

**Arpak
International
Investments
Limited**

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

AS ON 30 SEPTEMBER, 2012

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. Abdul Qadar Khattak
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/ CHIEF FINANCIAL OFFICER	Mr. Mujahid Bashir
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 quarter ended on 30 September, 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 listing regulations of the Lahore and Karachi Stock Exchanges.

OPERATIONS

The Company earned pre-tax profit of Rs.1.665 million (30 September, 2011 Rs. 1.489 million) 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.3.126 million for the period ended on 30 September, 2012.

INVESTMENTS

The Company has investment of Rs. 50 million in an Associated Company and Rs. 46 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
24 October, 2012

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE SHEET AS

	Un-audited 30 September 2012	Audited 30 June 2012
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	13,256,971	13,192,036
Unappropriated profit	<u>186,869,641</u>	<u>189,193,527</u>
	<u>240,126,612</u>	<u>242,385,563</u>
Deferred taxation	170,291	170,291
Current Liabilities		
Accruals and other payables	1,501,656	1,900,944
Taxation	292,070	252,425
	1,793,726	2,153,369
Contingencies and Commitments	6	
	<u>242,090,629</u>	<u>244,709,223</u>

INVESTMENTS LIMITED

AT 30 SEPTEMBER, 2012 (Un-audited)

	Un-audited 30 September 2012	Audited 30 June 2012
Note	Rupees	Rupees
Assets		
Non-current Assets		
Property, plant and equipment	4,736,708	4,751,512
Investment property	7 1,955,242	1,960,861
Long term investments	8 138,231,074	142,115,741
Loan to an Associated Company	9 <u>43,750,000</u>	<u>43,750,000</u>
	188,673,024	192,578,114
Current Assets		
Current portion of non-current assets	6,250,000	9,154,073
Investments	10 46,355,274	41,869,803
Advance to employees - considered good	9,750	9,750
Accrued profit and mark-up	0	291,201
Prepayments	25,476	16,152
Advance income tax and tax deducted at source	274,550	271,277
Bank balances	502,555	518,853
	53,417,605	52,131,109
	<u>242,090,629</u>	<u>244,709,223</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, 2012**

	30 September 2012	30 September 2011
	-----Rupees-----	
		Re-stated
Income	3,593,244	3,473,504
Operating and General Expenses	1,926,508	1,982,868
Operating Profit	1,666,736	1,490,636
Bank Charges	1,375	1,251
	1,665,361	1,489,385
Share of (Loss)/profit of Associated Companies - net of taxation	(4,791,599)	2,636,161
(Loss)/ Profit- before taxation	(3,126,238)	4,125,546
Taxation- Current	39,645	46,022
(Loss) /Profit- after taxation	(3,165,883)	4,079,524
(Loss) / Earnings per Share	(0.79)	1.02

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, 2012**

	30 September 2012	30 September 2011
	-----Rupees-----	
(Loss) / profit after taxation	(3,165,883)	1,443,363
Other Comprehensive Income		
Fair value gain/(loss) on re-measurement of available-for-sale investments	64,935	(90,675)
Share of other comprehensive income of an Associated Company	0	0
Total Comprehensive (Loss)/ Income for the Year	(3,100,948)	1,352,688

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, 2012

	30 September 2012 Rupees	30 September 2011 Rupees
Cash flow from operating activities		
Profit for the quarter - before taxation and share of profit of Associated Companies	1,665,361	1,489,385
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	14,804	15,711
Depreciation on investment property	5,619	5,915
Mark-up on loan to an Associated Company	(1,604,014)	(1,857,219)
Profit on term finance certificates/deposits	(4,733)	(150,579)
Capital gain on investments through profit or loss	(1,449)	0
Fair value gain on measurement of investments	(1,244,234)	(794,972)
Loss before working capital changes	(1,168,646)	(1,291,759)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Investments - net	(3,241,237)	(3,000,000)
Advance to employees	0	33,000
Prepayments	(9,324)	(13,760)
Increase / (decrease) in accruals and other payables	(399,288)	(664,315)
	(3,649,849)	(3,645,075)
Cash used in operating activities	(4,818,495)	(4,936,834)
Income tax paid	(3,273)	(2,609)
Net cash used in operating activities	(4,821,768)	(4,939,443)
Cash flow from investing activities		
Mark-up received on loan to an Associated Company	1,899,948	1,926,668
Profit on term finance certificates/ deposits	1,449	0
Redemption of held to maturity investments	2,904,073	2,904,108
Net cash generated from investing activities	4,805,470	4,830,776
Net increase / (decrease) in cash and cash equivalents	(16,298)	(108,667)
Cash and cash equivalents - at beginning of the period	518,853	655,105
Cash and cash equivalents - at end of the period	502,555	546,438

