



Balance Sheet as at June 30, 2009

	Note	2009 (Rupees in thousands)	2008
Assets			
Non-Current Assets			
Fixed Assets			
Property, plant and equipment	3	4,374	4,783
Long-term Deposits			
		113	113
Current Assets			
Stores and spares	4	3,588	3,664
Loans and advances	5	293	262
Short-term prepayments		20	1
Other receivables	6	1,076	1,076
Cash and bank balances	7	3,178	2,306
		8,155	7,309
Total Assets		<u>12,642</u>	<u>12,205</u>
Equity and Liabilities			
Share Capital			
Authorised 10,000,000 ordinary shares of Rs. 5 each		<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital	8	30,000	30,000
Accumulated (loss)		(43,127)	(43,655)
		(13,127)	(13,655)
Non-Current Liabilities			
Long-term financing	9	25,000	25,000
Current Liabilities			
Trade and other payables	10	769	860
Contingencies			
	11		
Total Equity and Liabilities		<u>12,642</u>	<u>12,205</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Murtaza H. Habib
Director



Cash Flow Statement for the year ended June 30, 2009

	Note	2009 (Rupees in thousands)	2008
Cash flows from operating activities			
Cash generated from operations	17	1,111	1,187
Financial charges - paid		(146)	(69)
Profit received on treasury call account		153	122
		7	53
Income tax paid		(246)	(112)
Net cash generated from operating activities		872	1,128
Cash flows from investing activities			
Net cash generated from / (used in) investing activities		-	-
Cash flows from financing activities			
Long-term financing repayment to affiliated company		-	(1,487)
Net cash (used) in financing activities		-	(1,487)
Net increase / (decrease) in cash and bank		872	(359)
Cash and bank balance at the beginning of the year		2,306	2,665
Cash and bank balance at the end of the year	7	3,178	2,306

The annexed notes 1 to 24 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Murtaza H. Habib
Director



Statement of Changes in Equity for the year ended June 30, 2009

	Share Capital	Accumulated (Loss)	Total
	(Rupees in thousands)		
Balance as on July 1, 2007	30,000	(44,268)	(14,268)
Profit after taxation for the year ended June 30, 2008	–	613	613
Balance as on June 30, 2008	30,000	(43,655)	(13,655)
Profit after taxation for the year ended June 30, 2009	–	528	528
Balance as on June 30, 2009	30,000	(43,127)	(13,127)

The annexed notes 1 to 24 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Murtaza H. Habib
Director



Profit and Loss Account for the year ended June 30, 2009

	Note	2009 (Rupees in thousands)	2008
Factory, administration and financial charges			
Salaries and allowances		312	290
Rent, rates and taxes		55	55
Communication, printing and stationery		150	147
Repairs and maintenance		18	4
Provision for obsolescence and slow moving items		58	53
Travelling, conveyance and vehicle running expenses		221	180
Directors' fee		9	8
Stock exchange listing fee	12	25	140
Depreciation		409	454
Legal and professional charges		347	64
Insurance		19	20
Auditors' remuneration	13	48	45
Other expenses		12	17
Financial charges / (income) - Net	14	(26)	(4)
		<u>(1,657)</u>	<u>(1,473)</u>
Rental income		<u>2,400</u>	<u>2,196</u>
Profit before taxation		743	723
Taxation	15	215	110
Profit after taxation		<u>528</u>	<u>613</u>
Accumulated (loss) brought forward		<u>(43,655)</u>	<u>(44,268)</u>
Accumulated (loss) carried forward		<u>(43,127)</u>	<u>(43,655)</u>
Earnings per share - Basic and diluted (Rs.)	16	<u>0.09</u>	<u>0.10</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Murtaza H. Habib
Director



Notes to the Financial Statements for the year ended June 30, 2009

1. The Company and its operations

Balochistan Particle Board Limited is a public listed company incorporated in Pakistan, with shares quoted on the Karachi and Lahore Stock Exchanges. The manufacturing operations of Urea Formaldehyde continued to remain closed on account of prevailing adverse conditions. Company's present business operations comprise of letting out part of its premises to third parties for purposes of storage and the conduct of their commercial operations.

2. Summary of Significant Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards, (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Significant accounting judgements and estimates

The preparation of financial statements in conformity with 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 historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

- a) Determining the residual values and useful lives of property, plant and equipment (Note 2.5);
- b) Recognition of taxation and deferred tax (Note 2.9) ; and
- c) Impairment of financial assets (Note 2.10)

2.3 Accounting standards not yet effective:

The following revised standards, amendments and interpretations of approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standard, amendment or interpretation	Effective date (accounting periods beginning on or after)
IFRS 1 First time adoption of International Financial Reporting Standards (Revised)	July 1, 2009
IFRS 5 Non-current assets held for sale and discontinued operations (Amendments)	January 1, 2009
IFRS 7 Financial Instruments : Disclosures (Amendments)	January 1, 2009
IAS 1 Presentation of financial statements (Revised)	January 1, 2009



IAS 7	Statement of cash flows (Amendments)	January 1, 2009
IAS 12	Income taxes (Amendments)	January 1, 2009
IAS 16	Property, plant and equipment (Amendments)	January 1, 2009
IAS 18	Revenue (Amendments)	January 1, 2009
IAS 19	Employee benefits (Amendments)	January 1, 2009
IAS 23	Borrowing costs (Revised)	January 1, 2009
IAS 32	Financial instruments : Presentation (Amendments)	January 1, 2009
IAS 33	Earnings per share (Amendments)	January 1, 2009
IAS 34	Interim financial reporting (Amendments)	January 1, 2009
IAS 36	Impairment of assets (Amendments)	January 1, 2009
IAS 39	Financial instruments : Recognition and measurement (Amendments)	January 1, 2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1, 2009
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009

The Company expects that adoption of the above standards, amendments and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and enhancements in presentation and disclosures.

The other standards, amendments and interpretations effective from the accounting periods beginning on or after July 1, 2009 are not stated here as these are considered not be relevant or to have any significant effect on the Company's operations.

2.4 Basis of preparation

These financial statements have been prepared under the historical cost convention.

2.5 Fixed assets

Property, plant and equipment

These are stated at cost less accumulated depreciation except for freehold land which is stated at cost.

Depreciation is charged to profit and loss account applying the reducing balance method. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset is in use, in line with the recommendations of the Institute of Chartered Accountants of Pakistan. Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Gain or loss, on disposal of assets is included in profit and loss account.

2.6 Stores and spares

These are valued at moving average cost. Provision is made for obsolescence and slow moving items.



2.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statements, cash and cash equivalents comprise cash in hand, with banks on current, savings, treasury call and deposit accounts net of short term borrowings under mark-up arrangements, if any.

2.8 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.9 Taxation

Provision for current taxation is computed in accordance with the provisions of Income Tax laws. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Provision for deferred tax is nil as at balance sheet date.

2.10 Impairment

The carrying amounts of the company's assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

2.11 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Rental income and profit on deposit accounts is recorded on accrual basis.

2.12 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognising of financial assets and financial liabilities are taken to profit and loss account currently.

2.13 Transactions with related parties

Transactions with related parties are carried out at arm's length, except for long-term financing from Karachi Mercantile Company (Pvt.) Limited on which moratorium on the mark-up has been agreed in accordance with the terms of financing.

2.14 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet. If the company has a legally enforceable right to set-off the recognized amounts and the company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously.

2.15 Provisions

Provisions are recognized when the Company has present, legal or constructive obligations as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amounts can be made.



3. Property, plant and equipment

3.1 The following is a statement of property, plant and equipment for 2009 :

	Cost as at July 1, 2008	Additions/ (deletions)	Cost as at June 30, 2009	Accum- ulated depreci- ation as at July 1, 2008	Deprec- iation charge for the year	Accumu- lated dep- reciation as at June 30, 2009	Written down value as at June 30, 2009	Annual rate of Depre- ciation %
(Rupees in thousands)								
Freehold land	620	–	620	–	–	–	620	–
Buildings on freehold land	9,176	–	9,176	8,295	88	8,383	793	10
Roads	461	–	461	300	8	308	153	5
Plant and machinery	10,849	–	10,849	7,953	290	8,243	2,606	10
Furniture, fittings and office equipments	1,746	–	1,746	1,525	22	1,547	199	10
Vehicle	28	–	28	24	1	25	3	20
2009	22,880	–	22,880	18,097	409	18,506	4,374	

3.2 The following is a statement of property, plant and equipment for 2008 :

	Cost as at July 1, 2007	Additions/ (deletions)	Cost as at June 30, 2008	Accum- ulated depreci- ation as at July 1, 2007	Deprec- iation charge for the year	Accumu- lated dep- reciation as at June 30, 2008	Written down value as at June 30, 2008	Annual rate of Depre- ciation %
(Rupees in thousands)								
Freehold land	620	–	620	–	–	–	620	–
Buildings on freehold land	9,176	–	9,176	8,197	98	8,295	881	10
Roads	461	–	461	292	8	300	161	5
Plant and machinery	10,849	–	10,849	7,631	322	7,953	2,896	10
Furniture, fittings and office equipments	1,746	–	1,746	1,500	25	1,525	221	10
Vehicle	28	–	28	23	1	24	4	20
2008	22,880	–	22,880	17,643	454	18,097	4,783	

3.3 Reconciliation of carrying values

	Written down value as at July 1, 2008	Additions/ (deletions)	Depreciation charge for the year	Written down value as at June 30, 2009
(Rupees in thousands)				
Freehold land	620	–	–	620
Buildings on freehold land	881	–	88	793
Roads	161	–	8	153
Plant and machinery	2,896	–	290	2,606
Furniture, fittings and office equipments	221	–	22	199
Vehicle	4	–	1	3
	4,783	–	409	4,374



		2009	2008
		(Rupees in thousands)	
4.	Stores and spares		
	Stores	2,014	2,014
	Spares	1,769	1,787
		<u>3,783</u>	<u>3,801</u>
	Less: Provision for obsolescence and slow moving items	195	137
		<u>3,588</u>	<u>3,664</u>
5.	Loans and advances		
	Advances against expenses	30	30
	Income tax - Net of Provision	263	232
		<u>293</u>	<u>262</u>
6.	Other receivables		
	Excise duty refundable	1,076	1,076
7.	Cash and bank balances		
	Balance with banks on:		
	Treasury call account - Note: 7.1	2,000	1,127
	Current account	9	10
	Guarantee margin deposit account - Note: 7.2	1,169	1,169
		<u>3,178</u>	<u>2,306</u>
7.1	Profit rates on treasury call account ranged between 8% to 12.5% (2008: 8%) per annum.		
7.2	Represents margin held by bank against guarantees of Rs. 6.3 million (Refer Note: 11).		
8.	Issued, subscribed and paid-up capital		
	Ordinary shares of Rs. 5 each		
	2009	2008	
	<u>Number of Shares</u>		
	4,000,000	4,000,000	Shares fully paid in cash
			20,000
			20,000
	<u>2,000,000</u>	<u>2,000,000</u>	Shares issued as fully paid bonus shares
			10,000
			10,000
	<u>6,000,000</u>	<u>6,000,000</u>	<u>30,000</u>
			<u>30,000</u>



	2009	2008
	(Rupees in thousands)	
9. Long-term financing		
From affiliated company - unsecured	<u>25,000</u>	<u>25,000</u>

This represents financing from Karachi Mercantile Company (Pvt.) Limited arranged by sponsor directors as loan in order to meet financial obligations and the maintenance and upkeep of plant and machinery on which moratorium on the mark-up has been agreed in accordance with the terms of financing.

	2009	2008
	(Rupees in thousands)	
10. Trade and other payables		
Advance rent	400	375
Accrued expenses	49	165
Unclaimed dividend	<u>320</u>	<u>320</u>
	<u>769</u>	<u>860</u>

11. Contingencies

11.1 The case pending before the Hon'ble High Court of Sindh against the demand of Rs. 57.4 million for vend fee and permit fee raised by the Government of Sindh was decided in favour of the Company by maintaining that methanol does not fall within the purview of the Sindh Abkari Act 1878 and as such vend fee and permit fee cannot be levied.

The Government of Sindh against the judgement of the Hon'ble High Court of Sindh in favour of the Company filed a civil petition before the Hon'ble Supreme Court of Pakistan, the hearing of which was concluded on March 16, 2006 and the judgement has been reserved.

11.2 The case pending before the Hon'ble High Court of Sindh against the demand of excise duty on transportation of methanol from Karachi to Hub for Rs. 14.1 million by the Sindh Government with interest at rates applicable on Khas Deposit Certificates was decided in favour of the Company by maintaining that methanol does not fall within the purview of Sindh Abkari Act 1878 and as such excise duty on transportation of methanol cannot be levied.

The Government of Sindh, however, filed civil petition for leave to appeal in the Hon'ble Supreme Court of Pakistan against the judgement of the Hon'ble High Court of Sindh, the hearing of which was concluded on March 16, 2006 and the judgement has been reserved.

Guarantees given by the bank in this respect as on June 30, 2009 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 million (June 30, 2008: Rs. 6.3 million) which are secured against equitable mortgage of land and buildings of the Company.



	2009	2008
	(Rupees in thousands)	
12. Stock exchange listing fee		
Karachi Stock Exchange	15	15
Lahore Stock Exchange		
Current year	10	10
Prior years	–	115
	10	125
	25	140
13. Auditor's remuneration		
Annual audit fee	40	40
Half yearly review fee	5	5
Out of pocket expenses	3	–
	48	45
	48	45
14. Financial charges / (income) - Net		
Guarantee commission	125	117
Bank charges	2	1
	127	118
Profit earned on treasury call account	(153)	(122)
	(26)	(4)
15. Taxation		
Income tax - Current	215	110
	215	110
15.1 Reconciliation of tax charge for the year		
Accounting profit	743	723
Corporate tax rate	35%	35%
Tax on accounting profit at applicable rate	260	253
Tax effect of lower rates on certain income	(635)	(659)
Tax effect of expenses that are inadmissible expenses in determining taxable income	590	516
Provision for taxation	215	110



	2009	2008
	(Rupees in thousands)	
16. Earnings per share		
Profit after taxation	528	613
Number of ordinary shares of Rs. 5 each	6,000,000	6,000,000
Earnings per share - Basic and diluted	Rs. 0.09	Rs. 0.10
17. Cash generated from operations		
Profit before taxation	743	723
Adjustment for non - cash charges and other items		
Depreciation	409	454
Financial charges / (income) - Net	(26)	(4)
Provision for obsolescence and slow moving items	58	53
Working capital changes - Note 17.1	(73)	(39)
	368	464
	<u>1,111</u>	<u>1,187</u>
17.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	18	4
Increase / (decrease) in current liabilities		
Trade and other payables	(91)	(43)
	<u>(73)</u>	<u>(39)</u>

18. Remuneration of directors, chief executive and executives

	2009				2008			
	Chief Execu- tive	Direc- tors	Execu- tives	Total	Chief Execu- tive	Direc- tors	Execu- tives	Total
	(Rupees in thousands)							
Meeting fee 7 directors (2008: 7 directors)	-	9	-	9	-	8	-	8
Managerial remuneration	-	-	-	-	-	-	-	-
	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>
Number of persons	1	-	-	1	1	-	-	1



19. Financial instruments and related disclosures

19.1 Interest / mark-up risk exposure

The Company's exposure to interest / mark-up rate on its financial assets and liabilities are summarized as under:

For the year 2009	Interest / Mark-up bearing			Non-Interest / Non Mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	
(Rupees in thousands)							
Financial assets							
Deposit	-	-	-	-	113	113	113
Cash and bank balances	2,000	-	2,000	1,178	-	1,178	3,178
	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>1,178</u>	<u>113</u>	<u>1,291</u>	<u>3,291</u>
Financial liabilities							
Long-term financing – Refer Note No. 9	-	-	-	-	25,000	25,000	25,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
For the year 2008							
For the year 2008	Interest / Mark-up bearing			Non-Interest / Non Mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	
(Rupees in thousands)							
Financial assets							
Deposit	-	-	-	-	113	113	113
Loans and advances	-	-	-	262	-	262	262
Other receivables	-	-	-	-	1,076	1,076	1,076
Cash and bank balances	1,127	-	1,127	1,179	-	1,179	2,306
	<u>1,127</u>	<u>-</u>	<u>1,127</u>	<u>1,441</u>	<u>1,189</u>	<u>2,630</u>	<u>3,757</u>
Financial liabilities							
Trade and other payables	-	-	-	860	-	860	860
Long-term financing – Refer Note No. 9	-	-	-	-	25,000	25,000	25,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>860</u>	<u>25,000</u>	<u>25,860</u>	<u>25,860</u>

19.2 Concentration of credit risk

The company believes that it is not exposed to major concentration of credit risk.

19.3 Foreign exchange risk management

The company is not exposed to any foreign exchange risk.

19.4 Fair value of the financial instruments

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.



20. Number of employees

Total number of employees on contract basis at the year end were 2 (2008: 2).

21. Going concern

These financial statements have been prepared on going concern basis as the Company's present business operations comprise of letting out part of its premises to third parties for purposes of storage and the conduct of their commercial operations. Further, the Company is ensuring maintenance and upkeep of urea formaldehyde plant and machinery to recommence operations if considered economically viable.

22. Capacity and production

	2009		2008	
	Quantity	Working days	Quantity	Working days
Urea formaldehyde division				
a) Formaldehyde:				
Capacity	3,000 Tons	300	3,000 Tons	300
Actual production	Nil	–	Nil	–
b) Urea formaldehyde:				
Capacity	4,000 Tons	300	4,000 Tons	300
Actual production	Nil	–	Nil	–

On account of adverse economic conditions, the plant operations continued to remain closed.

23. Transactions with related parties

Transactions with related parties were as follows:

	2009	2008
	(Rupees in thousands)	
Rental income	2,400	2,196
Profit on treasury call account	153	122
Insurance premium	19	20
Bank charges	1	1
Long-term financing repayment to affiliated company	–	1,487

24. Date of authorization

These financial statements were authorised for issue on September 25, 2009 by the Board of Directors of the Company.

Muslim R. Habib
Chairman & Chief Executive

Murtaza H. Habib
Director