

(Un-audited)

Half Yearly Accounts
for the Period ended
December 31, 2010



Balochistan Glass Limited

An ISO 9001-2000 Certified Company

Corporate Information

BOARD OF DIRECTORS'

Mr. Muhammad Tousif Paracha	Chairman & Chief Executive
Mr. Tariq Siddiq Paracha	
Mr. Muhammad Naiz Paracha	
Mr. Jawaid Aziz Paracha	
Mr. Mian Nazir Ahmed Paracha	
Mr. Nasir Malik	
Mr. Muhammad Ishaque Khokhar	

COMPANY SECRETARY

Hassan Farooq

AUDIT COMMITTEE

Mr. Muhammad Ishaq Khokhar	Chairman
Mr. Muhammad Niaz Paracha	Member
Mr. Jawaid Aziz Paracha	Member

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Islamic Bank Limited
Citibank N.A
Faysal Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
BankIslami Pakistan Limited
Atlas Bank Limited
MCB Bank Limited

AUDITORS

F.R.A.N.T.S. & Co.
Chartered Accountants

LEGAL ADVISOR

Masood Khan Ghory (Advocate & Legal Consultant)

REGISTERED OFFICE

Firdousi Mnazil,
Rustamji Lane,
M.A. Jinnah Road, Quetta.

HEAD OFFICE

12-KM, Sheikhpura Road,
Kot Abdul Malik,
Lahore.
Ph. # 042-37923993-4
Fax # 042-37930616
Web: www.balochistanglass.com
Email: info@balochistanglass.com

KARACHI OFFICE

Dime Centre, B.C. 3, 3rd Floor, Clifton, Karachi.
Ph. No. 021-35377977-82

FACTORIES

UNIT-I

Plot no. 8, Sector M, H.I.T.E.,
Hub, District Lasbella,
Balochistan.

UNIT-II

29-KM, Sheikhpura Road,
Sheikhpura.

UNIT-III

12-KM, Sheikhpura Road,
Kot Abdul Malik,
Lahore.

SHARE REGISTRAR

Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.

Directors' Report

Board of Directors' of Balochistan Glass Limited takes pleasure in presenting the Half Yearly Report and reviewed Financial Statements of the company for the Half Year Ended December 31, 2010.

COMPANY PERFORMANCE & FUTURE OUTLOOK

Analysis of key operating results for the current period in comparison with the previous period is given below:

	2010	2009
	(Rupees in thousand)	
Sales-Net	488,805	471,411
Gross (Loss)	(93,107)	(80,658)
Operating (Loss)	(116,103)	(106,905)
(Loss) before Tax	(201,467)	(195,528)
(Loss) after Tax	(204,023)	(197,885)

Net Sales of the company increased by 3.69% in comparison to last year despite of closure of unit-II of the company which is mainly because of start of operation of furnace no. II of Unit-III. However, loss during the year increased mainly due to:

- Closure of unit-II as fixed cost was not consumed fully
- Increase in cost due to gas shut down and use of alternate fuels
- High financial cost & depreciation charge
- Closure of Unit-I furnace for repair
- Low production and sale of plastic shells

From last three years company is incurring heavy operational losses and which was mainly because of low capacity utilization and efficiencies of plants. In order to enhance the plant efficiencies a detailed BMR of the company was outlined by the management. By following this plan Unit-III of the company was fully converted on tableware production and results from this plant are encouraging, however, shortage of gas in Punjab has affected the profitability of this plant very badly. Due to shortage of gas supply we have to close one furnace at unit-III and now it will be re-fired as soon as the gas availability improves in Punjab. Unit-I also closed in December for repair and now its furnace is fully operational after necessary repair.

Despite of all financial bottlenecks, we are fully committed to start furnace of Unit-II as company has already paid down payments and also imported bricks for repair of its furnace. Installation of local bricks and equipment is already completed and subsequent to balance sheet date company has also opened L/C's for remaining equipment and bricks. We are hope full that plant will start its production in June 2011. After start of this plant we will be able to cover our fixed cost and operational results of the company will also improve.

Going Concern

Auditors have raised significant doubts about the going concern of the company. However directors of the company are supporting the company during this difficult phase and all BMR related payments are financed by them from their own sources. They have extended interest free loans of Rs. 714.10 million to the company which shows strong commitment of the directors to revive the project.

Management appreciates the continued support by its financial institutions, customers, suppliers, employees and all other stakeholders during the current period.

