khan**  
**CEO**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	--- Rupees ---	
<b>Cash flows from operating activities</b>		
Loss for the year - before taxation and share of profit of Associated Companies	(6,970,554)	(484,637)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on property, plant and equipment	91,932	111,539
Depreciation on investment property	14,911	15,696
Mark-up on loan to an Associated Company	(3,799,718)	(6,065,417)
Dividend income	(1,636,541)	(4,151,380)
Fair value gain on re-measurement of short term investments	(55,694)	(38,498)
Gain on redemption of short term investments - net	(32,891)	(38,793)
<b>Loss before working capital changes</b>	(12,388,555)	(10,651,490)
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets		
Advances to employees	200,000	270,000
Prepayments	1,012,296	1,662,695
Increase / (decrease) in current liabilities		
Accruals and other payables	576,476	(2,599,011)
Unclaimed dividend	(65,531)	88,985
	1,723,241	(577,331)
<b>Cash used in operating activities</b>	(10,665,314)	(11,228,821)
Income tax paid	(2,686,195)	(1,378,059)
<b>Net cash used in operating activities</b>	(13,351,509)	(12,606,880)
<b>Cash flows from investing activities</b>		
Mark-up received on loan to an Associated Company	2,000,000	6,200,000
Redemption of short term investment	9,608,942	2,965,658
Dividends received	1,636,541	4,151,380
<b>Net cash generated from investing activities</b>	13,245,483	13,317,038
<b>Cash flows from financing activities</b>		
Dividends paid	-	(2,400,000)
<b>Net decrease in cash and cash equivalents</b>	(106,026)	(1,689,842)
<b>Cash and cash equivalents - at beginning of the year</b>	799,449	2,489,291
<b>Cash and cash equivalents - at end of the year</b>	693,423	799,449

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

  
**Abbas Sarfaraz Khan**  
 CEO

  
**Iskander M. Khan**  
 Director

  
**Rizwan Ullah Khan**  
 Chief Financial Officer

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Reserves					Share of surplus on revaluation of property, plant and equipment of an Associated Company	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on investments at fair value through other comprehensive income	(Accumulated loss) / Unappropriated profit		
	----- Rupees -----						
<b>Balance as at June 30, 2019</b>	40,000,000	7,440,781	5,400,000	(2,811,800)	(144,113,350)	278,552,337	184,467,968
<b>Total comprehensive income for the year ended June 30, 2020</b>							
- profit for the year	-	-	-	-	190,403,295	-	190,403,295
- other comprehensive (loss) / income	-	-	-	2,811,800	(2,171,155)	-	640,645
	-	-	-	2,811,800	188,232,140	-	191,043,940
<b>Transaction with owners</b>							
Cash dividend at the rate of Rs 0.60 per ordinary share for the year ended June 30, 2019	-	-	-	-	(2,400,000)	-	(2,400,000)
Effects of items directly credited in equity by an Associated Company	-	-	-	-	(1,729,675)	-	(1,729,675)
Share of surplus on revaluation of property, plant and equipment realised during the year by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	-	27,316,098	(27,316,098)	-
<b>Balance as at June 30, 2020</b>	<b>40,000,000</b>	<b>7,440,781</b>	<b>5,400,000</b>	<b>-</b>	<b>67,305,213</b>	<b>251,236,239</b>	<b>371,382,233</b>
<b>Total comprehensive income for the year ended June 30, 2021</b>							
- loss for the year	-	-	-	-	(123,990,885)	-	(123,990,885)
- other comprehensive income	-	-	-	-	(131,456)	68,585,144	68,453,688
	-	-	-	-	(124,122,341)	68,585,144	(55,537,197)
Effects of items directly credited in equity by an Associated Company	-	-	-	-	(16,326,186)	-	(16,326,186)
Share of surplus on revaluation of property, plant and equipment realised during the year by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	-	28,012,353	(28,012,353)	-
<b>Balance as at June 30, 2021</b>	<b>40,000,000</b>	<b>7,440,781</b>	<b>5,400,000</b>	<b>-</b>	<b>(45,130,961)</b>	<b>291,809,030</b>	<b>299,518,850</b>

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

  
**Abbas Sarfaraz Khan**  
**CEO**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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 Ltd. 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

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

**Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information has been rounded off to the nearest thousand of Rupees unless otherwise stated.

**3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

**3.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year**

Certain standards, amendments and interpretations to IFRSs are effective for accounting

periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

#### **IAS 1 & IAS 8 Definition of material**

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

#### **(a) IAS 1 Classification of liabilities**

Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that;

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

#### **(b) IAS 16 Proceeds before an asset's intended use**

Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended

use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

**(c) IAS 37 Onerous contracts**

Amendments to IAS 37 is effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The Company has assessed that the impact of this amendment is not expected to be significant.

**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 except for the change as stated in note 6 to the financial statements:

**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 statement of financial position 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 reporting 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 reporting date and adjusted to reflect the current best estimate.

#### **4.3 Financial liabilities**

##### **Classification & subsequent measurement**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

##### **Derecognition**

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

#### **4.4 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.

#### **4.5 Property, plant and equipment**

These are stated at cost less accumulated depreciation except freehold land which is stated at cost. Depreciation is taken to statement of profit or loss 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 statement of profit or loss. 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 statement of profit or loss.

#### **4.6 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.

#### **4.7 Financial assets**

##### **Initial measurement**

The Company classifies its financial assets in the following three measurement categories:



- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### **Subsequent Measurement**

- ***Equity Instruments at FVTOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTOCI***

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.

- ***Financial Assets measured at amortised cost***

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

### **Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### **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 statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in statement of 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 statement of profit or loss.

#### **4.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of balances with banks.

#### **4.9 Revenue recognition**

##### ***Return on bank deposits***

Return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income establishes.

##### ***Dividend income***

Dividend income is accrued as and when the right to receive the income establishes.

##### ***Rental income***

Rental income is accrued 'accrual basis' as and when the right to the income establishes.

#### **4.10 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. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) **Income taxes**

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

(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. SHARE CAPITAL**

6.1 The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises (Pvt.) Ltd. (Associated Companies) respectively hold 379,649 (2020: 379,649) and 464,943 (2020:464,943 ) ordinary shares of the Company.

6.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of the shareholders.

**7. RESERVES**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>--- Rupees ---</b>	
Capital reserve	<b>7.1</b>	<b>7,440,781</b>	7,440,781
Revenue reserve - general	<b>7.2</b>	<b>5,400,000</b>	5,400,000
		<b>12,840,781</b>	<b>12,840,781</b>

7.1 The year-end balance comprised of as follows:

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

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

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

**8. DEFERRED TAXATION**

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

9. ACCRUALS AND OTHER PAYABLES	Note	2021	2020
		--- Rupees ---	
Accrued expenses		991,953	444,389
Tax deducted at source		54,741	25,828
Security deposits	9.1	400,000	400,000
		<u>1,446,694</u>	<u>870,217</u>

9.1 This represent interest free security deposit received from a tenant. The amount received has been utilised for the purpose of the business in accordance with written agreement.

#### 10. TAXATION - Net

<b>Opening balance</b>		<b>2,125,228</b>	1,985,936
Add: provision made during the year:			
- current		1,908,106	2,125,228
- prior year		(18,905)	112,502
		<b>1,889,201</b>	2,237,730
		<b>4,014,429</b>	4,223,666
Less: adjusted against completed assessments / payments:		<b>2,106,323</b>	2,098,438
<b>Closing balance</b>		<b>1,908,106</b>	2,125,228

10.1 Returns filed by the Company for Tax Years 2003 to 2020 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.

10.2 Numeric tax rate reconciliation has not been presented in these financial statements as provision made during the year represents tax payable on property income, dividend, interest income and capital gain.

