Balance Sheet as at June 30, 2010

	Note	2010	2009
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed Assets			
Property, plant and equipment	3	4,006	4,374
Long-term Deposits		113	113
Current Assets			
Stores and spares	4	3,532	3,588
Loans and advances	5	264	293
Short-term prepayments		30	20
Other receivables	6	1,076	1,076
Cash and bank balances	7	4,546	3,178
		9,448	8,155
Total Assets		13,567	12,642
Equity and Liabilities			
Share Capital			
Authorised			
10,000,000 ordinary shares of Rs. 5 each		50,000	50,000
Issued, subscribed and paid-up capital	8	30,000	30,000
Accumulated (loss)		(42,193)	(43,127)
		(12,193)	(13,127)
Non-Current Liabilities			
Long-term financing	9	25,000	25,000
Current Liabilities			
Trade and other payables	10	760	769
Contingencies	11		
Total Equity and Liabilities		13,567	12,642

The annexed notes 1 to 22 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director

Statement of Comprehensive Income
for the year ended June 30, 2010

	2010	2009
	(Rupees in thousands)	
Profit after taxation	934	528
Other comprehensive income	–	–
Total comprehensive income for the year	934	528

The annexed notes 1 to 22 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director

Cash Flow Statement
for the year ended June 30, 2010

	Note	2010	2009
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	16	1,462	1,111
Profit received on treasury call account		308	153
Financial charges - paid		(150)	(146)
		158	7
Income tax paid		(252)	(246)
Net cash generated from operating activities		1,368	872
Cash flows from investing activities			
Net cash generated from / (used in) investing activities		–	–
Cash flows from financing activities			
Net cash generated from / (used) in financing activities		–	–
Net increase in cash and bank		1,368	872
Cash and bank balance at the beginning of the year		3,178	2,306
Cash and bank balance at the end of the year	7	4,546	3,178

The annexed notes 1 to 22 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director

Profit and Loss Account
for the year ended June 30, 2010

	Note	2010	2009
		(Rupees in thousands)	
Factory, administration and financial charges			
Salaries and allowances		152	312
Rent, rates and taxes		55	55
Communication, printing and stationery		113	150
Repairs and maintenance		146	18
Provision for obsolescence		56	58
Travelling, conveyance and vehicle running expenses		49	221
Directors' fee		10	9
Stock exchange listing fee		40	25
Depreciation		368	409
Legal and professional charges		432	347
Insurance		20	19
Auditors’ remuneration	12	48	48
Other expenses		24	12
Financial charges / (income) - net	13	(168)	(26)
		(1,345)	(1,657)
Rental income		2,560	2,400
Profit before taxation		1,215	743
Taxation	14	281	215
Profit after taxation		934	528
Accumulated (loss) brought forward		(43,127)	(43,655)
Accumulated (loss) carried forward		(42,193)	(43,127)
Earnings per share - Basic and diluted (Rs.)	15	0.16	0.09

The annexed notes 1 to 22 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director

Notes to the Financial Statements
for the year ended June 30, 2010

1. The Company and its operations

Balochistan Particle Board Limited is a public limited 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. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

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 2.7);
b) Recognition of taxation and deferred tax (Note 2.11) ; and
c) Impairment of financial assets (Note 2.12)

2.3 Standards, amendments to published approved Accounting Standard and Interpretations:

During the current year the Company has adopted the following new and amended IFRSs as of July 1, 2009 which has resulted in extended disclosures as described below:

IAS -1 "Presentation of Financial Statements" (Revised)

The revised IAS - 1 became effective from financial years beginning on or after January 1, 2009. The revised standard requires 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 statement of comprehensive income, but entities can choose whether to present one statement of comprehensive income or two statements. Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning of comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period.

The Company has adopted two linked statements approach and has prepared a Profit and Loss Account and a Statement of Comprehensive Income to reflect these changes.

IFRS - 7 "Financial Instruments: Disclosures" (Amendments)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change only results in additional disclosures, the amendment is not expected to have a significant effect on the Company's financial statements.

2.4 Standards and interpretations that became effective but not relevant to the Company

The following standards, (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company:

IFRS - 3	Business Combinations (Revised)
IFRS - 8	Operating Segments
IAS - 23	Borrowing Costs (Revised)
IAS - 27	Consolidated and Separate Financial Statements (Revised)
IAS - 32	Financial Instruments (Amended for Puttable Instruments and Obligations arising on Liquidation)
IAS - 39	Financial Instruments : Recognition and Measurement (Amended)
IFRIC - 15	Agreements for the Construction of Real Estate
IFRIC - 16	Hedges of a Net Investment in a Foreign Operation
IFRIC - 17	Distributions of Non-cash Assets to Owners
IFRIC - 18	Transfers of Assets from Customers

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation.

Standards or interpretation		Effective date (accounting periods beginning on or after)
IAS - 24	Related Party Disclosures (Revised)	January 1, 2011
IAS - 32	Financial instruments: Presentation - Amendments relating to Classification of Rights Issues	February 1, 2010
IFRS - 2	Share-based payment: Amendments relating to Group Cash - settled Share-based Payment Transactions	January 1, 2010
IFRIC - 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)	January 1, 2011
IFRIC - 19	Extinguishing Financial Liabilities with Equity Instruments.	July 1, 2010

The Company expects that the adoption of the above revision, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application except for certain additional disclosures.

There are certain other additions to various accounting standards which have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 1, 2010. The Company expects that such improvements of the standards will not have any material impact on the Company's financial statements in the period of initial application.

2.6 Basis of preparation

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

2.7 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.

2.8 Stores and spares

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

2.9 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, treasury call and deposit accounts net of short term borrowings under mark-up arrangements, if any.

2.10 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.

2.11 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 taxation is nil as at balance sheet date.

2.12 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.

2.13 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 treasury call and deposit accounts is recorded on accrual basis.

2.14 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.

2.15 Transactions with related parties

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

2.16 Offsetting of financial assets and financial liabilities:

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

2.17 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate of the amounts can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

2.18 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.19 Loans and receivables

Assets for trade and other amounts receivable are carried at cost which is the fair value of the consideration to be received in future.

3. Property, plant and equipment

3.1 The following is a statement of property, plant and equipment for 2010 :

	Cost as at July 1, 2009	Additions/ (deletions)	Cost as at June 30, 2010	Accum ulated depreci- ation as at July 1, 2009	Deprec- iation charge for the year	Accumu- lated dep- reciation as at June 30, 2010	Written down value as at June 30, 210	Annual rate of Depre- ciation %
	(Rupees in thousands)							
Freehold land	620	–	620	–	–	–	620	–
Buildings on freehold land	9,176	–	9,176	8,383	79	8,462	714	10
Roads	461	–	461	308	7	315	146	5
Plant and machinery	10,849	–	10,849	8,243	261	8,504	2,345	10
Furniture, fittings and office equipments	1,746	–	1,746	1,547	20	1,567	179	10
Vehicle	28	–	28	25	1	26	2	20
2010	22,880	–	22,880	18,506	368	18,874	4,006	

3.2 Reconciliation of carrying values for 2010

	Written down value as at July 1, 2009	Additions/ (deletions)	Depreciation charge for the year	Written down value as at June 30, 2010
	(Rupees in thousands)			
Freehold land	620	–	–	620
Buildings on freehold land	793	–	79	714
Roads	153	–	7	146
Plant and machinery	2,606	–	261	2,345
Furniture, fittings and office equipments	199	–	20	179
Vehicle	3	–	1	2
	4,374	–	368	4,006

3.3 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	

3.4 Reconciliation of carrying values 2009:

	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

	2010	2009
	(Rupees in thousands)	
4. Stores and spares		
Stores	2,014	2,014
Spares	1,769	1,769
	3,783	3,783
Less: Provision for obsolescence - Note 4.1	251	195
	3,532	3,588
4.1 Provision for obsolescence		
Balance as on July 1,	195	137
Provision made during the current year	56	58
	251	195
5. Loans and advances		
Advances against expenses	30	30
Income tax - Net of Provision	234	263
	264	293
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	3,369	2,000
Current account	8	9
Guarantee margin deposit account - Note: 7.2	1,169	1,169
	4,546	3,178

7.1 Profit rates on treasury call account ranged between 10.5% to 11% (2009: 8% to 12.5%) per annum.

7.2 Represents margin held by bank against guarantees of Rs. 6.3 million (2009: Rs. 6.3 million). Refer Note: 11.

8. Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each

2010	2009		2010	2009
Number of Shares			(Rupees in thousands)	
4,000,000	4,000,000	Shares fully paid in cash	20,000	20,000
2,000,000	2,000,000	Shares issued as fully paid bonus shares	10,000	10,000
6,000,000	6,000,000		30,000	30,000

	2010	2009
	(Rupees in thousands)	
9. Long-term financing		
From affiliated company - unsecured	25,000	25,000

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.

	2010	2009
	(Rupees in thousands)	
10. Trade and other payables		
Advance rent	400	400
Accrued expenses	40	49
Unclaimed dividend	320	320
	760	769

11. Contingencies

11.1 The case 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 was reserved. The above petition was fixed for re-hearing on February 12, 2010 before the Hon’ble Supreme Court of Pakistan and after being heard was adjourned for March 8, 2010, however, the hearing could not take place on the said date. The case was heard by the Hon’ble Supreme Court of Pakistan on June 21, 22, 23 and 24, 2010 at great length. The petition was thereafter adjourned for July 21, 2010 on which date the hearing could not take place and consequently the same was adjourned to date in office.

11.2 The case 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 the Sindh Abkari Act 1878 and as such excise duty on transportation of methanol cannot be levied.

The Government of Sindh, however, filed a 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 was reserved. The above petition was fixed for re-hearing on February 12, 2010 before the Hon'ble Supreme Court of Pakistan and after being heard was adjourned for March 8, 2010 however, the hearing could not take place on the said date. The case was heard by the Hon'ble Supreme Court of Pakistan on June 21, 22, 23 and 24, 2010 at great length. The petition was thereafter adjourned for July 21, 2010 on which date the hearing could not take place and consequently the same was adjourned to date in office.

Guarantees given by the bank in this respect as on June 30, 2010 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 million (June 30, 2009: Rs. 6.3 million) which are secured against equitable mortgage of land and buildings of the Company.

		2010	2009
		(Rupees in thousands)	
12.	**Auditor's remuneration**		
	Annual audit fee	40	40
	Half yearly review fee	5	5
	Out of pocket expenses	3	3
		48	48
13.	**Financial charges / (income) - Net**		
	Guarantee commission	137	125
	Bank charges	3	2
		140	127
	Profit earned on treasury call account	(308)	(153)
		(168)	(26)
14.	**Taxation**		
	Income tax - Current	281	215
		281	215
14.1	**Reconciliation of tax charge for the year**		
	Accounting profit	1,215	743
	Corporate tax rate	35%	35%
	Tax on accounting profit at applicable rate	425	260
	Tax effect of lower tax rates on rental income	(675)	(635)
	Tax effect of expenses that are not deductible for tax purposes	531	590
	Provision for taxation	281	215

		2010	2009
		(Rupees in thousands)	
15.	**Earnings per share**		
	Profit after taxation	934	528
	Number of ordinary shares of Rs. 5 each	6,000,000	6,000,000
	Earnings per share - Basic and diluted	Rs. 0.16	Rs. 0.09
16.	**Cash generated from operations**		
	Profit before taxation	1,215	743
	Adjustment for non - cash charges and other items		
	Depreciation	368	409
	Financial charges / (income) - Net	(168)	(26)
	Provision for obsolescence	56	58
	Working capital changes - Note 16.1	(9)	(73)
		247	368
		1,462	1,111
16.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	Stores and spares	–	18
	Increase / (decrease) in current liabilities		
	Trade and other payables	(9)	(91)
		(9)	(73)

17. Remuneration of directors, chief executive and executives

	2010				2009			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Meeting fee - 7 directors (2009: 7 directors)	–	10	–	10	–	9	–	9
Managerial remuneration	–	–	–	–	–	–	–	–
	–	10	–	10	–	9	–	9
Number of persons	1	–	–	1	1	–	–	1

18. Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk including interest rate risk, currency risk and other price risk. The Company's overall risk management programmes focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial programme.

