


# Balochistan Particle Board Limited

**Report and Condensed Interim Financial Statements for the Quarter ended September 30, 2013 (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, 2013.

During the period under review, Company earned income of Rs. 0.93 (2012: Rs. 0.81) million and profit after tax amounted to Rs. 0.41 (2012: Rs. 0.31) million resulting in earnings per share of Re. 0.07 (2012: Re.0.05), 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 Urea Formaldehyde Division continued to remain closed on account of prevailing adverse conditions and pending legal cases in respect of arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh. The arbitray demand raised by the Government of Sindh had been challenged and was decided by the Honourable High Court of Sindh in favour of the Company. The Government of Sindh has however, filed an appeal before the Honourable Supreme Court of Pakistan which is pending for final judgement / decision albeit having been heard at length on numerous dates.

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 the urea formaldehyde operations.

On behalf of the Board of Directors



**Muslim R. Habib**
Chairman & Chief Executive

Karachi: October 29, 2013

# Condensed Interim Balance Sheet as at September 30, 2013 (Unaudited)

| | Note | (Unaudited) Sept. 30, 2013 | (Audited) June 30, 2013 |
|---|---|---|---|
| | | (Rupees in thousands) | |
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Fixed assets | | | |
| Property, plant and equipment | | 3,044 | 3,105 |
| Long-term deposits | | 125 | 125 |
| **Current Assets** | | | |
| Stores and spare parts | | 3,058 | 3,058 |
| Short-term prepayments | | 12 | 10 |
| Other receivables | | | |
| - excise duty refundable | | 1,076 | 1,076 |
| Taxation - net | | 183 | 195 |
| Cash and bank balances | | 4,391 | 3,805 |
| | | 8,720 | 8,144 |
| **Total Assets** | | 11,889 | 11,374 |
| **Equity and Liabilities** | | | |
| **Share Capital** | | | |
| Authorised | | | |
| 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 | | (37,014) | (37,421) |
| | | (7,014) | (7,421) |
| **Non-Current Liabilities** | | | |
| Long-term financing | 4 | 18,000 | 18,000 |
| **Current Liabilities** | | | |
| Trade and other payables | | 903 | 795 |
| **Contingencies** | 5 | | |
| **Total Equity and Liabilities** | | 11,889 | 11,374 |

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

**Muslim R. Habib**
*Chairman & Chief Executive*

**Ali Niaz Akhtar**
*Director*

# Condensed Interim Profit and Loss Account for the quarter ended September 30, 2013 (Unaudited)

| | Sept. 30, 2013 | Sept. 30, 2012 |
|---|---|---|
| | (Rupees in thousands) | |
| **Revenue** | | |
| Rental income | 878 | 799 |
| Profit on treasury call account | 56 | 14 |
| | 934 | 813 |
| **Expenditures** | | |
| Salaries and allowances | 21 | 21 |
| Rates and taxes | 19 | 19 |
| Communication, printing and stationery | 97 | 85 |
| Directors' fee | 3 | 2 |
| Depreciation | 61 | 67 |
| Legal and professional charges | 34 | 119 |
| Insurance | 3 | 4 |
| Auditors' remuneration | 21 | 14 |
| Fees and subscription | 84 | 84 |
| Finance cost | 34 | 36 |
| | 377 | 451 |
| **Profit before taxation** | 557 | 362 |
| Taxation | 150 | 50 |
| **Profit after taxation** | 407 | 312 |
| **Earnings per share - Basic and diluted (Re.)** | 0.07 | 0.05 |

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

**Muslim R. Habib**
*Chairman & Chief Executive*

**Ali Niaz Akhtar**
*Director*

# Condensed Interim Statement of Comprehensive Income for the quarter ended September 30, 2013 (Unaudited)

| | Sept. 30, 2013 | Sept. 30, 2012 |
|---|---|---|
| | (Rupees in thousands) | |
| Profit after taxation | 407 | 312 |
| Other comprehensive income | - | - |
| Total comprehensive income for the quarter ended September 30, | 407 | 312 |