#### 11. CONTINGENCIES AND COMMITMENTS

There was no known contingency or commitment outstanding as at June 30, 2021 and 2020.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Furniture and fixtures	Generator and equipment	Vehicle	Total
----- Rupees -----						
As at June 30, 2019						
Cost	3,600,000	4,005,220	52,492	572,556	420,500	8,650,768
Accumulated depreciation	-	(3,208,947)	(31,841)	(294,292)	(420,031)	(3,955,111)
<b>Book value</b>	<b>3,600,000</b>	<b>796,273</b>	<b>20,651</b>	<b>278,264</b>	<b>469</b>	<b>4,695,657</b>
Year ended June 30, 2020:						
Depreciation for the year	-	(39,814)	(2,065)	(69,566)	(94)	(111,539)
<b>Book value</b>	<b>3,600,000</b>	<b>756,459</b>	<b>18,586</b>	<b>208,698</b>	<b>375</b>	<b>4,584,118</b>
Year ended June 30, 2021:						
Depreciation for the year	-	(37,823)	(1,859)	(52,176)	(75)	(91,932)
<b>Book value</b>	<b>3,600,000</b>	<b>718,636</b>	<b>16,727</b>	<b>156,523</b>	<b>300</b>	<b>4,492,186</b>
<b>As at June 30, 2020</b>						
Cost	3,600,000	4,005,220	52,492	572,556	420,500	8,650,768
Accumulated depreciation	-	(3,248,761)	(33,906)	(363,858)	(420,125)	(4,066,650)
<b>Book value</b>	<b>3,600,000</b>	<b>756,459</b>	<b>18,586</b>	<b>208,698</b>	<b>375</b>	<b>4,584,118</b>
<b>As at June 30, 2021</b>						
Cost	3,600,000	4,005,220	52,492	572,556	420,500	8,650,768
Accumulated depreciation	-	(3,286,584)	(35,765)	(416,034)	(420,200)	(4,158,582)
<b>Book value</b>	<b>3,600,000</b>	<b>718,636</b>	<b>16,727</b>	<b>156,523</b>	<b>300</b>	<b>4,492,186</b>
<b>Depreciation rate (%)</b>	<b>-</b>	<b>5</b>	<b>10</b>	<b>25</b>	<b>20</b>	

12.1 Freehold land represents 1,600 square yards of land situated at F-7/1 , Islamabad.

## 13. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
----- Rupees -----			
As at June 30, 2019			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,186,090	1,186,090
<b>Book value</b>	<b>1,511,350</b>	<b>313,910</b>	<b>1,825,260</b>
Year ended June 30, 2020			
Depreciation charge	-	15,696	15,696
<b>Book value</b>	<b>1,511,350</b>	<b>298,214</b>	<b>1,809,564</b>
Year ended June 30, 2021			
Depreciation charge	-	14,911	14,911
<b>Book value</b>	<b>1,511,350</b>	<b>283,303</b>	<b>1,794,653</b>
<b>As at June 30, 2020</b>			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,201,786	1,201,786
<b>Book value</b>	<b>1,511,350</b>	<b>298,214</b>	<b>1,809,564</b>
<b>As at June 30, 2021</b>			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,216,697	1,216,697
<b>Book value</b>	<b>1,511,350</b>	<b>283,303</b>	<b>1,794,653</b>
<b>Depreciation rate (%)</b>			<b>5</b>

13.1 Fair value of the investment property, based on the management's estimation, as at June 30, 2021 was Rs.98 million (2020: Rs.96 million).

13.2 Freehold land represents 918.56 square yards of land situated at Gulberg V, Lahore.

#### 14. LONG TERM INVESTMENTS

	Note	2021	2020
		----- Rupees -----	
Associated Companies	14.1	<b>226,007,730</b>	289,044,341
<b>14.1 Associated Companies - equity method</b>			
<b>The Premier Sugar Mills and Distillery Company Ltd. (PSM)</b>			
400,000 ordinary shares of Rs.10 each - cost		<b>8,800,000</b>	8,800,000
Equity held: 10.67%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by PSM		<b>198,190,044</b>	151,839,034
Profit for the year - net of taxation		<b>11,542,507</b>	20,669,654
Share of other comprehensive income including effect of items directly credited in equity by PSM		<b>11,250,455</b>	25,681,356
Share of revaluation surplus on property, plant and equipment		<b>285,962,930</b>	246,071,409
		<b>515,745,936</b>	453,061,453
Less: Impairment loss	14.1.1	<b>(360,945,936)</b>	(228,701,453)
		<b>154,800,000</b>	224,360,000
<b>Premier Board Mills Limited (PBML)</b>			
600,000 ordinary shares of Rs.10 each		<b>6,000,000</b>	6,000,000
Equity held: 10.63%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by PBML		<b>53,519,511</b>	52,101,976
Profit for the year - net of taxation		<b>5,537,863</b>	871,823
Share of other comprehensive (loss) / income including effect of items directly credited in equity by PBML		<b>304,256</b>	545,712
Share of revaluation surplus on property, plant and equipment		<b>5,846,100</b>	5,164,830
		<b>71,207,730</b>	64,684,341
		<b>226,007,730</b>	289,044,341

**14.1** Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (2020: 10.67%) of PSM's issued, subscribed and paid-up capital as at June 30, 2021. 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. PSM is an associate of the Company due to common directorship.

