

**Arpak  
International  
Investments  
Limited**

**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE HALF-YEAR  
ENDED 31 DECEMBER, 2012**

## ARPAK INTERNATIONAL INVESTMENTS LIMITED

### COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	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
<b>BOARD AUDIT COMMITTEE</b>	Mr. Aziz Sarfaraz Khan <i>Chairman</i> Mr. Abbas Sarfaraz Khan <i>Member</i> Mr. Iskander M. Khan <i>Member</i>
<b>COMPANY SECRETARY</b>	Mr. Mujahid Bashir
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Rizwan Ullah Khan
<b>AUDITORS</b>	Messers Hameed Chaudhri & Co., <i>Chartered Accountants</i>
<b>TAX CONSULTANTS</b>	Messers BDO Ibrahim & Co., <i>Chartered Accountants</i>
<b>LEGAL ADVISERS</b>	Mr. Ishtiaq Ahmad <i>Advocate</i>
<b>SHARES REGISTRAR</b>	Messers Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore
<b>BANKERS</b>	Bank Al-Habib Limited The Bank of Khyber MCB Bank Limited
<b>REGISTERED OFFICE</b>	King's Arcade, 20-A, Markaz F-7, Islamabad Phone: 051-2650805-7 Fax: 051-2651285-6

## 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, 2012 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2012.

#### 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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Islamabad;  
26 February, 2013

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

## ARPAK INTERNATIONAL INVESTMENTS LIMITED

### BRIEF REVIEW

The half yearly financial statements of the Company for the period ended on 31 December, 2012 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. 2.081 million (Rs. 2.947 million: 31 December, 2011) during the period. However, after incorporating the share of loss on investment in an associated undertaking, the Company's pre-tax profit was turned into pre-tax loss of Rs. 10.465 million for the period ended on 31 December, 2012.

### INVESTMENTS

The Company has invested Rs. 50 million in an Associated Company and investments in Mutual Funds stand at Rs. 47.39 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:  
25 February, 2013

## ARPAK INTERNATIONAL INVESTMENTS LIMITED

### CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2012

		Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
	<b>Note</b>		
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		4,721,903	4,751,512
Investment property		1,949,623	1,960,861
Long term investments	5	131,252,719	142,115,741
Loan to an Associated Company	6	37,500,000	43,750,000
		<u>175,424,245</u>	<u>192,578,114</u>
<b>Current Assets</b>			
Current portion of non- current assets	7	11,641,918	9,154,073
Investments	8	47,385,674	41,869,803
Advance to employee - considered good		9,750	9,750
Accrued profit and mark-up		0	291,201
Prepayments		12,074	16,152
Advance income tax and tax deducted at source		25,750	271,277
Bank balances		135,063	518,853
		<u>59,210,229</u>	<u>52,131,109</u>
		<u>234,634,474</u>	<u>244,709,223</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
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		13,191,743	13,192,036
Unappropriated profit		180,329,837	189,193,527
		<u>233,521,580</u>	<u>242,385,563</u>
<b>Non-Current Liability</b>			
Deferred taxation		175,929	170,291
<b>Current Liabilities</b>			
Accrued and other payables		860,044	1,900,944
Taxation		76,921	252,425
		<u>936,965</u>	<u>2,153,369</u>
<b>Contingencies and Commitments</b>			
	9		
		<u>234,634,474</u>	<u>244,709,223</u>

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

## ARPAK INTERNATIONAL INVESTMENTS LIMITED

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2012

Note	Quarter ended		Half-year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Rupees			
Income	2,782,074	3,431,287	6,375,318	6,904,791
Operating and General Expenses	2,365,226	1,972,793	4,291,734	3,955,661
Operating Profit	416,848	1,458,494	2,083,584	2,949,130
Bank Charges	611	1,133	1,986	2,384
Share of Loss of Associated Companies - net of taxation	5 (7,754,874)	(12,557,350)	(12,546,473)	(12,557,350)
Loss before Taxation	(7,338,637)	(11,099,989)	(10,464,875)	(9,610,604)
Taxation				
Current	37,276	59,203	76,921	105,225
Prior year	0	1,448	0	1,448
Deferred	5,638	6,087	5,638	6,087
	42,914	66,738	82,559	112,760
Loss after Taxation	(7,381,551)	(11,166,727)	(10,547,434)	(9,723,364)
Loss per Share - basic and diluted	(1.85)	(2.79)	(2.64)	(2.43)

