

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR
ENDED 31 DECEMBER, 2015**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Begum Laila Sarfaraz <i>Chief Executive</i> Mr. Aziz Sarfaraz Khan Mr. Abbas Sarfaraz Khan Ms. Zarmine Sarfaraz Ms. Najda Sarfaraz Mr. Iskander M. Khan Mr. Usman Salim Khan
BOARD AUDIT COMMITTEE	Mr. Usman Salim Khan <i>Chairman</i> Mr. Abbas Sarfaraz Khan <i>Member</i> Mr. Aziz Sarfaraz Khan <i>Member</i> Mr. Iskander M. Khan <i>Member</i>
COMPANY SECRETARY	Mr. Mujahid Bashir
CHIEF FINANCIAL OFFICER	Mr. Rizwan Ullah Khan
HEAD OF INTERNAL AUDIT	Syed Naveed Ali
AUDITORS	Messers Hameed Chaudhri & Co., <i>Chartered Accountants</i>
TAX CONSULTANTS	Messers BDO Ibrahim & Co., <i>Chartered Accountants</i>
LEGAL ADVISOR	Ms. Shazia Malik <i>Advocate</i>
SHARE REGISTRAR	Messers Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore
BANKERS	Bank Al-Habib Limited The Bank of Khyber MCB Bank Limited
REGISTERED OFFICE	King's Arcade, 20-A, Markaz F-7, Islamabad Phone: 051-2650805-7 Fax: 051-2651285-6

ARPAK INTERNATIONAL INVESTMENTS LIMITED

BRIEF REVIEW

The half yearly Financial Statements of the Company for the period ended on 31 December, 2015 are presented to the shareholders in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting", the Code of Corporate Governance under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Lahore and Karachi Stock Exchanges.

OPERATIONS

The Company suffered pre-tax loss of Rs. 13,269/- (31 December, 2014: profit Rs. 1.521 million) during the half year because of loss in share value of an associated undertaking.

INVESTMENTS

The Company has investment of Rs. 43.750 million in an Associated Company and Rs. 58.498 million in the Mutual Funds.

ACCOUNTING POLICIES

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

ON BEHALF OF THE BOARD



(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

Islamabad
23 February, 2016

ARPAK INTERNATIONAL INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Arpak International Investments Limited** (the Company) as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion..

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

Lahore: February 24, 2016

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		Un-audited December 31, 2015	Audited June 30, 2015
Note	---- Rupees ----		
Assets			
Non-Current Assets			
		4,558,618	4,583,595
		1,887,114	1,896,749
5		138,389,470	138,147,366
		37,500,000	43,750,000
		<u>182,335,202</u>	<u>188,377,710</u>
Current Assets			
6		58,498,823	-
		6,250,000	-
		319,750	439,750
		389,827	651,289
		181,797	15,068
		598,951	-
		99,511	806,528
		677,850	64,441,217
		<u>67,016,509</u>	<u>66,353,852</u>
		<u>249,351,711</u>	<u>254,731,562</u>
Equity and Liabilities			
Share Capital and Reserves			
		5,000,000 ordinary shares of Rs.10 each	50,000,000
		<u>50,000,000</u>	<u>50,000,000</u>
		4,000,000 ordinary shares of Rs.10 each	40,000,000
		13,124,956	13,453,531
		194,206,168	197,957,667
		<u>247,331,124</u>	<u>251,411,198</u>
Non-Current Liability			
		193,469	178,689
Current Liabilities			
		1,825,350	2,415,217
		1,768	726,458
		1,827,118	3,141,675
Contingencies and Commitments			
7		<u>249,351,711</u>	<u>254,731,562</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Shahid Hussain
Chief Executive

Osman Hameed Chaudhri
Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2015

Note	Quarter ended		Half-year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
Income	2,811,892	3,069,053	5,406,163	6,590,025
Operating and general expenses	(3,060,084)	(2,947,770)	(5,414,109)	(5,069,351)
Operating loss	(248,192)	121,283	(7,946)	1,520,674
Bank charges	(1,518)	(326)	(5,323)	(908)
	(249,710)	120,957	(13,269)	1,519,766
Share of loss of an Associated Company - net of taxation	5 (3,048,455)	(940,150)	(816,688)	(5,235,173)
Loss before taxation	(3,298,165)	(819,193)	(829,957)	(3,715,407)
Taxation	(253,032)	(292,055)	(308,909)	(356,915)
Loss after taxation	(3,551,197)	(1,111,248)	(1,138,866)	(4,072,322)
Loss per share - basic and diluted	(0.89)	(0.28)	(0.28)	(1.02)

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2015

	Half-year ended	
	December 31, 2015	December 31, 2014
	----- Rupees -----	
Cash flow from operating activities		
(Loss) / profit for the period - before taxation and share of loss of an Associated Company	(13,269)	1,519,766
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	24,977	26,406
Depreciation on investment property	9,635	10,142
Mark-up on loan to an Associated Company	(1,762,538)	(2,521,775)
Gain on sale of short term investment	(7,072)	-
Fair value gain on re-measurement of short term investment	(491,751)	(2,516,002)
Loss before working capital changes	(2,240,018)	(3,481,463)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Advances to employees	120,000	-
Prepayments	(166,729)	(25,245)
Other receivables	(598,951)	-
Decrease in accruals and other payables	(589,867)	(1,541,536)
	(1,235,547)	(1,566,781)
Cash used in operations	(3,475,565)	(5,048,244)
Income tax paid	(311,802)	(327,827)
Net cash used in operating activities	(3,787,367)	(5,376,071)
Cash flows from investing activities		
Mark-up received on loan to an Associated Company	2,024,000	4,300,000
Short term investment	(58,000,000)	959,083
Net cash (used in) / generated from investing activities	(55,976,000)	5,259,083
Cash flows from financing activities		
Short term borrowings - temporary overdraft	-	139,963
Dividend paid	(4,000,000)	-
Net cash (used in) / generated from financing activities	(4,000,000)	139,963
Net (decrease) / increase in cash and cash equivalents	(63,763,367)	22,975
Cash and cash equivalents - at beginning of the period	64,441,217	116,208
Cash and cash equivalents - at end of the period	677,850	139,183

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2015

	Quarter ended		Half-year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
Loss after taxation	(3,551,197)	(1,111,248)	(1,138,866)	(4,072,322)
Other comprehensive loss				
Items that may be reclassified subsequently to profit and loss:				
Fair value (loss) / gain on re-measurement of available-for-sale investments	(170,137)	271,538	(328,575)	176,768
Total comprehensive loss	(3,721,334)	(839,710)	(1,467,441)	(3,895,554)

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 DECEMBER, 2015

	Reserves				Unappropriated profit	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on available for sale investments		
	----- Rupees -----					
Balance as at July 01, 2014	40,000,000	7,440,781	5,400,000	564,097	187,341,817	240,746,695
Total comprehensive income for the half-year ended December 31, 2014						
Loss for the period	-	-	-	-	(4,072,322)	(4,072,322)
Other comprehensive income	-	-	-	176,768	-	176,768
	-	-	-	176,768	(4,072,322)	(3,895,554)
Effect of items directly credited to equity by an Associated Company	-	-	-	-	2,754,834	2,754,834
Balance as at December 31, 2014	40,000,000	7,440,781	5,400,000	740,865	186,024,329	239,605,975
Balance as at July 01, 2015	40,000,000	7,440,781	5,400,000	612,750	197,957,667	251,411,198
Transaction with owners:						
Cash dividend for the year ended June 30, 2015 at the rate of Re.1 per share	-	-	-	-	(4,000,000)	(4,000,000)
Total comprehensive loss for the half-year ended December 31, 2015						
Loss for the period	-	-	-	-	(1,138,866)	(1,138,866)
Other comprehensive loss	-	-	-	(328,575)	-	(328,575)
	-	-	-	(328,575)	(1,138,866)	(1,467,441)
Effect of items directly credited to equity by an Associated Company	-	-	-	-	1,387,367	1,387,367
Balance as at December 31, 2015	40,000,000	7,440,781	5,400,000	284,175	194,206,168	247,331,124

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 DECEMBER, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Arpak International Investments Limited (the Company) was incorporated in Pakistan on July 26, 1977 as a Public Company and its shares are quoted on Lahore and Karachi Stock Exchanges [Pakistan Stock Exchange Limited with effect from January 11, 2016]. The registered office of the Company is situated at 20-A, Markaz F-7, Islamabad. It is principally engaged in investment business of various forms.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2015 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2015.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2015.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2015.

5. LONG TERM INVESTMENTS

	Un-audited December 31, 2015	Audited June 30, 2015
Note	---- Rupees ----	
Associated Companies		
The Premier Sugar Mills and Distillery Company Ltd. - Quoted	5.1 84,078,954	83,508,275
Premier Board Mills Ltd. - Un-quoted	5.2 53,889,803	53,889,803
	<u>137,968,757</u>	<u>137,398,078</u>
Others - Quoted	5.3 420,713	749,288
	<u>138,389,470</u>	<u>138,147,366</u>
5.1 The Premier Sugar Mills and Distillery Company Ltd. (PSM)		
400,000 ordinary shares of Rs.10 each - cost	8,800,000	8,800,000
Equity held 10.67% (June 30, 2015:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	76,095,642	75,454,444
Loss for the period / year - net of taxation	(816,688)	(746,169)
	<u>84,078,954</u>	<u>83,508,275</u>
5.2 Premier Board Mills Ltd. (PBML)		
600,000 ordinary shares of Rs.10 each received as dividend from PSM - accounted for at face value	6,000,000	6,000,000
Equity held 10.63% (June 30, 2015:10.63%)		
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML	47,889,803	44,318,757
Loss for the period / year - net of taxation	-	3,571,046
	<u>53,889,803</u>	<u>53,889,803</u>
5.2.1 Carrying values of investments in PBML as at December 31, 2015 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates) due to non-availability of financial statements for the half-year ended December 31, 2015.		
5.3 Others - Quoted (Available for sale)		
Ibrahim Fibres Ltd.		
9,750 ordinary shares of Rs.10 each - cost	136,538	136,538
Add: adjustment on re-measurement to fair value	284,175	612,750
	<u>420,713</u>	<u>749,288</u>

6. SHORT TERM INVESTMENT

- at fair value through profit and loss

This represents investment in 565,167 units of First Habib Cash Fund.

7. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at December 31, 2015 and June 30, 2015.

8. TRANSACTIONS WITH RELATED PARTIES

8.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited Half-year ended December 31,	
		2015	2014
		----- Rupees -----	
Associated Company	Mark-up earned on loan to an Associated Company	1,762,538	2,521,775
Key management personnel	Remuneration and other benefits	1,864,432	1,471,920

Un-audited December 31, 2015	Audited June 30, 2015
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8.2 Period / year end balances are as follows:

Investments	137,968,757	137,398,078
Loan to an Associated Company	43,750,000	43,750,000

9. FINANCIAL RISK MANAGEMENT

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

There has been no change in the Company's sensitivity to these risks since June 30, 2015. There have been no change in risk management objectives and policies of the Company during the period.

This condensed interim financial information does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2015.

10. CORRESPONDING FIGURES

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

11. GENERAL

This condensed interim financial information was approved by the Board of Directors and authorised for issue on 23 February, 2016.


Chief Executive


Director