

(Un-audited)

Half Yearly Accounts
for the Period ended
December 31, 2016



BALUCHISTAN GLASS LIMITED

An ISO 9001:2008 Certified Company



Corporate Information

Board of Directors

Mr. Muhammad Tousif Paracha	CEO
Mrs. Tabsum Tousif Paracha	
Mr. Tariq Siddiq Paracha	
Mr. Mian Nazir Ahmed Paracha	
Mr. Mustafa Tousif Ahmed Paracha	Chairman
Mr. Muhammad Niaz Paracha	
Mr. Shamim Anwar	

COMPANY SECRETARY

Mr. Sheikh Arif Moin-ul-Haq

AUDIT COMMITTEE

Mr. Mian Nazir Ahmed Paracha	Chairman
Mr. Mustafa Tousif Ahmed Paracha	Member
Mr. Muhammad Niaz Paracha	Member
Mr. Shamim Anwar	Member

HR & REMUNERATION COMMITTEE

Mr. Mustafa Tousif Ahmed Paracha	Chairman
Mr. Muhammad Niaz Paracha	Member
Mr. Tariq Siddiq Paracha	Member

BANKERS

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

AUDITORS

PKF F.R.A.N.T.S.
Chartered Accountants

LEGAL ADVISOR

Masood Khan Ghory
(Advocate & Legal Consultant)

REGISTERED OFFICE

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

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

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

The Directors of your Company are pleased to present the un-audited Condensed Interim Financial Information for the half year ended December 31, 2016.

COMPANY PERFORMANCE & FUTURE OUTLOOK

Brief comparison of key financial results of the Company for the half year ended December 31, 2016 as against the comparable preceding period is as follows:

	For The Half Year Ended		For The Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Sales - Net	441,043	717,765	194,752	267,499
Gross loss	(150,331)	(133,414)	(81,855)	(119,702)
Operating loss	(142,685)	(157,230)	(61,637)	(126,143)
Loss before taxation	(247,117)	(292,084)	(118,199)	(201,271)
Loss after taxation	(249,683)	(290,132)	(119,225)	(195,833)
Loss per share	(1.46)	(1.69)	(0.70)	(1.14)

Sales revenue of the Company has decreased as compared to corresponding periods, because of the market competition and quality related issues of its certain products. In order to run the Company on sustainable basis and make the Company competitive in terms of product quality and production volume, management has taken fundamental strategic decision to close its Unit II for the purpose of modernization of its production facilities that has resulted in curtailment/shortfall in production activity during the period. However relocation of production facilities from Unit I to Unit III has been completed and Unit III has started its production since October 2016 and is fetching satisfactory results regarding product market and margin thereon.

Management is aggressively working on a strategy to invest in modernization of its production facilities. With the committed support of the directors relating to availability/provision of financial resources, management is actively exploring the options in respect of upgraded production facilities in order to compete and penetrate the market with the objective to increase its market share. Management is of the view that, though, implementation of this strategy shall take significant time and will require substantial financial resources but in the long run this will not only help the Company overcoming the ever increasing challenges but also will provide the Company competitive edge over their competitors in terms of better quality of products hence better price and better profit margins, streamlined production activities, lower costs, increased product demand and increased production efficiencies.

We are highly confident that up gradation of the production facilities will result into increased market share which would definitely help in getting the Company out of the current situation and achieving desirable market results in near future.

GOING CONCERN ASSUMPTION

On the basis of consistent financial support from directors, associates along with successful negotiations with banks & financial institutions for restructuring/settlement of overdue credit facilities, honoring existing restructuring/settlement agreements, modernization of production facilities, future demand of glass products & prospects of industry, and other supportive 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. Management is also confident that it will be able to handle the liquidity related issues in near future with the adamant financial support from its directors and associates.

We express our gratitude to all our stakeholders for their continued support and co-operation particularly of 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 Tausif Paracha

Chief Executive

ڈائریکٹر کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2016 پر اختتام پزیر پہلی ششماہی کی عبوری غیر آئٹڈ مالیاتی معلومات بخوشی پیش کرتے ہیں۔

کمپنی کی کارکردگی اور عمومی مستقبل کے نقطہ نظر:

31 دسمبر 2016 کو ختم ہونے والی پہلی ششماہی کی مدت کے مقابلے میں کمپنی کے اہم مالیاتی نتائج کا مختصر موازنہ:

ششماہی نتائج		سبہ ماہی نتائج	
دسمبر	31-2015	دسمبر	31-2015
سیلز نیٹ	441,043	194,752	267,499
مجموعی خسارہ	(150,331)	(81,855)	(119,702)
اپریٹنگ خسارہ	(142,685)	(61,637)	(126,143)
ٹیکسیشن سے پہلے خسارہ	(247,117)	(118,119)	(201,271)
ٹیکسیشن کے بعد خسارہ	(249,683)	(119,225)	(195,833)
فی شیئر میں کمی	(1.46)	(0.70)	(1.14)

کمپنی کی فروخت کی آمدنی میں پہلی مدت کے مقابلے میں کمی واقع ہوئی ہے۔ کیونکہ مارکیٹ کے شدید مقابلے اور متضاد رویے کی وجہ سے مصنوعات کی قیمتوں میں کمی ناگزیر تھی۔ جس کی وجہ سے کمپنی کے منافع میں کمی واقع ہوئی اور کمپنی کی انتظامیہ نے یونٹ-2 اور اس کی پیداوار کی سہولیات کو جدید کرنے کے مقصد کے تحت بند کیا۔ جس کی وجہ سے موجودہ ششماہی کے دوران کمپنی کی پروڈکشن میں کمی واقع ہوئی تاہم یونٹ-3 میں پیداواری سہولیات کو پورا کرنے کیلئے یونٹ-1 سے مشینری کی منتقلی مکمل ہوئی اور اکتوبر 2016 میں یونٹ سے پیداوار شروع ہوئی۔

مینجمنٹ جارحانہ انداز میں یونٹ-2 اور یونٹ-1 میں بالترتیب پیداوار کی سہولیات کو جدید کرنے میں سرمایہ کاری کی حکمت عملی پر کام کر رہی ہے اور فعال طور پر مقابلے کرنے اور مجموعی طور پر، مارکیٹ پر غلبہ حاصل کرنے کیلئے سب سے جدید پیداوار کی سہولیات کے سلسلے میں اختیارات استعمال کر رہی ہے۔ انتظامیہ کو یقین ہے کہ اس حکمت عملی کے نفاذ سے نہ صرف کمپنی کو بڑھتے ہوئے چیلنجز پر قابو پانے میں مدد ملے گی، بلکہ مصنوعات کے بہتر معیار کے لحاظ سے اپنے حریف پر کمپنی کو مسابقتی برتری بھی فراہم کرے گی۔ اس وجہ سے بہتر قیمت اور بہتر منافع کے مارجن اور پروڈکشن کی سرگرمیوں اور استعداد کار میں اضافہ اور اخراجات کو کم کرنے میں مدد ملے گی۔

ہم انتہائی پر اعتماد ہیں کہ پیداوار کی سہولیات میں نظر ثانی اور مستقبل کی مارکیٹ میں تبدیلی سے کمپنی موجودہ صورتحال سے باہر نکل آئے گی۔ اور مستقبل قریب میں اپنے ٹارگٹ کو حاصل کرنے میں کامیاب ہو جائے گی۔

موجودہ مفروضہ جات پر تشویش:

ڈائریکٹرز سے مسلسل مالی امداد کے بنیاد پر بنکوں کے قرضوں کی سہولیات کی تنظیم نو / حل کیلئے مالیاتی اداروں کے ساتھ کامیاب مذاکرات اور معاہدات، پیداوار کی سہولیات کو جدید کرنے، شیشے کی مصنوعات اور صنعت کے امکانات اور مستقبل کی ضروریات کے ساتھ ساتھ ساتھیوں اور انتظامیہ کی جانب سے اٹھائے جانے والے دیگر معاونتی اقدامات پر بورڈ آف ڈائریکٹرز محسوس کرتا ہے کہ کمپنی کے کاروبار کو مستقبل میں پائیدار بنیادوں پر چلانے کیلئے مناسب وسائل حاصل ہونگے۔ لہذا ان کی ششماہی مالیاتی رپورٹ اسی تشویش کی بنیاد پر تیار کی گئی ہے۔ انتظامیہ کو یہ بھی یقین ہے کہ کمپنی اس کے ڈائریکٹرز اور ساتھیوں سے مالی مدد کے ساتھ مستقبل میں لیکویڈٹی کے متعلق وسائل کو بینڈل کرنے کے قابل ہو جائے گی۔

ہم اپنے تمام اسٹیک ہولڈرز اور خاص طور پر بنکوں اور مالیاتی اداروں کے ساتھ ساتھ اپنے صارفین، سپلائرز اور کمپنی کے ملازمین کے تعاون کیلئے شکر کا اظہار کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



جناب محمد توصیف پراچہ

چیف ایگزیکٹو

Lahore: 24-Feb-2017



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, 2016 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 notes forming part thereof for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and 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.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed by us, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

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 as of and for the six months period ended December 31, 2016 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 disclose that the Company incurred a net loss of Rs. 249.683 million during the half year ended December 31, 2016 which increased its accumulated loss to Rs. 4,690.931 million resulting in net capital deficiency of Rs. 3,489.731 million. Also the Company's current liabilities exceeded its current assets by Rs. 1,056.411 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.

PKF F.R.A.N.T.S.

Chartered Accountants

Engagement Partner: Muhammad Talib

Multan: February 24, 2017

**Condensed Interim Balance Sheet**

as at December 31, 2016 - (Un-audited)

	Un-audited Dec 31, 2016	Audited June 30, 2016
Note	(Rupees in thousands)	
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
Authorized capital	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	(4,690,931)	(4,445,553)
	(3,489,731)	(3,244,353)
Surplus on revaluation of property, plant and equipment	293,341	297,646
Subordinated loan - Unsecured	482,080	482,080
NON-CURRENT LIABILITIES		
Long term loans	5 1,824,089	1,592,116
Deferred liabilities	6 1,162,653	1,106,293
	2,986,742	2,698,409
CURRENT LIABILITIES		
Trade and other payables	950,878	1,042,484
Markup accrued	134,353	184,559
Short term borrowings	7 366,567	411,562
Current maturity of non current liabilities	289,384	222,567
	1,741,182	1,861,172
CONTINGENCIES AND COMMITMENTS		
	8	
	2,013,614	2,094,954
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	9 1,328,843	1,377,110
CURRENT ASSETS		
Stores, spares and loose tools	238,050	232,542
Stock in trade	180,643	234,760
Trade debts	84,341	69,858
Loans and advances	50,944	47,305
Trade deposits, prepayments and other receivable	47,090	47,622
Taxes recoverable	69,766	65,951
Cash and bank balances	13,937	19,806
	684,771	717,844
	2,013,614	2,094,954

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Chief Executive

Director

**Condensed Interim Profit and Loss Account**

for the Half Year and Quarter Ended December 31, 2016 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in thousands)		(Rupees in thousands)	
Sales - Net	441,043	717,765	194,752	267,499
Cost of sales	591,374	851,179	276,607	387,201
Gross loss	(150,331)	(133,414)	(81,855)	(119,702)
Administrative and selling expenses	17,915	26,166	5,339	8,701
Other expenses	-	3,367	-	3,367
	17,915	29,533	5,339	12,068
Other incomes	25,561	5,717	25,557	5,627
Operating loss	(142,685)	(157,230)	(61,637)	(126,143)
Financial charges	104,432	134,854	56,562	75,128
Loss before taxation	(247,117)	(292,084)	(118,199)	(201,271)
Taxation - Current	4,411	83	1,948	(4,420)
- Deferred	(1,845)	(2,035)	(922)	(1,018)
Loss after taxation	(249,683)	(290,132)	(119,225)	(195,833)
Loss per share - Basic and diluted (Rs.)	(1.46)	(1.69)	(0.70)	(1.14)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**Condensed Interim Statement of Comprehensive Income**

for the Half Year and Quarter Ended December 31, 2016 - (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in thousands)		(Rupees in thousands)	
Loss for the period	(249,683)	(290,132)	(119,225)	(195,833)
Other comprehensive income:				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	6,150	6,783	3,075	3,392
Related deferred tax	(1,845)	(2,035)	(922)	(1,018)
	4,305	4,748	2,153	2,374
Total comprehensive loss for the period	<u>(245,378)</u>	<u>(285,384)</u>	<u>(117,072)</u>	<u>(193,459)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Chief Executive

Director

**Condensed Interim Cash Flow Statement**

for the Half Year Ended December 31, 2016 - (Un-audited)

	December 31, 2016	December 31, 2015
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(247,117)	(292,084)
Adjustments for non-cash charges and other items:		
Depreciation	61,322	65,841
Provision for gratuity	3,802	5,001
Loss on disposal of fixed assets	-	3,367
Financial charges	104,432	134,854
Gain on settlement of liabilities	(25,518)	(5,678)
Operating loss before working capital changes	(103,079)	(88,699)
Working capital changes		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and loose tools	(5,508)	19,636
Stock in trade	54,117	(133,170)
Trade debts	(14,483)	25,018
Loans and advances	(3,639)	(8,622)
Trade deposits, prepayments and other receivables	532	(700)
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(12,414)	121,992
	18,605	24,154
Cash used in operations	(84,474)	(64,545)
Payments for:		
Financial charges	(22,218)	(4,312)
Taxes	(4,297)	(16,966)
Gratuity	(16,312)	(3,672)
Net cash outflow from operating activities	A (127,301)	(89,495)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(13,055)	(46,276)
Proceeds from disposal of fixed asset	-	650
Net cash outflow from investing activities	B (13,055)	(45,626)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	129,485	(56,932)
Short term borrowings - Net	5,002	188,944
Net cash inflow from financing activities	C 134,487	132,012
Net increase/ (decrease) in cash and cash equivalents	A+B+C (5,869)	(3,109)
Cash and cash equivalents as at 1st July	19,806	10,715
Cash and cash equivalents as at 31st December	13,937	7,606

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**Condensed Interim Statement of Changes in Equity**

for the Half Year Ended December 31, 2016 - (Un-audited)

	Issued, subscribed and paid-up capital	Discount on issuance of shares	Accumulated Loss	Total
(Rupees in thousand)				
Balance as on July 01, 2015	1,716,000	(514,800)	(3,926,504)	(2,725,304)
Total comprehensive (loss) for the period				
Loss after taxation	-	-	(290,132)	(290,132)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	4,748	4,748
Total comprehensive loss for the period	-	-	(285,384)	(285,384)
Balance as on December 31, 2015	1,716,000	(514,800)	(4,211,888)	(3,010,688)
Balance as on July 01, 2016	1,716,000	(514,800)	(4,445,553)	(3,244,353)
Total comprehensive (loss) for the period				
Loss after taxation	-	-	(249,683)	(249,683)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	4,305	4,305
Total comprehensive loss for the period	-	-	(245,378)	(245,378)
Balance as on December 31, 2016	1,716,000	(514,800)	(4,690,931)	(3,489,731)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Chief Executive

Director



Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2016 - (Un-audited)

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are listed on the Pakistan Stock Exchange. 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, 2016 are showing loss after taxation amounting to Rs. 249.683 million (December 2015: loss Rs. 290.132 million) and has accumulated loss of Rs. 4,690.931 million (June 2016: accumulated loss Rs. 4,445.553 million) at the period end which resulted in negative equity of Rs. 3,489.731 million (June 2016: Rs. 3,244.353 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 1,056.411 million (June 2016: Rs. 1,143.328 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.

Sales revenue of the Company has decreased significantly as compared to corresponding periods, because of the market competition and quality related issues of its certain products. In order to run the Company on sustainable basis and make the Company competitive in terms of product quality and production volume, management has taken the fundamental strategic decision to close its Unit II since October 2016 for the purpose of modernization of its production facilities that has resulted in curtailment/shortfall in production activity during the period. Unit I was closed in the last month of the previous financial year with a strategy to relocate its certain production facilities to Unit III for better management of production, reduction in fixed cost, better management, maximum utilization of its available resources and improve the cost efficiency along with the modernization of its existing production facilities. Unit-III was closed during the first quarter of the previous financial year, due to refurbishing/rehabilitation of its furnaces and relocation of certain production facilities from Unit I to Unit III. Unit III has started its production of tableware products since October 2016 in respect of which the Company is fetching satisfactory results regarding product market and margin thereon.

Management is aggressively working on a fundamental strategy to invest in modernization of its production facilities. With the committed support of the directors relating to the availability/provision of financial resources, management is actively exploring the options in respect of upgraded production facilities in order to compete and penetrate the market with the objective to increase its business share. Management is of the view that, though, implementation of this strategy shall take significant time and will require substantial financial resources but in the long run this will not only help the Company overcoming the ever increasing challenges but also will provide the Company competitive edge over their competitors in terms of better quality of product hence better price and better profit margins, streamlined production activities, lower costs, increased product demand & market share and increased production efficiencies.

In addition to the above mentioned measures, the Company has also entered into agreements with two of financial institutions for the restructuring of its overdue credit facilities during the period. The Company is committed for honoring its existing restructuring agreements and complying with repayment terms of such agreements with continuous support from its directors and associates. Management is confident that it will be able to handle the liquidity related issues in near future with the adamant financial support from its directors and associates.

Based on continuous support from directors and associates along with future prospects of industry and other steps taken by the management, Board of Directors feel 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.

3 BASIS OF PREPARATION

This condensed interim financial information for the half year ended December 31, 2016 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 and is being submitted to the shareholders as required under listing regulations of Pakistan Stock Exchange (formerly Karachi and Lahore Exchange) and section 245 of the Companies Ordinance, 1984. This condensed interim financial information has been reviewed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2016 and December 31, 2015 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, 2016. 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, 2016.

Standards, interpretations and amendments to published approved accounting standards that became effective during the period

A number of new or amended standards became applicable for the financial year beginning on July 1, 2016. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

A number of new or amended standards were published that are not yet effective and have not been early adopted by the Company. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

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, 2016. The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2016. 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, 2016.

Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2016 - (Un-audited)

	December 31, 2016	June 30, 2016
	(Rupees in thousands)	
5 LONG TERM LOANS		
Banks and financial institutions (Secured)	562,128	491,603
Related parties - Directors (Un-secured)	1,495,641	1,267,377
	2,057,769	1,758,980
Less: Current and overdue portion presented under current liabilities	(233,680)	(166,864)
	1,824,089	1,592,116
6 DEFERRED LIABILITIES		
Deferred taxation	40,236	42,081
Employees retirements benefits	19,313	31,823
Deferred mark up (related parties)	948,391	880,785
Deferred mark up (financial institution)	154,713	151,604
	1,162,653	1,106,293
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 SHORT TERM BORROWINGS		
During the period, the Company has entered into restructuring arrangement with Al Baraka Bank Limited in respect of its letter of credit facility and paid Rs. 12.812 million as upfront payment. The balance amount is payable in 48 monthly instalments @ 1 month KIBOR plus 1.5% starting from the month of October 2016.		
The Company has also entered into restructuring agreement with National Bank of Pakistan in respect of short term loan facility during the period, and paid Rs. 27.87 million, out of the total outstanding amount of principal and markup/cost of fund, as upfront payment. The principal amount has been converted into fresh Demand Finance - I which is repayable in 20 quarterly instalments @ 3 month KIBOR plus 1% starting from March 2017. The outstanding markup/cost of fund has been frozen and converted into Demand Finance - II which is repayable in 20 equal quarterly instalments over the same 5 years.		
8 CONTINGENCIES AND COMMITMENTS		
Bank guarantees amounting to Rs. 149.906 million (June 2016: Rs. 149.906 million) have been given by various banks on behalf of the Company. The Company was selected for Income Tax Audit for the tax year 2015 u/s 177. The Company is currently pleading the aforementioned case and submitting the required information/submissions. Additional Commissioner Inland Revenue in its orders in respect of proceedings under Sales Tax Act, 1990 regarding tax years 2012 and 2015 has raised the demand of Rs. 3.29 million and Rs. 5.63 million respectively. Assistant Commissioner Inland Revenue in its Order relating to proceedings under Sections 161/205 in respect of Tax Year 2014 has raised the demand of Rs. 79.222 million. The Company has filed the appeals against these Orders and is currently assailing these orders before Commissioner Inland Revenue-Appeals, which are pending for adjudication. Keeping in view the nature of proceedings and availability of tax losses and tax related provisions, management is of considered opinion that Company may not be liable for any major liability in addition to what has already been recorded in the books as on December 31, 2016. There is no other significant change in contingencies and commitments since the date of the preceding published financial statements.		
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	9.1	1,326,560
Capital work in progress	9.2	2,283
		1,328,843
		1,377,110
		(Rupees in thousands)
		December 31, 2016
		December 31, 2015
		(Rupees in thousands)
9.1 Additions/Transfer & (Deletions) during the period		
Building		1,909
Plant and machinery		7,050
Plant and machinery - cost		-
Electric and gas installation		-
Furniture and fixtures		50
Office equipment		106
Vehicles		3,940
		13,055
9.2 Capital work in progress - At cost		
Opening		2,283
Additions		1,418
Less: Capitalised		(1,418)
Closing	9.3	2,283
9.3 Capital work in progress - Breakup		
Plant and Machinery		4,540
		2,283
		4,540
10 TRANSACTIONS WITH RELATED PARTIES		
The related parties comprise associated companies, directors and key management personnel. Significant related party transactions made during the period are as follows:		

**Selected Explanatory Notes to the Condensed Interim Financial Information for the Half Year Ended December 31, 2016 - (Un-audited)**

	December 31, 2016	December 31, 2015
(Rupees in thousands)		
Associated Entities		
Short term loan received - net	9,656	-
Purchases	-	4,925
Payment against supplies	3,533	2,953
Markup charged on loan	12,438	259
Other Associates		
Short term loan received	-	67,605
Repayment of short term loan	-	139,609
Markup charged on loan	5,656	27,145
Directors		
Loan received	228,264	20,000
Markup charged on loan	67,606	82,761
Rent of property charged by CEO	-	1,815

11 INFORMATION ABOUT BUSINESS SEGMENTS

11.1 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:

	December 31, 2016		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousand)		
Revenue:			
Sales to external customers	520,414	-	520,414
Less: Sales tax	(79,371)	-	(79,371)
Net Revenue	441,043	-	441,043
Segment result	(142,685)	-	(142,685)
Financial charges	(104,432)	-	(104,432)
Taxation			(2,566)
Loss for the period			(249,683)
Other Information:			
Capital expenditure	13,055	-	
Depreciation	61,322	-	
	December 31, 2015		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousand)		
Revenue:			
Sales	834,927	10,510	845,437
Less: Sales tax	(126,145)	(1,527)	(127,672)
	708,782	8,983	717,765
Segment result	(157,860)	630	(157,230)
Financial charges	(133,178)	(1,676)	(134,854)
Taxation			1,952
Loss for the period			(290,132)
Other Information:			
Capital expenditure - Net	30,762	-	
Depreciation	65,023	818	
11.2 GEOGRAPHICAL INFORMATION			
Local		432,882	709,514
Export		8,161	8,251
		441,043	717,765

12 CORRESPONDING FIGURES

12.1 Comparative figures have been rearranged and reclassified wherever required to facilitate better comparison while no major reclassification has been made in corresponding figures.

13 GENERAL

13.1 These financial statements are presented in rupees and figures have been rounded off to the nearest thousand rupees.

13.2 These financial statements are authorised for issue on **February 24, 2017** in accordance with the resolution of the Board of Directors of the Company.



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