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ARPAK INTERNATIONAL INVESTMENTS LIMITED
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Arpak International Investments Limited

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD
ENDED DECEMBER 31, 2022**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

Board of Directors

Begum Laila Sarfaraz	Chairperson
Mr. Abbas Sarfaraz Khan	Chief Executive
Ms. Najda Sarfaraz	Director
Mr. Iskander M. Khan	Director
Mr. Babar Ali Khan	Director
Mr. Usman Salim Khan	Independent Director
Mr. Faiysal Ali 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. Zahoor Alam
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

DIRECTOR'S REVIEW REPORT

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, 2022 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 operational loss of Rs. 2.516 million (December 31, 2021: Loss of Rs.0.744 million) during the period and after incorporating the share of loss of the associated undertakings, the Company's has suffered a pre-tax loss Rs. 87.896 million for the period.

INVESTMENTS

The Company has investments of Rs 37.50 million in an associated Company and Rs 22.12 million in mutual funds. The management has invested prudently to ensure appropriate returns on available funds.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial information for the half year are the same as applied in the preparation of the preceding annual financial statement of the Company.

ACKNOWLEDGEMENT

The Directors appreciate the hard work and dedication displayed by the employees of the Company.

ON BEHALF OF THE BOARD



Islamabad
February 24, 2023

(Abbas Sarfaraz Khan)
Chief Executive



(Iskander M. Khan)
Director

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے 31 دسمبر 2022 کو ختم ہونے والی ششماہی کی اختتامی مدت پر کمپنی کے ڈائریکٹرز غیر آڈٹ شدہ کنڈنڈ عبوری مالیاتی معلومات حصص داروں کو سنے کمپنی ایکٹ 2017 (دی ایکٹ) اور پاکستان سٹاک ایکسچینج کے قواعد کے مطابق پیش کرنے پر مسرت محسوس کرتے ہیں۔

آپریشن کا جائزہ

کمپنی کو 2.516 ملین روپے کا آپریشنل نقصان ہوا (31 دسمبر 2021: 0.744 ملین نقصان ہوا)؛ ہمنسٹک کمپنیوں کے نقصان کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس کی اوریجنگ سے پہلے کا نقصان 87.896 ملین روپے تک بڑھ گیا۔

انوسٹمنٹس

کمپنی نے ایسوسی ایٹڈ کمپنی میں 37.50 ملین روپے اور باہمی (میو جیول فنڈز) میں 22.12 ملین روپے کی سرمایہ کاری کر رکھی ہے۔ انتظامیہ نے دستیاب فنڈز پر مناسب ریٹرن حاصل کرنے کے لیے بڑے سوچے بچار کے بعد سرمایہ کاری کی ہوئی ہے۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی ششماہی کنڈنڈ عبوری مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو کہ کمپنی کی سالانہ مالیاتی معاملات کی تیاری میں اپنائی گئی تھیں۔

اعتراف

ڈائریکٹرز نے کمپنی کے لئے سٹاف کی محنت کو سراہا ہے۔

منجانب بورڈ



جناب اکٹرار خان

ڈائریکٹر



جناب عباس مہرازا خان

چیف ایگزیکٹو آفیسر

اسلام آباد

تاریخ: 24 فروری، 2023

ARPAK INTERNATIONAL INVESTMENTS LIMITED

Independent Auditors' Review Report To the Members of Arpak International Investments Limited Report on Review of Interim Financial Statements

To the Members of Arpak International Investments Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Arpak International Investments Limited** (the Company) as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

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 statements 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Lahore:
February 24, 2023
UDIN: RR202210104yPrjLdAR5


