

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR
ENDED 31 DECEMBER, 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 half yearly Financial Statements of the Company for the period ended on 31 December, 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. 1.788 million (31 December, 2012: Rs. 2.081 million) during the period. However, after incorporating loss in share value of an associated undertaking, the Company's pre-tax profit decreased to Rs. 1.023 million for the period ended on 31 December, 2013.

INVESTMENTS

The Company has investment of Rs. 43.750 million in an Associated Company and Rs. 55.847 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
25 February, 2014

(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, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2013..

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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Islamabad;
26 February, 2014

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

Engagement Partner: Osman Hameed Chaudhri

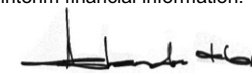
ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	Un-audited December 31, 2013	Audited June 30, 2013
Note	----- Rupees -----	
Assets		
Non-Current Assets		
Property, plant and equipment	4,664,349	4,692,294
Investment property	1,927,709	1,938,385
Long term investments	5 132,269,750	130,621,144
Loan to an Associated Company	6 43,750,000	31,250,000
	<u>182,611,808</u>	<u>168,501,823</u>
Current Assets		
Current portion of loan to an Associated Company	6 -	12,500,000
Investments	7 55,847,118	51,313,746
Advance to an employee - considered good	9,750	9,750
Accrued profit and mark-up	1,370,261	2,029,996
Prepayments	27,280	-
Advance income tax and tax deducted at source	67,243	360,298
Bank balances	239,166	3,601,022
	<u>57,560,818</u>	<u>69,814,812</u>
	<u>240,172,626</u>	<u>238,316,635</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	13,386,743	13,211,243
Unappropriated profit	185,749,828	182,493,263
	<u>239,136,571</u>	<u>235,704,506</u>
Non-Current Liability		
Deferred taxation	180,101	176,130
Current Liabilities		
Accruals and other payables	854,004	2,132,800
Taxation	1,950	303,199
	<u>855,954</u>	<u>2,435,999</u>
Contingencies and Commitments	8	
	<u>240,172,626</u>	<u>238,316,635</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

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

	Quarter ended		Half-year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees -----			
Income	2,750,433	2,782,074	5,773,685	6,375,318
Operating and general expenses	(2,228,562)	(2,365,226)	(3,984,054)	(4,291,734)
Operating profit	521,871	416,848	1,789,631	2,083,584
Bank charges	(1,098)	(611)	(1,272)	(1,986)
	520,773	416,237	1,788,359	2,081,598
Share of loss of Associated Companies - net of taxation	(1,943,244)	(7,754,874)	(764,849)	(12,546,473)
(Loss) / profit before taxation	(1,422,471)	(7,338,637)	1,023,510	(10,464,875)
Taxation				
Current	56,300	(37,276)	(1,950)	(76,921)
Prior year	1,021	-	1,021	-
Deferred	(3,971)	(5,638)	(3,971)	(5,638)
	53,350	(42,914)	(4,900)	(82,559)
(Loss) / profit after taxation	(1,369,121)	(7,381,551)	1,018,610	(10,547,434)
(Loss) / earnings per share basic and diluted	(0.34)	(1.85)	0.25	(2.64)

The annexed notes 1 to 11 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, 2013

	Quarter ended		Half-year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees -----			
(Loss) / profit after taxation	(1,369,121)	(7,381,551)	1,018,610	(10,547,434)
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to profit and loss:				
Fair value gain / (loss) on re-measurement of available-for-sale investments	228,443	(65,228)	175,500	(293)
Total comprehensive (loss) / income	(1,140,678)	(7,446,779)	1,194,110	(10,547,727)

The annexed notes 1 to 11 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, 2013

	Half-year ended	
	December 31, 2013	December 31, 2012
----- Rupees -----		
Cash flow from operating activities		
Profit for the period - before taxation and share of loss of Associated Companies	1,788,359	2,081,598
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	27,944	29,609
Depreciation on investment property	10,677	11,238
Mark-up on loan to an Associated Company	(2,340,265)	(2,984,384)
Profit on term finance certificates	-	(11,139)
Dividend income	(19,500)	-
Fair value gain on re-measurement of investments	(2,033,372)	(2,265,871)
Loss before working capital changes	(2,566,157)	(3,138,949)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Investments at fair value through profit and loss	(2,500,000)	(3,250,000)
Prepayments	(27,280)	4,078
Decrease in accruals and other payables	(1,278,796)	(1,040,900)
	(3,806,076)	(4,286,822)
Cash used in operating activities	(6,372,233)	(7,425,771)
Income tax paid	(9,123)	(6,898)
Net cash used in operating activities	(6,381,356)	(7,432,669)
Cash generated from investing activities		
Loan to an Associated Company - received back	-	858,082
Mark-up on loan to an Associated Company - received	3,000,000	3,141,918
Redemption of held-to-maturity investment	-	3,048,879
Dividend received	19,500	-
Net cash generated from investing activities	3,019,500	7,048,879
Net decrease in cash and cash equivalents	(3,361,856)	(383,790)
Cash and cash equivalents - at beginning of the period	3,601,022	518,853
Cash and cash equivalents - at end of the period	239,166	135,063

