Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter and Nine months ended March 31, 2016 (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 three quarters ended March 31, 2016.

During the period under review, Company earned income of Rs. 1.77 (2015: Rs. 1.62) million and profit after tax amounted to Rs. 0.21 (2015: Rs. 0.16) million resulting in earnings per share of Re. 0.035 (2015: Rs. 0.026) as shown in the accompanying financial statements. 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 manufacturing operations of Urea Formaldehyde Division continued to remain closed 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 3, 2016 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

Ali Niaz Akhtar
Director

Karachi: April 28, 2016

ڈائریکٹرز کی رپورٹ

محترم ممبران۔السلام علیکم

بلوچستان پارٹیکل بورڈ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں 31 مارچ 2016ء کو ختم ہونے والی تیسری سہ ماہی کے کمپنی کے غیر آڈٹ شدہ درمیانی مدت کے مالیاتی اسٹیٹمنٹس پیش کررہا ہوں۔

اس مدت کے دوران کمپنی نے مبلغ 1.77 (2015:1.62) ملین روپے کی آمدنی حاصل کی اور ٹیکس کے بعد منافع کی رقم مبلغ 0.21 (2015:0.16) ملین روپے رہی جس کے نتیجہ میں فی شیئر آمدنی مبلغ 0.035 (2015:0.026) روپے رہی جیسا کہ منسلکہ مالیاتی اسٹیٹمنٹس میں دکھایا گیا ہے۔ یہ مالیاتی اسٹیٹمنٹس گوئنگ کنسرن کی بنیاد پر تیار کئے گئے ہیں اور اس کی وجوہات کی وضاحت مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 7 میں کردی گئی ہے۔

یوریا فارمل ڈی ہائیڈ ڈویژن کے مینوفیکچرنگ آپریشن خراب حالات اور اور حکومت سندھ کی جانب سے لگائی گئی ایکسائز ڈیوٹی، ونڈ اور پرمٹ فیس کے باعث بند ہیں۔ کمپنی نے مذکورہ ٹیکس کے خلاف سندھ ہائی کورٹ میں مقدمہ دائر کیا تھا جس کا فیصلہ کمپنی کے حق میں ہوا تھا۔ اس فیصلے کے خلاف حکومت سندھ نے محترم سپریم کورٹ آف پاکستان میں اپیل داخل کررکھی ہے جو کہ زیر سماعت ہے جسکی آخری پیشی مورخہ 03 فروری 2016ء کو ہوئی تھی اور کیس اگلی پیشی تک ملتوی کردیا گیا تھا۔

بورڈ آف ڈائریکٹران نے یوریا فارمل ڈی ہائیڈ انڈسٹری کی خراب حالت کا جائزہ لیا اور یہ نتیجہ اخذ کیا کہ مستقبل کی کاروائی کا فیصلہ مذکورہ بالا کیسز کے بعد کیا جائے گا اس کے ساتھ ساتھ یوریا فارمل ڈی ہائیڈ آپریشن کی اقتصادی حالت کا بھی جائزہ لیا جائے گا۔

بورڈ آف ڈائریکٹران کی جانب سے

علی نیاز اختر
ڈائریکٹر

کراچی: 28 اپریل 2016ء

Condensed Interim Balance Sheet
as at March 31, 2016
(Unaudited)

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,496	2,644
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Advances and short-term prepayments		265	10
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		5,817	5,642
		9,659	9,229
Total Assets		12,280	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		(36,490)	(36,698)
		(6,490)	(6,698)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		390	395
Taxation - net		380	301
		770	696
Contingencies	5		
Total Equity and Liabilities		12,280	11,998

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, 2016 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousands)			
Revenue				
Storage income	1,575	–	710	–
Rental income	–	1,289	–	–
Profit on treasury call account	190	332	61	98
	1,765	1,621	771	98
Factory and administrative expenses				
Salaries and allowances	108	63	36	21
Rent and taxes	57	57	19	19
Communication, printing and stationery	232	173	11	8
Directors' fee	9	9	3	3
Depreciation	148	164	50	55
Legal and professional charges	513	314	437	138
Insurance	9	9	3	3
Auditors' remuneration	95	95	57	57
Fees, subscription and other expenses	184	142	11	13
	1,355	1,026	627	317
Profit / (Loss) before finance cost and tax	410	595	144	(219)
Finance cost	104	111	37	38
Profit / (Loss) before taxation	306	484	107	(257)
Taxation	(98)	(326)	(34)	5
Profit / (Loss) after taxation	208	158	73	(252)
Earnings / (Loss) per share-Basic and diluted (Re.)	0.035	0.026	0.012	(0.042)

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, 2016 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousands)			
Profit / (Loss) after taxation	208	158	73	(252)
Other comprehensive income	–	–	–	–
Total comprehensive income / (loss) for the period	208	158	73	(252)

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, 2016 (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 period ended March 31, 2015	–	158	158
Balance as on March 31, 2015	30,000	(36,388)	(6,388)
Balance as on July 1, 2015	30,000	(36,698)	(6,698)
Total comprehensive income for the period ended March 31, 2016	–	208	208
Balance as on March 31, 2016	30,000	(36,490)	(6,490)

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, 2016 (Unaudited)

	Note	March 31, 2016	March 31, 2015
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from / (used in) operations	6	136	(189)
Profit received on treasury call account		190	332
Finance cost paid		(132)	(167)
Income tax paid		(19)	(226)
Net cash generated from / (used in) operating activities		175	(250)
Cash flows from investing activities		–	–
Net increase /(decrease) in cash and cash equivalents		175	(250)
Cash and cash equivalents at the beginning of the period		5,642	5,915
Cash and cash equivalents at the end of the period		5,817	5,665

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, 2016 (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 form Pakistan Stock Exchange. 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 to 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, 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 judgment filed civil petitions before the Honourable Supreme Court of Pakistan, the hearing of which was concluded on March 16, 2006 and the judgment 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 (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 March 31, 2016 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) March 31, 2016	March 31, 2015
	(Rupees in thousands)	
6. Cash generated from operations		
Profit before taxation	306	484
Adjustment for non-cash charges and other items :		
Depreciation	148	164
Profit on treasury call account	(190)	(332)
Finance cost	104	111
Working capital changes - Note 6.1	(232)	(616)
	(170)	(673)
	136	(189)
6.1 **Working capital changes**		
(Increase) / decrease in current assets		
Advances and short-term prepayments	(227)	(226)
Increase / (decrease) in current liabilities		
Trade and other payables	(5)	(390)
	(232)	(616)

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) Three Quarters ended		Quarter ended	
			Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
			(Rupees in thousands)			
Parties	**Relationship**	**Nature of Transction**				
Habib Motorcycles (Pvt.) Limited	Affiliated company	Rental income	–	1,289	–	–
Bank AL Habib Limited	Affiliated company	Profit on treasury call account	190	332	61	98
Habib Insurance Co. Limtited	Affiliated company	Insurance	9	9	3	3
Bank AL Habib Limited	Affiliated company	Bank charges	1	2	1	–
Directors	Director	Directors' meeting fee	9	9	3	3

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, 2016 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director