



# **Balochistan Particle Board Limited**

**38th Annual Report 2018**



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## Company Information

<b>Board of Directors</b>	Ali A. Rahim Muslim R. Habib Tanzeel Abdul Sattar Ali Niaz Akhtar Ali Akbar Mehboob Ali Lilani Syed Shabbar Hasan	<i>Chairman</i> <i>Chief Executive</i>
<b>Audit Committee</b>	Ali Akbar Ali A. Rahim Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Ali Niaz Akhtar Muslim R. Habib Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
<b>Company Secretary</b>	Amir Bashir Ahmed	
<b>Registered Office</b>	Imperial Court, 3rd Floor Dr. Ziauddin Ahmed Road Karachi-75530 Phone : (+92-21) 35680036 Fax : (+92-21) 35684086 www : bpbl.net	
<b>Factory</b>	Hub Chowki Phone : (+92-0853) 363362	
<b>Bankers</b>	Bank AL Habib Limited Habib Bank Limited	
<b>Auditors</b>	Tanzeem & Company Chartered Accountants	
<b>Share Registrar</b>	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 Phones : (+92-21) 111-000-322 Fax : (+92-21) 34168271 E-mail : secretariat@thk.com.pk info@thk.com.pk Website : www.thk.com.pk	



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## **VISION STATEMENT**

We aim to be a leading manufacturer of Formaldehyhde and Formaldehyhde based Resin (Glue). We aspire to be known for the quality of our products and develop relationship with our stakeholders based on cooperation and ethical values.

## **MISSION STATEMENT**

We shall strive to achieve excellence and to meet the expectations of stakeholders through efficient, ethical and time tested business practices which the management and employees represent and continuously strive for.



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## Code of Conduct

The founders of Balochistan Particle Board Limited were visionaries who established the company on very sound principles and envisioned its development and growth on the basis of making no compromises in any aspects of business practices.

The company takes pride in adherence to its principles and continues to serve all the stakeholders and society based on the following guidelines :

### Products

- To produce Formaldehyd and Formaldehyd based Resin (Glue) which would ensure customer satisfaction and adherence to standards determined by the company and would exceed industry norms and averages.

### Systems & Procedures

- To develop and maintain the technical and professional standards, operating procedures and stringent Quality Control measures with on-line quality assurance at every stage of manufacture.
- To maintain a smooth work-flow in all departments with an effective communication system contained within the framework of principles yet allowing the required degree of autonomy for efficient functioning.

### Management & Employees

- To employ only the appropriately suited human resource through the selection and recruitment process based on the commensurate qualification and experience criteria without any non-professional considerations.
- To ensure that employees and management personnel strictly adhere to the company rules and regulations and observe the best codes of conduct and abide by laws of the country.

### Financial

- To implement an effective, transparent and secure financial reporting and internal control system so as to be fully compliant.
- To place a strict Internal Audit system to study, analyze, review and report all company earning and spending and enhance reliability of all financial information.
- To regularly prepare, as per pre-determined schedules, all financial reports and present accounts to the Board of Directors for review and analysis and show trends based on company income, revenues and expenses and industry trends.

### Adherence to Law

- The company shall at all times strictly adhere to all laws of the country and fulfil all statutory requirements and ensure timely, proper and full payment of all applicable taxes, rates, duties and / or any other levies as may be imposed from time to time.

### Environment

- The company shall use all means to ensure a clean, safe, healthy and pollution free environment, employ such technology as may be beneficial in maintaining a healthy and hygienic working and living environment.



## Notice of Annual General Meeting

Notice is hereby given that the thirty-eighth Annual General Meeting of Balochistan Particle Board Limited will be held on Monday, October 22, 2018 at 12:00 Noon at Iqbal Auditorium, (3rd Floor), the Institute of Bankers Pakistan (IBP), Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

### Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended June 30, 2018.
2. To appoint auditors of the company for the year ending June 30, 2019 and fix their remuneration.

### Special Business

3. To consider and if thought fit, pass with or without amendment/modification following resolutions as ordinary resolution, to obtain consent from the members for the transmission of annual audited accounts in electronic form.

**“RESOLVED THAT** the Company, be and is hereby, authorized to circulate the annual balance sheet and profit and loss account, auditor's report, directors' report, notice of Annual General Meeting etc., (annual audited accounts) to its members through CD/DVD instead of hard copy at their registered addresses. However, if a member prefers to receive hard copies for all the future annual audited accounts then such preference of the member shall be given to the Company in writing and thereafter the Company shall provide hard copies of all the future annual audited accounts to such member.

**FURTHER RESOLVED THAT** Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.”

A statement under Section 134(3) of the Companies Act, 2017 in respect of the above special business is being sent to the members along with a copy of this notice.

By order of the Board

**Amir Bashir Ahmed**  
Company Secretary

Karachi: September 29, 2018

### Notes:

1. The Share Transfer Books of the Company will remain closed from Monday, October 15, 2018 to Monday, October 22, 2018 both days inclusive.
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of meeting.
3. For identification, Owners of the physical shares and CDC account holder should present Computerized National Identity Card (CNIC) along with participants ID number and CDC account Number. In case of appointment of proxy by such account holders, the guidelines as contained in the SECP's circular of January 26, 2000 are to be followed.



4. Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar, THK Associates (Pvt.) Limited, Karachi.
5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), it is mandatory to mention CNIC number of member on members' register and other statutory returns. Those shareholders who have not submitted copy of their CNIC to the Company are once again requested to submit copy of their CNIC.
6. **Unclaimed / Unpaid Dividends and Share Certificates:**

Shareholders who could not collect their dividends / share certificates are advised to contact Share Registrar or our Registered Office to enquire and collect their unclaimed dividends / share certificates, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such unclaimed dividends and share certificates for a period of 3 years or more from the date it is due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividends and in case of share certificates, shall be delivered to Securities and Exchange Commission of Pakistan (SECP).

#### **Statement under Section 134(3) of the Companies Act 2017**

This Statement sets out the material facts concerning the Special Business to be transacted at the 38th Annual General Meeting of the Company to be held on October 22, 2018:

#### **Item 3 of the Agenda – Transmission of Audited Financial Statements through CD/DVD:**

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and directors' report) to its members through CD/DVD at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, approval is hereby sought from members of Company to comply with the requirements of said SRO vide an ordinary resolution.

Subject to the approval of resolution in the AGM, the company will circulate its annual accounts in future through CD/DVD. However, members will have the right to request hard copies free of cost at their registered addresses after submitting the Standard Request Form which shall be made available on the Company website. While members who wish to receive hard copies for all future annual audited accounts shall also require to give their preference in writing.

None of the Directors of the Company have any direct or indirect interest in the above said special business.



## Chairman's Review

### Review report by Chairman on Board's overall performance under section 192 of the Companies Act, 2017

On behalf of the Board of Directors, I am pleased to present the Company's 38th Annual Report which includes review of the Company's operations and the audited financial statements for the year ended June 30, 2018.

The manufacturing operations of Urea Formaldehyde Division continued to remain closed due to adverse conditions of the Formaldehyde industry and arbitrary demand of excise duty, vend fee and permit fee raised by Government. Company's present business operation comprises of letting out part of its premises to third parties for purposes of storage and to conduct their commercial operations.

The Performance of the Board of Directors (the "Board") of Balochistan Particle Board Limited (the "Company") remained satisfactory. The Board is governed by the statute and Company's Articles and its duties, obligations, responsibilities and rights are as defined and prescribed therein.

During the financial year 2017-18 the Board met four (4) times. The Board is compliant with all the regulatory requirements and acted in accordance with applicable laws and best practices.

As required under the Code of Corporate Governance (CCG), an annual evaluation of the Board of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives sets for the Company.

Following are the integral components on which the performance of the Board was evaluated :

The Board ensures adequate representation of non-executive and independent directors on the Board and its committees as required under the CCG. The members of the Board and its respective committees possess adequate skills, experience and ability required to perform their responsibilities.

The Board has developed an environment of robust and transparent system of governance by setting up adequate and effective internal control system through self-assessment mechanism and internal audit activities. Further, the Board ensured compliance with best practices of corporate governance.

Lastly, I wish to acknowledge the commitment and diligence of my fellow directors for their contribution towards the growth of the Company.

**Ali A. Rahim**  
Chairman

Karachi : September 29, 2018





## Directors' Report

*Dear Members – Assalam-o-Alekum*

On behalf of our colleagues on the Board, we welcome you to the thirty-eight Annual General Meeting of the Company and present before you the annual report, alongwith the audited financial statements of the Company for the year ended June 30, 2018.

During the year under review, the Company suffered loss of Rs. 0.18 million (2017: profit of Rs.0.13 million) and loss per share – basic and diluted Re. 0.03 (2017: Earnings per share – basic and diluted Re.0.02), as shown in the accompanying financial statements.

The manufacturing operations of Urea Formaldehyde Division continued to remain closed due to adverse conditions of the Urea formaldehyde industry and the arbitrary demand of excise duty, vend fee and permit fee raised by the Government. The Honourable High Court of Sindh on March 26, 2003 and August 20, 2004 respectively, decided the cases 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, permit fee and excise duty on transportation of methanol cannot be levied.

The Government of Sindh filed civil petitions before the Honourable Supreme Court of Pakistan against the decisions of the Honourable High Court of Sindh, the hearing of petitions was concluded on March 16, 2006 and the judgement was reserved but not pronounced. The cases were heard cumulatively on June 21, 22, 23 and 24, 2010 at great length and were adjourned to date in office. Thereafter the above petitions were fixed for hearing on February 3, 2016 and the matter was heard at considerable length and an interim order was passed by the apex court, details of which are reproduced below:

Quote "During the course of hearing one of the points which has conspicuously emerged is whether methanol contains alcohol/alcoholic content and whether it is a denaturant/denatured product or not, therefore, in order to seek an expert opinion, we direct the Director General/Head of the Department of Pakistan Council of Scientific and Industrial Research, Karachi to submit a report in this regard within a period of one month which (report) must be placed before the learned senior Judge in chambers for fixation of the matter after the receipt thereof. This case must be treated as a part heard matter". Unquote

The petitions were lastly fixed for hearing on March 29, 30 and 31, 2017 and the matter was again heard at considerable length involving numerous aspects arising therefrom and the case was adjourned as date in office.

The Board of Directors have concluded that the future course of action will be decided upon favourable outcome of the pending cases before the Honourable Supreme Court of Pakistan and also the economic viability of the urea formaldehyde operations.

### **Auditors' Reservation on Going Concern**

The auditors in their report to the members have expressed reservation about the Company's ability to continue as 'going concern'. In this respect the company maintains that the company's business operations comprise of letting out part of its premises to third parties for the purposes of storage and the conduct of their commercial operations and also continued financing as loan to the company by sponsor directors through affiliated company. In view of the above, the financial statements have been prepared on going concern basis.



### **Applicability of the Companies Act, 2017 (The Act)**

The Companies Act 2017, (The Act) was promulgated on May 30, 2017, however, the Securities and Exchange Commission of Pakistan (SECP) vide circular No. 17 of 2017 dated July 20, 2017 relaxed the applicability for the companies whose financial year closed on or before June 30, 2017. The Act now became applicable for the financial year under review and brought certain changes for the preparation of financial statements as prescribed under Fourth Schedule of the Act.

### **Board Management Committees**

#### **Audit Committee**

The Company has established an Audit Committee comprising of the following members :

		No. of meetings attended
Mr. Ali Akbar*	Chairman	2
Mr. Ali A. Rahim	Member	3
Mr. Murtaza H. Habib**	Member	2
Mr. Mehboob Ali Lilani	Member	4

\* Appointed as Chairman Audit Committee on Feb 19, 2018

\* Resigned on Dec 23, 2017

### **HR and Remuneration Committee**

The Company has established an HR and Remuneration Committee comprising of the following members :

		No. of meetings attended
Mr. Ali Niaz Akhtar	Chairman	1
Mr. Muslim R. Habib	Member	1
Mr. Mehboob Ali Lilani	Member	1

### **Corporate Social Responsibility**

The manufacturing operations of the company continued to remain closed on account of adverse economic conditions and hence no material activity with respect to Corporate Social Responsibility was undertaken.

### **Contribution to the National Exchequer**

Your Company contributed an amount of Rs. 307 thousand to the Government treasury in the shape of taxes and federal excise duty.

### **Auditors**

The auditors Messrs. Tanzeem & Co., Chartered Accountants are completing their five years and are eligible to offer themselves for reappointment. Considering that Tanzeem & Co., Chartered Accountants has been company's auditors for last five years the Audit Committee recommended the appointment of Messrs. Reanda Haroon Zakaria & Co., Chartered Accountants in place of the existing auditors on such terms and conditions and remuneration as to be decided. The Board of Directors also endorsed the recommendation of the Audit Committee.

### **Statements on Corporate and Financial Reporting Framework**

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgement.



4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom, if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The statement in respect of Company's ability to continue as a going concern has been explained in Note No. 22 of the Notes to the financial statements.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for six financial years, 2013 to 2018, in summarized form is given on page 14.
9. In view of the accumulated losses, the company has not declared any dividend or bonus shares.
10. During the year four board meetings were held and the attendance of each Director was as follows :

Name of Directors	No. of meetings attended
Mr. Ali A. Rahim	3
Mr. Muslim R. Habib	4
Mr. Murtaza H. Habib*	2
Mr. Tanzeel Abdul Sattar	2
Mr. Ali Niaz Akhtar	3
Mr. Mehboob Ali Lilani	4
Mr. Ali Akbar	4
Mr. Asad Ali Rehmani**	—
Syed Shabbar Hasan***	2

\*Resigned on Dec 23, 2017

\*\*Co-opted on Dec 23, 2017 and Resigned on Jan 09, 2018

\*\*\*Co-opted on Jan 9, 2018

11. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 36 & 37.
12. Change in Shareholding of the Directors, CEO, CFO, Company Secretary and their spouses and minor children is given in Pattern of Shareholding on Page 37.

### Change in Directors

During the year under review, following changes were occurred on the Board.

Mr. Murtaza H. Habib resigned from the Board on Dec 23, 2017. In place Mr. Asad Ali Rehmani was co-opted on Dec 23, 2017 who later resigned on January 9, 2018. In place of Mr. Asad Ali Rehmani, Syed Shabbar Hasan was co-opted on January 9, 2018 and to hold the office for the remainder of the term which will expire on April 7, 2020.

On behalf of the Board of Directors

**Muslim R. Habib**  
Chief Executive

**Ali Niaz Akhtar**  
Director

Karachi: September 29, 2018



## Statement of Compliance with listed Companies (Code of Corporate Governance) Regulations, 2017

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
  - a. Male: seven (7)
  - b. Female: None

2. The Composition of the Board is as follows:

a.	Independent Directors	Mr. Mehboob Ali Lilani Mr. Ali Akbar Syed Shabbar Hasan
b.	Other Non-Executive Directors	Mr. Ali A. Rahim Mr. Ali Niaz Akhtar Mr. Tanzeel Abdul Sattar
c.	Executive Director	Mr. Muslim R. Habib

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. However, the CEO is working on honorary basis.
9. Directors are well conversant with these regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. At present, two directors have acquired formal directors training certificate and two directors of the Company are exempted from the directors training program on the basis of their education and length of experience as prescribed in the Code.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The CFO, Company Secretary and Head of Internal Audit are also working on honorary basis.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.



12. The Board has formed Committees comprising of members given below:

<b>Audit Committee</b>	<b>HR and Remuneration Committee</b>
Mr. Ali Akbar (Chairman)	Mr. Ali Niaz Akhtar (Chairman)
Mr. Ali A. Rahim	Mr. Muslim R. Habib
Mr. Mehboob Ali Lillani	Mr. Mehboob Ali Lillani

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. Audit Committee meetings were held once in every quarter and Human Resource and Remuneration Committee was held once during the year.
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

**Muslim R. Habib**  
Chief Executive

**Ali Niaz Akhtar**  
Director

Karachi : September 29, 2018



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Balochistan Particle Board Limited**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Balochistan Particle Board Limited (the company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Tanzeem & Company  
Chartered Accountants  
Audit Engagement Partner  
Syed Tanzeem Husain Zaidi

Karachi: September 29, 2018



## Six years' review at a glance

	2018	2017	2016	2015	2014	2013
	(Rupees in thousands)					
<b>Operating results</b>						
Storage / rental and other income	1,943	2,283	2,027	1,802	4,041	3,521
Factory, administrative and finance cost	1,966	2,098	1,686	1,632	2,166	1,290
(Loss) / profit before taxation	(23)	185	341	170	1,875	2,231
(Loss) / profit after taxation	(181)	128	232	(152)	875	1,925
<b>Shareholders' equity</b>						
Paid up capital	30,000	30,000	30,000	30,000	30,000	30,000
Accumulated loss	(36,519)	(36,338)	(36,466)	(36,698)	(36,546)	(37,421)
Shareholders' equity	(6,519)	(6,338)	(6,466)	(6,698)	(6,546)	(7,421)
<b>Financial position</b>						
Fixed assets	2,110	2,270	2,447	2,644	2,863	3,105
Long - term deposits	125	125	125	125	125	125
Current assets	4,668	10,146	9,748	9,229	9,492	8,144
Total assets	6,903	12,541	12,320	11,998	12,480	11,374
Non-current liabilities	12,000	18,000	18,000	18,000	18,000	18,000
Current liabilities	1,422	879	786	696	1,026	795
Total liabilities	13,422	18,879	18,786	18,696	19,026	18,795



## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF BALOCHISTAN PARTICLE BOARD LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Qualified Opinion**

We have audited the annexed financial statements of Balochistan Particle Board Limited, which comprise the statement of financial position as at June 30, 2018 and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the effects of the matter described in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive loss, the statement of changes in equity and statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### **Basis for Qualified Opinion**

The notes to the company's financial statements do not disclose that there is material uncertainty related to going concern and the events and conditions that give rise to the significant doubt on the company's ability to continue as going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the ordinary course of business. The notes also do not state management plans, if any, to deal with the events or conditions. In our opinion, disclosure of this information is required by the accounting standards as applicable in Pakistan.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Boards for Accountants, Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty relating to Going Concern**

The company's principal business of manufacturing Urea Formaldehyde has been suspended since 1997 after incurring heavy losses. Before ceasing its operating activities, the company has suffered recurring losses resulting in the equity eroded by Rs. 6.5 million as at June 30, 2018. The company is survived by letting out a small portion of its premises to third party under contract. The company is currently not in a position to realize its assets in the ordinary course of business and settle its outstanding liabilities should they become due. In the absence of management's reviving plans for recommencement of operating activities, these conditions raise significant doubt that the company will be able to continue as a going concern.

### **Emphasis of Matters**

We draw attention to note 22.2 to the financial statements which describes that the Securities and Exchange Commission of Pakistan has issued show cause notice to the company in 2017 referring clause (c) of Section 305 and clause (b) of Section 309 of the repealed Companies Ordinance, 1984. These sections pertain to the winding up procedure of a company by the Court. The company has exchanged various correspondences with the SECP on the subject requesting not to wind up the company in the best interest of the stakeholders citing various reasons for the same. The SECP's decision in this regards is being awaited. Our opinion is not qualified in respect of the above matter.





## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context with our audit of the financial statement as a whole and in forming opinion we do not provide separate opinion on these matters.

In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters:

Key audit matters	How the matter was addressed in our audit
<b>1. Impairment review of property, plant and equipment</b>	
<p>The valuation of company's property, plant and equipment involve significant estimation and assumptions and therefore, warrants significant audit attention. Any variation in the estimation / assumption used for the valuation of the property, plant and equipment could have a material impact on the financial statements of the company.</p> <p>The company assesses indicators of impairment of the company's property, plant and equipment on an on-going basis. In doing so, the company uses valuation carried out by a third party valuer.</p>	<p>We tested the design and implementation of key controls around the valuation of property, plant and equipment.</p> <p>We reviewed the valuation report and assessed whether the valuation approach, assumptions and methods used are appropriate in the circumstances, and in line with the industry practice. We have also assessed whether the source data i.e. management's reports and records are complete and accurate.</p> <p>We further assessed the qualifications and expertise of the valuer and reviewed the terms of the engagement with the company.</p>
<b>2. Valuation of stores and spares</b>	
<p>Valuation of stores and spares involved significant effort and had significant inherent risk due to the judgment and estimation involved in provisioning for slow-moving and obsolescence against the stores and spare parts.</p> <p>The company assesses the condition of the company's stores and spares on an on-going basis. In doing so, the company uses valuation carried out by a third party valuer.</p>	<p>We tested the design and implementation of key controls around the valuation of stores and spares.</p> <p>We assessed the physical condition of stores and spares and possible use in the plant by occasional visits to the store. Further, we assessed the reasonableness of the amount of provision.</p>
<b>3. Lawsuit for under payment of excise duty, Vend Fee and Permit Fee</b>	
<p>The company is the defendant in a counter law suit filed by the Govt. of Sindh, Excise and Taxation department in the Supreme Court of Pakistan alleging under payment of excise duty on its product in 1995 in the sum of Rs. 71.5 million. Earlier, the Sindh High Court has given a verdict in favour of the company. The hearing proceedings by the Supreme Court are in progress. The risk for audit was whether or not this matter is material to the financial statements of the company, or cast significant doubt on the company's ability to continue as a going concern. If so whether it has been disclosed in the financial statements and whether the disclosure has been appropriate.</p>	<p>Given the material nature of the matter we focused our attention on assessing the stability of the case, materiality of the amount involved and its impact on the financial statements. We reviewed management's deliberations and legal views from the company's lawyers.</p> <p>The legal matters are pending for the last many years, the Hon'ble High Court decided the cases in favour of the Company in 2003. Against the decision in favour of the Company the Government of Sindh filed an appeal before the Hon'ble Supreme Court of Pakistan which is pending for final adjudication till todate. The legal counsel of the Company is extremely optimistic about an outcome in favour of the Company. Therefore the outcome of the case remains uncertain and management has disclosed the same in the financial statements.</p>

## Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement 'whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an Audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism through the audit. We also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's Internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matter that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matter communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the company as required by the Companies Act, 2017(XIX of 2017);
- b) The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
- c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat is deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Tanzeem Husain Zaidi.

Tanzeem & Company  
Chartered Accountants  
Audit Engagement Partner  
Syed Tanzeem Husain Zaidi

Karachi: September 29, 2018



## Statement of Financial Position as at June 30, 2018

	Note	2018 (Rupees in thousands)	2017
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	2,110	2,270
<b>Long-term Deposits</b>			
	5	125	125
<b>Current Assets</b>			
Stores and spare parts	6	1,951	2,501
Advances and short-term prepayments	7	241	210
Other receivables	8	1,076	1,076
Cash and bank balances	9	1,400	6,359
		4,668	10,146
<b>Total Assets</b>		<b>6,903</b>	<b>12,541</b>
<b>Equity and Liabilities</b>			
<b>Share Capital</b>			
Authorised capital 10,000,000 (2017:10,000,000) ordinary shares of Rs. 5 each		50,000	50,000
Issued, subscribed and paid-up capital	10	30,000	30,000
Accumulated losses		(36,519)	(36,338)
Total equity		(6,519)	(6,338)
<b>Non-Current Liabilities</b>			
Long-term financing - Unsecured	11	12,000	18,000
<b>Current Liabilities</b>			
Trade and other payables	12	677	144
Unclaimed dividend		319	320
Provision for income tax - net	13	426	415
		1,422	879
Total liabilities		13,422	18,879
<b>Contingencies</b>	14		
<b>Total Equity and Liabilities</b>		<b>6,903</b>	<b>12,541</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

**Amir Bashir Ahmed**  
Chief Financial Officer

**Muslim R. Habib**  
Chief Executive

**Ali Niaz Akhtar**  
Director




## Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
<b>Revenue</b>			
Storage income		1,180	2,020
Rental income		480	–
Profit on treasury call account		283	263
		<u>1,943</u>	<u>2,283</u>
<b>Factory and administrative expenses</b>			
Salaries and allowances		172	158
Rates and taxes		85	76
Communication, printing and stationery		237	383
Provision for obsolescence and slow moving store and spare parts		550	–
Directors' fee		10	9
Depreciation	4.1	160	177
Legal and professional charges		208	858
Insurance		12	12
Auditors' remuneration	15	117	111
Security Expenses		83	–
Fees, subscription & other expenses		197	180
		<u>(1,831)</u>	<u>(1,964)</u>
Profit before finance cost and taxation		112	319
Finance cost	16	135	134
(Loss) / Profit before taxation		<u>(23)</u>	<u>185</u>
Taxation	17	(158)	(57)
(Loss) / Profit after taxation		<u>(181)</u>	<u>128</u>
Other comprehensive income		–	–
Total comprehensive (loss) / income for the year		<u>(181)</u>	<u>128</u>
(Loss) / Earnings per share - Basic and diluted (Re.)	18	<u>(0.03)</u>	<u>0.02</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
**Amir Bashir Ahmed**  
Chief Financial Officer

  
**Muslim R. Habib**  
Chief Executive

  
**Ali Niaz Akhtar**  
Director



## Statement of Changes in Equity for the year ended June 30, 2018

	Share Capital	Accumulated (Loss)	Total
	(Rupees in thousands)		
Balance as on July 1, 2016	30,000	(36,466)	(6,466)
Total comprehensive income for the year ended June 30, 2017	–	128	128
Balance as on June 30, 2017	30,000	(36,338)	(6,338)
Total comprehensive (loss) for the year ended June 30, 2018	–	(181)	(181)
Balance as on June 30, 2018	<u>30,000</u>	<u>(36,519)</u>	<u>(6,519)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**Amir Bashir Ahmed**  
Chief Financial Officer

**Muslim R. Habib**  
Chief Executive

**Ali Niaz Akhtar**  
Director



## Statement of Cash Flows for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	1,072	296
Profit received on treasury call account		283	263
Finance cost paid		(166)	(134)
Income tax paid		(147)	(27)
Net cash from operating activities		1,042	398
<b>Cash flows from financing activities</b>			
Repayment of long-term financing		(6,000)	—
Dividend paid		(1)	—
Net cash used in financing activities		(6,001)	—
Net (decrease) / increase in cash and cash equivalents		(4,959)	398
Cash and cash equivalents at the beginning of the year		6,359	5,961
Cash and cash equivalents at the end of the year	9	1,400	6,359

The annexed notes 1 to 26 form an integral part of these financial statements.

**Amir Bashir Ahmed**  
Chief Financial Officer

**Muslim R. Habib**  
Chief Executive

**Ali Niaz Akhtar**  
Director



## Notes to the Financial Statements for the year ended June 30, 2018

### 1.1 The Company and its operations

Balochistan Particle Board Limited is a public limited Company incorporated in Pakistan, with shares quoted on the Pakistan Stock Exchange. The manufacturing operations of Urea Formaldehyde continued to remain closed on account of adverse conditions. Company's present business operations comprise of letting out part of its premises to third parties for purposes of storage and to conduct their commercial operations. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi and factory is situated at Mauza Beerot Tehsil Hub, District Lasbellaa.

### 1.2 Significant events and transactions that affecting the Company's Financial Position and Performance

1.2.1 The Companies Act, 2017 (The Act), became applicable to the Company from the current year and brought certain changes with regard to the preparation of the Financial Statement as required under Fourth Schedule of the Act.

1.2.2 During the year, the Company repaid Rs. 6.0 million to Karachi Mercantile Company (Pvt.) Limited - a related party, against their long term loan (see note 11).

## 2. Basis of Preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies, Act 2017 (the Act), provisions of and directives issued under the Act,. In case requirements differ, the provisions or directives of the Act shall prevail.

### 2.2 Functional Currency

These financial statements are presented in Pak rupee being company's functional currency.

### 2.3 Basis of measurement

These financial statements have been prepared under historical cost convention.

### 2.4 Significant accounting judgments 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 judgments which are significant to the financial statements:





- a) Determining the residual values and useful lives of property, plant and equipment (Note 3.1);
- b) Provision for obsolescence and slow moving stores and spare parts (Note 3.2)
- c) Recognition of taxation (Note 3.6) ; and
- d) Impairment (Note 3.7)

## 2.5 Amendments and improvements to the standards that became effective

The following amendments and improvements to the standards are effective for the year ended June 30, 2018. These amendments and improvements are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements.

### Amendments

IAS 7 - Statement of Cash Flow - Disclosure Initiative - (Amendments)

IAS 12 - Income Taxes - Recognition of Deferred Tax Asset for Unrealized Losses (Amendments)

## 2.6 Amendments to the standards and interpretations that are not yet effective

The following amendments to the standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments to the standards and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

	Effective date (accounting periods beginning on or after)
IFRS 2 - Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments).	01 January, 2018
IFRS 9 - Financial instruments	01 July, 2018
IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)	01 January, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment).	Not yet finalized
IFRS 15 - Revenue from Contracts with Customers.	01 July, 2018
IFRS 16- Leases	01 January, 2019
IFRS 4- Insurance Contracts : Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01 January, 2018
IAS 40 - Investment Property: Transfer of Investment Property (Amendments)	01 January, 2018
IAS 19- Plan Amendments, Curtailments or Settlements (Amendments)	01 January, 2019
IAS 28- Long - term Interest in Associates and Joint Ventures - (Amendments)	01 January, 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January, 2019



## **2.7 Standards issued by IASB but not yet notified by SECP**

The following new standards have been issued by IASB which are not yet notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

	IASB 'Effective date (accounting periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January, 2016
IFRS 17 - Insurance contracts	01 January, 2021

## **3 Summary of Significant accounting policies:**

### **3.1 Property, plant and equipment**

These are stated at cost less accumulated depreciation and impairment, if any, 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. The management determines the estimated useful lives of the company's fixed asset for calculating depreciation. The estimate is determined after considering the expected useful life of the asset or physical wear and tear and obsolescence. The management periodically review estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets.

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 or loss account.

### **3.2 Stores and spare parts**

These are valued at moving average cost. Provision if any, is made for obsolescence and slow moving items. The management estimate the amount of obsolescence and slow moving items of stores and spares parts periodically based on the expected usage and physical condition of the items of stores and spares parts.

### **3.3 Loans and advances**

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

### **3.4 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at their nominal value. For the purpose of the statement, cash and cash equivalents comprise of cash in hand, with banks on current, treasury call and deposit accounts net of short term borrowings under mark-up arrangements, if any.



### **3.5 Borrowings and their cost**

Borrowings are recorded when proceeds received.

Borrowing costs are recognized 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 capitalized as part of the cost of that asset.

### **3.6 Taxation**

Provision for current taxation is computed in accordance with the provisions of Income Tax laws. Judgement is required to determine the total provision for current and deferred taxes. The charge for current year 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. Differences of interpretations of tax regulations with the tax authorities may arise resulting adjustment to the provision and charge of income tax.

The company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized 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.

### **3.7 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 or loss account.

The management also assesses whether there are indication of impairment for all non- financial assets at each reporting date. These are tested for impairment when there are indications that the carrying amounts may not be recoverable either through use or sale.

### **3.8 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 / storage income and profit on treasury call account are recorded on accrual basis.

### **3.9 Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognized 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.

### **3.10 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 realize the asset or settle the liability simultaneously.



### 3.11 Provision

Provision is 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. Provision is reviewed periodically and adjusted to reflect the current best estimate.

### 3.12 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.

## 4. Property, plant and equipment

4.1 The following is a statement of property, plant and equipment for 2018 :

	Cost as at July 1, 2017	Additions/ (deletions)	Cost as at June 30, 2018	Accum- ulated depreci- ation as at July 1, 2017	Depreciation charge for the year	Accumu- lated dep- reciation as at June 30, 2018	Written down value as at June 30, 2018	Annual rate of Depre- ciation %
(Rupees in thousands)								
Freehold land	620	–	620	–	–	–	620	–
Buildings on freehold land	9,176	–	9,176	8,835	34	8,869	307	10
Roads	461	–	461	358	5	363	98	5
Plant and machinery	10,849	–	10,849	9,728	112	9,840	1,009	10
Furniture, fittings and office equipment	1,746	–	1,746	1,661	9	1,670	76	10
	22,852	–	22,852	20,582	160	20,742	2,110	

4.2 Reconciliation of carrying values for 2018:

	Written down value as at July 1, 2017	Additions/ (deletions)	Depreciation charge for the year	Written down value as at June 30, 2018
(Rupees in thousands)				
Freehold land	620	–	–	620
Buildings on freehold land	341	–	34	307
Roads	103	–	5	98
Plant and machinery	1,121	–	112	1,009
Furniture, fittings and office equipment	85	–	9	76
	2,270	–	160	2,110



**4.3** The following is a statement of property, plant and equipment for 2017 :

	Cost as at July 1, 2016	Additions/ (deletions)	Cost as at June 30, 2017	Accum- ulated depreci- ation as at July 1, 2016	Depreciation charge for the year	Accumu- lated dep- reciation as at June 30, 2017	Written down value as at June 30, 2017	Annual rate of Depre- ciation %
(Rupees in thousands)								
Freehold land	620	–	620	–	–	–	620	–
Buildings on freehold land	9,176	–	9,176	8,797	38	8,835	341	10
Roads	461	–	461	353	5	358	103	5
Plant and machinery	10,849	–	10,849	9,604	124	9,728	1,121	10
Furniture, fittings and office equipment	1,746	–	1,746	1,651	10	1,661	85	10
	<u>22,852</u>	<u>–</u>	<u>22,852</u>	<u>20,405</u>	<u>177</u>	<u>20,582</u>	<u>2,270</u>	

**4.4** Reconciliation of carrying values for 2017:

	Written down value as at July 1, 2016	Additions/ (deletions)	Depreciation charge for the year	Written down value as at June 30, 2017
(Rupees in thousands)				
Freehold land	620	–	–	620
Buildings on freehold land	379	–	38	341
Roads	108	–	5	103
Plant and machinery	1,245	–	124	1,121
Furniture, fittings and office equipment	95	–	10	85
	<u>2,447</u>	<u>–</u>	<u>177</u>	<u>2,270</u>

**4.5** The plant and machinery having carrying value of Rs. 1.01 million (2017: Rs. 1.12 million) is idle for the last 20 years.

**4.6** Land and building have also been mortgaged with bank against guarantee of Rs.6.3 million issued by the bank on behalf of the Company to Government of Sindh.

**4.7** Freehold land of the company and building thereon, is situated at Mauza Beerot, Tehsil Hub, District Lasbella having area of approximately 9.365 acres.

	Note	2018 (Rupees in thousands)	2017
<b>5. Long-term Deposits</b>			
Deposits against utilities Central Depository Company		<u>113</u> <u>12</u>	<u>113</u> <u>12</u>
<b>5.1</b> Represents interest free deposits	5.1	<u>125</u>	<u>125</u>



	Note	2018 (Rupees in thousands)	2017
<b>6. Stores and spare parts</b>			
Stores		1,855	1,855
Spare parts		1,732	1,732
		<u>3,587</u>	<u>3,587</u>
Less: Provision for obsolescence and slow moving items	6.1	1,636	1,086
		<u>1,951</u>	<u>2,501</u>
<b>6.1</b>	The movement in the provision is as follows:		
	Balance at the beginning of the year	1,086	1,086
	Add: provision made during the year	550	-
	Balance at the end of the year	<u>1,636</u>	<u>1,086</u>
<b>7. Advances and short-term prepayments</b>			
Advances	7.1	200	200
Short-term prepayments		41	10
		<u>241</u>	<u>210</u>
<b>7.1</b>	Represents interest free advances.		
<b>8. Other receivables</b>			
Excise duty refundable	14.1	<u>1,076</u>	<u>1,076</u>
<b>9. Cash and bank balances</b>			
Balance with banks on:			
Treasury call account with Bank AL Habib - a related party	9.1	227	5,182
Current account		4	8
Guarantee margin deposit account	9.2	1,169	1,169
		<u>1,400</u>	<u>6,359</u>
<b>9.1</b>	Profit rates on treasury call account ranged between 5.50% to 5.80% (2017: 5.50% ) per annum.		
<b>9.2</b>	Represents margin held by bank against guarantees of Rs. 6.3 (2017: Rs.6.3) million Refer Note No: 14.1.		
<b>9.3</b>	The Company has conventional banking relationship with all the banks having islamic window operations.		



			2018	2017
			(Rupees in thousands)	
<b>10. Issued, subscribed and paid-up capital</b>				
Ordinary shares of Rs. 5 each				
	2018	2017		
	Number of Shares			
	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
	<u>6,000,000</u>	<u>6,000,000</u>	<u>30,000</u>	<u>30,000</u>
<p>Issued, subscribed and paid-up capital of the Company includes 147,797 Ordinary shares of Rs. 5 each (2017: 147,797) held by Habib Sugar Mills Limited a related party and 346,840 Ordinary shares of Rs. 5 each (2017: 346,840) held by Karachi Mercantile Company (Pvt) Limited, a related party.</p>				
			2018	2017
			(Rupees in thousands)	
<b>11. Long-term financing - Unsecured</b>				
From related party				
Balance at beginning of year			18,000	18,000
Repaid during the year			(6,000)	-
Balance at end of year			<u>12,000</u>	<u>18,000</u>
<p>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.</p>				
			2018	2017
			(Rupees in thousands)	
<b>12. Trade and other payables</b>				
Deposit			480	-
Advance Rent			103	-
Accrued expenses			75	131
Sales tax payable			19	13
			<u>677</u>	<u>144</u>
<b>13. Provision for income tax - net</b>				
Balance at beginning of year			415	385
Provision made during the year			158	57
			<u>573</u>	<u>442</u>
Deductions / Paid during the year			(147)	(27)
Balance at end of year			<u>426</u>	<u>415</u>



**13.1** The over provision from prior years has not been adjusted as a prudent policy to allow future fluctuation, if any.

**13.2** Comparison of tax provision and tax assesment for previous three years:

<b>Tax years</b>	<b>Deemed assessment</b>	<b>Provision</b>
	<b>(Rupees in '000)</b>	
Tax year 2017	30	57
Tax year 2016	68	109
Tax year 2015	191	322

Tax returns of subsequent tax years are deemed to be assessed under provision of the Income Tax Ordinance, 2001 unless selected for an audit by the tax authorities. As per management's assessment, sufficient tax provision has been made in the financial statements.

#### **14 Contingencies**

**14.1** The cases before the Honourable High Court of Sindh against the arbitrary demand of Rs. 57.4 million by the Excise and Taxation Department Government of Sindh for vend fee and permit fee and Rs. 14.1 million for excise duty on transportation of methanol from Karachi to Hub along with interest at rates applicable on Khas Deposit Certificates raised by the Government of Sindh were decided in favour of the Company on March 26, 2003 and August 20, 2004 respectively, by maintaining that methanol does not fall within the purview of the Sindh Abkari Act, 1878 and as such vend fee, permit fee and excise duty cannot be levied. Against the decision of the Honourable High Court of Sindh, the Government of Sindh filed an appeal before the Honourable Supreme Court of Pakistan.

On March 16, 2006, both the cases were heard and judgement was reserved but not pronounced. Thereafter, the both Petitions were heard on numerous dates especially for the entire day on June 21, 22, 23 and 24, 2010 at greater length.

Later, on February 3, 2016, the matter was again heard at length and resulted in the following order as duly reproduced below:

“During the course of hearing one of the points which has conspicuously emerged is whether methanol contains alcohol / alcoholic content and whether it is a denaturant / denatured product or not, therefore, in order to seek an expert opinion, we direct the Director General / Head of the Department of Pakistan Council of Scientific and Industrial Research, Karachi to submit a report in this regard within a period of one month and the same must be placed before the learned senior Judge in chamber for fixation of the matter after the receipt thereof. This case must be treated as a part heard matter.”

Lastly, the matter was fixed and heard at length on March 29, 30 and 31, 2017 and was adjourned as date in office.

Further, based on the legal advice, the Company expects favourable outcome and accordingly no provision has been made in the financial statements against the arbitrary demand raised by the Government of Sindh.

Excise Duty amounting to Rs.1.08 (2017: Rs.1.08) million note no. 8 had been paid under protest and shown as refundable under current assets.

Guarantees given by the bank in this respect as on June 30, 2018 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (2017: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

**14.2** During the year, the Federal Board of Revenue initiated Audit proceedings against the Company under Section 122 of the Income Tax Ordinance and raised a demand of Rs. 4.8 million for the Tax year 2016. The Company disputed the demand and filed an appeal before the CIT (A). The CIT (A) in its order dated July 23, 2018 set aside the demand and allowed relief on certain additions having reduction in tax liability of Rs.4.5 million and also directed the assessing officer to confront the Company and to give an opportunity to explain its view on other additions. As per advice of our legal counsel, the company is expecting favourable outcome of the case as such no provision is made in these accounts.





	Note	2018 (Rupees in thousands)	2017
<b>15. Auditors' remuneration</b>			
Annual audit fee		81	79
Half yearly review fee		22	22
Statutory certification		8	–
Out of pocket expenses		6	10
		<u>117</u>	<u>111</u>
<b>16. Finance Cost</b>			
Guarantee commission		114	114
Federal Excise duty on guarantee commission		18	16
Bank charges		3	4
		<u>135</u>	<u>134</u>
<b>17. Taxation</b>			
Income tax - current	17.1	<u>158</u>	<u>57</u>
<b>17.1 Reconciliation of tax charge for the year</b>			
Accounting (loss) / profit		<u>(23)</u>	<u>185</u>
Corporate tax rate		<u>30%</u>	<u>31%</u>
Tax on accounting (loss) / profit at applicable rate		7	57
Tax effect of inadmissible expenses		(165)	–
Taxation		<u>(158)</u>	<u>57</u>
<b>18. (Loss) / earnings per share</b>			
(Loss) / profit after taxation		<u>(181)</u>	<u>128</u>
Number of ordinary shares of Rs. 5 each		<u>6,000,000</u>	<u>6,000,000</u>
(Loss) / earnings per share - Basic and diluted		<u>Re. 0.03</u>	<u>Re. 0.02</u>
<b>19. Cash generated from operations</b>			
(Loss) / profit before taxation		(23)	185
<b>Adjustment for non - cash charges and other items</b>			
Depreciation		160	177
Profit on treasury call account		(283)	(263)
Finance cost		135	134
Provision for obsolescence and slow moving stores and spare parts		550	–
Working capital changes - Note 19.1		533	63
		<u>1,095</u>	<u>111</u>
		<u>1,072</u>	<u>296</u>



	2018 (Rupees in thousands)	2017
<b>19.1 Working capital changes</b>		
(Increase) in current assets		
Advances and short-term prepayments	–	–
Increase in current liabilities		
Trade and other payables	533	63
	<u>533</u>	<u>63</u>
<b>20. Remuneration of Chief Executive, Directors and Executives</b>		
Meeting fee - 7 directors	10	9
	<u>10</u>	<u>9</u>
Except meeting fee, no remuneration was paid to Chief Executive, Director and Executives.		
<b>21. Financial risk management objectives and policies</b>		
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.		
<b>21.1 Credit risk</b>		
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.		
<b>21.1.1</b>	The maximum exposure of financial assets as at the balance sheet date are as follows:	
	2018	2017
	(Rupees in thousands)	
Long-term deposits	125	125
Advances and short-term prepayments	241	210
Bank balances	1,400	6,359
	<u>1,766</u>	<u>6,694</u>
<b>21.1.2 Quality of financial assets</b>		
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	
	2018	2017
	(Rupees in thousands)	
<b>21.1.3 Bank balances</b>		
A1+	1,400	6,359
	<u>1,400</u>	<u>6,359</u>
<b>21.2 Liquidity risk</b>		
Liquidity risk reflects Company's inability in raising funds to meet commitments. However, in view of the rental / storage income from property and income from bank deposits, there is no significant exposure with respect to liquidity.		
<b>21.3 Market risk</b>		
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.		



#### 21.4 Foreign currency risk

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

#### 21.5 Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Mark-up on treasury call account is duly monitored for changes in rates and accordingly acted upon. 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.

#### 21.6 Fair value of financial instruments

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

#### 21.7 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.

### 22 Going concern

22.1 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.

22.2 The Company received a Show Cause notice dated July 31, 2018 from Securities & Exchange Commission of Pakistan (SECP) regarding winding up of the Company and directed the Company to submit current status of revival of the Company alongwith the supporting evidence. The Company vide its letter dated August 6, 2018 submitted the required information / explanation. However, reply of SECP in this respect is still awaited.

### 23. Capacity and production

	2018		2017	
	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	–

The manufacturing operations continued to remain closed on account of adverse economic conditions and pending cases in respect of arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh.

### 24 Number of Employees

Total average number of employees during the year and as at June 30, 2018 and 2017 was only one.

### 25 Transactions with related parties

Transactions with related parties other than directors' fee as disclosed in Note: 20 are given below:



**25.1** Following are related parties and transactions with them:

Parties	Nature of Transaction	Relationship	Revenue		Expense		Repayment of Loan	
			Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
			June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
			(Rupees in thousands)		(Rupees in thousands)		(Rupees in thousands)	
Bank AL Habib Limited	Profit on treasury call account	Related party	283	263	-	-	-	-
Bank AL Habib Limited	Bank charges	Related party	-	-	1	2	-	-
Habib Insurance Co. Limited	Insurance premium	Related party	-	-	12	12	-	-
Karachi Mercantile Co. (Pvt.) Ltd.	Repayment of loan	Related party	-	-	-	-	6,000	-
			<u>283</u>	<u>263</u>	<u>13</u>	<u>14</u>	<u>6,000</u>	<u>-</u>

**25.2** Following balances are outstanding at end of year:

Parties	Nature	Relationship	Amount Payable	
			As at	As at
			June 30, 2018	June 30, 2017
			(Rupees in thousands)	
Karachi Mercantile Co. (Pvt) Ltd.	Long-term loan	Related party	12,000	18,000
			<u>12,000</u>	<u>18,000</u>

Transaction with related parties are carried out at arm's length.

**26 General**

**26.1** Figures have been rounded off to the nearest thousand rupees.

**26.2** These financial statements were authorised for issue on September 29, 2018 by the Board of Directors of the Company.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Muslim R. Habib**  
 Chief Executive

  
**Ali Niaz Akhtar**  
 Director



## Pattern of Shareholding as at June 30, 2018

Number of Shareholders	Size of Shareholding			Total Number of Shares held
	From	...	To	
405	1	...	100	16,721
433	101	...	500	126,805
218	501	...	1,000	173,637
221	1,001	...	5,000	599,222
49	5,001	...	10,000	391,656
15	10,001	...	15,000	188,509
6	15,001	...	20,000	106,500
8	20,001	...	25,000	171,762
3	25,001	...	30,000	83,731
2	35,001	...	40,000	76,500
2	40,001	...	45,000	87,765
1	45,001	...	50,000	49,500
1	50,001	...	55,000	50,620
1	60,001	...	65,000	64,647
1	85,001	...	90,000	87,161
3	90,001	...	95,000	280,842
1	95,001	...	100,000	100,000
2	140,001	...	145,000	283,720
2	145,001	...	150,000	296,772
3	195,001	...	200,000	596,016
1	215,001	...	220,000	216,555
1	230,001	...	235,000	232,064
1	270,001	...	275,000	270,089
1	345,001	...	350,000	346,840
1	455,001	...	460,000	457,107
1	645,001	...	650,000	645,259
1,383				6,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public	1,362	4,279,358	71.32
Insurance Companies	2	23,750	0.40
Joint Stock Companies	12	546,255	9.10
Financial Institutions	4	710,529	11.84
Charitable Trusts	2	419,064	6.99
Society	1	21,044	0.35
	1,383	6,000,000	100.00



## Pattern of Shareholding as at June 30, 2018

### Additional Information

Shareholders' Categories	Number of Shareholders	Number of Shares held
<b>Associated companies, undertakings and related parties</b>		
Habib Sugar Mills Ltd.	1	147,797
Karachi Mercantile Co. (Pvt.) Ltd.	1	346,840
<b>NIT &amp; ICP</b>		
National Bank of Pakistan Trustee Department (NIT)	1	645,259
Investment Corporation of Pakistan	1	50,620
<b>Directors, CEO and their spouses and minor children</b>		
Ali A. Rahim Chairman	1	9,000
Muslim R. Habib Chief Executive	1	198,671
Tanzeel Abdul Sattar NIT Nominee Director	—	—
Ali Niaz Akhtar Director	1	1,000
Ali Akbar “	1	1,000
Mehboob Ali Lilani “	1	1,000
Syed Shabbar Hasan “	1	1,000
<b>Executives</b>		
	—	—
<b>Public Sector Companies and Corporations</b>		
	10	51,618
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>		
	4	38,400
<b>General Public</b>		
Local	1,345	4,026,037
Foreign	11	41,650
<b>Charitable Trusts</b>		
	2	419,064
<b>Society</b>		
	1	21,044
<b>Shareholders holding 5% or more voting interest</b>		
- National Bank of Pakistan Trustee Department (NIT) 645,259 shares		
- Karachi Mercantile Co. (Pvt.) Ltd. 346,840 shares		
- Mr. Salman Hussain D. Habib 457,107 shares		
	1,383	6,000,000

The detail of shares purchased by the Directors of the company during the year:

Name	Date	No. of shares
Syed Shabbar Hasan	16.04.2018	1,000

- ۴۔ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جو کہ پاکستان میں نافذ العمل ہے اس پر مالیاتی حسابات کی تیاری پر لاگو کیا جاتا ہے۔ جہاں نہیں کی گئی وہاں مناسب طور پر وضاحت کی گئی ہے۔
- ۵۔ داخلی کنٹرول کا نظام مستحکم ہے اور موثر طور پر اس پر عمل درآمد اور نگرانی کی جاتی ہے۔
- ۶۔ کمپنی کی صلاحیت بطور چلے ہوئے کاروبار کے اسٹیٹمنٹ کو مالیاتی حسابات کے نوٹ نمبر 21 میں بیان کیا گیا ہے۔
- ۷۔ کارپوریٹ گورننس کے طریقہ کار جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے جسکی کوئی خلاف ورزی نہیں کی گئی ہے۔
- ۸۔ چھ سالہ مالیاتی سالوں میں یعنی 2013 سے 2018 تک جو کہ صفحہ نمبر 14 پر دیا گیا ہے۔
- ۹۔ جمع شدہ خسارہ کی روشنی میں کمپنی نے ڈویڈنڈ یا بونس شیئرز کا اعلان نہیں کیا ہے۔
- ۱۰۔ سال کے دوران بورڈ کے چار اجلاس منعقد کئے گئے اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	میٹنگ میں شریک ہونے کی تعداد
جناب علی اے رحیم	3
مسلم آرحیب	4
جناب مرتضیٰ ایچ حبیب	2
تنزیل عبدالستار	2
علی نیاز اختر	3
محبوب علی لیلائی	4
علی اکبر *	4
اسد علی رحمان **	-
سید شبر حسن ***	2

