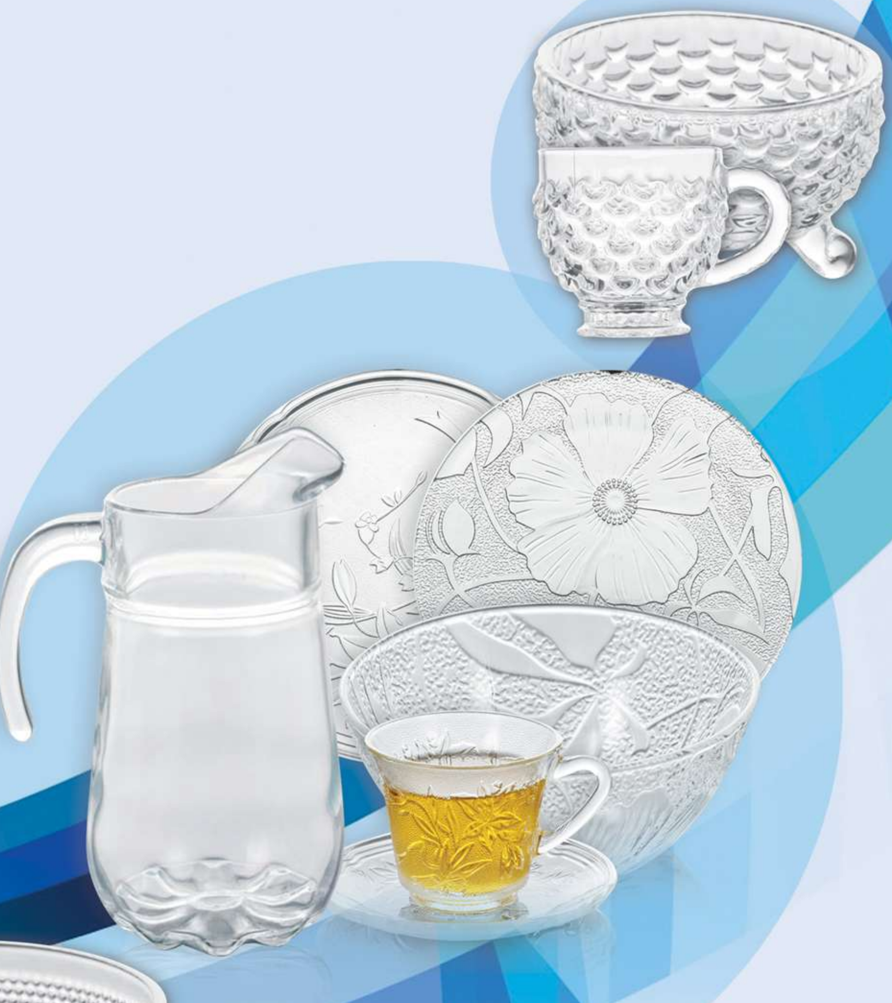
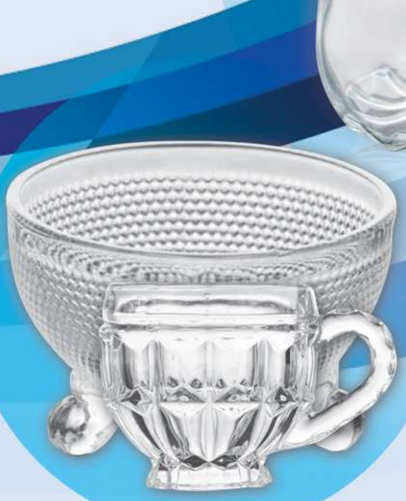
BALOCHISTAN GLASS LIMITED





Condensed Interim Financial Statements
(Un-Audited)
For the half year ended
DECEMBER 31, 2019

CONTENTS

COMPANY PROFILE

BOARD OF DIRECTORS

Mr. Muhammad Tousif Paracha	Chairman
Mr. Mian Nazir Ahmed Paracha	CEO
Mr. Faisal Aftab Nabi	
Mrs. Tabassum Tousif Paracha	
Mr. Shaffi Uddin Paracha	
Mr. Muhammad Niaz Paracha	
Mr. Sana Ullah Khan Ghory	

AUDIT COMMITTEE

Mr. Faisal Aftab Nabi	Chairman
Mr. Muhammad Tousif Paracha	Member
Mr. Muhammad Niaz Paracha	Member

HR & REMUNIRATION COMMITTEE

Mr. Sana Ullah Khan Ghory	Chairman
Mr. Muhammad Tousif Paracha	Member
Mr. Mian Nazir Ahmed Paracha	Member

COMPANY SECRETARY
Mr. Shams Ul Islam, ACA

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
BankIslami Pakistan Limited
JS 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
Pace Tower, 1st Floor, 27-H,
College Road, Gullberg - II, Lahore.
Tel: 042 35253514
Web: www.balochistanglass.com
Email:info@balochistanglass.com

KARACHI OFFICE
B 68/2, Ghulshan -e- Faysal, Corner of
Street # 13, Block # 7 Bath Island Clfiton,
Karachi.

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

UNIT-II
29-KM, Sheikhupura Road,
Sheikhupura.

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

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

DIRECTORS' REVIEW

The Directors of your company are pleased to present the Condensed Interim Financial Information of your company for the half year and quarter ended December 31, 2019.

COMPANY PERFORMANCE

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

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	Rupees in thousands			
Sales - Net	926,389	435,310	502,878	308,002
Gross (Loss)	(22,674)	(61,454)	(16,587)	(2,051)
Operating (Loss) / Profit	(87,653)	18,490	(58,744)	(2,431)
Depreciation for the period	72,396	76,001	37,067	40,572
(Loss) before Tax	(143,619)	(16,447)	(88,271)	(26,003)
(Loss) after Tax	(154,708)	(13,411)	(98,826)	(23,701)
Basic and diluted (Loss) per share	(0.59)	(0.05)	(0.38)	(0.09)

During the current period, sales revenue has been increased significantly by more than double of the corresponding period because of consistent management efforts to improve production efficiencies for pharmaceutical products at Unit - I and the company remained successful to continue the production of tableware glass products at Unit - III.

Since August 2018, Unit - I (located at Hub) remained operative and achieved operational targets progressively. Initially the management has faced few startup issues of production including machinery alignment which suffered the production efficiency, later on the company also claimed the performance guarantee issued by the supplier as per purchase agreement due to machinery related problems. At this Unit, although the production performances were achieved steadily over the period, but the application of new Sui-gas rates in south region since July 2019 affected the cost of production and squeezed the margin badly. Further due to extensive market competition in pharmaceutical industry and lower contribution margins, management decided to suspend the production of pharmaceutical products in the month of November 2019. However the management has anticipated that the stock-in-hand of pharmaceutical products would be sufficient to cater the customers' demand in near future, so the suspension of production may not disturb the market share.

At Unit - III (located at Kot Abdul Malik Lahore), the company also faced the expensive energy cost in Punjab region due to applicable rates of (re-gasified liquefied natural gas) RLNG. To minimize the energy cost the company also used furnace oil in the second quarter of the current period, which resulted to reduce the cost of production. Further the company managed their prices of tableware products and introduced various new designs that increased the tableware market share during the current period. The management is fully satisfied with the operational results derived from one furnace at Unit - III. Furthermore, the company intends to enhance the production capacity at Unit - III by refurbishment of its second furnace which would have double production capacity as compare to the existing furnace. The management has also started to obtain different vendors' quotations for this new project based on the underlying assumptions that the new project would be more cost efficient and would save the energy consumption.

During the period, an associated company (Gharibwal Cement Limited) has also renewed and enhanced the limit of short term finance facility to the company to meet operational needs of the company which will further help in working capital management. In addition to the above, the sponsors have also shown their continued commitment to support the Company's operations.

The Board of Directors appreciates the assistance and co-operation extended by our banks and other financial institutions. The Board recognizes and value dedication and commitment demonstrated by all the employees and contractors of the Company as well as support & cooperation extended by our distributors, dealers, suppliers and other stakeholders of the company.

GOING CONCERN ASSUMPTION

Amicably successful operational results of tableware production at Unit - III and enough stock in hand of pharmaceutical products to cater the market demand, increase in market share, capacity enhancement of tableware production in Punjab region and consistent support from sponsoring directors, associates along with settlement of overdue credit facilities with financial institutions, honoring existing restructuring agreements, future demand of glass products & prospects of industry, and other supportive steps taken by management, Board of Directors' feels that the 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 overcome the liquidity related issues in near future with the adamant support from its directors and associates.

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

Board of Directors appreciates the assistance and co-operation extended by our banks and financial institutions as well as efforts, dedication and commitment demonstrated by all the employees and contractors of the Company as well as support & cooperation extended by our distributors, dealers, suppliers and other stakeholders of the company

For and on behalf of Board of Directors

MIAN NAZIR AHMED PARACHA
Chief Executive Officer

Lahore : February 28, 2020

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2019ء کے اختتام پر پہلی ششماہی اور سہاہی کے لیے عبوری غیر آڈٹ شدہ مالیاتی معلومات اور آڈیٹر کی جائزہ رپورٹ بخوشی پیش کرتے ہیں۔

کمپنی کی کارکردگی

31 دسمبر 2019 کو ختم ہونے والی ششماہی کا پچھلی ششماہی کے مقابلے میں کمپنی کے مالیاتی نتائج کا مختصر موازنہ۔

