

Annual Report 2019

ARPAK INTERNATIONAL INVESTMENTS LIMITED

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ARPAK INTERNATIONAL INVESTMENTS LIMITED COMPANY PROFILE

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

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED COMPANY INFORMATION

Board of Directors

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

Ms. Shazia Malik
Advocate

Shares Registrar

Messers Hameed Majeed Associates (Pvt.) Limited
H.M. House, 7-Bank Square, Lahore.
Phone No. : 042-37235081
Fax No. : 042-37235083

Bankers

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;
-

- 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.
- 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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
(R U P E E S I N T H O U S A N D)										
Income	16,029	11,588	11,642	10,904	13,636	13,169	13,143	13,724	13,020	10,855
Operating (Loss) / profit	(5,736)	(1,455)	(8,179)	(55)	4,347	5,500	5,126	5,274	6,122	4,703
Profit / (loss) before tax	13,233	(33,819)	(16,405)	13,483	12,731	891	(10,486)	(10,600)	2,604	12,433
Profit / (loss) after tax	11,329	(35,211)	(18,304)	12,227	11,651	312	(10,795)	(10,867)	1,334	11,074
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	584,721	621,096	654,872	550,314	289,225	263,226	237,247	242,386	248,916	232,357
Capital Employed	584,912	621,281	655,056	550,504	289,404	263,405	237,247	242,556	249,073	232,527
Fixed Assets - Net	503,814	6,480	6,466	6,507	6,480	6,553	6,631	6,712	6,799	6,891
Total Assets	591,404	626,498	660,783	554,537	292,546	266,240	238,317	244,709	251,505	235,555
Current Assets	56,340	45,098	48,345	75,209	66,354	62,713	69,815	52,131	32,345	27,608
Current Liabilities	6,470	5,218	5,728	4,032	3,142	2,835	2,436	2,153	2,432	3,028
Long Term Liabilities	191.00	185.00	184.00	190.00	179.00	179	0	170	157	170
Dividend										
Cash Dividend (%)	6.00	-	-	12.5	10	-	-	-	-	-
Ratios Profitability										
Operating Profit (%)	(0.04)	(12.56)	(70.25)	(0.50)	31.88	41.76	39.00	38.43	47.02	43.33
Profit / (loss) before tax (%)	82.56	(291.85)	(140.91)	123.65	93.36	6.77	(79.78)	(77.24)	20.00	114.54
Profit / (loss) After tax (%)	70.68	(303.86)	(157.22)	112.13	85.44	2.37	(82.13)	(79.18)	10.25	102.02
Return to Shareholders (ROE)										
ROE - Before Tax (%)	2.26	(5.45)	(2.51)	2.45	4.40	0.34	(4.42)	(4.37)	1.05	5.35
ROE - After Tax (%)	1.94	(5.67)	(2.80)	2.22	4.03	0.12	(4.55)	(4.48)	0.54	4.77
Return on Capital Employed (%)	1.94	(5.67)	(2.79)	2.22	4.03	0.12	(4.55)	(4.48)	0.54	4.76
E.P.S - After Tax	2.83	(8.80)	(4.58)	3.06	2.91	0.08	(2.70)	(2.72)	0.33	2.77
Activity										
Income to Total Assets	0.03	0.02	0.02	0.02	0.05	0.05	0.06	0.06	0.05	0.05
Income to Fixed Assets	0.03	1.79	1.80	1.68	2.10	2.01	1.98	2.04	1.91	1.58
Liquidity/Leverage										
Current Ratio	8.71	8.64	8.44	18.65	21.12	22.12	28.66	24.21	13.30	9.12
Break up Value per Share	146.18	155.27	163.72	137.58	72.31	65.81	59.31	60.60	62.23	58.09
Total Liabilities to Equity (Times)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

ARPAK INTERNATIONAL INVESTMENTS LIMITED NOTICE OF 42nd ANNUAL GENERAL MEETING

Notice is hereby given that 42nd Annual General Meeting of the shareholders of Arpak International Investments Limited will be held on October 28, 2019 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, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended June 30, 2019.
3. To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Re. 0.60 per share (6%) for the year ended June 30, 2019.
4. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending June 30, 2020.
5. To transact any other business of the Company as may be permitted by the Chair.

Special Business

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

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

The Share transfer books of the Company will remain closed from October 18, 2019 to October 28, 2019 (both days inclusive).

By order of the Board



(MUJAHID BASHIR)
Company Secretary

Islamabad
October 04, 2019

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. **Transmission of Annual Financial Statements through E-Mail:**

The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.premiersugarmills.com to the Company's Share Registrar.

5. Financial Statements of the Company for the year ended June 30, 2018 along with reports have been placed at website of the Company <http://premiergroup.pk.com/arpak/>

6. **DEDUCTION OF INCOME TAX FOR FILER AND NON FILER**

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

Rate of tax deduction for filer of income tax returns	15 %
Rate of tax deduction for non-filer of income tax returns	30 %

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No	(No. of Shares)	Name & CNIC No	(No. of Shares)

The CNIC number /NTN details are now mandatory and are required for checking the tax status as per the Active Taxpayers List (ATL) issued by federal Board of Revenue (FBR) for time to time.

7. **EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:**

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration of non-deduction of zakat.

8. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

“The Company Secretary, Arpak International Investments Limited,
Kings' Arcade 20-A, Markaz F-7, Islamabad.”

9. Pursuant to section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedure prescribed under the Companies Act, 2017. Section 244(l) (a) of the Act, requires the Company to give a 90 days' notice to the members to file their claims with the Company. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website <http://http://premiergrouppk.com/arpak/> Any member effected by this notice is advised to write to or call at the office of the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Ltd., H.M-House, 7-Bank Square Road, Lahore during normal working hours.

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3)
OF THE COMPANIES ACT, 2017 PERTAINING TO SPECIAL BUSINESS

A A statement under section 134 of the Companies Act, 2017 setting forth all material facts concerning the matters contained in the Notice which will be considered for adoption at the meeting and the information required is provided below:

B A total of Rs. 50 Million was extended as loan to Chashma Mills Limited in terms of section 208 after approval by the members in May 2008 for a period of six (6) years with a grace period of two (2) years and principal to be repaid in 8 equal installments. The Company and CSM, during the financial year ended June 30, 2014 and then again during the financial year ended June 30, 2016, have entered into a revised agreement and changed the repayment terms. As per latest agreement outstanding balance of Rs. 43.75 Million (at that time) is now receivable in seven half-yearly instalments commencing November, 2019. The outstanding amount of loan on June 30, 2019 was Rs. 43.75 Million and no loan amount is written off. It is now proposed that members may approve to further extend the grace period for three (3) years with principal amount to be repaid in seven (7) equal half yearly installments commencing November, 2022. Further details are as follows:-

