Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter ended September 30, 2016 (Unaudited)

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors of Balochistan Particle Board Limited, I present the unaudited condensed interim financial statements of the Company for the first quarter ended September 30, 2016.

During the period under review, Company earned income of Rs. 0.42 (2015: Rs. 0.48) million and after tax loss amounted to Rs. 0.03 (2015: Profit of Rs. 0.04) million resulting in loss per share of Re. 0.01 (2015: earnings per share of Re. 0.01), 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 Govt. of Sindh filed an appeal before the Honourable Supreme Court of Pakistan in respect of arbitrary demand of Rs.57.4 million for vend fee and permit fee and Rs.14.1 million for excise duty alongwith interest at rates applicable on khas deposit certificates decided in favour of the Company by the Honourable High Court of Sindh which is pending adjudication.

Lastly, the petitions were fixed for hearing on February 3, 2016 and the matter was heard at considerable length involving numerous aspects arising therefrom and an interim order was passed by the apex court, details of which are reproduced below.

Quote "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 which (report) must be placed before the learned senior Judge in chambers for fixation of the matter after the receipt thereof. This case must be treated as a part heard matter". *Unquote*

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



Ali Niaz Akhtar
Director

Karachi: October 28, 2016

Condensed Interim Balance Sheet
as at September 30, 2016
(Unaudited)

	Note	(Unaudited) Sept. 30, 2016	(Audited) June 30, 2016
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,403	2,447
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Advances and short-term prepayments		252	210
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		5,967	5,961
		9,796	9,748
Total Assets		12,324	12,320
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		(36,497)	(36,466)
		(6,497)	(6,466)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		439	401
Taxation - net		382	385
		821	786
Contingencies	5		
Total Equity and Liabilities		12,324	12,320

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

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director

Condensed Interim Profit and Loss Account for the quarter ended September 30, 2016 (Unaudited)

	Sept. 30, 2016	Sept. 30, 2015
	(Rupees in thousands)	
Revenue		
Storage income	350	415
Profit on treasury call account	65	67
	415	482
Factory and administrative expenses		
Salaries and allowances	36	36
Rates and taxes	19	19
Communication, printing and stationery	126	116
Directors' meeting fee	2	3
Depreciation	44	49
Legal and professional charges	38	38
Insurance	3	3
Auditors' remuneration	19	19
Fees, subscription and other expenses	118	100
	405	383
Profit before finance cost and tax	10	99
Finance cost	37	35
(Loss) / Profit before taxation	(27)	64
Taxation	4	20
(Loss) / Profit after taxation	(31)	44
(Loss) / Earnings per share - Basic and diluted (Re.)	(0.01)	0.01

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

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director

Condensed Interim Statement of Comprehensive Income for the quarter ended September 30, 2016 (Unaudited)

	Sept. 30, 2016	Sept. 30, 2015
	(Rupees in thousands)	
(Loss) / Profit after taxation	(31)	44
Other comprehensive income	–	–
Total comprehensive (loss) / income for the quarter	(31)	44

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

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director

Condensed Interim Statement of Changes in Equity
for the quarter ended September 30, 2016
(Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated Loss	Total
	(Rupees in thousands)		
Balance as on July 1, 2015	30,000	(36,698)	(6,698)
Total comprehensive income for the quarter ended September 30, 2015	–	44	44
Balance as on September 30, 2015	30,000	(36,654)	(6,654)
Balance as on July 1, 2016	30,000	(36,466)	(6,466)
Total comprehensive loss for the quarter ended September 30, 2016	–	(31)	(31)
Balance as on September 30, 2016	30,000	(36,497)	(6,497)

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

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director

Condensed Interim Cash Flow Statement for the quarter ended September 30, 2016 (Unaudited)

	Note	Sept. 30, 2016	Sept. 30, 2015
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	12	82
Profit received on treasury call account		65	67
Finance cost paid		(64)	(47)
Income tax paid		(7)	(6)
Net cash generated from operating activities		6	96
Cash flows from investing activities		–	–
Net increase in cash and cash equivalents		6	96
Cash and cash equivalents at the beginning of the period		5,961	5,642
Cash and cash equivalents at the end of the period		5,967	5,738

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

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director

Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2016 (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 the Company, continued to remain closed since 1997. 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 245 of the Companies Ordinance, 1984 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, 2016.

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, 2016.

4 Long-term financing

From affiliated company - 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 for vend fee & 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.

The Government of Sindh has however, filed an appeal before the Honourable Supreme Court of Pakistan which is pending final judgement / decision albeit having been heard at length on numerous dates. Lastly, the petitions were fixed for hearing on February 3, 2016, and the matter was heard at considerable length and resulted in the following order as duly reproduced hereinbelow:

"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 which (report) must be placed before the learned senior Judge in chambers for fixation of the matter after the receipt thereof. This case must be treated as a part heard matter".

