

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
31 MARCH, 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>
BANKERS	Bank Al-Habib Limited The Bank of Khyber MCB Bank Limited Standard Chartered 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 period ended on 31 March, 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.4.436 million (31 March, 2010 Rs.5.937 million) during the period. However, because of the share of loss of an associated undertaking, the Company's pre-tax profit was reduced to Rs.1.19 million for the period ended on 31 March, 2011.

INVESTMENTS

The company has invested Rs.50 million in an Associated Company and Rs.23 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
27 April, 2011

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE

	Un-audited 31 March, 2011 Rupees	Audited 30 June, 2010 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	13,181,992	13,037,498
Unappropriated profit	183,765,595	179,319,931
	<u>236,947,587</u>	<u>232,357,429</u>
DEFERRED TAXATION	153,050	169,662
CURRENT LIABILITIES		
Accruals and other payables	2,315,985	1,685,773
Taxation	579,199	1,341,706
	<u>2,895,184</u>	<u>3,027,479</u>
CONTINGENCIES AND COMMITMENTS		
6		
	<u>239,995,821</u>	<u>235,554,570</u>

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

Chief Executive

4

INVESTMENTS LIMITED

SHEET AS AT 31 MARCH, 2011

	Un-audited 31 March, 2011 Rupees	Audited 30 June, 2010 Rupees
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	4,831,059	4,881,170
Investment property	7 1,990,745	2,009,423
Long term investments	8 151,604,060	151,055,571
Loan to an Associated Company	9 50,000,000	50,000,000
	<u>208,425,864</u>	<u>207,946,164</u>
CURRENT ASSETS		
Investments	10 23,690,221	19,179,695
Advances to employees - considered good	154,750	9,750
Accrued profit and mark-up	6,829,903	6,222,876
Prepayments	30,931	0
Advance income tax and tax deducted at source	647,028	1,600,183
Bank balances	217,124	595,902
	<u>31,569,957</u>	<u>27,608,406</u>
	<u>239,995,821</u>	<u>235,554,570</u>

Director

5

ARPAK INTERNATIONAL INVESTMENTS LIMITED

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

	Quarter ended		Cumulative	
	31 March, 2011	31 March, 2010	31 March, 2011	31 March, 2010
----- Rupees -----				
INCOME	3,319,681	2,323,768	9,617,385	10,648,329
OPERATING AND GENERAL EXPENSES	1,480,174	1,333,395	5,177,986	4,707,054
OPERATING PROFIT	<u>1,839,507</u>	<u>990,373</u>	<u>4,439,399</u>	<u>5,941,275</u>
BANK CHARGES	549	1,608	2,874	3,604
	<u>1,838,958</u>	<u>988,765</u>	<u>4,436,525</u>	<u>5,937,671</u>
SHARE OF (LOSS) / PROFIT OF ASSOCIATED COMPANIES	(3,245,025)		(3,245,025)	5,944,687
IMPAIRMENT LOSS AGAINST LONG TERM INVESTMENTS	0	(5,456,000)	0	(95,565,978)
	<u>(3,245,025)</u>	<u>(5,456,000)</u>	<u>(3,245,025)</u>	<u>(89,621,291)</u>
PROFIT/(LOSS) BEFORE TAXATION	<u>(1,406,067)</u>	<u>(4,467,235)</u>	<u>1,191,500</u>	<u>(83,683,620)</u>
TAXATION				
Current	389,665	346,068	579,199	2,078,380
Prior year	0	0	235,763	611
Deferred	5,244	0	(16,612)	8,329
	<u>394,909</u>	<u>346,068</u>	<u>798,350</u>	<u>2,087,320</u>
PROFIT/(LOSS) AFTER TAXATION	<u>(1,800,976)</u>	<u>(4,813,303)</u>	<u>393,150</u>	<u>(85,770,940)</u>
PROFIT/(LOSS) PER SHARE	<u>(0.45)</u>	<u>(1.20)</u>	<u>0.10</u>	<u>(21.44)</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 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH, 2011 (UN-AUDITED)

	Quarter ended		Nine Months ended	
	31 March, 2011	31 March, 2010	31 March, 2011	31 March, 2010
----- Rupees -----				
LOSS AFTER TAXATION	(1,800,976)	642,697	393,150	3,850,351
OTHER COMPREHENSIVE INCOME:				
Fair value gain on re-measurement of available-for-sale investments	66,885	(3,997)	144,494	62,401
Share of other comprehensive loss of an Associate Company	0	(5,456,000)	0	(95,565,978)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(1,734,091)</u>	<u>(4,817,300)</u>	<u>537,644</u>	<u>(91,653,226)</u>

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 ENDED 31 MARCH, 2011

	Nine months ended	
	31 March, 2011	31 March, 2010
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation and share of profit of Associated Companies and impairment loss against long term investments	4,436,525	5,937,671
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	50,111	53,404
Depreciation on investment property	18,678	19,660
Mark-up on loan to an Associated Company	(6,648,496)	(5,174,629)
Profit / interest accrued	(181,407)	(637,193)
Fair value gain on re-measurement of investments	(1,700,395)	(62,401)
Capital Gain	(10,131)	0
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	(4,035,115)	136,512
(Increase) / decrease in current assets:		
Investments - net	(2,800,000)	0
Advances to employees	(145,000)	653,950
Prepayments	(30,931)	8,841
Increase / (decrease) in accruals and other payables	630,212	(1,015,995)
	(2,345,719)	(353,204)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
- Before taxation	(6,380,834)	(216,692)
Income tax paid	(624,314)	(2,248,611)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
- After taxation	(7,005,148)	(2,465,303)
NET CASH FLOW FROM INVESTING ACTIVITIES		
Profit/ Mark-up received	6,222,876	9,248,977
Dividend received from Associated company	400,000	0
Proceeds from held-to-maturity investment	3,494	1,747
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(378,778)	6,785,421
CASH AND CASH EQUIVALENTS - At beginning of the period	595,902	13,341,760
CASH AND CASH EQUIVALENTS - At end of the period	217,124	20,127,181

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 QUARTER ENDED 31 MARCH, 2011

	Share capital	Capital reserve	General reserve	Unrealised gain on long term investments	Unappropriated profit	Total
	Rupees					
Balance as at 30 June, 2009	40,000,000	7,440,781	5,400,000	154,109	164,049,937	217,044,827
Total comprehensive income / (loss) for the Nine Months period ended 31 March, 2010	0	0	0	58,404	(91,725,704)	(91,667,300)
Balance as at 31 March, 2010	40,000,000	7,440,781	5,400,000	212,513	72,324,233	125,377,527
Balance as at 30 June, 2010	40,000,000	7,440,781	5,400,000	196,717	179,319,931	232,357,429
Total comprehensive income / for the Nine Months period ended 31 March, 2011	0	0	0	144,494	393,150	537,644
Effect of items directly credited to equity by an Associated Company	0	0	0	0	4,052,514	4,052,514
Balance as at 31 March, 2011	40,000,000	7,440,781	5,400,000	341,211	183,765,595	236,947,587

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)

FFOR THE QUARTER ENDED 31 MARCH, 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 nine months ended 31 March, 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, 2010 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
- 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, 2010.

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 31 March, 2011 and 30 June, 2010.

7. INVESTMENT PROPERTY

Fair value of investment property, based on the management's estimation, as at 31 March, 2011 is Rs.50.300 million (30 June, 2010: Rs.50.300 million).

8. LONG TERM INVESTMENTS

	Un-audited Nine-month ended 31 March, 2011 Rupees	Audited Year ended 30 June, 2010 Rupees
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, 2010:10.67%)	8,800,000	8,800,000
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income	109,150,598	103,015,951
Profit for the period / year-net of taxation	(595,071)	5,932,087
Less: Distribution received	(400,000)	(1,200,000)
	<u>116,955,527</u>	<u>116,548,038</u>
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	6,000,000	6,000,000
Equity held 10.63% (30 June 2010:10.63%) Post acquisition profit brought forward including effect of items directly credited in equity / Other Comprehensive Income	17,656,024	17,656,025
Add: Profit for the period / year-net of taxation	1,802,470	1,802,470
	<u>25,458,494</u>	<u>25,458,495</u>
	<u>142,414,021</u>	<u>142,006,533</u>
Others - Quoted		
Available for sale		
Ibrahim Fibres Ltd. 9,750 ordinary shares of Rs.10 each	136,538	136,538
Add: Adjustment arising from measurement to fair value	341,212	196,717
	<u>477,750</u>	<u>333,255</u>
Held to maturity		
Bank Al-Habib Ltd. - term finance certificates	8,712,289	8,715,783
	<u>151,604,060</u>	<u>151,055,571</u>

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 financial period ranged from 13.51% to 14.59% (30 June, 2010:13.28% to 14.04%) per annum.

	Un-audited Quarter ended 31 March, 2011 Rupees	Audited Year ended 30 June, 2010 Rupees
10. INVESTMENTS - At fair value through profit or loss		
MCB Cash Management Optimizer		
195,956.2289 units (30 June, 2010:188,284.3163 units)	19,179,695	19,174,461
Adjustment arising from measurement to fair value	1,619,659	5,234
	<u>20,799,354</u>	<u>19,179,695</u>
Less: units en-cashed during the period	(189,869)	0
	<u>20,609,485</u>	<u>19,179,695</u>
Askari Sovereign Cash Fund		
29,878.349 units - cost	3,000,000	0
Adjustment arising from measurement to fair value	80,736	0
	<u>3,080,736</u>	<u>0</u>
	<u>23,690,221</u>	<u>19,179,695</u>

11. OPERATING SEGMENT

This condensed interim financial information have been prepared on the basis of single reportable segment.

- 0.1 Interest / profit income represents 76.97% (30 June, 2010: 84.53%) of total income of the Company.
- 0.2 All non-current assets of the Company as at 31 March, 2011 and 30 June, 2010 are located in Pakistan.
- 0.3 The Company has earned 53.15% (30 June, 2010: 63.15%) of its total income from interest on loan to an Associated Company.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 27 April, 2011.

13. 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, 2010 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 nine months ended 31 March, 2010. Corresponding figures have been re-arranged, whenever, necessary, for the purpose of comparison. However no significant re-arrangements have been made.

Chief Executive

Director