**14.1.1** The Company's management has recognised impairment on its investment in PSM based on the market value of PSM's shares as at each reporting date. Market Value of PSM's shares as at June 30, 2021 was Rs. 387 (2020: Rs 560.90) per share

**14.1.2** Summarised financial information of PSM for the year ended March 31, based on the audited consolidated financial statements for year ended September 30, and un-audited condensed interim consolidated financial statements prepared by the management for the half year ended March 31, is as follows:

<b>Summarised Condensed Interim Consolidated Statement of Financial Position</b>	<b>2021</b>	<b>2020</b>
	----- Rupees in '000 -----	
Non-current assets	<b>12,431,866</b>	10,971,203
Current assets	<b>12,101,703</b>	10,747,914
	<b>24,533,569</b>	21,719,117
Non-current liabilities	<b>3,572,859</b>	2,647,782
Current liabilities	<b>12,129,237</b>	11,627,564
	<b>15,702,096</b>	14,275,346
<b>Net assets</b>	<b>8,831,473</b>	7,443,771
<b>Net assets - attributable to the shareholders of PSM</b>	<b>4,815,743</b>	4,047,252
<b>Reconciliation to carrying amount</b>		
Opening net assets	<b>4,232,550</b>	4,047,252
Profit for the year	<b>108,211</b>	193,778
Effect of items directly credited in equity	<b>(128,784)</b>	(9,922)
Other comprehensive income for the year	<b>616,392</b>	890
Effect of items directly credited in equity by Associated Companies	<b>(12,626)</b>	552
Closing net assets	<b>4,815,743</b>	4,232,550
Company's share percentage 10.67%		
Company's share	<b>513,679</b>	451,472
Miscellaneous adjustments	<b>2,067</b>	1,589
Carrying amount of investment	<b>515,746</b>	453,061
<b>Summarised Condensed Interim Statement of Profit or Loss</b>		
Sales - total	<b>17,164,406</b>	14,973,996
Profit before taxation - total	<b>404,728</b>	610,521
Profit after taxation - attributable to the shareholders of PSM	<b>108,211</b>	193,778

**14.2** Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (2020: 10.63%) of PBML's issued, subscribed and paid-up capital as at June 30, 2021. 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.

**14.2.1** Summarised financial information of PBML, based on the un-audited financial statements for the year ended June 30, 2021 and audited financial statements for the year ended June 30, 2020 is as follows:

<b>Summarised Statement of Financial Position</b>	<b>2021</b>	<b>2020</b>
	----- Rupees in '000 -----	
Non-current assets	<b>661,769</b>	597,577
Current assets	<b>10,670</b>	14,494
	<b>672,439</b>	612,071
Current liabilities	<b>2,741</b>	3,724
<b>Net assets</b>	<b>669,698</b>	608,347
<b>Reconciliation to carrying amount</b>		
Opening net assets	<b>608,347</b>	598,935
Profit for the year	<b>52,082</b>	8,199
Other comprehensive income for the year	<b>9,269</b>	1,212
Share of surplus of property plant and equipment	<b>(4,170)</b>	(3,646)
Items directly credited in equity	<b>4,170</b>	3,647
Closing net assets	<b>669,698</b>	608,347
Company's share percentage 10.63%		
Carrying amount of investment	<b>71,208</b>	64,684
<b>Summarised Statement of Profit or Loss</b>		
Income	<b>7,951</b>	12,744
Profit before taxation	<b>52,846</b>	8,444
Profit after taxation	<b>52,083</b>	8,199

**15. LOAN TO AN ASSOCIATED COMPANY**

The Company and Chashma Sugar Mills Ltd.(CSM) - an Associated Company 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 8.56% to 8.78% (2020: 9.58% to 15.06%) per annum. As per the original loan agreement, the loan was receivable in 8 equal half-yearly instalments commenced from May, 2013. The Company and CSM, in the preceding financial years entered into revised agreements and changed the repayment terms. As per latest agreement, outstanding balance of Rs.43.750 million is now receivable in seven half-yearly instalments commencing November, 2022. The loan is secured against a promissory note of Rs.77 million.