- | | |
|---|---|
| (i) Name of Investee Company | Chashma Sugar Mills Limited |
| (ii) Nature of Loan/Advance | Long term loan |
| (iii) Purpose of loans and advances | Expansion of current facilities under BMR. |
| (iv) Amount of loans and advances
(Complete details) | Rs. 43.75 million only (Total Advanced Rs. 50 million out of which Rs. 6.25 million have been received). |
| (v) Rate of mark up | One month KIBOR + 1.25 % which, in any case, will not be less than the borrowing cost of the investing |
| (vi) Tenor | It is proposed to extend grace period for further 3 years with principal amount to be repaid in 7 equal half annual installments commencing November, 2022. |
| (vii) Securities | Demand Promissory Note as a Collateral Security had been obtained. |
| (viii) Source of Funds | Company's own internal reserves (Retained earnings). |
| (ix) Repayable Schedule | The balance amount in seven half-yearly installments, commencing from November 2022. |
| (x) Benefits likely to accrue to the Company and its shareholders from loans and to the shareholders advance. | Higher returns on the loans leading to better dividends and to the shareholders. |

C Brief about Chashma Sugar Mills Limited the investee Company on the basis of reviewed consolidated condensed interim financial statements for the half year ended March 31, 2019:

Total Sales	Rs. 5,307 Million
Equity	Rs. 5,918 Million
Long term Loans and Lease	Rs. 1,668 Million
Current Ratio	0.91
GP Ratio	15.14%
Net Profit Ratio	2.03%
Shareholding of Arpak International Investments Limited	Nil
Outstanding Balance of Loan	Rs. 43.75 Million

D The Directors of Chashma Sugar Mills Limited have no other interest in the investment except common directorship.

E The audited Financial Statement of Arpak International Investments Limited and reviewed condensed interim financial statements of Chashma Sugar Mills Limited for the year ended June 30, 2019 and for the half year ended March 31, 2019, can be inspected from 10.00 a.m. to 11.30 a.m. in all working days up-to October 28, 2019 by the shareholders.

ARPAK INTERNATIONAL INVESTMENTS LIMITED CHAIRPERSON'S REVIEW REPORT

I am pleased to welcome you to the 42nd Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Financial Statements for the year ended June 30, 2019 along with my review on the performance of your Company.

As required under Listed Companies (Code of Corporate Governance), an annual evaluation of the Board of the Company is carried out. The purpose of this exercise is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

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 Chairman 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.

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 04, 2019

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

چیئر پرسن کی جائزہ رپورٹ

میں آپ کی کمپنی کے 42 ویں سالانہ جنرل میٹنگ میں آپ کو خوش آمدید کہتی ہوں اور میں اپنی اور بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی آڈیٹڈ فنانس سٹیٹمنٹس برائے سال 30 جون، 2019 اور مجموعی کارکردگی اپنے جائزہ کے ساتھ پیش کر رہی ہوں۔

لسٹڈ کمپنیوں کی مطالبہ شرائط کے مطابق (کوڈ آف کارپوریٹ گورننس) اور کمپنی کے بورڈ کی جانچ کا کام بھی کیا جا چکا ہے۔ اس جانچ کا بنیادی مقصد یہ ہے کہ جانچ کے معیارات کو مد نظر رکھتے ہوئے کمپنی کے طے شدہ مقاصد کے تناظر میں بورڈ کی مجموعی کارکردگی کا جائزہ لیا جائے گا کہ بورڈ کی کارکردگی کتنی موثر رہی۔

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، ہجرت 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 چیئر 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 پیپر میٹنگ کے دوران مہیا کیے گئے تھے۔ مزید برآں میں اس بات کی یقین دہانی کرواتی ہوں کہ بورڈ اپنی ذمہ داریوں کو پورا کرنے میں موثر کردار ادا کر رہا ہے۔

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

چیئر پرسن

اسلام آباد، 04 اکتوبر 2019

ARPAK INTERNATIONAL INVESTMENTS LIMITED DIRECTORS' REPORT

The Directors of Arpak International Investments Limited are pleased to present the 42nd Annual Report together with the Audited Financial Statements for the year ended June 30, 2019.

Summarized Financial Results

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

	2019 (Rupees)	2018 (Rupees)
Profit /(loss) before taxation	13,233,728	(33,818,660)
Taxation		
Current tax	(1,896,498)	(1,391,821)
Deferred tax	(7,292)	(1,155)
	(1,903,790)	(1,392,976)
Profit / (loss) after taxation	11,329,938	(35,211,636)
Earnings/(Loss) per share	2.83	(8.80)

Financial performance and future prospects

The Company has incurred pre-tax loss of Rs: 0.586 million during the year (2018: Rs.1.47 million). However, after incorporating the share of profit of associated companies, the Company's pre-tax profit has increased to Rs 13.234 million. The paid up capital of the Company is Rs. 40.000 million, Capital Reserves Rs: 7.441 million, General Reserves Rs 5.400 million, Cash Reserve Rs. 36.427 million and un-appropriated profit of Rs. 256.160 million as on June 30, 2019.

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 Labor relations remained cordial during the year. Bonus to employees was paid the rate of 01 months' gross salary 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 Arpak International Investments Limited 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, 2019, except for those disclosed in the financial statements.
- Six (6) Out of seven (7) Directors of the Company have the prescribed education and experience under section 20 of Listed Companies (Code of Corporate Governance) Regulations, 2017 and remaining one Director of the Company will conduct Director Training Program by June 30, 2021.

6. Trading in Shares

No trade in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended June 30, 2019, other than disclosed in the pattern of the shareholding.

7. Threshold for determining Executives

Pursuant to the requirements of clause 5.6.1 (a) & (d) of the Listing Regulations (Rule Book) of the Pakistan Stock Exchange, the Board has set out a Threshold for determining an 'Executive' in respect of trading of Company's shares. The person whose basic salary exceeds Rs. 2.00 million during the year is treated as executive.

8. 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.

9. 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
Non- Executive Directors			
Mr. Aziz Sarfaraz Khan	5	4	1
Mr. Abbas Sarfaraz Khan	4	-	1
Ms. Najda Sarfaraz	3	-	-
Ms. Zarmine Sarfraz	4	4	-
Executive Directors			
Begum Laila Sarfaraz	4	-	-
Mr. Iskander M. Khan	5	-	-
Independent Director			
Mr. Usman Salim Khan	4	4	1
Mr. Faiyaz Ali Khan	-	-	-

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

10. 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.

11. Dividend

The Board has recommended payment of Final Cash Dividend for the year ended June 30, 2019 @ Re. 0.60 per share (6%) to all the shareholders of the Company.

12. 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, 2020.

13. Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out in the Listed Companies (Code of Corporate Governance) Regulations, relevant for the year ended June 30, 2019 have been duly complied with. A statement to this effect is annexed with the report.

14. 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)
Chief Executive



(ISKANDER M. KHAN)
Director

Islamabad
October 04, 2019

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے ڈائریکٹرز کمپنی کی 42 ویں سالانہ رپورٹ اور 30 جون 2019 کو ختم ہونے والے سال کے آڈیٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی کا زریل میں خلاصہ پیش ہے۔

2018	2019	
(روپے)	(روپے)	
(33,818,660)	13,233,728	ٹیکس سے پہلے نفع / (نقصان)
		ٹیکس
(1,391,821)	(1,896,498)	موجودہ ٹیکس
(1,155)	(7,292)	ڈیفریڈ ٹیکس
(1,392,976)	(1,903,790)	
(35,211,636)	11,329,938	بعد از ٹیکس نفع / (نقصان)
(8.80)	2.83	نفع / (نقصان) فی شیئر

مالیاتی کارکردگی اور مستقبل کے امکانات

کمپنی کو اس سال ٹیکس کی ادائیگی سے پہلے 0.586 ملین کا نقصان ہوا (2018 میں 1.47 ملین) تاہم، منسلک کمپنیوں کے منافع کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس ادائیگی سے پہلے یہ منافع 13.234 ملین تک بڑھ گیا۔ 30 جون 2019 کو کمپنی کا اداشدہ سرمایہ 40 ملین، کمیٹیٹل ریزرو 7.441 ملین، عمومی ریزرو 5.400 ملین، نقد ریزرو 36.427 ملین، اور غیر منقسم نفع 256.160 ملین تھا۔

مینجمنٹ فعال طور پر کو مختلف طریقوں کو مد نظر رکھتے ہوئے کام کر رہا ہے تاکہ دستیاب شدہ فنڈز پر اچھا منافع حاصل کیا جاسکے۔

سٹاف

سال کے دوران انتظامیہ اور ورکرز کے تعلقات مثالی رہے۔ ملازمین کو دوران سال ایک عدد بونس ان کی گراس سیلری کے مطابق دیا گیا۔

شیر ہولڈنگ کی ترتیب

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

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، جو پاکستان میں اپناتے ہوتے 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 متعلق اعداد و شمار منسلک ہیں۔

۔ 30 جون 2019 تک کسی بھی قسم کی کوئی ٹیکس، فرانسز، لیویز، چارجز، بقایا جات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

۔ کمپنی کے سات میں سے چھ ڈائریکٹرز کی تعلیمی قابلیت اور تجربہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے سیکشن 20 کے مطابق ہے اور باقی

دو ڈائریکٹرز کے لیے کمپنی 30 جون 2021 سے پہلے ڈائریکٹرز ٹریننگ پروگرام میں شرکت یقینی بنائے گی۔

شیرز کی تجارت

30 ستمبر 2019 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے

حصص میں کوئی لین دین نہیں ہوئی۔

ایگزیکٹو کے تعین کا معیار

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز (رول بک) کی دفعات 5.6.1(a) & (d) کے تحت کمپنی کی جانب سے ایگزیکٹو کے تعین کے لئے نظر ثانی کے بعد ایک معیار مقرر کر دیا گیا ہے تاکہ حصص کی خرید و فروخت سے متعلق کسی بھی ابہام کو دور کیا جاسکے۔ ہر وہ شخص جس کی سالانہ بنیادی تنخواہ 2 ملین سے زیادہ ہو جائے گی ایگزیکٹو مانا جائے گا۔

ہیومن ریسورس میٹری

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

بورڈ اجلاس

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

ڈائریکٹرز کے نام نان۔ ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
جناب عزیز سرفراز خان	5	4	1
جناب عباس سرفراز خان	4	--	1
محترمہ زرین سرفراز	4	4	--
محترمہ محمدہ سرفراز	3	--	--
ایگزیکٹو ڈائریکٹر			
نیکم لیلی سرفراز	4	--	--
جناب اسکندر محمد خان	5	--	--
آزاد ڈائریکٹرز			
جناب عثمان سلیم خان	4	4	1
جناب فیصل علی خان	--	--	--

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

حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے حصص داران کو کسی بھی ایسی اہم پیش رفت سے بروقت مطلع کیا جائے، جو کمپنی 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 کرتا ہے۔

ڈویڈنڈ / منافع کی ادائیگی

بورڈ نے ختم ہونے والے مالی سال 30 جون 2019 کے لئے نقد ڈویڈنڈ (0.60) پیسے یعنی 6 فیصد فی شرکے حساب سے حصص داران کو دینے کی سفارش کی ہے۔

آڈیٹرز

موجودہ آڈیٹرز مینسز شائون 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 کمپنی نے کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آڈیٹرز کو 30 جون 2019 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی۔

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 2018 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

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



(اسکندر محمد خان)

ڈائریکٹر

اسلام آباد

بتاریخ: 04 اکتوبر 2019



(عباس سرفراز خان)

چیف ایگزیکٹو

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 2018-19 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 18.10.2019 to 28.10.2019

Web Presence

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED

THE COMPANIES ACT, 2017

FORM 34

(Section 227 (2)(f))

PATTERN OF SHAREHOLDING

1.1. Name of the Company

ARPAK INTERNATIONAL INVESTMENTS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

6/30/2019

2.2 No. of Shareholders	SHAREHOLDINGS		TOTAL SHARES HELD
	FROM	TO	
340	1	100	13,352
271	101	500	67,717
107	501	1,000	78,485
126	1,001	5,000	267,171
11	5,001	10,000	74,410
2	10,001	15,000	23,896
2	15,001	25,000	44,754
6	25,001	70,000	326,792
1	70,001	160,000	153,998
4	160,001	210,000	811,253
1	210,001	400,000	382,386
1	400,001	500,000	413,451
1	500,001	above	1,342,335
873			4,000,000

2.3	Categories of Shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers and their Spouses and their minor children	2,512,896	62.82
2.3.2	Associated Companies undertakings and related parties	847,329	21.18
2.3.3	NIT and ICP	2,700	0.07
2.3.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2,850	0.07
2.3.5	Insurance Companies	1,000	0.03
2.3.6	Modarba and Mutual Funds	-	-
2.3.7	Shareholder holdings 10%	3,360,225	84.01
2.3.8	General Public		
	Local	550,388	13.76
	Foreign	-	-
2.3.9	Others (to be Specified) (Public Sector Companies & Corporations)	82,837	2.07

