



**Balochistan Particle Board
Limited**

**Report and Condensed Interim
Financial Statements
for the Half Year ended
December 31, 2017
(Unaudited)**

Company Information

Board of Directors	Ali A. Rahim*	<i>Chairman</i>
	Murtaza H. Habib	<i>(Resigned on December 23, 2017)</i>
	Muslim R. Habib	<i>Chief Executive</i>
	Tanzeel Abdul Sattar	
	Ali Niaz Akhtar	
	Ali Akber	
	Mehboob Ali Lilani	
	Syed Shabbar Hasan	<i>(Co-opted on January 9, 2018)</i>
	* Appointed as Chairman on February 21, 2018	

Audit Committee	Ali Akber**	<i>Chairman</i>
	Ali A. Rahim	<i>Member</i>
	Mehboob Ali Lilani	<i>Member</i>
	** Appointed as Chairman on February 19, 2018	

Human Resource & Remuneration Committee	Ali Niaz Akhtar	<i>Chairman</i>
	Muslim R. Habib	<i>Member</i>
	Mehboob Ali Lilani	<i>Member</i>

Company Secretary	Amir Bashir Ahmed
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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 half year ended December 31, 2017.

During the period under review, Company earned after tax profit of Rs. 0.155 (2016: Rs. 0.086) million resulting in earnings per share of Re. 0.026 (2016: Rs. 0.014) 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 unaudited condensed interim financial statements.

The manufacturing operations of the Company continued to remain closed since 1997. The Excise & 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 in respect of vend and permit fee and Rs.14.1 million in respect of 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 Akbari Act, 1878 and as such excise duty, vend and permit fee cannot be levied. Against the decisions 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 lastly 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.

Auditors' Reservation on Going Concern

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 company maintains that the company's business activities are continued and comprises of providing storage facilities and letting out part of its premises to third parties for purposes of conduct of their commercial operations and continued financing arranged as loan to the company by sponsor directors through affiliated company. In view of the foregoing, unaudited condensed interim financial statements have been prepared on going concern basis.

On behalf of the Board of Directors



Muslim R. Habib
Chief Executive



Ali Niaz Akhtar
Director

Karachi: February 21, 2018

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Balochistan Particle Board Limited as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information 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 Qualified Conclusion

The interim financial information have been prepared on going concern basis as the Company's present business operations comprise of providing storage facilities and letting out part of its premises to third parties for purposes of conduct of their commercial operations and keeping in view the continued financing arranged as loan to the Company by sponsor directors through affiliated Company. The Board has, however, not yet envisaged any business plan to recommence its manufacturing operations. The Board of Directors deliberated over the prevailing adverse conditions and concluded that future course of action will be decided upon the disposal of the pending court cases. During the period under review Securities and Exchange Commission of Pakistan issued show cause notice under clause (b) of Section 309 read with clause (c) of section 305 of the Companies Ordinance, 1984 for winding up of the company, the company responded the said notice. The details whereof are fully disclosed in Note 7 to the interim financial information.

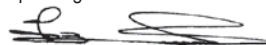
In view of the prevailing conditions there is significant doubt about the Company's ability to continue as a going concern. Consequently, adjustments may be required to the recorded asset amounts and classification of liabilities.

Qualified Conclusion

Based on our review, except of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

We draw attention to Note 5 to the condensed interim financial statements which describes material uncertainties with respect to pending court cases.



Tanzeem & Company
Chartered Accountants
Audit Engagement Partner
Tanzeem Zaidi

Karachi: February 21, 2018

**Condensed Interim Balance Sheet
as at December 31, 2017
(Unaudited)**

(Unaudited) (Audited)
December 31, June 30,
2017 2017
Note (Rupees in thousands)

Assets

Non-Current Assets

Fixed assets		
Property, plant and equipment	2,190	2,270
Long-term deposits	125	125

Current Assets

Stores and spare parts	2,501	2,501
Advances and Short-term prepayments	278	210
Other receivables		
- excise duty refundable	1,076	1,076
Cash and bank balances	6,496	6,359
	10,351	10,146

Total Assets	12,666	12,541
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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	(36,183)	(36,338)

	(6,183)	(6,338)
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Non-Current Liabilities

Long-term financing - Unsecured	4	18,000	18,000
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Current Liabilities

Trade and other payables	382	464
Taxation - net	467	415
	849	879

Contingencies

5

Total Equity and Liabilities	12,666	12,541
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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

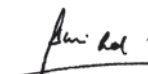

Ali Niaz Akhtar
Director

Condensed Interim Profit and Loss Account for the half year ended December 31, 2017 (Unaudited)

	Half year ended		Quarter ended	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousands)			
Revenue				
Storage income	855	720	450	370
Profit on treasury call account	140	131	70	66
	<u>995</u>	<u>851</u>	<u>520</u>	<u>436</u>
Factory and administrative expenses				
Salaries and allowances	84	74	42	38
Rates and taxes	44	38	20	19
Communication, printing and stationery	188	178	80	52
Directors' fee	5	4	2	2
Depreciation	80	89	40	45
Legal and professional charges	75	76	37	38
Insurance	6	6	3	3
Auditors' remuneration	41	43	21	24
Fees, subscription and other expenses	182	151	35	33
	<u>705</u>	<u>659</u>	<u>280</u>	<u>254</u>
Profit before finance cost and tax	290	192	240	182
Finance cost	69	66	31	29
Profit before taxation	<u>221</u>	<u>126</u>	<u>209</u>	<u>153</u>
Taxation	66	40	62	36
Profit after taxation	<u>155</u>	<u>86</u>	<u>147</u>	<u>117</u>
Earnings per share-Basic and diluted (Re.)	<u>0.026</u>	<u>0.014</u>	<u>0.025</u>	<u>0.020</u>

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

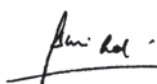

Ali Niaz Akhtar
Director

**Condensed Interim Statement of
Comprehensive Income for the half year
ended December 31, 2017 (Unaudited)**

	Half year ended		Quarter ended	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousands)			
Profit after taxation	155	86	147	117
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>155</u>	<u>86</u>	<u>147</u>	<u>117</u>

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 half year ended December 31, 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 income for the half year ended December 31, 2016	–	86	86
Balance as on December 31, 2016	<u>30,000</u>	<u>(36,380)</u>	<u>(6,380)</u>
Balance as on July 1, 2017	30,000	(36,338)	(6,338)
Total comprehensive income for the half year ended December 31, 2017	–	155	155
Balance as on December 31, 2017	<u>30,000</u>	<u>(36,183)</u>	<u>(6,183)</u>

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 Cash Flow Statement for
the half year ended December 31, 2017
(Unaudited)**

Dec. 31, Dec. 31,
2017 2016
Note (Rupees in thousands)

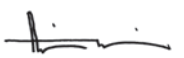
Cash flows from operating activities

Cash generated from operations	6	109	126
Profit received on treasury call account		140	131
Finance cost paid		(97)	(66)
Income tax paid		(14)	(13)
Net cash generated from operating activities		138	178

Cash flows from financing activities

Dividend paid	(1)	—
Net cash used in financing activities	(1)	—
Net increase in cash and cash equivalents	137	178
Cash and cash equivalents at the beginning of the period	6,359	5,961
Cash and cash equivalents at the end of the period	6,496	6,139

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 half year ended December 31, 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 subject to limited scope review by the auditors. These financial statements 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Ordinance, shall prevail.

The Companies Act, 2017 was enacted on May 31, 2017. The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 4, 2017 and Institute of Chartered Accountants of Pakistan (ICAP) vide its circular No. 17 of 2017 have given relaxation for the preparation of financial statements and clarified that the Interim Financial Statements of the Companies for the period ending on or before December 31, 2017, shall be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 has added certain disclosure requirements which will be applicable in future.

These condensed interim financial statements do not include all the information and disclosure 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 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 Excise & 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 in respect of vend and permit fee and Rs.14.1 million in respect of 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 by the Company & filed petitions before the Honourable High Court of Sindh.

In June 2001, the High Court of Sindh decided the cases in favour of the Company. However, against the judgement the Department filed an appeal before the Supreme Court of Pakistan against the above judgement. The Supreme Court of Pakistan suspended the decision of the High Court and reverted the case back to the High Court for fresh hearing. The High Court of Sindh again decided the cases 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.

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, 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 December 31, 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)
Dec. 31, Dec. 31,
2017 2016
(Rupees in thousands)

6. Cash generated from operations

Profit before taxation	221	126
Adjustment for non-cash charges and other items :		
Depreciation	80	89
Profit on treasury call account	(140)	(131)
Finance cost	69	66
Working capital changes - Note 6.1	(121)	(24)
	(112)	-
	109	126

(Unaudited)
Dec. 31, Dec. 31,
2017 2016
(Rupees in thousands)

6.1 Working capital changes

(Increase) in current assets		
Advances and Short-term prepayments	(40)	(8)
(Decrease) in current liabilities		
Trade and other payables	(81)	(16)
	<u>(121)</u>	<u>(24)</u>

7 Going concern

7.1 These financial statements have been prepared on going concern basis as the Company's business activities 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.