18.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk.

18.2 Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates. Presently the Company has long-term deposits which are duly monitored and bank balances the quality of which is stated hereunder:

	Carrying Values	
	2010	2009
	(Rupees in thousands)	
18.2.1. Bank balances		
A1+	3,377	2,009
AA+	1,169	1,169
	4,546	3,178

18.3. Liquidity risk management

Liquidity risk reflects Company's inability in raising funds to meet commitments. The Company follows effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. However, in view of the rental income from property and income from bank deposits, there is no significant exposure with respect to liquidity.

18.4 Market risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company is not exposed to any significant market risk.

18.5 Foreign currency risk

The Company is presently not exposed to any foreign exchange risk.

18.6 Interest rate risk management

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant long-term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

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 2010	Interest / Mark-up bearing			Non Interest / Non Mark-up bearing			
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	Total
	(Rupees in thousands)						
Financial assets							
Deposit	–	–	–	–	113	113	113
Cash and bank balances	3,369	–	3,369	1,177	–	1,177	4,546
	3,369	–	3,369	1,177	113	1,290	4,659
Financial liabilities							
Trade and other payables	–	–	–	760	–	760	760
Long-term financing – Refer Note No. 9	–	–	–	–	25,000	25,000	25,000
	–	–	–	760	25,000	25,760	25,760

For the year 2009	Interest / Mark-up bearing			Non Interest / Non Mark-up bearing			
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	Total
	(Rupees in thousands)						
Financial assets							
Deposit	–	–	–	–	113	113	113
Cash and bank balances	2,000	–	2,000	1,178	–	1,178	3,178
	2,000	–	2,000	1,178	113	1,291	3,291
Financial liabilities							
Trade and other payables	–	–	–	769	–	769	769
Long-term financing – Refer Note No. 9	–	–	–	–	25,000	25,000	25,000
	–	–	–	769	25,000	25,769	25,769

18.7 Fair value of the financial instruments

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

18.8 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain a strong base to support the sustained development of its business. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

19. Going concern

These financial statements have been prepared on going concern basis as the Company's business operations comprise of letting out part of its premises to third parties for purposes of storage and the conduct of their commercial operations and keeping in view the continued financing arranged as loan to the Company by sponsor directors through affiliated Company. The Company is ensuring maintenance and upkeep of urea formaldehyde plant and machinery to recommence operations if considered economically viable.

20. Capacity and production

	2010		2009	
	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.

21. Transactions with related parties / associated undertakings

The transactions with related parties / associated undertakings were as follows:

	2010	2009
	(Rupees in thousands)	
Rental income	2,560	2,400
Profit on treasury call account	308	153
Insurance premium	20	19
Bank charges	2	1

22. Date of authorization

These financial statements were authorised for issue on October 4, 2010 by the Board of Directors of the Company.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director

Statement of Changes in Equity
for the year ended June 30, 2010

	Share Capital	Accumulated (Loss)	Total
	(Rupees in thousands)		
Balance as on July 1, 2008	30,000	(43,655)	(13,655)
Total comprehensive income for the year ended June 30, 2009	–	528	528
Balance as on June 30, 2009	30,000	(43,127)	(13,127)
Total comprehensive income for the year ended June 30, 2010	–	934	934
Balance as on June 30, 2010	30,000	(42,193)	(12,193)

The annexed notes 1 to 22 form an integral part of these financial statements.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director