<b>16. SHORT TERM INVESTMENT</b>		<b>2021</b>	<b>2020</b>
- measured at FVTPL	<b>Note</b>	<b>--- Rupees ---</b>	
<b>First Habib Cash Fund</b>			
213,920 (2020: 309,321) Units		<b>21,473,141</b>	31,010,694
Adjustment on re-measurement to fair value		<b>55,694</b>	38,498
		<b>21,528,835</b>	<b>31,049,192</b>
<b>17. ACCRUED MARK-UP</b>			
This represents due from Chashma Sugar Mills Ltd. (an Associated Company) on account of mark-up accrued on loan advanced.			
<b>18. BANK BALANCES</b>			
Cash at banks on:			
- current account		<b>52,439</b>	45,042
- deposit accounts	<b>18.1</b>	<b>582,910</b>	696,333
- dividend account		<b>58,074</b>	58,074
		<b>693,423</b>	<b>799,449</b>
<b>18.1</b>	Deposit accounts, during the current financial year, carried profit at the rate of 5.50% (2020: at the rates ranged from 6.50% to 11.25%) per annum.		
<b>19. INCOME</b>			
Interest / profit on deposit accounts		<b>81,949</b>	233,460
Mark-up on loan to an Associated Company		<b>3,799,718</b>	6,065,417
Fair value gain on re-measurement of short term investments	<b>16</b>	<b>55,694</b>	38,498
Gain on redemption of short term investments		<b>32,891</b>	38,793
Dividends on short term investments		<b>1,636,541</b>	4,151,380
Rent		<b>7,453,845</b>	6,758,507
Others		<b>-</b>	74,522
		<b>13,060,638</b>	<b>17,360,577</b>

20. OPERATING AND GENERAL EXPENSES	Note	2021	2020
		--- Rupees ---	
Salaries and allowances		8,271,879	8,132,082
Printing and stationery		420,599	391,396
Travelling and conveyance		2,847,052	1,407,152
Communication		749,691	493,345
Utilities		19,049	18,584
Rent, rates and taxes		909,253	601,352
Vehicles' running		736,483	664,827
Fees and subscription		441,933	281,610
Advertisement		142,800	157,000
Entertainment		2,037,621	1,758,354
Repair and maintenance		1,744,862	1,369,944
Insurance		46,137	82,774
Depreciation on property, plant and equipment	12	91,932	111,539
Depreciation on investment property	13	14,911	15,696
Auditors' remuneration:			
- statutory audit		135,000	135,000
- over provision of annual audit June 30, 2020		(12,100)	-
- half yearly review		57,750	63,800
- certification charges		-	174,000
- out-of-pocket expenses		20,000	20,000
		200,650	392,800
Legal and professional charges (other than Auditors')		204,230	1,308,947
Others		1,141,127	651,074
		<u>20,020,209</u>	<u>17,838,476</u>
<b>21. TAXATION</b>			
<b>Current</b>			
Current tax on profit for the year	10	1,908,106	2,125,228
Adjustments in respect of prior years	10	(18,905)	112,502
		1,889,201	2,237,730
<b>Deferred</b>			
Origination and reversal of temporary differences		(32,983)	(11,887)
		1,856,218	2,225,843
<b>22. (LOSS) / EARNINGS PER SHARE</b>			
<b>BASIC AND DILUTED</b>			
(Loss) / profit after taxation attributable to ordinary shareholders		<u>(123,990,885)</u>	<u>190,403,295</u>
		--- No. of shares ---	
Weighted average number of shares		<u>4,000,000</u>	<u>4,000,000</u>
		---- Rupees ----	
(Loss) / earnings per share		<u>(31.00)</u>	<u>47.60</u>

## 23. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

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

	2021	2020
	- - - Rupees - - -	
Managerial remuneration	4,409,202	4,646,059
Medical and utility allowances	1,102,300	1,161,515
Gratuity	417,538	379,580
Expenses reimbursed	1,936,638	1,712,897
	<u>7,865,678</u>	<u>7,900,051</u>
No. of person	1	1

## 24. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Associated Companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with a related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

The Company has carried out following transactions with Chashma Sugar Mills Ltd. an Associated Company due to common directorship.

