

Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Half Year ended December 31, 2013 (Unaudited)

Company Information

Board of Directors	Muslim R. Habib	*Chairman & Chief Executive*
	Murtaza H. Habib	
	Muhammad Salman Husain Chawala	
	S. Iqbal Ahmed	
	Ghulam Abbas Karjatwala	
	Ali A. Rahim	
	Ali Niaz Akhtar	
Audit Committee	Murtaza H. Habib	*Chairman*
	Ali A. Rahim	*Member*
	Ali Niaz Akhtar	*Member*
Human Resource & Remuneration Committee	Ali A. Rahim	*Chairman*
	Murtaza H. Habib	*Member*
	Ali Niaz Akhtar	*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 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 111-000-322 Fax : (+92-21) 35655595 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, I present the unaudited condensed interim financial statements of the Company for the half year ended December 31, 2013.

During the period under review, Company earned income of Rs. 1.94 (2012: 1.69) million and profit after tax of amounted to Rs. 0.74 (2012: 0.85) million resulting in earnings per share of Re. 0.12 (2012: 0.14) 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 arbitrary demand raised by the Government of Sindh had been challenged by the Company and was decided by the Honourable High Court of Sindh in Company's favour. 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. Lastly, the petitions were fixed for hearing on November 6, 2013, however, the cases were adjourned to date in office at the behest of Advocate General of Sindh. The status of cases pending before the Honourable Supreme Court of Pakistan is more fully explained in Note No. 5 of the Notes to 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 the urea formaldehyde operations.

On behalf of the Board of Directors



Muslim R. Habib
Chairman & Chief Executive

Karachi: February 27, 2014

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Balochistan Particle Board Limited as at December 31, 2013 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 financial information for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

The financial statements for the year ended June 30, 2013 have been audited by another firm of chartered accountants who have expressed a qualified opinion on a going concern issue.

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 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 as explained in Note 7 to the interim financial information. The Board has, however, not yet envisaged any business plan to recommence its 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, the details whereof are fully disclosed in Note 5 to the interim financial information and also the viability of the urea formaldehyde operations.

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, 2013 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.



Tanzeem & Company
Chartered Accountants
Engagement Partner: Syed Tanzeem Husain Zaidi

Karachi: February 27, 2014

Condensed Interim Balance Sheet
as at December 31, 2013
(Unaudited)

	Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,984	3,105
Long-term deposits		125	125
Current Assets			
Stores and spare parts		3,021	3,058
Short-term prepayments		97	10
Other receivables			
- excise duty refundable		1,076	1,076
Taxation - net		160	195
Cash and bank balances		4,597	3,805
		8,951	8,144
Total Assets		12,060	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 losses		(36,680)	(37,421)
		(6,680)	(7,421)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		740	795
Contingencies	5		
Total Equity and Liabilities		12,060	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 half year ended December 31, 2013 (Unaudited)

	Half year ended		Quarter ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in thousands)			
Revenue				
Rental income	1,816	1,650	938	851
Profit on treasury call account	123	36	67	22
	1,939	1,686	1,005	873
Factory and administrative expenses				
Salaries and allowances	42	42	21	21
Rent, rates and taxes	38	38	19	19
Communication, printing and stationery	172	137	75	52
Repairs and manitenance	111	–	111	–
Directors' fee	6	4	3	2
Depreciation	121	135	60	68
Legal and professional charges	171	137	137	18
Insurance	7	7	4	3
Auditors' remuneration	31	31	10	17
Fees, subscription and other expenses	109	105	25	21
Finance cost	70	70	36	34
	878	706	501	255
Profit before taxation	1,061	980	504	618
Taxation	320	130	170	80
Profit after taxation	741	850	334	538
Earnings per share-Basic and diluted (Re.)	0.12	0.14	0.06	0.09

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 half year ended December 31, 2013 (Unaudited)

	Half year ended		Quarter ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in thousands)			
Profit after taxation	741	850	334	538
Other comprehensive income	–	–	–	–
Total comprehensive income for the half year ended December 31, 2013	741	850	334	538

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 half year ended December 31, 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 half year ended December 31, 2012	–	850	850
Balance as on December 31, 2012	30,000	(38,496)	(8,496)
Balance as on July 1, 2013	30,000	(37,421)	(7,421)
Total comprehensive income for the half year ended December 31, 2013	–	741	741
Balance as on December 31, 2013	30,000	(36,680)	(6,680)

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 half year ended December 31, 2013 (Unaudited)

	Note	Dec. 31, 2013	Dec. 31, 2012
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	1,032	993
Finance cost paid		(78)	(79)
Profit received on treasury call account		123	36
Income tax paid		(285)	(134)
Net cash generated from operating activities		792	816
Cash and cash equivalents at the beginning of the period		3,805	1,573
Cash and cash equivalents at the end of the period		4,597	2,389

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 half year ended December 31, 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 but subject to limited scope review by auditors and are being submitted to the members as required under 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. The interim condensed 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 the 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

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 was 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 has however, 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. Lastly, the petitions were fixed for hearing on November 6, 2013, however, the cases were adjourned to date in office at the behest of Advocate General of Sindh.

Excise Duty amounting to Rs.1.08 (June 2013: Rs.1.08) million had been paid under protest and shown as refundable under current assets.

Guarantees given by the bank in this respect as on December 31, 2013 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 (June 2013: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

6. Cash generated from operations

	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in thousands)	
Profit before taxation	1,061	980
Adjustment for non-cash charges and other items :		
Depreciation	121	135
Profit on treasury call account	(123)	(36)
Finance cost	70	70
Working capital changes - Note 6.1	(97)	(156)
	1,032	993

	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in thousands)	

6.1 **Working capital changes**

(Increase) / decrease in current assets		
Stores and spare parts	37	–
Loans and advances	–	(100)
Short-term prepayments	(79)	(36)
	(42)	(136)
Increase / (decrease) in current liabilities		
Trade and other payables	(55)	(20)
	(97)	(156)

7. Going concern

These financial information 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 atms length are as follows:

	Half year ended		Quarter ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in thousands)			
Rental income	1,816	1,650	938	851
Profit on treasury call account	123	36	67	22
Insurance	7	7	4	3
Bank charges	2	2	2	1

8.1 **Comparative Figures**

Following comparative figures have been reclasified for comparison purpose:

Nautre	Classification	Amount	Reason
Tax refund due from government Income tax less provision	Taxation - net	195	For better presentation

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 27, 2014 by the Board of Directors of the Company.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director