

**Arpak  
International  
Investments  
Limited**

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

**AS ON 30 SEPTEMBER, 2011**

## 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. Abdul Qadar Khattak
<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/ CHIEF FINANCIAL OFFICER</b>	Mr. Mujahid Bashir
<b>AUDITORS</b>	Messers Hameed Chaudhri & Co., <i>Chartered Accountants</i>
<b>TAX CONSULTANTS</b>	Messers Ibrahim & Co., <i>Chartered Accountants</i>
<b>LEGAL ADVISERS</b>	Mr. Ishtiaq Ahmad <i>Advocate</i>
<b>SHARE REGISTRAR</b>	M/s Hameed Majeed Associates (Pvt.) Limited. H.M. House, 7-Bank Square, Lahore
<b>BANKERS</b>	Bank Al-Habib Limited MCB Bank Limited The Bank of Khyber
<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

### BRIEF REVIEW

The Interim Financial Statements of the Company for the quarter ended on 30 September, 2011 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 listing regulations of the Lahore and Karachi Stock Exchanges.

### **OPERATIONS**

The Company earned profit after tax of Rs.1.443 million (30 September 2010: Rs.1.511 million) during the first quarter. The paid up capital of the Company was Rs. 40.000 million, Capital Reserves Rs. 7.625 million, General Reserves Rs.5.400 million, Cash Reserve Rs.28.714 million and un-appropriated profit of Rs. 197.243 million as on 30 September, 2011.

### **INVESTMENTS**

The Company has invested Rs.50 million in an Associated Company and Rs.28 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, 2011

## ARPAK INTERNATIONAL

### CONDENSED INTERIM BALANCE SHEET AS

	Un-audited 30 September 2011	Audited 30 June 2011
Note	Rupees	Rupees
<b>Equity and Liabilities</b>		
<b>Share Capital and Reserves</b>		
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	13,025,213	13,115,888
Unappropriated profit	<u>197,243,168</u>	<u>195,799,805</u>
	250,268,381	248,915,693
Deferred taxation	157,299	157,299
<b>Current Liabilities</b>		
Accruals and other payables	1,086,617	1,750,932
Taxation	727,104	681,082
	1,813,721	2,432,014
Contingencies and Commitments	6	
	<u>252,239,401</u>	<u>251,505,006</u>

## INVESTMENTS LIMITED

### AT 30 SEPTEMBER, 2011 (Un-audited)

	Un-audited 30 September 2011	Audited 30 June 2011
Note	Rupees	Rupees
<b>Assets</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	4,798,644	4,814,355
Investment property	7 1,978,604	1,984,519
Long term investments	8 159,366,324	162,361,107
Loan to an Associated Company	9 <u>50,000,000</u>	<u>50,000,000</u>
	216,143,572	219,159,981
<b>Current Assets</b>		
Investments	10 <u>28,168,043</u>	<u>24,373,071</u>
Advance to employees - considered good	88,750	121,750
Accrued profit and mark-up	6,959,914	6,878,784
Prepayments	44,226	30,466
Advance income tax and tax deducted at source	288,458	285,849
Bank balances	546,438	655,105
	36,095,829	32,345,025
	<u>252,239,401</u>	<u>251,505,006</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, 2011**

	30 September 2011	30 September 2010
	-----Rupees-----	
Income	3,473,504	3,376,252
Operating and General Expenses	<u>1,982,868</u>	1,694,125
Operating Profit	<u>1,490,636</u>	1,682,127
Bank Charges	<u>1,251</u>	1,742
	<u>1,489,385</u>	1,680,385
Profit- before taxation	<u>1,489,385</u>	1,680,385
Taxation- Current	<u>46,022</u>	169,000
Profit- after taxation	<u>1,443,363</u>	1,511,385
Earnings per Share	<u>0.36</u>	<u>0.38</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, 2011**