Mark-up charged on loan to an Associated Company	<u>3,799,718</u>	<u>6,065,417</u>
Mark-up received from Associated Company	<u>2,000,000</u>	<u>6,200,000</u>

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 23.

## 25. FINANCIAL INSTRUMENTS

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

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

The Board of Directors (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.

### 25.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted. The financial assets subject to credit risk are tabulated below:

	2021	2020
	--- Rupees ---	
Loan to an Associated Company	43,750,000	43,750,000
Short term investment	21,528,835	31,049,192
Advances to employees	399,750	599,750
Accrued mark-up	2,523,095	723,377
Other receivables	1,286,153	2,338,460
Bank balances	693,423	799,449
	<u>70,181,256</u>	<u>79,260,228</u>

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

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

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

	Rating	Rating assigned by
Habib Assets Management Limited	AM2	PACRA

## 25.2 Liquidity risk

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

## 25.3 Market risk

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

	2021	2020
	--- Rupees ---	
Loan to an Associated Company	43,750,000	43,750,000
Bank balances - deposit accounts	582,910	696,333
	<u>44,332,910</u>	<u>44,446,333</u>

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 statement of profit or loss	<u>2,152,884</u>	<u>3,104,919</u>
---------------------------------------	------------------	------------------

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

**25.4 Fair value of financial instruments and hierarchy**

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

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

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

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

The Company's 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.

### Valuation techniques used to determine fair values

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

### 25.5 Financial instruments by category

	2021		
	Amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
<b>Financial assets as per statement of financial position</b>			
Loan to an Associated Company	43,750,000	-	43,750,000
Short term investment	-	21,528,835	21,528,835
Advances to employees - considered good	399,750	-	399,750
Accrued mark-up	2,523,095	-	2,523,095
Other receivables	1,286,153	-	1,286,153
Bank balances	693,423	-	693,423
	<b>48,652,421</b>	<b>21,528,835</b>	<b>70,181,256</b>
	----- Rupees -----		
<b>Financial assets as per statement of financial position</b>			
Loan to an Associated Company	43,750,000	-	43,750,000
Short term investment	-	31,049,192	31,049,192
Advances to employees - considered good	599,750	-	599,750
Accrued mark-up	723,377	-	723,377
Other receivables	2,338,460	-	2,338,460
Bank balances	799,449	-	799,449
	<b>48,211,036</b>	<b>31,049,192</b>	<b>79,260,228</b>

Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost	
	2021	2020
	--- Rupees ---	
Accruals and other payables	1,446,694	870,217
Unclaimed dividend	1,039,042	1,104,573
	<b>2,485,736</b>	<b>1,974,790</b>

## 26. CAPITAL RISK MANAGEMENT

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

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

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

## 27. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2021 were 7 (2020: 6) and their average numbers during the year were 6 (2020: 5).

## 28. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on October 01, 2021 by the Board of directors of the Company.

## 29. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, except for the following, no material re-arrangements and re-classifications have been made in these financial statements.

  
Abbas Sarfaraz Khan  
CEO

  
Iskander M. Khan  
Director

  
Rizwan Ullah Khan  
Chief Financial Officer

**ARPAK INTERNATIONAL INVESTMENTS LIMITED**

King's Arcade 20-A, Markaz F-7, Islamabad

**PROXY FORM**  
**44th Annual General Meeting**

I/We..... of .....being a member of **Arpak International Investments Limited** and holding .....ordinary shares as per share register Folio/CDC Account No..... hereby appoint Mr./Mrs ..... of ..... another member of the Company having Folio / CDC Account No ..... CNIC No ..... or Passport No..... or failing him / her Mr. / Mrs ..... of ..... Folio / CDC Accounts No ..... CNIC No..... Or Passport No ..... Who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held on October 26, 2021 and at any adjournment thereof.

Revenue Stamp  
Signature(Rs. 5.00)

\_\_\_\_\_  
Signature of Shareholder  
(The signature should agree with the specimen registered with the Company)

Dated this ..... day of ..... 2021.

Signature of Proxy \_\_\_\_\_

**1. Witness:**  
Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No: \_\_\_\_\_

**2. Witness:**  
Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No: \_\_\_\_\_

**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.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.





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