

Annual Report 2020

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

Mr. Sarfaraz Rauf
Advocate

Shares Registrar

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

Bankers

MCB Bank Limited
Bank Al-Habib Limited

ARPAK INTERNATIONAL INVESTMENTS LIMITED MANAGEMENT COMMITTEES

Executive Committee

Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member

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 (Independent Director)	Chairman
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. FaiysalAli Khan (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

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

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

- a) Determination of appropriate measures to safeguard the Company's assets;
 - b) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with these regulations and other statutory and regulatory requirements; and.
 - All related party transactions.
 - c) Review of preliminary announcements of results prior to external communication and publication;
 - d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
 - e) Review of management letter issued by external auditors and management's response thereto;
 - f) Ensuring coordination between the internal and external auditors of the Company;
 - g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
 - h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
 - i) Ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
 - j) Review of the Company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
 - k) Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
 - l) Determining of compliance with relevant statutory requirements;
 - m) monitoring compliance with these regulations and identification of significant violations thereof;
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- n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- 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 (Independent Director)	Chairman
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Member
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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	(R U P E E S I N T H O U S A N D)									
Income	17,360	16,029	11,588	11,642	10,904	13,636	13,169	13,143	13,724	13,020
Operating (Loss) / profit	(478)	(574)	(1,455)	(8,179)	(55)	4,347	5,500	5,126	5,274	6,122
Profit / (loss) before tax	192,629	(79,791)	(33,819)	(16,405)	13,483	12,731	891	(10,486)	(10,600)	2,604
Profit / (loss) after tax	190,403	(81,695)	(35,211)	(18,304)	12,227	11,651	312	(10,795)	(10,867)	1,334
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	371,382	184,468	180,441	654,872	550,314	289,225	263,226	237,247	242,386	248,916
Capital Employed	371,562	184,659	180,626	655,056	550,504	289,404	263,405	237,247	242,556	249,073
Fixed Assets - Net	6,394	6,521	6,480	6,466	6,507	6,480	6,553	6,631	6,712	6,799
Total Assets	375,662	191,131	185,842	660,783	554,537	292,546	266,240	238,317	244,709	251,505
Current Assets	36,474	56,340	45,098	48,345	75,209	66,354	62,713	69,815	52,131	32,345
Current Liabilities	4,100	6,470	5,218	5,728	4,032	3,142	2,835	2,436	2,153	2,432
Long Term Liabilities	180	191	185	184	190	179	179	0	170	157
Dividend										
Cash Dividend (%)	0	6.00	-	-	12.5	10	-	-	-	-
Ratios Profitability										
Operating Profit (%)	(2.75)	(3.58)	(12.56)	(70.25)	(0.50)	31.88	41.76	39.00	38.43	47.02
Profit / (loss) before tax (%)	1,109.61	(497.79)	(291.85)	(140.91)	123.65	93.36	6.77	(79.78)	(77.24)	20.00
Profit / (loss) After tax (%)	1,096.79	(509.67)	(303.86)	(157.22)	112.13	85.44	2.37	(82.13)	(79.18)	10.25
Return to Shareholders (ROE)										
ROE - Before Tax (%)	51.87	(43.25)	(18.74)	(2.51)	2.45	4.40	0.34	(4.42)	(4.37)	1.05
ROE - After Tax (%)	51.27	(44.29)	(19.51)	(2.80)	2.22	4.03	0.12	(4.55)	(4.48)	0.54
Return on Capital Employed (%)	51.24	(44.24)	(19.49)	(2.79)	2.22	4.03	0.12	(4.55)	(4.48)	0.54
E.P.S - After Tax	47.60	(20.42)	(8.80)	(4.58)	3.06	2.91	0.08	(2.70)	(2.72)	0.33
Activity										
Income to Total Assets	0.05	0.08	0.06	0.02	0.02	0.05	0.05	0.06	0.06	0.05
Income to Fixed Assets	2.72	2.46	1.79	1.80	1.68	2.10	2.01	1.98	2.04	1.91
Liquidity/Leverage										
Current Ratio	8.90	8.71	8.64	8.44	18.65	21.12	22.12	28.66	24.21	13.30
Break up Value per Share	92.85	46.12	45.11	163.72	137.58	72.31	65.81	59.31	60.60	62.23
Total Liabilities to Equity (Times)	0.01	0.04	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01

ARPAK INTERNATIONAL INVESTMENTS LIMITED NOTICE OF 43rd ANNUAL GENERAL MEETING

Notice is hereby given that 43rd Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on October 26, 2020 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 28, 2019.
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, 2020.
3. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending June 30, 2021.
4. To transact any other business of the Company as may be permitted by the Chair.

Share transfer books of the Company will remain closed from October 16, 2020 to October 26, 2020 (both days inclusive).

By order of the Board



(MUJAHID BASHIR)
Company Secretary

Islamabad
October 02, 2020

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. The Financial Statements of the Company for the year ended June 30, 2020 along with reports have been placed at website of the Company <http://premiergroup.pk.com/arpak/>

6. 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.”

7. 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://premiergroup.pk.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 CHAIRPERSON'S REVIEW REPORT

I am pleased to welcome you to the 43rd Annual Report of your Company and it gives me great pleasure to present a Review Report along with the Audited Financial Statements for the year ended June 30, 2020, on behalf of the Board of Directors, on the performance of your Company as required by Section 192 of the Companies Act, 2017.

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

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

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

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 02, 2020

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

چیئر پرسن کی جائزہ رپورٹ

میں آپ کی کمپنی کے 43 ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتی ہوں اور مجھے خوشی ہے کہ میں آپ کے سامنے اپنی جائزہ رپورٹ کے ساتھ آڈیٹڈ فنانشل سٹیٹمنٹس برائے سال 30 جون، 2020 اور کمپنی کی کارکردگی، بورڈ آف ڈائریکٹرز کی جانب سے پیش کر رہی ہوں جو کے کمپنیز ایکٹ 2017 کے سیکشن 192 کے مطابق ہے۔

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

بورڈ کی جانب سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی شرائط کے مطابق اپنے فرائض منصبی کی ادائیگی کی گئی جن میں اہمیت حامل پالیسیوں کی منظوری، موثر اندرونی کنٹرول کے نظام کا قیام، بحث 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 چھ 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 کراتی 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 شیئرز ہولڈرز کی کمپنی پر قابل قدر اعتماد پر ان کی شکر گزار ہوں۔



بیلیم لیلہ سرفراز

چیئر پرسن

اسلام آباد، 02 اکتوبر 2020

ARPAK INTERNATIONAL INVESTMENTS LIMITED DIRECTORS' REPORT

The Directors of Arpak International Investments Limited are pleased to present the 43rd Annual Report together with the Audited Financial Statements for the year ended June 30, 2020.

1. Summarized Financial Results

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

	2020 (Rupees)	2019 (Rupees)
Profit /(loss) before taxation	<u>192,629,138</u>	<u>(79,205,350)</u>
Taxation		
Current tax	(2,237,730)	(1,896,498)
Deferred tax	<u>11,887</u>	<u>(7,292)</u>
	<u>(2,225,843)</u>	<u>(1,903,790)</u>
Profit / (loss) after taxation	<u>190,403,295</u>	<u>(81,694,814)</u>
Earnings/(Loss) per share	47.60	(20.42)

2. Financial performance and future prospects

The Company has incurred pre-tax loss of Rs. 0.485 million during the year (2019: Rs.0.574 million). However, after incorporating the share of profit of associated companies, the Company's pre-tax profit has increased to Rs 192.629 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. 0.799 million and un-appropriated profit of Rs. 67.305 million as on June 30, 2020. The increase in profit is due to restatement as explained in the Note No. 6 to the Financial Statements.

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, 2020, except for those disclosed in the financial statements.
- 6 out of 7 Directors are exempt from Directors' Training Program on basis of education and experience. Remaining one (1) Director will complete Director's Training Program next year..

6. Trading in Shares

No trade in the shares of the Company were carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO who purchased 39,688 shares during the year ended June 30, 2020, other than disclosed in the pattern of the shareholding.

7. Human Resource Committee

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

8. Board Meetings

During the year, eleven (11) 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	6	4	1
Mr. Abbas Sarfaraz Khan	4	-	1
Ms. Najda Sarfaraz	5	-	-
Executive Directors			
Begum Laila Sarfaraz	3	-	-
Mr. Iskander M. Khan	6	-	-
Independent / Director			
Mr. Usman Salim Khan	4	4	1
Mr. Faiysal Alikhan	5	4	-

- 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.

10. Dividend

The Directors do not recommend any dividend due to operational losses suffered by the Company. However, net profit is resulted due to restatement effect of past years. Please refer to the Note No. 6 to the Financial Statements.

11. De-Listing

The Directors in their meeting held on May 21, 2020, considered and accepted the proposal given by the majority shareholder o purchase shares from the minority shareholders of the Company and then to de-list the Company from Pakistan Stock Exchange Limited (PSX) in accordance with the provision of the respective Regulations. On May 29, 2020, the Company filed a formal application with the PSX to delist the Company.

However, immediately after the delisting application, some manipulators played with the share price of “The Premier Sugar Mills & Distillery Company Limited (PSM)” (major investee company of Arpak) and the price witnessed an unusual increase of around 274% with in short period, which directly affected the intrinsic value calculation of Arpak based on which delisting was applied.

Due to the above facts, the majority shareholder Mr. Abbas Sarfaraz Khan informed the Board on October 02, 2020 of his decision to withdraw his proposal to buy back shares of Arpak from the minority shareholders. The Board accepted his application and has also decided to withdraw delisting application of the Company from PSX

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, 2021.

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, 2020 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



(AZIZ SARFARAZ KHAN)
Director



(ISKANDER M. KHAN)
Director

Islamabad
October 02, 2020

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے ڈائریکٹرز کمپنی کی 43 ویں سالانہ رپورٹ اور 30 جون 2020 کو ختم ہونے والے سال کے آڈیٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

۱۔ مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی کا ریل میں خلاصہ پیش ہے۔

2019 (روپے)	2020 (روپے)	
(79,205,350)	192,629,138	ٹیکس سے پہلے نفع / (نقصان)
		ٹیکسیشن
(1,896,498)	(2,237,730)	موجودہ ٹیکس
(7,292)	11,887	ڈیفریڈ ٹیکس
(1,903,790)	(2,225,843)	
(81,694,814)	190,403,295	بعد از ٹیکس نفع / (نقصان)
(20.42)	47.60	نفع / (نقصان) فی شیئر

۲۔ مالیاتی کارکردگی اور مستقبل کے امکانات

کمپنی کو اس سال ٹیکس کی ادائیگی سے پہلے 0.485 ملین کا نقصان ہوا (2019 میں 0.574 ملین) تاہم، منسلک کمپنیوں کے منافع کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس ادائیگی سے پہلے یہ منافع 192.629 ملین تک بڑھ گیا۔ 30 جون 2020 کو کمپنی کا ادائ شدہ سرمایہ 40 ملین، کمیٹیٹل ریزرو 7.441 ملین، عمومی ریزرو 5.400 ملین، نقد ریزرو 0.799 ملین، اور غیر منقسم نفع 67.305 ملین تھا۔ زیادہ منافع کی وجہ ریٹینینٹ ہے جو مالیاتی معاملات کے نوٹ نمبر 6 میں بیان کی گئی ہے۔

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

۳۔ 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۔

۴۔ شیئر ہولڈنگ کی ترتیب

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

۵۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

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

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

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

۔ انٹرنیشنل اکاؤنٹنگ رپورٹنگ، 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 مطلق اعداد و شمار منسلک ہیں۔

۔ 30 جون 2020 تک کسی بھی قسم کی کوئی ٹیکس، فرائض، 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

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

۶۔ شیئرز کی تجارت

30 جون 2020 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی

لیں دین نہیں ہوا سوائے سی ای او کے جنہوں نے سال کے دوران 39,688 شیئرز خریدے جو کہ شیئر ہولڈنگ کے پیٹرن میں بیان کئے گئے ہیں۔

۷۔ ہیومن ریسورس کمیٹی

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

۸۔ بورڈ اجلاس

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

ڈائریکٹر کے نام تان۔ ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
جناب عزیز سرفراز خان	6	4	1
جناب عباس سرفراز خان	4	--	1
محترمہ نجمہ سرفراز	5	--	--
ایگزیکٹو ڈائریکٹر			
بیگم ہلی سرفراز	3	--	--
جناب اسکندر محمد خان	6	--	--
آزاد ڈائریکٹرز			
جناب عثمان سلیم خان	4	4	1
جناب فیصل علی خان	5	4	--

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

۹۔ حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ 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 لئے 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 کرنا ہے۔

۱۰۔ ڈیویڈنڈ / منافع کی ادائیگی

کمپنی کے نقصان میں ہونے کی وجہ سے ڈائریکٹرز نے اس سال حصص داران کو ڈیویڈنڈ نانا دینے کی سفارش کی ہے۔ تاہم خالص منافع گزشتہ برسوں کی دوبارہ بحالی کا نتیجہ ہے جس کے لئے نوٹ نمبر 6 کا حوالہ دیا گیا ہے۔

۱۱۔ ڈی لسٹنگ

ڈائریکٹرز نے 21 مئی 2020 کو اپنی میٹنگ میں کمپنی کے اکثریتی حصص دار کی جانب سے کمپنی کے اقلیتی حصص یافتگان سے حصص خریدنے کی تجویز اور پھر کمپنی کو پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) سے کمپنی کو ڈی لسٹ کرنے پر غور کیا اور اسے قبول کیا۔ متعلقہ ضابطوں کی فراہمی کے ساتھ 29 مئی 2020 کو کمپنی نے باقاعدہ طور پر کمپنی کو ڈی لسٹ کرنے کے لئے پاکستان اسٹاک ایکسچینج کو درخواست دی۔

تاہم ڈی لسٹنگ کی درخواست کے فوراً بعد کچھ ہیرا پھیر یوں نے "دی پریکٹس شوگر ملز اینڈ ڈسٹری بیوٹرز کمپنی لمیٹڈ (پی ایس ایم)" (آرپاک کی ایک بڑی سرمایہ کار کمپنی) کے شیئرز کی قیمت کے ساتھ چھیڑ کھانی کی جس کی وجہ سے اس کی قیمت میں تقریباً 274 فیصد کا اضافہ دیکھنے میں آیا، جس کا براہ راست اثر آرپاک کے شیئرز کی انٹرنلنگ ویلیو پر ہو جس کی بنیاد پر ڈی لسٹنگ کا فیصلہ کیا گیا۔

مذکورہ حقائق کو سامنے رکھتے ہوئے اکثریت حصص دار جناب عباس سرفراز خان نے 02 اکتوبر 2020 کو بورڈ کو اقلیتی حصص داران سے آرپاک کے حصص واپس خریدنے کی اپنی تجویز کو واپس لینے کے فیصلے سے آگاہ کیا۔ بورڈ نے ان کی درخواست قبول کر لی ہے اور پی ایس ایم سے کمپنی کو ڈی لسٹ کرنے کی درخواست واپس لینے کا فیصلہ کیا ہے۔

۱۲۔ آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، 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 2021 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

۱۳۔ 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 2020 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اور اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

۱۴۔ اعتراف

ڈائریکٹرز نے کمپنی کے لیے شاف 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



(عزیز سرفراز خان)

ڈائریکٹر



(اسلم محمد خان)

ڈائریکٹر

اسلام آباد

بتاریخ: 02 اکتوبر، 2020

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 2019-20 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 16.10.2020 to 26.10.2020

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
PATTERN OF SHAREHOLDING
As at June 30, 2020

<u>No. of Shareholders</u>	<u>Shareholding</u>					<u>Total Shares Held</u>
341	From	1	to	100	Shares	13,389
255	From	101	to	500	Shares	60,772
93	From	501	to	1,000	Shares	65,525
117	From	1,001	to	5,000	Shares	249,073
12	From	5,001	to	10,000	Shares	78,361
1	From	10,001	to	15,000	Shares	10,396
4	From	15,001	to	25,000	Shares	80,618
5	From	25,001	to	70,000	Shares	301,492
1	From	70,001	to	160,000	Shares	153,998
4	From	160,001	to	210,000	Shares	811,253
1	From	210,001	to	400,000	Shares	379,649
1	From	400,001	to	500,000	Shares	413,451
1	From	500,001	to	above	Shares	1,382,023
836						4,000,000

