

(Un-audited)

Half Yearly Accounts
for the Period ended
December 31, 2014



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 & CEO

COMPANY SECRETARY

Shaikh Arif Moin-ul-Haq

AUDIT COMMITTEE

Mr. Mian Nazir Ahmed Paracha
Mr. Mustafa Tousif Ahmed Paracha
Mr. Jawaid Aziz Paracha

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

Mr. Mustafa Tousif Ahmed Paracha
Mr. Jawaid Azaiz paracha
Mr. Tariq Siddiq Paracha

Chairman
Member
Member

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
BankIslami Pakistan Limited
Summit Bank Limited
MCB Bank Limited

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. 4, 3rd Floor,
Block 09, Clifton, Karachi.
Ph. No. 021-35377977-80

AUDITORS

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

FACTORIES

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

LEGAL ADVISOR

Masood Khan Ghory
(Advocate & Legal Consultant)

UNIT-II

29-KM, Sheikhpura Road,
Sheikhpura.

REGISTERED OFFICE

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

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

Directors of your Company are pleased to present the condensed interim financial information for the half year ended December 31, 2014.

COMPANY PERFORMANCE & FUTURE OUTLOOK

Brief comparison of key financial results of the Company for the half year ended December 31, 2014 as against the comparable preceding period is as follows:

	For The Half Year Ended		For The Quarter Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Sales - Net	759,078	1,167,140	334,622	569,771
Gross profit/ (loss)	(119,239)	(60,726)	(74,100)	(69,723)
Operating profit / (loss)	(154,713)	(102,322)	(93,442)	(93,736)
Loss before taxation	(274,584)	(216,974)	(154,563)	(159,180)
Loss after taxation	(273,562)	(226,905)	(154,064)	(164,007)
EPS	(1.59)	(1.32)	(0.90)	(0.96)

Sales Revenue of the Company dropped by 35% as compared to previous period mainly due to closure of Unit-II due to non-availability of gas supply and accordingly loss after tax has also increased as compared to last period. Production at Unit-III has also suffered very badly due to non-availability of gas supply and company has to curtail its production capacity. In order to operate plant we have to use furnace oil and LPG which has increased our cost of production and also suffered production efficiencies.

Company suffered due to severe natural gas curtailment at Unit -II & III, whereas SNGPL provided gas to other glass manufacturing companies located in same vicinity. Company suffered because of load management as well as due to low gas pressure. Management is in continuous negotiations with government departments for provision of required gas supply at both plants. Once the issue is resolved, the Company will yield better results. The management has also decided to increase production of tableware products which have performed remarkably well over the past few years. Management is working hard to start unit-II again as soon as gas availability is improved. We are also continuously focusing on streamlining the operations of all the units and enhancing their production efficiencies.

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

Lahore : 28 February 2015



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, 2014 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 condensed 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 condensed 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 condensed 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. 273.562 million during the half year ended December 31, 2014 which increased its accumulated loss to Rs. 3,744.735 million resulting in net capital deficiency of Rs. 2,543.535 million. Also the Company's current liabilities exceeded its current assets by Rs. 933.994 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, 2015

Engagement Partner: Nouman Razaq Khan

**Condensed Interim Balance Sheet**

as at December 31, 2014 - (Un-audited)

	Un-audited December 31, 2014	Audited June 30, 2014
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
(Rupees in thousand)		
Authorized capital		
171,600,000 (June 30, 2014: 171,600,000)		
Ordinary shares of Rs. 10 each	1,716,000	1,716,000
5,000,000 (June 30, 2014: 5,000,000)		
Preference shares of Rs. 10 each	50,000	50,000
	1,766,000	1,766,000
Issued, subscribed and paid-up capital	1,716,000	1,716,000
Discount on shares	(514,800)	(514,800)
Accumulated loss	(3,744,735)	(3,474,195)
	(2,543,535)	(2,272,995)
Surplus on revaluation of property, plant and equipment	244,074	247,096
NON-CURRENT LIABILITIES		
Subordinated loan - Unsecured	482,080	482,080
Long term loans	5 1,191,801	1,179,852
Deferred liabilities	6 1,098,646	1,001,162
	2,772,527	2,663,094
CURRENT LIABILITIES		
Trade and other payables	923,304	869,574
Markup accrued	170,914	157,930
Short term borrowings	246,176	250,250
Current maturity of non current liabilities	201,060	190,404
	1,541,454	1,468,158
CONTINGENCIES AND COMMITMENTS		
	7 2,014,520	2,105,353
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	8 1,407,060	1,456,893
CURRENT ASSETS		
Stores, spares and loose tools	219,354	224,217
Stock in trade	131,436	140,467
Trade debts	106,136	82,607
Loans and advances	49,503	49,955
Trade deposits, prepayments and other receivable	50,924	77,468
Taxes recoverable	39,147	24,470
Cash and bank balances	10,960	49,276
	607,460	648,460
	2,014,520	2,105,353

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, 2014 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in thousand)			
Sales - Net	759,078	1,167,140	334,622	569,771
Cost of sales	878,317	1,227,866	408,722	639,494
Gross loss	(119,239)	(60,726)	(74,100)	(69,723)
Administrative and selling expenses	35,829	41,806	19,697	24,149
Other income	355	210	355	136
Operating loss	(154,713)	(102,322)	(93,442)	(93,736)
Financial charges	119,871	114,652	61,121	65,444
Loss before taxation	(274,584)	(216,974)	(154,563)	(159,180)
Taxation - Current	466	11,671	222	5,697
Taxation - Deferred	(1,488)	(1,740)	(721)	(870)
Loss after taxation	(273,562)	(226,905)	(154,064)	(164,007)
Loss per share - Basic and diluted (Rupees)	(1.59)	(1.32)	(0.90)	(0.96)

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, 2014 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in thousand)			
Loss for the period	(273,562)	(226,905)	(150,063)	(164,007)
Other comprehensive income:				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	4,510	4,970	2,255	2,485
Related deferred tax	(1,488)	(1,740)	(721)	(870)
	3,022	3,230	1,534	1,615
Total comprehensive loss for the period	<u>(270,540)</u>	<u>(223,675)</u>	<u>(148,529)</u>	<u>(162,392)</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, 2014 - (Un-audited)

	December 31, 2014	December 31, 2013
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(274,584)	(216,974)
Adjustments for non-cash charges and other items:		
Depreciation	64,307	66,583
Financial charges	119,871	114,652
Provision for gratuity	4,594	4,594
Operating loss before working capital changes	(85,812)	(31,145)
Working capital changes		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and loose tools	4,863	8,787
Stock in trade	9,031	(134,745)
Trade debts	(23,529)	43,027
Loans and advances	452	(389)
Trade deposits, prepayments and other receivables	26,544	13,186
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	41,007	128,527
	58,368	58,393
Cash generated from/ (used in) operations	(27,444)	27,248
Payments for:		
Financial charges	(3,523)	(7,617)
Taxes	(9,147)	(10,469)
Gratuity	(2,259)	(1,687)
Net cash inflow / (outflow) from operating activities	A (42,373)	7,475
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(14,496)	(23,844)
Proceeds from disposal of fixed asset	22	-
Net cash outflow from investing activities	B (14,474)	(23,844)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	22,605	61,235
Lease rentals paid	-	(5,815)
Short term borrowings - Net	(4,074)	(44,533)
Net cash inflow from financing activities	C 18,531	10,887
Net decrease in cash and cash equivalents	A+B+C (38,316)	(5,483)
Cash and cash equivalents as at 1st July	49,276	22,252
Cash and cash equivalents as at 31st December	10,960	16,770

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, 2014 - (Un-audited)

	Issued, subscribed and paid-up capital	Discount on issuance of shares	Accumulated Loss	Total
(Rupees in thousand)				
Balance as on 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	<u>1,716,000</u>	<u>(514,800)</u>	<u>(3,135,897)</u>	<u>(1,934,697)</u>
Balance as on July 01, 2014	1,716,000	(514,800)	(3,474,195)	(2,272,995)
Total comprehensive income/(loss) for the period				
Loss after taxation	-	-	(273,562)	(273,562)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	3,022	3,022
Total comprehensive loss for the period	-	-	(270,540)	(270,540)
Balance as on December 31, 2014	<u>1,716,000</u>	<u>(514,800)</u>	<u>(3,744,735)</u>	<u>(2,543,535)</u>

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, 2014 - (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, 2014 are showing loss after taxation amounting to Rs. 273.562 million (December 2013: loss Rs. 226.905 million) and has accumulated loss of Rs. 3,744.735 million (June 2014: accumulated loss Rs. 3,474.195 million) at the period end which resulted in negative equity of Rs. 2,543.535 million (June 2014: Rs. 2,272.995 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 933.994 million (June 2014: Rs. 819.698 million).

As the above conditions are prevailing from last few years, thus raising 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.

The Company has suffered severe gas curtailment from SNGPL at both the Sheikhpura Plants, resulting into the closure of Unit II during the financial year 2013-14 and one furnace of Unit III since October 2014. These closures have adversely affected its production capacity utilization resulted into increased cost of production and the basic reasons behind the reduction in sales for the financial period. Management is in continuous negotiations with government departments for provision of continued gas supply required for both the plants. The Company has decided to shift the tableware plant to Unit-II (Sheikhpura Road) that has the furnace capacity of 160 M.Tons per day. The management is of the view that Unit-II will start producing tableware in the last quarter of financial year 2014-15. The production of this unit - being the largest unit of all, will increase the overall revenue of the Company resulting into favourable financial results in the coming financial years.

During these periods of losses, the directors of the Company have continued to provide financial support in the form of long term loans to bridge the gap of financial requirements of the Company. As a result of management's efforts, the Company has repaid certain outstanding loans of financial institutions. Further, the Company is in negotiation with its remaining lenders for the restructuring/rescheduling of financial facilities and is expecting relaxation in mark up rate and repayment terms.

These 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, 2014 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, 2014 and December 31, 2013 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, 2014. 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, 2014.

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, 2014. 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, 2014.

4.1 New and amended standards and interpretations adopted during the period

Certain standards, amendments and a new interpretation to approved accounting standards became effective during the period but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore, not detailed in this condensed interim financial information.

5 LONG TERM LOANS

From banks and financial institutions - Secured

From related parties (directors) - Unsecured

Less: Current and overdue portion presented under current liabilities

	December 31, 2014	June 30, 2014
	(Rupees in thousand)	
	298,864	333,208
	1,022,301	965,352
	1,321,165	1,298,560
	(129,364)	(118,708)
	<u>1,191,801</u>	<u>1,179,852</u>
6 DEFERRED LIABILITIES		
Deferred taxation	35,153	36,641
Employees retirement benefits	45,466	43,131
Deferred mark up (related parties)	696,730	614,627
Deferred mark up (financial institution)	321,297	306,763
	<u>1,098,646</u>	<u>1,001,162</u>



Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2014 - (Un-audited)

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

Bank guarantees amounting to Rs. 146.306 million (June 2014: Rs. 146.306 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	1,353,246	1,414,996
Capital work in progress	53,814	41,897
	1,407,060	1,456,893
8.1 Additions/ (Deletions) during the period		
Building	2,579	1,907
Plant and machinery	-	98,479
Electric and gas installation	-	7,537
Office equipment	(54)	96
Vehicles	-	1,742
	2,525	109,761
8.2 Capital work in progress - At cost		
Opening	41,897	89,578
Additions	11,917	31,275
Less: Capitalized	-	(78,956)
Closing	53,814	41,897
8.3 Capital work in progress - Breakup		
Plant and machinery	53,814	41,897

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, 2014	December 31, 2013
	(Rupees in thousand)	
Associated companies		
Short term loan received	6,535	31,083
Repayment of short term loan	20,039	32,513
Purchases	2,925	8,383
Payment against supplies	3,591	36,451
Mark-up charged on loan	3,256	5,000
Directors		
Loan received	163,949	199,561
Repayment of loan	107,000	98,911
Mark-up charged on loan	82,103	59,486

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:

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2014 - (Un-audited)

	For the half year ended December 31, 2014		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousand)		
Revenue:			
Sales	852,066	31,548	883,614
Less: Sales tax	(119,952)	(4,584)	(124,536)
	<u>732,114</u>	<u>26,964</u>	<u>759,078</u>
Results:			
Segment result	(156,495)	1,782	(154,713)
Financial charges	(115,591)	(4,280)	(119,871)
Taxation			1,022
Loss for the period			<u>(273,562)</u>
Other Information:			
Capital expenditure - Net	14,442	-	
Depreciation	<u>62,011</u>	<u>2,296</u>	

	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
Less: Sales tax	(184,793)	(12,860)	(197,653)
	<u>1,091,490</u>	<u>75,650</u>	<u>1,167,140</u>
Results:			
Segment result	(112,551)	10,229	(102,322)
Financial charges	(107,217)	(7,435)	(114,652)
Taxation			(9,931)
Loss for the period			<u>(226,905)</u>
Other Information:			
Capital expenditure - Net	23,844	-	
Depreciation	<u>62,265</u>	<u>4,318</u>	

10.2 GEOGRAPHICAL INFORMATION	December 31, 2014	December 31, 2013
	(Rupees in thousand)	
Local	712,462	1,138,651
Export	46,616	28,489
Total	<u>759,078</u>	<u>1,167,140</u>

11 GENERAL

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

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information is authorized for issue on February 28, 2015 in accordance with the resolution of the Board of Directors of the Company.


Chief Executive


Director



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