

(Un-audited)

Half Yearly Accounts
for the Period ended
December 31, 2013



BALUCHISTAN GLASS LIMITED

An ISO 9001:2008 Certified Company



Corporate Information

BOARD OF DIRECTORS'

Mr. Muhammad Tousif Paracha
Mr. Tariq Siddiq Paracha
Mr. Mustafa Tousif Ahmed Paracha
Mr. Jawaid Aziz Paracha
Mr. Mian Nazir Ahmed Paracha
Mr. Nasir Malik
Mr. Shamim Anwar

Chairman & Chief Executive

COMPANY SECRETARY

Sheikh Arif Moin-ul-Haq

AUDIT COMMITTEE

Mr. Mian Nazir Ahmed Paracha
Mr. Mustafa Tousif Ahmed Paracha
Mr. Nasir Malik

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

Mr. Mustafa Tousif Ahmed Paracha
Mr. Jawaid Aziz Paracha
Mr. Tariq Siddiq Paracha

Chairman
Member
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
Summit Bank Limited

HEAD OFFICE

12-KM, Sheikhupura Road,
Kot Abdul Malik,
Lahore.
Ph. # 042-37164424-5
Fax # 042-37164423
Web: www.balochistanglass.com
Email: info@balochistanglass.com

AUDITORS

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

KARACHI OFFICE

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

LEGAL ADVISOR

Masood Khan Ghory
(Advocate & Legal Consultant)

FACTORIES

UNIT-I

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

UNIT-II

29-KM, Sheikhupura Road,
Sheikhupura.

REGISTERED OFFICE

Plot no.8, Sector M, H.I.T.E.,
Hub, District Lasbella,
Balochistan.
Tel : 0853-363657

UNIT-III

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

SHARE REGISTRAR

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

Directors' Report

The Directors of your Company are pleased to present the Financial Statements for the half year ended December 31, 2013.

COMPANY PERFORMANCE & FUTURE OUTLOOK

Brief comparison of key financial results of the Company for the half year ended December 31, 2013as against the comparable preceding period is as follows:

	For The Half Year Ended		For The Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Sales - Net	1,167,140	1,438,877	569,771	733,800
Gross profit/ (loss)	(60,726)	100,764	(69,723)	40,487
Operating profit / (loss)	(102,022)	110,906	(93,436)	55,981
Loss before taxation	(216,674)	(1,652)	(158,880)	(24,001)
Loss after taxation	(226,605)	(7,068)	(163,707)	(26,874)
EPS	(1.32)	(0.05)	(0.95)	(0.16)

The Company diversified its market portfolio by converting its green glass facility at Unit-I to Amber glass (i.e. Pharmaceutical glass). The sale and production of the Company suffered due to production losses incurred during conversion period and the time required by the pharmaceutical companies to perform their quality control procedures. Resultantly, sales of the Unit decreased by 48% as compared to previous period which is the main contributing factor towards low sales revenue of the current period.

BGL also suffered severe gas curtailment from SNGPL during the period at both the Sheikhpura Plants, which increased cost of production and affected production efficiencies. Smooth gas supply has been provided to other similar industries within the same vicinity whereas BGL suffered because of load management as well as due to low gas pressure. These factors also contributed towards loss during the current period.

Management is continuously focusing on streamlining the operations of all the units and enhancing the quality of products offered to its valued customers. In order to meet growing demand of tableware products manufactured at Unit-III, management has planned to partially shift its tableware facility to Unit-II which will help to reduce cost of production and meet the growing demand of "Marimax" products. Management has also converted Unit-I back to green glass from amber pharma glass in order to avail benefits from green glass demand till the orders from pharmaceutical companies are confirmed.

Management is confident that these decisions will fetch better results in coming period.

GOING CONCERN ASSUMPTION

Based on continuing support from directors, active negotiation with banks & financial institutions for restructuring of credit facilities, future prospects of industry, and other steps taken by management, Board of Directors' feels that company will have adequate resources to operate its business on a sustainable basis for foreseeable future, therefore, these financial statements have been prepared on going concern basis.

We express our gratitude to all our stakeholders' for their continued support and co-operation particularly our banks & financial institutions as well as our customers, suppliers and employees of the company.

For and on the behalf of Board of Directors'

Muhammad Tousif Paracha



Chief Executive



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of BALUCHISTAN GLASS LIMITED (the Company) as at December 31, 2013 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.

Matter of emphasis

Without qualifying our conclusion, we draw attention of the members to note 2 of the condensed interim financial information which discloses that the Company incurred a net loss of Rs. 226.905 million during the half year ended December 31, 2013 which increased its accumulated loss to Rs. 3,135.897 million resulting in net capital deficiency of Rs. 1,934.697 million. Also the Company's current liabilities exceeded its current assets by Rs. 801.642 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

Lahore: February 28, 2014

Engagement Partner: Nouman Razaq Khan

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Condensed Interim Balance Sheet

as at December 31, 2013 - (Un-audited)

Notes	Un-audited December 31, 2013	Audited June 30, 2013
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital	1,716,000	1,716,000
171,600,000 (June 30, 2013: 171,600,000)		
Ordinary shares of Rs. 10/- each		
5,000,000 (June 30, 2013: 5,000,000)	50,000	50,000
Preference shares of Rs. 10/- each		
	<u>1,766,000</u>	<u>1,766,000</u>
Issued, subscribed and paid-up capital	1,716,000	1,716,000
Discount on shares	(514,800)	(514,800)
Accumulated loss	(3,135,897)	(2,912,222)
	(1,934,697)	(1,711,022)
Surplus on revaluation of property, plant and equipment	250,426	253,656
NON-CURRENT LIABILITIES		
Subordinated loan - Unsecured	482,080	482,080
Long term loans	983,301	916,411
Liabilities against assets subject to finance lease	23,866	36,635
Deferred liabilities	908,058	832,172
	2,397,305	2,267,298
CURRENT LIABILITIES		
Trade and other payables	1,062,733	929,363
Markup accrued	185,007	167,370
Short term borrowings	250,682	295,215
Current maturity of non current liabilities	152,238	146,375
	1,650,660	1,538,323
CONTINGENCIES AND COMMITMENTS		
	7	
	<u>2,363,694</u>	<u>2,348,255</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,491,417	1,534,156
Long term deposits	23,259	23,259
	1,514,676	1,557,415
CURRENT ASSETS		
Stores, spares and loose tools	229,525	238,312
Stock in trade	328,901	194,156
Trade debts	195,166	238,193
Loans and advances	42,001	41,612
Trade deposits, prepayments and other receivable	27,990	41,176
Taxes recoverable	8,665	15,139
Cash and bank balances	16,770	22,252
	849,018	790,840
	<u>2,363,694</u>	<u>2,348,255</u>

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

Condensed Interim Profit and Loss Account

for the Half Year and Quarter Ended December 31, 2013 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees in thousand)			
Sales - Net	1,167,140	1,438,877	569,771	733,800
Cost of sales	1,227,866	1,328,977	639,494	693,313
Gross profit/ (loss)	(60,726)	109,900	(69,723)	40,487
Administrative and selling expenses	41,806	27,715	24,149	13,227
Other operating income	210	28,721	136	28,721
Operating profit / (loss)	(102,322)	110,906	(93,736)	55,981
Financial charges	114,652	112,558	65,444	79,982
Loss before taxation	(216,974)	(1,652)	(159,180)	(24,001)
Taxation - Current	11,671	7,334	5,697	3,832
Taxation - Deferred	(1,740)	(1,918)	(870)	(959)
Loss after taxation	(226,905)	(7,068)	(164,007)	(26,874)
Loss per share - Basic and diluted (Rupees)	(1.32)	(0.05)	(0.96)	(0.16)

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, 2013 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees in thousand)			
Loss for the period	(226,905)	(7,068)	(164,007)	(25,883)
Other comprehensive income:				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	4,970	5,478	2,485	2,739
Related deferred tax	(1,740)	(1,918)	(870)	(959)
	3,230	3,560	1,615	1,780
Total comprehensive loss for the period	<u>(223,675)</u>	<u>(3,508)</u>	<u>(162,392)</u>	<u>(24,103)</u>

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

Condensed Interim Cash Flow Statement

for the Half Year Ended December 31, 2013 - (Un-audited)

	December 31, 2013	December 31, 2012
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(216,974)	(1,652)
Adjustments for non-cash charges and other items:		
Depreciation	66,583	70,463
Gain on settlement of liabilities		(28,721)
Financial charges	114,652	112,558
Provision for gratuity	4,594	3,222
Operating profit/ (loss) before working capital changes	(31,145)	155,870
Working capital changes		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and loose tools	8,787	(10,984)
Stock in trade	(134,745)	(38,942)
Trade debts	43,027	(112,068)
Loans and advances	(389)	791
Trade deposits, prepayments and other receivables	13,186	(5,005)
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	128,527	138,330
	58,393	(27,878)
Cash generated from operations	27,248	127,992
Payments for:		
Financial charges	(7,617)	(5,644)
Taxes	(10,469)	(5,969)
Gratuity	(1,687)	(2,662)
Net cash inflow from operating activities	A 7,475	113,717
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(23,844)	(69,389)
Net cash outflow from investing activities	B (23,844)	(69,389)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	61,235	(6,675)
Lease rentals paid	(5,815)	(12,273)
Short term borrowings - Net	(44,533)	(31,974)
Net cash outflow from financing activities	C 10,887	(50,922)
Net (decrease) in cash and cash equivalents	A+B+C (5,483)	(6,594)
Cash and cash equivalents as at 1st July	22,252	37,414
Cash and cash equivalents as at 31st December	16,770	30,820

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, 2013 - (Un-audited)

	Issued, subscribed and paid-up capital	Discount on issuance of shares	Accumulated Loss Restated	Total
(Rupees in thousand)				
Balance as on July 01, 2012 - restated	858,000	-	(2,693,044)	(1,835,044)
Total comprehensive income/(loss) for the period				
Loss after taxation - restated	-	-	(7,068)	(7,068)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	3,560	3,560
Shares issued during the period	858,000	-	-	858,000
Discount on issuance of shares	-	(514,800)	-	(514,800)
Total comprehensive income for the year - restated	858,000	(514,800)	(3,508)	339,692
Balance as on December 31, 2012	1,716,000	(514,800)	(2,696,552)	(1,495,352)
Balance as at July 01, 2013	1,716,000	(514,800)	(2,912,222)	(1,711,022)
Total comprehensive income/(loss) for the period				
(Loss) after taxation	-	-	(226,905)	(226,905)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	3,230	3,230
Total comprehensive loss for the period	-	-	(223,675)	(223,675)
Balance as on December 31, 2013	1,716,000	(514,800)	(3,135,897)	(1,719,027)

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

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2013 - (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 the Companies Ordinance, 1984). 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. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at Kot Abdul Malik, Lahore.

2 GOING CONCERN ASSUMPTION

"The financial statements for the half year ended December 31, 2013 are showing loss after taxation amounting to Rs. 226.905 million (December 2012: Rs. 7.068 million) and has accumulated loss of Rs. 3,135.897 million (June 2013: Rs. 2,912.222 million) at the year end which resulted in negative equity of Rs. 1,934.697 million (June 2013: Rs. 1,711.022 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 801.642 million (June 2013: Rs. 743.483 million).

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.

As a result of management's efforts, the Company has repaid certain outstanding loans of different financial institutions and has succeeded in re-scheduling of loans. The Company is still in negotiation with its other lenders (financial institutions & leasing companies) for the restructuring /rescheduling of financial facilities and is expecting relaxation in mark up rate and repayment terms from the remaining lenders.

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 for the half year ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or 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, 2013 and December 31, 2012 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, 2013. 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, 2013.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"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, 2013.

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, 2013."

4.1 New and amended standards and interpretations adopted during the period

The Company has adopted the following amended IFRS and IFRIC interpretations which became effective during the period.

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)

IAS 19 - Employees' Benefits (Amendment)

IAS 34 - Interim Financial Reporting (Amendment)

The adoption of the above amendments did not have any effect on the interim financial information.

