



**BALOCHISTAN
GLASS LIMITED**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2021**



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COMPANY INFORMATION



BOARD OF DIRECTORS

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

Chairman
CEO



AUDIT COMMITTEE

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

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

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

Chairman
Member
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, 2021.

COMPANY PERFORMANCE

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

	For the half year ended December 31,		For the quarter ended December 31,	
	2021 Rupees in thousands	2020	2021 Rupees in thousands	2020
Revenue - Net	659,598	649,432	323,105	318,867
Gross (Loss) / Profit	(31,839)	94,553	(1,160)	57,810
Operating Profit/(Loss)	18,394	98,064	(21,490)	73,060
Depreciation for the period	79,266	64,579	30,427	33,094
(Loss) / Profit before Tax	(27,433)	63,211	(48,478)	55,512
(Loss) / Profit after Tax	(23,939)	55,035	(42,148)	51,014
Basic and diluted (Loss) / Earnings per share	(0.09)	0.21	(0.16)	0.19

Although, net revenue of the company has been increased by 1.56% from the corresponding period but has incurred gross loss due to increase in cost of production during the current period. At Unit III (Kot Abdul Malik), since the management has started its commercial production from newly refurbished furnace having double production capacity but besides some initial teething issues related to new alignment of all machines been settled later on. The Company is striving hard to overcome some challenges regarding supply of natural gas, highly increment in gas prices as well as overall inflationary pressures on other related costs during this period.

Since July 2021, supply of natural gas remained interrupted for the whole industry and curtailment of gas supply did not allow the company to achieve its targeted production level throughout the period. In the absence of requisite natural gas supply, company had to use other alternative expensive energy sources (including Furnace oil and LPG) to keep operations alive during gas curtailment period. Secondly prices of RLNG (re-gasified liquified natural gas) increased consistently in six months period, up to 114% on average as compared to corresponding period. The increased costs along-with non-availability of gas has majorly contributed towards the present gross loss incurred by the Company. Further, still prevalent aftermaths of covid-19 to the global economy have seriously adversely impacted the global supply chain and causing inflationary trends in the prices of raw materials, oil & lubricants and packing materials coupled with devaluation of Pakistani rupee remained serious challenges for the company during this period.

However, the management is fully confident to overcome the prevailing situations in terms of generating sustainable production results and aggressive strategies to capture additional market share which can absorb the effects of incremental costs. Furthermore, the company is honoring its financial liabilities towards financial institutions and settled two of them and with other associates during the period.

The operations at Unit - I & II are still suspended and management intends to replan the operational strategies at these Units subject to availability of funds. However, the management is fully committed to resolve all the operational related matters and revive these projects.

GOING CONCERN ASSUMPTION

Consistent efforts of the management along-with continued sponsors' support has led to refurbishment and capacity expansion of the furnace and installation of new machinery at Unit - III which has resulted into enhancement of quality tableware production, introduction of variety in products range and improved operational efficiencies cumulating into encouraging operational results of tableware production. The aforementioned has also resulted into increase in Company's share in tableware market through fulfilling markets' demand. Board of Directors' feels that the Company will have adequate resources to operate its business on a sustainable basis for foreseeable future on the basis of the continued supportive steps taken by management/sponsors, Company's honoring existing restructuring agreements with its lenders and its ability to produce products being demanded by the market, these financial statements have been prepared on going concern basis.

Management is also confident that it will continue to 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



FAISAL AFTAB
Director

Lahore : February 25, 2022

اوسطاً 114% تک بتدریج اضافہ ہوا۔ گیس کی عدم دستیابی کے ساتھ اضافی قیمتیں کمپنی کو لاحق مجموعی خسارے میں اضافے کا باعث بنیں۔ مزید برآں، عالمی معیشت پر کردنا وائرس کے جاری اثرات نے گلوبل سپلائی چین پر بدترین اثرات مرتب کئے اور اس دوران یہ کمپنی خام مال، تیل ولبریکٹس اور پیکنگ میٹریل کی قیمتوں میں اضافے کے رجحان اور پاکستانی روپے کی قدر میں کمی جیسے مسائل سے دوچار رہی۔

البتہ، انتظامیہ موافق پیداواری نتائج حاصل کرنے اور نئی منڈیوں میں داخل ہونے کی حکمت عملی کے لحاظ سے موجودہ صورت حال پر قابو پانے کے لئے پرامید ہے جس کی مدد سے کمپنی اضافہ لاگت جیسے مسئلہ پر قابو پر لے گی۔ مزید برآں، مالیاتی اداروں کے واجبات ادا کرنے کے لئے کوشاں ہے اور اس مدت کے دوران کمپنی نے ان میں سے دو اور دیگر ایسوسی ایٹس کے واجبات ادا کر دیئے ہیں۔

یونٹ-1 اور 11 کے آپریشنز تا حال معطل ہیں اور انتظامیہ ان یونٹس پر آپریشنل حکمت عملی پر نظر ثانی کا ارادہ رکھتی ہے جو سرمایے کی دستیابی سے مشروط ہے۔ البتہ، انتظامیہ تمام آپریشنل معاملات کو حل کرنے اور منصوبے کی بحالی کے لئے پرعزم ہے۔

جاری کاروبار کی توقعات

سپانسرز کی مسلسل مدد اور انتظامیہ کی لگاتار کوششوں کے باعث ری فریمٹ اور بھٹی کی استعداد میں اضافے اور یونٹ-III پر نئی مشینری کی تنصیب کا عمل مکمل ہوا جس کی وجہ سے معیاری ٹیبل ویئر پیداوار، پروڈکٹس ریج میں اضافہ اور بہتری آپریشنل کارکردگی جیسے عوامل نے ٹیبل ویئر کی پیداوار میں حوصلہ افزا آپریشنل نتائج ریکارڈ ہوئے۔ مذکورہ بالا کے باعث منڈی کی طلب کو پورا کرتے ہوئے ٹیبل ویئر مارکیٹ میں کمپنی کے کردار میں اضافہ ہوا۔ بورڈ آف ڈائریکٹرز امید رکھتے ہیں کہ انتظامیہ اسپانسرز کے جاری موافق اقدامات کی بنیاد پر مستقبل قریب میں منافع بخش کاروبار چلانے کے لئے مناسب وسائل دستیاب ہو جائیں گے۔ قرض خواہان کے ساتھ معاہدوں کی حالیہ ری سٹرکچرنگ اور منڈی کی طلب کے مطابق مصنوعات کی تیاری کی استعداد کو مد نظر رکھتے ہوئے یہ مالیاتی اسٹریٹجی جاری کاروبار کی بنیاد پر تیار کی گئی ہیں۔

انتظامیہ پرامید ہے کہ مالیاتی نتائج بہتری کی جانب گامزن رہیں گے اور کمپنی کی بہتر مالیاتی کارکردگی کے باعث مستقبل قریب میں لیکویڈٹی سے متعلق مسائل پر قابو پالے گی۔

بورڈ آف ڈائریکٹرز بینکوں اور مالیاتی اداروں کی معاونت اور تعاون، کمپنی کے تمام ملازمین اور کنٹریکٹرز کی کاوشوں، جذبہ اور عزم اور ڈسٹری بیوٹرز، ڈیلرز، سپلائرز اور کمپنی کے دیگر سٹیک ہولڈرز کی مدد اور تعاون کو سراہتے ہیں۔

منجانب / برائے بورڈ



فیصل آفتاب
ڈائریکٹر



میاں نذیر احمد پراچہ
سی۔ ای۔ او

لاہور: 25 فروری، 2022ء

ڈائریکٹر کا تجزیہ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2021ء کو اختتام پذیر ششماہی و سہ ماہی کے لئے کمپنی کی منجھد عبوری مالیاتی معلومات ازراہ مسرت پیش کرتے ہیں۔

کمپنی کی کارکردگی

گذشتہ مدت کی نسبت حالیہ مدت کے لئے اہم آپریٹنگ نتائج کا تجزیہ حسب ذیل ہے:

برائے ششماہی اختتام پذیر		برائے ششماہی اختتام پذیر		
31 دسمبر 2020	31 دسمبر 2021	31 دسمبر 2020	31 دسمبر 2021	
ہزار روپوں میں				
318,867	323,105	649,432	659,598	آمدنی - خالص
57,810	(1,160)	94,553	(31,839)	مجموعی منافع / (نقصان)
73,060	(21,490)	98,064	18,394	آپریٹنگ منافع / (نقصان)
33,094	30,427	64,579	79,266	مذکورہ مدت کے لئے تخصیص
55,512	(48,478)	63,211	(27,433)	نفع / (نقصان) بمعہ ٹیکس
51,014	(42,148)	55,035	(23,939)	نفع / (نقصان) علاوہ ٹیکس
0.19	(0.16)	0.21	(0.09)	بنیادی و ڈائریکٹرز آمدنی / (خسارہ) فی حصص

اگرچہ کمپنی کی خالص آمدنی میں گذشتہ مدت کی نسبت 1.56 فی صد اضافہ ہوا لیکن حالیہ مدت کے دوران پیداواری لاگت میں اضافے کے باعث مجموعی سطح پر خسارہ برداشت کرنا پڑا۔ یونٹ III (کوٹ عبداللہ) میں دہائی پیداواری استعداد کی حالیہ نئی مرمت شدہ بھٹی پر انتظامیہ نے صنعتی پیمانے پر پیداوار کا آغاز کیا ہے لیکن بعد ازاں تمام مشینوں کی نئی الائنمنٹ سے متعلق چند ابتدائی ٹیڈنگ مسائل حل کر لئے گئے۔ کمپنی اس مدت میں قدرتی گیس کی سپلائی، اس کی قیمتوں میں ہوش ربا اضافے اور لاگت سے متعلق مجموعی افراط زر کے دباؤ سے متعلق مسائل پر قابو پانے کے لئے کوشاں ہے۔

جولائی 2021ء سے مجموعی طور پر صنعت کو قدرتی گیس کی ترسیل میں رکاوٹ برقرار ہے اور اس مدت میں قدرتی گیس کی محدود سپلائی کے باعث کمپنی اپنے مطلوبہ اہداف حاصل کرنے میں ناکام رہی۔ قدرتی گیس کی درکار سپلائی نہ ہونے کی وجہ سے کمپنی کو توانائی کے متبادل مہنگے وسائل (بشمول فرنیس آئل اور ایل پی جی) پر انحصار کرنا پڑا تا کہ گیس کی قلت کے دوران آپریشنز کو جاری رکھا جاسکے۔ دوسری جانب RLNG (ری گیس فائینڈ لیکوئیٹیا نیچرل گیس) کی قیمتوں میں گذشتہ برس کی اسی مدت کی نسبت چھ ماہ کی مدت کے دوران

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, 2021 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2021.

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 related 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 incurred net loss amounting to Rs. 23.939 million during the six-month period ended December 31, 2021, however, as of that date its accumulated losses of Rs. 5,755.922 million have resulted in net capital deficiency of Rs. 2,590.435 million and its current liabilities exceeded its current assets by Rs. 1,163.794 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 review resulting in this independent auditor's review report is Nouman Razaq Khan.



PKF F.R.A.N.T.S.
Chartered Accountants
Place: Lahore
Date: February 26, 2022
UDIN: RR202110205Pw19n8fzO

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2021

	Note	Un-Audited December 31, 2021	Audited June 30, 2021
(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		1,064,287	1,070,997
Revenue reserve			
Accumulated loss		(5,755,922)	(5,738,693)
		(2,590,435)	(2,566,496)
Subordinated loans - unsecured	6	3,635,082	3,635,082
Director's loan - unsecured	7	313,235	313,235
		1,357,882	1,381,821
NON-CURRENT LIABILITIES			
Long term liabilities	8	118,106	158,007
Deferred liabilities	9	62,407	74,781
		180,513	232,788
CURRENT LIABILITIES			
Trade and other payables	10	764,298	644,544
Unclaimed dividend		164	164
Short term borrowings	11	864,500	709,085
Mark up accrued	12	67,153	124,979
Current maturity of long term loans	8	12,922	24,218
		1,709,037	1,502,990
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES			
		3,247,432	3,117,599
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,563,744	2,590,236
Long term investment	15	138,445	137,084
		2,702,189	2,727,320
CURRENT ASSETS			
Stores, spare parts and loose tools		105,851	78,348
Stock in trade	16	330,441	156,358
Trade debts		39,185	50,163
Loans and advances		35,704	40,675
Trade deposits, prepayments and other receivable		5,609	4,934
Taxes recoverable		10,181	12,419
Cash and bank balances		18,272	47,382
		545,243	390,279
TOTAL ASSETS			
		3,247,432	3,117,599

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, 2021

	Six Months Period Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	(Rupees in 000s)		(Rupees in 000s)	
Sales - net	659,598	649,432	323,105	318,867
Cost of sales	(691,437)	(554,879)	(324,265)	(261,057)
Gross (loss) / profit	(31,839)	94,553	(1,160)	57,810
Administrative and selling expenses	(39,607)	(28,034)	(19,299)	(12,852)
Other expenses	(44)	(4,722)	1,562	(4,685)
Other income	17 89,884	36,230	(2,593)	32,787
Operating profit / (loss)	18,394	98,027	(21,490)	73,060
Finance cost	(47,188)	(34,816)	(28,349)	(17,548)
	(28,794)	63,211	(49,839)	55,512
Share of profit from an associated company	15 1,361	-	1,361	-
(Loss) / profit before taxation	(27,433)	63,211	(48,478)	55,512
Taxation - Current	(8,245)	(10,671)	(4,039)	(5,746)
- Deferred	11,739	2,495	10,369	1,248
	3,494	(8,176)	6,330	(4,498)
(Loss) / profit after taxation	(23,939)	55,035	(42,148)	51,014
(Loss) / earnings per share - basic and diluted (Rs.)	(0.09)	0.21	(0.16)	0.19

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 OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six Months Period Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	(Rupees in 000s)		(Rupees in 000s)	
(Loss) / profit after taxation	(23,939)	55,035	(42,148)	51,014
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(23,939)</u>	<u>55,035</u>	<u>(42,148)</u>	<u>51,014</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, 2021

			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 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					
Profit after taxation for the period	-	-	-	55,035	55,035
Other comprehensive income for the period -net -	-	-	-	-	-
	-	-	(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)
Balance as on June 30, 2021 (audited)	2,616,000	(514,800)	1,070,997	(5,738,693)	(2,566,496)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax)	-	-	(6,710)	6,710	-
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(23,939)	(23,939)
Other comprehensive income for the period -net	-	-	-	-	-
	-	-	(6,710)	(17,229)	(23,939)
Balance as on December 31, 2021 (Un-audited)	2,616,000	(514,800)	1,064,287	(5,755,922)	(2,590,435)

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, 2021

	Note	Six Months Period Ended December 31,	
		2021	2020
(Rupees in 000s)			
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(27,433)	63,211
Adjustments for non-cash charges and other items:			
Depreciation	14.1	79,266	64,579
Reversal of accrued markups on settlement with bank & associates	17	(89,193)	-
Gain on disposal of operating fixed assets	17	(688)	(3,764)
Share of profit from an associated company	15	(1,361)	-
Winding up of discount on GIDC payable -net		-	(32,362)
Finance cost		47,188	34,816
Operating profit before working capital changes		7,779	126,480
Working capital changes			
<i>(Increase) / Decrease in current assets</i>			
Stores, spare parts and loose tools		(27,503)	(12,413)
Stock in trade		(174,083)	62,644
Trade debts		10,978	32,558
Loans and advances		4,971	(854)
Trade deposits, prepayments and other receivables		(675)	(325)
<i>Increase / (Decrease) in current liabilities</i>			
Trade and other payables		80,313	(23,954)
		(105,999)	57,656
Cash (used in) / generated from operations		(98,220)	184,136
Payments for:			
Finance cost		(8,851)	(9,402)
Taxes		(8,029)	(8,475)
Staff retirement benefits		(885)	(4,309)
Net cash (outflow) / inflow from operating activities	A	(115,985)	161,950
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure paid		(52,786)	(18,476)
Advance against purchase of fixed asset		-	(31,166)
Proceeds from disposal of operating fixed assets		700	4,119
Net cash outflow from investing activities	B	(52,086)	(45,523)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term liabilities - net		(16,454)	(29,495)
Short term borrowings - net		155,415	(170,722)
Net cash inflow/ (outflow) from financing activities	C	138,961	(200,217)
Net decrease in cash and cash equivalents	A+B+C	(29,110)	(83,790)
Cash and cash equivalents at beginning of the period		47,382	145,484
Cash and cash equivalents at end of the period		18,272	61,694

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, 2021

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. The Company is engaged in manufacturing and sale of glass containers, glass tableware, pharmaceutical glass bottles and plastic shells. Following are the business units of the Company, along with their respective geographical locations:

- Registered office and Unit-I: Plot no. 8, Block M, Hub Industrial Trading Estate, Lasbella - Hub
- Head office and Unit-III: 12-Km Lahore, Sheikhpura Road, Kot Abdul Malik, Sheikhpura
- Unit-II: 29 – Km Lahore, Sheikhpura Road, Sheikhpura

2 GOING CONCERN ASSUMPTION

During the six-month period ended December 31, 2021 (interim period), the Company has incurred a gross loss of Rs. 31.839 million as compared to gross profit of Rs. 94.553 million in the corresponding period despite marginal increase in net sales of Rs. 10.166 million from the corresponding period. It has also incurred a net loss of Rs. 23.939 million as compared to net profit of Rs. 55.035 million in the corresponding period. As at the period end, its accumulated losses stand at Rs. 5,755.922 million (June 30, 2021: accumulated losses of Rs. 5,738.693 million), thereby resulting in negative equity of Rs. 2,590.435 million (June 30, 2021: negative equity of Rs. 2,566.496 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 1,163.794 million at the period end (June 30, 2021: Rs. 1,112.711 million), whereas, the operations at Unit-I and Unit-II remained suspended till period-end. These conditions indicate the existence of material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Considering the aforementioned factors, the management is of the view that higher increase in gas prices along with the interrupted gas supply and the prevailing inflationary environment has majorly contributed towards the present gross loss incurred by the Company. However, with the recent refurbishment and capacity expansion of the furnace at Unit-III, the management is confident to capture additional market share on the basis of enhanced quality production and introducing new range of glass tableware products which can help in absorbing the effects of incremental costs in future period.

The management has been keen in taking various measures to revive and improve the operational and financial performance of the Company. It has shifted its major focus towards the tableware production which has resulted into increase in the Company's market share which has better margin potential once the operational efficiencies are improved. The management also intends to replan the operational strategies at Unit-I and Unit-II and is fully committed to revive these units subject to availability of funds. The Company is honoring its financial commitments towards financial institutions and has settled outstanding long term loan with two out of three banks during the period.

The directors and associates are also committed to support the Company which is evident from the additional financial support provided to the Company during the period to meet its working capital requirements in addition to running finance limit being availed from the Bank of Punjab. During the period, the Company has also reached a mutual settlement arrangement with two related parties resulting in outstanding mark-up amounting Rs. 85.382 million being waived off by the associates and accordingly written back by the Company (note 17).

Keeping in view the continued supportive steps taken by the management and sponsors, Company's honoring of existing financial commitments with its lenders, favourable future prospects of the glass tableware market and continuous support of the directors and associates, the management feels confident that it will be able to handle the Company's liquidity related issues in the foreseeable future and to operate its business on sustainable basis. Accordingly, these 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, 2021. 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, 2021 and 2020 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, 2021 and 2020.

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, 2021.

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 period ended December 31, 2021

There are certain amendments to published International Financial Reporting Standards and interpretations that are mandatory for the financial year beginning on July 01, 2021. 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, 2022 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, 2021.

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, 2021.

	Note	Un-Audited December 31, 2021	Audited June 30, 2021
(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
		<u>3,635,082</u>	<u>3,635,082</u>
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 / CEO			
- 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	<u>3,153,002</u>	<u>3,153,002</u>

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 Directors' Loan") issued by the Institute of Chartered Accountants of Pakistan (ICAP).

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. Pursuant to the arrangement between the Company and the directors and their associate, no mark up is to be charged on these balances and outstanding balances of overdue mark up have become payable at the discretion of the Company and therefore treated as equity in accordance with the Technical Release -32 issued by the ICAP.

6.4 Subordination of such loans have been made vide Debt Subordination Agreement with Bank of Punjab (note: 11.1).

7 DIRECTOR'S LOAN - Unsecured

Muhammad Tousif Paracha

Long term loan from the Director	7.1	<u>313,235</u>	<u>313,235</u>
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7.1 The Company has obtained loan from Mr. Muhammad Tousif 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 Directors' Loan") issued by the ICAP.

	Note	Un-Audited December 31, 2021 (Rupees in thousands)	Audited June 30, 2021
8 LONG TERM LIABILITIES			
Long term loans - secured			
Banks and financial institutions		12,922	29,376
Less: Current portion presented under current liabilities		(12,922)	(24,218)
		-	5,158
Gas Infrastructure Development Cess (GIDC)			
GIDC payable		294,777	289,085
Current portion shown under trade and other payables	10	(176,671)	(136,236)
		118,106	152,849
		118,106	158,007
9 DEFERRED LIABILITIES			
Deferred taxation-net	9.1	57,869	69,608
Employees' retirement benefits - gratuity		4,538	5,173
		62,407	74,781
9.1 Deferred tax asset arising on deductible temporary differences amounting to Rs. 766.226 million (June 30, 2021: Rs. 730.198 million) has not been recognized as the future taxable profits may not be available against which the tax losses will be adjusted.			
10 TRADE AND OTHER PAYABLES			
Trade creditors		332,644	247,296
Accrued expenses	10.1	145,630	139,856
Advances from customers		59,073	58,962
Employees' provident fund		1,912	285
Sales tax payable		5,579	20,183
Income taxes payable		27,152	22,040
Current portion of GIDC payable	8	176,671	136,236
Others		14,523	16,273
Workers' profit participation fund		174	2,473
Workers' welfare fund		940	940
		764,298	644,544
10.1 This includes Rs. 21.780 million (June 30, 2021: Rs. 21.780 million) against the rent payable to the Director.			
11 SHORT TERM BORROWINGS			
From Bank - Bank of Punjab (secured):			
Short term running finance	11.1	117,433	88,610
From related parties (unsecured):			
Associated company	11.2	586,461	587,874
Directors	11.3	155,562	32,601
		742,023	620,475
Temporary bank overdraft		5,044	-
		864,500	709,085

11.1 This represents running finance facility limit of Rs. 120.000 million (June 30, 2021: Rs. 150.000 million) with accepted condition of reduction of exposure by Rs. 5.000 million (June 30, 2021: 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 (June 30, 2021: 833.334 million) over present and future fixed assets, ranking charge of Rs. 334.000 million (June 30, 2021: 334.000 million) over current assets, pledge of 58.000 million (June 30, 2021: 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, 2021: 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. 64.191 million (June 30, 2021: Rs. 31.090 million) which has been disclosed under markup accrued.

11.3 This represents interest free short term loan obtained from directors of the Company to meet the working capital requirements of the Company and is payable on demand.

12 MARK UP ACCRUED

During the current period, accrued markup amounting to Rs. 3.811 million payable to Al Baraka Bank (Pakistan) Limited has been reversed based on full and final settlement and Rs. 85.382 million payable to related parties has been written back on the basis of mutual settlement arrangements.

13 CONTINGENCIES AND COMMITMENTS

13.1 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, 2021.

13.2 Commitments

Commitments in respect of letters of credit for capital expenditures and Stores, spare parts and loose tools amounting to Nil (June 30, 2021: Rs. 49.870 million).

	Note	Un-Audited December 31, 2021 (Rupees in thousands)	Audited June 30, 2021
14 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets -owned	14.1	2,538,699	2,559,344
Capital work in progress	14.2	25,045	25,045
Advance against purchase of plant and machinery		-	5,847
		2,563,744	2,590,236
14.1 Operating fixed assets-owned			
Opening book value		2,559,344	1,962,728
Add: Revaluation adjustments during the period / year			
Land		-	440,582
Building		-	37,336
		-	477,918
Add: Additions / capitalization during the period / year - at cost			
Building		-	48,561
Plant and machinery		27,444	130,758
Electric and gas installation		-	46,416
Office equipment		-	577
Vehicles		-	3,115
Moulds		31,189	30,911
		58,633	260,338
Less: Disposals during the period / year - at book value (Vehicle)		(12)	(355)
Less: Depreciation charged during the period / year		(79,266)	(141,285)
Closing book value		2,538,699	2,559,344

14.2 Capital work in progress:

At period end, capital work-in-progress comprises of plant and machinery. Following is the movement in capital work-in-progress during the period / year:

	Note	Un-Audited December 31, 2021 (Rupees in thousands)	Audited June 30, 2021
Opening balance		25,045	27,011
Add: Additions during the period		-	223,769
Less: Transferred to operating fixed assets		-	(225,735)
Closing balance	14.2.1	25,045	25,045

14.2.1 This represents glass tempering machine purchased in previous years, however, due to change in business strategies, the same could not be installed / made available for intended use till period-end. The management expects its recoverable amount higher than its carrying value and therefore no impairment is required at period-end.

15 LONG TERM INVESTMENT

Equity accounted for investment - Paidar Hong Glass (Pvt.) Limited (PHGPL)

Equity interest held: 49.99% (June 30, 2021: 49.99%)

12,563,136 (June 30, 2021: 12,563,136) fully paid ordinary shares of Rs. 10 each - cost

Company's share of profit in PHGPL - brought forward
Share of profit for the period / year

125,631	125,631
11,453	-
1,361	11,453
12,814	11,453
138,445	137,084

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 year ended June 30, 2021, as a result of the management endeavors to resolve the issue, an extra ordinary general meeting of PHGPL was called for the resolution of matters. PHGPL in its extra ordinary general meeting principally decided to sell tubing furnace material & machineries, to wind up the company and distribution of net assets to its shareholders. Based on the decision of the PHGPL, BGL has accounted for its share of net assets in the PHGPL on the basis of un audited financial statements of PHGPL. Further, management of the BGL is confident that recoverable value of machinery is greater than its carrying amount and there is no impairment in the value of machinery.

16 STOCK IN TRADE

Adjustments amounting to Rs. 0.231 million (June 30, 2021: Rs. 3.353 million) have been made to closing inventory of finished goods to write down finished goods to their net realizable value.

17 OTHER INCOME

Gain on disposal of operating fixed assets
Accrued mark up written back / reversed
Profit from bank deposits
Winding up of discount on GIDC payable

Note	Un-Audited December 31, 2021 (Rupees in thousands)	Un-Audited December 31, 2020
	688	3,764
12	89,193	-
	3	104
	-	32,362
	89,884	36,230

18 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and their associates, employees post employment benefit plans and key management personnel. Significant related party transactions made during the period are as follows:

	Un-Audited December 31, 2021	Un-Audited December 31, 2020
	(Rupees in thousands)	
Associated Companies		
Gharibwal Cement Limited (Common directorship)		
Short term loan (paid) /received - net	(1,887)	345
Purchases	532	598
Markup charged on short term loan	32,762	29,189
Shahpur Commerce (Pvt.) Limited (Common directorship)		
Purchases	4,376	-
Pak Hy Oils Limited (Shareholding)		
Accrued mark up waived off - written back- net	66,827	-
Directors and their Associates		
Short term loan received - net		
Mr. Tousif Paracha (Director)	78,261	-
Mian Nazir Ahmed Paracha (Director / CEO)	23,500	-
Shaffi Uddin Paracha (Director)	21,200	-
Accrued mark up waived off - written back		
Muhammad Rehman (Directors' associate)	18,555	-
Employees retirement benefit plan:		
BGL Officers' Provident fund		
Contributions by the Company	938	1,461
Key management personnel / executives		
Remuneration paid	13,422	9,070

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	659,598	638,015
Export sales	-	11,417
	<u>659,598</u>	<u>649,432</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, 2021.

21 IMPACT OF COVID - 19

In light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any significant impact on 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 25 , 2022 in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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