

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR
ENDED 31 DECEMBER, 2011**

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

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 31 December, 2011 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 31 December, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2011.

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 31 December, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore;
25 February, 2012

**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, 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 pre-tax profit of Rs.2.947 million (31 December, 2010 Rs. 2.597 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.9.611 million for the period ended on 31 December, 2011.

INVESTMENTS

The company has invested Rs.50 million in an Associated Company and investments in Mutual Funds stand at Rs.30.98 million.

ACCOUNTING POLICIES

There has been no change in the accounting policies adopted for the preparation of the enclosed half yearly financial statements of the Company.

Islamabad;
24 February, 2012

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE SHEET

	Note	Un-audited 31 December, 2011 Rupees	Audited 30 June, 2011 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		12,967,883	13,115,888
Unappropriated profit		188,110,002	195,799,805
		<u>241,077,885</u>	<u>248,915,693</u>
Deferred taxation		163,386	157,299
Current Liabilities			
Accruals and other payables		3,261,444	1,750,932
Taxation		105,225	681,082
		3,366,669	2,432,014
Contingencies and Commitments	5		
		<u>244,607,940</u>	<u>251,505,006</u>

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

Chief Executive

5

INVESTMENTS LIMITED

AS AT 31 DECEMBER, 2011

	Note	Un-audited 31 December, 2011 Rupees	Audited 30 June, 2011 Rupees
Assets			
Non-current Assets			
Property, plant and equipment		4,782,935	4,814,355
Investment property		1,972,690	1,984,519
Long term investments	6	142,977,024	162,361,107
Loan to an Associated Company		50,000,000	50,000,000
		<u>199,732,649</u>	<u>219,159,981</u>
Current Assets			
Investments	7	30,984,667	24,373,071
Current portion of long term investments	6	5,808,181	0
Advance to employees - considered good		55,750	121,750
Accrued profit and mark-up		7,343,548	6,878,784
Prepayments		31,482	30,466
Advance income tax and tax deducted at source		264,197	285,849
Bank balances		387,466	655,105
		<u>44,875,291</u>	<u>32,345,025</u>
		<u>244,607,940</u>	<u>251,505,006</u>

Director

6

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2011

Note	Quarter ended		Half-year ended	
	31 December, 2011	31 December, 2010	31 December, 2011	31 December, 2010
	----- Rupees -----			
Income	3,431,287	2,921,452	6,904,791	6,297,704
Operating and General Expenses	1,972,793	2,003,687	3,955,661	3,697,812
Operating Profit	1,458,494	917,765	2,949,130	2,599,892
Bank Charges	1,133	583	2,384	2,325
	1,457,361	917,182	2,946,746	2,597,567
Share of Loss of Associated Company	6 (12,557,350)	(2,636,475)	(12,557,350)	(2,636,475)
Loss before Taxation	(11,099,989)	(1,719,293)	(9,610,604)	(38,908)
Taxation				
Current	59,203	20,534	105,225	189,534
Prior year	1,448	235,763	1,448	235,763
Deferred	6,087	(21,856)	6,087	(21,856)
	66,738	234,441	112,760	403,441
Loss after Taxation	(11,166,727)	(1,953,734)	(9,723,364)	(442,349)
Loss per Share	(2.79)	(0.49)	(2.43)	(0.11)

The annexed notes 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, 2011

	Half-year ended	
	31 December, 2011	31 December, 2010
	----- Rupees -----	
Cash flow from operating activities		
Profit for the period - before taxation and share of loss of Associated Company	2,946,746	2,597,567
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	31,420	33,408
Depreciation on investment property	11,829	12,452
Mark-up on loan to an Associated Company	(3,592,863)	(3,531,795)
Profit on term finance certificates	(303,935)	(438,922)
Fair value gain on re-measurement of investments	(1,611,596)	(1,048,504)
Capital gain on investments through profit or loss	0	(10,131)
Loss before working capital changes	(2,518,399)	(2,385,925)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Investments - net	(5,000,000)	(1,800,000)
Advances to employees	66,000	(178,000)
Prepayments	(1,016)	(10,255)
Increase in accruals and other payables	1,510,512	1,372,731
	(3,424,504)	(615,524)
Cash used in operating activities	(5,942,903)	(3,001,449)
Income tax paid	(660,878)	(581,414)
Net cash used in operating activities	(6,603,781)	(3,582,863)
Cash generated from investing activities		
Mark-up received on loan to an Associated Company	3,432,034	3,432,207
Proceeds from held-to-maturity investment	2,904,108	1,747
Net cash generated from investing activities	6,336,142	3,433,954
Net decrease in cash and cash equivalents	(267,639)	(148,909)
Cash and cash equivalents - at beginning of the period	655,105	595,902
Cash and cash equivalents - at end of the period	387,466	446,993

The annexed notes 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, 2011

	Quarter ended		Half-year ended	
	31 December, 2011	31 December, 2010	31 December, 2011	31 December, 2010
	----- Rupees -----			
Loss after Taxation	(11,166,727)	(1,953,734)	(9,723,364)	(442,349)
Other Comprehensive Income				
Fair value (loss) / gain on re-measurement of available-for-sale investments	(57,330)	53,819	(148,005)	77,609
Total Comprehensive Loss for the Period	<u>(11,224,057)</u>	<u>(1,899,915)</u>	<u>(9,871,369)</u>	<u>(364,740)</u>

