

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED
SEPTEMBER 30, 2019
(UN-AUDITED)**

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

DIRECTORS' REVIEW REPORT

The Board of Directors of Arpak International Investments Limited takes pleasure in presenting the review on the operational and financial performance of the Company for the three months' period ended September 30, 2019.

OPERATIONS

During the period under review, the Company has earned pre-tax profit of Rs 0.452 million (September 30, 2018: of Rs. 0.222 million). However, after incorporating share of profit of Associated Companies, the Company's pre-tax profit has increased to Rs. 20.122 million.

INVESTMENTS

The Company has investments of Rs. 43.750 million in an Associated Company and Rs. 38.950 million in mutual funds. The management has invested prudently to ensure appropriate returns on available funds.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this quarterly condensed interim financial information are the same as applied in the preparation of the preceding annual financial statements of the Company.

ACKNOWLEDGEMENT

The Directors appreciate the spirit of good work done by the Company's staff at all levels.

ON BEHALF OF THE BOARD

Islamabad
October 29, 2019


(ABBAS SARFARAZ KHAN)
Chief Executive


(ISKANDER M. KHAN)
Director

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کی اختتامی مدت پر کمپنی کے بورڈ آف ڈائریکٹرز غیر آڈٹ شدہ کنڈنسنڈ عبوری مالیاتی معلومات حصص داروں کو پیش کرنے پر مسرت محسوس کرتے ہیں۔

آپریشن کا جائزہ

رداں عرصے کے دوران کمپنی کو ٹیکس کی ادائیگی سے پہلے 0.452 ملین روپے منافع ہوا (30 ستمبر 2018: 0.222 ملین روپے) تاہم منسلق کمپنیوں کا نفع شامل کرنے کے بعد کمپنی کا منافع 20.122 تک بڑھ گیا۔

انوسٹمنٹس

کمپنی نے ایسوسی ایٹڈ کمپنی میں 43.750 ملین روپے اور باہمی (میوچپول) فنڈز میں 38.579 ملین روپے کی سرمایہ کاری کر رکھی ہے۔ انتظامیہ نے دستیاب فنڈز پر مناسب ریٹرن حاصل کرنے کے لیے بڑے سوچ بچار کے بعد سرمایہ کاری کی ہوئی ہے۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی پہلی سہ ماہی کے کنڈنسنڈ عبوری مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو سالانہ مالیاتی معاملات میں اپنائی گئی تھی۔

اعتراف

ڈائریکٹرز نے کمپنی کے عملے کی جانب سے ہر سطح پر کئے گئے اچھے کام کو سراہا۔

منجانب بورڈ



عباس سرفراز خان

چیف ایگزیکٹو



اسکندر محمد خان

ڈائریکٹر

اسلام آباد

بتاریخ: 29 اکتوبر 2019

ARPAK INTERNATIONAL INVESTMENTS LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited June 30, 2019
Note	Rupees	Rupees
Equity and Liabilities		
Share Capital and Reserves		
Authorised capital 5,000,000 ordinary shares of Rs.10 each	50,000,000	50,000,000
Issued, subscribed and paid-up capital 4,000,000 ordinary shares of Rs.10 each issued for cash	40,000,000	40,000,000
Reserves	10,028,981	10,028,981
Unappropriated profit	281,519,127	256,160,401
Share of surplus on revaluation of property, plant and equipment of Associated Companies	273,711,270	278,552,337
	605,259,378	584,741,719
Deferred taxation	188,972	191,944
Current Liabilities		
Accruals and other payables	1,915,197	3,469,228
Unclaimed dividend	1,015,588	1,015,588
Taxation	2,430,178	1,985,936
	5,360,963	6,470,752
Contingencies and Commitments	7	
	610,809,313	591,404,415
Assets		
Non-current Assets		
Property, plant and equipment	4,667,772	4,695,657
Investment property	1,821,336	1,825,260
Long term investments	517,799,907	497,293,347
Loan to an Associated Company	31,250,000	31,250,000
	555,539,016	535,064,264
Current Assets		
Current portion of loan to an Associated Company	12,500,000	12,500,000
Short term investment	38,950,086	33,937,559
Advance to employees - considered good	809,750	869,750
Accrued profit and mark-up	481,913	857,960
Advances, prepayments and other receivables	492,664	4,011,385
Advance income tax and tax deducted at source	1,794,511	1,674,206
Bank balances	241,374	2,489,291
	55,270,298	56,340,151
	610,809,313	591,404,415

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
-----Rupees-----		
Income	4,380,482	3,104,150
Operating and General Expenses	<u>(3,925,557)</u>	<u>(2,880,720)</u>
Operating profit	454,925	223,430
Bank Charges	<u>(2,557)</u>	<u>(1,334)</u>
	452,368	222,096
Share of Profit of Associated Companies - net	19,669,974	0
Profit before taxation	<u>20,122,342</u>	<u>222,096</u>
Taxation	<u>(441,269)</u>	<u>(631,839)</u>
Profit/(loss) after taxation	<u>19,681,073</u>	<u>(409,743)</u>
Profit/(loss) per Share	<u>4.92</u>	<u>(0.10)</u>

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





CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019 Rupees	September 30, 2018 Rupees
Profit/(loss) after taxation	19,681,073	(409,743)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit and loss:		
Fair value (loss) / gain on re-measurement of available-for-sale investments	0	(109)
Share of other comprehensive loss from Associated Company - net	(1,493)	0
	(1,493)	(109)
Total Comprehensive Income/(loss) for the Period	19,679,580	(409,852)

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





CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019 Rupees	September 30, 2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the quarter - before taxation and share of profit of Associated Companies	452,368	222,096
<i>Adjustments for non-cash charges and other items:</i>		
Depreciation on property, plant and equipment	27,885	22,070
Depreciation on investment property	3,924	4,130
Mark-up on loan to an Associated Company	(1,623,953)	(983,607)
Dividend income	(738,141)	(2,025,111)
Fair value (gain)/loss on measurement of investments	(385,107)	1,417,212
Loss before working capital changes	(2,263,024)	(1,343,210)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments - net	(4,627,420)	(1,721,343)
Advance to employees	60,000	(1,050,000)
Prepayments	3,518,721	(170,662)
Increase / (decrease) in current liabilities		
Accruals and other payables	(1,554,031)	(1,479,612)
Unclaimed dividend	-	(5,647)
	(2,602,730)	(4,427,264)
Cash used in operations	(4,865,754)	(5,770,474)
Income tax paid	(120,304)	(322,404)
Net cash used in operating activities	(4,986,058)	(6,092,878)
CASH FLOW FROM INVESTING ACTIVITIES		
Mark-up received on loan to an Associated Company	2,000,000	-
Dividend received	738,141	2,025,111
Net cash generated from investing activities	2,738,141	2,025,111
Net increase / (decrease) in cash and cash equivalents	(2,247,917)	(4,067,767)
Cash and cash equivalents - at beginning of the period	2,489,291	4,603,157
Cash and cash equivalents - at end of the period	241,374	535,390

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

  
CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Share capital	Reserves			Unappropriated profit	Share of surplus on revaluation of property, plant and equipment of an Associated Company	Total
		Capital reserve	General reserve	Unrealised gain on long term investments			
Rupees							
Balance as at June 30, 2018 - restated	40,000,000	7,440,781	5,400,000	(1,216,185)	231,661,500	204,403,670	487,689,766
Total Comprehensive Loss for the quarter ended September 30, 2018	-	-	-	(109)	(409,743)	-	(409,852)
Effects of items directly credited in equity by Associated Companies	-	-	-	-	(8,779)	-	(8,779)
Balance as at September 30, 2018 (Un-audited) - restated	40,000,000	7,440,781	5,400,000	(1,216,294)	231,242,978	204,403,670	487,271,135
Balance as at June 30, 2018 - restated	40,000,000	7,440,781	5,400,000	(1,216,185)	231,661,500	204,403,670	487,689,766
Total Comprehensive Loss for the year ended June 30, 2019	-	-	-	-	11,329,938	-	11,329,938
- profit for the year	-	-	-	(1,585,838)	(29,562)	92,429,083	90,813,683
- other comprehensive (loss)/income	-	-	-	(1,585,838)	11,300,376	92,429,083	102,143,621
Effects of items directly credited in equity by Associated Companies	-	-	-	-	(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
Total Comprehensive Income for the quarter ended September 30, 2019	-	-	-	-	19,679,580	-	19,679,580
Effects of items directly credited in equity by Associated Companies	-	-	-	-	838,079	-	838,079
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)	-	-	-	-	4,841,067	(4,841,067)	-
Balance as at September 30, 2019	40,000,000	7,440,781	5,400,000	(2,811,800)	281,519,127	273,711,270	605,259,378

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

  
CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

2.1. Statement of compliance

2.1.1 These condensed interim financial statements for the first quarter ended September 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These condensed interim financial statements do not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2019. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 New standards, amendments to approved accounting standards and interpretations that are effective during the period

The new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's interim financial reporting and are, therefore, not detailed in these condensed interim financial statements.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2019.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements for the year ended June 30, 2019.