Categories of shareholders	Numbers of Shareholders	No of shares held	Shares Held	Percentage of paid up capital
<u>Directors and their Spouse and Minor Children</u>	7		1,958,898	
Begum Laila Sarfaraz		200,000		5.00
Mr. Aziz Sarfaraz Khan		205,000		5.13
Mr. Abbas Sarfaraz Khan (CEO)		1,342,335		33.56
Mr. Iskander M. Khan		5,300		0.13
Ms. Najda Sarfaraz		206,253		5.16
Mr. Usman Salim Khan		1		0.00
Mr. Faiysal AliKhan		9		0.00
<u>Shares held by Relatives</u>	5	553,998	553,998	13.85
<u>Associated Companies</u>	2		847,329	
Azrak Enterprises (Pvt.) Ltd.		464,943		11.62
The Premier Sugar Mills & Distillery Company Limited		382,386		9.56
<u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>	3		6,550	
Fidelity Investment Bank Limited		2,850		0.07
EFU General Insurance		1,000		0.03
Investment Corporation of Pakistan		2,700		0.07
<u>Public Sector Companies and Corporation</u>	10		82,837	
Bibojee Services (Pvt) Limited		10,396		0.26
Excel Securities (Pvt) Limited		100		0.00
MRA Securities Limited		5,000		0.13
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
Chief Administrator of Auqaf, Punjab		3798		0.09
The Society for Rehabilitation of Crippled Children		174		0.00
Governing body Gulshan-e-Maymaar Foundation		57500		1.44
<u>Shares held by General Public</u>			550,388	
Held by General Public	846	550,388		13.76
	868		4,000,000	100.00
<u>Shareholders holding 10% or more voting Interest in the Company</u>				
Mr. Abbas Sarfaraz Khan		1,342,335		33.56
M/s. Azrak Enterprises Pvt Limited		464,943		11.62
M/s.Premier Sugar Mills & Distillery Company Limited		382,336		9.56
		2,189,614		54.74
<u>Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children</u>				
<u>Name</u>	<u>Designation</u>	<u>No of Shares Purchased</u>	<u>No of Shares Sold</u>	

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

Arpak International Investments Limited Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (“the Regulations”) in the following manner:

1. The total numbers of Directors are seven as per the following;
 - a. Male 5
 - b. Female 2

2. The composition of the Board of Director (the Board) is as follows:

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

3. The Directors have confirmed that none of them is serving as a director in more than five listed Companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 Companies Act, 2017 (“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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their Directors' Training Program. 6 out of 7 Directors are exempt from Directors' Training Program on basis of education and experience, however exemption from the Securities and Exchange Commission of Pakistan is pending.
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. 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. Faiysall 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 |
13. The term of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meeting of the Committee were as per following;
- | | | |
|----|---|-----------|
| a) | Audit Committee | Quarterly |
| b) | Human Resource & Remuneration Committee | Yearly |
15. The Board has set-up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), and are registered with Audit Oversight Board of Pakistan, that they or any of the Partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in Compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. 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.
18. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board



(Begum Laila Sarfaraz)
CHAIRPERSON

Islamabad
October 04, 2019

ARPAK INTERNATIONAL INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REVIEW REPORT ON THE STATEMENT
OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried-out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note reference where this is stated in the Statement of Compliance:

Serial no:	Note reference	Description
(i)	10	As at June 30, 2019 majority of the directors of the Company are exempt from obtaining certification under Directors Training Program. However, the Company has not obtained exemption from SECP in this regard.

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Audit Engagement Partner: Nafees ud din

LAHORE;
October 05, 2019

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, 2019, 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, 2019 and of the profit, 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.

Key audit matters	How the matter was addressed in our audit
<p>Investments in Associated Companies</p> <p>The Company has made investments in its Associated Companies - The Premier Sugar Mills and Distillery Company Limited. (PSM) and Premier Board Mills Limited (PBML) [note 15]. As at June 30, 2019, the carrying amounts of investments in above referred Associated Companies aggregated Rs.497.293 million.</p>	<p>Our procedures in relation to assessment of carrying values of investments in Associated Companies included the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of management's accounting for investments in Associated Companies. - Understood management's process for identifying the existence of impairment indicators in respect of investments in Associated Companies.
<p>The carrying value of the investment in PSM is higher by Rs.400.273 million in relation to its quoted market value. The Company carries-out impairment assessment of its investments where there are indicators of impairment.</p> <p>The Company has assessed the recoverable amounts of the investments in PSM based on the higher of value-in-use and fair value. Value-in-use is based on valuation analysis carried-out by the management and checked by an independent external expert engaged by the Company. The expert has checked discounted future cash flows workings, which involved estimation of future cash flows. This estimation is inherently uncertain and requires significant judgment on both future cash flows and the discount rate applied to the future cash flows.</p> <p>In view of significant management judgment involved in the estimation of value in use, we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> - Evaluated the independent external expert's competence, capabilities and objectivity. - Assessed the valuation methodology used by the management in its working of value-in-use. - Checked, on sample basis, the reasonableness of the data shared by the management with the independent external expert in support of evidence. - Tested mathematical accuracy of cash flows projections. - Assessed the reasonableness of cash flow projections, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, terminal growth rate and discount rate by comparing the assumptions to historical results, budgets and comparing the current year's results with prior year forecasts and other relevant information.

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 do so.

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 up to 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 returns;
- 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 Nafees ud din.

LAHORE;
October 05, 2019

Shinewing Hameed Chaudhri & Co.
**SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

		(Restated)	(Restated)
	2019	2018	July 01, 2017
Note	----- Rupees -----		
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital 5,000,000 ordinary shares of Rs.10 each	50,000,000	50,000,000	50,000,000
Issued, subscribed and paid-up capital 4,000,000 ordinary shares of Rs.10 each issued for cash	7 40,000,000	40,000,000	40,000,000
Reserves	8 10,028,981	11,624,596	13,171,048
Unappropriated profit	256,160,401	231,661,500	248,461,834
Share of surplus on revaluation of property, plant and equipment of Associated Companies	278,552,337	204,403,670	211,248,115
Shareholders' equity	584,741,719	487,689,766	512,880,997
Deferred taxation	9 191,944	184,652	183,496
Current Liabilities			
Accruals and other payables	10 3,469,228	2,803,266	2,684,549
Unclaimed dividend	1,015,588	1,022,223	1,046,430
Taxation	11 1,985,936	1,392,017	1,996,478
	6,470,752	5,217,506	5,727,457
Contingencies and commitments	12		
	591,404,415	493,091,924	518,791,950
Assets			
Non-current Assets			
Property, plant and equipment	13 4,695,657	4,637,553	4,606,503
Investment property	14 1,825,260	1,841,782	1,859,173
Long term investments	15 497,293,347	397,764,741	420,231,665
Loan to an Associated Company	16 31,250,000	43,750,000	43,750,000
	535,064,264	447,994,076	470,447,341
Current Assets			
Current portion of loan to an Associated Company	12,500,000	-	-
Short term investment	17 33,937,559	38,275,176	42,124,347
Advances to employees - considered good	869,750	174,750	169,750
Accrued mark-up	18 857,960	860,098	1,024,894
Advances, prepayments and other receivables	4,011,385	4,489	14,210
Advance income tax and tax deducted at source	1,674,206	1,180,178	2,166,003
Bank balances	19 2,489,291	4,603,157	2,845,405
	56,340,151	45,097,848	48,344,609
	591,404,415	493,091,924	518,791,950

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


Mr. Abbas Sarfaraz Khan
Chief Executive


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, 2019

	Note	2019 ---- Rupees ----	2018
Income	20	16,029,932	11,588,393
Operating and general expenses	21	(14,662,878)	(13,043,879)
Other expenses	22	(1,940,683)	-
Operating loss		(573,629)	(1,455,486)
Bank charges		(12,045)	(9,349)
		(585,674)	(1,464,835)
Share of profit / (loss) of Associated Companies - net	15	13,819,402	(32,353,825)
Profit / (loss) before taxation		13,233,728	(33,818,660)
Taxation	23	(1,903,790)	(1,392,976)
Profit / (loss) after taxation		11,329,938	(35,211,636)
Earnings / (loss) per share - basic and diluted	24	2.83	(8.80)

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


Mr. Abbas Sarfaraz Khan
Chief Executive


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, 2019

	2019	2018
	----- Rupees -----	
Profit / (loss) after taxation	11,329,938	(35,211,636)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on remeasurement of investment at fair value through other comprehensive income	-	(1,246)
Adjustment for gain included in statement of profit or loss upon sale of investment	(10,448)	(521,106)
Share of fair value gain / (loss) on remeasurement of investments by the Associated Companies	(1,585,167)	(1,024,100)
Realised gain on sale of long term investment at fair value through other comprehensive income	9,777	-
Share of other comprehensive income from Associated Company - net	(29,562)	
	(1,615,400)	(1,546,452)
Share of surplus arisen on revaluation of property, plant and equipment carried out by an Associated Company	92,429,083	7,932,907
	90,813,683	6,386,455
Total comprehensive income / (loss) for the year	102,143,621	(28,825,181)

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


Mr. Abbas Sarfaraz Khan
 Chief Executive


Iskander M. Khan
 Director


Rizwan Ullah Khan
 Chief Financial Officer

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	--- Rupees ---	
Cash flows from operating activities		
Loss for the year - before taxation and share of loss of Associated Companies	(585,674)	(1,464,835)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	94,646	75,756
Depreciation on investment property	16,522	17,391
Mark-up on loan to an Associated Company	(4,841,557)	(3,346,202)
Dividend income	(4,827,136)	-
Fair value loss / (gain) on re-measurement of short term investments	1,683,834	(1,967,395)
Gain on sale of long term investments	-	(436,699)
Gain on redemption of short term investments - net	256,849	(183,434)
	(8,202,516)	(7,305,418)
Loss before working capital changes		
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Advances to employees	(695,000)	(5,000)
Prepayments	(4,006,896)	9,721
Increase / (decrease) in current liabilities		
Accruals and other payables	665,962	118,679
Unclaimed dividend	(6,635)	(24,207)
	(4,042,569)	99,193
Cash used in operating activities	(12,245,085)	(7,206,225)
Income tax paid	(1,796,607)	(1,010,457)
Net cash used in operating activities	(14,041,692)	(8,216,682)
Cash flows from investing activities		
Mark-up received on loan to an Associated Company	4,843,695	3,510,998
Redemption of short term investment	2,396,934	6,000,000
Proceeds from sale of long term investment	12,811	570,242
Dividends received	4,827,136	-
Purchase of property, plant and equipment	(152,750)	(106,806)
Net cash generated from investing activities	11,927,826	9,974,434
Net (decrease) / increase in cash and cash equivalents	(2,113,866)	1,757,752
Cash and cash equivalents - at beginning of the year	4,603,157	2,845,405
Cash and cash equivalents - at end of the year	2,489,291	4,603,157

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


Mr. Abbas Sarfaraz Khan
Chief Executive


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, 2019

	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	Unappropriated profit		
	----- Rupees -----						
Balance as at June 30, 2017 (as previously reported)	40,000,000	7,440,781	5,400,000	330,267	248,080,878	353,619,680	654,871,606
Effect of retrospective restatement due to rectification of error (note 6)	-	-	-	-	380,956	(146,261,659)	(145,880,703)
Share of revaluation surplus	-	-	-	-	-	3,890,094	3,890,094
Balance as at July 01, 2017 - restated	40,000,000	7,440,781	5,400,000	330,267	248,461,834	211,248,115	512,880,997
Total comprehensive loss for the year ended June 30, 2018:							
- loss for the year	-	-	-	-	(35,211,636)	-	(35,211,636)
- other comprehensive (loss) / income	-	-	-	(1,546,452)	-	7,932,907	6,386,455
	-	-	-	(1,546,452)	(35,211,636)	7,932,907	(28,825,181)
Effects of items directly credited in equity by an Associated Company	-	-	-	-	3,888,315	(254,365)	3,633,950
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)	-	-	-	-	14,522,987	(14,522,987)	-
Balance as at June 30, 2018	40,000,000	7,440,781	5,400,000	(1,216,185)	231,661,500	204,403,670	487,689,766
Total comprehensive income for the year ended June 30, 2019:							
- profit for the year	-	-	-	-	11,329,938	-	11,329,938
- other comprehensive income	-	-	-	(1,585,838)	(29,562)	92,429,083	90,813,683
	-	-	-	(1,585,838)	11,300,376	92,429,083	102,143,621
Effects of items directly credited in equity by an Associated Company	-	-	-	-	(4,810,932)	(280,735)	(5,091,667)
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income	-	-	-	(9,777)	9,777	-	-
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)	-	-	-	-	17,999,681	(17,999,681)	-
Balance as at June 30, 2019	40,000,000	7,440,781	5,400,000	(2,811,800)	256,160,401	278,552,337	584,741,719

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


Mr. Abbas Sarfaraz Khan
Chief Executive


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, 2019

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 Act.

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act 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

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

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

New and amended standards mandatory for the first time for the financial year beginning from July 1, 2018:

- (a) IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on July 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- (b) IFRS 9, 'Financial Instruments': this standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- (c) IFRIC 22, 'Foreign currency transactions and advance consideration' applicable to accounting periods beginning on or after July 01, 2018. This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related assets, expenses or income where an entity pays or receive consideration in advance for foreign currency denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which an entity recognizes the non-monetary assets or liability arising from the advance consideration. If there are multiple payments or receipts for one item a date of transaction should be determined as above for each payment or receipts. The impact of the interpretation is not considered to be material on the financial statements of the Company.

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

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2018 and have not been early adopted by the Company:

- (a) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 01, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the reporting date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- (b) Amendments to IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.

- (c) IFRIC 23, 'Uncertainty over Income Tax Treatments': is effective for periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation on its financial statements.

3.4 Change in accounting policy due to adoption of new accounting standards

The following changes in accounting policies have taken place with effect from July 01, 2018.

3.4.1 IFRS 15 'Revenue from Contracts with Customers'

Following the application of IFRS 15, the Company policy for revenue recognition stands amended as follows:

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 on 'accrual basis' as and when the right to the income establishes.

Impact of adoption of IFRS 15 on these financial statements

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entity to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The above mentioned revised policy does not have any impact on these financial statements.

3.4.2 IFRS 9 'Financial Instruments'

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at the inception to present changes in fair value in other comprehensive income, with no recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model of IAS 39. For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

Impairment of financial assets

The adoption of IFRS 9 has also changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. The Company assesses on a forward looking basis the ECL associated with its debt instruments carried at amortised cost and at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, considering the nature of the other financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time expected loss. For this purpose, the management, after conducting an exercise to assess the impairment of its financial assets, has concluded that it is in compliance with the requirements of the new accounting standard.

Impacts of adoption of IFRS 9 on these financial statements

The Company has adopted IFRS 9 and has amended its accounting policies accordingly; however, the changes laid down by the standard does not have any significant impact on these financial statements of the Company except for certain reclassifications of financial assets. For revised policies refer note 4.3 and 4.7 to these financial statements.

For detailed revised classification of financial instruments refer note 27.5 to these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the 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 13 to write-off the cost over estimated remaining useful life of assets. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to 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. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

(a) **Taxation**

In making the estimates for income taxes, the Company takes into account the current income tax laws 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. RESTATEMENT

6.1 Investments in Associated Companies - The Premier Sugar Mills and Distillery Company Limited. (PSM) and Premier Board Mills Limited (PBML) - have been accounted for under equity method of accounting using latest available financial statements of the respective investee Companies. As the financial year-end of PSM differs from the Company's financial year-end, equity method has been applied on the audited consolidated financial statements for the year ended September 30 and un-audited condensed interim consolidated financial statements prepared by the management of PSM for the half-year ended March 31. For PBML, its latest available un-audited financial statements prepared by its management for the year ended June 30 have been used. PBML, during the current year, has restated its financial statements to account for the impact of restatement incorporated in the financial statements by one of its investee companies. The Company, therefore, has to incorporate necessary adjustments in its financial statements to account for the aforementioned changes arisen due to differences between the audited and unaudited financial statements of the investee companies.

Accordingly the Company has restated its financial statements retrospectively in accordance with the IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Effects of restatements are as follows:

The effect of change in accounting policy is summarised below:

	<u>As previously reported</u>	<u>Re-statement</u>	<u>As restated</u>
As at June 30, 2018	----- Rupees -----		
Effect on statement of financial position			
Long term investments	531,171,156	(133,406,415)	397,764,741
Share of surplus on revaluation of property, plant and equipment of an Associated Companies	342,015,413	(137,611,743)	204,403,670
Shareholders' equity	621,096,181	(133,406,415)	487,689,766
As at June 30, 2017			
Effect on statement of financial position			
Long term investment	562,222,274	(141,990,609)	420,231,665
Share of surplus on revaluation of property, plant and equipment of Associated Companies	353,619,680	(142,371,565)	211,248,115
Shareholders' equity	654,871,606	(141,990,609)	512,880,997

7. SHARE CAPITAL

7.1 The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises (Pvt.) Ltd. (Associated Companies) respectively hold 382,386 (2018: 382,386) and 464,943 (2018:451,443) ordinary shares of the Company.

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

8. RESERVES

	Note	2019 --- Rupees ---	2018
Capital reserve	8.1	7,440,781	7,440,781
Revenue reserve - general	8.2	5,400,000	5,400,000
Unrealized loss on investments at fair value through other comprehensive income of an Associated Company	8.3	(2,811,800)	(1,216,185)
		<u>10,028,981</u>	<u>11,624,596</u>
8.1 The year-end balance comprised of as follows: Gain on sale of land arisen during the accounting years ended on:			
December 31, 1981		2,648,331	2,648,331
December 31, 1984		1,500,000	1,500,000
June 30, 1998		2,690,925	2,690,925
		<u>6,839,256</u>	<u>6,839,256</u>
Gain on sale of investments arisen during the accounting year ended on December 31, 1983		601,525	601,525
		<u>7,440,781</u>	<u>7,440,781</u>
8.2 This reserve was created by transfer from profit and loss appropriation account for the year ended December 31, 1983.			
8.3 These represent unrealized gain on re-measurement of investments at fair value through OCI and are not available for distribution.			
9. DEFERRED TAXATION			
The year-end credit balance has arisen due to accelerated tax depreciation allowances.			
10. ACCRUALS AND OTHER PAYABLES			
Accrued expenses		673,334	193,703
Tax deducted at source		22,000	26,704
Security deposits	10.1	400,000	400,000
Advance rent		2,373,894	2,158,083
Other		-	24,776
		<u>3,469,228</u>	<u>2,803,266</u>

10.1 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.

11. TAXATION - Net	2019	2018
	--- Rupees ---	
Opening balance	1,392,017	1,996,478
Add: provision made during the year:		
- current	1,985,936	1,392,017
- prior year	(89,438)	(196)
	1,896,498	1,391,821
	3,288,515	3,388,299
Less: adjusted against completed assessments / payments:	1,302,579	1,996,282
Closing balance	1,985,936	1,392,017

11.1 Returns filed by the Company for Tax Years 2003 to 2018 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.

11.2 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.

12. CONTINGENCIES AND COMMITMENTS

There was no known contingency or commitment outstanding as at June 30, 2019 and 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Furniture and fixtures	Generator and equipment	Vehicle	Total
----- Rupees -----						
As at June 30, 2017						
Cost	3,600,000	4,005,220	52,492	313,000	420,500	8,391,212
Accumulated depreciation	-	(3,122,923)	(26,996)	(215,022)	(419,768)	(3,784,709)
Book value	3,600,000	882,297	25,496	97,978	732	4,606,503
Year ended June 30, 2018:						
Additions	-	-	-	106,806	-	106,806
Depreciation for the year	-	(44,115)	(2,550)	(28,945)	(146)	(75,756)
Book value	3,600,000	838,182	22,946	175,839	586	4,637,553
Year ended June 30, 2019:						
Additions	-	-	-	152,750	-	152,750
Depreciation for the year	-	(41,909)	(2,295)	(50,325)	(117)	(94,646)
Book value	3,600,000	796,273	20,651	278,264	469	4,695,657
As at June 30, 2018						
Cost	3,600,000	4,005,220	52,492	419,806	420,500	8,498,018
Accumulated depreciation	-	(3,167,038)	(29,546)	(243,967)	(419,914)	(3,860,465)
Book value	3,600,000	838,182	22,946	175,839	586	4,637,553
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)
Book value	3,600,000	796,273	20,651	278,264	469	4,695,657
Depreciation rate (%)	-	5	10	25	20	

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

14. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
	----- Rupees -----		
As at June 30, 2017			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,152,177	1,152,177
Book value	1,511,350	347,823	1,859,173
Year ended June 30, 2018			
Depreciation charge	-	17,391	17,391
Book value	1,511,350	330,432	1,841,782
Year ended June 30, 2019			
Depreciation charge	-	16,522	16,522
Book value	1,511,350	313,910	1,825,260
As at June 30, 2018			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,169,568	1,169,568
Book value	1,511,350	330,432	1,841,782
As at June 30, 2019			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,186,090	1,186,090
Book value	1,511,350	313,910	1,825,260
Depreciation rate (%)		5	

14.1 Fair value of the investment property, based on the management's estimation, as at June 30, 2019 was Rs.20 million (2018: Rs.17.5 million).

