Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter and Nine months ended March 31, 2015 (Unaudited)

Company Information

Board of Directors	Murtaza H. Habib	*Chairman*
	Muslim R. Habib	*Chief Executive*
	Tanzeel Abdul Sattar	
	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

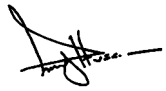
On behalf of the Board of Directors of Balochistan Particle Board Limited, I present the unaudited condensed interim financial statements of the Company for the three quarters ended March 31, 2015.

During the period under review, Company earned income of Rs. 1.62 (2014: Rs. 2.98) million and profit after tax amounted to Rs. 0.16 (2014: Rs. 0.41) million resulting in earnings per share of Re. 0.03 (2014: Re. 0.07) as shown in the accompanying financial statements. The rent agreement expired in October 2014 and efforts are being made to provide storage facilities to third parties at the factory premises. These 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 due to adverse prevailing conditions and arbitrary demand of excise duty, vend fee and permit fee raised by the Government of Sindh as explained 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, however, the cases did not proceed and were 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.

On behalf of the Board of Directors



Murtaza H. Habib
Chairman

Karachi: April 28, 2015

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

	Note	(Unaudited) March 31, 2015	(Audited) June 30, 2014
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,699	2,863
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Advances and prepayments		264	–
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		5,665	5,915
		9,506	9,492
Total Assets		12,330	12,480
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		(36,388)	(36,546)
		(6,388)	(6,546)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		405	813
Taxation - net		313	213
		718	1,026
Contingencies	5		
Total Equity and Liabilities		12,330	12,480

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, 2015 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousands)			
Revenue				
Rental income	1,289	2,782	–	966
Profit on treasury call account	332	198	98	75
	1,621	2,980	98	1,041
Factory and administrative expenses				
Salaries and allowances	63	63	21	21
Rent, rates and taxes	57	57	19	19
Communication, printing and stationery	173	193	8	21
Repairs and maintenance	–	223	–	112
Provision for obsolescence and slow moving stores and spare parts	–	520	–	520
Directors' fee	9	8	3	2
Depreciation	164	182	55	61
Legal and professional charges	314	209	138	38
Insurance	9	10	3	3
Auditors' remuneration	95	90	57	59
Fees, subscription and other expenses	142	217	13	108
	1,026	1,772	317	964
Profit / (Loss) before finance cost and tax	595	1,208	(219)	77
Finance cost	111	102	38	32
Profit / (Loss) before taxation	484	1,106	(257)	45
Taxation	326	700	(5)	380
Profit / (Loss) after taxation	158	406	(252)	(335)
Earnings per share-Basic and diluted (Re.)	0.03	0.07	(0.04)	(0.05)

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, 2015 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousands)			
Profit / (Loss) after taxation	158	406	(252)	(335)
Other comprehensive income	–	–	–	–
Total comprehensive income / (loss) for the three quarters ended March 31, 2015	158	406	(252)	(335)

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, 2015 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated (Loss)	Total
	(Rupees in thousands)		
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)
Balance as on July 1, 2014	30,000	(36,546)	(6,546)
Total comprehensive income for the three quarters ended March 31, 2015	–	158	158
Balance as on March 31, 2015	30,000	(36,388)	(6,388)

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, 2015 (Unaudited)

	Note	March 31, 2015	March 31, 2014
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	(189)	1,703
Finance cost paid		(167)	(102)
Profit received on treasury call account		332	198
Income tax paid		(226)	(438)
Net cash generated from operating activities		(250)	1,361
Cash and cash equivalents at the beginning of the period		5,915	3,805
Cash and cash equivalents at the end of the period		5,665	5,166

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, 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 division continued to remain closed on account of adverse conditions. Company's present business operations comprise of letting out part of its premises and to provide storage facilities to third parties for 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, 2014.

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, 2014.

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 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 adjouned 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.

Guarantees given by the bank in this respect as on March 31, 2015 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs. 6.3 (June 2014: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

	March 31, 2015	March 31, 2014
	(Rupees in thousands) (Unaudited)	
6. Cash generated from operations		
Profit before taxation	484	1,106
Adjustment for non-cash charges and other items :		
Depreciation	164	182
Provision for obsolescence and slow moving stores and spare parts	–	520
Profit on treasury call account	(332)	(198)
Finance cost	111	102
Working capital changes - Note 6.1	(616)	(9)
	(673)	597
	(189)	1,703
6.1 **Working capital changes**		
(Increase) / decrease in current assets		
Stores and spare parts	–	37
Advances and prepayments	(226)	(27)
	(226)	10
Increase / (decrease) in current liabilities		
Trade and other payables	(390)	(19)
	(616)	(9)

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 and to provide storage facilities to third parties for 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, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousands) (Unaudited)			
Rental income	1,289	2,782	–	966
Profit on treasury call account	332	198	98	75
Insurance	9	10	3	3
Bank charges	2	2	–	–

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 28, 2015 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director