

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
31 MARCH, 2013**

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. Aziz Sarfaraz Khan <i>Chairman</i> Mr. Abbas 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 ADVISERS | 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 interim financial statements of the Company for the period ended on 31 March, 2013 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. 3.824 million (Rs. 4.189 million: 31 March, 2012) during the period. However, after incorporating the share of loss on investment in an associated undertaking, the Company's pre-tax profit has turned into a pre-tax loss of Rs. 7.247 million for the period ended on 31 March, 2013.

INVESTMENTS

The Company has invested Rs. 50 million in an Associated Company and investments in Mutual Funds stand at Rs. 50.29 million (31 March, 2012: Rs. 40.87 million).

ACCOUNTING POLICIES

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

Islamabad
26 April, 2013

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE

| | Un-audited 31 March, 2013 Rupees | Audited 30 June, 2012 Rupees |
|--|---|---------------------------------------|
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorised 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 issued for cash | 40,000,000 | 40,000,000 |
| Reserves | 13,162,494 | 13,192,036 |
| Unappropriated profit | 181,555,728 | 189,193,527 |
| | <u>234,718,222</u> | <u>242,385,563</u> |
| DEFERRED TAXATION | 175,929 | 170,291 |
| CURRENT LIABILITIES | | |
| Accruals and other payables | 2,945,220 | 1,900,944 |
| Taxation | 407,846 | 252,425 |
| | <u>3,353,066</u> | <u>2,153,369</u> |
| CONTINGENCIES AND COMMITMENTS | | |
| 5 | - | - |
| | <u>238,247,217</u> | <u>244,709,223</u> |

INVESTMENTS LIMITED

SHEET AS AT 31 MARCH, 2013

| | Un-audited 31 March, 2013 Rupees | Audited 30 June, 2012 Rupees |
|--|---|---------------------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property & Equipment | 4,707,099 | 4,751,512 |
| Investment property | 1,944,004 | 1,960,861 |
| Long term investments | 6 131,037,667 | 142,115,741 |
| Loan to an Associated Company | 37,500,000 | 43,750,000 |
| | <u>175,188,770</u> | <u>192,578,114</u> |
| CURRENT ASSETS | | |
| Investments | 7 50,288,625 | 41,869,803 |
| Current Portion of non- current assets | 10,641,918 | 9,154,073 |
| Advances to employees - considered good | 9,750 | 9,750 |
| Accrued profit and mark-up | 761,320 | 291,201 |
| Prepayments | 14,339 | 16,152 |
| Advance income tax and tax deducted at source | 356,140 | 271,277 |
| Bank balances | 986,355 | 518,853 |
| | <u>63,058,447</u> | <u>52,131,109</u> |
| | <u>238,247,217</u> | <u>244,709,223</u> |

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

Chief Executive

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Director

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ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH, 2013

| | Quarter ended | | Cumulative | |
|---|--------------------|-------------------|---------------------|-------------------|
| | 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| | ----- Rupees ----- | | | |
| INCOME | 3,547,979 | 3,362,179 | 9,923,297 | 10,266,970 |
| OPERATING AND GENERAL EXPENSES | 1,794,720 | 2,118,816 | 6,096,454 | 6,074,308 |
| OPERATING PROFIT | 1,753,259 | 1,243,363 | 3,826,843 | 4,192,662 |
| BANK CHARGES | 640 | 1,290 | 2,626 | 3,674 |
| | 1,752,619 | 1,242,073 | 3,824,217 | 4,188,988 |
| SHARE OF PROFIT / (LOSS) OF ASSOCIATED COMPANIES | 215,052 | (12,557,350) | (11,071,469) | (12,557,350) |
| PROFIT/(LOSS) BEFORE TAXATION | 1,967,671 | (11,315,277) | (7,247,252) | (8,368,362) |
| TAXATION | | | | |
| Current | 330,925 | 73,600 | 407,846 | 178,825 |
| Prior year | 0 | 0 | 0 | 1,448 |
| Deferred | 5,638 | 6,087 | 5,638 | 6,087 |
| | 336,563 | 79,687 | 413,484 | 186,360 |
| PROFIT/(LOSS) AFTER TAXATION | 1,631,108 | (11,394,964) | (7,660,736) | (8,554,722) |
| PROFIT/(LOSS) PER SHARE | 0.41 | (2.85) | (1.92) | (2.14) |

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

Chief Executive

Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH, 2013 (UN-AUDITED)

| | Share capital | Capital reserve | General reserve | Unrealised gain on long term investments | Unappropriated profit | Total |
|---|--------------------|------------------|------------------|--|-----------------------|--------------------|
| | ----- Rupees ----- | | | | | |
| Balance as at 30 June, 2011 | 40,000,000 | 7,440,781 | 5,400,000 | 275,107 | 195,799,805 | 248,915,693 |
| Total comprehensive income / (loss) for the Nine Months period ended 31 March, 2012 | 0 | 0 | 0 | (36,270) | (8,554,722) | (8,590,992) |
| Effect of items directly credited to equity by an Associated Company | 0 | 0 | 0 | 0 | 2,033,561 | 2,033,561 |
| Balance as at 31 March, 2012 | 40,000,000 | 7,440,781 | 5,400,000 | 238,837 | 189,278,644 | 242,358,262 |
| Balance as at 30 June, 2012 | 40,000,000 | 7,440,782 | 5,400,000 | 351,255 | 189,193,526 | 242,385,563 |
| Total comprehensive income / for the Nine Months period ended 31 March, 2013 | 0 | 0 | 0 | (29,543) | (7,660,736) | (7,690,279) |
| Effect of items directly credited to equity by an Associated Company | 0 | 0 | 0 | 0 | 22,938 | 22,938 |
| Balance as at 31 March, 2013 | 40,000,000 | 7,440,782 | 5,400,000 | 321,712 | 181,555,728 | 234,718,222 |

The annexed notes 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 31 MARCH, 2013

| | Nine months ended | |
|---|-------------------|-------------------|
| | 31 March, 2013 | 31 March, 2012 |
| | Rupees | Rupees |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit for the period - before taxation and share of profit of Associated Companies and impairment loss against long term investments | 3,824,217 | 4,188,988 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on property & equipment | 44,413 | 47,132 |
| Depreciation on investment property | 16,857 | 17,744 |
| Mark-up on loan to an Associated Company | (4,245,704) | (5,243,672) |
| Profit / interest accrued | 0 | (60,468) |
| Fair value gain on re-measurement of investments | (902,951) | (2,503,354) |
| CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES | | |
| - Before working capital changes | (1,263,168) | (3,553,630) |
| (Increase) / decrease in current assets: | | |
| Investments - net | (7,655,038) | (14,000,000) |
| Advances to employees | 0 | 99,000 |
| Prepayments | 1,813 | (9,365) |
| Increase / (decrease) in accruals and other payables | 1,044,276 | 738,192 |
| | (6,608,949) | (13,172,173) |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | | |
| - Before taxation | (7,872,117) | (16,725,803) |
| Income tax paid | (342,926) | (664,640) |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | | |
| - After taxation | (8,215,043) | (17,390,443) |
| NET CASH FLOW FROM INVESTING ACTIVITIES | | |
| Profit/ Mark-up received | 3,775,584 | 11,471,646 |
| Loan to an associated company---received back | 1,858,082 | 0 |
| Proceeds from held-to-maturity investment | 3,048,879 | 5,808,216 |
| | 8,682,545 | 17,279,862 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 467,502 | (110,581) |
| CASH AND CASH EQUIVALENTS - At beginning of the period | 518,853 | 655,105 |
| CASH AND CASH EQUIVALENTS - At end of the period | 986,355 | 544,524 |

The annexed notes 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 QUARTER ENDED 31 MARCH, 2013

| | Quarter ended | | Nine Months ended | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31 March, 2013 | 31 March, 2012 | 31 March, 2013 | 31 March, 2012 |
| | Rupees | | | |
| LOSS AFTER TAXATION | 1,631,108 | (11,394,964) | (7,660,736) | (8,554,722) |
| OTHER COMPREHENSIVE INCOME: | | | | |
| Fair value gain on re-measurement of available-for-sale investments | (29,250) | 111,735 | (29,543) | (36,270) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | 1,601,858 | (11,283,229) | (7,690,279) | (8,590,992) |

The annexed notes 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 QUARTER ENDED 31 MARCH, 2013

1. CORPORATE INFORMATION

Arpak International Investments Limited (the Company) was incorporated in Pakistan on 26 July, 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

2.1 This condensed interim financial information of the Company for the quarter ended 31 March, 2013 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Lahore and Karachi stock exchanges. This condensed interim financial information has been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended 30 June, 2012.

