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ARPAK INTERNATIONAL INVESTMENTS LIMITED
King's Arcade, 20-A, MARKAZ F-7,
ISLAMABAD - PAKISTAN
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Arpak International Investments Limited

**CONDENSED INTERIM
FINANCIAL INFORMATION FOR
THE NINE MONTHS PERIOD ENDED
MARCH 31, 2020 (UN-AUDITED)**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Abbas Sarfaraz Khan Begum Laila Sarfaraz Mr. Aziz Sarfaraz Khan Ms. Najda Sarfaraz Mr. Iskander M. Khan Mr. Usman Salim Khan Mr. Faiysal AliKhan	Chief Executive Chairperson
AUDIT COMMITTEE	Mr. Usman Salim Khan Mr. Aziz Sarfaraz Khan Mr. Faiysal AliKhan Mr. Mujahid Bashir	Chairperson <i>Member</i> <i>Member</i> Secretary
CHIEF FINANCIAL OFFICER	Mr. Rizwan Ullah Khan	
COMPANY SECRETARY	Mr. Mujahid Bashir	
HEAD OF INTERNAL AUDIT	Mr. Zaheer Mir	
AUDITORS	M/s. ShineWing Hameed Chaudhri & Co. Chartered Accountants	
LEGAL ADVISOR	Mr. Sarfaraz Rauf Advocate	
SHARE REGISTRAR	M/s. Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore Phone No.: 042-37235081 Fax No.: 042-37235083	
BANKERS	Bank Al-Habib Limited MCB Bank Limited	
REGISTERED OFFICE	King's Arcade, 20-A, Markaz F-7, Islamabad Phone: 051-2650805-7 Fax: 051-2651285-6	

ARPAK INTERNATIONAL INVESTMENTS LIMITED

DIRECTOR'S 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 nine-month period ended March 31, 2020.

OPERATIONS

During the period under review, the Company suffered pre-tax loss of Rs. 0.525 million (March 31, 2019: Rs. 0.468 million) and after incorporating the share of profit of the associated undertakings, the Company's pre-tax profit has been reflected to Rs. 28.307 million for the period.

INVESTMENTS

The Company has investments of Rs. 43.750 million in an associated Company and Rs. 33.353 million in mutual funds. The management has invested prudently to ensure appropriate returns on available funds.

FUTURE OUTLOOK

Due to repercussion of COVID-19 pandemic, the global as well as domestic economy has come to a grinding halt at the end of quarter under review. This resulted in reduction of Policy Rates by State Bank of Pakistan (SBP) from 13.25% to 9%. This will have major impact on future returns.

ACCOUNTING POLICIES

There has been no change in the accounting policies adopted for the preparation of the enclosed quarterly financial statements of the Company.

ON BEHALF OF THE BOARD



Islamabad
April 29, 2020

(Abbas Sarfaraz Khan)
Chief Executive



(Iskander M. Khan)
Director

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے تیسری سہ ماہی کی اختتامی مدت پر کمپنی کے ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والے نو مہینوں کے غیر آڈٹ شدہ کنڈنسنڈ عبوری مالیاتی معلومات حصص داروں کو پیش کرنے پر مسرت محسوس کرتے ہیں۔

آپریشن

کمپنی کو ٹیکس کی ادائیگی سے پہلے 0.525 ملین روپے نقصان ہوا (31 مارچ 2019: 0.468 ملین) تاہم منسلک کمپنیوں کے منافع کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس ادائیگی سے پہلے منافع 28.307 ملین روپے تک بڑھ گیا۔

انوسٹمنٹس

کمپنی نے الہوسی اینڈ کمپنی میں 43.750 ملین روپے اور باہمی (میو جیول) فنڈز میں 33.353 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۔

مستقبل کا لائحہ عمل

موجودہ سہ ماہی کے اختتام پر عالمی وبا کو وید-19 کی وجہ سے عالمی اور اس کے ساتھ مقامی معیشت کی ترقی کا یہی بتدریج جام ہو گیا ہے۔ اس کے نتیجے میں سٹیٹ بینک آف پاکستان نے شرح سود کو 13.25% سے کم کر کے 9% کر دیا ہے جو کہ مستقبل کے منافع پر بڑا اثر چھوڑے گا۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی تیسری سہ ماہی مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سہ ماہی مالیاتی معاملات میں اپنائی گئی تھیں۔

مخائبہ بورڈ



اسلام آباد

اسکندر محمد خان

بتاریخ: 29 اپریل 2020

ڈائریکٹر



عباس مرقز خان

چیف ایگزیکٹو

ARPAK INTERNATIONAL INVESTMENTS LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

Note	Un-audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
Assets		
Non-current Assets		
	4,612,003	4,695,657
	1,813,488	1,825,260
6	538,054,775	497,293,347
7	43,750,000	31,250,000
	588,230,266	535,064,264
Current Assets		
	0	12,500,000
8	33,353,010	33,937,559
	674,750	869,750
	995,324	857,960
	170,324	4,011,385
	702,753	1,674,206
	340,196	2,489,291
	36,236,357	56,340,151
	624,466,623	591,404,415
Equity and Liabilities		
Share Capital and Reserves		
	50,000,000	50,000,000
	40,000,000	40,000,000
	12,840,781	10,028,981
	305,603,190	256,160,401
	263,051,217	278,552,337
	621,495,188	584,741,719
	183,029	191,944
Defered taxation		
Current Liabilities		
	704,667	3,469,228
	1,104,573	1,015,588
8	979,166	1,985,936
	2,788,406	6,470,752
Contingencies and Commitments		
9	624,466,623	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 NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Three Months Ended		Nine Months Ended	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019
	-----Rupees-----			
Income	3,346,832	3,636,608	12,359,629	10,141,832
Operating and general expenses	(3,536,667)	(2,585,701)	(12,879,446)	(10,600,106)
Operating (loss)/profit	(189,835)	1,050,907	(519,817)	(458,274)
Bank charges	(1,307)	(5,606)	(5,390)	(9,749)
	(191,142)	1,045,301	(525,207)	(468,023)
Share of profit of Associated Companies- net of taxation	8,203,733	8,389,195	28,832,214	8,389,195
Profit before taxation	8,012,591	9,434,496	28,307,007	7,921,172
Taxation	(248,188)	(362,535)	(1,082,752)	(928,640)
Profit after taxation	7,764,403	9,071,961	27,224,255	6,992,532
Profit per Share	1.94	2.27	6.81	1.75

The annexed notes form an integral part of this condensed interim financial information.

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Three Months Ended		Nine Months Ended	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019
	-----Rupees-----			
Profit after taxation	7,764,403	9,071,961	27,224,255	6,992,532
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	92,918	0	0
Reclassification of gain on sale of available-for-sale investments		0		(10,448)
Share of fair value (loss) / gain on remeasurement of available-for-sale investments of Associated Companies	0	133,013	77,653	(258,987)
	0	225,931	77,653	(269,435)
Items that will not be reclassified subsequently to profit and loss:				
Share of surplus arisen on revaluation of property, plant and equipment carried out by an Associated Company	0	90,202,456	0	90,202,456
Total Comprehensive Income for the Period	7,764,403	99,500,348	27,301,908	96,925,553

The annexed notes form an integral part of this condensed interim financial information.

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	March 31 2020 Rupees	March 31 2019 Rupees
Cash flow from operating activities		
Loss for the period - before taxation and share of profit of Associated Companies	(525,207)	(468,023)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	83,654	66,211
Depreciation on investment property	11,772	12,391
Mark-up on loan to an Associated Company	(4,337,364)	(3,436,257)
Dividend Income	(2,952,592)	(3,991,115)
Gain on redemption of short term investments - net	(28,634)	277,285
Fair value profit/(loss) on re-measurement of short term investment	(371,444)	1,675,868
Gain on sale of long term investments	0	(9,777)
Loss before working capital changes	(8,119,815)	(5,873,417)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Advance to employees - <i>considered good</i>	195,000	(755,000)
Prepayments and other receivables	3,841,061	(165,784)
Increase / (decrease) in current Liabilities		
Accruals and other payables	(2,764,561)	2,117,730
Unclaimed dividend	88,985	(216,142)
	1,360,485	980,804
Cash used in operating activities	(6,759,330)	(4,892,613)
Income tax paid	(1,126,984)	(1,661,908)
Net cash used in operating activities	(7,886,314)	(6,554,521)
Cash flow from investing activities		
Mark-up received on loan to an Associated Company	4,200,000	1,843,695
Redemption of short term investment	7,500,000	6,500,000
Purchase of units in short term investment	(6,515,373)	(3,392,451)
Dividend received	2,952,592	3,991,115
Proceeds from sale of long term investment	0	12,810
Dividend paid	(2,400,000)	0
Net cash generated from investing activities	5,737,219	8,955,169
Net increase / (decrease) in cash and cash equivalents	(2,149,095)	2,400,648
Cash and cash equivalents - at beginning of the period	2,489,291	4,603,157
Cash and cash equivalents - at end of the period	340,196	7,003,805

The annexed notes form an integral part of this condensed interim financial information.





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

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 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 July 01, 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 income for the nine month ended March 31, 2019	-	-	-	-	6,992,532	-	6,992,532
Profit for the period	-	-	-	-	-	90,202,456	89,933,021
Other comprehensive income	-	-	-	(269,435)	6,992,532	90,202,456	96,925,553
Effect of items directly credited to equity by an Associated Company	-	-	-	-	(3,666,594)	-	(3,666,594)
Share of surplus on revaluation of property, plant and equipment realised during the period by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	-	12,783,467	(12,783,467)	-
Balance as at March 31, 2019 - restated	40,000,000	7,440,781	5,400,000	(1,485,620)	247,770,905	281,822,659	580,948,725
Balance as at July 01, 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 nine months ended March 31, 2020	-	-	-	-	27,224,255	-	27,224,255
Profit for the period	-	-	-	-	77,653	-	77,653
Other comprehensive income	-	-	-	-	27,301,908	-	27,301,908
Cash dividend at rate of Rs 0.60 per ordinary share for the year ended June 30, 2019	-	-	-	-	(2,400,000)	-	(2,400,000)
Effects of items directly credited in equity by Associated Companies	-	-	-	2,811,800	9,039,761	-	11,851,561
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)	-	-	-	-	15,501,120	(15,501,120)	-
Balance as at March 31, 2020	40,000,000	7,440,781	5,400,000	-	305,603,190	263,051,217	621,495,188

The annexed notes form an integral part of this condensed interim financial information.





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

ARPAK INTERNATIONAL INVESTMENTS LIMITED
SELECTED NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

Arpak International Investments Limited (the Company) was incorporated in Pakistan on July 26, 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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. LONG TERM INVESTMENTS

	Un-audited March 31, 2020	Audited June 30, 2019
	---- Rupees ----	

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 / year - net of taxation	28,832,214	10,823,680
Share of other comprehensive income/(loss) including effect of items directly credited in equity by PSM	27,430,334	12,874,296
Share of revaluation surplus on property, plant and equipment	257,469,597	272,970,717
6.1.	474,371,180	433,609,752

	Un-audited March 31, 2020	Audited June 30, 2019
	---- Rupees ----	

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
(Loss) / profit for the year - 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
6.2.	63,683,595	63,683,595
	538,054,775	497,293,347

6.1. 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 March 31, 2020. 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 March 31, 2020 was Rs. 69.200 million (June 30, 2019: Rs. 33.336 million). PSM is an associate of the Company due to common directorship.

6.2. 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 March 31, 2020. 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.

5.2.1 Carrying values of investments in PBML as at March 31, 2020 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates) due to nonavailability of condensed interim financial information for the eight months ended February 29, 2020.

7. LOAN TO AN ASSOCIATED COMPANY	Un-audited	Audited
	March 31,	June 30,
	2020	2019
	----- Rupees -----	
Balance as at	43,750,000	43,750,000
Less: current portion grouped under current assets	0	(6,250,000)
	43,750,000	37,500,000

The Company and Chashma Sugar Mills Ltd. (CSM) had entered into a loan agreement on May 20, 2008 whereby the Company has advanced amounts aggregating Rs.50 million to CSM. The loan carries mark-up at the rate of 1-Month KIBOR+1.25% per annum; effective mark-up rates charged by the Company, during the current period, ranged from 7.51% to 7.53% (June 30, 2017: 7.45% to 7.53%) 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, June 30, 2017 and then again during the preceding financial year, have 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, 2022. The loan is secured against a promissory note of Rs. 73 million.

8. SHORT TERM INVESTMENTS

- At fair value through profit or loss

First Habib Cash Fund

328,973 (June 30, 2019: 338,522) Units - cost	32,981,566	35,621,393
Adjustment on re-measurement to fair value	371,444	(1,683,834)
	33,353,010	33,937,559

9. TAXATION - Net

Opening balance	1,985,936	1,392,017
Add: provision made / (reversed) during the period /year:		
- current	979,166	1,985,936
- prior period/ year	112,502	(89,438)
	1,091,668	1,896,498
	3,077,604	3,288,515
Less: adjusted against completed assessments/payments	2,098,438	1,302,579
Closing balance	979,166	1,985,936

10. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at March 31, 2020 and June 30, 2019.

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions		
Associated Company	Mark-up earned on loan to an Associated Company	4,337,364	4,841,557
Key management personnel	Remuneration and other benefits	5,783,032	7,987,416

Un-audited	Audited
March 31,	June 30,
2020	2019
----- Rupees -----	
43,750,000	43,750,000
995,324	857,960

11.2 Period / year end balances are as follows:

Loan to an Associated Company	43,750,000	43,750,000
Accrued Mark-up on loan to an Associated Company	995,324	857,960

12. 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.

13. CORRESPONDING FIGURES

13.1 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.

14. GENERAL

This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 29, 2020.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER