

CONDENSED INTERIM STATEMENT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2018
(UN-AUDITED)



BALUCHISTAN GLASS LIMITED

ISO 9001 : 2008 CERTIFIED COMPANY

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Shams Ul Islam, ACA

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
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 Clinton,
Karachi. Tel:

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 quarter ended September 30, 2018.

COMPANY PERFORMANCE

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

	September 30	
	2018	2017
	Rupees in thousands	
Sales - Net	127,308	132,347
Gross (Loss)	(59,403)	(32,053)
Operating Profit/ (Loss)	20,921	(41,664)
Depreciation for the period	35,429	27,402
Profit / (Loss) before Tax	9,556	(54,175)
Profit / (Loss) after Tax	10,290	(54,986)
Basic and diluted Earnings/ (Loss) per share	0.04	(0.32)

Sales revenue for the first quarter has reduced by 3.8% as compared to previous period because of conversion activities at Unit - III (Kot Abdul Malik), which was involved in manufacturing of Pharma glass products for short period. After the successful completion of Balancing Modernization & Replacement (BMR) at Unit -I (Hub), the commercial production of Pharma glass products has been started from mid of this quarter. The management has converted one furnace installed at Unit - III to Tableware glass products, which has started the commercial productions by the end of October 2018 and also planning to convert/refurbish other Furnace to produce container glass products. Management is hopefully expecting the positive financial impacts in coming quarter.

Furthermore, the Company is also in the process to re-operate Unit II (Sheikhupura) to produce Tableware glass products at large scale with the use of modern and cost efficient technology.

The Company has obtained running finance facility upto Rs 250 million from bank to meet its working capital requirements. Similarly, Gharibwal Cement Ltd (associated company) had also proposed to renew and enhance their working capital facilities to the company which will further help in working capital management. In addition to the above, the sponsors' has also shown their commitment to support the Company's operations.

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



MUHAMMAD TOUSIF PERACHA
Chief Executive Officer



Mustafa Tousif Ahmed Paracha
Chairman

Lahore : October 29, 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2018

	Note	Un-Audited September 30, 2018	Audited June 30, 2018
		(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		642,668	644,465
Revenue reserve:			
Accumulated loss		(5,192,794)	(5,204,881)
		(2,448,926)	(2,459,216)
Subordinated loans - Unsecured		482,080	482,080
Loan from directors and their associate - Unsecured	5	3,186,037	3,153,002
		1,219,191	1,175,866
NON-CURRENT LIABILITIES			
Long term loans	6	102,168	119,948
Deferred liabilities	7	136,560	234,991
		238,728	354,939
CURRENT LIABILITIES			
Trade and other payables		739,305	703,275
Unclaimed dividend		164	164
Markup accrued		109,782	114,720
Short term borrowings	8	471,896	249,986
Current maturity of non current liabilities		111,922	188,251
		1,433,069	1,256,396
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		2,890,988	2,787,201
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,022,168	2,002,343
Advance against purchase of plant and machinery		-	8,465
Long term investment	11	125,631	125,631
		2,147,799	2,136,439
CURRENT ASSETS			
Stores, spare parts and loose tools		204,640	209,039
Stock in trade		137,040	131,459
Trade debts		168,006	123,433
Loans and advances		36,791	38,230
Trade deposits, prepayments and other receivable		55,991	56,075
Taxes recoverable		84,577	87,697
Cash and bank balances		56,144	4,829
		743,189	650,762
TOTAL ASSETS		2,890,988	2,787,201

The annexed notes from 1 to 15 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30,	
		2018	2017
		(Rupees in 000s)	
Sales - net		127,308	132,347
Cost of sales		(186,711)	(164,400)
Gross loss		(59,403)	(32,053)
Administrative and selling expenses		(18,763)	(10,139)
Other income	7.2	99,087	528
Operating loss		20,921	(41,664)
Finance cost		(11,365)	(12,511)
Profit / (Loss) before taxation		9,556	(54,175)
Taxation - Current		-	(1,648)
- Deferred		734	837
Taxation		734	(811)
Profit / (Loss) after taxation		10,290	(54,986)
Earning / (Loss) per share - Basic and diluted (Rs.)		0.04	(0.32)

