



**Balochistan Particle Board
Limited**

**Report and Condensed Interim
Financial Statements
for the Quarter ended
September 30, 2018
(Unaudited)**

Company Information

Board of Directors	Ali A. Rahim Muslim R. Habib Tanzeel Abdul Sattar Ali Niaz Akhtar Ali Akbar Mehboob Ali Lilani Syed Shabbar Hasan	<i>Chairman</i> <i>Chief Executive</i>
Audit Committee	Ali Akbar Ali A. Rahim Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Ali Niaz Akhtar Muslim R. Habib Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
Company Secretary	Amir Bashir Ahmed	
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 Zarkaria & Co. 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	

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors of Balochistan Particle Board Limited, we present the unaudited condensed interim financial statements of the Company for the first quarter ended September 30, 2018.

During the period under review, Company earned income of Rs.0.483 (2017: Rs. 0.475) million and suffered after tax loss of Rs.0.294 (2017: profit of Rs. 0.008) million resulting in loss per share of Re.0.049 (2017: earnings per share of Re.0.001), as shown in the accompanying unaudited condensed interim financial statements. These unaudited condensed interim financial statements have been prepared on going concern basis and the reasons thereof have been explained in Note No. 7 of the Notes to the financial statements.

The manufacturing operations of the Company continued to remain closed since 1997. The Excise and Taxation Department, Government of Sindh imposed vend fee and permit fee on methanol, a major raw material used in the production of Formaldehyde and raised 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 treating methanol as liquor under the Sindh Abkari Act 1878. The demands were not acknowledged as debt and company filed petitions before the Honourable High Court of Sindh.

The Honourable High Court of Sindh decided the cases in favour of the Company by maintaining that methanol does not fall within the purview of the Sindh Abkari Act, 1878 as such excise duty, vend and permit fee cannot be levied. Against the decision of the Honourable High Court of Sindh, the government filed appeal before the Honourable Supreme Court of Pakistan which is pending adjudication.

The petitions were fixed for hearing on March 29, 30 and 31, 2017 and the matter was heard at considerable length involving numerous aspects arising therefrom and the case was adjourned as date in office. The Board of Directors concluded that future course of action will be decided upon finality of the above pending cases.



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

**Condensed Interim Statement of
Financial Position as at September 30, 2018
(Unaudited)**

	(Unaudited) Sept. 30, 2018	(Audited) June 30, 2018
Note	(Rupees in thousands)	
Assets		
Non-Current Assets		
Fixed assets		
Property, plant and equipment	2,074	2,110
Long-term deposits	125	125
Current Assets		
Stores and spare parts	1,951	1,951
Advances and short-term prepayments	262	241
Other receivables		
- Excise duty refundable	1,076	1,076
Cash and bank balances	1,316	1,400
	4,605	4,668
Total Assets	6,804	6,903
Equity and Liabilities		
Share Capital		
Authorised Capital		
10,000,000 ordinary shares of Rs. 5 each	50,000	50,000
Issued, subscribed and paid-up capital	30,000	30,000
Accumulated loss	(36,813)	(36,519)
Total Equity	(6,813)	(6,519)
Non-Current Liabilities		
Long-term financing		
- Unsecured	4 12,000	12,000
Current Liabilities		
Trade and other payables	957	677
Unclaimed dividend	319	319
Provision for income tax - net	341	426
	1,617	1,422
Contingencies	5	
Total Equity and Liabilities	6,804	6,903

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Amir Bashir Ahmed
Chief Financial Officer



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

**Condensed Interim Statement of Profit or
loss and other comprehensive income for the
quarter ended September 30, 2018
(Unaudited)**

Sept. 30, Sept. 30,
2018 2017
(Rupees in thousands)

Revenue

Storage income	-	405
Rental income	480	-
Profit on treasury call account	3	70
	483	475

Factory and administrative expenses

Salaries and allowances	45	42
Security expenses	106	-
Rates and taxes	20	24
Communication, printing and stationery	146	108
Directors' meeting fee	3	3
Depreciation	36	40
Legal and professional charges	146	38
Insurance	3	3
Auditors' remuneration	24	20
Fees, subscription and other expenses	208	147
	737	425

**(Loss) / Profit before finance cost
and taxation**

(254) 50

Finance cost

34 38

(Loss) / Profit before taxation

(288) 12

Taxation

6 4

(Loss) / Profit after taxation

(294) 8

Other comprehensive income

- -

**Total comprehensive (loss) / income
for the period**

(294) 8

**(Loss) / Earnings per share
- Basic and diluted (Re.)**

(0.049) 0.001

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Amir Bashir Ahmed
Chief Financial Officer



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

**Condensed Interim Statement of
Changes in Equity for the quarter ended
September 30, 2018 (Unaudited)**

	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 income for the quarter ended Sept. 30, 2017	-	8	8
Balance as on Sept. 30, 2017	<u>30,000</u>	<u>(36,330)</u>	<u>(6,330)</u>
Balance as on July 1, 2018	30,000	(36,519)	(6,519)
Total comprehensive (loss) for the quarter ended Sept. 30, 2018	-	(294)	(294)
Balance as on September 30, 2018	<u>30,000</u>	<u>(36,813)</u>	<u>(6,813)</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Amir Bashir Ahmed
Chief Financial Officer



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

**Condensed Interim Statement of Cash Flows
for the quarter ended September 30, 2018
(Unaudited)**

		Sept. 30, 2018	Sept. 30, 2017
	Note	(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	44	18
Profit received on treasury call account		3	70
Finance cost paid		(40)	(84)
Income tax paid		(91)	(7)
Net cash used in operating activities		(84)	(3)
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net decrease cash and cash equivalents		(84)	(3)
Cash and cash equivalents at the beginning of the period		1,400	6,359
Cash and cash equivalents at the end of the period		1,316	6,356

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Amir Bashir Ahmed
Chief Financial Officer



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2018 (Unaudited)

1. The Company and its operations

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

2. Statement of compliance

These condensed interim financial statements are unaudited and are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual published financial statements of the Company for the year ended June 30, 2018.

4 Long-term financing

From related party - unsecured

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.

5 Contingencies

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

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

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

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

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

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

Excise Duty amounting to Rs.1.08 (June 2018: Rs.1.08) million had been paid under protest and shown as refundable under current assets.

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

(Unaudited)
Sept. 30, Sept. 30,
2018 2017
(Rupees in thousands)

6. Cash generated from operations

(Loss) / Profit before taxation (288) 12

Adjustment for non-cash charges and other items :

Depreciation	36	40
Profit on treasury call account	(3)	(70)
Finance cost	34	38
Working capital changes - Note 6.1	265	(2)
	332	6
	44	18

(Unaudited)
Sept. 30, Sept. 30,
2018 2017
(Rupees in thousands)

6.1 Working capital changes

Increase in current assets		
Advances and short-term prepayments	(15)	(60)
Increase in current liabilities		
Trade and other payables	280	58
	265	(2)
	265	(2)

7 Going concern

7.1 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.

8. Transactions with related parties

Material transactions with related parties are given below:

Parties	Nature of Transaction	Relationship	Revenue		Expense	
			Period ended Sept. 30, 2018	Period ended Sept. 30, 2017	Period ended Sept. 30, 2018	Period ended Sept. 30, 2017
Bank AL Habib Limited	Profit on treasury call account	Related party	3	70	-	-
Habib Insurance Co. Limited	Insurance premium	Related party	-	-	3	3
Directors	Directors' meeting fee	Director	-	-	3	3
			3	70	6	6
			3	70	6	6

Following balances are outstanding at end of period.


Parties	Nature	Relationship	Amount payable	
			As at Sept. 30, 2018	As at June 30, 2018
Karachi Mercantile Co. (Pvt.) Ltd.	Long-term loan	Related party	12,000	12,000
			12,000	12,000
			12,000	12,000

9 General

9.1 Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

9.2 These condensed interim financial statements were authorised for issue on October 26, 2018 by the Board of Directors of the Company.


Amir Bashir Ahmed
Chief Financial Officer


Muslim R. Habib
Chief Executive


Ali Niaz Akhtar
Director

ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم!

بلوچستان پارٹیکل بورڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2018ء کو ختم ہونے والی پہلی سہ ماہی مدت کے کھپنی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔


اس زیر جائزہ مدت کے دوران کھپنی کی آمدنی مبلغ 0.483 (2017: 0.475) ملین روپے اور ٹیکس کے بعد خسارہ کی رقم مبلغ 0.294 (منافع 0.008: 2017) ملین روپے رہا جس کے نتیجے میں فی شیئر خسارہ 0.049 (منافع 0.001: 2017) روپیہ رہا جیسا کہ منسلک عبوری مالیاتی حسابات میں دکھایا گیا ہے۔ یہ غیر آڈٹ شدہ عبوری مالیاتی حسابات چلنے ہوئے کاروبار کی بنیاد پر تیار کئے گئے ہیں اور اسکی وجوہات کی وضاحت غیر آڈٹ شدہ عبوری مالیاتی حسابات کے نوٹ نمبر 7 میں کردی گئی ہے۔


کھپنی کے پیداواری امور 1997ء سے مسلسل بند ہیں۔ حکومت سندھ نے میٹھا نول پر جو کہ فارمل ڈی ہائیڈ بنانے میں خام مال کے طور پر استعمال ہوتا ہے وینڈ اور پرمٹ فیس کی مد میں 57.4 ملین روپے اور ایکسائز ڈیوٹی 14.1 ملین روپے میٹھا نول کی ترسیل کراچی سے جب تک کی مد میں سندھ آکریل ایکٹ 1878ء کے تحت لیکوڑ سمجھے ہوئے لاگو کر دی۔ کھپنی نے اس مطالبے کو نہ ماننے ہوئے عزت آف ہائی کورٹ میں اپیل دائر کر دی۔

عزت آف ہائی کورٹ سندھ نے کھپنی کے حق میں فیصلہ کر دیا اور طے یہ کیا کہ میٹھا نول سندھ آکریل ایکٹ 1878ء کے زمرے میں نہیں آتا ہے لہذا ایکسائز ڈیوٹی وینڈ اور پرمٹ فیس میٹھا نول پر نہیں لگائی جاسکتی۔ عزت آف ہائی کورٹ سندھ کے فیصلے کے خلاف حکومت سندھ نے ایک درخواست عزت آف ہائی کورٹ پاکستان میں داخل کی جس کی کارروائی زیر التوا ہے۔

اس کیس کی پیشی بالآخر مارچ 29، 30 اور 31 مارچ 2017ء کو مقرر کی گئی تھی اور اس کیس کے تمام پہلوؤں کو تفصیل سے سنا گیا اور کیس کو آئندہ ساعت کے لئے ملتوی کر دیا گیا۔ بورڈ آف ڈائریکٹرز نے یہ نتیجہ اخذ کیا کہ مستقبل کی کارروائی کا فیصلہ مذکورہ بالا زیر التوا کیسز کے فیصلے کے بعد کیا جائے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے


علی نازیر
ڈائریکٹر


مسلم آرشاد
چیف ایگزیکٹو

کراچی، 26 اکتوبر 2018ء