5. PRESENTATION

Figures in this condensed interim financial information have been rounded-off to the nearest Rupee.

6. ACCRUALS AND OTHER PAYABLES

	Un-audited Period ended September 30, 2019	Audited Year ended June 30, 2019
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	--- Rupees ---	
Accrued expenses	684,226	193,703
Tax deducted at source	51,481	26,704
Security deposits	400,000	400,000
Advance rent	779,490	2,158,083
Other	0	24,776
	<u>1,915,197</u>	<u>2,803,266</u>

6.1. 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.

7. CONTINGENCIES AND COMMITMENTS

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

8. INVESTMENT PROPERTY

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

9. LONG TERM INVESTMENTS

Associated Companies:

Quoted:

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

400,000 ordinary shares of Rs.10 each - cost	8,800,000	8,800,000
Equity held: 10.67%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by PSM	151,839,035	128,141,059
Profit for the period - net of taxation	19,669,974	10,823,680
Share of other comprehensive income/(loss) including effect of items directly credited in equity by PSM	5,677,653	12,874,296
Share of revaluation surplus on property, plant and equipment	268,129,650	272,970,717
	9.1. 454,116,312	433,609,752

Un-quoted:

Premier Board Mills Ltd. (PBML)

600,000 ordinary shares of Rs.10 each	6,000,000	6,000,000
Equity held: 10.63%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by PBML	52,101,975	50,406,530
Profit for the period - net of taxation	-	3,004,501
Share of other comprehensive income/(loss) including effect of items directly credited in equity by PBML	-	(1,300,276)
Adjustment of last year based on audited financial statements	-	(8,779)
Share of revaluation surplus on property, plant and equipment	5,581,620	5,581,620
	9.2. 63,683,595	63,683,595
	<u>517,799,907</u>	<u>497,293,347</u>

9.1. Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (June 30, 2019: 10.67%) of PSM's issued, subscribed and paid-up capital as at September 30, 2018. 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 September 30, 2019 was Rs.54.276 million (June 30, 2019: Rs.33.336 million). PSM is an associate of the Company due to common directorship.

9.2. Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (June 30, 2019: 10.63%) of PBML's issued, subscribed and paid-up capital as at June 30, 2018. 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.

9.2.1 Carrying values of investments in PBML as at September 30, 2019 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates) due to nonavailability of financial statements for the quarter ended September 30, 2019.

10. LOAN TO AN ASSOCIATED COMPANY

All the term and conditions of the loan are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2019.

11. SHORT TERM INVESTMENTS

- At fair value through profit or loss

First Habib Cash Fund

384,652 (June 30, 2019: 338,522) Units - cost

Adjustment on re-measurement to fair value

	Un-audited Period ended September 30, 2019	Audited Year ended June 30, 2019
	--- Rupees ---	
	38,564,979	35,621,393
	385,107	(1,683,834)
	<u>38,950,086</u>	<u>33,937,559</u>

12. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

12.2 Salaries and benefits paid to key management personnel:

	Un-audited Three months ended September 30, 2019	
	2019	2018
	--- Rupees ---	
Managerial remuneration	910,992	847,440
Medical and utility allowances	227,748	211,860
Expenses reimbursed	379,634	470,545
	<u>1,518,374</u>	<u>1,529,845</u>
No. of person	1	1

13. 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.

	Un-audited Three months ended September 30, 2019	
	2019	2018
	--- Rupees ---	

Mark-up charged on loan to an Associated Company	1,623,953	983,607
Mark-up received from Associated Company	<u>(2,000,000)</u>	<u>0</u>

There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 12.

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2019. There have been no change in risk management objectives and policies of the Company during the period.

This condensed interim financial information does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2019.

15. CORRESPONDING FIGURES

15.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

16. GENERAL

16.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on October 29, 2019.

16.2 Figures have been rounded off to the nearest rupee unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER