Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter ended September 30, 2017 (Unaudited)

Company Information

Board of Directors	Murtaza H. Habib	*Chairman*
	Muslim R. Habib	*Chief Executive*
	Tanzeel Abdul Sattar	
	Ali A. Rahim	
	Ali Niaz Akhtar	
	Ali Akber	
	Mehboob Ali Lilani	
Audit Committee	Ali A. Rahim	*Chairman*
	Murtaza H. Habib	*Member*
	Mehboob Ali Lilani	*Member*
Human Resource & Remuneration Committee	Ali Niaz Akhtar	*Chairman*
	Muslim R. Habib	*Member*
	Mehboob Ali Lilani	*Member*
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 www : bpbl.net	
Factory	Hub Chowki Phone : (+92-0853) 363362	
Bankers	Bank AL Habib Limited Habib Bank Limited	
Auditors	Tanzeem & 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 : 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 first quarter ended September 30, 2017.

During the period under review, Company earned income of Rs. 0.475 (2016: Rs. 0.415) million and after tax profit amounted to Rs. 0.008 (2016: Loss of Rs. 0.031) million resulting in earnings per share of Re. 0.001 (2016: Loss per share of Re.0.005), 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.

The Government of Sindh filed civil petitions before the Honourable Supreme Court of Pakistan against the decisions of the Honourable High Court of Sindh, the hearing of petitions was concluded on March 16, 2006 and the judgement was reserved but not pronounced. Thereafter, both petitions were heard on numerous date. Lastly, the petitions were fixed and heard at length on March 29th, 30th and 31st, 2017. The position in this regard has been fully explained in Note No.5 of the unaudited condensed interim financial statements.

The Board of Directors considered the prevailing adverse conditions of urea formaldehyde industry and concluded that future course of action will be decided upon finality of the above pending cases and also the economic viability of urea formaldehyde operations.

On behalf of the Board of Directors

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Karachi: October 26, 2017

Condensed Statement of Financial Position as at September 30, 2017 (Unaudited)

	Note	(Unaudited) Sept. 30, 2017	(Audited) June 30, 2017
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,230	2,270
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Advances and short-term prepayments		316	210
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		6,356	6,359
		10,249	10,146
Total Assets		12,604	12,541
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		(36,330)	(36,338)
		(6,330)	(6,338)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		202	144
Uncliamed dividend		320	320
Taxation - net		412	415
		934	879
Contingencies	5		
Total Equity and Liabilities		12,604	12,541

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Profit and Loss Account for the quarter ended September 30, 2017 (Unaudited)

	Sept. 30, 2017	Sept. 30, 2016
	(Rupees in thousands)	
Revenue		
Storage income	405	350
Profit on treasury call account	70	65
	475	415
Factory and administrative expenses		
Salaries and allowances	42	36
Rates and taxes	24	19
Communication, printing and stationery	108	126
Directors' meeting fee	3	2
Depreciation	40	44
Legal and professional charges	38	38
Insurance	3	3
Auditors' remuneration	20	19
Fees, subscription and other expenses	147	118
	425	405
Profit before finance cost and tax	50	10
Finance cost	38	37
Profit / (Loss) before taxation	12	(27)
Taxation	4	4
Profit / (Loss) after taxation	8	(31)
Earnings / (Loss) per share - Basic and diluted (Re.)	0.001	(0.005)

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Statement of Comprehensive Income for the quarter ended September 30, 2017 (Unaudited)

	Sept. 30, 2017	Sept. 30, 2016
	(Rupees in thousands)	
Profit / (Loss) after taxation	8	(31)
Other comprehensive income	–	–
Total comprehensive income / (loss) for the quarter	8	(31)

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Statement of Changes in Equity
for the quarter ended September 30, 2017
(Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated Loss	Total
	(Rupees in thousands)		
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)
Balance as on July 1, 2017	30,000	(36,338)	(6,338)
Total comprehensive income for the quarter ended September 30, 2017	–	8	8
Balance as on September 30, 2017	30,000	(36,330)	(6,330)

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Cash Flow Statement for the quarter ended September 30, 2017 (Unaudited)

	Note	Sept. 30, 2017	Sept. 30, 2016
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	18	12
Profit received on treasury call account		70	65
Finance cost paid		(84)	(64)
Income tax paid		(7)	(7)
Net cash (used in) generated from operating activities		(3)	6
Cash flows from investing activities		–	–
Net (decrease) / increase in cash and cash equivalents		(3)	6
Cash and cash equivalents at the beginning of the period		6,359	5,961
Cash and cash equivalents at the end of the period		6,356	5,967

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2017 (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 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, 2017.