	ششماہی نتائج		سہ ماہی نتائج	
	دسمبر 31-2019	دسمبر 31-2018	دسمبر 31-2019	دسمبر 31-2018
خالص سیل	926,389	435,310	502,878	308,002
مجموعی خسارہ	(22,674)	(61,454)	(16,587)	(2,051)
آپریشن کا خسارہ	(87,653)	18,490	(58,744)	(2,431)
اس مدت کا استحصال	72,396	76,001	37 067,	40,572
خسارہ قبل از ٹیکس	((143,619)	(16,447)	(88,271)	(26,003)
خسارہ بعد از ٹیکس	(154,708)	(13,411)	(98,826)	(23,701)
بیسک اور ڈایلوٹڈ خسارانی شیئر	(0.59)	(0.05)	(0.38)	(0.09)

پچھلی ششماہی کے مقابلے میں اس مدت کے دوران کمپنی کی سیلز آمدن میں دوگنا سے بھی زیادہ اضافہ ہوا ہے جو کہ انتظامیہ کی مسلسل کوششوں کا نتیجہ ہے جو کہ یونٹ I کی فارما کی پیداواری کارکردگی کو بہتر کرنے کیلئے کی گئیں ہیں اور کمپنی اپنے یونٹ III میں ٹیبل ویئر کی مصنوعات کی پیداوار بھی کامیابی سے جاری رکھے ہوئے ہے۔

اگست 2018 سے یونٹ I (حب بلوچستان) میں پیداوار شروع کی اور آہستہ آہستہ اپنے اہداف کو حاصل کیا۔ ابتدا میں انتظامیہ کو پروڈکشن کے لیے مشکلات کا سامنا کرنا پڑا جس میں مشینوں کی صف بندی بھی شامل ہے جس سے پیداوری کارکردگی متاثر ہوئی۔ بعد میں کمپنی نے مشینوں سے متعلقہ پریشانیوں پر سپلائر کی جانب سے دی گئی کارکردگی کی ضمانت کا دعوی بھی کیا اگرچہ یونٹ I میں اس مدت کے دوران پیداوری اہداف کو حاصل کیا گیا لیکن قدرتی گیس کے نئے ریٹ (جو کہ جولائی 2019ء سے لاگو ہوئے) کی وجہ سے پیداوری لاگت اور کمپنی کے منافع کو بُری طرح متاثر کیا۔ اس کے علاوہ دواسازی کی مصنوعات کی صنعت میں وسیع مقابلے اور شراکت کے کم مارجن کی وجہ سے انظامیہ نے دواسازی کی مصنوعات کی پیداوار کو نومبر 2019 سے معطل کرنے کا فیصلہ کیا تاہم انتظامیہ کا اندازہ ہے کہ دواسازی کی بوتلوں کا موجودہ ذخیرہ مستقبل قریب مں صارفین کی ضروریات کو پورا کرنے کے لیے کافی ہوگا اور پیداوار کی معطّلی سے کمپنی کے مارکیٹ شیئر کو نقصان نہیں پہنچے گا۔

یونٹ III (کوٹ عبدالمالک لاہور) میں بھی کمپنی کو پنجاب میں توانائی کی قیمتوں میں اضافہ (جو کہ RLNG لاگو نرخوں) کا سامنا کرنا پڑا۔ توانائی کی لاگت کو کم کرنے کیلیئے کمپنی نے موجودہ مدت کے دوسری سہاہی میں فرنس آئل کا استعمال بھی کیا۔ جس کی وجہ سے پیداواری لاگت میں کمی ہوئی۔ مزید یہ کہ کمپنی نے ٹیبل ویئر کی مصنوعات کی قیمتوں کو بھی سنبھالا اور بہت سے نئی ڈیزائن کی مصنوعات مارکیٹ میں متعارف کروائی جس سے کمپنی کے مارکیٹ شئیر میں بھی اضافہ ہوا۔ انتظامیہ یونٹ III کے پیداواری نتائج سے کمل طور پر مطمئن ہے۔ مزید یہ کہ کمپنی کا ارادہ ہے کہ یونٹ III کی دوسری فرنس کی تزئین اور آرائش کر کے پیداوار حاصل کرنے کے لیے تیار کیا جائے جس کی پیداواری صلاحیت موجودہ فرنس کے مقابلے میں دوگنا ہے۔ اس مقصد سے انتظامیہ نے نئی فرنس لگانے کے پروجیکٹ میں مختلف سپلائرز نے کوٹیشن لینا شروع کیں جس سے ٹیبل ویئر کی پیداواری لاگت کم ہوگی اور توانائی کی بچت ہوگی۔

اس مدت کے دوران ہماری وابستہ کمپنی (غریب وال سیمنٹ) نے کمپنی کی آپریشنل ضروریات کو پورا کرنے کیلیے کمپنی کو شارٹ ٹرم فنانس کی سہولت میں اضافہ کیا جس سے کمپنی کے ورکنگ کیپٹل مینجمنٹ میں مزید مدد ملے گی۔ اس کے علاوہ کمپنی کے کفیل افراد نے بھی اس کی موجودہ کارکردگی کی حمایت کے لیے اپنی وابستگی کا مظاہرہ کیا۔

بورڈ آف ڈائریکٹرز نے ہمارے بینکوں اور دیگر مالیاتی اداروں کی فراہم کردہ امداد اور تعاون کو سراہا ہے۔ بورڈ کمپنی کے تمام ملازمین، ڈیلرز، سپلائرز اور دیگر وابستہ افراد کی کارکردگی اور تعاون کو جانتا اور سراہتا ہے۔

موجودہ پرتشویش مفروضہ جات:

یونٹ III میں ٹیبل وئیر کے خوشگوار پیداواری نتائج اور مارکیٹ کی طلب کو پورا کرنے کے لیے دواسازی کی مصنوعات کا درکار سٹاک، مارکیٹ کے شیئر میں اضافہ، پنجاب میں ٹیبل وئیر کی مصنوعات کی پیداواری صلاحیت میں اضافہ اور وابستہ ڈائریکٹرز کی مستقل توجہ اور حمایت کے ساتھ ساتھ مالیاتی اداروں کے واجب الادہ قرضوں کی سہولیات میں تصفیہ، موجودہ معاہدوں کی تنظیمِ نو، مستقبل میں شیشے کی مصنوعات کی طلب، صنعت کے امکانات اور انتظامیہ کے معاون اقدامات، ان تمام عوامل کی بنیاد پر بورڈ آف ڈائریکٹرز کا خیال ہے کہ کمپنی کو مستقل طور پر مضبوط بنیاد پر اپنے کاروبار کو چلانے کے لیے درکار وسائل دستیاب ہوں گے۔ لہذا یہ مالیاتی نتائج موجودہ صورتحال کو دیکھتے ہوئے تیار کیے گئے ہیں۔ انتظامیہ اس بات کا بھی یقین رکھتی ہے کہ مستقبل میں اس کے ڈائریکٹرز اور ساتھیوں کی جانب سے قابلِ اعتماد مالی معاونت کے ساتھ یا ایکویٹی سے متعلقہ معاملات پر قابو پانے میں کامیاب ہوں گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

میاں نذیر احمد پراچہ

چیف ایگزیکٹیو

لاہور

28 فروری 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BALOCHISTAN GLASS LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Balochistan Glass Limited as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for three-month period ended December 31, 2019 and 2018 have not been reviewed by us, as we are required to review only the cumulative figures for the six-month period ended December 31, 2019.

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 statements 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Matter of Emphasis

Without qualifying our conclusion, we draw attention of the members towards note 2 of the condensed interim financial statements, which indicates that the Company incurred net loss amounting to Rs. 154.708 million during the six-month period ended December 31, 2019 and as of that date its accumulated losses of Rs. 5,473.606 million have resulted in net capital deficiency of Rs. 2,749.547 million and its current liabilities exceeded its current assets by Rs. 807.285 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 the Company's ability to continue as a going concern.

The engagement partner on the audit resulting in this independent auditor's report is Nouman Razaq Khan

PKF F.R.A.N.T.S.
Chartered Accountants
Lahore
February 28, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2019

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in 000s)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		2,666,000	2,666,000
Issued, subscribed and paid-up share capital		2,616,000	2,616,000
Discount on shares		(514,800)	(514,800)
		2,101,200	2,101,200
Capital reserve			
Revaluation surplus on property, plant and equipment - net of deferred tax		622,859	629,597
Revenue reserve			
Accumulated loss		(5,473,606)	(5,325,636)
		(2,749,547)	(2,594,839)
Subordinated loans - unsecured	6	3,635,082	3,635,082
Director's loan - unsecured	7	313,080	313,080
		1,198,615	1,353,323
NON-CURRENT LIABILITIES			
Long term loans - secured	8	10,334	35,130
Deferred liabilities	9	71,032	70,090
		81,366	105,220
CURRENT LIABILITIES			
Trade and other payables		765,992	810,328
Unclaimed dividend		164	164
Markup accrued		117,677	107,907
Short term borrowings	10	806,444	684,727
Current maturity of non current liabilities		73,718	83,131
		1,763,995	1,686,257
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		3,043,976	3,144,800
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,961,635	1,989,838
Long term investment	13	125,631	125,631
		2,087,266	2,115,469
CURRENT ASSETS			
Stores, spare parts and loose tools		129,730	137,909
Stock in trade	14	441,013	495,183
Trade debts		256,048	216,308
Loans and advances		52,787	39,970
Trade deposits, prepayments and other receivable		7,082	71,257
Taxes recoverable		47,930	58,971
Cash and bank balances		22,120	9,733
		956,710	1,029,331
TOTAL ASSETS		3,043,976	3,144,800

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER | **CHIEF FINANCIAL OFFICER** | **DIRECTOR**

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended December 31,		Quarter Ended December 31,	
	2019	2018	2019	2018
	(Rupees in 000s)		(Rupees in 000s)	
Sales - net	926,389	435,310	502,878	308,002
Cost of sales	(949,063)	(496,764)	(519,465)	(310,053)
Gross loss	(22,674)	(61,454)	(16,587)	(2,051)
Administrative and selling expenses	(66,035)	(40,574)	(43,213)	(21,811)
Other income	1,056	120,518	1,056	21,431
Operating (loss) / profit	(87,653)	18,490	(58,744)	(2,431)
Finance cost	(55,966)	(34,937)	(29,527)	(23,572)
Loss before taxation	(143,619)	(16,447)	(88,271)	(26,003)
Taxation - Current	(9,421)	-	(7,511)	-
- Deferred	(1,668)	3,036	(3,044)	2,302
	(11,089)	3,036	(10,555)	2,302
Loss after taxation	(154,708)	(13,411)	(98,826)	(23,701)
Loss per share - basic and diluted (Rs.)	(0.59)	(0.05)	(0.38)	(0.09)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended December 31,		Quarter Ended December 31,	
	2019	2018	2019	2018
	(Rupees in 000s)		(Rupees in 000s)	
Loss after taxation	(154,708)	(13,411)	(98,826)	(23,701)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(154,708)	(13,411)	(98,826)	(23,701)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

			Capital reserve	Revenue reserve	
	Issued, subscribed and paid-up share capital	Discount on shares	Revaluation surplus on property, plant and equipment	Accumulated Loss	Total Equity
			(Rupees in 000s)		
Balance as on July 01, 2018	2,616,000	(514,800)	644,465	(5,204,881)	(2,459,216)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax)	-	-	(7,434)	7,434	-
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(13,411)	(13,411)
Other comprehensive income for the period	-	-	-	-	-
	-	-	(7,434)	(5,977)	(13,411)
Balance as on December 31, 2018 (Un-audited)	2,616,000	(514,800)	637,031	(5,210,858)	(2,472,627)
Balance as on July 01, 2019	2,616,000	(514,800)	629,597	(5,325,636)	(2,594,839)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax)	-	-	(6,738)	6,738	-
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(154,708)	(154,708)
Other comprehensive income for the period	-	-	-	-	-
	-	-	(6,738)	(147,970)	(154,708)
Balance as on December 31, 2019 (Un-audited)	2,616,000	(514,800)	622,859	(5,473,606)	(2,749,547)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half year ended December 31, 2019	2018
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(143,619)	(16,447)
Adjustments for non-cash charges and other items:			
Depreciation	12.1	72,396	76,001
Liability reversed / written back on settlement with financial institutions		-	(120,518)
Gain on disposal of operating fixed assets		(1,056)	-
Finance cost		55,966	34,937
Operating loss before working capital changes		(16,313)	(26,027)
Working capital changes			
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		8,178	(16,541)
Stock in trade		54,170	(150,268)
Trade debts		(39,740)	(105,334)
Loans and advances		(12,817)	9,702
Trade deposits, prepayments and other receivables		64,175	(128)
Increase / (Decrease) in current liabilities			
Trade and other payables		(37,291)	122,628
		36,675	(139,941)
Cash generated from / (used in) operations		20,362	(165,968)
Payments for:			
Finance cost		(46,196)	(23,411)
Taxes		(5,424)	(7,412)
Gratuity		(726)	(150)
Net cash outflow from operating activities	A	(31,984)	(196,941)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(44,297)	(43,865)
Proceeds from disposal of operating fixed assets		1,160	-
Net cash outflow from investing activities	B	(43,137)	(43,865)
CASH FLOW FROM FINANCING ACTIVITIES			
Director's loan - net		-	45,335
Long term loans - net		(34,209)	(101,399)
Lease liabilities paid		-	(23,438)
Short term borrowings - net		121,717	333,473
Net cash inflow from financing activities	C	87,508	253,971
Net increase in cash and cash equivalents	A+B+C	12,387	13,165
Cash and cash equivalents at 1st July		9,733	4,829
Cash and cash equivalents at 31st December		22,120	17,994

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

Balochistan Glass Limited (the Company) was incorporated in Pakistan as a public limited company in 1980 under the repealed Companies Act, 1913 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange. It is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells.

The registered office of the Company is situated at Plot no. 8, Block - M, Hub Industrial Trading Estate, District Lasbella, Hub, Balochistan whereas head office of the Company is situated at Pace Tower, 1st floor, 27-H, College Road, Gulberg II, Lahore.

2 GOING CONCERN ASSUMPTION

During the half year ended December 31, 2019 (interim period), the Company has incurred a loss after taxation of Rs. 154.708 million (Period ended December 31, 2018: loss after taxation of Rs. 13.411 million) and its accumulated losses stand at Rs. 5,473.606 million (June 30, 2019: accumulated losses of Rs. 5,325.636 million) at the period end, thereby resulting in negative equity of Rs. 2,749.547 million (June 30, 2019: negative equity of Rs. 2,594.839 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 807.285 million (June 30, 2019: Rs. 656.926 million) at the period end. As these conditions are continually prevailing from the last few years, this indicates existence of material uncertainty which may cast significant doubts on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has carefully assessed the above conditions. During the current interim period, net sales of the Company have significantly increased and gross loss margin has reduced by almost 12% as compared to previous similar period which is primarily due to increased production and improved efficiency after the re-commencement of production of pharma products at Unit I (Hub) in the previous year after successful completion of balancing modernization and replacement (BMR) activities. This modernization has resulted in an increased efficiency and improved product quality. Unit I remained operative and achieved operational targets progressively, however, the management decided to suspend the production from November 2019 in view of availability of surplus stocks. Unit III (Kot Abdul Malik) has continued its operations throughout the period producing quality tableware products. However, Unit II (Sheikhupura) remained closed during the period since November 2016 for the purpose of modernization of its production facilities.

The management has also shown its firm commitment to honor all the restructured arrangements with banks and has complied with respective repayment terms and feels confident that it will be able to handle the Company's liquidity related issues in future with continuous and adamant support from its directors and associates. Director's support is evident from the fact that during the interim period, the director has provided additional support of Rs. 114.374 million to the Company to meet its financing requirements, BMR expenditure and other operational requirements. Gharibwal Cement Limited, an associated company, has also enhanced its short term advance facility from Rs. 350.000 million to Rs. 600.000 million to assist the Company in meeting its working capital requirements as disclosed in note 10.2. Short term running financing facility available from the Bank of Punjab with limit of Rs. 250.000 million which was due to expire on December 31, 2019 has further been extended during the period till May 31, 2020 with reduced aggregate exposure up to Rs. 210.000 million as disclosed in note 10.1. Moreover, with the resumption of production at Unit I and upgradation of machinery, the Company expects further growth in sales in future years and enhanced market share due to better quality.

Based on the above factors, the management feels confident that the Company is well placed to manage its business risks and will have adequate resources to operate its business on a sustainable basis for a foreseeable future. Accordingly, these condensed interim financial statements have been prepared on going concern basis.

3 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for the complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

The figures included in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and 2018 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they are required to review only the cumulative figures for the six-month period ended December 31, 2019 and 2018.

These condensed interim financial statements are being presented and submitted to the shareholders as required by the Listing Regulations of the Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

4.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2019

There are certain amendments and an interpretation to approved accounting and reporting standards which became effective for the current period and are stated below:

IAS 12 - Income Taxes (Amendments)
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
IAS 23 - Borrowing Costs (Amendments)
IAS 28 - Investment in Associates and Joint Ventures (Amendments)
IFRS 3 - Business combinations (Amendments)
IFRS 9 - Financial Instruments (Amendments)
IFRS 11 - Joint Arrangements (Amendments)
IFRS 16 - Leases
IFRIC 23 - Uncertainty over Income Tax Treatments

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim financial statements of the Company, except for the changes related to adoption of IFRS 16 'Leases' as explained below:

IFRS-16 'Leases'

IFRS 16 affect primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On initial application, the Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Accordingly, initial application of IFRS 16 did not have any significant impact on these condensed interim financial statements.

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020 and have not been early adopted by the Company. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant accounting estimates and judgments made by management in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousands)	
6 SUBORDINATED LOANS - Unsecured			
Subordinated loans from directors and their associate		482,080	482,080
Subordinated loans	6.1	3,153,002	3,153,002
		3,635,082	3,635,082
6.1 Subordinated loans			
- Muhammad Tousif Paracha - Director			
- Long term loan	6.2	1,795,545	1,793,045
- Deferred mark-up	6.3	1,024,821	1,024,821
		2,820,366	2,817,866
- Shaffi Uddin Paracha - Director			
- Long term loan	6.2	94,899	94,899
- Mian Nazir Ahmed Paracha - CEO / Director			
- Long term loan	6.2	100,001	102,501
- Other associate			
- Long term loan	6.2	104,670	104,670
- Deferred mark-up	6.3	33,066	33,066
		137,736	137,736
	6.4	3,153,002	3,153,002

6.2 These represent the long term loans provided by the directors / director's associate which were previously classified as long term loans under the mark up arrangement. Pursuant to the arrangements between the Company and the directors and their associate, these have become interest free and payable at the discretion of the Company. Therefore, these loans are not measured at amortized cost as per requirements of applicable financial reporting standards, rather these are treated as equity in accordance with the Technical Release -32 ("Accounting Director' Loan") issued by the Institute of Chartered Accountants of Pakistan.