<u>Categories of Shareholders</u>	<u>Numbers</u>	<u>Shares Held</u>	<u>Percentage of Paid-up Capital</u>
<u>Associated Companies, Undertakings and Related Parties</u>	2	844,592	21
The Premier Sugar Mills & Distillery Co. Limited		379,649	9.49
Azlak Enterprises (Pvt.) Limited		464,943	11.62
<u>Directors & Relatives</u>	12	2,552,584	64
<u>Executives</u>	-	-	-
<u>Public Sector Companies & Corporations</u>	6	16,365	0
Bibojee Services (Pvt) Limited		10,396	0.26
Excel Securities (Pvt) Limited		100	0.00
BCGA Punjab (Pvt) Limited		5,268	0.13
Sarfaraz Mahmood (Pvt) Limited		500	0.01
Maple Leaf Capital Limited		1	0.00
M/s Naeems Securities (Pvt.) Ltd.		100	0.00

<u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>	3	6,550		0
Fidelity Investment Bank Limited		2,850	0.07	
EFU General Insurance Limited.		1,000	0.03	
Investment Corporation Limited		2,700	0.07	
<u>Individuals</u>	810	525,937		13
<u>Others</u>	3	53,972		1
Chief Administrator of Auqaf, Punjab		3,798	0.09	
The Society for Rehabilitation of Crippled Children		174	0.00	
Governing body Gulshan-e-Maymaar Foundation		50,000	1.33	
	836	4,000,000		100
<u>Shareholders holding 10% or more Voting Interest in the Company</u>				
Mr. Abbas Sarfaraz Khan		1,382,023	34.55	
Azlak Enterprises (Pvt.) Limited		464,943	11.62	

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

Name of Company: Arpak International Investments Limite

Year ending: June 30, 2020

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

1. The total numbers of Director are seven as per the following;

- | | | |
|----|--------|---|
| a. | Male | 5 |
| b. | Female | 2 |

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

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

3. The Directors have confirmed that none of them is serving as a director in more than seven listed Companies including this Company.

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.

8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. 6 out of 7 Directors are exempt from Directors' Training Program on basis of education and experience. Remaining one (1) Director will complete Director's Training Program next year.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer 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. Faiysal Ali Khan Khan **Member**
- b) **Human Resource & Remuneration Committee**
- i. Mr. Usman Salim Khan **Chairman**
- ii. Mr. Aziz Sarfaraz Khan **Member**
- iii. Mr. Abbas Sarfaraz Khan **Member**
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.
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 and registered with Audit Oversight Board of Pakistan, that they and all their Partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
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 requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company.

For and on behalf of the Board



(Begum Laila Sarfaraz)
CHAIRPERSON

Islamabad
October 02, 2020

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;
October 03, 2020

Audit Engagement Partner: Osman Hameed Chaudhri

ARPAK INTERNATIONAL INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ARPAK INTERNATIONAL INVESTMENTS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, 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, 2020 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.

Emphasis of Matter

We draw your attention to the following matters:

- During the year, the Board of directors of the Company passed a resolution for delisting of the Company's shares from Pakistan Stock Exchange (PSX) after receiving an offer from a majority shareholder. A formal application was filed with PSX in this regard. Refer note 1.1 to the financial statements. Subsequent to the year-end the aforementioned shareholder withdrew his offer which was approved by the Board of directors of the Company in their meeting held on October 02, 2020. The Company has intimated this matter to PSX. Refer note 29 to the financial statements.
- During the year, the Company changed its method of estimation of recoverable amount of investment in an Associated Company from 'value in use' to 'fair market value'. This

resulted in recognition of impairment on investments in an Associated Company. Refer note 6 to the financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to 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
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Shinewing Hameed Chaudhri

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

LAHORE;
October 03, 2020

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	(Restated) 2019	(Restated) July 01, 2018
		----- 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	12,840,781	10,028,981	11,624,596
Unappropriated profit / (accumulated loss)		67,305,213	(144,113,350)	(75,587,500)
Share of surplus on revaluation of property, plant and equipment of Associated Companies		251,236,239	278,552,337	204,403,670
Shareholders' equity		371,382,233	184,467,968	180,440,766
Deferred taxation		180,057	191,944	184,652
Current Liabilities				
Accruals and other payables	10	870,217	3,469,228	2,803,266
Unclaimed dividend		1,104,573	1,015,588	1,022,223
Taxation	11	2,125,228	1,985,936	1,392,017
		4,100,018	6,470,752	5,217,506
Contingencies and commitments	12	375,662,308	191,130,664	185,842,924
Assets				
Non-current Assets				
Property, plant and equipment	13	4,584,118	4,695,657	4,637,553
Investment property	14	1,809,564	1,825,260	1,841,782
Long term investments	15	289,044,341	97,019,596	90,515,741
Loan to an Associated Company	16	43,750,000	31,250,000	43,750,000
		339,188,023	134,790,513	140,745,076
Current Assets				
Current portion of loan to an Associated Company		-	12,500,000	-
Short term investment	17	31,049,192	33,937,559	38,275,176
Advances to employees - considered good		599,750	869,750	174,750
Accrued mark-up	18	723,377	857,960	860,098
Advances, prepayments and rent receivables		2,348,690	4,011,385	4,489
Advance income tax and tax deducted at source		953,827	1,674,206	1,180,178
Bank balances	19	799,449	2,489,291	4,603,157
		36,474,285	56,340,151	45,097,848
		375,662,308	191,130,664	185,842,924

