

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR
ENDED 31 DECEMBER, 2010**

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-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

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, 2010 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 for the quarters ended 31 December, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2010.

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, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore;
25 February, 2011

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

ARPAK INTERNATIONAL INVESTMENTS LIMITED

BRIEF REVIEW

The half yearly financial statements of the Company for the period ended on 31 December, 2010 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.2.597 million (31 December, 2009 Rs.4.941 million) during the period. However, after incorporating the share of loss of an associated undertaking, the Company's pre-tax profit was reduced to pre-tax loss of Rs.0.0389 million for the period ended on 31 December, 2010.

INVESTMENTS

The company has invested Rs.50 million in an Associated Company and Rs.22 million in the Mutual Funds.

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, 2011

ARPAK INTERNATIONAL

CONDENSED INTERIM BALANCE SHEET

	Note	Un-audited 31 December, 2010 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		13,115,107	13,037,498
Unappropriated profit		181,883,284	179,319,931
		<u>234,998,391</u>	<u>232,357,429</u>
DEFERRED TAXATION		147,806	169,662
CURRENT LIABILITIES			
Accruals and other payables		3,058,504	1,685,773
Taxation		189,534	1,341,706
		<u>3,248,038</u>	<u>3,027,479</u>
CONTINGENCIES AND COMMITMENTS			
	6		
		<u>238,394,235</u>	<u>235,554,570</u>

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

Chief Executive

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INVESTMENTS LIMITED

AS AT 31 DECEMBER, 2010

	Note	Un-audited 31 December, 2010 Rupees	Audited 30 June, 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,847,762	4,881,170
Investment property	7	1,996,971	2,009,423
Long term investments	8	151,500,660	151,055,571
Loan to an Associated Company	9	50,000,000	50,000,000
		<u>208,345,393</u>	<u>207,946,164</u>
CURRENT ASSETS			
Investments	10	22,038,330	19,179,695
Advances to employees - considered good		187,750	9,750
Accrued profit and mark-up		6,761,386	6,222,876
Prepayments		10,255	0
Advance income tax and tax deducted at source		604,128	1,600,183
Bank balances		446,993	595,902
		<u>30,048,842</u>	<u>27,608,406</u>
		<u>238,394,235</u>	<u>235,554,570</u>

Director

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ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2010

Note	Quarter ended		Half-year ended	
	31 December, 2010	31 December, 2009	31 December, 2010	31 December, 2009
	----- Rupees -----			
INCOME	2,921,452	4,753,527	6,297,704	8,324,561
OPERATING AND GENERAL EXPENSES	2,003,687	2,563,935	3,697,812	3,380,659
OPERATING PROFIT	917,765	2,189,592	2,599,892	4,943,902
BANK CHARGES	583	482	2,325	1,996
	917,182	2,189,110	2,597,567	4,941,906
SHARE OF (LOSS) / PROFIT OF ASSOCIATED COMPANIES	8 (2,636,475)	3,933,605	(2,636,475)	5,944,687
IMPAIRMENT LOSS AGAINST LONG TERM INVESTMENTS	0	(90,109,978)	0	(90,109,978)
	(2,636,475)	(86,176,373)	(2,636,475)	(84,165,291)
LOSS BEFORE TAXATION	(1,719,293)	(83,987,263)	(38,908)	(79,223,385)
TAXATION				
Current	20,534	772,389	189,534	1,735,389
Prior year	235,763	611	235,763	611
Deferred	(21,856)	8,329	(21,856)	8,329
	234,441	781,329	403,441	1,744,329
LOSS AFTER TAXATION	(1,953,734)	(84,768,592)	(442,349)	(80,967,714)
LOSS PER SHARE	(0.49)	(21.19)	(0.11)	(20.24)

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, 2010

	Half-year ended	
	31 December, 2010	31 December, 2009
	----- 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	2,597,567	4,941,906
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	33,408	35,602
Depreciation on investment property	12,452	13,107
Mark-up on loan to an Associated Company	(3,531,795)	(3,488,054)
Profit / interest accrued	(438,922)	(1,236,507)
Fair value gain on re-measurement of investments	(1,048,504)	0
Capital gain	(10,131)	0
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	(2,385,925)	266,054
(Increase) / decrease in current assets:		
Investments - net	(2,000,000)	0
Advances to employees	(178,000)	650,000
Prepayments	(10,255)	8,841
Proceeds from encashment of investments	200,000	0
Increase / (decrease) in accruals and other payables	1,372,731	(1,310,408)
	(615,524)	(651,567)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
- Before taxation	(3,001,449)	(385,513)
Income tax paid	(581,414)	(1,472,377)
Proceeds from held-to-maturity investment	1,747	3,494
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
- After taxation	(3,581,116)	(1,854,396)
NET CASH FLOW FROM INVESTING ACTIVITIES		
Mark-up received on loan to an Associated Company	3,432,207	3,325,584
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(148,909)	1,471,188
CASH AND CASH EQUIVALENTS - At beginning of the period	595,902	13,708,799
CASH AND CASH EQUIVALENTS - At end of the period	446,993	15,179,987