6.3 These represent the amount of mark up charged, on long term loans from directors and their associate, which was previously classified as deferred mark up in previous years. Pursuant to the arrangement between the Company and the directors and their associate, no mark up is to be charged on the loans from July 1, 2017 and outstanding balances of mark up have become payable at the discretion of the Company.

6.4 During the previous financial years, the Company obtained a running finance facility from Bank of Punjab (BOP) to meet its working capital requirements, under the condition that these loans which existed at the time of disbursement of the said facility would be fully subordinated till repayment of the loan to the bank.

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
7 DIRECTOR'S LOAN - Unsecured			
Long term loan from the Director	7.1	313,080	313,080

7.1 The Company has obtained the above loan from Mr. Muhammad Tausif Paracha (Director) to meet its capital and operational requirements. The loan is interest free and payable at the discretion of the Company, accordingly, the said loan is not measured at amortized cost as per requirements of applicable financial reporting standards, rather treated as equity in accordance with the Technical Release -32 ("Accounting Director' Loan") issued by the ICAP.

		Note	Un-Audited December 31, 2019	Audited June 30, 2019
			(Rupees in thousands)	
8	LONG TERM LOANS - Secured			
	Banks and financial institutions		84,052	118,261
	Less: Current and overdue portion presented under current liabilities		(73,718)	(83,131)
			10,334	35,130
9	DEFERRED LIABILITIES			
	Deferred taxation	9.1	59,546	57,878
	Employees' retirement benefits - gratuity		11,486	12,212
			71,032	70,090

9.1 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 tax losses will be adjusted.

		Note	Un-Audited December 31, 2019	Audited June 30, 2019
10	SHORT TERM BORROWINGS			
	From Bank - Bank of Punjab (secured):			
	Short term running finance	10.1	186,615	240,788
	From related parties (unsecured):			
	Associated company	10.2	471,536	338,525
	Director	10.3	117,225	12,851
			588,761	351,376
	Others (unsecured):			
	Temporary bank overdraft	10.4	31,068	92,563
			806,444	684,727

10.1 This carries the mark up at the rate of 3 months KIBOR plus 300 bps per annum to be recovered on quarterly basis. This facility is secured against ranking charge of Rs. 834.000 million over present and future fixed assets, ranking charge of Rs 334.000 million over current assets, pledge of 58.000 million shares of Gharibwal Cement Limited and personal guarantee of the CEO and subordination of loans as stated in note 6.4.

10.2 This represents unsecured loan / short term advance facility obtained from Gharibwal Cement Limited (GCL) to meet the working capital requirements of the Company and carries mark up at 3 months KIBOR + 3.5% p.a. During the interim period, the said facility limit was enhanced from Rs. 350.000 million to Rs. 600.000 million.

At period end, markup payable to GCL amounted to Rs. 18.046 million (30 June 2019: Rs. 9.031 million) which has been disclosed under markup accrued. This balance also included settlement of payable amount of Rs. 70.858 million (June 30, 2019: Rs. 77.441 million) on account of purchase of stores and spares and Rs. 23.227 million on account of accrued markup.

10.3 This represents interest free short term loan obtained from directors of the Company to meet the working capital requirements of the Company.

10.4 This represents cheques issued in excess of available bank balance.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no material change in the status of contingencies as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

11.2 Commitments

Commitments in respect of letters of credit for import of stores, spare and loose tools amounting to Nil (June 30, 2019: Rs. 2.867 million).

	Note	Un-Audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousands)	
12 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	1,934,624	1,962,827
Capital work in progress	12.2	27,011	27,011
		1,961,635	1,989,838
12.1 Operating fixed assets			
Opening book value		1,962,827	1,754,401
Add: Additions / capitalization during the period / year at cost			
Building		-	31,004
Plant and machinery		-	324,841
Electric and gas installation		52	3,427
Furniture and fittings		30	19
Office equipment		-	596
Vehicles		1,200	-
Moulds		43,015	-
		44,297	359,887
Less: Disposals during the period / year at book value			
Vehicles		(104)	-
Less: Depreciation charged during the period / year		(72,396)	(151,461)
Closing book value		1,934,624	1,962,827
12.2 Capital work in progress - Movement			
Opening		27,011	345,947
Add: Additions during the period		-	18,032
Less: Transferred to operating fixed assets		-	(305,970)
Adjustment of claim receivable - machinery		-	(30,998)
		-	(336,968)
Closing	12.3	27,011	27,011
12.3 Capital work in progress - Breakup			
Plant and machinery		27,011	27,011

13 LONG TERM INVESTMENT

This represents investment in Paidar Hong Glass (Private) Limited (an associated company which is a joint venture between the Company and Chinese investor) and has been accounted for under the equity method of accounting.

