



**Balochistan Particle Board
Limited**

**Report and Condensed Interim
Financial Statements
for the Half Year ended
December 31, 2018
(Unaudited)**

Company Information

Board of Directors	Ali A. Rahim	<i>Chairman</i>
	Muslim R. Habib	<i>Chief Executive</i>
	Tanzeel Abdul Sattar	
	Ali Niaz Akhtar	
	Ali Akbar	
	Mehboob Ali Lilani	
	Syed Shabbar Hasan	
Audit Committee	Ali Akbar	<i>Chairman</i>
	Ali A. Rahim	<i>Member</i>
	Mehboob Ali Lilani	<i>Member</i>
Human Resource & Remuneration Committee	Ali Niaz Akhtar	<i>Chairman</i>
	Muslim R. Habib	<i>Member</i>
	Mehboob Ali Lilani	<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	
Factory	www : bpbl.net	
Bankers	Hub Chowki	
	Phone : (+92-0853) 363362	
Bankers	Bank AL Habib Limited	
	Habib Bank Limited	
Auditors		
	Reanda Haroon Zarkaria & Co.	
Share Registrar	Chartered Accountants	
	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	
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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 half year ended December 31, 2018.

During the period under review, Company earned income of Rs.0.890 (2017: Rs. 0.995) million and suffered after tax loss of Rs.0.519 (2017: profit of Rs. 0.155) million resulting in loss per share of Re.0.087 (2017: earnings per share of Re.0.026), 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.

On behalf of the Board of Directors



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

Karachi: February 27, 2019

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim financial position of Balochistan Particle Board Limited as at December 31, 2018, the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the interim financial statements). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures included in the condensed interim profit or loss account and condensed interim statement of comprehensive income for the three months period ended December 31, 2018 and 2017 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As explained in note 7 to the interim financial statements that these interim 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. The Board has not yet envisaged any business plan to recommence its manufacturing operations.

This situation indicated that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the interim financial statements do not disclose this fact.

Qualified Conclusion

Based on our review, except of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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 and the events and conditions that give rise to the significant doubt on the company's ability to continue as going concern in their audit report dated September 29, 2018.

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



Reanda Haroon Zakaria & Company
Chartered Accountants


Karachi: February 27, 2019

Condensed Interim Statement of Financial Position as at December 31, 2018

	(Unaudited) Dec. 31, 2018	(Audited) June 30, 2018
Note	(Rupees in thousands)	
Assets		
Non-Current Assets		
Property, plant and equipment	2,038	2,110
Long-term deposits	125	125
	<u>2,163</u>	<u>2,235</u>
Current Assets		
Stores and spare parts	1,951	1,951
Advances and short-term prepayments	238	241
Other receivables		
- Excise duty refundable	1,076	1,076
Cash and bank balances	1,273	1,400
	<u>4,538</u>	<u>4,668</u>
Total Assets	<u><u>6,701</u></u>	<u><u>6,903</u></u>
Equity and Liabilities		
Share Capital		
Authorised Capital		
10,000,000 ordinary shares of Rs. 5 each	<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital	30,000	30,000
Accumulated loss	(37,038)	(36,519)
	(7,038)	(6,519)
Current Liabilities		
Short-term loan - unsecured	12,500	12,000
Trade and other payables	518	677
Unclaimed dividend	319	319
Provision for income tax - net	402	426
	<u>13,739</u>	<u>13,422</u>
Contingencies	5	
Total Equity and Liabilities	<u><u>6,701</u></u>	<u><u>6,903</u></u>

The annexed notes 1 to 10 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 half year ended December 31, 2018
(Unaudited)**

	Half year ended		Quarter ended	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	(Rupees in thousands)			
Revenue				
Storage income	-	855	-	450
Rental income	885	-	405	-
Profit on treasury call account	5	140	2	70
	<u>890</u>	<u>995</u>	<u>407</u>	<u>520</u>
Factory and administrative expenses				
Salaries and allowances	90	84	45	42
Security expenses	211	-	105	-
Rates and taxes	41	44	21	20
Repair and maintenance	22	-	22	-
Communication, printing and stationery	250	188	104	80
Directors' fee	6	5	3	2
Depreciation	72	80	36	40
Legal and professional charges	233	75	87	37
Insurance	6	6	3	3
Auditors' remuneration	46	41	22	21
Fees, subscription and other expenses	258	182	50	35
	<u>1,235</u>	<u>705</u>	<u>498</u>	<u>280</u>
(Loss) / Profit before finance cost and taxation	(345)	290	(91)	240
Finance cost	65	69	31	31
(Loss) / Profit before taxation	<u>(410)</u>	<u>221</u>	<u>(122)</u>	<u>209</u>
Taxation	109	66	103	62
(Loss) / Profit after taxation	<u>(519)</u>	<u>155</u>	<u>(225)</u>	<u>147</u>
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(519)</u>	<u>155</u>	<u>(225)</u>	<u>147</u>
(Loss) / Earnings per share-Basic and diluted (Re.)	<u>(0.087)</u>	<u>0.026</u>	<u>(0.038)</u>	<u>0.025</u>

The annexed notes 1 to 10 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 half year ended
December 31, 2018 (Unaudited)**