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


Aziz Sarfaraz Khan
 Director


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, 2020

	Note	2020 ----- Rupees -----	(Restated) 2019
Income	20	17,360,577	16,029,932
Operating and general expenses	21	(17,838,476)	(14,662,878)
Other expenses	22	-	(1,940,683)
Operating loss		(477,899)	(573,629)
Bank charges		(6,738)	(12,045)
		(484,637)	(585,674)
Share of profit from Associated Companies - net	15	21,541,477	13,819,402
Reversal / (provision made) of impairment in investment in an Associated Company	15.1.1	171,572,298	(93,024,752)
		193,113,775	(79,205,350)
Profit / (loss) before taxation		192,629,138	(79,791,024)
Taxation	23	(2,225,843)	(1,903,790)
Profit / (loss) after taxation		190,403,295	(81,694,814)
Earnings / (loss) per share - basic and diluted	24	47.60	(20.42)

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


Aziz Sarfaraz Khan
 Director


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, 2020

	2020	(Restated) 2019
	---- Rupees ----	
Profit / (loss) after taxation	190,403,295	(81,694,814)
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Adjustment for gain included in statement of profit or loss upon sale of investment	-	(10,448)
Share of fair value loss on remeasurement of investments by the Associated Companies	-	(1,585,167)
Realised gain on sale of long term investment at fair value through other comprehensive income	-	9,777
Share of other comprehensive income / (loss) from Associated Company - net	640,645	(29,562)
	640,645	(1,615,400)
Share of surplus arisen on revaluation of property, plant and equipment carried out by an Associated Company	-	92,429,083
	640,645	90,813,683
Total comprehensive income for the year	<u>191,043,940</u>	<u>9,118,869</u>

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


Aziz Sarfaraz Khan
 Director


Iskander M. Khan
 Director


Rizwan Ullah Khan
 Chief Financial Officer

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	--- Rupees ---	
Cash flows from operating activities		
Loss for the year - before taxation and share of profit of Associated Companies	(484,637)	(585,674)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	111,539	94,646
Depreciation on investment property	15,696	16,522
Mark-up on loan to an Associated Company	(6,065,417)	(4,841,557)
Dividend income	(4,151,380)	(4,827,136)
Fair value (gain) / loss on re-measurement of short term investments	(38,498)	1,683,834
(Gain) / loss on redemption of short term investments - net	(38,793)	256,849
Loss before working capital changes	(10,651,490)	(8,202,516)
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Advances to employees	270,000	(695,000)
Prepayments	1,662,695	(4,006,896)
Increase / (decrease) in current liabilities		
Accruals and other payables	(2,599,011)	665,962
Unclaimed dividend	88,985	(6,635)
	(577,331)	(4,042,569)
Cash used in operating activities	(11,228,821)	(12,245,085)
Income tax paid	(1,378,059)	(1,796,607)
Net cash used in operating activities	(12,606,880)	(14,041,692)
Cash flows from investing activities		
Mark-up received on loan to an Associated Company	6,200,000	4,843,695
Redemption of short term investment	2,965,658	2,396,934
Proceeds from sale of long term investment	-	12,811
Dividends received	4,151,380	4,827,136
Purchase of property, plant and equipment	-	(152,750)
Net cash generated from investing activities	13,317,038	11,927,826
Cash flows from financing activities		
Dividends paid	(2,400,000)	-
Net decrease in cash and cash equivalents	(1,689,842)	(2,113,866)
Cash and cash equivalents - at beginning of the year	2,489,291	4,603,157
Cash and cash equivalents - at end of the year	799,449	2,489,291

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


Aziz Sarfaraz Khan
 Director



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, 2020

	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, 2018 (as previously reported)	40,000,000	7,440,781	5,400,000	(1,216,185)	231,661,500	204,403,670	487,689,766
Effect of retrospective restatement of financial statements (note 6)	-	-	-	-	(307,249,000)	-	(307,249,000)
Balance as at July 01, 2018 - restated	40,000,000	7,440,781	5,400,000	(1,216,185)	(75,587,500)	204,403,670	180,440,766
Total comprehensive income / (loss) for the year ended June 30, 2019							
- loss for the year	-	-	-	-	(81,694,814)	-	(81,694,814)
- other comprehensive (loss) / income	-	-	-	(1,585,838)	(29,562)	92,429,083	90,813,683
	-	-	-	(1,585,838)	(81,724,376)	92,429,083	9,118,869
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)	(144,113,350)	278,552,337	184,467,968
Total comprehensive income for the year ended June 30, 2020							
- profit for the year	-	-	-	-	190,403,295	-	190,403,295
- other comprehensive income / (loss)	-	-	-	2,811,800	(2,171,155)	-	640,645
	-	-	-	2,811,800	188,232,140	-	191,043,940
Transaction with owners							
Cash dividend at the rate of Rs 0.60 per ordinary share for the year ended June 30, 2019	-	-	-	-	(2,400,000)	-	(2,400,000)
Effects of items directly credited in equity by an Associated Company	-	-	-	-	(1,729,675)	-	(1,729,675)
Share of surplus on revaluation of property, plant and equipment realised during the year by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	-	27,316,098	(27,316,098)	-
Balance as at June 30, 2020	40,000,000	7,440,781	5,400,000	-	67,305,213	251,236,239	371,382,233

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


Aziz Sarfaraz Khan
 Director


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, 2020

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.

- 1.1** The Board of Directors of the Company, in their meeting held on May 21, 2020, considered and accepted the proposal made by a majority shareholder to purchase shares from minority shareholders of the Company and then to de-list the Company from Pakistan Stock Exchange Limited (PSX) in accordance with the provisions of the respective Regulations. On May 29, 2020, the Company filed a formal application with the PSX in this regard.

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, 2019:

- (a)** IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The application of standard has no impact on Company's financial statements.

- (b) 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 application of interpretation has no impact on Company's financial statements.

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, 2019 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, 2019 and have not been early adopted by the Company:

- (a) Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- (b) Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented except for the change as stated in note 6 to the financial statements:

4.1 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is

based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

4.2 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.3 Financial liabilities

Classification & subsequent measurement

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

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

Derecognition

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

4.4 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.5 Property, plant and equipment

These are stated at cost less accumulated depreciation except freehold land which is stated at cost. Depreciation is taken to statement of profit or loss applying reducing balance method at the rates stated in note 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 (Change in accounting policy for impairment)

The Company calculates impairment in investments in Associated Companies as the difference between the recoverable amount of the investment and its carrying values under equity method. In the preceding financial years, the Company while estimating the recoverable amount used value in use calculations (based on discounted cash flow method). During the current year, as directed by the Securities and Exchange Commission of Pakistan, the Company changed the method of estimation of recoverable amount from 'value in use' to 'fair market value'.

The above change resulted in recognition of impairment in investment in Associated Company (*The Premier Sugar Mills and Distillery Company Ltd.*) in the preceding financial years. Accordingly the Company has restated its financial statements retrospectively in accordance with the IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The effect of restatement is summarised below:

	As previously reported	Re-statement	As restated
	----- Rupees -----		
As at June 30, 2019			
Effect on statement of financial position			
Long term investments	497,293,347	(400,273,751)	97,019,596
Unappropriated profit / (accumulated loss)	256,160,401	(400,273,751)	(144,113,350)
Shareholders' equity	584,741,719	(400,273,751)	184,467,968

As at June 30, 2018

Effect on statement of financial position

Long term investment	397,764,741	(307,249,000)	90,515,741
Unappropriated profit / (accumulated loss)	231,661,500	(307,249,000)	(75,587,500)
Shareholders' equity	487,689,766	(307,249,000)	180,440,766

7. SHARE CAPITAL

7.1 The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises (Pvt.) Ltd. (Associated Companies) respectively hold 379,649 (2019: 382,386) and 464,943 (2019:464,943) 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	2020	2019
		--- Rupees ---	
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)
		12,840,781	10,028,981

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
	6,839,256	6,839,256

Gain on sale of investments arisen during the accounting year ended on December 31, 1983

601,525	601,525
7,440,781	7,440,781

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	Note	2020	2019
		--- Rupees ---	
Accrued expenses		444,389	673,334
Tax deducted at source		25,828	22,000
Security deposits	10.1	400,000	400,000
Advance rent		-	2,373,894
		870,217	3,469,228

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

Opening balance	1,985,936	1,392,017
Add: provision made during the year:		
- current	2,125,228	1,985,936
- prior year	112,502	(89,438)
	2,237,730	1,896,498
	4,223,666	3,288,515
Less: adjusted against completed assessments / payments:	2,098,438	1,302,579
Closing balance	2,125,228	1,985,936

11.1 Returns filed by the Company for Tax Years 2003 to 2019 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, 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Furniture and fixtures	Generator and equipment	Vehicle	Total
----- Rupees -----						
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
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
Year ended June 30, 2020:						
Depreciation for the year	-	(39,814)	(2,065)	(69,566)	(94)	(111,539)
Book value	3,600,000	756,459	18,586	208,698	375	4,584,118
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
As at June 30, 2020						
Cost	3,600,000	4,005,220	52,492	572,556	420,500	8,650,768
Accumulated depreciation	-	(3,248,761)	(33,906)	(363,858)	(420,125)	(4,066,650)
Book value	3,600,000	756,459	18,586	208,698	375	4,584,118
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

	<u>Freehold land</u>	<u>Buildings on freehold land</u>	<u>Total</u>
	----- Rupees -----		
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	<u>1,511,350</u>	<u>330,432</u>	<u>1,841,782</u>
Year ended June 30, 2019			
Depreciation charge	-	16,522	16,522
Book value	<u>1,511,350</u>	<u>313,910</u>	<u>1,825,260</u>
Year ended June 30, 2020			
Depreciation charge	-	15,696	15,696
Book value	<u>1,511,350</u>	<u>298,214</u>	<u>1,809,564</u>
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	<u>1,511,350</u>	<u>313,910</u>	<u>1,825,260</u>
As at June 30, 2020			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,201,786	1,201,786
Book value	<u>1,511,350</u>	<u>298,214</u>	<u>1,809,564</u>
Depreciation rate (%)		5	

14.1 Fair value of the investment property, based on the management's estimation, as at June 30, 2020 was Rs.96 million (2019: Rs.20 million).

