

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED
MARCH 31, 2017**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Abbas Sarfaraz Khan Chief Executive Mr. Aziz Sarfaraz Khan Begum Laila Sarfaraz Ms. Zarmine Sarfaraz Ms. Najda Sarfaraz Mr. Iskander M. Khan Mr. Usman Salim Khan
AUDIT COMMITTEE	Mr. Usman Salim Khan Chairman Mr. Abbas Sarfaraz Khan Member Mr. Aziz Sarfaraz Khan Member Mr. Iskander M. Khan Member Mr. Mujahid Bashir Secretary
COMPANY SECRETARY	Mr. Mujahid Bashir
CHIEF FINANCIAL OFFICER	Mr. Rizwan Ullah Khan
HEAD OF INTERNAL AUDIT	Syed Naveed Ali
AUDITORS	M/s. ShineWing Hameed Chaudhri & Co., <i>Chartered Accountants</i>
LEGAL ADVISOR	Ms. Shazia Malik <i>Advocate</i>
SHARE REGISTRAR	M/s. Hameed Majeed Associates (Pvt.) Ltd, H.M. House, 7-Bank Square, Lahore. Phone No.: 042-37235081 Fax No.: 042-37235083
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 Board of Directors of Arpak International Investments Limited takes pleasure in presenting the review on the operational and financial performance of the Company for the nine months period ended March 31, 2017.

OPERATIONS

During the period under review, the Company suffered pre-tax loss of Rs. 7.749 million (March 31, 2016: profit of Rs. 1.004 million) and after incorporating the share of loss of the associated undertakings, the Company's pre-tax loss has been reflected to Rs. 17.338 million for the period.

INVESTMENTS

The Company has investments of Rs. 43.750 million in an associated Company and Rs. 42.228 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



Islamabad
April 27, 2017

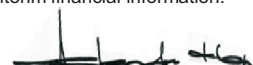
(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017

	Note	Un-audited March 31 2017 Rupees	Audited June 30 2016 Rupees
Assets			
Non-Current Assets			
Property, plant and equipment		4,625,560	4,629,474
Investment property		1,863,749	1,877,479
Long term investments	5	202,053,055	200,538,460
Loan to an Associated Company	6	43,750,000	31,250,000
		<u>252,292,364</u>	<u>238,295,413</u>
Current Assets			
Current portion of loan to an Associated Company	6	-	12,500,000
Short term investment	7	42,228,213	59,454,365
Advance to an employee - considered good		184,750	244,750
Accrued mark-up		204,636	390,527
Other receivables		79,507	-
Prepayments		111,238	4,486
Advance income tax and tax deducted at source		1,506,456	1,401,279
Bank balances		5,557,157	1,213,369
		<u>49,871,957</u>	<u>75,208,776</u>
		<u>302,164,321</u>	<u>313,504,189</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital			
5,000,000 ordinary shares of Rs.10 each		<u>50,000,000</u>	50,000,000
Issued, subscribed and paid up capital			
4,000,000 ordinary shares of Rs.10 each		40,000,000	40,000,000
Reserves		13,474,493	13,256,873
Unappropriated profit		242,635,169	256,024,859
		<u>296,109,662</u>	<u>309,281,732</u>
Non-Current Liability			
Deferred taxation		181,680	189,959
Current Liabilities			
Accruals and other payables		4,836,628	3,080,237
Taxation		1,036,351	952,261
		<u>5,872,979</u>	<u>4,032,498</u>
Contingencies and Commitments			
	8		
		<u>302,164,321</u>	<u>313,504,189</u>

