



**Balochistan Particle Board  
Limited**

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**Report and Condensed Interim  
Financial Statements  
for the Quarter and Nine months  
ended March 31, 2019  
(Unaudited)**

## Company Information

<b>Board of Directors</b>	Ali A. Rahim Muslim R. Habib Tanzeel Abdul Sattar Ali Niaz Akhtar Ali Akber Mehboob Ali Lilani Syed Shabbar Hasan	<i>Chairman</i> <i>Chief Executive</i>
<b>Audit Committee</b>	Ali Akber Ali A. Rahim Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Ali Niaz Akhtar Muslim R. Habib Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
<b>Chief Financial Officer</b>	Amir Bashir Ahmed	
<b>Company Secretary</b>	Irfan Ghulam Muhammad	
<b>Registered Office</b>	Imperial Court, 3rd Floor Dr. Ziauddin Ahmed Road Karachi-75530 Phone : (+92-21) 35680036 Fax : (+92-21) 35684086 www : bpbl.net	
<b>Factory</b>	Hub Chowki Phone : (+92-0853) 363362	
<b>Bankers</b>	Bank AL Habib Limited Habib Bank Limited	
<b>Auditors</b>	Reanda Haroon Zarkaria & Co. Chartered Accountants	
<b>Share Registrar</b>	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 three quarters ended March 31, 2019.

During the period under review, Company earned income of Rs. 1.677 (2018: Rs. 1.391) million and suffered after tax loss of Rs. 0.364 (2018: profit of Rs. 0.234) million resulting in loss per share of Re. 0.061 (2018: earnings per share of Re.0.039), 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: April 26, 2019

**Condensed Interim Statement of  
Financial Position as at March 31, 2019  
(Unaudited)**

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
Note (Rupees in thousands)		
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	2,002	2,110
Long-term deposits	125	125
<b>Current Assets</b>		
Stores and spare parts	1,951	1,951
Advances and short-term prepayments	244	241
Other receivables		
- Excise duty refundable	1,076	1,076
Cash and bank balances	1,552	1,400
	4,823	4,668
<b>Total Assets</b>	6,950	6,903
<b>Equity and Liabilities</b>		
<b>Share Capital</b>		
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	(36,883)	(36,519)
	(6,883)	(6,519)
<b>Current Liabilities</b>		
Short-term financing- Unsecured	4	12,500
Trade and other payables	612	677
Unclaimed dividend	319	319
Provision for Income Tax - net	402	426
	13,833	13,422
<b>Contingencies</b>	5	
<b>Total Equity and Liabilities</b>	6,950	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 and cumulative for three  
quarters ended March 31, 2019  
(Unaudited)**

	Three Quarters ended March 31, 2019	March 31, 2018	Quarter ended March 31, 2019	March 31, 2018
(Rupees in thousands)				
<b>Revenue</b>				
Rental Income	1,665	-	780	-
Storage income	-	1,180	-	325
Profit on treasury call account	12	211	7	71
	1,677	1,391	787	396
<b>Factory and administrative expenses</b>				
Salaries and allowances	135	127	45	43
Security Expenses	317	-	106	-
Rates and taxes	61	65	20	21
Repair and maintenance	22	-	-	-
Communication, printing and stationery	265	224	15	36
Directors' fee	9	8	3	3
Depreciation	108	120	36	40
Legal and professional charges	308	112	75	37
Insurance	9	9	3	3
Auditors' remuneration	110	98	64	57
Fees, subscription and other expenses	259	190	1	8
	1,603	953	368	248
<b>Profit before finance cost and tax</b>	74	438	419	148
Finance cost	99	104	34	35
<b>(Loss) / Profit before taxation</b>	(25)	334	385	113
Taxation	339	100	230	34
<b>(Loss) / Profit after taxation</b>	(364)	234	155	79
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	(364)	234	155	79
<b>(Loss) / Earnings per share-Basic and diluted (Re.)</b>	(0.061)	0.039	0.026	0.013

