

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors of Balochistan Particle Board Limited, I present the unaudited interim condensed financial statements of the Company for the half year ended December 31, 2009.

During the period under review, Company earned rental income of Rs.1.24 million and the profit after tax amounted to Rs.0.57 million resulting in earnings per share of Rs. 0.10, as shown in the accompanying unaudited interim condensed financial statements. These unaudited interim condensed financial statements have been prepared on going concern basis and the reasons thereof have been explained in Note No. 4 of the Notes to the unaudited interim condensed financial statements.

The manufacturing operations of Urea Formaldehyde Division continued to remain closed on account of prevailing adverse conditions and arbitrary demand in respect of excise duty, vend fee and permit fee raised by the Government of Sindh which had been challenged by the Company and the cases were decided in favour of the Company by Hon'ble High Court of Sindh. The Government of Sindh, however, filed civil petitions before the Hon'ble Supreme Court of Pakistan, the hearing of which was concluded on March 16, 2006 and the judgement was reserved.

The above petitions were fixed for re-hearing on February 12, 2010 before the Hon'ble Supreme Court of Pakistan and after being heard were adjourned for March 8, 2010. The position in this regard has been fully explained in Note No. 6 of the Notes to the unaudited interim condensed financial statements.

The Board of Directors considered the prevailing adverse conditions of formaldehyde industry and concluded that future course of action will be decided upon the finality of the pending cases.

On behalf of the Board of Directors



Muslim R. Habib

Chairman & Chief Executive

Karachi: February 25, 2010