

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR
ENDED 31 DECEMBER, 2014**

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. Abbas Sarfaraz Khan <i>Chairman</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
AUDITORS	Messers Hameed Chaudhri & Co., <i>Chartered Accountants</i>
TAX CONSULTANTS	Messers BDO Ibrahim & Co., <i>Chartered Accountants</i>
LEGAL ADVISOR	Mr. Ishtiaq Ahmad <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, 2014 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 earned pre-tax profit of Rs. 1.520 million (31 December 2013: Rs. 1.788 million) during the half year. However, after incorporating loss in share value of an associated undertaking, the Company's pre-tax profit was converted into loss of Rs. 3.715 million for the period ended on 31 December, 2014.

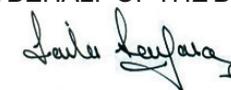
INVESTMENTS

The Company has investment of Rs. 43.750 million in an Associated Company and Rs. 61.260 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



Islamabad
23 February, 2015

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

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, 2014 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Hameed Chaudhri & Co

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

Lahore: February 24, 2015

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

	Un-audited December 31, 2014	Audited June 30, 2014
Note	---- Rupees ----	
Assets		
Non-Current Assets		
Property, plant and equipment	4,610,000	4,636,406
Investment property	1,906,891	1,917,033
Long term investments	5 129,645,649	131,949,220
Loan to an Associated Company	6 43,750,000	43,750,000
	<u>179,912,540</u>	<u>182,252,659</u>
Current Assets		
Short term investments	7 61,260,563	59,703,644
Advance to an employee - considered good	309,750	309,750
Accrued mark-up	94,812	1,873,037
Prepayments	61,020	35,775
Advance income tax and tax deducted at source	70,826	674,267
Bank balances	139,183	116,208
	<u>61,936,154</u>	<u>62,712,681</u>
	<u>241,848,694</u>	<u>244,965,340</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	13,581,646	13,404,878
Unappropriated profit	187,229,096	188,546,584
	<u>240,810,742</u>	<u>241,951,462</u>
Non-Current Liability		
Deferred taxation	181,465	178,657
Current Liabilities		
Accruals and other payables	716,524	2,258,060
Short term borrowings - temporary overdraft	139,963	-
Taxation	-	577,161
	<u>856,487</u>	<u>2,835,221</u>
Contingencies and Commitments	8	
	<u>241,848,694</u>	<u>244,965,340</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial informat

Saib Safdar
Chief Executive

[Signature]
Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2014

	Quarter ended		Half-year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
Income	3,069,053	2,750,433	6,590,025	5,773,685
Operating and general expenses	(2,947,770)	(2,228,562)	(5,069,351)	(3,984,054)
Operating profit	121,283	521,871	1,520,674	1,789,631
Bank charges	(326)	(1,098)	(908)	(1,272)
	120,957	520,773	1,519,766	1,788,359
Share of loss of an Associated Company - net of taxation	5 (940,150)	(1,943,244)	(5,235,173)	(764,849)
(Loss) / profit before taxation	(819,193)	(1,422,471)	(3,715,407)	1,023,510
Taxation	9 (292,055)	53,350	(356,915)	(4,900)
(Loss) / profit after taxation	(1,111,248)	(1,369,121)	(4,072,322)	1,018,610
(Loss) / earnings per share - basic and diluted	(0.28)	(0.34)	(1.02)	0.25

The annexed notes 1 to 13 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, 2014

	Quarter ended		Half-year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
(Loss) / profit after taxation	(1,111,248)	(1,369,121)	(4,072,322)	1,018,610
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss:				
Fair value gain on re-measurement of available-for-sale investments	271,538	228,443	176,768	175,500
Total comprehensive (loss) / income	(839,710)	(1,140,678)	(3,895,554)	1,194,110

The annexed notes 1 to 13 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, 2014

	Half-year ended	
	December 31, 2014	December 31, 2013
----- Rupees -----		
Cash flow from operating activities		
Profit for the period - before taxation and share of loss of an Associated Company	1,519,766	1,788,359
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	26,406	27,944
Depreciation on investment property	10,142	10,677
Mark-up on loan to an Associated Company	(2,521,775)	(2,340,265)
Dividend income	-	(19,500)
Fair value gain on re-measurement of investments	(2,516,002)	(2,033,372)
Loss before working capital changes	(3,481,463)	(2,566,157)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Short term investments at fair value through profit and loss	959,083	(2,500,000)
Prepayments	(25,245)	(27,280)
Decrease in accruals and other payables	(1,541,536)	(1,278,796)
	(607,698)	(3,806,076)
Cash used in operating activities	(4,089,161)	(6,372,233)
Income tax paid	(327,827)	(9,123)
Net cash used in operating activities	(4,416,988)	(6,381,356)
Cash generated from investing activities		
Mark-up received on loan to an Associated Company	4,300,000	3,000,000
Dividend received	-	19,500
Net cash generated from investing activities	4,300,000	3,019,500
Net cash generated from financing activities		
Short term borrowings - temporary overdraft	139,963	-
Net increase / (decrease) in cash and cash equivalents	22,975	(3,361,856)
Cash and cash equivalents - at beginning of the period	116,208	3,601,022
Cash and cash equivalents - at end of the period	139,183	239,166