	30 September 2011 Rupees	30 September 2010 Rupees
Profit after taxation	1,443,363	1,511,385
<b>Other Comprehensive Income</b>		
Fair value (loss)/gain on re-measurement of available-for-sale investments	(90,675)	23,790
<b>Total Comprehensive Income for the Year</b>	<u>1,352,688</u>	<u>1,535,175</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, 2011

	30 September 2011 Rupees	30 September 2010 Rupees
<b>Cash flow from operating activities</b>		
Profit for the quarter - before taxation and share of profit of Associated Companies	1,489,385	1,680,385
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	15,711	16,705
Depreciation on investment property	5,915	6,226
Mark-up on loan to an Associated Company	(1,857,219)	(1,743,521)
Profit on term finance certificates/deposits	(150,579)	(225,106)
Capital gain on investments through profit or loss	0	0
Fair value gain on measurement of investments	(794,972)	(507,626)
<b>Loss before working capital changes</b>	<b>(1,291,758)</b>	<b>(772,937)</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Investments - net	(3,000,000)	0
Advance to employees	33,000	(190,000)
Prepayments	(13,760)	(12,288)
Increase / (decrease) in accruals and other payables	(664,315)	(900,000)
	<b>(3,645,075)</b>	<b>(1,102,288)</b>
<b>Cash used in operating activities</b>	<b>(4,936,833)</b>	<b>(1,875,225)</b>
Income tax paid	(2,609)	(3,850)
<b>Net cash used in operating activities</b>	<b>(4,939,442)</b>	<b>(1,879,075)</b>
<b>Cash flow from investing activities</b>		
Mark-up received on loan to an Associated Company	1,926,668	2,000,000
Profit on term finance certificates/ deposits	0	438,950
Redemption of held to maturity investments	2,904,108	1,747
<b>Net cash generated from investing activities</b>	<b>4,830,776</b>	<b>2,440,697</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(108,667)</b>	<b>561,622</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>655,105</b>	<b>595,902</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>546,438</b>	<b>1,157,524</b>

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, 2011

	Reserves					
	Share capital	Capital reserve	General reserve			
Rupees						
Balance as at 30 June, 2010 (Audited)	40,000,000	7,440,781	5,400,000	196,717	190,417,691	243,455,189
<b>Total Comprehensive Income for the period ended 30 September 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,790</b>	<b>1,511,385</b>	<b>1,535,175</b>
Balance as at 30 September, 2010 (Un-audited)	40,000,000	7,440,781	5,400,000	220,507	191,929,076	244,990,364
<b>Total comprehensive income for the year ended 30 June, 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,600</b>	<b>3,870,729</b>	<b>3,925,329</b>
<b>Effects of items directly credited in equity by Associated Companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,751,014</b>	<b>3,751,014</b>
Balance as at 30 June, 2011	40,000,000	7,440,781	5,400,000	275,107	195,799,805	248,915,693
<b>Total comprehensive income for the quarter</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(90,675)</b>	<b>1,443,363</b>	<b>1,352,688</b>
Balance as at 30 September, 2011	<u>40,000,000</u>	<u>7,440,781</u>	<u>5,400,000</u>	<u>184,432</u>	<u>197,243,168</u>	<u>250,268,381</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, 2011**

**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, 2011 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. SIGNIFICANT 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, 2011 except for the adoption of new accounting policies as referred to in note 3.1.