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, 2010

	Quarter ended		Half-year ended	
	31 December, 2010	31 December, 2009	31 December, 2010	31 December, 2009
----- Rupees -----				
LOSS AFTER TAXATION	(1,953,734)	(84,768,592)	(442,349)	(80,967,714)
OTHER COMPREHENSIVE INCOME:				
Fair value gain on re-measurement of available-for-sale investments	53,819	13,848	77,609	66,398
Share of other comprehensive loss of an Associate Company	0	(5,555,680)	0	(5,555,680)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,899,915)	(90,310,424)	(364,740)	(86,456,996)

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, 2010

	Share capital	Capital reserve	General reserve	Unrealised gain / (loss) 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 half-year ended 31 December, 2009	0	0	0	66,398	(86,523,394)	(86,456,996)
Balance as at 31 December, 2009	40,000,000	7,440,781	5,400,000	220,507	77,526,543	130,587,831
Total comprehensive (loss) / income for the half-year ended 30 June, 2010	0	0	0	(23,790)	97,758,408	97,734,618
Effect of items directly credited to equity by an Associated Company	0	0	0	0	4,034,980	4,034,980
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 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	40,000,000	7,440,781	5,400,000	274,326	181,883,284	234,998,391

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, 2010

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 half-year ended 31 December, 2010 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.

This condensed interim financial information are unaudited but subject to limited scope review by the auditors and do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June, 2010.

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 instrument's; and
- 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.

3.2 Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the company:

Following new standards, amendments and interpretation to existing standards have been issued but will be effective for accounting periods beginning on or after the dates specified below:

- IFRS 9 'Financial instruments' (effective from 01 January, 2013);
- IAS 24 (Revised) 'Related party disclosures (effective 01 January, 2011); and
- IFRIC 14 - IAS 19 (Amendment), 'The limit on defined benefit assets, minimum funding requirements and their interaction' (effective from 01 January, 2011)'.

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 December, 2010 and 30 June, 2010.

7. INVESTMENT PROPERTY

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

8. LONG TERM INVESTMENTS

	Un-audited Half-year ended 31 December, 2010	Audited Year ended 30 June, 2010
Note	Rupees	Rupees
Associated Companies:		
Quoted:		
The Premier Sugar Mills and Distillery Company Ltd.		
400,000 ordinary shares of Rs.10 each - cost	8,800,000	8,800,000
Equity held 10.67% (30 June, 2010:10.67%)		
Post acquisition profit brought forward including effect of items directly credited in equity / other comprehensive income	110,753,740	103,015,951
(Loss) / profit for the period / year - net of taxation	(2,636,475)	5,932,087
Distribution received	0	(1,200,000)
	116,917,265	116,548,038
Un-quoted:		
Premier Board Mills Ltd.		
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
Profit for the period / year - net of taxation	1,802,470	1,802,470
	25,458,494	25,458,495
	142,375,759	142,006,533
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	274,327	196,717
	410,865	333,255
Held to maturity		
Bank Al-Habib Ltd. - term finance certificates	8.1 8,714,036	8,715,783
	151,500,660	151,055,571

8.1 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 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%.

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 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.

10. INVESTMENTS - At fair value through profit or loss

	Un-audited Half-year ended 31 December, 2010	Audited Year ended 30 June, 2010
	Rupees	Rupees
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	1,038,390	5,234
	20,218,085	19,179,695
Less: units en-cashed during the period	(189,869)	0
	20,028,216	19,179,695
Askari Sovereign Cash Fund		
19,243.1663 units - cost	2,000,000	0
Adjustment arising from measurement to fair value	10,114	0
	2,010,114	0
	22,038,330	19,179,695

11. OPERATING SEGMENT

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

11.1 Interest / profit income represents 79.96% (30 June, 2010: 84.53%) of total income of the Company.

11.2 All non-current assets of the Company as at 31 December, 2010 and 30 June, 2010 are located in Pakistan.

11.3 The Company has earned 56.09% (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 24 February, 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 half-year ended 31 December, 2009. Corresponding figures have been re-arranged, whenever, necessary, for the purpose of comparison. However no significant re-arrangements have been made.

Chief Executive

Director