The annexed notes 1 to 13 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, 2014

	Reserves				Unappropriated profit	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on available for sale investments		
----- Rupees -----						
Balance as at July 01, 2013	40,000,000	7,440,781	5,400,000	370,462	182,493,263	235,704,506
Total comprehensive income for the half-year ended December 31, 2013						
Profit for the period	-	-	-	-	1,018,610	1,018,610
Other comprehensive income	-	-	-	175,500	-	175,500
Effect of items directly credited to equity by an Associated Company	-	-	-	175,500	1,018,610	1,194,110
Balance as at December 31, 2013	40,000,000	7,440,781	5,400,000	545,962	185,749,828	239,136,571
Balance as at July 01, 2014	40,000,000	7,440,781	5,400,000	564,097	188,546,584	241,951,462
Total comprehensive income / (loss) 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
Effect of items directly credited to equity by an Associated Company	-	-	-	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	187,229,096	240,810,742

The annexed notes 1 to 13 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, 2014

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 is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It 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. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half-year ended December 31, 2014 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 for the year ended June 30, 2014.

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, 2014.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 applied to the financial statements for the year ended June 30, 2014.

5. LONG TERM INVESTMENTS

		Un-audited December 31, 2014	Audited June 30, 2014
	Note	----- Rupees -----	
Associated Companies			
The Premier Sugar Mills and Distillery Company Ltd. - Quoted	5.1	77,675,914	80,156,253
Premier Board Mills Ltd. - Un-quoted	5.2	51,092,332	51,092,332
		128,768,246	131,248,585
Others			
	5.3	877,403	700,635
		129,645,649	131,949,220

	Un-audited December 31, 2014	Audited June 30, 2014
	----- Rupees -----	

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, 2014:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	74,111,087	75,628,317
Loss for the period / year - net of taxation	(5,235,173)	(4,272,064)
	77,675,914	80,156,253

5.1.1 Carrying values of investments in PSM as at December 31, 2014 have been worked-out based on the un-audited financial statements for the quarter ended December 31, 2014.

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, 2014:10.63%)		
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML	45,092,332	45,115,291
Loss for the period / year - net of taxation	-	(22,959)
	51,092,332	51,092,332

5.2.1 Carrying values of investments in PBML as at December 31, 2014 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, 2014.

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	740,865	564,097
	877,403	700,635

6. LOAN TO AN ASSOCIATED COMPANY

All the term and conditions of the loan are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2014.

7. SHORT TERM INVESTMENTS

- At fair value through profit or loss

Un-audited Audited
December 31, June 30,
2014 2014
----- Rupees -----

MCB Cash Management Optimizer

369,749 (June 30, 2014: 379,341) Units - cost	26,775,509	27,734,592
Adjustment on re-measurement to fair value	11,796,049	10,199,469
	38,571,558	37,934,061

Pakistan Cash Management Fund

53,465 (June 30, 2014: 53,465) Units - cost	2,500,000	2,500,000
Adjustment on re-measurement to fair value	288,790	173,262
	2,788,790	2,673,262

Askari Sovereign Cash Fund

189,898 (June 30, 2014: 189,898) Units - cost	15,000,000	15,000,000
Adjustment on re-measurement to fair value	4,900,215	4,096,321
	19,900,215	19,096,321
	61,260,563	59,703,644

8. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at December 31, 2014 and June 30, 2014.

9. TAXATION

	Un-audited			
	Quarter ended		Half-year ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	----- Rupees -----			
Current				
- tax on profit for the period	64,860	56,300	-	(1,950)
- Adjustments in respect of prior years	(354,107)	1,021	(354,107)	1,021
	(289,247)	57,321	(354,107)	(929)
Deferred				
	(2,808)	(3,971)	(2,808)	(3,971)
	(292,055)	53,350	(356,915)	(4,900)

10. TRANSACTIONS WITH RELATED PARTIES

10.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited	
		Half-year ended	
		December 31,	2013
		----- Rupees -----	
Associated Company	Mark-up earned on loan to an Associated Company	2,521,775	2,340,265
Key management personnel	Remuneration and other benefits	1,471,920	1,471,920
		Un-audited	Audited
		December 31,	June 30,
		2014	2014
		----- Rupees -----	

10.2 Period / year end balances are as follows:

Investments	128,768,246	131,248,585
Loan to an Associated Company	43,750,000	43,750,000

11. 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, 2014. 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, 2014.

12. CORRESPONDING FIGURES

12.1 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.

13. GENERAL

13.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 23, 2015.

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


Chief Executive


Director