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, 2012

	Reserves					
	Share capital	Capital reserve	General reserve			
Rupees						
Balance as at 30 June, 2011 (Audited)	40,000,000	7,440,781	5,400,000	275,107	195,799,805	248,915,693
Total Comprehensive Income for the period ended 30 September 2011	0	0	0	(90,675)	1,443,363	1,352,688
Balance as at 30 September, 2011 (Un-audited)	40,000,000	7,440,781	5,400,000	184,432	197,243,168	250,268,381
Total comprehensive income for the year ended 30 June, 2012	0	0	0	166,823	(12,021,890)	(11,855,067)
Effects of items directly credited in equity by Associated Companies	0	0	0	0	3,972,249	3,972,249
Balance as at 30 June, 2012	40,000,000	7,440,781	5,400,000	351,255	189,193,527	242,385,563
Total comprehensive income for the quarter	0	0	0	64,935	(3,165,883)	(3,100,948)
Effects of items directly credited in equity by Associated Companies	0	0	0	0	841,997	
Balance as at 30 September, 2012	40,000,000	7,440,781	5,400,000	416,190	186,869,641	239,284,615

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, 2012

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, 2012 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, 2012 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, 2012, but are either not currently relevant to the Company or do not have any significant effect on the Company's current financial information:

- (a) IFRS 7 (Amendments), 'Financial Instruments: Disclosures' (effective for the periods beginning on or after 01 January, 2013). The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is only expected to result in additional disclosures and will not impact the Company's financial results.
- (b) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after 01 January, 2015). This is the first standard issued as part of a wider project to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (i) amortised cost and (ii) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.
- (c) IFRS 13, 'Fair Value Measurement' (effective for the periods beginning on or after 01 January, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It is unlikely that this standard will have a significant affect on the Company's financial statements.

- (d) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after 01 July, 2012). The main change resulting from these amendments is a requirement for the entities to group items presented in other comprehensive income (OCI) on the basis of whether they can be potentially reclassified to profit or loss subsequently (reclassification adjustments). The amendments are expected to have an affect on the Company's financial statements.

There are other accounting standards, amendments to approved accounting standards and interpretations that are not yet effective; however, they are currently not considered to be relevant to the Company and therefore have not been detailed in these financial statements.

- 3.2 The comparative figures in Interim Profit and Loss Account have been restated to incorporate share of profit of Associated Company as per the requirements of IAS 28 (Investments in Associates).

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, 2012.

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, 2012 and 30 June, 2012.

7. INVESTMENT PROPERTY

Fair value of investment property, based on the management's estimation, as at 30 September, 2012 is Rs.13.90 million (30 June, 2012: Rs.13.90 million).

8. LONG TERM INVESTMENTS

	Un-audited Quarter ended 30 September, 2012 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	8,800,000	8,800,000
Equity held 10.67% (30 June 2012:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity by PSM	87,706,249	103,938,252
(Loss) / profit for the year-net of taxation	(4,791,599)	(17,074,000)
Dividend received	0	0
	<u>91,714,650</u>	<u>95,664,252</u>
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	6,000,000	6,000,000
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	38,759,430	38,759,430
Profit for the year - net of taxation	1,204,266	1,204,266
	<u>45,963,696</u>	<u>45,963,696</u>
	<u>137,678,346</u>	<u>141,627,948</u>
Others - Quoted		
Available-for-sale		
Ibrahim Fibres Ltd.		
9,750 ordinary shares of Rs.10 each - cost	136,538	136,538
Add: adjustment arising from re-measurement to fair value	416,190	351,255
	<u>552,728</u>	<u>487,793</u>
Held to maturity		
Bank Al-Habib Ltd. - term finance certificates		
	0	2,904,073
	0	(2,904,073)
	<u>0</u>	<u>0</u>
	<u>138,231,074</u>	<u>142,115,741</u>

9. LOAN TO AN ASSOCIATED COMPANY

The Company and Chashma Sugar Mills Ltd. (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 of one month KIBOR+1.25% per annum; the effective mark-up rate charged by the Company during the year ranged from 11.72% to 13.35% (2011: 14.66 % to 14.81%) per annum. The Company, during the preceding year, had extended the grace period for further three years; accordingly, the loan is receivable in 8 equal half-yearly instalments commencing May, 2013. The loan is secured against a promissory note of Rs.55.615 million.

10. INVESTMENTS - At fair value through profit or loss

	Un-audited Quarter ended 30 September, 2012 Rupees	Audited Year ended 30 June, 2012 Rupees
MCB Cash Management Optimizer		
211,538.3579 (2011: 188,284.3163) Units - cost	28,949,008	20,984,592
Adjustment arising from re-measurement to fair value	790,606	4,714,416
	<u>29,739,615</u>	<u>25,699,008</u>
Askari Sovereign Cash Fund		
6,343,538.04 Units - cost	16,162,031	15,000,000
Adjustment arising from measurement to fair value	453,628	1,170,795
	<u>16,615,659</u>	<u>16,170,795</u>
	<u>46,355,274</u>	<u>41,869,803</u>

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 24 October, 2012.

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, 2012 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, 2012. Except for the re-statement of long term investments as detailed in note 3.2, corresponding figures have neither been re-arranged nor re-classified.

Chief Executive

Director