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

15. LONG TERM INVESTMENTS

	2019	(Restated) 2018	(Restated) 2017
Note	----- Rupees -----		
Associated Companies	15.1 497,293,347	397,751,259	419,562,327
Others - equity instruments	15.2 -	13,482	669,338
	497,293,347	397,764,741	420,231,665

15.1 Associated Companies - equity method

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

400,000 ordinary shares of Rs.10 each - cost	8,800,000	8,800,000	8,800,000
Equity held: 10.67%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by PSM	128,141,059	141,157,240	134,339,458

	2019	(Restated) 2018	(Restated) 2017
Note	----- Rupees -----		
Profit / (loss) for the year - net of taxation	10,823,680	(30,421,548)	(9,032,427)
Share of other comprehensive income including effect of items directly credited in equity by PSM	12,874,296	17,405,367	15,850,209
Share of revaluation surplus on property, plant and equipment	272,970,717	200,767,941	207,358,021
	433,609,752	337,709,000	357,315,261

Premier Board Mills Limited (PBML)

600,000 ordinary shares of Rs.10 each Equity held: 10.63%	6,000,000	6,000,000	6,000,000
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by PBML	50,406,530	52,356,972	50,821,192
Profit / (loss) for the year - net of taxation	3,004,501	(1,932,277)	1,086,361
Share of other comprehensive income/(loss) including effect of items directly credited in equity by PBML	(1,300,276)	(18,165)	596,098
Adjustment of last year based on audited financial statements	(8,779)	-	(146,679)
Share of revaluation surplus on property, plant and equipment	5,581,620	3,635,729	3,890,094
	63,683,595	60,042,259	62,247,066
	497,293,347	397,751,259	419,562,327

15.2 Others - equity instruments at FVOCI

Ibrahim Fibres Ltd.

2018: 214 ordinary shares of Rs.10 each - cost	-	3,034	136,538
Add: adjustment on re-measurement to fair value	-	10,448	532,800
	-	13,482	669,338

15.1 Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (2018: 10.67%) of PSM's issued, subscribed and paid-up capital as at June 30, 2019. PSM was incorporated on July 24, 1944 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of PSM is manufacturing and sale of white sugar and spirit. Market value of the Company's investment in PSM as at June 30, 2019 was Rs.33.336 million (2018: Rs.30.460 million). PSM is an associate of the Company due to common directorship.

15.1.1 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:

Summarised Condensed Interim Consolidated Statement of Financial Position	2019	2018	2017
	----- Rupees in '000 -----		
Non-current assets	10,616,393	8,868,281	9,117,062
Current assets	10,160,371	9,669,109	9,472,318
	20,776,764	18,537,390	18,589,380
Non-current liabilities	2,522,404	2,187,493	3,015,655
Current liabilities	11,211,971	11,108,978	10,169,376
	13,734,375	13,296,471	13,185,031
Net assets	7,042,389	5,240,919	5,404,349
Net assets - attributable to the shareholders of PSM	4,047,252	3,115,291	3,298,910
Reconciliation to carrying amount			
Opening net assets	3,115,291	3,298,910	3,316,863
Profit / (loss) for the year	101,472	(285,202)	(11,528)
Effect of items directly credited in equity	759,201	(8,700)	(12,579)
Other comprehensive income for the year	71,051	109,322	5,779
Effect of items directly credited in equity by Associated Companies	237	961	375
Closing net assets	4,047,252	3,115,291	3,298,910
Company's share percentage 10.67%			
Company's share	431,707	332,298	351,884
Miscellaneous adjustments	1,903	5,411	5,431
Carrying amount of investment	433,610	337,709	357,315
Summarised Condensed Interim Statement of Profit or Loss			
Sales - total	12,381,129	12,236,150	10,755,501
Profit / (loss) before taxation - total	275,032	(237,071)	5,330
Profit / (loss) after taxation - attributable to the shareholders of PSM	101,472	(285,202)	(84,679)

15.1.2 The management, as at June 30, 2019, has carried out impairment testing of its investment in PSM as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investment in PSM amounts to Rs.466.050 million. The recoverable amount has been estimated on value in use calculations. These calculations have been made on discounted cash flow method and have been checked by M/s. Grant Thornton Anjum Rahman; Chartered Accountants - a QCR rated firm, having its office at 3rd floor, Evacuee Trust Complex, Agha Khan Road, Islamabad, who have reported no exceptions in these calculations vide "Report of Factual Finding in Connection with Present Value of Net Future Cash Flows" dated September 30, 2019. The calculations assume a gross profit margin of 18% and discount rate of 13.93%. As a result of the aforementioned impairment testing, the management has concluded that the carrying value of investment in PSM does not exceed its recoverable amount, therefore, charge for impairment is required.

15.2 Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (2018: 10.63%) of PBML's issued, subscribed and paid-up capital as at June 30, 2019. PBML was incorporated on May 12, 1980 as a public company and it is evaluating certain proposals for setting-up some industrial unit. PBML is an associate of the Company due to common directorship.

15.2.1 Summarised financial information of PBML, based on the un-audited financial statements for the year ended June 30, 2019 and audited financial statements for the year ended June 30, 2018 is as follows:

Summarised Statement of Financial Position	2019	2018	2017
	----- Rupees in '000 -----		
Non-current assets	536,721	532,677	550,015
Current assets	64,259	32,884	42,555
	600,980	565,561	592,570
Current liabilities	2,045	955	7,145
Net assets	598,935	564,606	585,425
Reconciliation to carrying amount			
Opening net assets	564,606	585,425	533,016
Profit / (loss) for the year	28,257	(18,255)	10,217
Other comprehensive loss for the year	5,096	(2,304)	4,155
Share of surplus of PPE	(2,639)	(2,393)	36,586
Items directly credited in equity	3,615	2,133	1,451
Closing net assets	598,935	564,606	585,425
Company's share percentage 10.63%			
Carrying amount of investment	63,684	60,042	62,247
Summarised Statement of Profit or Loss			
Income	26,479	5,795	11,970
Profit / (loss) before taxation	28,702	(18,192)	12,300
Profit / (loss) after taxation	28,257	(18,255)	10,217

16. 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 8.28% to 14.05% (2018: 7.51% to 8.17%) per annum. As per the previous loan agreement, the loan was receivable in 8 equal half-yearly instalments which commenced from May, 2013. The Company and CSM, during the financial year ended June 30, 2014 and then again during the financial year ended June 30, 2017, entered into a revised agreement and changed the repayment terms. As per latest agreement this loan is now receivable in seven half-yearly instalments commencing November, 2019. The loan is secured against a promissory note of Rs.59 million.

17. SHORT TERM INVESTMENT	2019	2018
- measured at FVTPL	--- Rupees ---	
First Habib Cash Fund		
338,522 (2018: 361,627) Units - cost	35,621,393	36,307,781
Adjustment on re-measurement to fair value	(1,683,834)	1,967,395
	33,937,559	38,275,176
<hr/>		
18. ACCRUED MARK-UP		
This represents due from Chashma Sugar Mills Ltd. (an Associated Company) on account of mark-up accrued on loan advanced.		
19. BANK BALANCES		
Cash at banks on:		
- current account		260,892
- deposit accounts	19.1 2,365,188	4,316,369
- dividend account		25,896
	2,489,291	4,603,157
<hr/>		
19.1	Deposit accounts, during the current financial year, carried profit at the rates of 4.50% and 10.25 % (2018: at the rate of 3.75% and 4.50%) per annum.	
20. INCOME		
Interest / profit on deposit accounts	152,956	53,016
Mark-up on loan to an Associated Company	4,841,557	3,346,202
Fair value gain on re-measurement of short term investments	-	1,967,395
Gain on sale of long term investments	-	436,699
Gain on redemption of short term investments	-	183,434
Dividends on short term investments	4,827,136	-
Rent	6,161,809	5,601,647
Others	46,474	-
	16,029,932	11,588,393
<hr/>		

21. OPERATING AND GENERAL EXPENSES	Note	2019	2018
		--- Rupees ---	
Salaries and allowances		6,805,156	4,934,698
Printing and stationery		423,918	426,926
Travelling and conveyance		1,260,597	1,325,733
Communication		380,493	327,485
Utilities		6,875	5,848
Rent, rates and taxes		547,621	370,322
Vehicles' running		603,343	538,388
Fees and subscription		189,100	240,290
Advertisement		222,400	133,000
Entertainment		1,338,910	1,566,804
Repair and maintenance		1,158,135	1,019,277
Insurance		64,132	78,232
Depreciation on property, plant and equipment	13	94,646	75,756
Depreciation on investment property	14	16,522	17,391
Auditors' remuneration:			
- statutory audit		157,500	131,250
- half yearly review		57,750	57,750
- certification charges		15,750	47,250
- out-of-pocket expenses		46,250	52,000
		277,250	288,250
Legal and professional charges (other than Auditors')		133,005	201,125
Others		1,140,775	1,494,354
		14,662,878	13,043,879
22. OTHER EXPENSES			
Fair value gain on re-measurement of short term investments	17	(1,683,834)	-
Loss on redemption of short term investments		(256,849)	-
		(1,940,683)	-
23. TAXATION			
Current			
Current tax on profit for the year	11	1,985,936	1,392,017
Adjustments in respect of prior years	11	(89,438)	(196)
		1,896,498	1,391,821
Deferred			
Origination and reversal of temporary differences		7,292	7,272
Impact of change in tax rate		-	(6,117)
		7,292	1,155
		1,903,790	1,392,976

24. EARNINGS / (LOSS) PER SHARE BASIC AND DILUTED	2019	2018
	--- Rupees ---	
Profit / (loss) after taxation attributable to ordinary shareholders	11,329,938	(35,211,636)
	--- No. of shares ---	
Weighted average number of shares	4,000,000	4,000,000
	---- Rupees ----	
Earnings / (loss) per share	2.83	(8.80)

25. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

25.2 Salaries and benefits paid to key management personnel:

Managerial remuneration	3,947,632	3,646,560
Medical and utility allowances	986,908	911,640
Gratuity	1,138,749	-
Expenses reimbursed	1,914,127	1,923,385
	7,987,416	6,481,585
No. of person	1	1

26. 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	4,841,557	3,346,202
Mark-up received from Associated Company	4,843,695	3,510,999

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 25.

27. 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.

27.1 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:

	2019	2018
	--- Rupees ---	
Long term investments	497,293,347	420,231,665
Loan to an Associated Company	31,250,000	43,750,000
Current portion of loan to an Associated Company	12,500,000	-
Short term investment	33,937,559	42,124,347
Advances to employees	869,750	169,750
Accrued mark-up	857,960	1,024,894
Bank balances	2,489,291	4,603,157
	579,197,907	511,903,813

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	AM3+	PACRA

27.2 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.

27.3 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:

	2019	2018
	- - - Rupees - - -	
Loan to an Associated Company	31,250,000	43,750,000
Current portion of loan to an Associated Company	12,500,000	-
Bank balances	2,365,188	4,316,369
	<u>46,115,188</u>	<u>48,066,369</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:

	2019	2018
	- - - Rupees - - -	
Effect on statement of profit or loss	3,393,756	4,212,435
Effect on equity	-	1,348
Effect on investments	<u>3,393,756</u>	<u>4,213,783</u>

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

27.4 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.

27.5 Financial instruments by category	2019		
	Amortised cost	At fair value through Profit or Loss	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Loan to an Associated Company	43,750,000	-	43,750,000
Short term investment	-	33,937,559	33,937,559
Advances to employees - considered good	869,750	-	869,750
Accrued mark-up	857,960	-	857,960
Advances and other receivables	4,000,000	-	4,000,000
Bank balances	2,489,291	-	2,489,291
	51,967,001	33,937,559	85,904,560

	2018			Total
	Loans and advances	Available-of-sale	At fair value through Profit or Loss	
Financial assets as per statement of financial position	----- Rupees -----			
Long term investments	-	13,482	-	13,482
Loan to an Associated Company	43,750,000	-	-	43,750,000
Short term investment	-	-	38,275,176	38,275,176
Advances to employees - considered good	174,750	-	-	174,750
Accrued mark-up	860,098	-	-	860,098
Bank balances	4,603,157	-	-	4,603,157
	<u>49,388,005</u>	<u>13,482</u>	<u>38,275,176</u>	<u>87,676,663</u>

Financial liabilities as per statement of financial position	Financial liabilities measured at amortised cost	
	2019	2018
	--- Rupees ---	
Accruals and other payables	3,469,228	2,803,266
Unclaimed dividend	1,015,588	1,022,223
	<u>4,484,816</u>	<u>3,825,489</u>

28. 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.

29. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2019 were 3 (2018: 3) and their average numbers during the year were 3 (2018: 3).

30. Event After the Reporting Date

The Board of Directors, in their meeting held on October 04, 2019, has proposed a final cash dividend of Rs. 0.60 per share for the year ended June 30, 2019. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on October 28, 2019. These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from unappropriated profit in year ending June 30, 2020.

31. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on October 04, 2019 by the Board of directors of the Company.

32. 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.



Mr. Abbas Sarfaraz Khan
Chief Executive



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
42nd Annual General Meeting

I/We..... ofbeing a member of **Arpak International Investments Limited** and holdingordinary 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 Annual General Meeting of the Company to be held on October 28, 2019 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 2019.

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.