**3.1 Initial application of standards, amendments or an interpretation to existing standards:**

Following new standards, amendments and interpretation to existing standards are mandatory for the accounting periods beginning on or after 01 July, 2010, but are either not currently relevant to the Company or do not have any significant effect on the Company's current financial information:

- IFRS 2 (Amendment), 'Group cash-settled and share based payment transactions';
- IFRS 3 (Revised), 'Business combinations';
- IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale';
- IFRS 8 (Amendment), 'Operating segments';
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 7 (Amendment), 'Cash flow statements';
- IAS 27 (Amendment), 'Consolidated and separate financial statements';

- IAS 32 (Amendment), 'Financial Instruments: Presentation - classification of right issues';
- IAS 38 (Amendment), 'Intangible assets';
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement - Eligible hedged items';
- IFRIC 17 'Distribution of non-cash assets to owners';
- IFRIC 18 'Transfers of assets from customers';
- IFRIC 19 (Interpretation), 'Extinguishing financial liabilities with equity instrument's; and
- Number of other amendments in other IFRS and IAS which were part of the International Accounting Standard Board's annual improvement project, published in April, 2009.

**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, 2011.

**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, 2011 and 30 June, 2011.

**7. INVESTMENT PROPERTY**

Fair value of investment property, based on the management's estimation, as at 30 September, 2011 is Rs.50.300 million (30 June, 2011: Rs.50.300 million).

## 8. LONG TERM INVESTMENTS

### 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, 2011:10.67%)

Post acquisition profit brought forward including  
effect of items directly credited in equity / other  
comprehensive income

Profit for the period / year net of taxation

Less: Distribution received

Un-audited Quarter ended 30 September, 2011 Rupees	Audited Year ended 30 June, 2011 Rupees
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8,800,000	8,800,000
111,399,869	111,399,869
(10,745,602)	(10,745,602)
(400,000)	(400,000)
<b>109,054,267</b>	<b>109,054,267</b>

### 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 2011:10.63%)

Post acquisition profit brought forward including  
effect of items directly credited in equity / Other  
Comprehensive Income

Add: Profit for the period / year-net of taxation

6,000,000	6,000,000
30,952,109	30,952,109
7,230,797	7,230,797
<b>44,182,906</b>	<b>44,182,906</b>

<b>153,237,173</b>	<b>153,237,173</b>
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### Others - Quoted

#### Available for sale

Ibrahim Fibres Ltd.

9,750 ordinary shares of Rs.10 each

Add: Adjustment arising from measurement to fair value

136,538	136,538
184,432	275,107
<b>320,970</b>	<b>411,645</b>

#### Held to maturity

Bank Al-Habib Ltd. - term finance certificates

5,808,181	8,712,289
<b>159,366,324</b>	<b>162,361,107</b>

## 9. LOAN TO AN ASSOCIATED COMPANY

This loan has been advanced to Chashma Sugar Mills Limited - an Associated Company on the approval of members through special resolution dated 13 May, 2008 for a tenor of 6 years. It was repayable in 8 equal half yearly instalments after the grace period of 2 years. Members in their meeting dated 31 October, 2009, through special resolution, have extended the grace period by allowing a further period of 3 years; accordingly, repayment will commence from 13 May, 2013. Other terms and conditions of the loan are same. It carries mark up at the rate of 1 month KIBOR plus 1.25%. The effective mark-up rate charged by the Company during the current quarter ranged from 14.66% to 14.81% (30 September, 2010:13.51% to 14.04%) per annum.

### 10. INVESTMENTS - At fair value through profit or loss

Un-audited Quarter ended 30 September, 2011 Rupees	Audited Year ended 30 June, 2011 Rupees
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#### MCB Cash Management Optimizer

218,165.8547 (2011: 211,538.3579 ) Units - cost

21,198,703	18,984,592
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Adjustment arising from re-measurement to fair value

625,802	2,214,111
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<b>21,824,505</b>	<b>21,198,703</b>
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#### Askari Sovereign Cash Fund

63,039.9936 (2011: 31,526.1506) Units - cost

6,174,368	3,000,000
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Adjustment arising from measurement to fair value

169,170	174,368
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6,343,538	3,174,368
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<b>28,168,043</b>	<b>24,373,071</b>
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### 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, 2011.

### 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, 2011 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, 2011. Corresponding figures have been re-arranged, whenever, necessary, for the purpose of comparison. However no significant re-arrangements have been made.

Chief Executive

Director