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

**Muslim R. Habib**
*Chairman & Chief Executive*

**Ali Niaz Akhtar**
*Director*

# Condensed Interim Statement of Changes in Equity for the quarter ended September 30, 2013 (Unaudited)

| | Issued subscribed and paid-up Capital | Accumulated Loss | Total |
|---|---|---|---|
| | | (Rupees in thousands) | |
| Balance as on July 1, 2012 | 30,000 | (39,346) | (9,346) |
| Total comprehensive income for the quarter ended September 30, 2012 | - | 312 | 312 |
| Balance as on September 30, 2012 | 30,000 | (39,034) | (9,034) |
| Balance as on July 1, 2013 | 30,000 | (37,421) | (7,421) |
| Total comprehensive income for the quarter ended September 30, 2013 | - | 407 | 407 |
| Balance as on September 30, 2013 | 30,000 | (37,014) | (7,104) |

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

**Muslim R. Habib**
*Chairman & Chief Executive*

**Ali Niaz Akhtar**
*Director*

# Condensed Interim Cash Flow Statement for the quarter ended September 30, 2013 (Unaudited)

| | Note | Sept. 30, 2013 | Sept. 30, 2012 |
|---|---|---|---|
| | | (Rupees in thousands) | |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 6 | 704 | 369 |
| Profit received on treasury call account | | 56 | 14 |
| Finance cost paid | | (36) | (49) |
| Income tax paid | | (138) | (54) |
| Net cash generated from operating activities | | 586 | 280 |
| **Cash flows from investing activities** | | | |
| Net cash generated from / (used in ) investing activities | | - | - |
| **Cash flows from financing activities** | | | |
| Net cash generated from / (used in) financing activities | | - | - |
| Net increase in cash and cash equivalents | | 586 | 280 |
| Cash and cash equivalents at the beginning of the period | | 3,805 | 1,573 |
| Cash and cash equivalents at the end of the period | | 4,391 | 1,853 |

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

**Muslim R. Habib**
*Chairman & Chief Executive*

**Ali Niaz Akhtar**
*Director*

**Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2013 (Unaudited)**

**1. The Company and its operations**

Balochistan Particle Board Limited is a public limited Company incorporated in Pakistan, with shares quoted on the Karachi and Lahore Stock Exchanges. 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 the conduct of 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, 2013.

**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, 2013.

**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, 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 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 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 Excise and Taxation Department, Government of Sindh has 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 and adjourned to date in office.

Excise Duty amounting to Rs.1,076 (June 2013: Rs.1,076) thousand had been paid under protest and shown as refundable under current assets.

Guarantees given by the bank in this respect as on September 30, 2013 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 million (June 2013: Rs. 6.3 million) are secured against equitable mortgage of land and buildings of the Company.

| | Sept. 30, 2013 | Sept. 30, 2012 |
|---|---|---|
| | (Rupees in thousands) (Unaudited) | |

**6. Cash generated from operations**

| | | |
|---|---|---|
| Profit before taxation | 557 | 362 |
| Adjustment for non-cash charges and other items : | | |
| Depreciation | 61 | 67 |
| Profit on treasury call account | (56) | (14) |
| Finance cost | 34 | 36 |
| Working capital changes - Note 6.1 | 108 | (82) |
| | 147 | 7 |
| | 704 | 369 |

| | Sept. 30, 2013 | Sept. 30, 2012 |
|---|---|---|
| | (Rupees in thousands) (Unaudited) | |
| **6.1 Working capital changes** | | |
| (Increase) / decrease in current assets | | |
| Loans and advances | - | (100) |
| Short-term prepayments | - | (10) |
| | - | (110) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 108 | 28 |
| | 108 | (82) |

**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. The Company is ensuring maintenance and upkeep of urea formaldehyde plant and machinery to recommence operations if considered economically viable.

**8. Transactions with related parties / associated undertakings**

Transactions with related parties / associated undertakings are given below:

| | Sept. 30, 2013 | Sept. 30, 2012 |
|---|---|---|
| | (Rupees in thousands) (Unaudited) | |
| Rental Income - | 878 | 799 |
| Profit on treasury call account | 56 | 14 |
| Insurance | 3 | 4 |
| Bank charges | - | 1 |

**8.1 Corresponding Figures**

Comparative figures have been reclassified for the purpose of better presentation. Significant changes made during the period are as follows:

| Reclassification from component | | Reclassification to component | |
|---|---|---|---|
| Tax refund due from government | 184 | Taxation - net | 195 |
| Income tax less provision | 11 | | |
| | 195 | | |

**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 29,2013 by the Board of Directors of the Company.

**Muslim R. Habib**
*Chairman & Chief Executive*

**Ali Niaz Akhtar**
*Director*