



Auditors' Report to the Members

We have audited the annexed balance sheet of Balochistan Particle Board Limited as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that :

The annexed accounts have been prepared on a going concern basis, keeping in view of the continued financing from affiliated Company arranged as loan by sponsor directors in order to meet financial obligations and the maintenance and upkeep of plant and machinery, as explained in Note No. 23.1 to the accounts. The management has not yet envisaged any business plan to recommence its operations and presently the company is deriving rental and storage income by letting out part of its premises. The Board of Directors deliberated over the prevailing adverse conditions and concluded that further course of action will be decided upon the disposal of the pending court cases, the details whereof are fully disclosed in Note No. 13 to the Accounts.

In view of the prevailing conditions there is significant doubt about the company's ability to continue as a going concern. Consequently adjustments may be required to the recorded asset amounts and classification of liabilities.

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984.
- b) Except for the effects of above reservation, in our opinion;
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied ;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business ; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company ;



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- c) except for the effects of above reservation in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2007 and of the profit, its cash flows and changes in equity for the year then ended : and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Gardezi & Co.

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Chartered Accountants

Karachi: September 29, 2007