2.3 This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation followed in preparation of this condensed interim financial information are the same as those applied in preparation of the audited annual financial statements of the Company for the year ended 30 June, 2012.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, 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 judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2012.

5. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 31 March, 2013 and 30 June, 2012.

6. LONG TERM INVESTMENTS

| Un-audited Quarter ended 31 March, 2013 Rupees | Audited Year ended 30 June, 2012 Rupees |
|--|---|
|--|---|

Associated Companies:

Quoted:

The Premier Sugar Mills and Distillery Company Ltd. (PSM)

400,000 ordinary shares of Rs.10 each - cost
Equity held 10.67% (30 June, 2012:10.67%)
Post acquisition profit brought forward including effect of items directly credited in equity by PSM
Loss for the period / year - net of taxation

| | |
|-------------------|-------------------|
| 8,800,000 | 8,800,000 |
| 88,547,996 | 103,938,252 |
| (12,732,275) | (17,074,000) |
| 84,615,721 | 95,664,252 |

Un-quoted:

Premier Board Mills Ltd. (PBML)

600,000 ordinary shares of Rs.10 each received as dividend from The Premier Sugar Mills and Distillery Company Ltd. - accounted for at face value
Equity held 10.63% (30 June, 2012:10.63%)
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML
Profit for the period / year - net of taxation

| | |
|--------------------|--------------------|
| 6,000,000 | 6,000,000 |
| 38,759,430 | 38,759,430 |
| 1,204,266 | 1,204,266 |
| 45,963,696 | 45,963,696 |
| 130,579,417 | 141,627,948 |

Others - Quoted

Available for sale

Ibrahim Fibres Ltd.

9,750 ordinary shares of Rs.10 each - cost

| | |
|----------------|----------------|
| 136,538 | 136,538 |
| 321,712 | 351,255 |
| 458,250 | 487,793 |

Add: adjustment arising from re-measurement to fair value

Held to maturity

Bank Al-Habib Ltd. - term finance certificates

Less: current portion grouped under current assets

| | |
|----------|-------------|
| - | 2,904,073 |
| - | (2,904,073) |
| 0 | 0 |

| | |
|--------------------|--------------------|
| 131,037,667 | 142,115,741 |
|--------------------|--------------------|

6.1 The Company made investment in the redeemable capital of Bank Al-Habib Limited by purchasing 16 Term Finance Certificates (TFCs) having a total face value of Rs.8,735,000. These TFCs have been fully redeemed during the period under review.

| | Un-audited Quarter ended 31 March, 2013 Rupees | Audited Year ended 30 June, 2012 Rupees |
|--|---|---|
| 7. INVESTMENTS - At fair value through profit or loss | | |
| MCB Cash Management Optimizer | | |
| 328,792.1906 units (30 June, 2012:256,697.1926 units) | 32,387,462 | 20,984,592 |
| Adjustment arising from re-measurement to fair value | 573,626 | 4,714,416 |
| | 32,961,088 | 25,699,008 |
| Askari Sovereign Cash Fund | | |
| 172,378.6498 (30 June, 2012:160,002.6408 Units - cost) | 16,998,212 | 15,000,000 |
| Adjustment arising from re-measurement to fair value | 329,325 | 1,170,795 |
| | 17,327,536 | 16,170,795 |
| | 50,288,625 | 41,869,803 |

8. FINANCIAL RISK MANAGEMENT

This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June, 2012. The Company's activities expose it to a variety of financial risks, which are credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). There has been no change in the Company's sensitivity to these risks since 30 June, 2012 except for general exposure due to fluctuations in interest rates. There have been no changes in risk management objectives and policies of the Company during the period.

The Company's investments in equity instruments of a listed Company are measured at fair value and are placed at level 1 in the fair value measurement hierarchy due to reason that they are tradable at a quoted price in the active market. The Company's investments in units of Mutual Funds are measured at fair value using period-end Net Assets Value as computed by the respective Assets Management Companies and are placed at level 2 of fair value measurement hierarchy. There were no significant change in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. No reclassifications in the categories of financial assets have been made since 30 June, 2012.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 26 April, 2013.

10. CORRESPONDING FIGURES

- Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June, 2012 and corresponding figures in the 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 comprise of balances of comparable period of the immediately preceding financial year, i.e. quarter ended 31 March, 2013. In addition, corresponding figures in the condensed interim profit and loss account and condensed interim statement of comprehensive income also include balances of the nine months period ended 31 March, 2013.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

Chief Executive

Director