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, 2017.

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 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 2017: 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, 2017 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (June 2017: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

	(Unaudited) Sept. 30, 2017	Sept. 30, 2016
	(Rupees in thousands)	
6. Cash generated from operations		
Profit/ (Loss) before taxation	12	(27)
Adjustment for non-cash charges and other items :		
Depreciation	40	44
Profit on treasury call account	(70)	(65)
Finance cost	38	37
Working capital changes - Note 6.1	(2)	23
	6	39
	18	12
6.1 **Working capital changes**		
Increase in current assets		
Advances and short-term prepayments	(60)	(15)
Increase in current liabilities		
Trade and other payables	58	38
	(2)	23

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

8.1 Material transactions with related parties are given below:

Parties	Nature of Transction	Relationship	Sept. 30, 2017	Sept. 30, 2016
			(Rupees in thousands)	
Bank AL Habib Limited	Profit on treasury call account	Affiliated company	70	65
Bank AL Habib Limited	Bank charges	Affiliated company	–	1
Habib Insurance Co. Limtited	Insurance premium	Affiliated company	3	3
Directors	Directors' meeting fee	Director	2	2

8.2 Following balance is outstanding at the end of the period.

Parties	Nature of Transction	Relationship	Amount Payable: As at Sept. 30, 2017	As at June. 30, 2017
			(Rupees in thousands)	
Karachi Mercantile Co. (Pvt) Ltd.	Long-term loan	Affiliated company	18,000	18,000
			18,000	18,000

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 26, 2017 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

ڈائریکٹرز کی رپورٹ

محترم ممبران۔السلام علیکم!

بلوچستان پارٹیکل بورڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2017ء کو ختم ہونے والی پہلی سہ ماہی کے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

اس زیرِ جائزہ مدت کے دوران کمپنی کی آمدنی مبلغ 0.475 (2016: 0.415) ملین روپے اور ٹیکس کے بعد منافع کی رقم مبلغ 0.008 روپیہ (خسارہ 2016: 0.031) ملین روپے رہا جس کے نتیجے میں فی شیئر بنیادی منافع 0.001 (بنیادی خسارہ 2016: 0.005) روپیہ رہا جیسا کہ منسلکہ 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 کر دی گئی ہے۔

یوریا فارمل ڈی ہائیڈ ڈویژن کے مینوفیکچرنگ آپریشن صنعت کی خراب حالت اور حکومتِ 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 میتھانول سندھ آبکاری ایکٹ 1878ء کے زمرے میں نہیں آتا ہے لہٰذا مذکورہ بالا ایکسائز ڈیوٹی وینڈ فیس اور پرمٹ فیس میتھانول کی ترسیل پر نہیں لگائی جا سکتی۔

حکومت سندھ نے عزت مآب سپریم کورٹ آف پاکستان میں ایک سول عرضداشت محترم ہائی کورٹ آف سندھ کے فیصلے کے خلاف داخل کی جس کی پیشی مورخہ 16-03-2006 کو ہوئی اور فیصلہ کو محفوظ رکھا گیا تھا لیکن اعلان نہیں کیا گیا جس کے بعد مذکورہ بالا عرضداشت کی متعدد تاریخوں میں سنوائی ہوئی۔ بالآخر اس کی پیشی مارچ 29, 30, 31 2017ء کو مقرر کی گئی تھی اور اس کیس کو تفصیل سے سنا گیا۔ اس صورتِ حال کو تفصیلی طور پر غیر آڈٹ شدہ عبوری مالیاتی حسابات کے نوٹ نمبر 5 میں بیان کیا گیا ہے۔

بورڈ آف ڈائریکٹرز نے یوریا فارمل ڈی ہائیڈ انڈسٹری کی خراب حالت کا جائزہ لیا اور یہ نتیجہ اخذ کیا کہ مستقبل کا لائحہ عمل مذکورہ بالا کیسز کے فیصلہ آنے کے بعد کیا جائے گا اور اس کے ساتھ ساتھ یوریا فارمل ڈی ہائیڈ آپریشن کی اقتصادی حالت کا بھی جائزہ لیا جائے گا۔

ازطرف، بورڈ آف ڈائریکٹرز

مرتضیٰ ایچ حبیب
چیئرمین

مسلم آر حبیب
چیف ایگزیکٹو

کراچی 26 اکتوبر 2017ء