Balochistan Particle Board Limited

Report and Condensed Interim Financial Statements for the Quarter and Nine months ended March 31, 2017 (Unaudited)

Company Information

Board of Directors	Murtaza H. Habib	*Chairman*
	Muslim R. Habib	*Chief Executive*
	Tanzeel Abdul Sattar	
	Ali A. Rahim	
	Ghulam Abbas Karjatwala	
	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 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 Phones : (+92-21) 111-000-322 Fax : (+92-21) 34168271 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, 2017.

During the period under review, Company earned after tax profit of Rs.0.15 (2016: 0.21) million resulting in earnings per share of Re. 0.025 (2016: 0.035) 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 the Company continued to remain closed since 1997. The Government of Sindh filed an appeal before the Honourable Supreme Court of Pakistan in respect of arbitrary demand of Rs. 57.4 million for vend fee and permit fee and Rs. 14.1 million for excise duty alongwith interest at rates applicable on khas deposit certificates decided in favour of the Company by the Honourable High Court of Sindh which is pending adjudication.

Lastly, the petitions were fixed and heard at length on March 29th, 30th and 31st, 2017. It is expected that the matter will be fixed for hearing soon and as per the advice of legal counsel the Company is expecting a favourable decision. The position in this regard has been fully explained in Note No.5 of the Notes to the unaudited condensed interim 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 also the economic viability of the urea formaldehyde operations.

On behalf of the Board of Directors



Murtaza H. Habib
Chairman

Karachi: April 20, 2017

Condensed Interim Balance Sheet
as at March 31, 2017
(Unaudited)

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment		2,314	2,447
Long-term deposits		125	125
Current Assets			
Stores and spare parts		2,501	2,501
Advances and short-term prepayments		43	210
Other receivables			
- Excise duty refundable		1,076	1,076
Cash and bank balances		6,494	5,961
		10,114	9,748
Total Assets		12,553	12,320
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		(36,317)	(36,466)
		(6,317)	(6,466)
Non-Current Liabilities			
Long-term financing	4	18,000	18,000
Current Liabilities			
Trade and other payables		438	401
Taxation - net		432	385
		870	786
Contingencies	5		
Total Equity and Liabilities		12,553	12,320

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, 2017 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in thousands)			
Revenue				
Storage income	1,420	1,575	700	710
Profit on treasury call account	197	190	66	61
	1,617	1,765	766	771
Factory and administrative expenses				
Salaries and allowances	116	108	42	36
Rates and taxes	57	57	19	19
Communication, printing and stationery	210	232	32	11
Directors' fee	6	9	2	3
Depreciation	133	148	44	50
Legal and professional charges	512	513	436	437
Insurance	9	9	3	3
Auditors' remuneration	100	95	57	57
Fees, subscription and other expenses	154	184	3	11
	1,297	1,355	638	627
Profit before finance cost and tax	320	410	128	144
Finance cost	104	104	38	37
Profit before taxation	216	306	90	107
Taxation	(67)	(98)	(27)	(34)
Profit after taxation	149	208	63	73
Earnings per share-Basic and diluted (Re.)	0.025	0.035	0.011	0.012

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, 2017 (Unaudited)

	Three Quarters ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in thousands)			
Profit after taxation	149	208	63	73
Other comprehensive income	–	–	–	–
Total comprehensive income	149	208	63	73

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, 2017 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Accumulated (Loss)	Total
	(Rupees in thousands)		
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)
Balance as on July 1, 2016	30,000	(36,466)	(6,466)
Total comprehensive income for the period ended March 31, 2017	–	149	149
Balance as on March 31, 2017	30,000	(36,317)	(6,317)

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, 2017 (Unaudited)

	Note	March 31, 2017	March 31, 2016
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	6	488	136
Profit received on treasury call account		197	190
Finance cost paid		(132)	(132)
Income tax paid		(20)	(19)
Net cash generated from operating activities		533	175
Cash flows from investing activities			
Net cash generated from / (used in) financing activities		–	–
Net increase in cash and cash equivalents		533	175
Cash and cash equivalents at the beginning of the period		5,961	5,642
Cash and cash equivalents at the end of the period		6,494	5,817

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, 2017 (Unaudited)

1 The Company and its operations

Balochistan Particle Board Limited is a public limited Company incorporated in Pakistan with shares quoted on the Pakistan Stock Exchange Limited. The core manufacturing operations of the Company continued to remain closed since 1997. Company's present business operations comprise of letting out part of its premises to third parties for purposes of storage and to conduct 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, 2016.

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, 2016.

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 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 and 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 on March 26, 2003 and August 20, 2004 respectively, 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. Against the decision of the Honourable High Court of Sindh, the Government of Sindh filed an appeal before the Honourable Supreme Court of Pakistan.

On March 16, 2006, both the cases were heard and judgement was reserved but not pronounced. Thereafter, the both Petitions were heard on numerous dates especially for the entire day on June 21, 22, 23 and 24, 2010 at greater length.