The annexed notes from 1 to 15 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	September 30,	
	2018	2017
	(Rupees in 000s)	
Profit / (Loss) after taxation	10,290	(54,986)
Other comprehensive income:		
Items that may be subsequently reclassified to statement of profit or loss:		
Revaluation surplus on property, plant and equipment	-	-
Related deferred tax	-	-
	-	-
Total comprehensive income / (loss) for the period	10,290	(54,986)

The annexed notes from 1 to 15 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid-up share capital	Discount on shares	Capital reserve <u>Revaluation surplus on property, plant and equipment</u>	Revenue reserve <u>Accumulated Loss</u>	Total Equity
(Rupees in 000s)					
Balance as on June 30, 2017	1,716,000	(514,800)	288,999	(4,928,657)	(3,438,458)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax)	-	-	(1,952)	1,952	-
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(54,986)	(54,986)
Other comprehensive income for the period	-	-	-	-	-
	-	-	(1,952)	(53,034)	(54,986)
Balance as on September 30, 2017	1,716,000	(514,800)	287,047	(4,981,691)	(3,493,444)
Balance as on June 30, 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)	-	-	(1,797)	1,797	-
Total comprehensive income for the period					
Profit / (Loss) after taxation for the year	-	-	-	10,290	10,290
Other comprehensive income for the period	-	-	-	-	-
	-	-	(1,797)	12,087	10,290
Balance as on September 30, 2018	2,616,000	(514,800)	642,668	(5,192,794)	(2,448,926)

The annexed notes from 1 to 15 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30,	
		2018	2017
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		9,556	(54,175)
Adjustments for non-cash charges and other items:			
Depreciation		35,429	27,402
Mark up reversed/written back on settlement with financial institution		(99,087)	-
Finance cost		11,365	12,511
Operating cash flows before working capital changes		(42,737)	(14,262)
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spare parts and loose tools		4,399	4,669
Stock in trade		(5,581)	32,032
Trade debts		(44,573)	(2,780)
Loans and advances		1,439	408
Trade deposits, prepayments and other receivables		84	(359)
(Decrease) in current liabilities			
Trade and other payables		43,625	(31,292)
		(607)	2,678
Cash used in operations		(43,344)	(11,584)
Payments for:			
Finance cost		(14,913)	(1,005)
Taxes		(3,452)	(1,068)
Gratuity		-	(200)
Net cash outflow from operating activities	A	(61,709)	(13,857)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(46,789)	-
Net cash outflow from investing activities	B	(46,789)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from directors and others - Net		33,035	68,590
Long term loans - Net		(95,132)	(45,411)
Short term borrowings - Net		221,910	2,954
Net cash inflow from financing activities	C	159,813	26,133
Net (decrease) / increase in cash and cash equivalents	A+B+C	51,315	12,276
Cash and cash equivalents as at 1st July		4,829	192,593
Cash and cash equivalents as at 30th September		56,144	204,869

The annexed notes from 1 to 15 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at H-27, 1st Floor, Pace Tower Gulberg II, Lahore.

2 BASIS OF PREPARATION

This condensed interim financial information for the quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under listing regulations of Pakistan Stock Exchange and section 237 of the Act. This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.

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, 2018.

Judgments and estimates made by management in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.

4 CHANGE IN ACCOUNTING POLICY

As explained in the annual financial statements for the year ended June 30, 2018, the accounting treatment and presentation of the revaluation surplus on property, plant and equipment, as directed under repealed Companies Ordinance 1984, was not in accordance with the IFRS requirements and not been carried forward in the Companies Act 2017.

In accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, revaluation surplus on property, plant and equipment would now be presented under equity.