The annexed notes 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, 2011

	Share capital	Reserves			Unappro- priated profit	Total
		Capital reserve	General reserve	Unrealised gain / (loss) on long term investments		
	----- Rupees -----					
Balance as at 01 July, 2010	40,000,000	7,440,781	5,400,000	196,717	190,417,691	243,455,189
Total comprehensive income / (loss) for the half-year ended 31 December, 2010	0	0	0	77,609	(442,349)	(364,740)
Effect of items directly credited to equity by an Associated Company	0	0	0	0	3,005,702	3,005,702
Balance as at 31 December, 2010	<u>40,000,000</u>	<u>7,440,781</u>	<u>5,400,000</u>	<u>274,326</u>	<u>192,981,044</u>	<u>246,096,151</u>
Balance as at 01 July, 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 31 December, 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 31 December, 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>

The annexed notes 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, 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

- 2.1 This condensed interim financial information of the Company for the half-year ended 31 December, 2011 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Lahore and Karachi stock exchanges. This condensed interim financial information has been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2 This condensed interim financial information is un-audited; however, has been reviewed by the statutory Auditors under limited scope in accordance with the requirements of Code of Corporate Governance.
- 2.3 This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended 30 June, 2011.
- 2.4 This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation followed in preparation of this condensed interim financial information are the same as those applied in preparation of the 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 Standards, interpretations and amendments to published approved accounting standards, which have been effective during the current financial period

- (a) Following amendment to existing approved accounting standard became effective for the periods beginning on or after 01 January, 2011 and is relevant to the Company:

IAS 34 (Amendment), 'Interim Financial Reporting'. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value measurement hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment has resulted in an additional disclosure as presented in note 8 to this condensed interim financial information.

- (b) There are certain new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after 01 July, 2011 but are considered not to be relevant or did not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are other standards, amendments and interpretations, which are not yet effective and are not considered to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2011.

5. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 31 December, 2011 and 30 June, 2011.

6. LONG TERM INVESTMENTS

	Un-audited Half-year ended 31 December, 2011 Rupees	Audited Year ended 30 June, 2011 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
Equity held 10.67% (30 June, 2011:10.67%)
Post acquisition profit brought forward including
effect of items directly credited in equity by PSM
Loss for the period / year - net of taxation
Dividend received

8,800,000	8,800,000
102,287,828	111,399,869
(12,557,350)	(10,745,602)
0	(400,000)
98,530,478	109,054,267

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 by PBML
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
44,182,906	44,182,906

Balance carried forward

142,713,384	153,237,173
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	Un-audited 31 December, 2011	Audited 30 June, 2011
Note	Rupees	Rupees
Balance brought forward	142,713,384	153,237,173
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	127,102	275,107
	263,640	411,645
Held to maturity		
Bank Al-Habib Ltd. - term finance certificates	5,808,181	8,712,289
Less: current portion grouped under current assets	(5,808,181)	0
	0	8,712,289
	142,977,024	162,361,107

6.1 The Company has made investment in the redeemable capital of Bank Al-Habib Limited by purchasing 16 Term Finance Certificates (TFCs) having a total face value of Rs.8,735,000. These TFCs are redeemable in 16 half-yearly instalments commenced from January, 2005 and ending on July, 2012; first 13 instalments are of Rs.1,747 each whereas the last three instalments are of Rs.2,904,096. The expected rate of profit is base rate plus 1.50% with a floor of 3.50% and cap of 10.00%.

7. INVESTMENTS - At fair value through profit or loss

MCB Cash Management Optimizer

237,692.8522 (30 June, 2011:211,538.3579) Units - cost	20,984,592	18,984,592
Adjustment arising from re-measurement to fair value	3,470,580	2,214,111
	24,455,172	21,198,703

Askari Sovereign Cash Fund

64,972.7533 (30 June, 2011:31,526.1506) Units - cost	6,000,000	3,000,000
Adjustment arising from re-measurement to fair value	529,495	174,368
	6,529,495	3,174,368
	30,984,667	24,373,071

8. FINANCIAL RISK MANAGEMENT

This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June, 2011. The Company's activities expose it to a variety of financial risks, which are credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). There has been no change in the Company's sensitivity to these risks since 30 June, 2011 except for general exposure due to fluctuations in interest rates. There have been no changes in risk management objectives and policies of the Company during the period.

The Company's investments in equity instruments of a listed Company are measured at fair value and are placed at level 1 in the fair value measurement hierarchy due to reason that they are tradable at a quoted price in the active market. The Company's investments in units of Mutual Funds are measured at fair value using period-end Net Assets Value as computed by the respective Assets Management Companies and are placed at level 2 of fair value measurement hierarchy. There were no significant change in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. No reclassifications in the categories of financial assets have been made since 30 June, 2011.

9. DATE OF AUTHORISATION FOR ISSUE

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

10. CORRESPONDING FIGURES

- 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 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 comparable period of the immediately preceding financial year, i.e. half-year ended 31 December, 2010. In addition, corresponding figures in the condensed interim profit and loss account and condensed interim statement of comprehensive income also include balances of the three months period ended 31 December, 2010.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.