

**Arpak
International
Investments
Limited**

**QUARTERLY
FINANCIAL STATEMENTS
(UN-AUDITED)**

AS ON 30 SEPTEMBER, 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 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 Interim Financial Statements of the Company for the 1st quarter ended on 30 September, 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. 1.268 million (30 September, 2012:Rs. 1.665 million) during this quarter. However, after incorporating the share of profit of the associated undertakings, the Company's pre-tax profit increased to Rs. 2.446 million for the period ended on 30 September, 2013.

INVESTMENTS

The Company has investment of Rs. 43.750 million in an Associated Company and Rs. 54.786 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.

Islamabad
28 October, 2013

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE SHEET AS

	Un-audited 30 September 2013	Audited 30 June 2013
Note	Rupees	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	13,158,300	13,211,243
Unappropriated profit	<u>194,746,600</u>	<u>182,493,263</u>
	247,904,900	235,704,506
Deferred taxation	176,130	176,130
Current Liabilities		
Accruals and other payables	1,297,560	2,132,800
Taxation	361,449	303,199
	1,659,009	2,435,999
Contingencies and Commitments	6	
	<u>249,740,039</u>	<u>238,316,635</u>

INVESTMENTS LIMITED

AT 30 SEPTEMBER, 2013 (Un-audited)

	Un-audited 30 September 2013	Audited 30 June 2013
Note	Rupees	Rupees
Assets		
Non-current Assets		
Property, plant and equipment	4,678,323	4,692,294
Investment property	7 1,933,047	1,938,385
Long term investments	8 141,612,201	130,621,144
Loan to an Associated Company	9 <u>31,250,000</u>	<u>31,250,000</u>
	179,473,571	168,501,823
Current Assets		
Current portion of non-current assets	12,500,000	12,500,000
Investments	10 54,786,503	51,313,746
Advance to employees - considered good	9,750	9,750
Accrued profit and mark-up	2,170,696	2,029,996
Prepayments	27,280	0
Advance income tax and tax deducted at source	363,463	360,298
Bank balances	408,776	3,601,022
	70,266,468	69,814,812
	<u>249,740,039</u>	<u>238,316,635</u>

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

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 1ST QUARTER ENDED 30 SEPTEMBER, 2013**

	30 September 2013	30 September 2012
	-----Rupees-----	
Income	3,023,252	3,593,244
Operating and General Expenses	<u>1,755,492</u>	<u>1,926,508</u>
Operating Profit	1,267,760	1,666,736
Bank Charges	<u>174</u>	<u>1,375</u>
	1,267,586	1,665,361
Share of Profit / (Loss) of Associated Companies--net of taxation	1,178,395	(4,791,599)
Profit / (Loss) before taxation	<u>2,445,981</u>	<u>(3,126,238)</u>
Taxation- Current	<u>58,250</u>	<u>39,645</u>
Profit / (Loss) after taxation	<u>2,387,731</u>	<u>(3,165,883)</u>
Earnings / (Loss) per Share	<u>0.60</u>	<u>(0.79)</u>

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

Chief Executive

Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(Un-audited)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2013**

	30 September 2013	30 September 2012
	-----Rupees-----	
Profit/(Loss) after taxation	2,387,731	(3,165,883)
Other Comprehensive Income		
Fair value (loss)/gain on re-measurement of available-for-sale investments	(52,943)	64,935
Total Comprehensive Income /(Loss) for the period	<u>2,334,788</u>	<u>(3,100,948)</u>

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

Chief Executive

Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2013

	30 September 2013 Rupees	30 September 2012 Rupees
Cash flow from operating activities		
Profit for the quarter - before taxation and share of profit of Associated Companies	1,267,587	1,665,361
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	13,971	14,804
Depreciation on investment property	5,338	5,619
Mark-up on loan to an Associated Company	(1,140,700)	(1,604,014)
Profit on term finance certificates/deposits	(9,796)	(4,733)
Capital gain on investments through profit or loss	0	(1,449)
Fair value gain on measurement of investments	(972,756)	(1,244,234)
Loss before working capital changes	(836,356)	(1,168,646)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments - net	(2,500,001)	(3,241,237)
Advance to employees	0	0
Prepayments	(27,280)	(9,324)
Increase / (decrease) in accruals and other payables	(835,240)	(399,288)
	(3,362,521)	(3,649,849)
Cash used in operating activities	(4,198,877)	(4,818,495)
Income tax paid	(3,165)	(3,273)
Net cash used in operating activities	(4,202,042)	(4,821,768)
Cash flow from investing activities		
Mark-up received on loan to an Associated Company	1,009,796	1,899,948
Profit on term finance certificates/ deposits	0	1,449
Redemption of held to maturity investments	0	2,904,073
Net cash generated from investing activities	1,009,796	4,805,470
Net increase / (decrease) in cash and cash equivalents	(3,192,246)	(16,298)
Cash and cash equivalents - at beginning of the period	3,601,022	518,853
Cash and cash equivalents - at end of the period	408,776	502,555

