Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter ended September 30, 2015 (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, 2015.

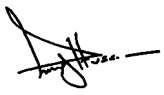
During the period under review, Company earned income of Rs. 0.48 (2014: Rs. 1.08) million and profit after tax amounted to Rs. 0.04 (2014: Rs. 0.42) million resulting in earnings per share of Re. 0.01 (2014: Re.0.07), as shown in the accompanying unaudited condensed interim financial statements. The rent agreement expired during last year and efforts are being made to rent out part of the premises to third parties for storage and the conduct of their operations.

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 interim financial statements.

The manufacturing operations of Urea Formaldehyde Division continued to remain closed due to adverse prevailing conditions and arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh as mentioned in Note No. 5 of the Notes to the financial statements. The Company challenged the demand raised by the Government of Sindh and the case 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 adjudication. On April 14, 2015, the petitions were fixed for hearing but not taken up and 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.

On behalf of the Board of Directors



Murtaza H. Habib
Chairman

Karachi:October 29, 2015

Condensed Interim Balance Sheet
as at September 30, 2015
(Unaudited)

	Note	(Unaudited) Sept. 30, 2015	(Audited) June 30, 2015
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,595	2,644
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Short-term prepayments		58	10
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		5,738	5,642
		9,373	9,229
Total Assets		12,093	11,998
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		(36,654)	(36,698)
		(6,654)	(6,698)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		432	395
Taxation - net		315	301
		747	696
Contingencies	5		
Total Equity and Liabilities		12,093	11,998

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, 2015 (Unaudited)

	Sept. 30, 2015	Sept. 30, 2014
	(Rupees in thousands)	
Revenue		
Storage income	415	–
Rental income	–	966
Profit on treasury call account	67	113
	482	1,079
Factory and administrative expenses		
Salaries and allowances	36	21
Rates and taxes	19	19
Communication, printing and stationery	116	98
Directors' fee	3	–
Depreciation	49	55
Legal and professional charges	38	38
Insurance	3	3
Auditors' remuneration	19	19
Fees, subscription and other expenses	100	91
	383	344
Profit before finance cost and tax	99	735
Finance cost	35	43
Profit before taxation	64	692
Taxation	20	275
Profit after taxation	44	417
Earnings per share - Basic and diluted (Re.)	0.01	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, 2015 (Unaudited)

	Sept. 30, 2015	Sept. 30, 2014
	(Rupees in thousands)	
Profit after taxation	44	417
Other comprehensive income	–	–
Total comprehensive income for the quarter	44	417

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, 2015
(Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated Loss	Total
	(Rupees in thousands)		
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)
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)

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, 2015 (Unaudited)

	Note	Sept. 30, 2015	Sept. 30, 2014
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	82	713
Profit received on treasury call account		67	113
Finance cost paid		(47)	(97)
Income tax paid		(6)	(156)
Net cash generated from operating activities		96	573
Cash flows from investing activities		–	–
Net increase in cash and cash equivalents		96	573
Cash and cash equivalents at the beginning of the period		5,642	5,915
Cash and cash equivalents at the end of the period		5,738	6,488

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, 2015 (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, 2015.

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, 2015.

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 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 April 14, 2015, however, the cases did not proceed and were adjourned as date in office. As per advice of our legal counsel, Company expects favourable outcome of the cases.

Excise Duty amounting to Rs.1.08 (2015: 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, 2015 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (June 2015: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

	Sept. 30, 2015	Sept. 30, 2014
	(Rupees in thousands) (Unaudited)	
6. Cash generated from operations		
Profit before taxation	64	692
Adjustment for non-cash charges and other items :		
Depreciation	49	55
Profit on treasury call account	(67)	(113)
Finance cost	35	43
Working capital changes - Note 6.1	1	36
	18	21
	82	713

	Sept. 30, 2015	Sept. 30, 2014
	(Rupees in thousands) (Unaudited)	
6.1 Working capital changes		
(Increase) / decrease in current assets		
Short-term prepayments	(36)	(77)
Increase / (decrease) in current liabilities		
Trade and other payables	37	113
	1	36

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

Material transactions with related parties / associated undertakings other than directors' fee carried out at arms length are as follows :

	Sept. 30, 2015	Sept. 30, 2014
	(Rupees in thousands)	
Rental income	–	966
Profit on treasury call account	67	113
Insurance	3	3
Bank charges	1	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 29, 2015 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director