SHINewing HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

		Un-audited December 31, 2022		Audited June 30, 2022
Note		----- Rupees -----		
Assets				
Non-Current Assets				
Property, plant and equipment		4,382,872		4,415,390
Investment property		1,773,760		1,780,488
Long term investments	4	304,672,924		292,672,924
Loan to an Associated Company	5	25,000,000		31,250,000
		<u>335,829,556</u>		<u>330,118,802</u>
Current Assets				
Current portion of loan to an Associated Company		12,500,000		12,500,000
Short term investments	6	22,128,503		20,749,666
Advances to employees - considered good		139,750		139,750
Accrued mark-up		1,274,984		2,351,696
Advances, prepayments and other receivables		408,918		6,280
Advance income tax and tax deducted at source		336,638		1,628,061
Bank balances		4,000,770		1,001,294
		<u>40,789,563</u>		<u>38,376,747</u>
		<u>376,619,119</u>		<u>368,495,549</u>
Equity and Liabilities				
Share Capital and Reserves				
Authorised capital		50,000,000		50,000,000
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		12,840,781		12,840,781
Accumulated loss		(175,212,070)		(98,322,096)
Share of surplus on revaluation of property, plant and equipment of Associated Companies		494,939,542		408,947,433
		<u>372,568,253</u>		<u>363,466,118</u>
Non-Current Liability				
Deferred taxation		142,358		143,671
Current Liabilities				
Accruals and other payables		2,479,182		1,933,836
Unclaimed dividend		1,039,042		1,039,042
Taxation		390,284		1,912,882
		<u>3,908,508</u>		<u>4,885,760</u>
Contingencies and Commitments				
	7	<u>376,619,119</u>		<u>368,495,549</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees -----			
Income	3,502,202	3,560,200	6,100,134	6,898,866
Operating and general expenses	(3,628,139)	(3,504,494)	(8,613,273)	(7,639,459)
Operating (loss) / profit	<u>(125,937)</u>	55,706	<u>(2,513,139)</u>	(740,593)
Bank charges	(1,531)	(2,483)	(3,439)	(3,583)
	<u>(127,468)</u>	53,223	<u>(2,516,578)</u>	(744,176)
Share of loss of an Associated Company - net of taxation				
	(11,895,574)	(6,045,867)	(15,356,054)	(1,503,467)
Provision made for impairment in investment in an Associated Company				
	(86,862,211)	(118,023,682)	(70,023,954)	(110,027,447)
	<u>(98,885,253)</u>	(124,016,326)	<u>(87,896,586)</u>	(112,275,090)
Taxation	(262,790)	(501,223)	(381,286)	(977,732)
Loss after taxation	<u>(99,148,043)</u>	(124,517,549)	<u>(88,277,872)</u>	(113,252,822)
Loss per share - basic and diluted				
	<u>(24.79)</u>	(31.13)	<u>(22.07)</u>	(28.31)

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


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, 2022

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees -----			
Loss after taxation	(99,148,043)	(124,517,549)	(88,277,872)	(113,252,822)
Other comprehensive income				
Items that may be reclassified subsequently to statement of profit or loss:				
Share of other comprehensive (loss) / income from Associated Company - net	(419,947)	221,013	(419,947)	221,013
Share of surplus arisen on revaluation of property, plant and equipment carried out by an Associated Company	97,705,923	139,812,164	97,705,923	139,812,164
Total comprehensive (loss) / income	(1,862,067)	15,515,628	9,008,104	26,780,355

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
	----- Rupees -----	
Cash flow from operating activities		
Loss for the period - before taxation and share of loss of an Associated Company	(2,516,578)	(744,176)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	32,518	38,398
Depreciation on investment property	6,728	7,083
Mark-up on loan to an Associated Company	(3,577,762)	(2,027,881)
Gain on sale of short term investment	-	(30,741)
Fair value gain on re-measurement of short term investment	(278,089)	(305,118)
Dividend income	(1,295,002)	(518,414)
Loss before working capital changes	(7,628,185)	(3,580,849)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Advances to employees	-	210,000
Advances, prepayments and other receivables	(402,638)	(218,339)
Increase in current liabilities:		
Accruals and other payables	545,346	130,046
	142,708	121,707
Cash used in operations	(7,485,477)	(3,459,142)
Income tax paid	(613,775)	(1,083,840)
Net cash used in operating activities	(8,099,252)	(4,542,982)
Cash flows from investing activities		
Mark-up received on loan to an Associated Company	4,654,474	2,500,000
Loan recovered from an Associated Company	6,250,000	-
Short term investments - net	(1,100,748)	2,059,345
Dividend received	1,295,002	518,414
Net cash generated from investing activities	11,098,728	5,077,759
Net increase in cash and cash equivalents	2,999,476	534,777
Cash and cash equivalents - at beginning of the period	1,001,294	693,423
Cash and cash equivalents - at end of the period	4,000,770	1,228,200

