

Notes to the Interim Condensed Financial Statements for the half year ended December 31, 2009 (Unaudited)

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.

2. Statement of compliance

These interim condensed financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

3. Accounting policies

The accounting policies and methods of computation followed in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2009, except amendments in IAS-1 (Revised) "Presentation of Financial Statements".

The presentation of these interim condensed financial statements has been amended to reflect the changes introduced by IAS-1 (Revised) "Presentation of Financial Statements" which became effective from the periods beginning on or after January 1, 2009. The adoption of IAS-1 (Revised) does not materially affect the computations of the results except some changes in presentation and disclosures. The Company has adopted two statements approach and has prepared a profit and loss account and a statement of comprehensive income to reflect these changes.

4. Going concern

These interim condensed 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.

5. Long-term financing

From affiliated company - unsecured

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

6. Contingencies

6.1 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.

6.2 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 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 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.

Guarantees given by the bank in this respect as on December 31, 2009 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 million (June 2009: Rs. 6.3 million) which are secured against equitable mortgage of land and buildings of the Company.

Dec. 31, 2009 Dec. 31, 2008
(Rupees in thousands)

7. Cash generated from operations

	Dec. 31, 2009	Dec. 31, 2008
Profit before taxation	683	338
Adjustment for non-cash charges and other items :		
Depreciation	184	204
Financial charges / (income) - Net	(62)	7
Working capital changes - Note 7.1	(41)	(58)
	<u>764</u>	<u>491</u>

7.1 Working capital changes

(Increase) / decrease in current assets

Loans and advances	-	(175)
Short-term prepayments	(27)	(5)
	<u>(27)</u>	<u>(180)</u>

Increase / (decrease) in current liabilities

Trade and other payables	(14)	122
	<u>(41)</u>	<u>(58)</u>

8. Transactions with related parties

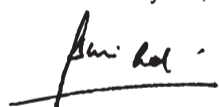
Transactions with related parties were as follows:

Rental income	1,240	1,225
Profit on treasury call account	133	57
Insurance premium	10	9
Bank charges	1	1

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.

9. General

- 9.1 Figures for the quarters ended December 31, 2009 and December 31, 2008 have not been subjected to limited scope review by the external auditors.
- 9.2 Figures presented in these interim condensed financial statements have been rounded off to the nearest thousand rupees.
- 9.3 These interim condensed financial statements were authorised for issue on February 25, 2010 by the Board of Directors of the Company.



Muslim R. Habib
Chairman & Chief Executive



Ali Niaz Akhtar
Director