\*23 دسمبر 2017 کو استعفیٰ دیا۔

\*\*23 دسمبر 2017 کو شامل ہوئے اور 9 جنوری 2018 کو استعفیٰ دیا۔

\*\*\*9 جنوری 2018 کو شامل ہوئے۔

۱۱۔ شیئر ہولڈنگ کے طریقہ اور اس سے متعلق اضافی معلومات صفحہ نمبر 30 اور 31 پر دی گئی ہیں۔

۱۲۔ ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے بیوی بچوں نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی۔

ڈائریکٹرز میں تبدیلی:

زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز میں مندرجہ ذیل تبدیلی آئی

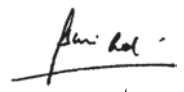
جناب مرتضیٰ ایچ حبیب نے 23 دسمبر 2017 کو استعفیٰ دیا اور ان کی جگہ جناب اسد علی رحمانی کو 23 دسمبر کو شامل کیا گیا اور جنہوں نے بعد ازاں 9 جنوری 2018 کو استعفیٰ دیا اور اسد

رحمانی کی جگہ سید شبر حسن کو 9 جنوری 2018 کو شامل کیا گیا اور وہ بقیہ مدت تک اپنا عہدہ برقرار رکھیں گے جو 7 اپریل 2020 تک ختم ہوگا۔

از طرف بورڈ آف ڈائریکٹرز



علی نیاز اختر  
ڈائریکٹر



مسلم آرحیب  
چیف ایگزیکٹو

کراچی، 29 ستمبر 2018ء

بورڈ کی انتظامی کمیٹیاں:

آڈٹ کمیٹی:

کمپنی نے ایک آڈٹ کمیٹی تشکیل دی ہے جس میں درج ذیل ممبران شامل ہیں:

میٹنگ میں شریک ہونے کی تعداد

2 جناب علی اکبر\* چیئرمین

3 جناب علی اے رحیم ممبر

2 جناب مرتضیٰ ایچ حبیب\*\* ممبر

4 جناب محبوب علی لیلانی ممبر

\*19 فروری 2018 کو چیئرمین مقرر کیا گیا۔

\*\*23 دسمبر 2017 کو استعفیٰ دیا۔

HR اور اجرتی کمیٹی:

کمپنی نے HR اور اجرتی کمیٹی تشکیل دی ہے جس میں درج ذیل ممبران شامل ہیں:

میٹنگ میں شریک ہونے کی تعداد

1 جناب علی نیاز اختر چیئرمین

1 جناب مسلم آرحیب ممبر

1 جناب محبوب علی لیلانی ممبر

کارپوریٹ سوشل ذمہ داری:

کمپنی کا پیداواری عمل مستقل طور پر خراب معاشی حالات کے سبب بند ہے لہذا کارپوریٹ سوشل ذمہ داری کے تحت کوئی بھی قابل ذکر سرگرمی نہیں کی گئی۔

قومی خزانے میں حصہ داری:

آپ کی کمپنی نے سرکاری خزانے میں ٹیکس اور وفاقی ایکسائز ڈیوٹی کے زمرے میں مبلغ 307 ہزار روپے جمع کروائے۔

آڈیٹرز:

آڈیٹرز میسرز تنظیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ اپنے 5 سال مکمل کر رہے ہیں اور انہوں نے خود کو دوبارہ بطور کمپنی کے آڈیٹرز تقرری کیلئے پیش کیا ہے۔ اور اس بات کو مدنظر رکھتے ہوئے کمپنی نے تنظیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ کو موجودہ آڈیٹرز کی جگہ پر ان شرائط اور ضوابط اور فیس پر جو کہ طے کی جائیں گی۔ بورڈ آف ڈائریکٹرز نے بھی اس سفارش کی توثیق کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ:

۱۔ مالیاتی حسابات جو کہ کمپنی نے مرتب کئے ہیں یہ شفاف انداز میں کمپنی کے ضروری امور اور آپریشنز کے نتائج کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔

۲۔ کمپنی کی بکس آف اکاؤنٹ مناسبت طریقے سے ترتیب دیئے جاتے ہیں۔

۳۔ مالیاتی حسابات کی تیاری کے سلسلے میں مناسبت اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسبت اور واضح طور پر ظاہر کیا جاتا ہے۔



## ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم!

بورڈ کے اپنے ساتھیوں کی جانب سے ہم آپ کو کمپنی کی 38 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور سالانہ رپورٹ بمع کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال 30 جون 2018ء پیش کرتا ہوں۔

زیر نظر سال کے دوران کمپنی کو مبلغ 0.18 ملین روپے کا خسارہ ہوا (2017: 0.13 ملین روپے کا منافع ہوا) اور فی شیئر بنیادی اور معتدل نقصان 0.03 روپے (2017: بنیادی اور معتدل آمدنی فی شیئر 0.02 روپے) کے حساب سے حاصل کیا جیسا کہ منسلک مالیاتی اسٹیٹمنٹ میں دکھایا گیا ہے۔

یوریا فارمل ڈی ہائیڈرویشن کے مینوفیکچرنگ آپریشن صنعت کی خراب حالت اور حکومت سندھ کی جانب سے لگائی گئی ایکسائز ڈیوٹی وینڈ اور پرمٹ فیس کے باعث بند ہے۔ محترم ہائی کورٹ آف سندھ نے مورخہ 26 مارچ 2003ء اور 20 اگست 2004ء کو ان کیسز کا فیصلہ کمپنی کے حق میں کر دیا اور طے یہ کیا کہ میٹھا نول سندھ آبکاری ایکٹ 1878ء کے زمرے میں نہیں آتا ہے لہذا مذکورہ بالا ایکسائز ڈیوٹی وینڈ فیس اور پرمٹ فیس میٹھا نول کی ترسیل پر نہیں لگائی جاسکتی۔

حکومت سندھ نے عزت مآب سپریم کورٹ آف پاکستان میں ایک سول عرضداشت محترم ہائی کورٹ آف سندھ کے فیصلے کے خلاف داخل کی جس کی پیشی مورخہ 16-03-2006 کو ہوئی اور فیصلہ کو محفوظ رکھا گیا تھا لیکن اعلان نہیں کیا گیا جس کے بعد مذکورہ بالا عرضداشت کی دوبارہ پیشی 12 فروری 2010 کو ہوئی اور سنوائی کے بعد آئندہ سماعت 8 مارچ 2010 کو رکھی۔ ان کیسز پر سنوائی 21، 22، 23، 24 جون 2010 کو تفصیل سے ہوئی اور ملتوی کر دی گئی۔ اس کے بعد 3 فروری 2016 کو یہ معاملہ دوبارہ تفصیل سے تمام ترامور پر غور کرتے ہوئے دلائل پیش کئے گئے جس کے بعد کورٹ نے ایک عبوری حکم جاری کیا جس کا متن درج ذیل ہے۔

اقتباس "پیشی کے دوران ایک نقطہ اہمیت کا حامل رہا کہ آیا میٹھا نول میں الکول / الکوحل کے اجزاء شامل ہیں اور کیا یہ پروڈکٹ ڈی نیچرٹ اڈی نیچر ڈے ہے یا نہیں۔ لہذا اس سلسلے میں ماہرین کی رائے درکار تھی۔ ہم نے ڈپارٹمنٹ آف پاکستان کونسل آف سائنٹفک اینڈ انڈسٹریل ریسرچ کراچی کے ڈائریکٹر جنرل اڈی پارٹمنٹ کے سربراہ کو ہدایت کی کہ وہ اس سلسلے میں اپنی رپورٹ ایک ماہ کے اندر جیمبر میں محترم سٹریٹج کے روبرو پیش کرے جو اس رپورٹ کے ملنے کے بعد سنوائی کا وقت مقرر کرے اور اس کیس اور رپورٹ کو سنا ہوا حصہ تصور کیا جائے" غیر اقتباس۔

بالآخر یہ معاملہ سنوائی کے لئے مقرر کیا گیا اور 29، 30، 31 مارچ 2017ء کو اس کیس کے تمام پہلوؤں کو تفصیل سے سنا گیا اور کیس کو آئندہ سماعت کے لئے ملتوی کر دیا گیا۔

بورڈ آف ڈائریکٹرز نے یہ نتیجہ اخذ کیا کہ مستقبل کی کاروائی کا فیصلہ مذکورہ بالا زیر التوا کیسز کا کمپنی کے حق میں فیصلہ آنے کے بعد کیا جائے گا اور اس کے ساتھ ساتھ یوریا فارمل ڈی ہائیڈرویشن کی اقتصادی حالت کا بھی جائزہ لیا جائے گا۔

کمپنی کے چلتے ہوئے کاروبار کے معاملے پر آڈیٹر کے تحفظات:

آڈیٹرز نے ممبران کو اپنی رپورٹ میں کمپنی کے چلتے ہوئے کاروباری صلاحیت سے متعلق تحفظات کا اظہار کیا اس سلسلے میں کمپنی نے یہ بتایا کہ وہ اپنے کاروباری عمل کو تیسری پارٹی کو اپنی جگہ کا کچھ حصہ اسٹوریج کیلئے اور اسکے کاروباری امور کیلئے کرائے پر دیتی ہے اور اسپانسر ڈائریکٹرز کی مستقل طور پر ملحقہ کمپنی کے ذریعے کمپنی کی مالی اعانت قرضے کے طور پر کرتے ہیں لہذا مذکورہ بالا حقائق کے پیش نظر مالیاتی حسابات چلتے ہوئے کاروبار کی بنیاد پر تیار کئے گئے۔

کمپنی ایکٹ 2017 (ایکٹ) کا نافذ العمل ہونا

کمپنی ایکٹ 2017 (ایکٹ) 20 مئی 2017 کو عمل میں آیا پھر بھی سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اپنے سرکلر نمبر 17/2017 کا بتاریخ 20 جولائی 2017 کے تحت ان کمپنیوں کو جن کا مالیاتی سال 30 جون یا اس سے پہلے ختم ہوا اس ایکٹ کے نفاذ کی چھوٹ ہوگی۔ یہ قانون زیر نظر مالیاتی سال کے لئے نافذ العمل ہے۔ اور مالیاتی حسابات کے بنانے میں اس قانون کے فورٹھ شیڈول کے مطابق کچھ تبدیلی کی گئی ہے۔

## چیئر مین کا جائزہ

### چیئر مین کی جانب سے کمپنی ایکٹ 2017 کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی کی جائزہ رپورٹ

یوریا فارل ڈی ہائیڈروژن کے مینوفیکچرنگ آپریشن صنعت کی خراب حالت اور حکومت سندھ کی جانب سے لگائی گئی ایکسائز ڈیوٹی وینڈ اور پرمٹ فیس کے باعث بند ہے۔ کمپنی کا موجودہ کاروباری عمل تیسری پارٹی کو اپنی جگہ کا کچھ حصہ اسٹوریج کے لئے اور اس کے کاروباری امور کے لئے کرائے پر دینا ہے۔ بورڈ آف ڈائریکٹرز کی جانب سے مجھے خوشی ہے کہ میں کمپنی کی 38 ویں سالانہ رپورٹ پیش کر رہا ہوں۔ جس میں کمپنی آپریشن اور 30 جون 2018ء کو ختم ہونے والے سال کے مالیاتی حسابات کا جائزہ شامل ہے۔

بلوچستان پارٹیکل بورڈ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز (بورڈ) کی کارکردگی اطمینان بخش رہی۔ بورڈ قانون اور کمپنی کے آرٹیکلز کے تحت منظم ہے جس میں اس کے فرائض ذمہ داریاں اور حقوق کی وضاحت کی گئی ہے۔

مالی سال 2017-18 کے دوران بورڈ نے چار (4) ملاقاتیں کیں۔ بورڈ نے تمام ریگولیٹری ضروریات کے مطابق قابل اطلاق قوانین کو مد نظر رکھتے ہوئے بہترین طریقوں کے مطابق عمل کیا۔

کارپوریٹ گورننس (CCG) کے تحت کمپنی کے بورڈ کا سالانہ جائزہ لیا جاتا ہے۔ اس جائزہ کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اس کے موثر ہونے کو جانچا جائے اور کمپنی کے مقاصد کے تناظر میں توقعات کو پورا کیا جائے۔

بورڈ کی کارکردگی مندرجہ ذیل جزو کو مد نظر رکھتے ہوئے کی گئی ہے  
بورڈ اپنی کمیٹیوں میں (CCG) کے تحت نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کی مناسب نمائندگی کو یقینی بنانا ہے۔ بورڈ کے ارکان اور اس کی متعلقہ کمیٹیاں اپنی ذمہ داریوں کو سرانجام دینے کے لئے ضروری صلاحیت اور تجربہ رکھتی ہے۔

بورڈ نے خود تفتیش کے طریقہ کار اور اندرونی آڈٹ کی سرگرمیوں کے ذریعے موثر اندرونی کنٹرول سسٹم تشکیل کیا اور گورننس کے مضبوط اور شفاف ماحول کو برقرار رکھا اس کے علاوہ بورڈ نے کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا۔

آخر میں اپنے ساتھی ڈائریکٹرز کی کمپنی کی ترقی کیلئے ان کے عزم پر ان کا مشکور ہوں۔



علی اے رحیم  
چیئر مین

کراچی ستمبر 29، 2018ء



## پراکسی فارم

کمپنی سیکریٹری

بلوچستان پارٹیکل بورڈ لمیٹڈ

امپیریل کورٹ، چوتھی منزل،

ڈاکٹر ضیاء الدین روڈ، کراچی۔ ۷۵۵۳۰

میں / ہم

ساکن

میں بحیثیت ممبر بلوچستان پارٹیکل بورڈ لمیٹڈ

عام شیئرز جن کے شیئرز رجسٹر فولیو نمبر \_\_\_\_\_ اور ایسی ڈی سی پارٹیشنس آئی ڈی نمبر \_\_\_\_\_

اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا

ساکن

اور اگر ان کے لئے ممکن نہ ہو تو \_\_\_\_\_ ساکن

کو بطور اپنا/ہمارا پراکسی مقرر کرتا/کرتی ہوں تاکہ وہ ۱۲۲ اکتوبر ۲۰۱۸ء کو منعقد کئے جانے والے کمپنی کے ۳۸ ویں سالانہ اجلاس عام میں میری/ہماری جگہ ووٹ دے سکیں۔

ممبر کے دستخط

دستخط  
مبلغ ۵ روپے  
کے ڈاک ٹکٹ

دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_

گواہان:

دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پاسپورٹ نمبر \_\_\_\_\_

دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پاسپورٹ نمبر \_\_\_\_\_

نوٹ:

(۱) ہر وہ ممبر جسے اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا حق حاصل ہے اپنے بجائے شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا/کرسکتی ہے

(۲) سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

(۳) موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقت انعقاد سے کم از کم ۲۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کارکن ہونا ضروری نہیں۔



## Form of Proxy

The Company Secretary  
Balochistan Particle Board Limited  
Imperial Court, 4th Floor  
Dr. Ziauddin Ahmed Road  
KARACHI – 75530

I/We ..... of .....  
a member(s) of BALOCHISTAN PARTICLE BOARD LIMITED and holding .....  
ordinary shares, as per Folio No. .... and /or CDC Participant's  
I.D. Numbers .....  
and Account / Sub-Account No. ....  
hereby appoint ..... of .....  
or failing him..... of .....  
another member of the Company to vote for me / us and on my / our behalf at the  
38<sup>th</sup> Annual General Meeting of the Company to be held on Monday, October 22, 2018 and  
at any adjournment thereof.

As witness my / our hand this.....day of.....2018

Rs. Five  
Revenue  
Stamp

.....  
SIGNATURE OF MEMBER(S)

1. Witness Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_

2. Witness Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_

A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf.

Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his / her National Identity Card, Account and Participant's ID Numbers to prove his / her identity, and in case of proxy, must enclose attested copies of his / her National Identity Card, Account and Participant's ID Numbers. Representatives of corporate members should bring the usual documents as required for such purpose.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation its common seal (if any) should be affixed to the instrument.

The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the registered office of the Company at least 48 hours before the time of the meeting.