

Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Half Year ended December 31, 2015 (Unaudited)

Company Information

Board of Directors	Murtaza H. Habib	*Chairman*
	Muslim R. Habib	*Chief Executive*
	S. Iqbal Ahmed	
	Tanzeel Abdul Sattar	
	Ali A. Rahim	
	Ali Niaz Akhtar	
	Mehboob Ali Lilani	
Audit Committee	Ali A. Rahim	*Chairman*
	Murtaza H. Habib	*Member*
	Mehboob Ali Lilani	*Member*
Human Resource & Remuneration Committee	Ali Niaz Akhtar	*Chairman*
	Muslim R. Habib	*Member*
	Mehboob Ali Lilani	*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, 2015.

During the period under review, Company earned income of Rs. 0.99 (2014: 1.52) million and profit after tax amounted to Rs. 0.14 (2014: 0.41) million resulting in earnings per share of Re. 0.02 (2014: 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.

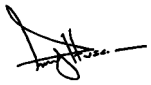
The manufacturing operations of Urea Formaldehyde Division continued to remain closed on account of prevailing adverse conditions and pending legal cases in respect of arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh which was challenged and decided by the Honourable 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. Lastly, the petitions were fixed for hearing on February 03, 2016 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 and also the economic viability of the urea formaldehyde operations.

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 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 continued financing arranged as loan to the company by sponsor directors through affiliated company. The management is also ensuring maintenance and upkeep of urea formaldehyde plant and machinery to recommence operations if considered economically viable. In view of the foregoing, the financial statements have been prepared on going concern basis.

On behalf of the Board of Directors



Murtaza H. Habib
Chairman

Karachi: February 26, 2016

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, 2015 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 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 commencement of the urea formaldehyde operations.

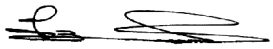
In view of the prevailing conditions there is significant doubt about the Company's ability to continue as a going concern. Consequently, adjustments may be required to the recorded asset amounts and classification of liabilities.

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, 2015 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 uncertainities with respect to pending court cases.



Tanzeem & Company
Chartered Accountants
Engagement Partner Tanzeem Zaidi

Karachi: February 26, 2016

Condensed Interim Balance Sheet
as at December 31, 2015
(Unaudited)

	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,546	2,644
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Short-term prepayments		71	10
Other receivables			
- excise duty refundable		1,076	1,076
Cash and bank balances		5,840	5,642
		9,488	9,229
Total Assets		12,159	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		(36,563)	(36,698)
		(6,563)	(6,698)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		370	395
Taxation - net		352	301
		722	696
Contingencies	5		
Total Equity and Liabilities		12,159	11,998

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Profit and Loss Account for the quarter and half year ended December 31, 2015 (Unaudited)

	Half year ended		Quarter ended	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
	(Rupees in thousands)			
Revenue				
Storage income	865	–	450	–
Rental income	–	1,289	–	323
Profit on treasury call account	129	234	62	121
	994	1,523	512	444
Factory and administrative expenses				
Salaries and allowances	72	42	36	21
Rates and taxes	38	38	19	19
Communication, printing and stationery	221	165	105	67
Directors' fee	6	6	3	6
Depreciation	98	109	49	54
Legal and professional charges	76	176	38	138
Insurance	6	6	3	3
Auditors' remuneration	38	38	19	19
Fees, subscription and other expenses	173	129	73	38
	728	709	345	365
Profit before finance cost and tax	266	814	167	79
Finance cost	67	73	32	30
Profit before taxation	199	741	135	49
Taxation	64	331	44	56
Profit / (loss) after taxation	135	410	91	(7)
Earnings / (Loss) per share-Basic and diluted (Re.)	0.023	0.068	0.015	(0.001)

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Statement of Comprehensive Income for the quarter and half year ended December 31, 2015 (Unaudited)

	Half year ended		Quarter ended	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
	(Rupees in thousands)			
Profit / (loss) after taxation	135	410	91	(7)
Other comprehensive income	–	–	–	–
Total comprehensive income / (loss) for the period	135	410	91	(7)

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Statement of Changes in Equity
for the half year ended December 31, 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 half year ended December 31, 2014	–	410	410
Balance as on December 31, 2014	30,000	(36,136)	(6,136)
Balance as on July 1, 2015	30,000	(36,698)	(6,698)
Total comprehensive income for the half year ended December 31, 2015	–	135	135
Balance as on December 31, 2015	30,000	(36,563)	(6,563)

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Condensed Interim Cash Flow Statement for the half year ended December 31, 2015 (Unaudited)

	Note	Dec. 31, 2015	Dec. 31, 2014
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	157	191
Profit received on treasury call account		129	234
Finance cost paid		(75)	(99)
Income tax paid		(13)	(217)
Net cash generated from operating activities		198	109
Cash flows from investing activities		–	–
Net increase in cash and cash equivalents		198	109
Cash and cash equivalents at the beginning of the period		5,642	5,915
Cash and cash equivalents at the end of the period		5,840	6,024

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

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman

Notes to the Condensed Interim Financial Statements for the half year ended December 31, 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, effective from January 11, 2016, all the stock exchanges in Pakistan have been integrated to from Pakistan Stock Exchange. The manufacturing operations of Urea Formaldehyde continued to remain closed on account of adverse conditions. Company's present business operations comprises of providing storage facilities and letting out part of its premises to third parties for purposes of 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 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 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 February 3, 2016 and were adjourned to date in office. As per advice of our legal counsel, Company expects favourable outcome of the cases.

Excise Duty amounting to Rs.1.08 (June 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 December 31, 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.

	(Unaudited) Dec. 31, 2015	Dec. 31, 2014
	(Rupees in thousands)	
6. Cash generated from operations		
Profit before taxation	199	741
Adjustment for non-cash charges and other items :		
Depreciation	98	109
Profit on treasury call account	(129)	(234)
Finance cost	67	73
Working capital changes - Note 6.1	(78)	(498)
	(42)	(550)
	157	191

	(Unaudited) Dec. 31, 2015	Dec. 31, 2014
	(Rupees in thousands)	
6.1 **Working capital changes**		
(Increase) / decrease in current assets		
Short-term prepayments	(53)	(50)
Increase / (decrease) in current liabilities		
Trade and other payables	(25)	(448)
	(78)	(498)

7. Going concern

These financial statements have been prepared on going concern basis as the Company's business operations comprises 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 Company is ensuring maintenance and upkeep of urea formaldehyde plant and machinery to recommence operations if considered economically viable.

8. Transactions with related parties

Material transactions with related parties are given below :

			(Unaudited) Half year ended		Quarter ended	
			Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
			(Rupees in thousands)			
Parties	**Relationship**	**Nature of Transction**				
Habib Motorcycles (Pvt.) Limited	Affiliated company	Rental income	–	1,289	–	323
Bank AL Habib Limited	Affiliated company	Profit on treasury call account	129	234	62	121
Habib Insurance Co. Limtited	Affiliated company	Insurance	6	6	3	3
Bank AL Habib Limited	Affiliated company	Bank charges	–	2	–	1
Directors	Director	Directors' meeting fee	6	6	3	6

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 26, 2016 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Murtaza H. Habib
Chairman