Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter ended September 30, 2014 (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, 2014.

During the period under review, Company earned income of Rs. 1.08 (2013: Rs. 0.93) million and profit after tax amounted to Rs. 0.42 (2013: Rs. 0.41) million resulting in earnings per share of Re. 0.07 (2013: Re. 0.07), 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.

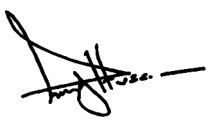
The manufacturing operations of Urea Formaldehyde Division continued to remain closed on account of prevailing adverse conditions and pending legal cases in respect of arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh which had been challenged by the Company in the Honourable High Court of Sindh.

The cases before the Honourable High Court of Sindh against the demand of vend fee, permit fee and excise duty on transportation of methanol 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 on transportation of methanol cannot be levied.

The Government of Sindh against the judgement of the Honourable High Court of Sindh in favour of the Company filed civil petitions before the Honourable Supreme Court of Pakistan, the hearing of which was concluded on March 16, 2006 and the judgement was reserved. Thereafter, above petitions were fixed for re-hearing on February 12, 2010 before the Honourable Supreme Court of Pakistan and after being heard were adjourned for March 8, 2010. The hearing, however, could not take place on the said date. The cases were then heard cumulatively by the Honourable Supreme Court of Pakistan on June 21, 22, 23 and 24, 2010 at great length. Lastly, the petitions were fixed for hearing on Nov. 6, 2013, however, the case were not taken-up for hearing and consequently the same were adjourned to date in office.

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 the economic viability of the urea formaldehyde operations.

On behalf of the Board of Directors



Murtaza H. Habib
Chairman

Karachi:October 24, 2014

Condensed Interim Balance Sheet
as at September 30, 2014
(Unaudited)

	Note	(Unaudited) Sept. 30, 2014	(Audited) June 30, 2014
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,808	2,863
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Short-term prepayments		113	–
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		6,488	5,915
		10,178	9,492
Total Assets		13,111	12,480
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		(36,129)	(36,546)
		(6,129)	(6,546)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		908	813
Taxation - net		332	213
		1,240	1,026
Contingencies	5		
Total Equity and Liabilities		13,111	12,480

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, 2014 (Unaudited)

	Sept. 30, 2014	Sept. 30, 2013
	(Rupees in thousands)	
Revenue		
Rental income	966	878
Profit on treasury call account	113	56
	1,079	934
Factory and administrative expenses		
Salaries and allowances	21	21
Rates and taxes	19	19
Communication, printing and stationery	98	97
Directors' fee	–	3
Depreciation	55	61
Legal and professional charges	38	34
Insurance	3	3
Auditors' remuneration	19	21
Fees and subscription	91	84
	344	343
Profit before interest and tax	735	591
Finance cost	43	34
Profit before taxation	692	557
Taxation	275	150
Profit after taxation	417	407
Earnings per share - Basic and diluted (Re.)	0.07	0.07

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, 2014 (Unaudited)

	Sept. 30, 2014	Sept. 30, 2013
	(Rupees in thousands)	
Profit after taxation	417	407
Other comprehensive income	–	–
Total comprehensive income for the quarter ended September 30, 2014	417	407

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, 2014 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated (Loss)	Total
	(Rupees in thousands)		
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)	(7,014)
Balance as on July 1, 2014	30,000	(36,546)	(6,546)
Total comprehensive income for the quarter ended September 30, 2014	–	417	417
Balance as on September 30, 2014	30,000	(36,129)	(6,129)

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, 2014 (Unaudited)

	Note	Sept. 30, 2014 (Rupees in thousands)	Sept. 30, 2013
Cash flows from operating activities			
Cash generated from operations	6	713	704
Profit received on treasury call account		113	56
Finance cost paid		(97)	(36)
Income tax paid		(156)	(138)
Net cash generated from operating activities		573	586
Cash flows from financing activities		–	–
Net increase in cash and cash equivalents		573	586
Cash and cash equivalents at the beginning of the period		5,915	3,805
Cash and cash equivalents at the end of the period		6,488	4,391

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, 2014 (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, 2014.

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 the preparation of the annual published financial statements of the Company for the year ended June 30, 2014.

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

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 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 against the above judgement filed civil petitions before the Honourable Supreme Court of Pakistan, the hearing of which was concluded on March 16, 2006 and the judgement was reserved. The above petitions were, however, fixed for re-hearing on February 12, 2010 and after being heard were adjourned for March 8, 2010. Thereafter, cases were heard cumulatively by the Honourable Supreme Court of Pakistan on June 21, 22, 23 and 24, 2010 at great length and adjourned to date in office. Lastly, the petitions were fixed for hearing on November 6, 2013 but were not taken up and were adjourned to date in office.

Guarantees given by the bank in this respect as on September 30, 2014 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 (June 2014: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

	Sept. 30, 2014	Sept. 30, 2013
	(Rupees in thousands) (Unaudited)	
6. Cash generated from operations		
Profit before taxation	692	557
Adjustment for non-cash charges and other items :		
Depreciation	55	61
Profit on treasury call account	(113)	(56)
Finance cost	43	34
Working capital changes - Note 6.1	36	108
	21	147
	713	704

	Sept. 30, 2014	Sept. 30, 2013
	(Rupees in thousands) (Unaudited)	
6.1 **Working capital changes**		
(Increase) / decrease in current assets		
Short-term prepayments	(77)	–
Increase / (decrease) in current liabilities		
Trade and other payables	113	108
	36	108

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, 2014	Sept. 30, 2013
	(Rupees in thousands)	
Rental income	966	878
Profit on treasury call account	113	56
Insurance	3	3
Bank charges	1	–

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 24, 2014 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director