During the previous years, some of the machinery items have reached the Associated Company's premises, however, the machinery has not been installed yet as the project is stagnant from previous years till period end because of non execution of contractual responsibility by Chinese investor with respect to establishing, running and functioning of the project. The management has assessed that impairment on this investment is not required because the estimated recoverable value of machinery is covering the carrying amount of the machinery and majority of the funds are still available in savings bank accounts of the investee company.

The management has assessed that the expected fair value of the investment does not materially differ from the carrying amount of the investment at period-end and therefore, the Company has not accounted for its share of profit from the associated company. Further, audited financial statements of the associated company is also not available.

14 STOCK IN TRADE

Adjustments amounting to Rs. 8.759 million (June 30, 2019: Rs. 24.261 million) have been made to closing inventory of finished goods to write down stocks to their net realizable value.

15 TRANSACTIONS WITH RELATED PARTIES

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

	Un-Audited For the half year December 31, 2019	2018
	(Rupees in thousands)	
Associated Companies		
Gharibwal Cement Limited		
Short term loan received - net	133,011	85,630
Purchases	70,858	77,441
Markup charged on short term loan	32,242	14,304
Markup paid / adjusted during the period	23,227	12,556
Rent charged during the period	2,100	2,481
Rent paid / adjusted during the period	1,400	3,620
Pak Hay Oils Limited		
Purchases	-	858
Payment against supplies	-	923
Directors		
Loan received/(paid) - net		
Mr. Tousif Paracha	114,374	45,335
Mian Nazir Ahmed Paracha	(10,000)	10,000
Shaffi Uddin Paracha	-	2,851
Key management personnel / executives		
Remuneration paid	9,060	6,113

16 INFORMATION ABOUT BUSINESS SEGMENTS

16.1 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, 2019 (Un-audited)		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousands)		
Revenue			
Sales to external customers	1,092,173	-	1,092,173
Less: Sales tax	(165,784)	-	(165,784)
Net Revenue	926,389	-	926,389
Cost of goods sold	(949,063)	-	(949,063)
Admin and selling expenses	(66,035)	-	(66,035)
	(88,709)	-	(88,709)
Other income	1,056	-	1,056
Segment result	(87,653)	-	(87,653)
Financial charges	(55,966)	-	(55,966)
Taxation	(11,089)	-	(11,089)
Loss for the year	(154,708)	-	(154,708)
Other Information:			
Capital expenditure	44,297		
Depreciation	72,396		

	December 31, 2018 (Un-audited)		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousands)		
Revenue:			
Sales to external customers	513,269	-	513,269
Less: Sales tax	(77,959)	-	(77,959)
Net Revenue	435,310	-	435,310
Cost of goods sold	(496,764)	-	(496,764)
Admin and selling expenses	(40,574)	-	(40,574)
	(102,028)	-	(102,028)
Other income	120,518	-	120,518
Segment result	18,490	-	18,490
Financial charges	(34,937)	-	(34,937)
Taxation	3,036	-	3,036
Loss for the year	(13,411)	-	(13,411)
Other Information:			
Capital expenditure	43,865		
Depreciation	76,001		

	Un-Audited For the half year December 31, 2019	Un-Audited For the half year December 31, 2018
	(Rupees in thousands)	
16.2 GEOGRAPHICAL INFORMATION		
Local sales	915,450	433,163
Export sales	10,939	2,147
	926,389	435,310

17 FAIR VALUE ESTIMATION

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements are a reasonable approximation of their fair values. During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. There was no transfer amongst the levels of fair value hierarchy and any changes in valuation techniques during the period.

The management estimates regarding fair values of financial instruments are same as disclosed in annual audited financial statements of the Company for the year ended June 30, 2019.

18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2019.

19 CORRESPONDING FIGURES

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

20 GENERAL

20.1 These condensed interim financial statements are presented in Pakistani Rupees and figures have been rounded off to the nearest thousand Pakistani Rupee, unless otherwise stated.

20.2 These condensed interim financial statements are authorized for issue on February 28, 2020 in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

www.balochistanglass.com

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

HEAD OFFICE: Pace Tower, 1st Floor, 27-H, College Road,
Gullberg - II, Lahore. Tel: 042 35253514 Email:info@balochistanglass.com