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 2016: Rs.1.08) million had been paid under protest and shown as other receivable - excise duty refundable under current assets.

Guarantees given by the bank in this respect as on September 30, 2016 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (June 2016: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

	(Unaudited) Sept. 30, 2016	Sept. 30, 2015
	(Rupees in thousands)	
6. Cash generated from operations		
(Loss) / Profit before taxation	(27)	64
Adjustment for non-cash charges and other items :		
Depreciation	44	49
Profit on treasury call account	(65)	(67)
Finance cost	37	35
Working capital changes - Note 6.1	23	1
	39	18
	12	82
6.1 **Working capital changes**		
Increase in current assets		
Advances and short-term prepayments	(15)	(36)
Increase in current liabilities		
Trade and other payables	38	37
	23	1

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 Transction	Relationship	Sept. 30, 2016	Sept. 30, 2015
			(Rupees in thousands)	
Bank AL Habib Limited	Profit on treasury call account	Affiliated company	65	67
Bank AL Habib Limited	Bank charges	Affiliated company	1	1
Habib Insurance Co. Limtited	Insurance premium	Affiliated company	3	3
Directors	Meeting fee	Director	2	3

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 28, 2016 by the Board of Directors of the Company.

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 میں 30 ستمبر 2016ء کو ختم ہونے والی پہلی سہ ماہی کے کمپنی کے غیر آڈٹ شدہ درمیانی مدت کے مالیاتی حسابات پیش کر رہا ہوں۔

اس مدت کے دوران کمپنی نے مبلغ 0.42 (0.48-2015) ملین روپے کی آمدنی حاصل کی اور ٹیکس کے بعد خسارے کی رقم مبلغ 0.03 (منافع 0.04-2015) ملین روپے رہی جس کے نتیجے میں فی شیئر بنیادی خسارہ 0.01 روپیہ (بنیادی آمدنی فی شیئر 0.01 روپیہ-2015) رہی جیسا کہ منسلکہ درمیانی مدت کے مالیاتی حسابات میں دکھایا گیا ہے۔ یہ غیر آڈٹ شدہ درمیانی مدت کے مالیاتی حسابات چلتے ہوئے کاروبار کی بنیاد پر تیار کئے گئے ہیں اور اسکی وجوہات کی وضاحت مالیاتی حسابات کے نوٹ نمبر 7 میں کر دی گئی ہے۔

کمپنی کے پیداواری امور 1997ء سے مسلسل بند ہیں۔ حکومت سندھ نے ونڈ اور پرمٹ فیس کی مد میں 57.4 ملین روپے اور ایکسائز ڈیوٹی کی مد میں 14.1 ملین روپے بشمول سود جو کہ خاص ڈپازٹ سرٹیفکیٹ پر لاگو ہے کہ مطالبے کے بارے میں عزت مآب سپریم کورٹ آف پاکستان میں اپیل دائر کر رکھی ہے جو کہ زیر سماعت ہے جس کے بارے میں عزت مآب ہائی کورٹ سندھ نے کمپنی کے حق میں فیصلہ کر دیا تھا۔

بالآخر اس کی پیشی 3 فروری 2016ء کو مقرر کی گئی تھی اور اس کیس کے متعلق تمام تر امور پر غور کرتے ہوئے دلائل پیش کئے گئے جس کے بعد عدالت نے ایک عبوری حکم جاری کیا جس کا متن درج ذیل ہے۔

اقتباس "پیشی کے دوران ایک نقطہ اہمیت کا حامل رہا کہ آیا میتھانول میں الکوحل/الکوحل کے اجزاء شامل ہیں اور کیا یہ پروڈکٹ ڈی نیچرنٹ/ڈی نیچرڈ ہے یا نہیں۔ لہٰذا اس سلسلے میں ماہرین کی رائے درکار تھی۔ ہم نے ڈپارٹمنٹ آف پاکستان کونسل آف سائنٹفک اینڈ انڈسٹریل ریسرچ کراچی کے ڈائریکٹر جنرل/ڈپارٹمنٹ کے سربراہ کو ہدایت کی کہ وہ اس سلسلے میں اپنی رپورٹ ایک ماہ کے اندر چیمبر میں محترم سینئر جج کے روبرو پیش کرے جو اس رپورٹ کے ملنے کے بعد سنوائی کا وقت مقرر کرے اور اس کیس اور رپورٹ کو سنا ہوا حصہ تصور کیا جائے "غیر اقتباس۔

بورڈ آف ڈائریکٹرز نے یہ نتیجہ اخذ کیا کہ مستقبل کی کارروائی کا فیصلہ مذکورہ بالا زیر التواء کیسز کے بعد کیا جائے گا۔

بورڈ آف ڈائریکٹران کی جانب سے

علی نیاز اختر
ڈائریکٹر

کراچی 28، اکتوبر 2016ء