

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
31 MARCH, 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 period ended on 31 March, 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.4.189 million (31 March, 2011 Rs.4.436 million) during the period. However, after incorporating the share of loss on investment in an associated undertaking, the Company's pre-tax profit turned in to a pre-tax loss of Rs.8.368 million for the period ended on 31 March, 2012.

INVESTMENTS

The company has invested Rs.50 million in an Associated Company and Rs.40.87 million in the Mutual Funds (31 March 2011: Rs. 24.373).

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
26 April, 2012

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE

	Note	Un-audited 31 March, 2012 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		13,079,618	13,115,888
Unappropriated profit		189,278,644	195,799,805
		<u>242,358,262</u>	<u>248,915,693</u>
DEFERRED TAXATION		163,386	157,299
CURRENT LIABILITIES			
Accruals and other payables		2,489,124	1,750,932
Taxation		178,825	681,082
		<u>2,667,949</u>	<u>2,432,014</u>
CONTINGENCIES AND COMMITMENTS			
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		<u>245,189,597</u>	<u>251,505,006</u>

INVESTMENTS LIMITED

SHEET AS AT 31 MARCH, 2012

	Note	Un-audited 31 March, 2012 Rupees	Audited 30 June, 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property & Equipment		4,767,223	4,814,355
Investment property		1,966,776	1,984,519
Long term investments	6	143,088,759	162,361,107
Loan to an Associated Company		50,000,000	50,000,000
		<u>199,822,758</u>	<u>219,159,981</u>
CURRENT ASSETS			
Investments	7	40,876,425	24,373,071
Current Portion of long term investments	6	2,904,073	0
Advances to employees - considered good		22,750	121,750
Accrued profit and mark-up		711,277	6,878,784
Prepayments		39,831	30,466
Advance income tax and tax deducted at source		267,959	285,849
Bank balances		544,524	655,105
		<u>45,366,839</u>	<u>32,345,025</u>
		<u>245,189,597</u>	<u>251,505,006</u>

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

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 QUARTER ENDED 31 MARCH, 2012

	Quarter ended		Cumulative	
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
----- Rupees -----				
INCOME	3,362,179	3,319,681	10,266,970	9,617,385
OPERATING AND GENERAL EXPENSES	2,118,816	1,480,174	6,074,308	5,177,986
OPERATING PROFIT	1,243,363	1,839,507	4,192,662	4,439,399
BANK CHARGES	1,290	549	3,674	2,874
	1,242,073	1,838,958	4,188,988	4,436,525
SHARE OF (LOSS) OF ASSOCIATED COMPANIES	6 (12,557,350)	(3,245,025)	6 (12,557,350)	(3,245,025)
	(12,557,350)	(3,245,025)	(12,557,350)	(3,245,025)
PROFIT/(LOSS) BEFORE TAXATION	(11,315,277)	(1,406,067)	(8,368,362)	1,191,500
TAXATION				
Current	73,600	389,665	178,825	579,199
Prior year	0	0	1,448	235,763
Deferred	6,087	5,244	6,087	(16,612)
	79,687	394,909	186,360	798,350
PROFIT/(LOSS) AFTER TAXATION	(11,394,964)	(1,800,976)	(8,554,722)	393,150
PROFIT/(LOSS) PER SHARE	(2.85)	(0.45)	(2.14)	0.10

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, 2012 (UN-AUDITED)

	Quarter ended		Nine Months ended	
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
----- Rupees -----				
LOSS AFTER TAXATION	(11,394,964)	1,800,976	(8,554,722)	393,150
OTHER COMPREHENSIVE INCOME:				
Fair value gain on re-measurement of available-for-sale investments	111,735	66,885	(36,270)	144,494
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(11,283,229)	1,867,861	(8,590,992)	537,644

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, 2012

	Nine months ended	
	31 March, 2012 Rupees	31 March, 2011 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation and share of profit of Associated Companies	4,188,988	4,436,525
Adjustments for non-cash charges and other items:		
Depreciation on property & equipment	47,132	50,111
Depreciation on investment property	17,744	18,678
Mark-up on loan to an Associated Company	(5,243,672)	(6,648,496)
Profit / interest accrued	(60,468)	(181,407)
Fair value gain on re-measurement of investments	(2,503,354)	(1,700,395)
Capital Gain	0	(10,131)
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	(3,553,630)	(4,035,115)
(Increase) / decrease in current assets:		
Investments - net	(14,000,000)	(2,800,000)
Advances to employees	99,000	(145,000)
Prepayments	(9,365)	(30,931)
Increase / (decrease) in accruals and other payables	738,192	630,212
	(13,172,173)	(2,345,719)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
- Before taxation	(16,725,803)	(6,380,834)
Income tax paid	(664,640)	(624,314)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
- After taxation	(17,390,443)	(7,005,148)
NET CASH FLOW FROM INVESTING ACTIVITIES		
Profit/ Mark-up received	11,471,646	6,222,876
Dividend received from Associated Company	0	400,000
Proceeds from held-to-maturity investment	5,808,216	3,494
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(110,581)	(378,778)
CASH AND CASH EQUIVALENTS - At beginning of the period	655,105	595,902
CASH AND CASH EQUIVALENTS - At end of the period	544,524	217,124

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, 2012

	Share capital	Capital reserve	General reserve	Unrealised gain on long term investments	Unappropriated profit	Total
----- Rupees -----						
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 / (loss) 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
Balance as at 30 June, 2011	40,000,000	7,440,781	5,400,000	275,107	195,799,805	248,915,693
Total comprehensive income / for the Nine Months period ended 31 March, 2012	0	0	0	(36,270)	(8,554,722)	(8,590,992)
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 March, 2012	40,000,000	7,440,781	5,400,000	238,837	189,278,644	242,358,262

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 QUARTER ENDED 31 MARCH, 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

2.1 This condensed interim financial information of the Company for the quarter ended 31 March, 2012 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 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.

2.3 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 March, 2012 and 30 June, 2011.

6. LONG TERM INVESTMENTS

	Un-audited Quarter ended 31 March, 2012 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
142,713,384	153,237,173

Balance carried forward

	Un-audited 31 March, 2012	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	238,837	275,107
	375,375	411,645
Held to maturity		
Bank Al-Habib Ltd. - term finance certificates	6.1 2,904,073	8,712,289
Less: current portion grouped under current assets	(2,904,073)	0
	0	8,712,289
	143,088,759	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 that commenced from January, 2005 and would end 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

250,778.7860 units (30 June, 2011:211,538.3579 units)	20,984,592	18,984,592
Adjustment arising from re-measurement to fair value	4,099,531	2,214,111
	25,084,123	21,198,703

Askari Sovereign Cash Fund

157,670.9028 (30 June, 2011:31,526.1506) Units - cost	15,000,000	3,000,000
Adjustment arising from re-measurement to fair value	792,302	174,368
	15,792,302	3,174,368
	40,876,425	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 26 April, 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. quarter ended 31 March, 2011. In addition, corresponding figures in the condensed interim profit and loss account and condensed interim statement of comprehensive income also include balances of the nine months period ended 31 March, 2011.
- 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.

Chief Executive

Director