The annexed notes 1 to 11 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, 2013

	Reserves				Unappropriated profit	Total
	Share capital	Capital reserve	General reserve	Unrealised gain / (loss) on long term investments		
----- Rupees -----						
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	-	-	-	(293)	(10,547,434)	(10,547,727)
Effect of items directly credited to equity by an Associated Company	-	-	-	-	1,683,744	1,683,744
Balance as at December 31, 2012	40,000,000	7,440,781	5,400,000	350,962	180,329,837	233,521,580
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	-	-	-	175,500	1,018,610	1,194,110
Effect of items directly credited to equity by an Associated Company	-	-	-	-	2,237,955	2,237,955
Balance as at December 31, 2013	40,000,000	7,440,781	5,400,000	545,962	185,749,828	239,136,571

The annexed notes 1 to 11 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, 2013

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 (IAS) 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, 2013 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 of the Company for the year ended June 30, 2013.

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 audited annual published financial statements of the Company for the year ended June 30, 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 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, 2013.

5. LONG TERM INVESTMENTS

		Un-audited December 31, 2013	Audited June 30, 2013
	Note	---- Rupees ----	
Associated Companies			
The Premier Sugar Mills and Distillery Company Ltd. - Quoted	5.1	83,147,057	81,673,951
Premier Board Mills Ltd. - Un-quoted	5.2	48,440,193	48,440,193
		131,587,250	130,114,144
Others			
	5.3	682,500	507,000
		132,269,750	130,621,144

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

	Un-audited December 31, 2013	Audited June 30, 2013
	---- Rupees ----	
400,000 ordinary shares of Rs.10 each - cost	8,800,000	8,800,000
Equity held 10.67%		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	75,111,906	90,326,776
Loss for the period / year - net of taxation	(764,849)	(17,452,825)
	83,147,057	81,673,951

5.1.1 Carrying values of investments in PSM as at December 31, 2013 have been worked-out based on the un-audited financial statements for the quarter ended December 31, 2013.

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, 2013:10.63%)		
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income by PBML	42,440,193	40,596,540
Profit for the period / year - net of taxation	-	1,843,653
	48,440,193	48,440,193

5.2.1 Carrying values of investments in PBML as at December 31, 2013 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, 2013.

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	545,962	370,462
	682,500	507,000

6. LOAN TO AN ASSOCIATED COMPANY

The Company and Chashma Sugar Mills Ltd. (CSM) have entered into a long term loan agreement on May 20, 2008 whereby the Company advanced amounts aggregating Rs.50 million to CSM. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum and is secured against a promissory note of Rs.55.615 million. This loan was receivable in 8 equal half-yearly instalments commenced in May 2013; however, the Company, during the current financial period, vide a special resolution dated October 31, 2013 extended the repayment date for a further period of three years. As per revised repayment terms the balance amount of loan is now receivable in seven half-yearly instalments commencing from November, 2016.

7. INVESTMENTS - At fair value through profit or loss

	Un-audited December 31, 2013	Audited June 30, 2013
---- Rupees ----		
MCB Cash Management Optimizer		
349,285 (June 30, 2013:332,902) Units - cost	26,234,592	26,234,592
Adjustment on re-measurement to fair value	8,711,864	7,398,623
	<u>34,946,456</u>	<u>33,633,215</u>
Pakistan Cash Management Fund		
51,236 Units - cost	2,500,000	-
Adjustment on re-measurement to fair value	63,072	-
	<u>2,563,072</u>	-
Askari Sovereign Cash Fund		
181,922 (June 30, 2013:175,657) Units - cost	15,000,000	15,000,000
Adjustment on re-measurement to fair value	3,337,590	2,680,531
	<u>18,337,590</u>	<u>17,680,531</u>
	<u>55,847,118</u>	<u>51,313,746</u>

8. CONTINGENCIES AND COMMITMENTS

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

9. TRANSACTIONS WITH RELATED PARTIES

9.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited Half-year ended December 31,	
		2013	2012
---- Rupees ----			
Associated Company	Mark-up earned on loan to an Associated Company	2,340,265	2,984,384
	Loan to an Associated Company received back	-	858,082
Key management personnel	Remuneration and other benefits	1,471,920	1,594,580

9.2 Period / year end balances are as follows:

	Un-audited December 31, 2013	Audited June 30, 2013
---- Rupees ----		
Investments	<u>131,587,250</u>	<u>130,114,144</u>
Loan to an Associated Company	<u>43,750,000</u>	<u>43,750,000</u>

10. 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, 2013.

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, 2013.

11. GENERAL

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

11.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', comparative balance sheet is extracted from audited annual financial statements as of June 30, 2013 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, 2012.

11.3 This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on February 25, 2014.


Chief Executive


Director