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, 2012

	Half-year ended	
	December 31, 2012	December 31, 2011
	Rupees	Rupees
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation and share of loss of Associated Companies	2,081,598	2,946,746
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	29,609	31,420
Depreciation on investment property	11,238	11,829
Mark-up on loan to an Associated Company	(2,984,384)	(3,592,863)
Profit on term finance certificates	(11,139)	(303,935)
Fair value gain on re-measurement of investments	(2,265,871)	(1,611,596)
Loss before working capital changes	(3,138,949)	(2,518,399)
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Investments made	(3,250,000)	(5,000,000)
Advance to employee	0	66,000
Prepayments	4,078	(1,016)
(Decrease) / increase in accruals and other payables	(1,040,900)	1,510,512
	(4,286,822)	(3,424,504)
Cash used in operating activities	(7,425,771)	(5,942,903)
Income tax paid	(6,898)	(660,878)
Net cash used in operating activities	(7,432,669)	(6,603,781)
<b>Cash generated from investing activities</b>		
Loan to an Associated Company - received back	858,082	0
Mark-up on loan to an Associated Company - received	3,141,918	3,432,034
Proceeds from redemption of held-to-maturity investment	3,048,879	2,904,108
Net cash generated from investing activities	7,048,879	6,336,142
Net decrease in cash and cash equivalents	(383,790)	(267,639)
Cash and cash equivalents - at beginning of the period	518,853	655,105
Cash and cash equivalents - at end of the period	135,063	387,466

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, 2012

	Quarter ended		Half-year ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	----- Rupees -----			
<b>Loss after Taxation</b>	<b>(7,381,551)</b>	(11,166,727)	<b>(10,547,434)</b>	(9,723,364)
<b>Other Comprehensive Income</b>				
Fair value loss on re-measurement of available-for-sale investments	(65,228)	(57,330)	(293)	(148,005)
<b>Total Comprehensive Loss</b>	<b>(7,446,779)</b>	(11,224,057)	<b>(10,547,727)</b>	(9,871,369)

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, 2012

	Share capital	Reserves			Unappropriated profit	Total
		Capital reserve	General reserve	Unrealised gain / (loss) on long term investments		
	----- Rupees -----					
Balance as at July 01, 2011	40,000,000	7,440,781	5,400,000	275,107	195,799,805	248,915,693
Total comprehensive loss for the half-year ended December 31, 2011	0	0	0	(148,005)	(9,723,364)	(9,871,369)
Effect of items directly credited to equity by an Associated Company	0	0	0	0	2,033,561	2,033,561
Balance as at December 31, 2011	<u>40,000,000</u>	<u>7,440,781</u>	<u>5,400,000</u>	<u>127,102</u>	<u>188,110,002</u>	<u>241,077,885</u>
Balance as at July 01, 2012	40,000,000	7,440,781	5,400,000	351,255	189,193,527	242,385,563
Total comprehensive loss for the half-year ended December 31, 2012	0	0	0	(293)	(10,547,434)	(10,547,727)
Effect of items directly credited to equity by an Associated Company	0	0	0	0	1,683,744	1,683,744
<b>Balance as at December 31, 2012</b>	<b><u>40,000,000</u></b>	<b><u>7,440,781</u></b>	<b><u>5,400,000</u></b>	<b><u>350,962</u></b>	<b><u>180,329,837</u></b>	<b><u>233,521,580</u></b>

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, 2012

#### 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, 2012 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, 2012.

#### 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 published financial statements of the Company for the year ended June 30, 2012.

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2012.