Later, on February 3, 2016, the matter was again heard at length and resulted in the following order as duly reproduced below:

"During the course of hearing one of the points which has conspicuously emerged is whether methanol contains alcohol/alcoholic content and whether it is a denaturant/denatured product or not, therefore, in order to seek an expert opinion, we direct the Director General/Head of the Department of Pakistan Council of Scientific and Industrial Research, Karachi to submit a report in this regard within a period of one month and the same must be placed before the learned senior Judge in chamber for fixation of the matter after the receipt thereof. This case must be treated as a part heard matter".

Lastly, the matter was fixed and heard at length on March 29, 30 and 31, 2017 and was adjourned to date in office.

Further, based on the legal advice, the Company expects favourable outcome and accordingly no provision has been made in the financial statements against the arbitrary demand raised by the Government of Sindh.

Excise Duty amounting to Rs.1.08 (June 2016: 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, 2017 to the Director General Excise and Taxation (Excise), Government of Sindh, Karachi amounted to Rs.6.3 (June 2016: Rs. 6.3) million are secured against equitable mortgage of land and buildings of the Company.

	(Unaudited) March 31, 2017	March 31, 2016
	(Rupees in thousands)	
6. Cash generated from operations		
Profit before taxation	216	306
Adjustment for non-cash charges and other items :		
Depreciation	133	148
Profit on treasury call account	(197)	(190)
Finance cost	104	104
Working capital changes - Note 6.1	232	(232)
	272	(170)
	488	136
6.1 **Working capital changes**		
(Increase) / decrease in current assets		
Advances and short-term prepayments	195	(227)
Increase / (decrease) in current liabilities		
Trade and other payables	37	(5)
	232	(232)

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 of the continued financing arranged as loan to the Company by sponsor directors through affiliated Company.

8. Transactions with related parties

Transactions with related parties, other than those which have been disclosed elsewhere in this condensed interim financial statements are given below:

			(Unaudited) Three Quarters ended		Quarter ended	
			Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
			(Rupees in thousands)			
Parties	**Nature of Transaction**	**Relationship**				
Bank AL Habib Limited	Profit on treasury call account	Associated company	197	190	66	61
Bank AL Habib Limited	Bank charges	Associated company	1	1	–	1
Habib Insurance Co. Limited	Insurance premium	Affiliated company	9	9	3	3
Directors	Directors' meeting fee	Director	6	9	2	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 20, 2017 by the Board of Directors of the Company.

Muslim R. Habib
Chief Executive

Ali Niaz Akhtar
Director

ڈائریکٹرز کی رپورٹ

محترم ممبران۔السلام علیکم!

بلوچستان پارٹیکل بورڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں 31 مارچ 2017ء کو ختم ہونے والی تیسری سہ ماہی کے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہا ہوں۔

اس زیرِ جائزہ مدت کے دوران کمپنی کا ٹیکس کے بعد منافع کی رقم مبلغ 0.15 (0.21-2016) ملین روپے رہی جس کے نتیجے میں فی شیئر بنیادی منافع 0.025 (0.035-2016) روپیہ رہی جیسا کہ منسلکہ عبوری مالیاتی حسابات میں دکھایا گیا ہے۔ یہ غیر آڈٹ شدہ عبوری مالیاتی حسابات چلتے ہوئے کاروبار کی بنیاد پر تیار کئے گئے ہیں اور اسکی وجوہات کی وضاحت غیر آڈٹ شدہ عبوری مالیاتی حسابات کے نوٹ نمبر 7 میں کر دی گئی ہے۔

کمپنی کے پیداواری امور 1997ء سے مسلسل بند ہیں۔ حکومت سندھ نے وینڈ اور پرمٹ فیس کی مد میں 57.4 ملین روپے اور ایکسائز ڈیوٹی کی مد میں 14.1 ملین روپے بشمول سود جو کہ خاص ڈپازٹ سرٹیفکیٹ پر لاگو ہے کہ مطالبے کے بارے میں عزت مآب سپریم کورٹ آف پاکستان میں اپیل دائر کر رکھی ہے جو کہ زیر سماعت ہے جس کے بارے میں عزت مآب ہائی کورٹ سندھ نے کمپنی کے حق میں فیصلہ کر دیا تھا۔

اس کی پیشی بالآخر مارچ 29, 30, 31 2017ء کو مقرر کی گئی تھی اور اس کیس کو تفصیل سے سنا گیا۔ اور امید ہے کہ اس کی دوبارہ پیشی جلد مقرر کی جائے گی اور کمپنی کے قانونی وکیل کے مشورے کے مطابق کمپنی امید رکھتی ہے کہ اس کیس کا فیصلہ کمپنی کے حق میں آئے گا۔ اس صورتِ حال کو تفصیلی طور پر غیر آڈٹ شدہ عبوری مالیاتی حسابات کے نوٹ نمبر 5 میں بیان کیا گیا ہے۔

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

ازطرف، بورڈ آف ڈائریکٹرز

مرتضیٰ ایچ حبیب
چیئرمین

کراچی: 20 اپریل 2017ء