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 three quarters ended March 31, 2019 (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 period ended March 31, 2018	-	234	234
Balance as on March 31, 2018	30,000	(36,104)	(6,104)
Balance as on July 1, 2018	30,000	(36,519)	(6,519)
Total comprehensive income for the period ended March 31, 2019	-	(364)	(364)
Balance as on March 31, 2019	30,000	(36,883)	(6,883)

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 three quarters ended March 31, 2019  
(Unaudited)**

	Note	March 31, 2019	March 31, 2018
(Rupees in thousands)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	6	100	275
Profit received on treasury call account		12	211
Finance cost paid		(97)	(143)
Income tax paid		(363)	(49)
Net cash (used in) / generated from operating activities		(348)	294
<b>Cash flows from financing activities</b>			
Short term financing		500	-
Dividend paid		-	(1)
Net cash generated / (used) in financing activities		500	(1)
Net increase in cash and cash equivalents		152	293
Cash and cash equivalents at the beginning of the period		1,400	6,359
Cash and cash equivalents at the end of the period		1,552	6,652

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 three quarters ended March 31, 2019  
(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. 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 (the Act) and 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 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 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 Short-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 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 March 31, 2019 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)  
 March 31,      March 31,  
 2019            2018  
 (Rupees in thousands)

**6. Cash generated from operations**

(Loss) / Profit before taxation	(25)	334
Adjustment for non-cash charges and other items :		
Depreciation	108	120
Profit on treasury call account	(12)	(211)
Finance cost	99	104
Working capital changes - Note 6.1	(70)	(72)
	125	(59)
	100	275

**6.1 Working capital changes**

(Increase) / decrease in current assets		
Advances and short-term prepayments	(5)	(23)
Increase / (decrease) in current liabilities		
Trade and other payables	(65)	(49)
	(70)	(72)

**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	(Unaudited)			
			Three Quarters ended		Quarter ended	
			Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Bank AL Habib Limited	Profit on treasury call account	Related party	12	211	7	71
Bank AL Habib Limited	Bank charges	Related party	1	1	-	1
Habib Insurance Co. Limited	Insurance premium	Related party	9	9	3	3
Karachi Mercantile Co. (Pvt.) Limited	Repayment of loan	Related party	500	-	-	-

**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 April 26, 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 مارچ 2019ء کو ختم ہونے والی تیسری سہ ماہی مدت کے کھیتی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔


اس زیر جائزہ مدت کے دوران کھیتی کی آمدنی مبلغ 1.677 (1.391: 2018) ملین روپے اور ٹیکس کے بعد خسارہ کی رقم مبلغ 0.364 (منافع 0.234: 2018) ملین روپے رہا جس کے نتیجے میں فی شیئر خسارہ 0.061 (منافع 0.039: 2018) 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۔

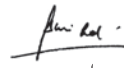
کھیتی کے پیداواری امور 1997ء سے مسلسل بند ہے۔ ایکسائز اینڈ ٹیکسیشن ڈپارٹمنٹ، حکومت سندھ نے میتھانول پر جو کہ فارمل ڈی ہائیڈر ہانے میں اہم خام مال کے طور پر استعمال ہوتا ہے وینڈ اور پرمٹ فیس کی مد میں 57.4 ملین روپے اور ایکسائز ڈیوٹی 14.1 ملین روپے میتھانول کی ترسیل کراچی سے حب تک کی مد میں سندھ آب کاری ایکٹ 1878ء کے تحت لیکویٹ سمجھے ہوئے لاگو کردی۔ کھیتی نے اس مطالبے کو نامانے ہوئے عزت مآب ہائی کورٹ آف سندھ میں اپیل دائر کردی۔

عزت مآب ہائی کورٹ آف سندھ نے کھیتی 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 30، 29 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 نیا اختر  
ڈائریکٹر

  
مسلم آرشاد  
چیف ایگزیکٹو

کراچی 26 اپریل 2019ء