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


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	Quarter ended		Nine months ended	
	March 31 2017	March 31 2016	March 31 2017	March 31 2016
	-----Rupees-----			
Income	3,292,787	3,410,535	8,921,474	8,816,698
Operating and General Expenses	(10,537,513)	(2,392,346)	(16,660,702)	(7,806,455)
Operating (Loss)/Profit	(7,244,726)	1,018,189	(7,739,228)	1,010,243
Bank Charges	(5,163)	(783)	(9,712)	(6,106)
	(7,249,889)	1,017,406	(7,748,940)	1,004,137
Share of (Loss)/Profit of Associated Companies--net of taxation	(2,202,236)	960,000	(9,589,043)	143,312
(Loss)/Profit- before taxation	(9,452,125)	1,977,406	(17,337,983)	1,147,449
Taxation	(407,619)	88,463	(937,725)	(220,446)
(Loss)/Profit- after taxation	(9,859,744)	2,065,869	(18,275,708)	927,003
(Loss)/Earning per Share	(2.46)	0.52	(4.57)	0.23

The annexed notes 1 to 12 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 NINE MONTHS ENDED MARCH 31, 2017

	Quarter ended		Nine months ended	
	March 31 2017	March 31 2016	March 31 2017	March 31 2016
	-----Rupees-----			
(Loss)/Profit after taxation	(9,859,744)	2,065,869	(18,275,708)	927,003
Other Comprehensive Income				
Fair value gain/(Loss) on re-measurement of available-for-sale investments	107,249	239,364	217,620	(89,212)
Total Comprehensive (Loss)/Income for the period	(9,752,495)	2,305,233	(18,058,088)	837,791

The annexed notes 1 to 12 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 ENDED MARCH 31, 2017

	March 31 2017 Rupees	March 31 2016 Rupees
Cash flow from operating activities		
(Loss)/Profit for the period - before taxation and share of profit of Associated Companies	(7,748,940)	1,004,137
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	61,465	37,466
Depreciation on investment property	13,730	14,452
Mark-up on loan to an Associated Company	(2,454,637)	(2,605,539)
Profit on term finance certificates/deposits	-	(891,893)
Fair value gain on measurement of investments	(2,673,848)	(1,472,831)
Loss before working capital changes	(12,802,230)	(3,914,208)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Advance to employees - <i>considered good</i>	60,000	135,000
Prepayments	(106,752)	(166,729)
Other receivables	(79,507)	-
Increase / (decrease) in current Liabilities		
(Increase) / decrease in accruals and other payables	1,756,391	2,720,279
	1,630,132	2,688,550
Cash used in operating activities	(11,172,098)	(1,225,658)
Income tax paid	(967,092)	(1,576,172)
Net cash used in operating activities	(12,139,190)	(2,801,830)
Cash flow from investing activities		
Short term investment	(57,550)	-
Mark-up received on loan to an Associated Company	2,640,528	3,915,893
Short term investment	19,900,000	(58,000,000)
Net cash generated from/(used in) investing activities	22,482,978	(54,084,107)
Net cash generated from Financial activities		
short term borrowings-temporary overdraft		
Dividend paid	(6,000,000)	(4,000,000)
Net increase / (decrease) in cash and cash equivalents	4,343,788	(60,885,937)
Cash and cash equivalents - at beginning of the period	1,213,369	64,441,217
Cash and cash equivalents - at end of the period	5,557,157	3,555,280

The annexed notes 1 to 12 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 NINE MONTHS ENDED MARCH 31, 2017

	Reserves			Unappropriated profit	Total	
	Share capital	Capital reserve	General reserve			Unrealised gain on long term investments
	R u p e e s					
Balance as at July 01, 2015	40,000,000	7,440,781	5,400,000	612,750	197,957,667	251,411,198
Final cash dividend for the year ended June 30, 2015 at the rate Rs.1 per share	-	-	-	-	(4,000,000)	(4,000,000)
Total comprehensive (Loss)/income for the nine months ended March 31, 2016	-	-	-	(89,212)	927,003	837,791
Effect of items directly credited to equity by an Associated Company	-	-	-	-	-	-
Balance as at March 31, 2016	40,000,000	7,440,781	5,400,000	523,538	194,884,670	248,248,989
Balance as at July 01, 2016	40,000,000	7,440,781	5,400,000	416,092	256,024,859	309,281,732
Final cash dividend for the year ended June 30, 2016 at the rate Rs.1.5 per share	-	-	-	-	(6,000,000)	(6,000,000)
Total comprehensive income/(Loss) for the nine months ended March 31, 2017	-	-	-	217,620	(18,275,708)	(18,058,088)
Effects of items directly credited in equity by Associated Companies	-	-	-	-	10,886,018	10,886,018
Balance as at March 31, 2017	40,000,000	7,440,781	5,400,000	633,712	242,635,169	296,109,662

