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ARPAK INTERNATIONAL INVESTMENTS LIMITED
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Arpak International Investments Limited

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED
SEPTEMBER 30, 2020
(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

Mr. Sarfaraz Rauf
Advocate

Shares Registrar

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

Bankers

MCB Bank Limited
Bank Al-Habib Limited

ARPAK INTERNATIONAL INVESTMENTS LIMITED

DIRECTORS' REVIEW REPORT

The Board of Directors of Arpak International Investments Limited is pleased for presenting the review on the operational and financial performance of the Company for the three months' period ended September 30, 2020.

OPERATIONS

During the period under review, the Company has suffered pre-tax loss of Rs 40.614 million (September 30, 2019: pre-tax profit of Rs. 20.556 million). The above loss is mainly due to impairment loss on Investment in Associated Company during the quarter.

INVESTMENTS

The Company has investments of Rs. 43.750 million in an Associated Company and Rs. 26.456 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 27, 2020


(AZIZ SARFARAZ KHAN)
Director


(ISKANDER M. KHAN)
Director

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے 30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کی اختتامی مدت پر کمپنی کے بورڈ آف ڈائریکٹرز غیر آڈٹ شدہ کنڈسڈ عبوری مالیاتی معلومات حصص داروں کو پیش کرنے پر مسرت محسوس کرتے ہیں۔

آپریشن کا جائزہ

رواں عرصے کے دوران کمپنی کو ٹیکس کی ادائیگی سے پہلے 40.614 ملین روپے نقصان ہوا (30 ستمبر 2019: 20.556 ملین روپے) منافع ہوا تھا۔ مذکورہ بالا نقصان بنیادہ طور پر سہ ماہی کے دوران ایسوسی ایٹڈ کمپنی میں سرمایہ کاری پر اپسٹریٹ منٹ لاس ہے۔

انوسٹمنٹس

کمپنی نے ایسوسی ایٹڈ کمپنی میں 43.750 ملین روپے اور باہمی (میوچیول) فنڈز میں 24.456 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 کنڈسڈ اثیرم 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



اسکندر محمد خان

ڈائریکٹر



عزیز فرزان خان

ڈائریکٹر

اسلام آباد

بتاریخ: 27 اکتوبر 2020

ARPAK INTERNATIONAL INVESTMENTS LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Un-audited September 30, 2020	Audited June 30, 2020
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	12,840,781	12,840,781
Unappropriated profit	24,518,299	67,305,213
Share of surplus on revaluation of property, plant and equipment of Associated Companies	253,531,386	251,236,239
	330,890,466	371,382,233
Deferred taxation	177,812	180,057
Current Liabilities		
Accruals and other payables	994,602	870,217
Unclaimed dividend	1,058,144	1,104,573
Taxation	2,558,836	2,125,228
	4,611,582	4,100,018
Contingencies and Commitments		
	335,679,860	375,662,308
Assets		
Non-current Assets		
Property, plant and equipment	4,561,134	4,584,118
Investment property	1,805,836	1,809,564
Long term investments	250,816,341	289,044,341
Loan to an Associated Company	43,750,000	43,750,000
	300,933,311	339,188,023
Current Assets		
Current portion of loan to an Associated Company	0	0
Short term investment	26,455,684	31,049,192
Advance to employees - considered good	622,780	599,750
Accrued profit and mark-up	1,672,380	723,377
Advances, prepayments and other receivables	4,637,295	2,348,690
Advance income tax and tax deducted at source	997,088	953,827
Bank balances	361,322	799,449
	34,746,549	36,474,285
	335,679,860	375,662,308

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


DIRECTOR


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, 2020

	September 30, 2020	September 30, 2019
Note	-----Rupees-----	
Income	2,991,260	3,995,375
Operating and General Expenses	(4,988,270)	(3,925,557)
Other income/(expenses) 12	(88,140,654)	818,547
Operating (loss) / profit	(90,137,664)	888,365
Bank Charges	(4,278)	(2,557)
	(90,141,942)	885,808
Share of profit of Associated Companies - net 9	49,527,895	19,669,974
(Loss)/profit before taxation	(40,614,047)	20,555,782
Taxation	(431,363)	(441,269)
(Loss)/profit after taxation	(41,045,410)	20,114,513
(Loss)/profit per Share	(10.26)	5.03

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


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	September 30, 2020	September 30, 2019
	-----Rupees-----	
(Loss)/profit after taxation	(41,045,410)	20,114,513
Other Comprehensive Income/(Loss)		
Items that may be reclassified subsequently to profit and loss:		
Fair value (loss) / gain on re-measurement of available-for-sale investments	0	0
Share of other comprehensive loss from Associated Company - net	0	(1,493)
	0	(1,493)
Total Comprehensive (loss)/Income for the Period	(41,045,410)	20,113,020

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


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	September 30, 2020 Rupees	September 30, 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit for the quarter - before taxation and share of profit of Associated Companies	(90,141,942)	885,808
<i>Adjustments for non-cash charges and other items:</i>		
Depreciation on property, plant and equipment	22,984	27,885
Depreciation on investment property	3,728	3,924
Mark-up on loan to an Associated Company	(949,003)	(1,623,953)
Dividend income	(279,539)	(738,141)
Fair value (gain)/loss on measurement of investments	(150,006)	(385,107)
Gain on redemption of short term investments - net	(18,878)	-
Impairment loss/(reversal)	88,309,538	(433,440)
Loss before working capital changes	(3,203,118)	(2,263,024)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments - net	4,762,392	(4,627,420)
Advance to employees	(23,030)	60,000
Prepayments	(2,288,605)	3,518,721
Increase / (decrease) in current liabilities		
Accruals and other payables	124,385	(1,554,031)
Unclaimed dividend	(46,429)	-
	2,528,713	(2,602,730)
Cash generated from / (used in) operations	(674,405)	(4,865,754)
Income tax paid	(43,261)	(120,304)
Net cash used in operating activities	(717,666)	(4,986,058)
CASH FLOW FROM INVESTING ACTIVITIES		
Mark-up received on loan to an Associated Company	-	2,000,000
Dividend received	279,539	738,141
Net cash generated from investing activities	279,539	2,738,141
Net increase / (decrease) in cash and cash equivalents	(438,127)	(2,247,917)
Cash and cash equivalents - at beginning of the period	799,449	2,489,291
Cash and cash equivalents - at end of the period	361,322	241,374

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


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Reserves				Unappropriated profit	Share of surplus on revaluation of property, plant and equipment of an Associated Company	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on long term investments			
	----- Rupees -----						
Balance as at June 30, 2019 - restated	40,000,000	7,440,781	5,400,000	(2,811,800)	(144,113,350)	278,552,337	184,467,968
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)	0
Balance as at September 30, 2019 (Un-audited) - restated	40,000,000	7,440,781	5,400,000	(2,811,800)	(118,754,624)	273,711,270	204,985,627
Balance as at June 30, 2019 - restated	40,000,000	7,440,781	5,400,000	(2,811,800)	(144,113,350)	278,552,337	184,467,968
Total Comprehensive Income for the year ended June 30, 2020	-	-	-	-	190,403,295	-	190,403,295
- profit for the year	-	-	-	2,811,800	(2,171,155)	0	640,645
- other comprehensive (loss)/income	-	-	-	2,811,800	188,232,140	0	191,043,940
Effects of items directly credited in equity by Associated Companies	-	-	-	-	(1,729,675)	0	(1,729,675)
Cash dividend at the rate of Rs.0.60 per ordinary share for the year ended June 30,2019	-	-	-	-	0	(2,400,000)	-
Share of surplus on revaluation of property, plant and equipment realised during the year by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	-	27,316,098	(27,316,098)	-
Balance as at June 30, 2020	40,000,000	7,440,781	5,400,000	0	67,305,213	251,236,239	371,382,233
Total Comprehensive Loss for the quarter ended September 30, 2020	-	-	-	-	(41,045,410)	-	(41,045,410)
Effects of items directly credited in equity by Associated Companies	-	-	-	-	553,643	-	553,643
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)	-	-	-	-	(2,295,147)	2,295,147	-
Balance as at September 30, 2020	40,000,000	7,440,781	5,400,000	0	24,518,299	253,531,386	330,890,466

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


DIRECTOR


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, 2020

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, 2020 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:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- 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, 2020. 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, 2020 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, 2020.

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, 2020.

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, 2020	Audited Year ended June 30, 2020
Note	--- Rupees ---	
Accrued expenses	553,144	193,703
Tax deducted at source	41,458	26,704
Security deposits	400,000	400,000
Advance rent	0	2,158,083
Other	0	24,776
	<u>994,602</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, 2020. and June 30, 2020.

8. INVESTMENT PROPERTY

Fair value of investment property, based on the management's estimation, as at September 30, 2020 is Rs.96 million (June 30, 2020: Rs.96 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	198,190,044	151,839,034
Profit for the period - net of taxation	49,527,895	20,669,654
Share of other comprehensive income/(loss) including effect of items directly credited in equity by PSM	(1,741,504)	25,681,356
Share of revaluation surplus on property, plant and equipment	248,366,556	246,071,409
	9.1. 503,142,991	453,061,453
Less: Impairment loss	(317,010,991)	(228,701,453)
	186,132,000	224,360,000

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	53,519,511	52,101,976
Profit for the period - net of taxation	-	871,823
Share of other comprehensive income/(loss) including effect of items directly credited in equity by PBML	-	545,712
Adjustment of last year based on audited financial statements	-	-
Share of revaluation surplus on property, plant and equipment	5,164,830	5,164,830
	9.2. 64,684,341	64,684,341
	567,827,332	517,745,794

9.1. Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (June 30, 2020: 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, 2020 was Rs. 186.132 million (June 30, 2020: Rs. 224.360 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, 2020: 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, 2020 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, 2020.

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, 2020.

11. SHORT TERM INVESTMENTS

- At fair value through profit or loss

First Habib Cash Fund

	Un-audited Period ended September 30, 2020 Rupees	Audited Year ended June 30, 2020 Rupees
262,064.3428 (June 30, 2020: 309,320.5239) Units - cost	26,305,678	31,010,694
Adjustment on re-measurement to fair value	150,006	38,498
	<u>26,455,684</u>	<u>31,049,192</u>

12. OTHER (EXPENSES) / INCOME

This includes Rs. 88.310 million impairment loss on Long Term Investment in Associated Company "The Premier Sugar Mills & Distillery Company Limited (PSM)" as at September 30, 2020.

13. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

13.2 Salaries and benefits paid to key management personnel:

	Un-audited Three months ended September 30, 2020	
	2020	2019
	---- Rupees ----	
Managerial remuneration	1,002,091	910,992
Medical and utility allowances	250,523	227,748
Gratuity	417,538	0
Expenses reimbursed	496,817	379,634
	<u>2,166,969</u>	<u>1,518,374</u>
No. of person	1	1

14. 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, 2020	
	2020	2019
	---- Rupees ----	
Mark-up charged on loan to an Associated Company	<u>949,003</u>	<u>983,607</u>
Mark-up received from Associated Company	<u>0</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.

15. 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, 2020. 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, 2020.

16. CORRESPONDING FIGURES

16.1 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.

17. GENERAL

17.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on October 27, 2020.

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

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


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER