

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF-YEAR
ENDED DECEMBER 31, 2017**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED

BRIEF REVIEW

The Directors of Arpak International Investments Limited are pleased to present the un-audited condensed interim financial information of the Company for the half year ended December 31, 2017 to the shareholders of the Company in compliance with Section 237 of the Companies Act, 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange.

OPERATIONS

The Company suffered pre-tax loss of Rs. 1.479 million (December 31, 2016: 0.499 million) during the period and after incorporating the share of loss of the associated undertakings, the Company's pre-tax loss has been reflected to Rs. 16.973 million for the period.

INVESTMENTS

The Company has investments of Rs. 43.750 million in an associated Company and Rs. 40.239 million in mutual funds. The management has invested prudently to ensure appropriate returns on available 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



(Abbas Sarfaraz Khan)
CHIEF EXECUTIVE

Islamabad
February 26, 2018

مختصر جائزہ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے 31 دسمبر 2017 کو ختم ہونے والی ششماہی کی اختتامی مدت پر کمپنی کے ڈائریکٹرز غیر آڈٹ شدہ کنڈنڈ عبوری مالیاتی معلومات حصص داروں کو کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور پاکستان سٹاک ایکچینج کے قواعد کے مطابق پیش کرنے پر مسرت محسوس کرتے ہیں۔

آپریشن کا جائزہ

کمپنی کو ٹیکس کی ادائیگی سے پہلے 1.479 ملین روپے نقصان ہوا (31 دسمبر 2016: 0.499 ملین) تاہم منسلک کمپنیوں کے نقصان کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس ادائیگی سے پہلے نقصان 16.973 ملین روپے تک بڑھ گیا۔

انوسٹمنٹس

کمپنی نے ایسوسی ایٹڈ کمپنی میں 43.750 ملین روپے اور باہمی (میوچپول) فنڈز میں 40.239 ملین روپے کی سرمایہ کاری کر رکھی ہے۔ انتظامیہ نے دستیاب فنڈز پر مناسب ریٹرن حاصل کرنے کے لیے بڑے سوچ بچار کے بعد سرمایہ کاری کی ہوئی ہے۔

اکاوونٹنگ کی پالیسیاں

کمپنی کی ششماہی مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاوونٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی معاملات میں اپنائی گئی تھی۔

منجانب بورڈ



جناب عباس سرفراز خان

مردان

بتاریخ: 26 فروری 2018

چیف ایگزیکٹو آفیسر

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, 2017 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, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2017.

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, 2017 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 26, 2018

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

		Un-audited December 31, 2017	Audited June 30, 2017
Note		----- Rupees -----	
Assets			
Non-Current Assets			
Property, plant and equipment		4,570,850	4,606,503
Investment property		1,850,477	1,859,173
Long term investments	5	199,479,355	207,999,769
Loan to an Associated Company	6	43,750,000	43,750,000
		<u>249,650,682</u>	<u>258,215,445</u>
Current Assets			
Short term investment	7	40,239,349	42,124,347
Advances to employees - considered good		204,750	169,750
Accrued mark-up		28,909	1,024,894
Prepayments		230,053	14,210
Other receivables		740,835	-
Advance income tax and tax deducted at source		204,506	2,166,003
Bank balances		1,209,562	2,845,405
		<u>42,857,964</u>	<u>48,344,609</u>
		<u>292,508,646</u>	<u>306,560,054</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital			
5,000,000 ordinary shares of Rs.10 each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital			
4,000,000 ordinary shares of Rs.10 each		40,000,000	40,000,000
Reserves		12,686,130	13,171,048
Unappropriated profit		237,331,258	247,478,053
		<u>290,017,388</u>	<u>300,649,101</u>
Non-Current Liability			
Deferred taxation		182,117	183,496
Current Liabilities			
Accruals and other payables		1,675,537	3,730,979
Taxation		633,604	1,996,478
		<u>2,309,141</u>	<u>5,727,457</u>
Contingencies and Commitments			
	8		
		<u>292,508,646</u>	<u>306,560,054</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2017

	Quarter ended		Half-year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees -----			
Income	2,767,353	2,821,611	5,502,106	5,628,687
Operating and general expenses	(3,890,046)	(3,534,500)	(6,976,764)	(6,123,189)
Operating loss	<u>(1,122,693)</u>	<u>(712,889)</u>	<u>(1,474,658)</u>	<u>(494,502)</u>
Bank charges	(2,590)	(2,284)	(4,613)	(4,549)
	<u>(1,125,283)</u>	<u>(715,173)</u>	<u>(1,479,271)</u>	<u>(499,051)</u>
Share of loss of an Associated Company - net of taxation	<u>(12,120,736)</u>	<u>(828,608)</u>	<u>(15,493,637)</u>	<u>(7,386,807)</u>
Loss before taxation	<u>(13,246,019)</u>	<u>(1,543,781)</u>	<u>(16,972,908)</u>	<u>(7,885,858)</u>
Taxation	(323,284)	(245,814)	(632,028)	(530,106)
Loss after taxation	<u>(13,569,303)</u>	<u>(1,789,595)</u>	<u>(17,604,936)</u>	<u>(8,415,964)</u>
Loss per share - basic and diluted	<u>(3.39)</u>	<u>(0.45)</u>	<u>(4.40)</u>	<u>(2.10)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2017

	Quarter ended		Half-year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees -----			
Loss after taxation	(13,569,303)	(1,789,595)	(17,604,936)	(8,415,964)
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit and loss:				
Fair value (loss) / gain on re-measurement of available-for-sale investments	(87,555)	60,938	(92,918)	110,371
Share of fair value (loss) / gain on re-measurement of available-for-sale investments of Associated Companies	(638,293)	522,560	(392,000)	382,613
	(725,848)	583,498	(484,918)	492,984
Total comprehensive loss	(14,295,151)	(1,206,097)	(18,089,854)	(7,922,980)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Half-year ended	
	December 31, 2017	December 31, 2016
	----- Rupees -----	
Cash flow from operating activities		
Loss for the period - before taxation and share of loss of an Associated Company	(1,479,271)	(499,051)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	35,653	39,749
Depreciation on investment property	8,696	9,152
Mark-up on loan to an Associated Company	(1,658,172)	(1,645,190)
Gain on sale of short term investment	(67,910)	(203,950)
Fair value gain on re-measurement of short term investment	(1,047,092)	(1,246,952)
Loss before working capital changes	(4,208,096)	(3,546,242)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Advances to employees	(35,000)	20,000
Prepayments	(215,843)	(216,698)
Other receivables	(740,835)	(673,486)
Decrease in accruals and other payables	(2,055,442)	(1,356,806)
	(3,047,120)	(2,226,990)
Cash used in operations	(7,255,216)	(5,773,232)
Income tax paid	(34,784)	(70,642)
Net cash used in operating activities	(7,290,000)	(5,843,874)
Cash flows from investing activities		
Mark-up received on loan to an Associated Company	2,654,157	1,390,527
Fixed capital expenditure	-	(33,000)
Short term investment	3,000,000	10,436,407
Net cash generated from investing activities	5,654,157	11,793,934
Net cash used in financing activities		
Dividend paid	-	(6,000,000)
Net decrease in cash and cash equivalents	(1,635,843)	(49,940)
Cash and cash equivalents - at beginning of the period	2,845,405	1,213,369
Cash and cash equivalents - at end of the period	1,209,562	1,163,429

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Reserves					Total
	Share capital	Capital reserve	General reserve	Unrealised gain / (loss) on available for sale investments	Unappropriated profit	
----- Rupees -----						
Balance as at July 01, 2016	40,000,000	7,440,781	5,400,000	416,092	256,024,859	309,281,732
Transaction with owners:						
Cash dividend for the year ended June 30, 2016 at the rate of Rs. 1.5 per share	-	-	-	-	(6,000,000)	(6,000,000)
Total comprehensive income / (loss) for the half-year ended December 31, 2016						
Loss for the period	-	-	-	-	(8,415,964)	(8,415,964)
Other comprehensive income	-	-	-	492,984	-	492,984
Effect of items directly credited to equity by an Associated Company	-	-	-	492,984	(8,415,964)	(7,922,980)
Balance as at December 31, 2016	40,000,000	7,440,781	5,400,000	909,076	247,746,578	301,496,435
Balance as at July 01, 2017	40,000,000	7,440,781	5,400,000	330,267	247,478,053	300,649,101
Total comprehensive loss for the half-year ended December 31, 2017						
Loss for the period	-	-	-	-	(17,604,936)	(17,604,936)
Other comprehensive loss	-	-	-	(484,918)	-	(484,918)
Effect of items directly credited to equity by an Associated Company	-	-	-	(484,918)	(17,604,936)	(18,089,854)
Balance as at December 31, 2017	40,000,000	7,440,781	5,400,000	(154,651)	237,331,258	290,017,388

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

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 Pakistan Stock Exchange Limited. 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

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance).

This condensed interim financial information of the Company for the half year ended December 31, 2017 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 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, 2017 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, 2017.

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, 2017.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017. These are considered not to be relevant or to have any significant effect on Company's financial reporting and operations and are, therefore, not disclosed in the 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.

During the preparation of 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, 2017.

5. LONG TERM INVESTMENTS

		Un-audited December 31, 2017	Audited June 30, 2017
	Note	---- Rupees ----	
Associated Companies			
The Premier Sugar Mills and Distillery Company Ltd. (PSM) - Quoted	5.1	140,545,963	148,973,459
Premier Board Mills Ltd. (PBML) - Un-quoted	5.2	58,356,972	58,356,972
		<u>198,902,935</u>	207,330,431
Others - Quoted	5.3	576,420	669,338
		<u>199,479,355</u>	<u>207,999,769</u>

5.1 Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (June 30, 2017: 10.67%) of PSM's issued, subscribed and paid-up capital as at December 31, 2017. PSM was incorporated on July 24, 1944 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of PSM is manufacturing and sale of white sugar and spirit. Market value of the Company's investment in PSM as at December 31, 2017 was Rs. 32.900 million (June 30, 2017: Rs.48.000 million). PSM is an associate of the Company due to common directorship.

5.2 Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (June 30, 2017: 10.63%) of PBML's issued, subscribed and paid-up capital as at December 31, 2017. PBML was incorporated on May 12, 1980 as a public company and it is evaluating certain proposals for setting-up some industrial unit. PBML is an associate of the Company due to common directorship.

5.2.1 Carrying values of investments in PBML as at December 31, 2017 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, 2017.

5.3 Others - Quoted (Available for sale)

		---- Rupees ----	
Ibrahim Fibres Ltd.			
9,750 ordinary shares of Rs.10 each - cost		136,538	136,538
Add: adjustment on re-measurement to fair value		439,882	532,800
		<u>576,420</u>	<u>669,338</u>

6. LOAN TO AN ASSOCIATED COMPANY

The Company and Chashma Sugar Mills Ltd. (CSM) had entered into a loan agreement on May 20, 2008 whereby the Company has advanced amounts aggregating Rs.50 million to CSM. The loan carries mark-up at the rate of 1-Month KIBOR+1.25% per annum; effective mark-up rates charged by the Company, during the current period, ranged from 7.51% to 7.53% (June 30, 2017: 7.45% to 7.53%) per annum. As per the previous loan agreement, the loan was receivable in 8 equal half-yearly instalments which commenced from May, 2013. The Company and CSM, during the financial year ended June 30, 2014 and then again during the preceding financial year, have entered into a revised agreement and changed the repayment terms. As per latest agreement this loan is now receivable in seven half-yearly instalments commencing November, 2019. The loan is secured against a promissory note of Rs.59 million.

7. SHORT TERM INVESTMENT - at fair value through profit and loss

This represents investment in 390,356 (June 30, 2017: 419,560) units of First Habib Cash Fund.

8. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at December 31, 2017 and June 30, 2017.

9. TRANSACTIONS WITH RELATED PARTIES

9.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited Half-year ended December 31,	
		2017	2016
---- Rupees ----			
Associated Company	Mark-up earned on loan to an Associated Company	1,658,172	1,645,190
Key management personnel	Remuneration and other benefits	2,118,600	1,926,000

	Un-audited December 31, 2017	Audited June 30, 2017
	---- Rupees ----	
9.2 Period / year end balances are as follows:		

Investments	<u>198,902,935</u>	207,330,431
Loan to an Associated Company	<u>43,750,000</u>	43,750,000
Accrued mark-up on loan to an Associated Company	<u>28,909</u>	1,024,894

10. 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, 2017. 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, 2017.

11. 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.

12. GENERAL

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 26, 2018.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER