



**BALOCHISTAN
GLASS LIMITED**

**CONDENSED INTERIM
FINANCIAL STATEMENTS**
(Un-Audited)

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2020**



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COMPANY PROFILE



BOARD OF DIRECTORS

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



AUDIT COMMITTEE

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

HR & REMUNERATION 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



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.
Tel: 042 37164071
Web: www.balochistanglass.com
Email: info@balochistanglass.com



AUDITORS

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

LEGAL ADVISOR

Masood Khan Ghory
(Advocate & Legal Consultant)

FACTORIES

UNIT-I

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

UNIT-II

29-KM, 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' 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, 2020.

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, 2020		Quarter ended December 31, 2020	
	2019		2019	
	Rupees in thousands			
Sales - Net	649,432	926,389	318,867	502,878
Gross Profit / (Loss)	94,553	(22,674)	57,810	(16,587)
Operating Profit/(Loss)	98,064	(87,653)	73,060	(58,744)
Depreciation for the period	64,579	72,396	33,094	37,067
Profit/(Loss) before Tax	63,211	(143,619)	55,512	(88,271)
Profit/(Loss) after Tax	55,035	(154,708)	51,014	(98,826)
Basic and diluted Earnings / (Loss) per share	0.21	(0.59)	0.19	(0.38)

During the period, the company's financial performance remained satisfactory overall and generated gross profit of 14.56% of the net revenue. As the management remained successful in the operations of tableware glass products at Unit - III (Kot Abdul Malik), which contributed significant portion of the revenue and generated improved profit margins and also enabled the Company to pay its financial liabilities towards banks successfully within due course of time. While the operations at Units I & Unit II are still suspended due to strategic decisions which has reduced the overall net sales during the period. However, the management is fully committed to resolve all the operational matters and revive these projects.

At Unit - III, the company has remarkably performed well and managed better quality of tableware glass products with a variety of product range including Jug, water set, plain & printing tumblers, fruit set etc. Despite of the expensive re-gasified liquefied natural gas (RLNG) and other inflationary trend in the raw material costs, management secured market share at competitive prices with one Furnace. However, the management is continuously exploring the market options and putting extra efforts to achieve further improved operational results. Furthermore, the company has imported the refractory materials to refurbish the second furnace at Unit - III in addition to the existing operations that would enhance the production capacity. Management intends to complete the current expansion related activities and estimates that the second furnace would be ready for production in the last quarter of the current financial year.

GOING CONCERN ASSUMPTION

Continued positive and encouraging operational results of tableware production at Unit - III and increase in market share, capacity enhancement of tableware production in Punjab region and consistent management efforts to improve the operational efficiencies for fulfilling further markets' demand, other supportive steps taken by management and honoring existing restructuring agreements, 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 continue to further improve the financial results and also will overcome the liquidity related issues in near future with the improved financial performance of the company. 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 PERACHA
Chief Executive Officer

MUHAMMAD TOUSIF PERACHA
Director

Lahore : February 26, 2021

میں افراط زر کے دیگر بڑھتے ہوئے رجحانات کے باوجود انتظامیہ صرف ایک بھٹی سے متقابل قیمتوں پر مارکیٹ میں اپنی ساکھ قائم کئے ہوئے ہے۔ تاہم انتظامیہ دیگر منڈیوں کی تلاش میں ہے اور مزید بہتر آپریشنل نتائج حاصل کرنے کے لئے کوشاں ہے۔ مزید برآں، حالیہ آپریشنز کے علاوہ کمپنی نے یونٹ III کی دوسری بھٹی کی مرمت کے لئے ریفریکٹری میٹریل درآمد کیا ہے جس کی وجہ سے پیداواری صلاحیت میں اضافہ ہوگا۔ انتظامیہ حالیہ توسیعی سرگرمیوں کو مکمل کرنے کا ارادہ رکھتی ہے اور توقع رکھتی ہے کہ رواں مالیاتی سال کی آخری سہ ماہی میں دوسری بھٹی پیداوار کے لئے تیار ہو جائے گی۔

جاری کاروبار کا مفروضہ

یونٹ-III میں ٹیبل ویئر پیداوار کے مسلسل مثبت اور حوصلہ افزا آپریشنل نتائج اور منڈی میں استحکام، پنجاب میں ٹیبل ویئر پیداوار کی صلاحیت میں اضافہ اور منڈی کی اضافی طلب کو پورا کرنے کے لئے آپریشنل کارکردگی میں بہتری کی انتظامیہ کی کاوشوں، انتظامیہ کے دیگر موافق اقدامات اور حالیہ ری سٹرکچرنگ معاہدوں کی توثیق کی وجہ سے بورڈ آف ڈائریکٹرز محسوس کرتے ہیں کہ کمپنی مستقبل میں مستحکم بنیادوں پر اپنے کاروباری امور کو چلانے کے لئے معقول وسائل حاصل کر لے گی لہذا یہ مالیاتی اسٹیٹمنٹس کاروبار کو جاری رکھنے کے مفروضے کی بنیاد پر تیار کی گئی ہیں۔

مزید برآں انتظامیہ پر عزم ہے کہ کمپنی اپنے مالیاتی نتائج میں مزید بہتری لائے گی اور بہتری مالیاتی کارکردگی کے ذریعے کمپنی مستقبل قریب میں لیکویڈٹی کے مسائل پر قابو پالے گی۔

بورڈ آف ڈائریکٹرز ہمارے بینکوں اور مالیاتی اداروں کی وسیع پیمانے پر معاونت و رہنمائی اور کمپنی کے تمام ملازمین اور ٹھیکے داران کے عزم اور ہمارے ڈسٹری بیوٹرز، ڈیلرز، سپلائرز اور کمپنی کے دیگر سٹیک ہولڈرز کے تعاون اور مدد کو سراہتے ہیں۔

منجانب/ برائے بورڈ آف ڈائریکٹرز



محمد توفیق صیف پراچہ
ڈائریکٹر



میاں نذیر احمد پراچہ
چیف ایگزیکٹو آفیسر

لاہور: 26 فروری، 2021ء

ڈائریکٹرز کا تجزیہ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2020ء کو اختتام پذیر سہ ماہی اور ششماہی کے لئے آپ کی کمپنی کی منجند عبوری مالیاتی معلومات ازراہ مسرت پیش کرتے ہیں۔

کمپنی کی کارکردگی

سابقہ مدتوں کے مقابلہ میں رواں مدت کے لئے اہم آپریٹنگ نتائج کا تجزیہ حسب ذیل ہے:

اختتام پذیر سہ ماہی		اختتام پذیر ششماہی		
31 دسمبر 2019	31 دسمبر 2020	31 دسمبر 2019	31 دسمبر 2020	
روپے ہزاروں میں				
31 دسمبر 2019	31 دسمبر 2020	31 دسمبر 2019	31 دسمبر 2020	
502,878	318,867	926,389	649,432	سیلز - خالص
(16,587)	57,810	(22,647)	94,553	مجموعی نفع / (نقصان)
(58,744)	73,060	(87,653)	98,064	آپریٹنگ نفع / (نقصان)
37,067	33,094	72,396	64,579	مذکورہ مدت کے دوران فرسودگی
(88,271)	55,512	(143,619)	63,211	نفع / (نقصان) بمعہ ٹیکس
(98,826)	51,014	(154,708)	55,035	نفع / (نقصان) علاوہ ٹیکس
(0.38)	0.19	(0.59)	0.21	فی حصص آمدنی / (خسارہ) بیسک واچرا کردہ

مذکورہ دورانیہ میں کمپنی کی مالیاتی کارکردگی مجموعی طور پر تسلی بخش رہی اور خالص آمدنی کی مد میں مجموعی طور پر 14.56 فی صد منافع حاصل کیا۔ چونکہ انتظامیہ یونٹ - III (کوٹ عبدالملک) میں ٹیبل ویئر گلاس پروڈکٹس کے آپریشنز میں کامیاب رہی جس کی وجہ سے آمدنی کا نمایاں حصہ حاصل کیا گیا اور منافع کے مارجن میں بہتری آئی۔ اور کمپنی بینکوں کو مالیاتی واجبات کی بروقت ادائیگی کے قابل ہوئی۔ چونکہ منصوبہ بندی کے پیش نظر یونٹ I اور یونٹ II غیر فعال ہیں لہذا اس دورانیہ میں مجموعی خالص سیلز میں کمی واقع ہوئی۔ تاہم انتظامیہ تمام فعالی معاملات کو حل اور ان پروڈیکٹس کو بحال کرنے کے لئے پرعزم ہے۔ یونٹ - III میں کمپنی نے نمایاں طور پر بہتر کارکردگی دکھائی اور جگ، واٹر سیٹ، پلین اور پرنٹنگ ٹمبلرز، فروٹ سیٹ وغیرہ جیسی متعدد مصنوعات پر مشتمل معیاری ٹیبل ویئر گلاس مصنوعات متعارف کرائیں۔ مہنگی RLNG اور خام مال کی قیمت کی مد

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, 2020 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, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2020.

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.

Material uncertainty relating to going concern

Without qualifying our conclusion, we draw attention of the members towards note 2 of the condensed interim financial statements, which indicates that the Company earned net profit amounting to Rs. 55.035 million during the six-month period ended December 31, 2020, however, as of that date its accumulated losses of Rs. 5,715.223 million have resulted in net capital deficiency of Rs. 3,004.009 million and its current liabilities exceeded its current assets by Rs. 815.959 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 26, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2020

	Note	Un-Audited December 31, 2020	Audited June 30, 2020
		(Rupees in 000s)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		<u>2,666,000</u>	<u>2,666,000</u>
Issued, subscribed and paid-up share capital		<u>2,616,000</u>	<u>2,616,000</u>
Discount on shares		<u>(514,800)</u>	<u>(514,800)</u>
		2,101,200	2,101,200
Capital reserve			
Revaluation surplus on property, plant and equipment - net of deferred tax		610,014	616,122
Revenue reserve			
Accumulated loss		<u>(5,715,223)</u>	<u>(5,776,366)</u>
		(3,004,009)	(3,059,044)
Subordinated loans - unsecured	6	3,635,082	3,635,082
Director's loan - unsecured	7	313,235	313,235
		944,308	889,273
NON-CURRENT LIABILITIES			
Long term liabilities	8	<u>196,770</u>	<u>197,838</u>
Deferred liabilities	9	<u>60,985</u>	<u>67,789</u>
		257,755	265,627
CURRENT LIABILITIES			
Trade and other payables	10	<u>645,546</u>	<u>739,409</u>
Unclaimed dividend		164	164
Markup accrued		142,598	117,184
Short term borrowings	11	541,336	712,058
Current maturity of long term loans	8	<u>28,543</u>	<u>25,920</u>
		1,358,187	1,594,735
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		<u>2,560,250</u>	<u>2,749,635</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	<u>1,861,225</u>	<u>1,907,683</u>
Advance against purchase of fixed assets	14	31,166	-
Long term investment	15	<u>125,631</u>	<u>125,631</u>
		2,018,022	2,033,314
CURRENT ASSETS			
Stores, spare parts and loose tools		151,337	138,924
Stock in trade	16	186,795	249,439
Trade debts		73,623	106,181
Loans and advances		38,977	38,123
Trade deposits, prepayments and other receivable		7,480	7,155
Taxes recoverable		22,322	31,015
Cash and bank balances		<u>61,694</u>	<u>145,484</u>
		542,228	716,321
TOTAL ASSETS		<u>2,560,250</u>	<u>2,749,635</u>

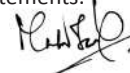
The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six Months Period Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	(Rupees in 000s)		(Rupees in 000s)	
Sales - net	649,432	926,389	318,867	502,878
Cost of sales	(554,879)	(949,063)	(261,057)	(519,465)
Gross profit / (loss)	94,553	(22,674)	57,810	(16,587)
Administrative and selling expenses	(28,034)	(66,035)	(12,852)	(43,213)
Other expenses	(4,685)	-	(4,685)	-
Other income	17	1,056	32,787	1,056
Operating profit / (loss)	98,064	(87,653)	73,060	(58,744)
Finance cost	(34,853)	(55,966)	(17,548)	(29,527)
Profit / (Loss) before taxation	63,211	(143,619)	55,512	(88,271)
Taxation - Current	(10,671)	(9,421)	(5,746)	(7,511)
- Deferred	2,495	(1,668)	1,248	(3,044)
	(8,176)	(11,089)	(4,498)	(10,555)
Profit /(Loss) after taxation	55,035	(154,708)	51,014	(98,826)
Earning /(Loss) per share - basic and diluted (Rs.)	0.21	(0.59)	0.19	(0.38)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six Months Period Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	(Rupees in 000s)		(Rupees in 000s)	
Profit /(Loss) after taxation	55,035	(154,708)	51,014	(98,826)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>55,035</u>	<u>(154,708)</u>	<u>51,014</u>	<u>(98,826)</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up share capital	Discount on shares	Capital reserve Revaluation surplus on property, plant and equipment	Revenue reserve Accumulated Loss	Total Equity
(Rupees in 000s)					
Balance as on June 30, 2019 (audited)	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	-	-	-	(154,708)	(154,708)
Loss after taxation for the period	-	-	-	-	-
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)
Balance as on June 30, 2020 (audited)	2,616,000	(514,800)	616,122	(5,776,366)	(3,059,044)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax)	-	-	(6,108)	6,108	-
Total comprehensive income for the period	-	-	-	55,035	55,035
Profit after taxation for the period	-	-	-	-	-
Other comprehensive income for the period	-	-	(6,108)	61,143	55,035
Balance as on December 31, 2020 (Un-audited)	2,616,000	(514,800)	610,014	(5,715,223)	(3,004,009)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Six months period ended	
		December 31, 2020	December 31, 2019
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		63,211	(143,619)
Adjustments for non-cash charges and other items:			
Depreciation	13.1	64,579	72,396
Gain on disposal of operating fixed assets	17	(3,764)	(1,056)
Winding up of discount on GIDC payable	17	(32,362)	-
Finance cost		34,853	55,966
		126,517	(16,313)
Operating profit/ (loss) before working capital changes			
Working capital changes			
<i>(Increase) / Decrease in current assets</i>			
Stores, spare parts and loose tools		(12,413)	8,178
Stock in trade		62,644	54,170
Trade debts		32,558	(39,740)
Loans and advances		(854)	(12,817)
Trade deposits, prepayments and other receivables		(325)	64,175
<i>Decrease in current liabilities</i>			
Trade and other payables		(23,954)	(37,291)
		57,656	36,675
		184,173	20,362
Cash generated from operations			
Payments for:			
Finance cost		(9,439)	(46,196)
Taxes		(8,475)	(5,424)
Gratuity		(4,309)	(726)
		161,950	(31,984)
	A		
Net cash inflow / (outflow) from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(18,476)	(44,297)
Advance against purchase of fixed assets		(31,166)	-
Proceeds from disposal of operating fixed assets		4,119	1,160
		(45,523)	(43,137)
	B		
Net cash outflow from investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Long term liabilities - net		(29,495)	(34,209)
Short term borrowings - net		(170,722)	121,717
		(200,217)	87,508
	C		
Net cash (outflow) / inflow from financing activities			
	A+B+C	(83,790)	12,387
Net (decrease)/increase in cash and cash equivalents		145,484	9,733
Cash and cash equivalents at beginning of the period			
Cash and cash equivalents at end of the period		61,694	22,120

The annexed notes from 1 to 22 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 STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

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 tableware, pharmaceutical glass bottles 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 12-km, Sheikhpura Road, Kot Abdul Malik, Lahore.

2 GOING CONCERN ASSUMPTION

During the six month period ended December 31, 2020 (interim period), the Company has earned gross profit of 14.56% of the net revenue and net profit after tax of Rs. 55.035 million (December 31, 2019: net loss after tax of Rs. 154.708 million) despite decline in sales to Rs. 649.432 million as compared to corresponding period sale of Rs. 926.389 million. While its accumulated losses stand at Rs. 5,715.223 million (June 30, 2020: accumulated losses of Rs. 5,776.366 million) at the period end, thereby resulting in negative equity of Rs. 3,004.009 million (June 30, 2020: negative equity of Rs. 3,059.044 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 815.959 million at the period end (June 30, 2020: Rs. 878.414 million). These conditions may cast 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 liability in normal course of business.

However, the improvement in operational results is mainly attributable to the continued production of quality tableware glass products at Unit – III (Kot Abdul Malik) during the half year that enabled the Company to achieve profitability and required cash flows to support operational business requirements. Based on recent improvement in profit margins, successful product strategy, improved liquidity and continuing support from directors and associates along with future prospects of industry and other steps taken by the 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.

Further, based on prevailing favorable market conditions, positive customer response and future prospects of growth in the tableware glass industry, the company has started the expansion of tableware glass production in Unit – III by refurbishing its second furnace and committed to complete its expansion plan in the last quarter of the current financial year. This expansion will increase the production capacity of glass tableware products that will result in reduced fixed cost allocation, increase in gross margins and productivity by enhancing the operational capacity. However, production at Unit – I and Unit - II is still suspended as per management strategy as management also intends to replan the operational strategies at these units after successful expansion of tableware glass operations at Unit- III subject to the arrangement of required financial resources.

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 issues 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 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. 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 audited financial statements for the year ended June 30, 2020. 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, 2020 and 2019 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, 2020 and 2019.

4 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements of the company for the year ended June 30, 2020.

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 became effective during the half year ended December 31, 2020.

There are certain amendments to published International Financial Reporting Standards and interpretations that are mandatory for the financial year beginning on July 01, 2020. 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 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, 2021 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, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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, 2020.

During the period, the Supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires. The Supreme Court has allowed settlement of GIDC over a period of time. The Company has followed the relevant accounting standards and Institute of Chartered Accountants of Pakistan (ICAP) guidelines in this regard.

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, 2020.

	Note	Un-Audited December 31, 2020 (Rupees in thousands)	Audited June 30, 2020
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
		<u>3,635,082</u>	<u>3,635,082</u>

	Note	Un-Audited December 31, 2020 (Rupees in thousands)	Audited June 30, 2020
6.1 Subordinated loans			
- Muhammad Tousif Paracha - Director			
- Long term loan	6.2	1,793,045	1,793,045
- Deferred mark-up	6.3	1,024,821	1,024,821
		2,817,866	2,817,866
- Shaffi Uddin Paracha - Director			
- Long term loan	6.2	97,399	97,399
- Mian Nazir Ahmed Paracha - Director			
- Long term loan	6.2	100,001	100,001
- 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 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.

7 DIRECTOR'S LOAN - Unsecured

Long term loan from the Director	7.1	313,235	313,235
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7.1 The Company has obtained 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.

8 LONG TERM LIABILITIES

Long term loans - secured

Banks and financial institutions		38,877	52,847
Less: Current portion presented under current liabilities		(28,543)	(25,920)
		10,334	26,927
GIDC payable - Gas Infrastructure Development Cess		186,436	170,911
		196,770	197,838

9 DEFERRED LIABILITIES

Deferred taxation	9.1	54,299	56,794
Employees' retirement benefits - gratuity		6,686	10,995
		60,985	67,789

- 9.1** Deferred tax asset arising on deductible temporary differences has not been recognized as the future taxable profits may not be available against which the said losses will be adjusted.

	Note	Un-Audited December 31, 2020	Audited June 30, 2020
(Rupees in thousands)			
10 TRADE AND OTHER PAYABLES			
Trade creditors		234,372	247,058
Accrued expenses	10.1	119,762	132,038
Advances from customers		49,033	51,101
Employees' Provident Fund	10.2	6,963	5,922
Sales tax payable		30,179	57,377
Income taxes payable		67,388	63,009
Current portion and accrued liability for GIDC		95,877	144,616
Others		37,287	38,288
Workers' profit participation fund		3,395	-
Workers' welfare fund		1,290	-
		645,546	739,409

- 10.1** This includes Rs. 21.780 million (June 30, 2020: Rs. 21.780 million) against the rent payable to the Director.

- 10.2** Contributions collected from the employees and contributed by the Company have not been deposited in a remunerative bank account being separately maintained for the provident fund trust. The Company is in process of obtaining approval of trust from Federal Board of Revenue and opening of a separate bank account.

11 SHORT TERM BORROWINGS

From Bank - Bank of Punjab (secured):

Short term running finance 11.1 - 171,067

From related parties (unsecured):

Associated company 11.2 **538,735** 538,390

Directors 11.3 **2,601** 2,601

541,336 540,991

541,336 712,058

- 11.1** This represents running finance facility limit of Rs. 175.000 million (June 30, 2020: Rs. 210.000 million) with accepted condition of reduction of exposure by Rs. 5.000 million every month during the currency of limit from Bank of Punjab (BOP) availed by the company to meet the working capital requirements. The facility is secured against ranking charge of Rs. 833.334 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 in the name of Directors and personal guarantee of Director and subordination of loans as stated in note 6.4.