#### 5. LONG TERM INVESTMENTS

	Note	Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
<b>Associated Companies:</b>			
The Premier Sugar Mills and Distillery Company Ltd. - Quoted	5.1	84,801,523	95,664,252
Premier Board Mills Ltd. - Un-quoted	5.2	45,963,696	45,963,696
<b>Others - Quoted (Available for sale)</b>			
Ibrahim Fibres Ltd.	5.3	487,500	487,793
		<u>131,252,719</u>	<u>142,115,741</u>

	Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
<b>5.1 The Premier Sugar Mills and Distillery Company Ltd. (PSM)</b>		
400,000 ordinary shares of Rs.10 each - cost	8,800,000	8,800,000
Equity held 10.67% (June 30, 2012:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	88,547,996	103,938,252
Loss for the period / year - net of taxation	(12,546,473)	(17,074,000)
	<u>84,801,523</u>	<u>95,664,252</u>
<b>5.1.1</b> Carrying values of investments in PSM as at December 31, 2012 have been worked-out based on the audited financial statements for the year ended September 30, 2012.		
<b>5.2 Premier Board Mills Ltd. (PBML)</b>		
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, 2012:10.63%)		
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML	39,963,696	38,759,430
Profit for the period / year - net of taxation	0	1,204,266
	<u>45,963,696</u>	<u>45,963,696</u>
<b>5.2.1</b> Carrying values of investments in PBML as at December 31, 2012 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, 2012.		
<b>5.3 Ibrahim Fibres Ltd.</b>		
9,750 ordinary shares of Rs.10 each - cost	136,538	136,538
Add: adjustment arising from re-measurement to fair value	350,962	351,255
	<u>487,500</u>	<u>487,793</u>
<b>6. LOAN TO AN ASSOCIATED COMPANY</b>		
Balance at beginning of the period / year	50,000,000	50,000,000
Less: received back during the period	858,082	0
Balance at end of the period / year	<u>49,141,918</u>	<u>50,000,000</u>
Less: current portion grouped under current assets	11,641,918	6,250,000
	<u>37,500,000</u>	<u>43,750,000</u>

6.1 Terms and conditions are the same as disclosed in note 16 of the audited annual financial statements for the year ended June 30, 2012. However, Chashma Sugar Mills Ltd. has made premature repayments amounting Rs.858,082 during the period.

7. <b>CURRENT PORTION OF NON- CURRENT ASSETS</b>	Note	Un-audited	Audited
		December 31, 2012 Rupees	June 30, 2012 Rupees
Bank Al-Habib Ltd. - term finance certificate	7.1	0	2,904,073
Loan to an Associated Company		11,641,918	6,250,000
		<u>11,641,918</u>	<u>9,154,073</u>

7.1 These term finance certificates have been fully redeemed during the period.

8. **INVESTMENTS** - At fair value through profit or loss

**MCB Cash Management Optimizer**

303,054.8556 (June 30, 2012:256,697.1926) Units - cost	24,234,592	20,984,592
Adjustment arising from re-measurement to fair value	6,152,870	4,714,416
	<u>30,387,462</u>	<u>25,699,008</u>

**Askari Sovereign Cash Fund**

69,086.8007 (June 30, 2012:160,002.6408) Units - cost	15,000,000	15,000,000
Adjustment arising from re-measurement to fair value	1,998,212	1,170,795
	<u>16,998,212</u>	<u>16,170,795</u>
	<u>47,385,674</u>	<u>41,869,803</u>

9. **CONTINGENCIES AND COMMITMENTS**

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

10. **TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited	
		Half-year ended December 31, 2012 Rupees	2011 Rupees
Associated Company	Mark-up earned on loan to an Associated Company	2,984,384	3,592,863
	Loan to an Associated Company received back	858,082	0
Key management personnel	Remuneration and other benefits	1,594,580	1,471,920

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.

This condensed interim financial information does not include all financial risk management information and disclosures 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, 2012.

There have been no changes in the risk management policies and no reclassifications in the categories of financial assets have been made since June 30, 2012.

12. **DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 25 February, 2013.

13. **FIGURES**

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

13.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', comparative balance sheet is extracted from annual financial statements as of June 30, 2012 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the half-year ended December 31, 2011.

13.3 Corresponding figures have neither been rearranged nor reclassified.