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

15. LONG TERM INVESTMENTS

	Note	2020	(Restated) 2019	(Restated) 2018
----- Rupees -----				
Associated Companies	15.1	289,044,341	97,019,596	90,502,259
Others - equity instruments	15.2	-	-	13,482
		<u>289,044,341</u>	<u>97,019,596</u>	<u>90,515,741</u>
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		151,839,034	128,141,059	141,157,240
Profit / (loss) for the year - net of taxation		20,669,654	10,823,680	(30,421,548)
Share of other comprehensive income including effect of items directly credited in equity by PSM		25,681,356	12,874,295	17,405,367
Share of revaluation surplus on property, plant and equipment		246,071,409	272,970,717	200,767,941
		<u>453,061,453</u>	<u>433,609,751</u>	<u>337,709,000</u>
Less: Impairment loss	15.3.1	<u>(228,701,453)</u>	<u>(400,273,751)</u>	<u>(307,249,000)</u>
		<u>224,360,000</u>	<u>33,336,000</u>	<u>30,460,000</u>
Premier Board Mills Limited (PBML)				
600,000 ordinary shares of Rs.10 each		6,000,000	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		52,101,976	50,406,530	52,356,972
Profit / (loss) for the year - net of taxation		871,823	3,004,501	(1,932,277)
Share of other comprehensive income / (loss) including effect of items directly credited in equity by PBML		545,712	(1,300,276)	(18,165)
Adjustment of last year based on audited financial statements		-	(8,779)	-
Share of revaluation surplus on property, plant and equipment		5,164,830	5,581,620	3,635,729
		<u>64,684,341</u>	<u>63,683,596</u>	<u>60,042,259</u>
		<u>289,044,341</u>	<u>97,019,596</u>	<u>90,502,259</u>
15.2 Others - equity instruments at FVOCI				
Ibrahim Fibres Ltd.				
2018: 214 ordinary shares of Rs.10 each - cost		-	-	3,034
Add: adjustment on re-measurement to fair value		-	-	10,448
		<u>-</u>	<u>-</u>	<u>13,482</u>

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

15.3.1 As fully detailed in note 6 to these financial statements, the Company has changed its accounting policy and has recognised impairment on its investment in PSM based on the market value of PSM's shares as at each reporting date. Market value of PSM's shares as at June 30, 2020 was Rs.560.90 {(2019: Rs.83.34) (2018: Rs.76.15)} per share.

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

Summarised Condensed Interim Consolidated Statement of Financial Position	2020	2019	2018
	----- Rupees in '000 -----		
Non-current assets	10,971,203	10,616,393	8,868,281
Current assets	10,747,914	10,160,371	9,669,109
	21,719,117	20,776,764	18,537,390
Non-current liabilities	2,647,782	2,522,404	2,187,493
Current liabilities	11,627,564	11,211,971	11,108,978
	14,275,346	13,734,375	13,296,471
Net assets	7,443,771	7,042,389	5,240,919
Net assets - attributable to the shareholders of PSM	4,232,550	4,047,252	3,115,291
Reconciliation to carrying amount			
Opening net assets	4,047,252	3,115,291	3,298,910
Profit / (loss) for the year	193,778	101,472	(285,202)
Effect of items directly credited in equity	(9,922)	759,201	(8,700)
Other comprehensive income for the year	890	71,051	109,322
Effect of items directly credited in equity by Associated Companies	552	237	961
Closing net assets	4,232,550	4,047,252	3,115,291
Company's share percentage 10.67%			
Company's share	451,472	431,707	332,298
Miscellaneous adjustments	1,589	1,903	5,411
Carrying amount of investment	453,061	433,610	337,709
Summarised Condensed Interim Statement of Profit or Loss			
Sales - total	14,973,996	12,381,129	12,236,150
Profit / (loss) before taxation - total	610,521	275,032	(237,071)
Profit / (loss) after taxation - attributable to the shareholders of PSM	193,778	101,472	(285,202)

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

15.4.1 Summarised financial information of PBML, based on the un-audited financial statements for the year ended June 30, 2020 and audited financial statements for the year ended June 30, 2019 is as follows:

Summarised Statement of Financial Position	2020	2019	2018
	----- Rupees in '000 -----		
Non-current assets	597,577	536,721	532,677
Current assets	14,494	64,259	32,884
	612,071	600,980	565,561
Current liabilities	3,724	2,045	955
Net assets	608,347	598,935	564,606
Reconciliation to carrying amount			
Opening net assets	598,935	564,606	585,425
Profit / (loss) for the year	8,199	28,257	(18,255)
Other comprehensive income / (loss) for the year	1,212	5,096	(2,304)
Share of surplus of property plant and equipment	(3,646)	(2,639)	(2,393)
Items directly credited in equity	3,647	3,615	2,133
Closing net assets	608,347	598,935	564,606
Company's share percentage 10.63%			
Carrying amount of investment	64,684	63,684	60,042
Summarised Statement of Profit or Loss			
Income	12,744	26,479	5,795
Profit / (loss) before taxation	8,444	28,702	(18,192)
Profit / (loss) after taxation	8,199	28,257	(18,255)

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 9.58% to 15.06% (2019: 8.28% to 14.05%) 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, in the preceding financial years and then again during the current financial year entered into a revised agreements and changed the repayment terms. As per latest agreement, outstanding balance of Rs.43.750 million is now receivable in seven half-yearly instalments commencing November, 2022. The loan is secured against a promissory note of Rs.77 million.

17. SHORT TERM INVESTMENT	2020	2019
- measured at FVTPL	--- Rupees ---	
First Habib Cash Fund		
309,321 (2019: 338522) Units	31,010,694	35,621,393
Adjustment on re-measurement to fair value	38,498	(1,683,834)
	31,049,192	33,937,559

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

	Note	2020	2019
		--- Rupees ---	
Cash at banks on:			
- current account		45,042	98,207
- deposit accounts	19.1	696,333	2,365,188
- dividend account		58,074	25,896
		<u>799,449</u>	<u>2,489,291</u>

19.1 Deposit accounts, during the current financial year, carried profit at the rates of 6.50% and 11.25 % (2019: at the rate of 4.50% and 10.25%) per annum.

20. INCOME

Interest / profit on deposit accounts		233,460	152,956
Mark-up on loan to an Associated Company		6,065,417	4,841,557
Fair value gain on re-measurement of short term investments	17	38,498	-
Gain on redemption of short term investments		38,793	-
Dividends on short term investments		4,151,380	4,827,136
Rent		6,758,507	6,161,809
Others		74,522	46,474
		<u>17,360,577</u>	<u>16,029,932</u>

21. OPERATING AND GENERAL EXPENSES

Salaries and allowances		8,132,082	6,805,156
Printing and stationery		391,396	423,918
Travelling and conveyance		1,407,152	1,260,597
Communication		493,345	380,493
Utilities		18,584	6,875
Rent, rates and taxes		601,352	547,621
Vehicles' running		664,827	603,343
Fees and subscription		281,610	189,100
Advertisement		157,000	222,400
Entertainment		1,758,354	1,338,910
Repair and maintenance		1,369,944	1,158,135
Insurance		82,774	64,132

	Note	2020 --- Rupees ---	2019
Depreciation on property, plant and equipment	13	111,539	94,646
Depreciation on investment property	14	15,696	16,522
Auditors' remuneration:			
- statutory audit		135,000	132,500
- half yearly review		63,800	57,750
- certification charges		174,000	40,750
- out-of-pocket expenses		20,000	46,250
		392,800	277,250
Legal and professional charges (other than Auditors')		1,308,947	133,005
Others		651,074	1,140,775
		<u>17,838,476</u>	<u>14,662,878</u>
22. OTHER EXPENSES			
Fair value loss on re-measurement of short term investments	17	-	1,683,834
Loss on redemption of short term investments		-	256,849
		-	<u>1,940,683</u>
23. TAXATION			
Current			
Current tax on profit for the year	11	2,125,228	1,985,936
Adjustments in respect of prior years	11	112,502	(89,438)
		<u>2,237,730</u>	1,896,498
Deferred			
Origination and reversal of temporary differences		(11,887)	7,292
		<u>2,225,843</u>	<u>1,903,790</u>
24. EARNINGS / (LOSS) PER SHARE BASIC AND DILUTED		2020	2019
		--- Rupees ---	
Profit after taxation attributable to ordinary shareholders		<u>190,403,295</u>	<u>(81,694,814)</u>
		--- No. of shares ---	
Weighted average number of shares		<u>4,000,000</u>	<u>4,000,000</u>
		---- Rupees ----	
Earnings / (loss) per share		<u>47.60</u>	<u>(20.42)</u>

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:

	2020	2019
	--- Rupees ---	
Managerial remuneration	4,646,059	3,947,632
Medical and utility allowances	1,161,515	986,908
Gratuity	379,580	1,138,749
Expenses reimbursed	1,712,897	1,914,127
	<u>7,900,051</u>	<u>7,987,416</u>
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	<u>6,065,417</u>	<u>4,841,557</u>
Mark-up received from Associated Company	<u>6,200,000</u>	<u>4,843,695</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 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:

	2020	2019
	--- Rupees ---	
Loan to an Associated Company	43,750,000	31,250,000
Current portion of loan to an Associated Company	-	12,500,000
Short term investment	31,049,192	33,937,559
Advances to employees	599,750	869,750
Accrued mark-up	723,377	857,960
Bank balances	799,449	2,489,291
	76,921,768	81,904,560

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

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

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

	Rating	Rating assigned by
Habib Assets Management Limited	AM2	PACRA

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:

	2020	2019
	--- Rupees ---	
Loan to an Associated Company	43,750,000	31,250,000
Current portion of loan to an Associated Company	-	12,500,000
Bank balances - deposit accounts	696,333	2,365,188
	<u>44,446,333</u>	<u>46,115,188</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:

	2020	2019
	--- Rupees ---	
Effect on statement of profit or loss	<u>3,104,919</u>	<u>3,393,756</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

	2020		
	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	-	31,049,192	31,049,192
Advances to employees - considered good	599,750	-	599,750
Accrued mark-up	723,377	-	723,377
Other receivables	2,338,460	-	2,338,460
Bank balances	799,449	-	799,449
	48,211,036	31,049,192	79,260,228

	2019		
	Amortised cost	At fair value through Profit or Loss	Total
Financial assets as per statement of financial position	----- Rupees -----		
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
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
	Financial liabilities measured at amortised cost		
Financial liabilities as per statement of financial position	2020	2019	
	--- Rupees ---		
Accruals and other payables	870,217	3,469,228	
Unclaimed dividend	1,104,573	1,015,588	
	1,974,790	4,484,816	

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. EVENT AFTER REPORTING DATE

The Board of Directors, in their meeting held on October 02, 2020, allowed a majority share holder to withdraw his offer to buy the shares from minority shareholders and resolved to withdraw delisting application of the Company from PSX. The Company has intimated PSX in this regard.

30. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2020 were 6 (2019: 3) and their average numbers during the year were 5 (2019: 3).

31. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on October 02, 2020 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, no material re-arrangements and re-classifications have been made in these financial statements.



Aziz Sarfaraz Khan
Director



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 43rd 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 26, 2020 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 2020.

Signature of Proxy _____

1. Witness:

Name: _____

Signature: _____

Address: _____

CNIC No: _____

2. Witness:

Name: _____

Signature: _____

Address: _____

CNIC No: _____

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

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

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