



**Balochistan Particle Board
Limited**

**Report and Condensed Interim
Financial Statements
for the Half Year ended
December 31, 2019
(Unaudited)**

Company Information

Board of Directors	Muslim R. Habib Ali Niaz Akhtar Farahnaz Haider Shaikh Akhtar Zaman Khan Ali Akbar Mehboob Ali Lilani Syed Shabbar Hasan	<i>Chairman</i> <i>Chief Executive</i>
Audit Committee	Ali Akbar Akhtar Zaman Khan Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Akhtar Zaman Khan Muslim R. Habib Mehboob Ali Lilani	<i>Chairman</i> <i>Member</i> <i>Member</i>
Chief Financial Officer	Amir Bashir Ahmed	
Company Secretary	Irfan Ghulam Muhammad	
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 Zakaria & Company 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 : sfc@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 half year ended December 31, 2019.

During the period under review, revenue of the Company was Rs. 1.669 (2018: Rs. 0.890) million and after tax loss of Rs. 0.785 (2018: Rs. 0.519) million resulting in loss per share of Re. 0.13 (2018: Re.0.09), 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 Government of Sindh had 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, which was challenged by the Company in the Honourable High Court of Sindh. The Honourable High Court of Sindh on March 26, 2003 and August 20, 2004 respectively, decided the cases in favour of the Company by maintaining that the methanol does not fall within the purview of the Sindh Abkari Act, 1878 and as such vend fee, permit fee and excise duty on transportation of methanol cannot be levied.

Against the decision of Honourable High Court, the Government of Sindh filed civil petitions before the Honourable Supreme Court of Pakistan. On December 10, 2019 the matter was decided by the Apex Court in favour of the Company as the Appellant (the Sindh Government) has withdrawn the appeals on the basis of the settlement with the respondents.

As per the Order, it was decided that the Provincial Government of Sindh does not press the instant and connected appeals and fresh demand shall be raised for the amount payable by the respondents following the notification dated February 14, 2002 and Sind Abkari Act, 1878 as amended on October 30, 2002. As the manufacturing operations of Urea Formaldehyde division of the Company were closed in 1997, as such no financial exposure of vend fee, permit fee and excise duty will be on the Company.

On October 3, 2019, the Company Law Division of Securities and Exchange Commission of Pakistan (SECP) passed an order under Section 301 read with Section 304 of the Companies Act, 2017 directing the Additional Registrar to present petition of winding up of the Company. The Company disputed the order and filed a review application before the SECP which is pending adjudication. Next date of hearing is March 02, 2020.

Auditors' Reservation

The auditors in their report to the members have expressed reservation about the Company's ability to continue as 'going concern'. In this respect the management maintains that the company's business operations comprise of letting out part of its premises to third parties

for the purposes of storage and to conduct of their commercial operations and also continued financing as loan to the company by sponsor directors through affiliated company. Further, the Order passed by the SECP directing the Additional Registrar present winding up petition has been disputed and a review application was filed by the Company which is pending for adjudication before SECP. In view of the above, the financial statements have been prepared on going concern basis.

The manufacturing operations of Urea Formaldehyde division continued to remain closed due to adverse conditions of Urea formaldehyde industry and the future course of action will be decided by the Board of Directors after reviewing the economic viability of the division's operations and outcome of the review application pending before the SECP.

On behalf of the Board of Directors



Ali Niaz Akhtar
Chief Executive



Akhtar Zaman Khan
Director

Karachi: February 27, 2020

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Balochistan Particle Board Limited as at December 31, 2019, 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 statements 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 statement based on our review.

The figures included in the condensed interim profit or loss account and other comprehensive income for the three months period ended December 31, 2019 and 2018 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

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 statements 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 Adverse Conclusion

As disclosed in Note. 7 (a) & (b) to the interim financial statements, during the period, Securities and Exchange Commission of Pakistan (SECP) issued an order to Additional Registrar to present a petition of winding up of the Company. The Company filed an appeal to the Registrar Appellate Bench and a review application to the Commissioner against the winding up order. The proceedings of review and appeal are in process.

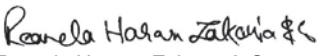
Based on situation explained above and review of other facts, we do not concur with management assessment that the Company is able to continue as going concern, thus the financial Statements are required to be prepared on alternate basis. However, the financial statements are not prepared by the management on alternate basis.

Had the financial statements been prepared on alternate basis, all non-current assets would have been transferred to current assets. The property, plant and equipment would have been measured at net realizable value and disclosed as 'Assets classified as held for sale' under Current assets. Other items in current assets would also have been revalued at its net realizable value. The resulting difference between carrying value and net realizable value would have been included in Statement of Profit or Loss.

Adverse Conclusion

Over review indicates that, because the financial statements are not prepared on alternate basis, as described in the preceding paragraph, these condensed interim financial statements do not give a true and fair view of the accompanying condensed interim financial position as of December 31, 2019 and of its financial performance and its cashflows for the six-month period then ended in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. Farhan Ahmed Memon.


Reanda Haroon Zakaria & Company
Chartered Accountants

Karachi: February 27, 2020

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

		(Unaudited) Dec. 31, 2019	(Audited) June 30, 2019
	Note	(Rupees in thousands)	
Assets			
Non-Current Assets			
Property, plant and equipment		1,900	1,965
Long-term deposits		125	125
		2,025	2,090
Current Assets			
Stores and spare parts		1,951	1,951
Advances and short-term prepayments		65	31
Other receivables		1,076	1,076
- Excise duty refundable		1,181	1,387
Cash and bank balances		4,273	4,445
		6,298	6,535
Total Assets			
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		(38,211)	(37,426)
		(8,211)	(7,426)
Current Liabilities			
Short-term loan-Unsecured	4	12,800	12,500
Trade and other payables		826	692
Unclaimed dividend		319	319
Provision for taxation - net		564	450
		14,509	13,961
Contingencies			
	5		
Total Equity and Liabilities			
		6,298	6,535

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


Amir Bashir Ahmed
Chief Financial Officer


Ali Niaz Akhtar
Chief Executive


Akhtar Zaman Khan
Director

**Condensed Interim Statement of Profit or
loss and other comprehensive income for the
six months ended December 31, 2019
(Unaudited)**

	Half year ended		Quarter ended	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
	(Rupees in thousands)			
Revenue				
Rental income	1,659	885	784	405
Profit on treasury call account	10	5	3	2
	<u>1,669</u>	<u>890</u>	<u>787</u>	<u>407</u>
Factory and administrative expenses				
Salaries and allowances	105	90	60	45
Security expenses	211	211	105	105
Rates and taxes	50	41	24	21
Repair and maintenance	146	22	34	22
Communication, printing and stationery	270	250	79	104
Travelling and Conveyance	39	-	-	-
Directors' fee	5	6	2	3
Depreciation	65	72	33	36
Legal and professional charges	703	233	416	87
Insurance	6	6	3	3
Auditors' remuneration	117	46	96	22
Fees, subscription and other expenses	322	258	100	50
	<u>2,039</u>	<u>1,235</u>	<u>952</u>	<u>498</u>
Loss before finance cost and tax	(370)	(345)	(165)	(91)
Finance cost	65	65	33	31
Loss before taxation	(435)	(410)	(198)	(122)
Taxation	350	109	165	103
Loss after taxation	(785)	(519)	(363)	(225)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(785)</u>	<u>(519)</u>	<u>(363)</u>	<u>(225)</u>
Loss per share - Basic and diluted (Re.)	<u>(0.13)</u>	<u>(0.09)</u>	<u>(0.06)</u>	<u>(0.04)</u>

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



Amir Bashir Ahmed
Chief Financial Officer



Ali Niaz Akhtar
Chief Executive



Akhtar Zaman Khan
Director

**Condensed Interim Statement of
Changes in Equity for the six months
ended December 31, 2019 (Unaudited)**

	Issued, Subscribed and Paid-up Capital	Accumulated income / (loss)	Total
(Rupees in thousands)			
Balance as on July 1, 2018	30,000	(36,519)	(6,519)
Total comprehensive loss for the six months ended Dec. 31, 2018	-	(785)	(785)
Balance as on Dec. 31, 2018 (Un-audited)	30,000	(37,304)	(7,304)
Balance as on July 1, 2019	30,000	(37,426)	(7,426)
Total comprehensive loss for the six months ended Dec. 31, 2019	-	(785)	(785)
Balance as on December 31, 2019 (Un-audited)	30,000	(38,211)	(8,211)

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



Amir Bashir Ahmed
Chief Financial Officer



Ali Niaz Akhtar
Chief Executive



Akhtar Zaman Khan
Director

**Condensed Interim Statement of Cash Flows
for the six months ended December 31, 2019
(Unaudited)**

		(Un-audited) Dec. 31, 2019	(Un-audited) Dec. 31, 2018
Note		(Rupees in thousands)	
Cash flows from operating activities			
Cash used in operations	6	(227)	(447)
Profit received on treasury call account		10	5
Finance cost paid		(53)	(52)
Income tax paid		(236)	(133)
Net cash used in operating activities		(506)	(627)
Cash flows from financing activities			
Short-term loan		300	500
Net cash generated from financing activities		300	500
Net decrease in cash and cash equivalents		(206)	(127)
Cash and cash equivalents at the beginning of the period		1,387	1,400
Cash and cash equivalents at the end of the period		1,181	1,273

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

		
Amir Bashir Ahmed Chief Financial Officer	Ali Niaz Akhtar Chief Executive	Akhtar Zaman Khan Director

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED DECEMBER 31, 2019 (UN-AUDITED)**

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, 2019.

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, 2019.

4. SHORT-TERM LOAN

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

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 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 Honorable High Court, the Government of Sindh filed an appeal before the Honorable Supreme Court of Pakistan. On December 10, 2019 the matter was decided by the Apex Court in favour of the Company as the Appellant (the Sindh Government) has withdrawn the appeals on the basis of the settlement with the respondents.

As per the order it was decided that the Provincial Government of Sindh does not press the instant and connected appeals and fresh demand shall be raised for the amount payable by the respondents following the notification dated February 14, 2002 and Sindh Abkari Act, 1878 as amended on October 30, 2002. As the manufacturing operations of Urea Formaldehyde Division of the Company were closed in 1997, as such no financial exposure of vend fee and permit fee and excise duty will be on the Company.

Note	(Unaudited)	
	Dec. 30, 2019	Dec. 30, 2018
	(Rupees in thousands)	
6. Cash used in operations		
Loss before taxation	(435)	(410)
Adjustment for non-cash charges and other items:		
Depreciation	65	72
Profit on treasury call account	(10)	(5)
Finance cost	65	65
Working capital changes	88	(169)
	<u>208</u>	<u>(37)</u>
	<u>(227)</u>	<u>(447)</u>
6.1 Working capital changes		
Increase in current assets		
Advances and Short-term prepayments	(46)	(10)
Decrease in current liabilities		
Trade and other payables	134	(159)
	<u>88</u>	<u>(169)</u>

7 Going concern

These financial statements have been prepared on going concern basis as:

- a The Company's business operations comprise of letting out part of its premises to third parties for purposes of storage and to conduct their commercial operations and keeping in view the continued financing arranged as loan to the Company by sponsor directors through affiliated Company.
- b On October 3, 2019, the Company Law Division of Securities and Exchange Commission of Pakistan (SECP) passed an order under Section 301 read with Section 304 of the Companies Act, 2017 directing the Additional Registrar to present petition of winding up of the Company. The Company disputed the order and filed a review application before the SECP which is pending adjudication. Next date of hearing is March 2, 2020.

8. Transactions with related parties

Material transactions with related parties are given below:

Parties	Nature of Transaction	Relationship	(Unaudited)			
			Half year ended Dec. 31, 2019	Dec. 31, 2018	Quarter ended Dec. 31, 2019	Quarter ended Dec. 31, 2018
Bank AL Habib Limited	Profit on treasury call account	Related party	10	5	3	2
Bank AL Habib Limited	Bank charges	Related party	1	1	1	1
Habib Insurance Co. Limited	Insurance premium	Related party	6	6	3	3
Directors	Directors' meeting fee	Director	5	6	2	3
			<u>22</u>	<u>18</u>	<u>9</u>	<u>9</u>

Following balances are outstanding at end of period.

Parties	Nature	Relationship	(Un-audited)	(Audited)
			As at Dec. 31, 2019	As at June 30, 2019
Karachi Mercantile Co. (Pvt.) Ltd.	Short-term loan	Related party	<u>12,800</u>	<u>12,500</u>

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 February 27, 2020 by the Board of Directors of the Company.


Amir Bashir Ahmed
Chief Financial Officer


Ali Niaz Akhtar
Chief Executive


Akhtar Zaman Khan
Director

ڈائریکٹرز کی رپورٹ

محترم ممبران - السلام علیکم!

بلوچستان پائریٹل بورڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2019ء کو ختم ہونے والی ششماہی مدت کے کھپنی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

اس زمرہ جائزہ مدت کے دوران کھپنی کی آمدنی مبلغ 1.669 (2018:0.890) ملین روپے اور ٹیکس کے بعد خسارہ کی رقم مبلغ 0.785 روپیہ (2018:0.519) ملین روپے رہا۔ جس کے نتیجے میں فی شیئر خسارہ 0.13 (2018: 0.09) 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 اس کی وجوہات کی وضاحت غیر آڈٹ شدہ عبوری مالیاتی حسابات کے نوٹ نمبر 7 میں کردی گئی ہے۔