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2013 - (Un-audited)

	December 31, 2013	June 30, 2013
	(Rupees in thousand)	
5 LONG TERM LOANS		
From banks and financial institutions - Secured	360,492	386,315
From related parties (directors) - Unsecured	726,801	625,067
	1,087,293	1,011,382
Less: Current and overdue portion presented under current liabilities	(103,992)	(94,971)
	983,301	916,411
6 DEFERRED LIABILITIES		
Deferred taxation	6.1 38,281	40,020
Employees retirements benefits	39,208	36,302
Deferred mark up (related parties)	539,863	481,640
Deferred mark up (financial institution)	290,706	274,210
	908,058	832,172
6.1	Deferred tax asset arising due to assessed tax losses has not been recognised as the future taxable profits may not be available against which the said losses can be adjusted.	
7 CONTINGENCIES AND COMMITMENTS		
Two suits amounting Rs. 16 million and Rs. 50.78 million were filed against the Company by Standard Chartered Leasing Co. and Orix Leasing Ltd. The Company has entered into settlement agreement with these companies. During the current period, the Company successfully paid the settlement liabilities. Upon payment as per settlement, these cases have now been disposed off by the Honorable High Court of Sindh.		
Bank guarantees amounting to Rs. 110.893 million (June 2013: Rs. 96.893 million) have been given by various banks on behalf of the Company.		
There is no other significant change in contingencies and commitments since the date of the preceding published annual financial statements.		
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	1,430,028	1,444,578
Capital work in progress	61,389	89,578
	1,491,417	1,534,156
8.1 Additions/ (Deletions) during the period		
Building	627	336
Plant and machinery	45,927	52,027
Electric and Gas installation	4,751	16,604
Furniture and fixtures	-	1,703
Office equipment	62	627
Vehicles	666	3,348
	52,033	74,645
8.2 Capital work in progress - At cost		
Opening	89,578	14,109
Additions	21,785	84,478
Less: Capitalized	(49,974)	(9,009)
Closing	61,389	89,578
8.3 Capital work in progress - Breakup		
Plant and Machinery	61,389	89,098
Civil work	-	480
	61,389	89,578

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2013 - (Un-audited)

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Significant related parties transactions during the period are as follows:

	December 31, 2013	December 31, 2012
	(Rupees in thousand)	
Associated companies		
Short term loan received	31,083	29,815
Repayment of short term loan	32,513	35,836
Purchases	8,383	3,037
Payment against supplies	36,451	5,019
Markup charged on loan	5,000	9,056
Directors		
Loan received	199,561	65,683
Repayment of loan	98,911	27,250
Markup charged on loan	59,486	49,463
Issue of shares	-	858,000

10 INFORMATION ABOUT BUSINESS SEGMENTS

- 10.1 For management purposes, the activities of the Company are organized into business units based on their products and services and has two reportable operating segments. The glass containers segment mainly relates to production of glass containers and tableware. Plastic shells segment includes production of plastic shells. The analysis for segments is given below:

	For the half year ended December 31, 2013		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousand)		
Revenue:			
Sales	1,276,283	88,510	1,364,793
Inter-segment sales	-	-	-
Gross Revenue	1,276,283	88,510	1,364,793
Less: Sales tax	(184,793)	(12,860)	(197,653)
	1,091,490	75,650	1,167,140
Results:			
Segment result	(112,551)	10,229	(102,322)
Financial charges	(107,217)	(7,435)	(114,652)
Taxation			(9,931)
Loss for the period			(226,905)
Other Information:			
Capital expenditure - Net	23,844	-	
Depreciation	62,265	4,318	

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2013 - (Un-audited)

	For the half year ended December 31, 2012		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousand)		
Revenue:			
Sales	1,593,391	71,240	1,664,631
Less: Sales tax	(215,928)	(9,826)	(225,754)
	<u>1,377,463</u>	<u>61,414</u>	<u>1,438,877</u>
Results:			
Segment result	110,493	413	110,906
Financial charges	(107,741)	(4,817)	(112,558)
Taxation			(5,416)
Loss for the period			<u>(7,068)</u>
Other Information:			
Capital expenditure - Net	69,389	-	
Depreciation	67,456	3,007	

	December 31, 2013	December 31, 2012
	(Rupees in thousand)	

10.1 GEOGRAPHICAL INFORMATION

	December 31, 2013	December 31, 2012
Local	1,138,651	1,410,982
Export	28,489	27,895
Total	<u>1,167,140</u>	<u>1,438,877</u>

11 CORRESPONDING FIGURES

Freight and forwarding charges amounting to rupees 9.136 million have been reclassified from Cost of Goods Sold to Administrative and Selling expenses for the purpose of appropriate presentation.

12 GENERAL

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

13 DATE OF AUTHORIZATION FOR ISSUE

This condensed financial information is authorized for issue on February 28, 2014 in accordance with the resolution of the Board of Directors of the Company.



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