



Balochistan Particle Board Limited

39th Annual Report 2019



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Company Information

Board of Directors	Muslim R. Habib Ali Niaz Akhtar Farahnaz Haider Shaikh Akhtar Zaman Khan Ali Akbar Mehboob Ali Lilani Syed Shabbar Hasan	<i>Chairman</i> <i>Chief Executive</i>
Audit Committee	Ali Akbar Akhtar Zaman Khan Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Akhtar Zaman Khan Muslim R. Habib Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
Company Secretary	Irfan Ghulam Muhammad	
Registered Office	Imperial Court, 3rd Floor Dr. Ziauddin Ahmed Road Karachi-75530 Phone : (+92-21) 35680036 Fax : (+92-21) 35684086 www : bpbl.net	
Factory	Hub Chowki Phone : (+92-0853) 363362	
Bankers	Bank AL Habib Limited Habib Bank Limited	
Auditors	Reanda Haroon Zakaria & Company Chartered Accountants	
Share Registrar	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	



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.



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-ninth Annual General Meeting of Balochistan Particle Board Limited will be held on Thursday, October 24, 2019 at 12:15 p.m. on 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, 2019.
2. To appoint auditors of the company for the year ending June 30, 2020 and fix their remuneration.

By order of the Board

Irfan Ghulam Muhammad
Company Secretary

Karachi: September 27, 2019

Notes:

1. The Share Transfer Books of the Company will remain closed from Thursday, October 17, 2019 to Thursday, October 24, 2019 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).



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 39th Annual Report which includes review of the Company's operations and the audited financial statements for the year ended June 30, 2019.

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.

During the financial year 2018-19 the Board met five (5) times. 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.

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.

Muslim R. Habib
Chairman

Karachi : September 27, 2019



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of our colleagues on the Board, we welcome you to the thirty-ninth 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, 2019.

During the year under review, the Company suffered loss of Re. 0.91 million (2018: loss of Re.0.18 million) and loss per share – basic and diluted Re. 0.15 (2018: loss per share – basic and diluted Re.0.03), 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 judgment 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 matter was fixed for hearing on May 8, 2019, the learned counsel of the Government of Sindh submitted a proposal to withdraw appeals and surrender the Indemnity Bond/Guarantee(s) but will not refund the amount paid to the Government on account of vend fee, permit fee and excise duty in this regard. Board of Directors in their meeting held on June 14, 2019 accorded its approval for acceptance of the above proposal. The matter was lastly fixed for hearing on September 18, 2019 in which the question of applicability of subject law in future was raised by the advocate General of Sindh. The matter was adjourned as date in office to seek complete instructions from the Sindh Government and to submit comprehensive proposal in this regard.

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 to 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.



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	4
Mr. Ali A. Rahim*	Member	4
Mr. Akhtar Zaman Khan**	Member	—
Mr. Mehboob Ali Lilani	Member	4

* Resigned on May 20, 2019

** Co-opted on June 14, 2019

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. Akhtar Zaman Khan**	Member	—
Mr. Muslim R. Habib	Member	1
Mr. Mehboob Ali Lilani	Member	1

* Resigned on June 14, 2019

** Co-opted on June 14, 2019

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. 375 thousand to the Government treasury in the shape of income tax, sales tax and federal excise duty.

Auditors

The auditors Messrs. Reanda Haroon Zakaria & Company, Chartered Accountants, retire and being eligible have offered themselves for reappointment.

The Audit Committee has recommended Messrs. Reanda Haroon Zakaria & Company, Chartered Accountants for re-appointment as statutory auditors of the Company for the ensuing year.

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 judgment.
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. 2 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 except for Directors Training Program for two directors as applicable by the Code.
8. Key operating and financial data for six financial years, 2014 to 2019, in summarized form is given on page 13.
9. In view of the accumulated losses, the company has not declared any dividend or bonus shares.
10. During the year five board meetings were held and the attendance of each Director was as follows:

Name of Directors	No. of meetings attended
Mr. Muslim R. Habib	5
Mr. Tanzeel Abdul Sattar*	3
Ms. Farahnaz Haider Shaikh**	—
Mr. Ali Niaz Akhtar	5
Mr. Mehboob Ali Lilani	5
Mr. Ali Akbar	5
Syed Shabbar Hasan	5
Mr. Ali A. Rahim***	4
Mr. Akhtar Zaman Khan****	1

*Resigned on May 9, 2019

**Co-opted on May 9, 2019

***Resigned on May 20, 2019

****Co-opted on June 14, 2019

11. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 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 38.

Change in Directors

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

Mr. Tanzeel Abdul Sattar resigned from the Board on May 9, 2019 and in his place Ms. Farahnaz Haider Shaikh was co-opted on May 9, 2019. Mr. Ali A. Rahim resigned from the Board on May 20, 2019 and in his place Mr. Akhtar Zaman Khan was co-opted on June 14, 2019. The above co-opted directors during the period will hold the office for the remainder of the term which will expire on April 7, 2020.

On behalf of the Board of Directors

Ali Niaz Akhtar
Chief Executive

Akhtar Zaman Khan
Director

Karachi: September 27, 2019



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: six (6)
 - b. Female: one (1)

2. The Composition of the Board is as follows:

a.	Independent Directors	Mr. Akhtar Zaman Khan Mr. Mehboob Ali Lilani Mr. Ali Akbar Syed Shabbar Hasan
b.	Other Non-Executive Directors	Mr. Muslim R. Habib Ms. Farahnaz Haider Shaikh
c.	Executive Director	Mr. Ali Niaz Akhtar

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. The Board of Directors of the Company consist of seven (07) directors, out of which following two (2) directors are certified under the Directors Training Program:
 - Mr. Ali Niaz Akhtar
 - Mr. Mehboob Ali Lilani
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:

Audit Committee	HR and Remuneration Committee
Mr. Ali Akbar (Chairman)	Mr. Akhtar Zaman Khan (Chairman)
Mr. Akhtar Zaman Khan	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.

Ali Niaz Akhtar
Chief Executive

Akhtar Zaman Khan
Director

Karachi : September 27, 2019



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 for the year ended June 30, 2019 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, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where these are stated in the Statement of Compliance:

S.No.	Reference	Description
1.	Paragraph 9	The board has not arranged Directors' Training Program for 50% of its Directors as required by regulation 20 of sub clause 1 of clause (a) of the Regulations.

Karachi:
Dated: September 27, 2019


Reanda Haroon Zakaria & Company
Chartered Accountants



Six years' review at a glance

	2019	2018	2017	2016	2015	2014
	(Rupees in thousands)					
Operating results						
Storage / rental and other income	2,380	1,943	2,283	2,027	1,802	4,041
Factory, administrative and finance cost	2,794	1,966	2,098	1,686	1,632	2,166
(Loss) / profit before taxation	(414)	(23)	185	341	170	1,875
(Loss) / profit after taxation	(907)	(181)	128	232	(152)	875
Shareholders' equity						
Paid up capital	30,000	30,000	30,000	30,000	30,000	30,000
Accumulated loss	(37,426)	(36,519)	(36,338)	(36,466)	(36,698)	(36,546)
Shareholders' equity	(7,426)	(6,519)	(6,338)	(6,466)	(6,698)	(6,546)
Financial position						
Fixed assets	1,965	2,110	2,270	2,447	2,644	2,863
Long - term deposits	125	125	125	125	125	125
Current assets	4,445	4,668	10,146	9,748	9,229	9,492
Total assets	6,535	6,903	12,541	12,320	11,998	12,480
Short-term loan - unsecured	12,500	12,000	18,000	18,000	18,000	18,000
Current liabilities	1,461	1,422	879	786	696	1,026
Total liabilities	13,961	13,422	18,879	18,786	18,696	19,026



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALOCHISTAN PARTICLE BOARD LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Balochistan Particle Board Limited which comprise the statement of financial position as at June 30, 2019, 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, 2019 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

As explained in note 2.1 to the financial statements that these financial statements have been prepared on going concern basis. The Company's present business operations comprise of providing storage facilities and letting out part of its premises to third parties for purposes of conduct of their commercial operations rather than manufacturing of Urea Formaldehyde. This situation indicated that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may not be able to realize its assets and discharge its liabilities in the ordinary course of business. The financial statements do not disclose this fact and do not state management plans, if any, to deal with the events or conditions.

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 the 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

During the year the Company has incurred loss of Rs. 0.9 million (2018 : Rs. 0.181 million), resulting in negative equity of Rs. 7.426 million (2018 : Rs. 6.519 million) The manufacturing operations of Urea Formaldehyde continued to remain closed since 1997 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 company may 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 2.2 to the financial statements which describes that the Securities and Exchange Commission of Pakistan has issued show cause notice to the company referring 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 said matter is still pending.

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 of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a 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
1. Lawsuit for under payment of excise duty, Vend Fee and Parmit Fee	
<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.</p> <p>We have considered the contingency as a key audit matter due to the potential significance, inherent uncertainties, time period such matter may take to resolve and the management’s judgement and estimate in relation to the said contingency may be complex and can significantly impact the financial statements</p>	<p>Our key audit procedures in the area included amongst others, a review of the related available correspondences with relevant authority and legal advisor.</p> <p>We also reviewed the orders passed by the courts from time to time to understand and ascertain the nature and status of the case.</p> <p>We discussed the matter with management and evaluated their judgement in relation to recognition of any provision in this respect that may be required.</p> <p>We also obtained and evaluated the confirmation from the Company’s legal advisor</p> <p>We further assessed the adequacy of financial statement disclosure in accordance with the applicable financial reporting framework</p>

Information Other than the Financial Statements and Auditors’ 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 auditors’ 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.

Boards of directors are responsible for overseeing the Company's financial reporting process.

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 decisions 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 skepticism throughout 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 purpose 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 the 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 the 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 matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters 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 or 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) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter paragraph

The financial statements of the Company for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who expressed a qualified opinion on non-disclosure of material uncertainty related to going concern, the events and conditions that give rise to the significant doubt on the company's ability to continue as going concern and Emphasis of Matter on show cause notice issued by SECP for winding up procedure of the company by the Court in their audit report dated September 29, 2018.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Yameen.

Karachi:
Dated: September 27, 2019

Reanda Haroon Zakaria & Company
Chartered Accountants



Statement of Financial Position as at June 30, 2019

	Note	2019 (Rupees in thousands)	2018
Assets			
Non-Current Assets			
Property, plant and equipment	5	1,965	2,110
Long-term Deposits	6	125	125
		<u>2,090</u>	<u>2,235</u>
Current Assets			
Stores and spare parts	7	1,951	1,951
Advances and short-term prepayments	8	31	241
Other receivables	9	1,076	1,076
Cash and bank balances	10	1,387	1,400
		<u>4,445</u>	<u>4,668</u>
Total Assets		<u><u>6,535</u></u>	<u><u>6,903</u></u>
Equity and Liabilities			
Share Capital			
Authorised capital 10,000,000 (2018:10,000,000) ordinary shares of Rs. 5 each		<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital	11	30,000	30,000
Accumulated loss		(37,426)	(36,519)
		<u>(7,426)</u>	<u>(6,519)</u>
Current Liabilities			
Short-term loan - unsecured	12	12,500	12,000
Trade and other payables	13	692	677
Unclaimed dividend		319	319
Provision for taxation - net	14	450	426
		<u>13,961</u>	<u>13,422</u>
Contingencies	15		
Total Equity and Liabilities		<u><u>6,535</u></u>	<u><u>6,903</u></u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Ali Niaz Akhtar
Chief Executive

Akhtar Zaman Khan
Director



Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2019

	Note	2019 (Rupees in thousands)	2018
Revenue	16	2,380	1,943
Factory and administrative expenses	17	(2,662)	(1,831)
(Loss) / profit before finance cost and taxation		<u>(282)</u>	<u>112</u>
Finance cost	18	(132)	(135)
Loss before taxation		<u>(414)</u>	<u>(23)</u>
Taxation	19	(493)	(158)
Loss after taxation		<u>(907)</u>	<u>(181)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(907)</u>	<u>(181)</u>
Loss per share - Basic and diluted (Re.)		<u>(0.151)</u>	<u>(0.030)</u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Ali Niaz Akhtar
Chief Executive

Akhtar Zaman Khan
Director



Statement of Changes in Equity for the year ended June 30, 2019

	Issued subscribed and paid-up Capital	Accumulated Loss	Total
	(Rupees in thousands)		
Balance as on July 1, 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	30,000	(36,519)	(6,519)
Total comprehensive loss for the year ended June 30, 2019	–	(907)	(907)
Balance as on June 30, 2019	30,000	(37,426)	(7,426)

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Ali Niaz Akhtar
Chief Executive


Akhtar Zaman Khan
Director



Statement of Cash Flows for the year ended June 30, 2019

	Note	2019 (Rupees in thousands)	2018
Cash flows from operating activities			
Loss before taxation		(414)	(23)
Adjustment for non- cash charges and other items			
Depreciation		145	160
Profit on treasury call account		(19)	(283)
Finance cost		132	135
Provision for obsolescence and slow moving stores and spare parts		–	550
Working capital changes	21.1	215	533
Cash generated from / (used in) operations		<u>59</u>	<u>1,072</u>
Profit received on treasury call account		19	283
Finance cost paid		(122)	(166)
Income tax paid		(469)	(147)
Net cash (used in) / generated from operating activities		<u>(513)</u>	<u>1,042</u>
Cash flows from financing activities			
Short-term loan		500	(6,000)
Dividend paid		–	(1)
Net cash generated from / (used in) financing activities		<u>500</u>	<u>(6,001)</u>
Net decrease in cash and cash equivalents		(13)	(4,959)
Cash and cash equivalents at the beginning of the year		1,400	6,359
Cash and cash equivalents at the end of the year		<u><u>1,387</u></u>	<u><u>1,400</u></u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Ali Niaz Akhtar
Chief Executive

Akhtar Zaman Khan
Director



Notes to the Financial Statements for the year ended June 30, 2019

1. The Company and its Operation

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 Lasbella.

2. Going Concern

2.1 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.

2.2 The Company received a show cause notice from securities and 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 exchanged various correspondences with SECP and submitted the required information and explanation. However, reply of SECP in this respect is still awaited.

3. Basis of Preparation

3.1 Statement of Compliance

These Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial reporting standards (IFRS standards) issued by international Accounting standards Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS standards, the provisions of and directives issued under the companies Act, 2017 have been followed

3.2 Functional Currency

These financial statements are presented in Pakistani rupees which is the functional currency of the company. Figures are rounded off to the nearest thousand rupee.

3.3 Basis of measurement

These financial statements have been prepared under historical cost convention.



3.4 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:

- Useful lives and residual values of property, plant and equipment (note 4.1)
- Provision for obsolescence and slow moving stores and spare parts (note 4.2)
- Provision for taxation (note 4.6)
- Impairment (note 4.7)

3.5 Standards, interpretations and amendments to approved accounting standards

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.5.1 New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2019

The following amendments to accounting standards are effective for the year ended June 30, 2019. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standard or Interpretation	Effective date (annual periods beginning on or after)
- IFRS 2 Share based payments - Clarification on the classification and measurement of share-based payment transactions (Amendments)	January 1, 2018
- IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts	January 1, 2018
- IAS 40 Investment Property: Clarification on transfers of property to or from investment property (Amendments)	January 1, 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration: Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 1, 2018

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.



3.5.2 First time adoption of new Standards

IFRS 9 - Financial Instruments

This standard replaces guidances in IAS 39 'Financial Instruments; recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge account. It also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

As a result of application of IFRS-9, certain financial assets of the company have been classified from loans & receivables to amortized cost. Owing to the Company's operations, there is no significant impact and impairment of IFRS -9 on the Company's financial statements other than certain additional disclosures.

IFRS 15 - Revenue from Contracts with Customers

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services.

IFRS 15 provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

Under IFRS 15, revenue is recognised when performance obligation is satisfied by transferring control of goods or services to Customer.

The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company.

3.5.3 Standards, amendments and improvements to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
- IFRS 3 Business Combinations: Amendments to clarify the definition of a business (Amendments)	January 1, 2020
- IFRS 9 Financial Instruments: Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (Amendments)	January 1, 2019



Standard or Interpretation	Effective date (annual periods beginning on or after)
- IFRS 10 Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture (Amendments)	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
- IFRS 16 Leases	January 1, 2019
- IAS 1 Presentation of Financial Statements and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material (Amendments)	January 1, 2020
- IAS 19 Employee Benefits: Plan amendments, curtailments or settlements (Amendments)	January 1, 2019
- IAS 28 Investments in Associates and Joint Ventures: Long-term interests in associates and joint ventures (Amendments)	January 1, 2019
- IFRIC 23 Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

In addition to the above standards following amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32, has also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020.

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.



3.5.4 Standard or Interpretation

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

The company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

4 Summary of Significant Accounting Policies

4.1 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 or 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 or loss account as and when incurred. Gain or loss on disposal of assets is included in profit or loss account.

4.2 Stores and spare parts

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

4.3 Loans and advances

Assets for trade and other amounts receivable are carried at amortized cost.

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at their nominal value. For the purposes of the cash flow 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.

4.5 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.

4.6 Taxation

Provision for current taxation is computed in accordance with the provisions of Income Tax laws. 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.



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 date.

4.7 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.

4.8 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring control of goods or services to customer 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.

4.9 Financial instruments

Financial assets

a) Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.



Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Financial Liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.11 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.

4.12 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.



5. Property, plant and equipment

Particulars	Free hold land	Buildings on freehold land	Roads (Rupees in thousands)	Plant and Machinery	Furniture fittings and Equipment	Total
Net book value as at June 30, 2017	620	341	103	1,121	85	2,270
Additions	–	–	–	–	–	–
Depreciation charge	–	(34)	(5)	(112)	(9)	(160)
Net Book Value as at June 30, 2018	620	307	98	1,009	76	2,110
Additions	–	–	–	–	–	–
Depreciation charge	–	(31)	(5)	(101)	(8)	(145)
Net Book Value as at June 30, 2019	620	276	93	908	68	1,965
As at June 30, 2018						
Cost	620	9,176	461	10,849	1,746	22,852
Accumulated depreciation	–	(8,869)	(363)	(9,840)	(1,670)	(20,742)
Net book value	620	307	98	1,009	76	2,110
As at June 30, 2019						
Cost	620	9,176	461	10,849	1,746	22,852
Accumulated depreciation	–	(8,900)	(368)	(9,941)	(1,678)	(20,887)
Net book value	620	276	93	908	68	1,965
Rate of depreciation (%)	–	10%	5%	10%	10%	

	Note	2019 (Rupees in thousands)	2018 (Rupees in thousands)
6. Long-term Deposits			
Deposits against utilities Central Depository Company		113 12	113 12
6.1 Represents interest free deposits	6.1	125	125
7. Stores and spare parts			
Stores		1,855	1,855
Spare parts		1,732	1,732
		3,587	3,587
Less: Provision for obsolescence and slow moving items	7.1	(1,636)	(1,636)
		1,951	1,951



	Note	2019 (Rupees in thousands)	2018 (Rupees in thousands)
7.1 The movement in the provision is as follows:			
Balance at the beginning of the year		1,636	1,086
Add: Provision made during the year		–	550
		<u>1,636</u>	<u>1,636</u>
8. Advances and short-term Prepayments			
Advances		–	200
Short-term prepayments		31	41
		<u>31</u>	<u>241</u>
9. Other receivables			
Excise duty refundable	15.1	<u>1,076</u>	<u>1,076</u>
10. Cash and Bank Balances			
Balance with banks on :			
Treasury call account with Bank AL Habib - a related party 10.1		184	227
Current account		34	4
Guarantee margin deposit account	10.2	1,169	1,169
		<u>1,387</u>	<u>1,400</u>
10.1	Profit rates on treasury call account is 5.80% to 10.75% (2018: 5.50% to 5.80%) per annum.		
10.2	Represents margin held by bank against guarantees of Rs. 6.3 (2018: Rs.6.3) million Refer Note No: 15.		
10.3	The Company has conventional banking relationship with all the banks having islamic window operations.		
11. Issued, subscribed and paid-up capital		2019 (Rupees in thousands)	2018 (Rupees in thousands)
	<u>2019</u>	<u>2018</u>	
	Number of Shares		
4,000,000	4,000,000	Ordinary shares of Rs. 5 each fully paid in cash	20,000
			20,000
2,000,000	2,000,000	Ordinary shares of Rs. 5 each 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>

Issued, subscribed and paid-up capital of the Company includes 147,797 Ordinary shares of Rs. 5 each (2018: 147,797) held by Habib Sugar Mills Limited an associated company and 346,840 Ordinary shares of Rs. 5 each (2018: 346,840) held by Karachi Mercantile Company (Pvt) Limited, an affiliated company.



	Note	2019 (Rupees in thousands)	2018
12. Short-term Loan - Unsecured			
From affiliated company - unsecured	12.1	<u>12,500</u>	<u>12,000</u>
12.1	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.		
		2019 (Rupees in thousands)	2018
13. Trade and other payables			
Deposit		480	480
Advance rent		–	103
Accrued expenses		190	75
Other payables		22	19
		<u>692</u>	<u>677</u>
14. Provision for taxation - net			
Balance at the beginning of the year		426	415
Provision made during the year		493	158
		<u>919</u>	<u>573</u>
Deductions / Paid during the year		(469)	(147)
Balance at the end of the year		<u>450</u>	<u>426</u>
14.1	Comparison of tax provision and tax assessment for previous three years:		
	Tax years	Deemed assessment	Provision
		(Rupees in '000)	
	Tax year 2018	17	158
	Tax year 2017	30	57
	Tax year 2016	68	109

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.

15. Contingencies

- 15.1** The cases before the Honourable High Court of Sindh against the arbitrary demand of Rs. 57.4 million 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.

- 15.2** 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.

The matter was fixed for hearing on May 8, 2019, the learned counsel of the Government of Sindh submitted a proposal to withdraw appeals and surrender the Indemnity Bond/Guarantee(s) but will not refund the amount paid to the Government on account of vend fee, and excise duty in this regard. Board of Directors in their meeting held on June 14, 2019 accorded its approval for acceptance of the above proposal. The matter was lastly fixed for hearing on September 18, 2019 in which the question of applicability of subject law in future was raised by the advocate General of Sindh. The matter was adjourned as date in office to seek complete instructions from the Sindh Government and to submit comprehensive proposal in this regard.

- 15.3** Excise Duty amounting to Rs.1.08 (2018: Rs.1.08) million had been paid under protest and shown as refundable under current assets.
- 15.4** Guarantees given by the bank in this respect as on June 30, 2019 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (2018: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

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

	2019	2018
	(Rupees in thousands)	
16. Revenue		
Rental income	2,361	480
Storage income	-	1,180
Profit on treasury call account	19	283
	2,380	1,943
	2,380	1,943



	Note	2019 (Rupees in thousands)	2018
17. Factory and Administrative Expenses			
Salaries and allowances		180	172
Director's remuneration		14	10
Security expenses		422	83
Rates and taxes		85	85
Repair and maintenance		43	–
Communication, printing and stationery		277	237
Provision for obsolescence and slow moving stores		–	550
Depreciation	5	145	160
Legal and professional charges		1,067	208
Insurance		12	12
Auditor's remuneration	17.1	105	117
Fees, subscription and other expenses		312	197
		<u>2,662</u>	<u>1,831</u>
17.1 Auditors' remuneration			
Annual audit fee		75	81
Half yearly review fee		27	22
Statutory certification		–	8
Out of pocket expenses		3	6
		<u>105</u>	<u>117</u>
18. Finance cost			
Guarantee commission		114	114
Federal excise duty on guarantee commission		14	18
Bank charges		4	3
		<u>132</u>	<u>135</u>
19. Taxation			
Income tax - current		<u>493</u>	<u>158</u>
19.1 Reconciliation of tax charge for the year			
Accounting loss		<u>(414)</u>	<u>(23)</u>
Corporate tax rate		<u>29%</u>	<u>30%</u>
Tax on accounting profit at applicable rate		120	7
Tax effect of inadmissible expenses		<u>(613)</u>	<u>(165)</u>
Taxation		<u>(493)</u>	<u>(158)</u>
		<u>2019</u>	<u>2018</u>
		(Rupees in thousands)	
20. Loss per share			
Loss after taxation		<u>(907)</u>	<u>(181)</u>
Number of ordinary shares of Rs. 5 each		<u>6,000,000</u>	<u>6,000,000</u>
Loss per share - Basic and diluted	Re.	<u>(0.151)</u>	<u>(0.03)</u>



		2019	2018
		(Rupees in thousands)	
21.	Cash Generated from / (used in) operations		
21.1	Working capital changes		
	(Increase) / Decrease in current assets		
	- Advances and short-term prepayments	200	-
	Increase / (Decrease) in current liabilities		
	- Trade and other payables	15	533
		<u>215</u>	<u>533</u>
22.	Remuneration of Chief Executive, Directors and Executives		
	Meeting fee - 7 directors	<u>14</u>	<u>10</u>
23.	Financial Risk Management Objectives and Policies		
	The Company's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk including interest rate risk, currency risk and other price risk. The Company's overall risk management programmes focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial programme.		
23.1	Credit risk		
	Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk.		
23.1.1	The maximum exposure of financial assets as at the balance sheet date are as follows;		
		2019	2018
		(Rupees in thousands)	
	Long-term deposits	125	125
	Advances and short-term prepayments	31	241
	Bank balances	1,387	1,400
		<u>1,543</u>	<u>1,766</u>
23.1.2	Quality of financial assets		
	The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates. Presently the Company has long-term deposits which are duly monitored and bank balances the quality of which is stated hereunder :		
		Carrying Values	
		2019	2018
		(Rupees in thousands)	
23.1.3	Bank balances		
	A1+	<u>1,387</u>	<u>1,400</u>
23.2	Liquidity risk		
	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.		



23.3 Market risk

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

23.4 Foreign currency risk

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

23.5 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.

23.6 Fair value of financial instruments

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

23.7 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.

24. Capacity and production

	2019		2018	
	Quantity in Tons	Working days	Quantity in Tons	Working days
Urea formaldehyde division				
a) Formaldehyde:				
Capacity	3,000	300	3,000	300
Actual production	Nil	–	Nil	–
b) Urea formaldehyde:				
Capacity	4,000	300	4,000	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.

25. Number of Employees

Total average number of employees during the year and as at June 30, 2019 and 2018 was only one.

26. Transactions with Related Parties

Transactions with related parties other than directors' fee as disclosed in Note: 22 are given below:



26.1 Following are related parties and transactions with them:

Parties	Nature of Transaction	Relationship	Revenue		Expense		Avalied / (Repayment of Loan)	
			Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
			June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
			(Rupees in thousands)		(Rupees in thousands)		(Rupees in thousands)	
Bank AL Habib Limited	Profit on treasury call account	Related party	19	283	-	-	-	-
	Bank charges	Related party	-	-	2	1	-	-
Habib Insurance Co. Limited	Insurance premium	Related party	-	-	12	12	-	-
Karachi Mercantile Company Limited	Avalied / (Repayment of Loans)	Related party	-	-	-	-	500	(6,000)
			<u>19</u>	<u>283</u>	<u>14</u>	<u>13</u>	<u>500</u>	<u>(6,000)</u>

26.2 Following balances are outstanding at end of year:

Parties	Nature	Relationship	Amount Payable	
			As at	As at
			June 30, 2019	June 30, 2018
			(Rupees in thousands)	
Karachi Mercantile Co. (Pvt) Ltd.	Short-term loan	Related party	<u>12,500</u>	<u>12,000</u>

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

27. Reclassification

Corresponding figures have been reclassified, in order to give a better understanding of the financial position of the Company. The details of reclassification is as under:

Description	Head of account of the financial statement for the ended June 30, 2019	Head of account of the financial statements for the ended June 30, 2018	Amount (Rupees in thousands)
Short term loan-unsecured	Short term loan-unsecured	Long term financing-unsecured	12,000

28. Date of Authorization for Issue

These financial statements were authorised for issue on September 27, 2019 by the Board of Directors of the Company.

29. General

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Amir Bashir Ahmed
Chief Financial Officer

Ali Niaz Akhtar
Chief Executive

Akhtar Zaman Khan
Director



Pattern of Shareholding as at June 30, 2019

Number of Shareholders	Size of Shareholding			Total Number of Shares held
	From	...	To	
403	1	...	100	16,732
435	101	...	500	128,704
200	501	...	1,000	157,264
219	1,001	...	5,000	599,186
53	5,001	...	10,000	417,505
17	10,001	...	15,000	209,547
4	15,001	...	20,000	70,500
9	20,001	...	25,000	196,262
2	25,001	...	30,000	56,840
2	30,001	...	35,000	64,000
2	35,001	...	40,000	76,500
3	40,001	...	45,000	127,768
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	105,001	...	110,000	107,500
1	140,001	...	145,000	143,220
3	145,001	...	150,000	446,772
1	155,001	...	160,000	155,089
3	195,001	...	200,000	596,016
1	215,001	...	220,000	216,555
1	230,001	...	235,000	232,064
1	345,001	...	350,000	346,840
1	455,001	...	460,000	457,107
1	645,001	...	650,000	645,259
1,370				6,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public	1,348	4,391,858	73.20
Insurance Companies	2	23,750	0.40
Joint Stock Companies	13	548,755	9.14
Financial Institutions	4	710,529	11.84
Charitable Trusts	2	304,064	5.07
Society	1	21,044	0.35
	1,370	6,000,000	100.00



Pattern of Shareholding as at June 30, 2019

Additional Information

Shareholders' Categories	Number of Shareholders	Number of Shares held
Associated companies, undertakings and related parties		
Habib Sugar Mills Ltd.	1	147,797
Karachi Mercantile Co. (Pvt.) Ltd.	1	346,840
NIT & ICP		
National Bank of Pakistan Trustee Department (NIT)	1	645,259
Investment Corporation of Pakistan	1	50,620
Directors, CEO and their spouses and minor children		
Muslim R. Habib Chairman	1	198,671
Ali Niaz Akhtar Chief Executive	1	1,000
Farahnaz Haider Shaikh NIT Nominee Director	—	—
Ali Akbar Director	1	1,000
Mehboob Ali Lilani “	1	1,000
Syed Shabbar Hasan “	1	1,000
Akhtar Zaman Khan “	1	—
Executives	—	—
Public Sector Companies and Corporations	11	54,118
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	4	38,400
General Public		
Local	1,328	4,125,887
Foreign	14	63,300
Charitable Trusts	2	304,064
Society	1	21,044
	1,370	6,000,000
Shareholders holding 10% or more voting interest		
- National Bank of Pakistan		
Trustee Department (NIT) 645,259 shares		

