

**arpak
international
investments
limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR
ENDED 31 DECEMBER, 2009**

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 Ibrahim & Co., <i>Chartered Accountants</i>
LEGAL ADVISERS	Mr. Ishtiaq Ahmad <i>Advocate</i>
BANKERS	Bank Al-Falah Limited Bank Al-Habib Limited The Bank of Khyber MCB Bank Limited Silk 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

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** as at 31 December, 2009 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 "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 December, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2009.

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 interim financial information as of and for the half-year ended 31 December, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore;
24 February, 2010

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**
Engagement Partner: Abdul Hameed Chaudhri

ARPAK INTERNATIONAL INVESTMENTS LIMITED

BRIEF REVIEW

The half yearly financial statements of the Company 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 the listing regulations of the Lahore and Karachi Stock Exchanges.

OPERATIONS

The Company suffered pre-tax Loss of Rs. 79.223 million due to impairment loss against investment in an associated undertaking for the period ended on 31 December, 2009. The Company is holding Capital Reserves of Rs. 7.441 million, General Reserves of Rs. 5.400 million and Unappropriated profit Rs. 77.527 million as against the paid up capital of Rs. 40.000 million.

The Management is actively working on different options to ensure appropriate return on available funds.

ADOPTION OF RECOGNISED ACCOUNTING POLICIES

The accounting policies adopted during the period are the same as applied in the preparation of the preceding annual financial statements of the Company.

Islamabad;
23 February, 2010

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE SHEET

		Un-audited 31 December, 2009 Rupees	Audited 30 June, 2008 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		13,061,288	12,994,890
Unappropriated profit		77,526,543	164,049,937
		<u>130,587,831</u>	<u>217,044,827</u>
DEFERRED TAXATION		161,334	153,005
CURRENT LIABILITIES			
Accruals and other payables		917,912	2,228,320
Taxation		1,735,389	2,248,000
		2,653,301	4,476,320
CONTINGENCIES AND COMMITMENTS	4		
		<u>133,402,466</u>	<u>221,674,152</u>

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

Chief Executive

6

INVESTMENTS LIMITED

AS AT 31 DECEMBER, 2009

		Un-audited 31 December, 2009 Rupees	Audited 30 June, 2008 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,916,773	4,952,375
Investment property	5	2,022,530	2,035,637
Long term investments	6	50,627,602	140,285,669
Loan to an Associated Company	7	50,000,000	50,000,000
		<u>107,566,905</u>	<u>197,273,681</u>
CURRENT ASSETS			
Advance to employees - considered good		13,700	663,700
Accrued profit and mark-up		9,121,167	7,722,190
Prepayments		7,457	16,298
Advance income tax and tax deducted at source		1,513,250	2,289,484
Bank balances		15,179,987	13,708,799
		<u>25,835,561</u>	<u>24,400,471</u>
		<u>133,402,466</u>	<u>221,674,152</u>

Director

7

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 DECEMBER, 2009

	Note	Quarter ended		Half-year ended	
		31 December, 2009	31 December, 2008	31 December, 2009	31 December, 2008
----- Rupees -----					
INCOME		4,753,527	2,762,318	8,324,561	4,962,960
OPERATING AND GENERAL EXPENSES		2,563,935	839,157	3,380,659	1,680,754
OPERATING PROFIT		<u>2,189,592</u>	<u>1,923,161</u>	<u>4,943,902</u>	<u>3,282,206</u>
BANK CHARGES		482	1,202	1,996	1,846
		<u>2,189,110</u>	<u>1,921,959</u>	<u>4,941,906</u>	<u>3,280,360</u>
SHARE OF PROFIT OF ASSOCIATED COMPANIES	6	3,933,605	2,798,595	5,944,687	2,798,595
IMPAIRMENT LOSS AGAINST LONG TERM INVESTMENTS	6	(90,109,978)	0	(90,109,978)	0
		<u>(86,176,373)</u>	<u>2,798,595</u>	<u>(84,165,291)</u>	<u>2,798,595</u>
(LOSS) / PROFIT BEFORE TAXATION		<u>(83,987,263)</u>	<u>4,720,554</u>	<u>(79,223,385)</u>	<u>6,078,955</u>
TAXATION					
- Current		772,389	787,255	1,735,389	1,134,255
- Prior year		611	192,968	611	192,968
- Deferred		8,329	10,216	8,329	10,216
		<u>781,329</u>	<u>990,439</u>	<u>1,744,329</u>	<u>1,337,439</u>
(LOSS) / PROFIT AFTER TAXATION		<u>(84,768,592)</u>	<u>3,730,115</u>	<u>(80,967,714)</u>	<u>4,741,516</u>
(LOSS) / EARNINGS PER SHARE		<u>(21.19)</u>	<u>0.93</u>	<u>(20.24)</u>	<u>1.19</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 HALF-YEAR ENDED 31 DECEMBER, 2009

	Half-year ended	
	31 December, 2009	31 December, 2008
----- Rupees -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and share of profit of Associated Companies and impairment loss against long term investments	4,941,906	3,280,360
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	35,602	38,050
Depreciation on investment property	13,107	13,797
Mark-up on loan to an Associated Company	(3,488,054)	(3,732,213)
Profit / interest accrued	(1,236,507)	(1,216,122)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- Before working capital changes	266,054	(1,616,128)
Decrease in advance to employees	650,000	0
Decrease in prepayments	8,841	0
Proceeds from encashment of investments	0	13,519,072
(Decrease) / increase in accruals and other payables	(1,310,408)	1,007,965
	<u>(651,567)</u>	<u>14,527,037</u>
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
- Before taxation	(385,513)	12,910,909
Taxes paid	(1,472,377)	(2,140,296)
Proceeds from held-to-maturity investment	3,494	1,747
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
- After taxation	<u>(1,854,396)</u>	<u>10,772,360</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		
Interest / mark-up received	3,325,584	540,973
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,471,188</u>	<u>11,313,333</u>
CASH AND CASH EQUIVALENTS - At the beginning of the period	<u>13,708,799</u>	<u>1,963,341</u>
CASH AND CASH EQUIVALENTS - At the end of the period	<u>15,179,987</u>	<u>13,276,674</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 (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2009

	Quarter ended		Half-year ended	
	31 December, 2009	31 December, 2008	31 December, 2009	31 December, 2008
	----- Rupees -----			
(LOSS) / PROFIT AFTER TAXATION	(84,768,592)	3,730,115	(80,967,714)	4,741,516
OTHER COMPREHENSIVE INCOME:				
Fair value reserve on measurement of available-for-sale investments	13,848	(33,248)	66,398	(156,195)
Effect of items directly credited in equity by an Associated Company	(5,555,680)	3,466,480	(5,555,680)	3,466,480
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD	<u>(90,310,424)</u>	<u>7,163,347</u>	<u>(86,456,996)</u>	<u>8,051,801</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, 2009

	Share capital	Reserves			Sub-total	Unappropriated profit	Total
		Capital reserve	General reserve	Fair value reserve on measurement of available-for-sale investments			
	----- Rupees -----						
Balance as at 30 June, 2008	40,000,000	7,440,781	5,400,000	375,337	13,216,118	140,924,901	194,141,019
Total comprehensive profit for the half-year ended 31 December, 2008	0	0	0	(156,195)	(156,195)	8,207,996	8,051,801
Balance as at 31 December, 2008	40,000,000	7,440,781	5,400,000	219,142	13,059,923	149,132,897	202,192,820
Total comprehensive profit for the half-year ended 30 June, 2009	0	0	0	(65,033)	(65,033)	14,917,040	14,852,007
Balance as at 30 June, 2009	40,000,000	7,440,781	5,400,000	154,109	12,994,890	164,049,937	217,044,827
Total comprehensive loss for the half-year ended 31 December, 2009	0	0	0	66,398	66,398	(86,523,394)	(86,456,996)
Balance as at 31 December, 2009	<u>40,000,000</u>	<u>7,440,781</u>	<u>5,400,000</u>	<u>220,507</u>	<u>13,061,288</u>	<u>77,526,543</u>	<u>130,587,831</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, 2009

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 is un-audited; it has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 (Interim Financial Reporting). The figures for the half-year ended 31 December, 2009 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended 30 June, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements of the Company for the year ended 30 June, 2009 except for the changes mentioned below:

3.1 IAS 1 (Revised) - (Presentation of Financial Statements). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity'. All 'non-owner changes in equity' are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under the revised disclosure requirements.

3.2 In addition to above, following amendments to standards are mandatory for the first time for financial year beginning on 01 July, 2009 and are also relevant to the Company. The adoption of these amendments does not have significant impact on the condensed interim financial information of the Company.

- IAS 23 (Amendment) - Borrowing Costs
- IAS 28 (Amendment) - Investment in Associates
- IAS 36 (Amendment) - Impairment of Assets
- IAS 39 (Amendment) - Financial instruments: Recognition and Measurement

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 01 July, 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in the condensed interim financial information.

4. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at 31 December, 2009 and 30 June 2009.

5. INVESTMENT PROPERTY

Fair value of investment property, based on the management's estimation, as at 31 December, 2009 is Rs.50.300 million (30 June, 2009: Rs.50.300 million).

6. LONG TERM INVESTMENTS

Un-audited Half-year ended 31 December, 2009 Rupees	Audited Year ended 30 June, 2009 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 2009:10.67%)
Add: proportion of net assets of PSM

8,800,000	8,800,000
99,369,978	98,980,971
108,169,978	107,780,971
Less: provision against impairment loss	0
90,109,978	0
18,060,000	107,780,971

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 2009:10.63%)
Add: proportion of net assets of PBML

6,000,000	6,000,000
17,494,774	17,494,774
23,494,774	23,494,774
41,554,774	131,275,745

Others

Quoted:

Available for sale

Ibrahim Fibres Ltd.

9,750 ordinary shares of Rs.10 each

Adjustment arising from measurement to fair value

136,538	136,538
220,507	154,109
357,045	290,647

Held to maturity

Bank Al-Habib Ltd. - term finance certificates

8,715,783	8,719,277
50,627,602	140,285,669

6.1 The Company had 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 commencing 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. 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. Initially this loan was repayable in 8 equal half yearly instalments after the grace period of 2 years; however, the members of the Company, vide a special resolution passed in an Annual General Meeting held on 31 October, 2009, has approved grace period for further 3 years. Accordingly, repayment of this loan will be commencing from May, 2013. This loan carries mark up at the rate of 1 month KIBOR plus 1.25% per annum. The effective mark-up rate charged by the Company during the current financial year ranged between 13.54% to 14.04% (2008:12.39% to 15.85%) per annum.

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 23 February, 2010.

9. FIGURES

- Figures in the condensed interim financial information have been rounded-off to the nearest Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged nor re-classified.

Chief Executive

Director