- 11.2** This represents unsecured loan / short term advance facility of Rs. 600.000 million (June 30, 2020: Rs. 600.000 million) obtained from the associated company, 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.

At period end, markup payable to GCL amounted to Rs. 48.976 million (June 30, 2020: Rs. 19.787 million) which has been disclosed under markup accrued.

12 CONTINGENCIES AND COMMITMENTS

12.1 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, 2020.

12.2 Commitments

Commitments in respect of letters of credit for capital expenditures and store items amounting to Rs. 72.741 million (June 30, 2020: Rs. 4.792 million).

	Note	Un-Audited December 31, 2020 (Rupees in thousands)	Audited June 30, 2020
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	1,827,241	1,880,672
Capital work in progress	13.2	33,984	27,011
		<u>1,861,225</u>	<u>1,907,683</u>
13.1 Operating fixed assets			
Opening book value		1,880,672	1,962,827
Add: Additions / capitalization during the period / year at cost			
Electric and gas installation		-	82
Office equipment		501	-
Vehicles		2,145	1,200
Moulds		8,857	60,719
		11,503	62,001
Less: Disposals during the period / year at book value			
Vehicles		(355)	(103)
Less: Depreciation charged during the period / year		(64,579)	(144,053)
		<u>1,827,241</u>	<u>1,880,672</u>
13.2 Capital work in progress - Movement			
Opening		27,011	27,011
Add: Additions during the period		6,973	-
Closing	13.3	<u>33,984</u>	<u>27,011</u>
13.3 Capital work in progress - Breakup			
Plant and machinery		32,282	27,011
Civil work		1,702	-
		<u>33,984</u>	<u>27,011</u>

14 ADVANCE AGAINST PURCHASE OF FIXED ASSET

During the period, the Company has established letter of credit at sight for the procurement of furnace bricks to enhance the operational capacity of tableware glass production at Unit - III (kot abdul malik) and has paid 30% advance under this arrangement.

15 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 investors) 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 investors 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 also 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.

16 STOCK IN TRADE

Adjustments amounting to Rs. 0.762 million (June 30, 2020: Rs. 10.972 million) have been made to closing inventory of finished goods to write down finished goods to their net realizable value.

Un-Audited
December 31,
2020
Un-Audited
December 31,
2019
(Rupees in thousands)

17 OTHER INCOME

Gain on disposal of operating fixed assets	3,764	1,056
Profit from bank deposits	104	-
Winding up of discount on GIDC payable	32,362	-
	<u>36,230</u>	<u>1,056</u>

18 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:

Associated Companies

Gharibwal Cement Limited

Short term borrowings received - net	345	133,011
Purchases	598	70,858
Payment against supplies	598	-
Markup charged on short term loan	29,189	32,242
Markup paid / adjusted during the period	-	23,227
Rent charged during the period	-	2,100
Rent paid / adjusted during the period	-	1,400

Directors

Loan received / (paid) - net		
Mr. Tousif Paracha	-	114,374
Mian Nazir Ahmed Paracha	-	(10,000)

Key management personnel / executives

Remuneration paid	9,070	9,060
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19 INFORMATION ABOUT BUSINESS SEGMENTS

19.1 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. However, the plastic shells segment has not been operative since 2016, therefore, the above figures present only one reportable segment of the Company i.e. glass containers segment.

19.2 GEOGRAPHICAL INFORMATION

Local sales - net	638,015	915,450
Export sales	11,417	10,939
	<u>649,432</u>	<u>926,389</u>

20 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, 2020.

21 IMPACT OF COVID - 19

The spread of COVID - 19 as a pandemic and consequent imposition of temporary lock down by the Federal and Provincial Governments of Pakistan caused an overall economic slowdown and disruption to various businesses. However, the management is taking all necessary steps to ensure the smooth and adequate continuation of its business by following standard operating procedures (SOPs) to maintain business performance.

Further, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and carrying amount of assets and liabilities as at period end.

22 GENERAL

22.1 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.

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

22.3 These condensed interim financial statements are authorized for issue on **February 26, 2021** in accordance with the resolution of the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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