

(Un-audited)

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# Half Yearly Accounts

for the Period ended

December 31, 2011



**Balochistan Glass Limited**

## 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 Naiz Paracha	Chairman
Mr. Muhammad Ishaq Khokhar	Member
Mr. Mian Nazir Ahmed 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  
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](http://www.balochistanglass.com)  
Email: [info@balochistanglass.com](mailto:info@balochistanglass.com)

### KARACHI OFFICE

Dime Centre, B.C. 3, 3<sup>rd</sup> 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 Second Quarter & Half Yearly Financial Statements of the company for the Period Ended December 31, 2011.

### COMPANY PERFORMANCE & FUTURE OUTLOOK

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

	2011	2010
	(Rupees in thousand)	
Sales-Net	688,948	488,805
Gross (Loss)	(7,613)	(93,107)
Operating (Loss)	(23,999)	(116,103)
(Loss) before Tax	(105,107)	(201,467)
(Loss) after Tax	(109,882)	(204,023)
(Loss) per Share	(1.28)	(2.38)

Net Sales of the company has increased by 41% approx. and Loss after tax has also reduced by 46% in comparison to last period. Improvement in production efficiencies and increase in sale prices had helped to reduce gross loss to minimum level. During the period Unit-III suffered badly due to load management of Sui gas in Punjab, similarly, load management schedule has also been announced by SSGC. In order to remain in operation, we have to use expensive alternative fuels like Furnace Oil & LPG. Loss for the period is also contributed by the fixed cost of unit-II which was closed since November 2008. However, we feel pleasure to inform that Furnace of Unit-II, being the largest of all three units, has been successfully fired by the grace of Allah. Trial production from this furnace has been started at the date of report and will soon commence its commercial production at full swing. After operation of all the units of company, we hope that last quarter of this financial year will depict better results for our stakeholders.

### Comment on Auditors Observation

Auditor have raised significant doubts about the company's ability to continue as a going concern however we are of the view that despite of cash flow & other issues sponsors of the company are fully supporting the company and are committed for its revival. They had extended loans for completion of BMR and other working capital needs of the company, as a result of which unit-II has been successfully started and will generate more revenue for the company. Therefore, these financial statements have been prepared on going concern basis.

The Board of Directors appreciates assistance and co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by all the employees and contractors of the company.

For and on the behalf of Board of Directors'

**Muhammad Tousif Paracha**



Chief Executive

Lahore : February 29, 2012

## 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, 2011 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, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

### **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. 109.882 million during the half year ended December 31, 2011 which increased its accumulated loss to Rs. 2,276.174 million resulting in net capital deficiency of Rs. 1,418.174 million. Also the Company's current liabilities exceeded its current assets by Rs.1,094.828 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

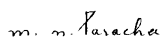
as at December 31, 2011 - (Un-audited)

		Un-audited December 31, 2011	Audited June 30, 2011
	Notes	(Rupees in thousands)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
171,600,000 (June 30, 2011: 85,800,000) Ordinary shares of Rs. 10/- each		1,716,000	858,000
5,000,000 (June 30, 2011: 34,200,000) Preference shares of Rs. 10/- each		50,000	342,000
		<u>1,766,000</u>	<u>1,200,000</u>
Issued, subscribed and paid up capital		858,000	858,000
Accumulated loss		(2,276,174)	(2,170,218)
		(1,418,174)	(1,312,218)
Share deposit money	5	343,200	343,200
Surplus on revaluation of property, plant and equipment		264,704	268,630
<b>NON-CURRENT LIABILITIES</b>			
Subordinated loan - Unsecured		482,080	482,080
Long term loans		706,493	738,188
Liabilities against asset subject to finance lease		33,599	40,766
Deferred liabilities	6	77,389	76,626
		1,299,561	1,337,660
<b>CURRENT LIABILITIES</b>			
Trade and other payables		643,953	499,990
Markup accrued		363,542	296,206
Short term borrowings		432,779	507,287
Current maturity of non current liabilities		345,054	290,680
		1,785,328	1,594,163
<b>CONTINGENCIES AND COMMITMENTS</b>	7	<u>2,274,619</u>	<u>2,231,435</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,560,860	1,612,831
Long term deposits		23,259	23,259
		1,584,119	1,636,090
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		244,878	239,299
Stock in trade		113,717	65,397
Trade debts		121,079	126,298
Loans and advances		90,277	75,097
Trade deposits, prepayments and other receivable		53,888	60,353
Taxes recoverable		21,780	22,595
Cash and bank balances		44,881	6,306
		690,500	595,345
		<u>2,274,619</u>	<u>2,231,435</u>

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



Chief Executive



Director

## Condensed Interim Profit and Loss Account

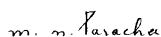
for the Half Year and Quarter Ended December 31, 2011 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in thousands)			
Sales - Net	688,948	488,805	346,592	224,253
Cost of sales	696,561	581,912	358,729	294,807
Gross loss	(7,613)	(93,107)	(12,137)	(70,554)
Administrative and selling expenses	16,386	22,996	8,661	11,967
Operating loss	(23,999)	(116,103)	(20,798)	(82,521)
Financial charges	81,108	85,364	49,964	52,186
Loss before taxation	(105,107)	(201,467)	(70,762)	(134,707)
Taxation - Current	6,889	4,888	3,552	3,565
Taxation - Deferred	(2,114)	(2,332)	(1,057)	(1,166)
Loss after taxation	(109,882)	(204,023)	(73,257)	(137,106)
Loss per share - Basic and diluted (Rupees)	(1.28)	(2.38)	(0.85)	(1.54)

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



Chief Executive



Director

## Condensed Interim Statement of Comprehensive Income

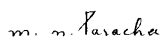
for the Half Year and Quarter Ended December 31, 2011 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in thousands)			
Loss for the period	(109,882)	(204,023)	(73,257)	(137,106)
Other comprehensive income / (loss)				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	6,040	6,663	3,020	3,332
Related deferred tax	(2,114)	(2,332)	(1,166)	(1,166)
	3,926	4,331	1,854	2,166
Total comprehensive loss for the period	<u>(105,956)</u>	<u>(199,692)</u>	<u>(71,403)</u>	<u>(134,940)</u>

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



Chief Executive



Director

## Condensed Interim Cash Flow Statement

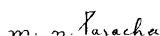
for the Half Year Ended December 31, 2011 - (Un-audited)

	December 31, 2011	December 31, 2010
	(Rupees in thousands)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(105,107)	(201,467)
Adjustments for non-cash charges and other items:		
Depreciation	63,779	70,181
Financial charges	81,108	85,364
Provision for gratuity	3,222	2,758
Operating profit/ (loss) before working capital changes	43,002	(43,164)
Working capital changes		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(5,579)	(5,567)
Stock in trade	(48,320)	(520)
Trade debts	5,219	58,463
Loans and advances	(15,180)	4,876
Trade deposits, prepayments and other receivable	6,465	(3,637)
Increase/(Decrease) in current liabilities		
Trade and other payables	143,964	(16,825)
	86,569	36,790
<b>Cash generated from / (used in) operations</b>	<b>129,571</b>	<b>(6,374)</b>
Payments for:		
Financial charges	(10,660)	(21,998)
Taxes	(6,074)	(1,432)
Gratuity	(345)	(343)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>112,492</b>	<b>(30,147)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for capital expenditure	(11,808)	(695)
Disposal proceeds of fixed assets	--	280
<b>Net cash outflow from investing activities</b>	<b>(11,808)</b>	<b>(415)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans - net	(1,620)	(8,800)
Lease rentals paid	(6,569)	(1,150)
Increase / (decrease) in short term borrowings	(53,920)	61,790
<b>Net cash outflow / (inflow) from financing activities</b>	<b>(62,109)</b>	<b>51,840</b>
<b>Net increase in cash and cash equivalents</b>	<b>38,575</b>	<b>21,278</b>
<b>Cash and cash equivalents as at July 1</b>	<b>6,306</b>	<b>16,105</b>
<b>Cash and cash equivalents as at December 31</b>	<b>44,881</b>	<b>37,383</b>

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



Chief Executive



Director



## Condensed Interim Statement of Changes in Equity

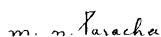
for the Half Year Ended December 31, 2011 - (Un-audited)

	Share Capital	Accumulated Loss	Total
	(Rupees in thousands)		
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)
Balance as at July 01, 2011	858,000	(2,170,218)	(1,312,218)
Total comprehensive income / (loss) for the period			
Loss after taxation	--	(109,882)	(109,882)
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	3,926	3,926
Total comprehensive loss for the period	--	(105,956)	(105,956)
Balance as at December 31, 2011	858,000	(2,276,174)	(1,418,174)

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, 2011 - (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, 2011, the Company incurred loss amounting to Rs. 109.882 million (December 2010: Rs. 204.023 million) and has increased accumulated loss to Rs. 2,276.174 million (June 2011: Rs. 2,170.218 million) at the period end which resulted in negative equity of Rs.1,418.174 million (June 2011: Rs. 1,312.218 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 1,094.828 million (June 2011: Rs. 998.818 million). Furthermore, the company's Unit II remained closed during the current interim period. However, this unit has commenced its trial production in February 2012 and the management is expecting to start its commercial production in March 2012. The management is hopeful that in result of continued operations of Unit II, the overall fixed cost will reduce which will have positive impact on the company's operational results."

As a resultant of management's effort, the process of restructuring various liabilities of banks and financial institutions is taking some shape. The company is in negotiation with its lenders for restructuring of the long term loans and lease liabilities. The company is also pursuing out of court settlements with the bank and leasing companies gone in the litigation. Short term borrowings from some of the banks have been renewed. However, some of short term borrowings have not been renewed but the company is negotiating with the banks for their renewal.

