Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter and Nine months ended March 31, 2013 (Unaudited)

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors of Balochistan Particle Board Limited, I am pleased to present the unaudited condensed interim financial statements of the Company for the three quarters ended March 31, 2013.

During the period under review, Company earned income of Rs.2.598 million and the profit after tax amounted to Rs.1.406 million resulting in earnings per share of Re. 0.23, 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 also due to exorbitant amount of arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh. The arbitrary demand had been challenged by the Company and decided in favour of the Company by the Honourable High Court of Sindh. The Government of Sindh filed appeal before the Honourable Supreme Court of Pakistan which is pending for final judgement/ decision albeit having been heard at length on numerous dates 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 pending cases as referred to above and also the economic viability of the urea formaldehyde operations.

On behalf of the Board of Directors



Muslim R. Habib
Chairman & Chief Executive

Karachi: April 25, 2013

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

	Note	(Unaudited) March 31, 2013	(Audited) June 30, 2012
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		3,172	3,374
Long-term deposits		125	125
Current Assets			
Stores and spare parts		3,058	3,058
Loans and advances		291	184
Short-term prepayments		53	24
Other receivables			
- excise duty refundable		1,076	1,076
Cash and bank balances		3,061	1,573
		7,539	5,915
Total Assets		10,836	9,414
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)		(37,940)	(39,346)
		(7,940)	(9,346)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		776	760
Contingencies	5		
Total Equity and Liabilities		10,836	9,414

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 and cumulative for three quarters ended March 31, 2013 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in thousands)			
Revenue				
Rental income	2,529	2,299	879	799
Profit on treasury call account	69	97	33	44
	2,598	2,396	912	843
Factory and administrative expenses				
Salaries and allowances	63	63	21	21
Rent, rates and taxes	57	57	19	19
Communication, printing and stationery	164	141	27	7
Travelling and conveyance	–	1	–	–
Directors' meeting fee	7	7	3	2
Depreciation	202	224	67	75
Legal and professional charges	166	136	29	99
Insurance	10	11	3	3
Auditors' remuneration	90	40	59	10
Fees, subscription and other expenses	110	84	5	–
Financial charges	105	107	35	37
	974	871	268	273
Profit before taxation	1,624	1,525	644	570
Taxation	218	195	88	80
Profit after taxation	1,406	1,330	556	490
Earnings per share-Basic and diluted (Re.)	0.23	0.22	0.09	0.08

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 and cumulative for three quarters ended March 31, 2013 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in thousands)			
Profit after taxation	1,406	1,330	556	490
Other comprehensive income	–	–	–	–
Total comprehensive income for the nine months ended March 31, 2013	1,406	1,330	556	490

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 three quarters ended March 31, 2013
(Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated Profit / (Loss)	Total
	(Rupees in thousands)		
Balance as on July 1, 2011	30,000	(40,561)	(10,561)
Total comprehensive income for the nine months ended March 31, 2012	–	1,330	1,330
Balance as on March 31, 2012	30,000	(39,231)	(9,231)
Balance as on July 1, 2012	30,000	(39,346)	(9,346)
Total comprehensive income for the nine months ended March 31, 2013	–	1,406	1,406
Balance as on March 31, 2013	30,000	(37,940)	(7,940)

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 three quarters ended March 31, 2013 (Unaudited)

	Note	March 31, 2013	March 31, 2012
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	1,769	1,746
Financial charges paid		(125)	(136)
Profit received on treasury call account		69	97
Income tax paid		(225)	(207)
Net cash generated from operating activities		1,488	1,500
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 / (decrease) in cash and cash equivalents		1,488	1,500
Cash and cash equivalents at the beginning of the period		1,573	1,658
Cash and cash equivalents at the end of the period		3,061	3,158

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 three quarters ended March 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 prevailing 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, 2012.

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, 2012.

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 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 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 (2012: Rs1,076) thousand had been paid under protest and shown as refundable under current assets.

Guarantees given by the bank in this respect as on March 31, 2013 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 million (June 2012: Rs. 6.3 million) are secured against guarantee margin deposit account and equitable mortgage of land and buildings of the Company.

		March 31, 2013	March 31, 2012
		(Rupees in thousands)	
6. Cash generated from operations			
Profit before taxation		1,624	1,525
Adjustment for non-cash charges and other items :			
Depreciation		202	224
Profit on treasury call account		(69)	(97)
Financial charges		105	107
Working capital changes - Note	6.1	(93)	(13)
		1,769	1,746
6.1 Working capital changes			
(Increase) / decrease in current assets			
Loans and advances		(100)	–
Short-term prepayments		(9)	(19)
		(109)	(19)
Increase / (decrease) in current liabilities:			
Trade and other payables		16	6
		(93)	(13)

7. Going concern

These condensed interim 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 are as follows:

	Three Quarters ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in thousands)			
Rental income	2,529	2,299	879	799
Profit on treasury call account	69	97	33	44
Insurance	10	11	3	3
Bank charges	2	1	–	–

Transactions with related parties are carried out at arms length and also disclosed in their respective notes.

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 April 25, 2013 by the Board of Directors of the Company.

Muslim R. Habib
Chairman & Chief Executive

Ali Niaz Akhtar
Director