7.2 During January 2018, the Company received a Show Cause Notice from SECP under the Clause (b) of Section 309 read with Clause (c) of Section 305 of the Companies Ordinance, 1984 fixing the hearing on January 24, 2018.

The hearing was attended by the director of the Company and after detailed deliberation it was decided by the SECP that due to the pending litigations of the Company the matter would again be reviewed after six months.

8. Transactions with related parties

Material transactions with related parties are given below :

(Unaudited)
Half year ended Quarter ended
Dec. 31, Dec. 31, Dec. 31, Dec. 31,
2017 2016 2017 2016
(Rupees in thousands)

Parties	Nature of Transaction	Relationship				
Bank AL Habib Limited	Profit on treasury call account	Related Party	140	131	70	66
Bank AL Habib Limited	Bank charges	Related Party	-	1	-	-
Habib Insurance Co. Limited	Insurance premium	Related Party	6	6	3	3
Directors	Directors' meeting fee	Director	5	4	2	2

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 21, 2018 by the Board of Directors of the Company.


Amir Bashir Ahmed
Chief Financial Officer


Muslim R. Habib
Chief Executive


Ali Niaz Akhtar
Director

ڈائریکٹرز رپورٹ

محترم ممبران! السلام علیکم!

بلوچستان پارٹیکل بورڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2017ء کو ختم ہونے والی ششماہی مدت کے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہا ہوں۔

اس زیر جائزہ مدت کے دوران کمپنی کا ٹیکس کے بعد منافع کی رقم مبلغ 0.155 روپے (روپے 0.086: 2016) رہی جس کے نتیجے میں فی شیئر بنیادی منافع 0.026 (0.014: 2016) روپیہ رہا۔ جیسا کہ مسئلہ 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۔

کمپنی کے پیداواری امور 1997ء سے مسلسل بند ہیں۔ حکومت سندھ نے میتھانول پر جو کہ فارمل ڈی ہائیڈ بنانے میں 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 جب تک کی مد میں سندھ آبکاری ایکٹ 1878ء کے تحت لیکوئڑ سمجھتے ہوئے لاگو کر دی۔ کمپنی نے اس مطالبے کو نہ ماننے ہوئے عزت مآب ہائی کورٹ میں اپیل دائر کر دی۔

عزت مآب ہائی کورٹ سندھ نے کمپنی کے حق میں فیصلہ کر دیا اور طے یہ کیا کہ میتھانول سندھ آبکاری ایکٹ 1878ء کے زمرے میں نہیں آتا ہے لہذا ایکسائز ڈیوٹی وینڈ اور پرمٹ فیس میتھانول پر نہیں لگائی جاسکتی۔ عزت مآب ہائی کورٹ سندھ کے فیصلے کے خلاف حکومت سندھ نے ایک درخواست عزت مآب سپریم کورٹ آف پاکستان میں داخل کی جس کی کارروائی زیر التواء ہے۔ اس کیس کی پیشی بالآخر مارچ 29، 30 اور 31 مارچ 2017ء کو مقرر کی گئی تھی اور اس کیس کو تفصیل سے سنا گیا اور کیس کو آئندہ سماعت کے لئے ملتوی کر دیا گیا۔ بورڈ آف ڈائریکٹرز نے یہ نتیجہ اخذ کیا کہ مستقبل کی کارروائی کا فیصلہ مذکور بالا زیر التواء کیسز کے فیصلے کے بعد کیا جائے گا۔

کمپنی کے چلتے ہوئے کاروبار کے معاملے پر آڈیٹر کے تحفظات:

آڈیٹرز نے ممبران کو اپنی رپورٹ میں کمپنی کے چلتے ہوئے کاروبار کی صلاحیت سے متعلق تحفظات کا ظہار کیا اس سلسلے میں کمپنی نے یہ بتایا کہ وہ اپنے کاروبار کی عمل کو تیسری پارٹی کو اپنی جگہ اسٹوریج کیلئے اور اسکے کاروباری امور کیلئے کرائے پر دیتی ہے اور اسپانسر ڈائریکٹران مستقل طور پر ملحقہ کمپنیز کے ذریعے کمپنی کی مالی اعانت قرضے کے طور پر کرتے ہیں لہذا مذکور بالا متعلق کے پیش نظر مالیاتی حسابات چلتے ہوئے کاروبار کی بنیاد پر تیار کئے گئے ہیں۔

بورڈ آف ڈائریکٹران کی جانب سے

علی نیاز اختر
ڈائریکٹر

مسلم آر حسیب
چیف ایگزیکٹو

کراچی 21 فروری 2018ء