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

Chief Executive

Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2013

	Reserves					
	Share capital	Capital reserve	General reserve			
Rupees						
Balance as at 30 June, 2012 (Audited)	40,000,000	7,440,781	5,400,000	351,255	189,193,527	242,385,563
Total Comprehensive Income for the period ended 30 September 2012	0	0	0	64,935	(3,165,883)	(3,100,948)
Balance as at 30 September, 2012 (Un-audited)	40,000,000	7,440,781	5,400,000	416,190	186,869,641	239,284,615
Total comprehensive income for the year ended 30 June, 2013	0	0	0	(45,728)	(7,629,749)	(7,675,477)
Effects of items directly credited in equity by Associated Companies	0	0	0	0	4,095,368	4,095,368
Balance as at 30 June, 2013 (Audited)	40,000,000	7,440,781	5,400,000	370,462	182,493,263	235,704,506
Total comprehensive income for the quarter	0	0	0	(52,943)	2,387,731	2,334,788
Effects of items directly credited in equity by Associated Companies	0	0	0	0	9,865,606	9,865,606
Balance as at 30 September, 2013	<u>40,000,000</u>	<u>7,440,781</u>	<u>5,400,000</u>	<u>317,519</u>	<u>194,746,600</u>	<u>247,904,900</u>

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

Chief Executive

Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 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

This condensed interim financial information of the Company for the quarter ended 30 September, 2013 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 have been followed. These are required to be presented to the shareholders under section 245 of the Ordinance.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 30 June, 2013.

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. 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 expectations of future events that are believed to be reasonable under the circumstances. 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 applied to annual audited financial statements for the year ended 30 June, 2013.

5. PRESENTATION

Figures in this condensed interim financial information have been rounded-off to the nearest Rupee.

6. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 30 September, 2013 and 30 June, 2013.

7. INVESTMENT PROPERTY

Fair value of investment property, based on the management's estimation, as at 30 September, 2013 is Rs.13.90 million (30 June, 2013: Rs.13.90 million).

8. LONG TERM INVESTMENTS

	Un-audited Quarter ended 30 September, 2013 Rupees	Audited Year ended 30 June, 2013 Rupees
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**Associated Companies:
Quoted:**

**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% (2013:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	82,739,556	90,326,776
Profit /(Loss) for the period/year-net of taxation	1,178,395	(17,452,825)
	92,717,951	81,673,951

Un-quoted:

Premier Board Mills Ltd. (PBML) - Re-stated

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% (2013:10.63%)

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
	40,596,540	40,596,540
	1,843,653	1,843,653
	48,440,193	48,440,193
	141,158,144	130,114,144

**Others - Quoted
Available-for-sale**

Ibrahim Fibres Ltd.

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

Add: adjustment arising from re-measurement to fair value

	136,538	136,538
	317,519	370,462
	454,057	507,000
	141,612,201	130,621,144

9. LOAN TO AN ASSOCIATED COMPANY

The Company and Chashma Sugar Mills Limited (CSM) have entered into a loan agreement on 20 May, 2008 whereby the company has advanced amounts aggregating Rs. 50 million to CSM. The loan carries mark-up at the rate on one month KIBOR+1.25% per annum; the effective mark-up rate by the Company during the year ranged from 10.26% to 10.44% (2012: 10.27% to 13.35%) per annum. The loan is receivable in 8 equal installments commenced from May, 2013 and is secured against a promisory note of Rs. 55.615 million.

10. INVESTMENTS - At fair value through profit or loss

	Un-audited Quarter ended Sep-13 Rupees	Audited Year ended Jun-13 Rupees
MCB Cash Management Optimizer		
392,740.8358 (2013: 332,902) Units - cost	36,133,216	26,234,592
Adjustment arising from re-measurement to fair value	657,021	7,398,623
	<u>36,790,237</u>	<u>33,633,215</u>
Askari Sovereign Cash Fund		
178,635.5674(2013: 175,657) Units - cost	17,680,531	15,000,000
Adjustment arising from measurement to fair value	315,735	2,680,531
Adjustment arising from measurement to fair value	17,996,266	17,680,531
	<u>54,786,503</u>	<u>51,313,746</u>

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28 October, 2013.

12. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', 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, 2013 and the 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 comparative period as per the condensed interim financial information of the Company for the quarter ended 30 September, 2013. Corresponding figures have been re-arranged, whenever, necessary, for the purpose of comparison. However no significant re-arrangements have been made.

Chief Executive

Director