- ۵۔ داخلی کنٹرول کا نظام مستحکم ہے اور موثر طور پر اس پر عمل درآمد اور نگرانی کی جاتی ہے۔
- ۶۔ کمپنی کی صلاحیت کو بطور چلے ہوئے کاروبار کے اسٹیٹمنٹ کو مالیاتی حسابات کے نوٹ نمبر 2 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 سوائے ڈائریکٹرز کے تزیہتی پروگرام جو کہ دو ڈائریکٹرز پر کوڈ کے تحت قابل اطلاق ہے۔
- ۸۔ چھ سالہ مالیاتی سالوں میں یعنی 2014 سے 2019 تک جو کہ صفحہ نمبر 13 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
مسلم آرجیب	5
منزیل عبدالستار*	3
محترمہ فرح ناز حیدر شیخ**	-
علی نیاز اختر	5
محبوب علی لیلانی	5
علی اکبر	5
سید شہ حسن	5
جناب علی اے رحیم***	4

جناب اختر زمان خان **** 1

*9 مئی 2019 کو استعفیٰ دیا۔

**9 مئی 2019 کو شامل ہوئے۔

***20 مئی 2019 کو استعفیٰ دیا۔

****14 جون 2019 کو شامل ہوئے

۱۱۔ شیئرز ہولڈنگ کے طریقہ اور اس سے متعلق اضافی معلومات صفحہ نمبر 37 پر دی گئی ہیں۔

۱۲۔ ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے بیوی بچوں کی شیئرز ہولڈنگ میں تبدیلی صفحہ نمبر 38 میں دی ہے۔

ڈائریکٹرز میں تبدیلی:

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

جناب منزیل عبدالستار نے 9 مئی 2019 کو استعفیٰ دیا اور ان کی جگہ محترمہ فرح ناز حیدر شیخ کو 9 مئی 2019 کو شامل کیا گیا۔ جناب علی اے رحیم نے 20 مئی 2019 کو استعفیٰ دیا اور ان کی جگہ جناب

اختر زمان خان کو 14 جون 2019 کو شامل کیا گیا۔ مندرجہ بالا شامل ڈائریکٹرز اپنی باقیہ مدت تک اپنا عہدہ برقرار رکھیں گے اور ان کی میعاد 7 اپریل 2020 کو ختم ہوگی۔

از طرف بورڈ آف ڈائریکٹرز

از طرف بورڈ آف ڈائریکٹرز



اختر زمان خان
ڈائریکٹر



علی نیاز اختر
چیف ایگزیکٹو

کراچی، 27 ستمبر 2019ء



بورڈ کی انتظامی کمیٹیاں:

آڈٹ کمیٹی:

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

میٹنگ میں شریک ہونے کی تعداد

4	جناب علی اکبر چیئر مین
4	جناب علی اے رحیم * ممبر
-	جناب اختر زمان خان ** ممبر
4	جناب محبوب علی لیلانی ممبر

20 مئی 2019 کو استعفیٰ دیا۔

14 جون 2019 کو شامل ہوئے۔

IHR اور اجرتی کمیٹی:

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

میٹنگ میں شریک ہونے کی تعداد

1	جناب علی نیاز اختر * چیئر مین
-	جناب اختر زمان خان ** ممبر
1	جناب مسلم آرحیب ممبر
1	جناب محبوب علی لیلانی ممبر

14 جون 2019 کو استعفیٰ دیا۔

14 جون 2019 کو شامل ہوئے۔

کارپوریٹ سوشل ذمہ داری:

کمیٹی 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 کمیٹی نے سرکاری خزانے میں ٹیکس اور وفاقی ایکسائز ڈیوٹی کے زمرے میں مبلغ 375 ہزار روپے جمع کروائے۔

آڈیٹرز:

ریٹائرڈ ہونے والے آڈیٹرز ریٹائرڈ ہارون زکریا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ بطور کمیٹی کے آڈیٹرز تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی نے میسرز ریٹائرڈ ہارون زکریا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو آئندہ سال کیلئے کمیٹی کے آڈیٹرز کے طور پر دوبارہ تقرری کیلئے سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ:

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

۲۔ کمیٹی کی بکس آف اکاؤنٹ مناسبت طریقے سے ترتیب دیئے گئے 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 ترمیم کو مناسبت اور واضح طور پر ظاہر کیا گیا ہے۔

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 مناسبت طور پر وضاحت کی گئی ہے۔

ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم!

بورڈ کے اپنے ساتھیوں کی جانب سے ہم آپ کو کمپنی کی 39 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور سالانہ رپورٹ بمعہ کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال 30 جون 2019ء پیش کرتا ہوں۔

زیر نظر سال کے دوران کمپنی کو مبلغ 0.91 ملین روپے کا خسارہ ہوا (2018: 0.18 ملین روپے کا خسارہ ہوا) اور فی شیئر بنیادی اور معتدل نقصان 0.15 روپے (2018: بنیادی اور معتدل نقصان فی شیئر 0.03 روپے) کے حساب سے حاصل کیا جیسا کہ منسلک مالیاتی اسٹیٹمنٹ میں دکھایا گیا ہے۔

یوریا فائل ڈی ہائیڈروکسائیڈ 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 میتھانول سندھ آبکاری ایکٹ 1878ء کے زمرے میں نہیں آتا ہے لہذا مذکورہ بالا ایکسائز ڈیوٹی وینڈ فیس اور پرمٹ فیس میتھانول 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 مارچ 2006ء کو ہوئی اور فیصلہ کو محفوظ رکھا گیا تھا لیکن اعلان نہیں کیا گیا۔ ان کیسز پر سنوائی 21، 22، 23 اور 24 جون 2010ء کو تفصیل سے ہوئی اور ملتوی کر دی گئی۔ اس کے بعد 3 فروری 2016ء کو یہ معاملہ دوبارہ تفصیل سے سنا گیا جس میں تمام ترمیموں 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 میتھانول میں الکول / الکول کے اجزاء شامل ہیں اور کیا یہ پروڈکٹ ڈی نیچرٹ / ڈی نیچرٹ 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 / ڈپارٹمنٹ کے سربراہ کو ہدایت کی کہ وہ اس سلسلے میں اپنی رپورٹ ایک ماہ کے اندر جیپیر میں محترم سینئر جج 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۔

اس معاملے کی سنوائی 8 مئی 2019ء کو مقرر ہوئی۔ حکومت سندھ کے نامزد کردہ وکیل نے یہ تجویز پیش کی کہ یہ اپیل واپس لے لیں اور معاوضہ بانڈ اور گارنٹی (جیز) سے دستبردار ہو جائیں لیکن جو رقم وینڈ فیس اور پرمٹ فیس اور ایکسائز ڈیوٹی کی مد میں حکومت کو ادا کر دی گئی ہے وہ واپس نہیں کی جائے گی۔ بوڈ آف ڈائریکٹرز نے اس تجویز کی منظوری اپنے 14 جون 2019ء کے اجلاس میں کر دی۔ اس معاملے کی کارروائی ستمبر 18، 2019ء کو مقرر کی گئی جس میں ایڈووکیٹ جنرل آف سندھ نے یہ سوال اٹھایا کہ اس قانون کا مستقبل میں کیا لاگو عمل ہوگا۔ کارروائی ملتوی ہو گئی کہ حکومت سندھ سے مکمل طور پر ہدایات لی جائیں اور ایک جامع تجویز پیش کی جائے۔

بورڈ آف ڈائریکٹرز نے یہ نتیجہ اخذ کیا کہ مستقبل کی کارروائی 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 فائل ڈی ہائیڈروکسائیڈ آپریشن کی صنعت کی اقتصادی حالت کے تناظر میں مستقبل کی نفع بخشی کو بھی مد نظر رکھا جائے گا۔

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

آڈیٹرز نے ممبران کو اپنی رپورٹ میں کمپنی کے چلنے کی 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 اسپانسرز ڈائریکٹرز مستقل طور پر ملحقہ کمپنیز 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۔

چیمبر مین کا جائزہ

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

بورڈ آف ڈائریکٹرز کی جانب سے مجھے خوشی ہے کہ میں کمپنی کی 39 ویں سالانہ رپورٹ پیش کر رہا ہوں۔ جس میں کمپنی آپریشنز کا جائزہ اور 30 جون 2019ء کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی حسابات کا جائزہ شامل ہے۔

یوریا فارمل ڈی ہائیڈرویشن کے مینوفیکچرنگ آپریشنز 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 اسٹورج کے لئے اور اس کے کاروباری امور کے لئے کرائے پر دینے پر مشتمل ہے۔

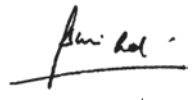
سال کے دوران بورڈ کے 15 اجلاس منعقد کئے گئے۔ بلوچستان پارٹیکل بورڈ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز (بورڈ) کی کارکردگی اطمینان بخش رہی۔ بورڈ قانون اور کمپنی کے آرٹیکلز کے تحت منظم ہے جس میں اس کے فرائض، ذمہ داریوں اور حقوق کی وضاحت کی گئی ہے۔

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 کمپنی کے مقاصد کے تناظر میں جانچا جائے۔

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

بورڈ نے خود تفتیش کے طریقہ کار اور اندرونی آڈٹ کی سرگرمیوں کے ذریعے موثر اور شفاف 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۔

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


مسلم آر حبیب
چیمبر مین

کراچی ستمبر 27، 2019ء



پراکسی فارم

کمپنی سیکریٹری

بلوچستان پارٹیکل بورڈ لمیٹڈ

امپیریل کورٹ، تیسری 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 ۱۲۳ اکتوبر ۲۰۱۹ء کو منعقد کئے جانے والے کمپنی کے ۳۹ 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/کر سکتی 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 ۴۸ 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, 3rd 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
39th Annual General Meeting of the Company to be held on Thursday, October 24, 2019
and at any adjournment thereof.

As witness my / our hand this.....day of.....2019

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.