For and on the behalf of Board of Directors'

Muhammad Tousif Paracha
Chief Executive

Lahore : February 28, 2011

Independent Auditors' Report on Review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **BALOCHISTAN GLASS LIMITED** (The Company) as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected explanatory notes forming part thereof for half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

The financial statements of the company for the year ended June 30, 2010 and six months ended December 31, 2009 were audited and reviewed respectively by another auditor whose reports, dated November 08, 2010 and February 26, 2010, expressed unqualified opinion and qualified conclusion on those statements respectively.

Matter of emphasis

Without qualifying our conclusion, we draw attention of the members to note 2 of the condensed interim financial information which disclose that the Company incurred a net loss of Rs. 204.023 million during the half year ended December 31, 2010 which increased its accumulated loss to Rs. 1,813.472 million resulting in net capital deficiency of Rs. 955.472 million. Also the Company's current liabilities exceeded its current assets by Rs.738.275 million. These conditions, along with other matters as set forth in note 2, indicate the existence of material uncertainty which may cast significant doubt about company's ability to continue as going concern.

F.R.A.N.T.S. & Co.
Chartered Accountants

Condensed Interim Balance Sheet

as at December 31, 2010 - (Un-audited)

		Un-audited December 31, 2010	Audited June 30, 2010
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Notes	(Rupees in thousand)	
Authorized capital			
85,800,000 Ordinary shares of Rs. 10/- each		858,000	858,000
34,200,000 Preference shares of Rs. 10/- each		342,000	342,000
		<u>1,200,000</u>	<u>1,200,000</u>
Issued, subscribed and paid up capital		858,000	858,000
Accumulated loss		(1,813,472)	(1,613,780)
		(955,472)	(755,780)
Share deposit money	5	343,200	--
Surplus on revaluation of property, plant and equipment		272,962	277,293
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured		482,080	482,080
Long term loans		649,257	1,026,535
Liabilities against asset subject to finance lease		16,860	42,107
Deferred liabilities	6	76,729	76,646
		<u>1,224,926</u>	<u>1,627,368</u>
CURRENT LIABILITIES			
Trade and other payables		534,082	550,907
Markup accrued		247,504	184,138
Short term borrowings		701,257	639,466
Current maturity of non current liabilities		222,188	172,814
		<u>1,705,031</u>	<u>1,547,325</u>
CONTINGENCIES AND COMMITMENTS			
	7	<u>2,590,647</u>	<u>2,696,206</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,601,891	1,671,657
Long Term Deposits		22,000	22,000
		<u>1,623,891</u>	<u>1,693,657</u>
CURRENT ASSETS			
Stores, spares and loose tools		274,481	268,914
Stock-in-trade		199,909	199,389
Trade debts		198,514	256,977
Loans and advances		101,885	106,761
Trade deposits, prepayments and other receivable		105,927	102,290
Taxes recoverable		48,657	52,113
Cash and bank balances		37,383	16,105
		<u>966,756</u>	<u>1,002,549</u>
		<u>2,590,647</u>	<u>2,696,206</u>

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Profit and Loss Account

for the Half Year and Quarter Ended December 31, 2010 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees in thousand)			
Sales - Net	488,805	471,411	224,253	231,083
Cost of sales	581,912	552,069	294,807	298,791
Gross loss	(93,107)	(80,658)	(70,554)	(67,708)
Administrative and Selling expenses	22,996	26,247	11,967	14,056
Operating loss	(116,103)	(106,905)	(82,521)	(81,764)
Financial charges	85,364	88,623	52,186	49,471
Loss before taxation	(201,467)	(195,528)	(134,707)	(131,235)
Taxation - Current	4,888	2,357	3,565	1,155
Taxation - Deferred	(2,332)	--	(1,166)	--
Loss after taxation	(204,023)	(197,885)	(137,106)	(132,390)
Loss per share - Basic and diluted (Rupees)	(2.38)	(2.31)	(1.60)	(1.54)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income

for the Half Year and Quarter Ended December 31, 2010 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees in thousand)			
Loss for the period	(204,023)	(197,885)	(137,106)	(132,390)
Other comprehensive income / (loss)				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	6,663	-	3,332	-
Related deferred tax	(2,332)	-	(1,166)	-
	4,331	-	2,166	-
Total comprehensive loss for the period	(199,692)	(197,885)	(134,940)	(132,390)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement

for the Half Year Ended December 31, 2010 - (Un-audited)

	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(201,467)	(195,528)
Adjustments for non-cash charges and other items:		
Depreciation	70,181	61,916
Financial charges	85,364	88,623
Provision for gratuity	2,758	2,759
Operating loss before working capital changes	(43,164)	(42,230)
Working capital changes		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and loose tools	(5,567)	51,182
Stock in trade	(520)	89,813
Trade debts	58,463	(48,984)
Loans and advances	4,876	(15,540)
Trade deposits, prepayments and other receivable	(3,637)	24,813
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(16,825)	18,299
	36,790	119,583
Cash generated from operations	(6,374)	77,353
Payments for:		
Financial charges	(21,998)	(33,777)
Taxes	(1,432)	(3,177)
Gratuity	(343)	(206)
Net cash inflow / (outflow) from operating activities	(30,147)	40,193
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for capital expenditure	(695)	(77,416)
Disposal proceeds of fixed assets	280	--
Net cash outflow from investing activities	(415)	(77,416)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / proceeds of long term loans	(8,800)	54,267
Leaser rentals paid	(1,150)	(8,859)
Increase / (decrease) in short term borrowings	61,790	(18,106)
Net cash inflow from financing activities	51,840	27,302
Net increase / (decrease) in cash and cash equivalents	21,278	(9,921)
Cash and cash equivalents as at 1st July	16,105	34,484
Cash and cash equivalents as at 31 December	37,383	24,563

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

for the Half Year Ended December 31, 2010 - (Un-audited)

	Share Capital	Accumulated loss	Total
	(Rupees in thousand)		
Balance as at July 01, 2009	858,000	(1,014,111)	(156,111)
Total comprehensive income / (loss) for the period			
Loss after taxation	--	(197,885)	(197,885)
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--
Total comprehensive loss for the period	--	(197,885)	(197,885)
Balance as at December 31, 2009	858,000	(1,211,996)	(353,996)
Balance as at July 01, 2010	858,000	(1,613,780)	(755,780)
Total comprehensive income / (loss) for the period			
Loss after taxation	--	(204,023)	(204,023)
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	4,331	4,331
Total comprehensive loss for the period	--	(199,692)	(199,692)
Balance as at December 31, 2010	858,000	(1,813,472)	(955,472)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2010 - (Un-audited)

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public listed company in 1980 under the Companies Act 1913 (now Companies Ordinance, 1984). The registered office of the company is situated at Quetta and head office of the company is situated at Lahore. Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells.

2 GOING CONCERN ASSUMPTION

During the half year ended December 31, 2010, the Company incurred loss amounting to Rs. 204.023 million (December 2009: Rs. 197.885 million) and has increased accumulated loss to Rs. 1,813.472 million (June 2010: Rs. 1,613.780 million) at the period end which resulted in negative equity of Rs.955.472 million (June 2010: Rs. 755.780 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 738.275 million (June 2010: Rs. 544.776 million). Furthermore, the company's Unit II (having annual capacity of 52,500 tons) remained closed since November 2008. The company's short term borrowings facilities from some of the banks have expired and not yet been renewed. The company has also been unable to ensure scheduled payments to the leasing companies due to the liquidity problems. Two of leasing companies have gone into litigation for repayment of rentals. However, one of them has entered into an out of court settlement agreement with the company subsequent to the balance sheet date. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal course of business.

However, the company's management is of the view that since directors, sponsors and associated undertakings are fully supporting its ongoing operations and BMR. The company has also approached its lenders for the restructuring of its long term loans and lease liabilities. As a resultant of management's effort, the long term loan from Bank of Punjab has been restructured during the period. Short term borrowings from some of the banks have also been renewed and active negotiations are under process with rest of the banks.

Company has already paid some down payments and also opened import letter of credit for furnace refractory bricks and other equipment for Unit-II and hopeful that around June 2011 operation will be initiated in Unit-II.

Keeping in view the strong commitments of Directors, associated concerns and viability of project & industry, these financial statements have been prepared on a going concern basis.

3 BASIS OF PREPARATIONS

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors. This is required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". The condensed interim financial information 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, 2010. The figures of the interim condensed profit and loss account for the quarters ended December 31, 2010 and 2009 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2010.

4 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and estimates adopted in the preparation of this condensed interim financial information is consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2010.

5 SHARE DEPOSIT MONEY

The company has passed a special resolution in annual general meeting that the 85.8 million ordinary shares of Rs. 10/- each i.e. 100% of existing share capital of the company be issued to Mr. Muhammad Tousif paracha (Director/CEO) at 60% discount i.e. at Rs. 4 per shares (total amounting to Rs. 343.2 million) otherwise than right against the outstanding loan of Mr. Muhammad Tousif Paracha (Director/CEO) to the company subject to the approval of Securities and Exchange Commission of Pakistan. The company is in the process of filing application with SECP for approval under Section 86 and Section 84 of Companies Ordinance, 1984.