حکومت سندھ نے وینڈ اور پرمٹ فیس کی مد میں 57.4 ملین روپے اور ایکسائز ڈیوٹی کی مد میں 14.1 ملین روپے میٹھا نول کی ترسیل کراچی سے حب تک کی مد میں یکطرفہ مطالبہ کر دیا۔ کھپنی نے اس مطالبے کو نامانوس ہونے سے عزت مآب ہائی کورٹ آف سندھ میں اپیل دائر کر دی۔ عزت مآب ہائی کورٹ آف سندھ نے مورخہ 26 مارچ 2003 اور 20 اگست 2004 کو کھپنی کے حق میں مقدمات کا فیصلہ کر دیا اور یہ طے کیا کہ میٹھا نول سندھ آف کوری ایکٹ 1878ء کے زمرے میں نہیں آتا لہذا وینڈ اور پرمٹ فیس اور ایکسائز ڈیوٹی میٹھا نول کی ترسیل 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 کا فیصلہ مورخہ 10 دسمبر 2019 کو کھپنی کے حق میں ہوا جیسا کہ مدعی (حکومت سندھ) نے اپنی دائر کردہ درخواست آپس میں صلح ہونے کی وجہ سے واپس لے لی۔

فیصلے کے مطابق یہ طے کیا گیا ہے کہ سندھ کی صوبائی حکومت فوری اور منسلک درخواست پر زور نہیں دے گی اور مدعی علیہ کو مطالبہ جاری کرنے کی جو کہ 14 فروری 2002 کی نوٹیفکیشن اور سندھ آف کوری ایکٹ 1878ء جو کہ 13 اکتوبر 2002 ترمیم کے تحت ہے۔ جیسا کہ یوریا فارمل ڈی ہائیڈرو وینڈ کے مینوفیکچرنگ آپریشن 1997ء سے بند ہیں اس لئے کھپنی پروڈیونٹس اور پرمٹ فیس کے مد میں کوئی مالیاتی اثر نہیں ہوگا۔

13 اکتوبر 2019ء کو سیکورٹی ایجنسی کھپنی آف پاکستان کے کھپنی لاء ڈویژن نے کیپیٹل آرڈر اینس 2017ء کے سیکشن 301 جو سیکشن 304 کے ساتھ ملا کر پڑھا جائے کے تحت حکم نامہ جاری کرتے ہوئے ایڈیشنل رجسٹرار کو ہدایت دی کہ کھپنی کے تحلیل ہونے کی پیشین گوئی کرے کھپنی نے اس فیصلے کو نہ ماننے ہوئے SECP کے فیصلے پر نظر ثانی کی درخواست دی ہے جو کہ ابھی زیر التوا ہے اسکی کارروائی مورخہ 2 مارچ 2020 کو مقرر کی گئی ہے۔


آڈیٹرز کے تحفظات

آڈیٹرز نے اپنی رپورٹ میں کھپنی کے چلنے کی کاروباری صلاحیت سے متعلق تحفظات کا اظہار کیا اس سلسلے میں انتظامیہ کا موقف ہے کہ وہ اپنے کاروباری عمل میں تیسری پارٹی کو اپنی جگہ کا کچھ حصہ اسٹورج کیلئے اور اس کے کاروباری عمور کیلئے کرائے پر دیتی ہے اور اسپانسر ڈائریکٹران مستقل طور پر ماحقہ کیپیٹل کے ذریعے کھپنی کی مالی اعانت کرنے کے طور پر کرتی ہے۔ مزید SECP نے حکم نامہ جاری کرتے ہوئے ایڈیشنل رجسٹرار کو ہدایت دی ہے کہ کھپنی کے تحلیل ہونے کی پیشین گوئی کرے اس کو کھپنی نے چیلنج کیا ہے جس کی کارروائی SECP میں زیر التوا ہے۔ مندرجہ بالا باتوں کو دیکھتے ہوئے کھپنی کے مالیاتی حسابات چلنے ہوئے کاروبار کی بنیاد پر تیار کئے گئے ہیں۔

یوریا فارمل ڈی ہائیڈرو وینڈ کے مینوفیکچرنگ آپریشن صنعت خراب حالت کے باعث بند ہے اور مستقبل کے لاٹھ عمل کا فیصلہ بورڈ آف ڈائریکٹرز ڈویژن کی اقتصادی حالت کا جائزہ اور زیر التوا اپیل کے فیصلے کے بعد کیا جائے گا۔

از طرف بورڈ آف ڈائریکٹرز


اکتار زمان خان
ڈائریکٹر


علی نیاز اختر
چیف ایگزیکٹو

کراچی 27 فروری 2020ء