Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter and Nine months ended March 31, 2014 (Unaudited)

Company Information

Board of Directors	Murtaza H. Habib	*Chairman*
	Muslim R. Habib	*Chief Executive*
	Muhammad Salman Husain Chawala	
	S. Iqbal Ahmed	
	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

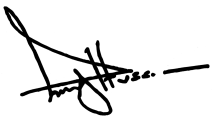
On behalf of the Board of Directors of Balochistan Particle Board Limited, I present the unaudited condensed interim financial statements of the Company for the three quarters ended March 31, 2014.

During the period under review, Company earned income of Rs. 2.98 (2013: Rs. 2.60) million and profit after tax amounted to Rs. 0.41 (2013: Rs. 1.41) million resulting in earnings per share of Re. 0.07 (2013: 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 financial statements.

The Urea Formaldehyde Division continued to remain closed on account of prevailing adverse conditions and 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 judgment / 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. 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 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 the economic viability of the urea formaldehyde operations.

On behalf of the Board of Directors



Murtaza H. Habib
Chairman

Karachi: April 17, 2014

Condensed Interim Balance Sheet
as at March 31, 2014
(Unaudited)

	Note	(Unaudited) March 31, 2014	(Audited) June 30, 2013
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,923	3,105
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	3,058
Short-term prepayments		37	10
Other receivables			
- Excise duty refundable		1,076	1,076
Taxation - net		–	195
Cash and bank balances		5,166	3,805
		8,780	8,144
Total Assets		11,828	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 loss		(37,015)	(37,421)
		(7,015)	(7,421)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		776	795
Taxation - net		67	–
		843	795
Contingencies	5		
Total Equity and Liabilities		11,828	11,374

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 and cumulative for three quarters ended March 31, 2014 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousands)			
Revenue				
Rental income	2,782	2,529	966	879
Profit on treasury call account	198	69	75	33
	2,980	2,598	1,041	912
Factory and administrative expenses				
Salaries and allowances	63	63	21	21
Rent, rates and taxes	57	57	19	19
Communication, printing and stationery	193	164	21	27
Repairs and manitenance	223	–	112	–
Provision for obsolescence and slow moving stores and spare parts	520	–	520	–
Directors' fee	8	7	2	3
Depreciation	182	202	61	67
Legal and professional charges	209	166	38	29
Insurance	10	10	3	3
Auditors' remuneration	90	90	59	59
Fees, subscription and other expenses	217	110	108	5
Finance cost	102	105	32	35
	1,874	974	996	268
Profit before taxation	1,106	1,624	45	644
Taxation	700	218	380	88
Profit / (Loss) after taxation	406	1,406	(335)	556
Earnings per share-Basic and diluted (Re.)	0.07	0.23	(0.05)	0.09

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 and cumulative for three quarters ended March 31, 2014 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousands)			
Profit / (Loss) after taxation	406	1,406	(335)	556
Other comprehensive income	–	–	–	–
Total comprehensive income / (loss) for the period	406	1,406	(335)	556

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 three quarters ended March 31, 2014 (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 three quarters ended March 31, 2013	–	1,406	1,406
Balance as on March 31, 2013	30,000	(37,940)	(7,940)
Balance as on July 1, 2013	30,000	(37,421)	(7,421)
Total comprehensive income for the three quarters ended March 31, 2014	–	406	406
Balance as on March 31, 2014	30,000	(37,015)	(7,015)

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 three quarters ended March 31, 2014 (Unaudited)

	Note	March 31, 2014 (Rupees in thousands)	March 31, 2013
Cash flows from operating activities			
Cash generated from operations	6	1,703	1,769
Finance cost paid		(102)	(125)
Profit received on treasury call account		198	69
Income tax paid		(438)	(225)
Net cash generated from operating activities		1,361	1,488
Cash and cash equivalents at the beginning of the period		3,805	1,573
Cash and cash equivalents at the end of the period		5,166	3,061

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 three quarters ended March 31, 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 Urea Formaldehyde division 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 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 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 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.

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 March 31, 2014 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.

	March 31, 2014	March 31, 2013
	(Rupees in thousands)	
	(Unaudited)	

6. Cash generated from operations

Profit before taxation	1,106	1,624
Adjustment for non-cash charges and other items :		
Depreciation	182	202
Provision for obsolescence and slow moving stores and spare parts	520	–
Profit on treasury call account	(198)	(69)
Finance cost	102	105
Working capital changes - Note 6.1	(9)	(93)
	1,703	1,769

6.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spare parts	37	–
Loans and advances	–	(100)
Short-term prepayments	(27)	(9)
	10	(109)
Increase / (decrease) in current liabilities		
Trade and other payables	(19)	16
	(9)	(93)

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:

	Three quarters ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
Rental income	2,782	2,529	966	879
Profit on treasury call account	198	69	75	33
Insurance	10	10	3	3
Bank charges	2	2	–	–

8.1 Corresponding Figures

Following comparative figures have been reclassified for comparison purpose:

Reclassification from component		Reclassification to component	
Tax refund due from government	184	Taxation - net	195
Income tax less provision	11		
	195		

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 17, 2014 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director