6 DEFERRED LIABILITIES

Deferred tax asset, arising due to assessed tax losses, has not been recognized as the future taxable profits may not be available against which the said losses will be adjusted.

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2010.

8 PROPERTY PLANT AND EQUIPMENT

Operating fixed assets - At cost less accumulated depreciation
Capital work in progress - At cost

	December 31, 2010	June 30, 2010
	(Rupees in thousands)	
	1,461,559	1,531,690
	140,332	139,967
	<u>1,601,891</u>	<u>1,671,657</u>
8.1 Additions/ Deletions during the period (Operating fixed assets)		
Owned		
Plant and machinery	--	134,462
Furniture and fixtures	18	168
Office equipment	32	233
Vehicles	280	1,098
Vehicles - Deletions	(280)	--
	<u>50</u>	<u>135,961</u>

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2010 - (Un-audited)

	December 31, 2010	June 30, 2010
(Rupees in thousands)		
8.2 Capital work in progress - At cost		
Opening	139,967	172,949
Additions	365	100,311
Less: Capitalized	-	133,293
Closing	140,332	139,967
8.3 Capital work in progress - Breakup		
Plant and Machinery	138,069	138,069
Building	1,263	898
Computer software	1,000	1,000
	140,332	139,967

9 TRANSACTION WITH RELATED PARTIES

(Rupees in thousands)

Significant related party transactions during the period are as follows:

Associated companies

Short term loan received	15,000	75,042
Repayment of short term loan	5,000	14,015
Expenses incurred on behalf of company	32	--
Purchases	1,453	2,280
Payment against supplies	670	--
Fixed Assets purchased	280	--
Markup charged on loan	16,061	10,387

Directors

Loan received	--	49,998
Loan repaid	833	--

10 INFORMATION ABOUT BUSINESS SEGMENTS

For management purposes, the activities of the company are organized into two business units based on the products and therefore has two reportable operating segments. The glass container segment mainly relates to the production of glass containers and table wares. The plastic shells segment includes production of plastic shells. The summarized data for the segment is given below:

	For the half year ended December 31, 2010			
	Glass Containers	Plastic Shells	Eliminations	Total
(Rupees in thousands)				
Revenue:				
Sales to external customers	520,471	41,319	-	561,790
Inter-segment sales	-	-	-	-
Gross Revenue	520,471	41,319	-	561,790
Less: Sales tax	(59,628)	(5,953)	-	(65,581)
Excise duty	(3,493)	(350)	-	(3,843)
Discount on sales	(3,562)	-	-	(3,562)
	453,789	35,016	-	488,805
Results:				
Segment result	(118,312)	2,209	-	(116,103)
Interest expense	(79,086)	(6,278)	-	(85,364)
Income tax	-	-	-	(2,556)
Profit for the period				(204,023)
Other Information:				
Capital expenditure - Net	415	-	-	
Depreciation	65,153	5,028	-	

	For the half year ended December 31, 2009			
	Glass Containers	Plastic Shells	Eliminations	Total
(Rupees in thousands)				
Revenue:				
Sales to external customers	500,439	30,802	-	531,241
Inter-segment sales	-	-	-	-
Gross Revenue	500,439	30,802	-	531,241
Less: Sales tax	(51,400)	(4,928)	-	(56,328)
Excise duty	(3,194)	(308)	-	(3,502)
Discount on sales	-	-	-	-
	445,845	25,566	-	471,411
Results:				
Segment result	(102,251)	(4,654)	-	(106,905)
Interest expense	(83,210)	(5,413)	-	(88,623)
Income tax	-	-	-	(2,357)
Profit for the year				(197,885)
Other Information:				
Capital expenditure - Net	236,272	-	-	
Depreciation	58,559	3,358	-	

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2010 - (Un-audited)

	December 31, 2010	December 31, 2009
	(Rupees in thousands)	
10.1 GEOGRAPHICAL INFORMATION		
Local	382,224	352,207
Export	106,581	119,204
Total	488,805	471,411

11 DATE FOR AUTHORIZATION FOR ISSUE

This condensed interim financial information is authorized for issue by Board of Directors of the company on February 28, 2011.

12 GENERAL

This condensed interim financial information is presented in pak rupees and figures have been rounded off to nearest thousand of pak rupees.



Chief Executive



Director