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


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED
NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 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 Lahore and Karachi Stock Exchanges. The registered office of the Company is situated at 20-A, Markaz F-7, Islamabad. It is principally engaged in investment business of various forms.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended March 31, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where the requirements differ, the provisions of or directives issued under the Ordinance, 1984 shall prevail. 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 for the year ended June 30, 2016.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2016.

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, 2016.

5. LONG TERM INVESTMENTS

		Un-audited March 31, 2017	Audited June 30, 2016
Associated Companies:	Note	---- Rupees ----	
The Premier Sugar Mills and Distillery Company Ltd. - Quoted	5.1	144,461,613	143,164,638
Premier Board Mills Ltd. - Un-quoted	5.2	56,821,192	56,821,192
		201,282,805	199,985,830
Others - Quoted	5.3	770,250	552,630
		202,053,055	200,538,460

5.1. Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (June 30, 2016: 10.67%) of PSM's issued, subscribed and paid-up capital as at December 31, 2016. 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 March 31, 2017 was Rs. 63.812 million (June 30, 2016: Rs.64.220 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, 2016: 10.63%) of PBML's issued, subscribed and paid-up capital as at March 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 March 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 nine months ended March 31, 2017.

	Un-audited March 31, 2017	Audited June 30, 2016
----- Rupees -----		
5.3. Others - Quoted (Available for sale) Ibrahim Fibres Ltd.	136,538	136,538
9,750 ordinary shares of Rs.10 each - cost	633,712	416,092
Add: adjustment on re-measurement to fair value	<u>hbs 770,250</u>	<u>552,630</u>

6. LOAN TO AN ASSOCIATED COMPANY

Balance as at	43,750,000	43,750,000
Less: current portion grouped under current assets	-	12,500,000
	<u>43,750,000</u>	<u>31,250,000</u>

6.1 The Company and Chashma Sugar Mills Ltd. (CSM) had entered into a loan agreement on May 20, 2008 whereby the Company advanced loan aggregating Rs.50 million to CSM. As per the original terms of the loan agreement, the loan was receivable in 8 equal half-yearly instalments to be commenced from May, 2013. The Company and CSM, during the financial year ended June 30, 2014 and then again during the current period revised the repayment terms of the loan agreement. As per the latest revised agreement this loan is now receivable in seven half-yearly instalments commencing November, 2019. 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 7.45% to 7.50% (June 30, 2016: 7.50% to 8.24%) per annum. The loan is secured against a promissory note of Rs.59 million.

7. SHORT TERM INVESTMENTS

- At fair value through profit or loss

This represents investment in 489,942 (June 30, 2016: 592,559) units of First Habib Cash Fund.

8. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at March 31, 2017 and June 30, 2016.

9. TRANSACTIONS WITH RELATED PARTIES

9.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited Half-year ended March 31,	
		2017	2016
----- Rupees -----			
Associated Company	Mark-up earned on loan to an Associated Company	2,454,637	2,605,539
Key management personnel	Remuneration and retirement benefits	9,122,260	1,728,255

9.2 Period / year end balances are as follows:

	Un-audited March 31, 2017	Audited June 30, 2016
----- Rupees -----		
Loan to an Associated Company	<u>43,750,000</u>	<u>43,750,000</u>

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, 2016. 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, 2016.

11. CORRESPONDING FIGURES

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

12. GENERAL

12.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 27, 2017.

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



Chief Executive



Director