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


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, 2022

	Reserves			Share of surplus on revaluation of property, plant and equipment of an Associated Company	Total
	Share capital	Capital reserve	General reserve		
	----- Rupees -----				
Balance as at July 01, 2021	40,000,000	7,440,781	5,400,000	(45,130,961)	291,809,030
Total comprehensive income for the half year ended December 31, 2021					
Loss for the period	-	-	-	(113,252,822)	(113,252,822)
Other comprehensive income	-	-	-	221,013	139,812,164
	-	-	-	(113,031,809)	26,780,355
Effect of items directly credited to equity by an Associated Company	-	-	-	781,736	781,736
Share of surplus on revaluation of property, plant and equipment realized during the period by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	11,514,667	(11,514,667)
Balance as at December 31, 2021	40,000,000	7,440,781	5,400,000	(145,866,367)	420,106,527
Balance as at July 01, 2022	40,000,000	7,440,781	5,400,000	(98,322,096)	408,947,433
Total comprehensive income for the half year ended December 31, 2022					
Loss for the period	-	-	-	(88,277,872)	(88,277,872)
Other comprehensive (loss) / income	-	-	-	(419,947)	97,705,923
	-	-	-	(88,697,819)	9,008,104
Effect of items directly credited to equity by an Associated Company	-	-	-	94,031	94,031
Share of surplus on revaluation of property, plant and equipment realized during the period by an Associated Company on account of incremental depreciation and upon sale of revalued assets - (net of deferred taxation)	-	-	-	11,713,814	(11,713,814)
Balance as at December 31, 2022	40,000,000	7,440,781	5,400,000	(175,212,070)	494,939,542

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


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, 2022

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 Limited. 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 (the Act), and
- Provisions of and directives issued under the Act,
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and

Where provisions of and directives issued under the Act, differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2022. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Standards, amendments to approved accounting standards effective in current period and are relevant

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

2.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are effective for accounting periods beginning on January 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

2.4 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2022.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require 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 these condensed interim financial statements, 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, 2022.

4. LONG TERM INVESTMENTS

	Note	Un-audited December 31, 2022	Audited June 30, 2022
---- Rupees ----			
Associated Companies			
The Premier Sugar Mills and Distillery Company Ltd. (PSM) - quoted			
Carrying value - under equity method	4.1	732,148,157	650,124,203
Less: accumulated impairment loss	4.1.1	(500,148,157)	(430,124,203)
		232,000,000	220,000,000
Premier Board Mills Ltd. (PBML) - Un-quoted	4.2	72,672,924	72,672,924
		304,672,924	292,672,924

4.1 Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (June 30, 2022: 10.67%) of PSM's issued, subscribed and paid-up capital as at December 31, 2022. 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. PSM is an associate of the Company due to common directorship.

4.1.1 The Company has recognized impairment on its investment in PSM based on the market value of PSM's shares as at the reporting date. Market value of PSM's shares as at December 31, 2022 was Rs.580 (June 30, 2022: Rs.550) per share.

4.2 Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (June 30, 2022: 10.63%) of PBML's issued, subscribed and paid-up capital as at December 31, 2022. 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.

4.2.1 Carrying value of investment in PBML as at December 31, 2022 has 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 period ended December 31, 2022.

5. 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 period, ranged from 15.55% to 17.83% (June 30, 2022: 8.76% to 15.56%) per annum. As per the original 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 entered into a revised agreements and changed the repayment terms. As per latest

agreement, outstanding balance of Rs.37.500 million is now receivable in six half-yearly instalments. The loan is secured against a promissory note of Rs.77 million.

6. SHORT TERM INVESTMENTS - at fair value through profit or loss

This represents investment in 216,444.71 (June 30, 2022: 205,540.94) units of First Habib Cash Fund.

7. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at December 31, 2022 and June 30, 2022.

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,	
		2022	2021
---- Rupees ----			
Associated Company	Mark-up earned on loan to an Associated Company	3,577,762	2,027,881
	Rental charged	900,000	-
	Loan recovered	6,250,000	-
Key management personnel	Remuneration and other benefits	2,755,752	3,974,498
		Un-audited	Audited
		December 31,	June 30,
		2022	2022
---- Rupees ----			
8.2	Period / year end balances are as follows:		
	Loan to an Associated Company	25,000,000	31,250,000
	Current portion of loan to an Associated Company	12,500,000	12,500,000
	Accrued mark-up on loan to an Associated Company	1,274,984	2,351,696

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, 2022. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statements 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, 2022.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level:3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's investment in MutualFund has been measured at fair value using period-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.

During the period ended December 31, 2022, there were no transfers amongst the levels. Further, there were no changes in the valuation techniques during the period.

11. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2022, whereas, the condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of cash flows and the condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the half year ended December 31, 2021.

12. GENERAL

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 24, 2023.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER