



**Balochistan Particle Board  
Limited**

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**Report and Condensed Interim  
Financial Statements  
for the Quarter ended  
September 30, 2019  
(Unaudited)**

## Company Information

|  |  |   |
|--|--|---|
| <b>Board of Directors</b>                          | Muslim R. Habib<br>Ali Niaz Akhtar<br>Farahnaz Haider Shaikh<br>Akhtar Zaman Khan<br>Ali Akbar<br>Mehboob Ali Lilani<br>Syed Shabbar Hasan   | <i>Chairman</i><br><i>Chief Executive</i>         |
| <b>Audit Committee</b>                             | Ali Akbar<br>Akhtar Zaman Khan<br>Mehboob Ali Lilani   | <i>Chairman</i><br><i>Member</i><br><i>Member</i> |
| <b>Human Resource &amp; Remuneration Committee</b> | Akhtar Zaman Khan<br>Muslim R. Habib<br>Mehboob Ali Lilani   | <i>Chairman</i><br><i>Member</i><br><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<br>Dr. Ziauddin Ahmed Road<br>Karachi-75530<br>Phone : (+92-21) 35680036<br>Fax : (+92-21) 35684086<br>www : bpbl.net  |   |
| <b>Factory</b>                                     | Hub Chowki<br>Phone : (+92-0853) 363362  |   |
| <b>Bankers</b>                                     | Bank AL Habib Limited<br>Habib Bank Limited  |   |
| <b>Auditors</b>                                    | Reanda Haroon Zakaria & Company<br>Chartered Accountants   |   |
| <b>Share Registrar</b>                             | THK Associates (Pvt.) Limited<br>1st Floor, 40-C, Block-6,<br>P.E.C.H.S, Karachi-75400<br>Phones : (+92-21) 111-000-322<br>Fax : (+92-21) 34168271<br>E-mail : secretariat@thk.com.pk<br>info@thk.com.pk<br>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, 2019.

During the period under review, revenue of the Company was Rs. 0.882 (2018: Rs. 0.483) million and after tax loss of Rs. 0.422 (2018: Rs. 0.294) million resulting in loss per share of Re. 0.070 (2018: Re.0.049), 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 Urea Formaldehyde Division continued to remain closed due to adverse conditions of the Urea formaldehyde industry and the arbitrary demand of excise duty, vend fee and permit fee raised by the Government. 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 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 which is pending adjudication. The matter was fixed for hearing on May 8, 2019, the learned counsel of the Government of Sindh submitted a proposal to withdraw appeals and surrender the Indemnity Bond/Guarantee(s) but will not refund the amount paid to the Government on account of vend fee, permit fee and excise duty in this regard. Board of Directors in their meeting held on June 14, 2019 accorded its approval for acceptance of the above proposal. The matter was lastly fixed for hearing on September 18, 2019 in which the question of applicability of subject law in future was raised by the advocate General of Sindh. The matter was adjourned as date in office to seek complete instructions from the Sindh Government and to submit comprehensive proposal in this regard.

The Board of Directors has concluded that the future course of action will be decided upon favourable outcome of the pending cases before the Honourable Supreme Court of Pakistan and also the economic viability of the urea formaldehyde operations.

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 disputes the order and filed an appeal before the SECP Appellate Bench against the above order.

On behalf of the Board of Directors



**Ali Niaz Akhtar**  
Chief Executive



**Akhtar Zaman Khan**  
Director

Karachi: October 29, 2019

**Condensed Interim Statement of  
Financial Position as at September 30, 2019  
(Unaudited)**

|  | (Unaudited)<br>Sept. 30,<br>2019 | (Audited)<br>June 30,<br>2019 |
|--|----------------------------------|-------------------------------|
|  | Note                             | (Rupees in thousands)         |
| <b>Assets</b>                            |                                  |                               |
| <b>Non-Current Assets</b>                |                                  |                               |
| Property, plant and equipment            | 1,933                            | 1,965                         |
| Long-term deposits                       | 125                              | 125                           |
|  | 2,058                            | 2,090                         |
| <b>Current Assets</b>                    |                                  |                               |
| Stores and spare parts                   | 1,951                            | 1,951                         |
| Advances and short-term prepayments      | 56                               | 31                            |
| Other receivables                        | 1,076                            | 1,076                         |
| - Excise duty refundable                 | 1,275                            | 1,387                         |
| Cash and bank balances                   | 4,358                            | 4,445                         |
|  | 6,416                            | 6,535                         |
| <b>Total Assets</b>                      |                                  |                               |
| <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                         | (37,848)                         | (37,426)                      |
| Total equity                             | (7,848)                          | (7,426)                       |
| <b>Current Liabilities</b>               |                                  |                               |
| Short-term financing-                    |                                  |                               |
| Unsecured                                | 12,500                           | 12,500                        |
| Trade and other payables                 | 964                              | 692                           |
| Unclaimed dividend                       | 319                              | 319                           |
| Provision for taxation - net             | 481                              | 450                           |
|  | 14,264                           | 13,961                        |
| <b>Contingencies</b>                     |                                  |                               |
|  | 5                                |                               |
| <b>Total Equity and Liabilities</b>      | 6,416                            | 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  
quarter ended September 30, 2019  
(Unaudited)**

Sept. 30,      Sept. 30,  
2019          2018  
(Rupees in thousands)

**Revenue**

|                                 |     |     |
|---------------------------------|-----|-----|
| Rental income                   | 875 | 480 |
| Profit on treasury call account | 7   | 3   |
|                                 | 882 | 483 |

**Factory and administrative expenses**

|  |       |     |
|--|-------|-----|
| Salaries and allowances                | 45    | 45  |
| Security expenses                      | 106   | 106 |
| Rates and taxes                        | 26    | 20  |
| Repair and maintenance                 | 112   | -   |
| Communication, printing and stationery | 191   | 146 |
| Travelling and conveyance              | 39    | -   |
| Directors' meeting fee                 | 3     | 3   |
| Depreciation                           | 32    | 36  |
| Legal and professional charges         | 287   | 146 |
| Insurance                              | 3     | 3   |
| Auditors' remuneration                 | 21    | 24  |
| Fees, subscription and other expenses  | 222   | 208 |
|  | 1,087 | 737 |

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

(205)          (254)

Finance cost

32              34

**(Loss) before taxation**

(237)          (288)

Taxation

185            6

**(Loss) after taxation**

(422)          (294)

Other comprehensive income

-                -

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

(422)          (294)

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

(0.070)      (0.049)

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 quarter ended  
September 30, 2019 (Unaudited)**

|  | Issued,<br>Subscribed<br>and Paid-up<br>Capital | Accumulated<br>(Loss) | Total          |
|--|---|-----------------------|----------------|
| (Rupees in thousands)  |   |                       |                |
| Balance as on July 1, 2018   | 30,000  | (36,519)              | (6,519)        |
| Total comprehensive (loss) for the<br>quarter ended Sept. 30, 2018 | -   | (294)                 | (294)          |
| Balance as on Sept. 30, 2018                                       | <u>30,000</u>                                   | <u>(36,813)</u>       | <u>(6,813)</u> |
| Balance as on July 1, 2019   | 30,000  | (37,426)              | (7,426)        |
| Total comprehensive (loss) for the<br>quarter ended Sept. 30, 2019 | -   | (422)                 | (422)          |
| Balance as on September 30, 2019                                   | <u>30,000</u>                                   | <u>(37,848)</u>       | <u>(7,848)</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 Cash Flows  
for the quarter ended September 30, 2019  
(Unaudited)**

|   | Note | Sept. 30,<br>2019     | Sept. 30,<br>2018 |
|---|------|-----------------------|-------------------|
|   |      | (Rupees in thousands) |                   |
| <b>Cash flows from operating activities</b>                         |      |                       |                   |
| Loss before taxation  |      | (237)                 | (288)             |
| <b>Adjustment for non-cash charges<br/>and other items</b>          |      |                       |                   |
| Depreciation  |      | 32                    | 36                |
| Profit on treasury call account                                     |      | (7)                   | (3)               |
| Finance cost  |      | 32                    | 34                |
| Working capital changes   | 6    | 242                   | 265               |
|   |      | 62                    | 44                |
| <b>Cash generated from / (used in) operations</b>                   |      |                       |                   |
| Profit received on treasury call account                            |      | 7                     | 3                 |
| Finance cost paid   |      | (27)                  | (40)              |
| Income tax paid   |      | (154)                 | (91)              |
| Net cash (used in) / generated from<br>operating activities         |      | (112)                 | (84)              |
| <b>Cash flows from financing activities</b>                         |      |                       |                   |
| Short-term loan   |      | -                     | -                 |
| Dividend paid   |      | -                     | -                 |
| <b>Net cash generated from / (used in)<br/>financing activities</b> |      | -                     | -                 |
| Net decrease cash and cash<br>equivalents                           |      | (112)                 | (84)              |
| Cash and cash equivalents at the<br>beginning of the period         |      | 1,387                 | 1,400             |
| Cash and cash equivalents at the<br>end of the period               |      | 1,275                 | 1,316             |

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

## Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 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 and factory is situated at Mauza Beerot Tehsil Hub, District Lasbella.

### 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, 2019.

### 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, 2019.

### 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 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 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".

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

The matter was fixed for hearing on May 8, 2019, the learned counsel of the Government of Sindh submitted a proposal to withdraw the pending appeals and surrender the Indemnity Bond/Guarantee(s) but will not refund the amount paid to the Government on account of vend fee, permit fee and excise duty in this regard. Board of Directors in their meeting held on June 14, 2019 accorded its approval for acceptance of the above proposal. The matter was lastly fixed for hearing on September 18, 2019 in which the question of applicability of subject law in future was raised by the advocate General of Sindh. The matter was adjourned as date in office to seek complete instructions from the Sindh Government and to submit comprehensive proposal in this regard.

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

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

#### 5.3 Guarantees given by the bank in this respect as on September 30, 2019 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (2018: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.



(Unaudited)  
 Sept. 30, 2019      Sept. 30, 2018  
 (Rupees in thousands)

**6. Working capital changes**

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Increase in current assets          |                   |                   |
| Advances and short-term prepayments | (30)              | (15)              |
| Increase in current liabilities     |                   |                   |
| Trade and other payables            | <u>272</u>        | <u>265</u>        |
|                                     | <u><u>242</u></u> | <u><u>250</u></u> |

**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                            |                   |
|-----------------------------|---------------------------------|---------------|-------------------------------------|-------------------|------------------------------------|-------------------|
|                             |                                 |               | (Unaudited)                         |                   |                                    |                   |
|                             |                                 |               | Quarters ended<br>Sept. 30,<br>2019 | Sept. 30,<br>2018 | Quarter ended<br>Sept. 30,<br>2019 | Sept. 30,<br>2018 |
| Bank AL Habib Limited       | Profit on treasury call account | Related party | 7                                   | 3                 | -                                  | -                 |
| Habib Insurance Co. Limited | Insurance premium               | Related party | -                                   | -                 | 3                                  | 3                 |
| Directors                   | Directors' meeting fee          | Director      | -                                   | -                 | 3                                  | 3                 |
|                             |                                 |               | <u>7</u>                            | <u>3</u>          | <u>6</u>                           | <u>6</u>          |

Following balances are outstanding at end of period.

| Parties                            | Nature          | Relationship  | Amount payable             |                           |
|------------------------------------|-----------------|---------------|----------------------------|---------------------------|
|                                    |                 |               | As at<br>Sept. 30,<br>2019 | As at<br>June 30,<br>2019 |
|                                    |                 |               | (Rupees in thousands)      |                           |
| Karachi Mercantile Co. (Pvt.) Ltd. | Short-term loan | Related party | 12,500                     | 12,500                    |
|                                    |                 |               | <u>12,500</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 October 29, 2019 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 پائیکل بورڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2019ء کو ختم ہونے والے پہلے سہ ماہی مدت کے کھٹی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

اس زیر جائزہ مدت کے دوران کمپنی کی آمدنی مبلغ 0.882 (0.483: 2018) ملین روپے اور ٹیکس کے بعد خسارے کی رقم 0.422 (0.294: 2018) خسارہ) ملین روپے رہا۔ جس کے نتیجے میں فی شیئر خسارہ 0.070 (0.049: 2018) 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 اس کی وجوہات کی وضاحت غیر آڈٹ شدہ عبوری مالیاتی حسابات کے نوٹ نمبر 7 میں کردی گئی ہے۔

یوریا فارمل ڈی ہائیڈرو ڈیون کے مینیجنگ ڈائریکٹر آپریشن صنعت کی خراب حالت اور حکومت سندھ کی جانب سے لگائی گئی ایکسائز ڈیوٹی وینڈ اور پرمٹ فیس کے باعث بند ہے۔ محترم ہائی کورٹ آف سندھ نے مورخہ 26 مارچ 2003ء اور 20 اگست 2004ء کو ان کیسز کا فیصلہ کمپنی کے حق میں کر دیا اور طے یہ کیا کہ میتھیا نول سندھ آب کاری ایکٹ 1878ء کے زمرے میں نہیں آتا ہے لہذا مزکورہ بالا ایکسائز ڈیوٹی وینڈ فیس اور پرمٹ فیس میتھیا نول کی ترسیل پر نہیں لگائی جاسکتی۔

عزت مآب ہائی کورٹ 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 معاملے کی سنوائی 8 مئی 2019ء کو مقرر ہوئی۔ حکومت سندھ کے نامزد کردہ وکیل نے یہ تجویز پیش کی کہ حکومت سندھ یہ اپیل واپس لے لے گی اور معاوضہ ہانڈ اور گارنٹی (ٹیز) سے دستبردار ہو جائے گی لیکن جو رقم وینڈ فیس اور پرمٹ فیس اور ایکسائز ڈیوٹی کی مد میں حکومت کو ادا کر دی گئی وہ واپس نہیں کی جائے گی۔ بورڈ آف ڈائریکٹرز نے اس تجویز کی منظوری اپنے 14 جون 2019ء کے اجلاس میں دے دی۔ اس معاملے کی کارروائی 18 ستمبر، 2019ء کو دوبارہ مقرر کی گئی جس میں ایڈووکیٹ جنرل آف سندھ نے یہ سوال اٹھا یا کہ اس قانون کا مستقبل میں کیا لائحہ عمل ہوگا اور کارروائی ملتوی ہوگی کہ حکومت سندھ سے مکمل طور پر ہدایات لی جائیں اور ایک جامع تجویز پیش کی جائے۔

بورڈ آف ڈائریکٹرز نے یہ نتیجہ اخذ کیا کہ مستقبل کی کارروائی کا فیصلہ مزکورہ بالا زیر التوا کیسز کا کمپنی کے حق میں فیصلہ آنے کے بعد کیا جائے گا اور اس کے ساتھ ساتھ یوریا فارمل ڈی ہائیڈرو ڈیون کی صنعت کی اقتصادی حالت کے تناظر میں مستقبل کی نفع بخشی کو بھی مد نظر رکھا جائے گا۔

13 اکتوبر 2019ء کو سیکورٹی ایچ جی کمیشن آف پاکستان کے کمپنی لاء ڈیویژن نے کمپنیز آرڈیننس 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 کمپنی کے تھیل ہونے کی پیشین گوئی پیش کرے کمپنی نے اس فیصلے کو نہ مانتے ہوئے SECP ایپیلیٹ بیج میں اس فیصلے کے خلاف اپیل داخل کی ہے۔

از طرف بورڈ آف ڈائریکٹرز



اکتار زمان خان  
ڈائریکٹر



علی نیاز اختر  
چیف ایگزیکٹو

کراچی 29 اکتوبر 2019ء