	Issued, Subscribed and Paid-up Capital	Accumulated income / (loss)	Total
	(Rupees in thousands)		
Balance as on July 1, 2017	30,000	(36,338)	(6,338)
Total comprehensive income for the half year ended Dec. 31, 2017	–	155	155
Balance as on Dec. 31, 2017	<u>30,000</u>	<u>(36,183)</u>	<u>(6,183)</u>
Balance as on July 1, 2018	30,000	(36,519)	(6,519)
Total comprehensive loss for the half year ended Dec. 31, 2018	–	(519)	(519)
Balance as on December 31, 2018	<u>30,000</u>	<u>(37,038)</u>	<u>(7,038)</u>

The annexed notes 1 to 10 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 Half Year ended December 31, 2018
(Unaudited)

	Note	Dec. 31, 2018	Dec. 31, 2017
(Rupees in thousands)			
Cash flows from operating activities			
Cash (used in) / generated from operations	6	(447)	109
Profit received on treasury call account		5	140
Finance cost paid		(52)	(97)
Income tax paid		(133)	(14)
Net cash (used in) / generated from operating activities		(627)	138
Cash flows from investing activities		-	-
Net cash generated from / (used in) investing activities		-	-
Cash flows from financing activities			
Short-term loan		500	-
Dividend paid		-	(1)
Net cash generated / (used in) financing activities		500	(1)
Net (decrease) / increase in cash and cash equivalents		(127)	137
Cash and cash equivalents at the beginning of the period		1,400	6,359
Cash and cash equivalents at the end of the period		1,273	6,496

The annexed notes 1 to 10 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 Half Year ended December 31, 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.

2 Basis of Preparation

2.1 Statement Of Compliance

These condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

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 Summary of Significant Accounting Policies

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 Short-Term Loan - Unsecured

From related party

This represents financing from Karachi Mercantile Company (Pvt) Limited arranged by sponsor directors as loan in order to meet financial obligations 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 December 31, 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.

Note	(Unaudited)	
	Dec. 31, 2018	Dec. 31, 2017
	(Rupees in thousands)	
6. Cash (used in) / generated from operations		
(Loss) / Profit before taxation	(410)	221
Adjustment for non-cash charges and other items :		
Depreciation	72	80
Profit on treasury call account	(5)	(140)
Finance cost	65	69
Working capital changes	(169)	(121)
	(37)	(112)
	(447)	109

(Unaudited)
Dec. 31, Dec. 31,
2018 2017
(Rupees in thousands)

6.1 Working capital changes

Increase in current assets		
Advances and short-term prepayments	(10)	(40)
Decrease in current liabilities		
Trade and other payables	(159)	(81)
	<u>(169)</u>	<u>(121)</u>

7 Going concern

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	(Unaudited)			
			Half Year ended		Quarter ended	
			Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
			(Rupees in thousands)			
Bank AL Habib Limited	Profit on treasury call account	Related party	5	140	2	70
Bank AL Habib Limited	Bank charges	Related party	1	-	1	-
Habib Insurance Co. Limited	Insurance premium	Related party	6	6	3	3
Directors	Directors' meeting fee	Director	6	5	3	2

9 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 interim financial statements for the half year ended December 31, 2018	Head of account of the financial statements for the year ended June 30, 2018	Amount (Rupees in thousands)
Short-term loan-unsecured	Short-term loan-unsecured	Long-term financing-unsecured	12,000

10 GENERAL

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

10.2 These condensed interim financial statements were authorised for issue on February 27, 2019 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 31 دسمبر 2018ء کو ختم ہونے والی ششماہی مدت کے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔


اس زیر جائزہ مدت کے دوران کمپنی کی آمدنی مبلغ 0.890 (2017: 0.995) ملین روپے اور ٹیکس کے بعد خسارہ کی رقم مبلغ 0.519 روپے (منافع 0.155: 2017) ملین روپے رہا جس کے نتیجے میں فی شیئر خسارہ 0.087 (منافع 0.026: 2017) روپیہ رہا جیسا کہ منسلک عبوری مالیاتی حسابات میں دکھایا گیا ہے۔ یہ غیر آڈٹ شدہ عبوری مالیاتی حسابات چلتے 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۔


کمپنی کے پیداواری امور 1997ء سے مسلسل بند ہے۔ ایکسائز اینڈ فیکسیشن ڈپارٹمنٹ، حکومت سندھ نے میتھانول پر جو کہ فارمل ڈی ہائیڈ بنانے میں اہم 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 میتھانول کی ترسیل کراچی سے حب تک کی مد میں سندھ آب کاری ایکٹ 1978ء کے تحت لیکوڑ سمجھے ہوئے لاگو کردی۔ کمپنی نے اس مطالبے کو نامانے ہوئے عزت مآب ہائی کورٹ آف سندھ میں اپیل دائر کردی۔

عزت مآب ہائی کورٹ آف سندھ نے کمپنی کے حق میں مقدمات کا فیصلہ کر دیا اور یہ طے کیا کہ میتھانول سندھ آب کاری ایکٹ 1878ء کے زمرے میں نہیں آتا لہذا ایکسائز ڈیوٹی وینڈ اور پرمٹ فیس میتھانول پر نہیں لگائی جاسکتی۔ عزت مآب ہائی کورٹ آف سندھ کے فیصلے کے خلاف حکومت سندھ نے ایک درخواست عزت مآب سپریم کورٹ آف پاکستان میں داخل کی جس کی کارروائی زیر التوا ہے۔

اس کیس کی پیشی بالآخر 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 سماعت کیلئے 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 نیازاختر
ڈائریکٹر


مسلم ارشد
چیف ایگزیکٹو

کراچی 27 فروری 2019ء