The above conditions raise significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in normal course of business. However, the management of the Company is confident to continue as a going concern based on its concerted efforts to re-profile Company's borrowings in a manner which will provide relief in payment terms, its ability to utilize liquidity generated for the maximum utilization of production capacities with the objective to improve liquidity & cost efficiency.

This condensed interim financial information consequently, do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

## 3 BASIS OF PREPARATION

"This condensed interim financial information of the Company for the half year ended December 31, 2011 has been prepared in accordance with the requirements of International Accounting Standards (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed by the auditors of the Company as they have reviewed only the cumulative figures for the half year ended December 31, 2011. This condensed interim financial information does 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, 2011."

## 4 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

"The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2011; except for the adoption of new / amended standards and interpretations as mentioned below. The adoption of these new / amended standards and interpretations does not have significant impact on the this condensed interim financial information. Judgments and estimates made by management in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2011."

### 4.1. New and amended standards and interpretations adopted during the period

The Company has adopted the following amended IASs, IFRSs and IFRICs which became effective during the period:

- IFRS 7 - Financial Instruments Disclosures (Amendment)
- IAS 24 - Related Party Disclosures (Revised)
- IAS 34 - Interim Financial Reporting (Amendment)
- IFRIC 14 - Prepayment of Minimum Funding Requirement
- IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)

## 5 SHARE DEPOSIT MONEY

The company has passed a special resolution in its annual general meeting held on November 30, 2010 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 can 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, 2011.

## Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2011 - (Un-audited)

	December 31, 2011	June 30, 2011
	(Rupees in thousands)	
<b>8</b>	<b>PROPERTY PLANT AND EQUIPMENT</b>	
	1,352,932	1,416,621
Operating fixed assets	207,928	196,210
Capital work in progress	<u>1,560,860</u>	<u>1,612,831</u>
8.1	<b>Additions/ (Deletions) during the period</b>	
	--	26,690
Plant and machinery	--	439
Electric and Gas installation	--	32
Furniture and fixtures	--	32
Office equipment	90	366
Vehicles	--	(890)
Plant and machinery - Deletions at WDV	--	(280)
Vehicles - Deletions at WDV	<u>90</u>	<u>26,389</u>
8.2	<b>Capital work in progress - At cost</b>	
	196,210	125,990
Opening	11,718	70,220
Additions	-	-
Less: Capitalized	<u>207,928</u>	<u>196,210</u>
Closing	<b>Capital work in progress - Breakup</b>	
8.3	206,385	195,312
	1,543	898
Plant and Machinery	<u>207,928</u>	<u>196,210</u>
Civil work	December 31,	June 30,
	2011	2011
	(Rupees in thousands)	

### 9 TRANSACTION WITH RELATED PARTIES

Significant related party transactions during the period are as follows:

#### Associated companies

Short term loan received	40,779	15,000
Repayment of short term loan	60,952	5,000
Expenses incurred on behalf of company	--	32
Purchases	1,200	1,453
Payment against supplies	1,157	670
Fixed Assets purchased	--	280
Markup charged on loan	20,153	16,061
<b>Directors</b>		
Loan received	23,739	--
Loan repaid	7,309	833

## Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2011 - (Un-audited)

### 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, 2011			
Glass Containers	Plastic Shells	Total	
(Rupees in thousands)			
<b>Revenue:</b>			
Sales	742,757	50,816	793,573
Less: Sales tax	(97,487)	(7,009)	(104,496)
Discount on sales	(129)	-	(129)
	<u>645,141</u>	<u>43,807</u>	<u>688,948</u>
<b>Results:</b>			
Segment result	(25,818)	1,819	(23,999)
Financial charges	(75,914)	(5,194)	(81,108)
Taxation			(4,775)
Loss for the period			<u>(109,882)</u>
<b>Other Information:</b>			
Capital expenditure - Net	11,808	-	
Depreciation	<u>59,724</u>	<u>4,055</u>	

For the half year ended December 31, 2010			
Glass Containers	Plastic Shells	Total	
(Rupees in thousands)			
<b>Revenue:</b>			
Sales	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	(3,561)	-	(3,561)
	<u>453,789</u>	<u>35,016</u>	<u>488,805</u>
<b>Results:</b>			
Segment result	(118,312)	2,209	(116,103)
Financial charges	(79,086)	(6,278)	(85,364)
Taxation			(2,556)
Loss for the period			<u>(204,023)</u>
<b>Other Information:</b>			
Capital expenditure - Net	415	-	
Depreciation	<u>65,153</u>	<u>5,028</u>	

December 31, 2011	December 31, 2010
(Rupees in thousands)	

### 10.1 GEOGRAPHICAL INFORMATION

Local	654,141	382,224
Export	34,807	106,581
<b>Total</b>	<b>688,948</b>	<b>488,805</b>

### 11 DATE FOR AUTHORIZATION FOR ISSUE

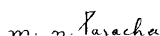
This condensed interim financial information is authorized for issue by Board of Directors of the company on February 29, 2012.

### 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