	Un-Audited September 30, 2018	Audited June 30, 2018
	(Rupees in thousands)	
5 LOAN FROM DIRECTORS AND THEIR ASSOCIATE - Unsecured		
Muhammad Tousif Paracha - Loan	1,813,229	1,793,045
Muhammad Tousif Paracha - Markup	1,024,821	1,024,821
Shaffi Uddin Paracha - Loan	97,750	94,899
Mian Nazir Ahmed Paracha - Loan	112,501	102,501
	3,048,301	3,015,266
Other Associate - Loan	104,670	104,670
Other Associate - Markup	33,066	33,066
	137,736	137,736
	3,186,037	3,153,002

5.1 Pursuant to the new arrangements between the Company and the sponsoring directors and their associate in previous years, these loans including their markup 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 IAS-39, rather these are recorded as equity in accordance with the Technical Release -32 ("Accounting Directors' Loan") issued by the Institute of Chartered Accountants of Pakistan.

5.2 The Company has obtained new running finance facility upto Rs. 250 million from Bank of Punjab (BOP) to meet the working capital requirements, under the condition that these loans and markups will be fully subordinated till repayment of the loan to the bank (Ref: Note 8.1).

	Un-Audited September 30, 2018	Audited June 30, 2018
	(Rupees in thousands)	
Note		
6 LONG TERM LOANS		
Banks and financial institutions (Secured)	158,387	252,496
Less: Current and overdue portion presented under current liabilities	(56,219)	(132,548)
	102,168	119,948

7 DEFERRED LIABILITIES		
Deferred taxation	65,463	66,197
Employees' retirement benefits	12,522	12,522
Deferred mark up (financial institutions)	7.2 58,575	156,272
	136,560	234,991

7.1 Deferred tax asset arising due to assessed tax losses and tax credit has not been recognized as the future taxable profits may not be available against which the said losses can be adjusted.

7.2 During the period, the Company has settled the Demand Finance Facility (DF-II) outstanding towards Bank of Punjab (BOP), which resulted the reversal of frozen markup of Rs 99.087 million.

8 SHORT TERM BORROWINGS		
Short term running finance	8.1 221,816	-
From related parties - Unsecured		
Associated company	8.2 249,986	249,986
Others - Unsecured, interest free		
Temporary bank overdraft	94	-
	471,896	249,986

8.1 During the period, the Company has obtained running finance facility upto Rs 250 million from Bank Of Punjab (BOP) to meet its working capital requirements, which carries the mark up of 3 months KIBOR plus 3% per annum. The facility is secured against ranking charge of Rs. 834 million over present and future fixed assets, ranking charge of Rs 334 million over current assets, pledge of 58 million shares of Gharibwal Cement Limited in the name of CEO and personal guarantee of CEO.

8.2 The unsecured loan /short term advance facility has been obtained from associated company for working capital requirements which carries the mark up ranging from 9.92% to 10.15 % (June 2018: 9.50 % to 9.92 %) per annum.

9 CONTINGENCIES AND COMMITMENTS

Contingencies & Commitments

There is no material change in the status of contingencies as mentioned in the annual financial statements of the Company for the year ended June 30, 2018.

		Un-Audited September 30, 2018	Audited June 30, 2018
(Rupees in thousands)			
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	1,915,205	1,656,396
Capital work in progress	10.2	106,963	345,947
		<u>2,022,168</u>	<u>2,002,343</u>
10.1 Additions during the period			
Building		5,554	17,414
Plant and machinery		288,676	81,075
Electric and gas installation		-	5,431
Furniture and fittings		-	104
Office equipment		8	351
		<u>294,238</u>	<u>104,375</u>
10.2 Capital work in progress - At cost			
Opening		345,947	2,283
Additions	10.3	51,531	344,864
Less: Capitalized		(290,515)	(1,200)
Closing	10.4	<u>106,963</u>	<u>345,947</u>
10.3 This amount includes Rs. 8.465 million transferred from advance against purchase of plant & machinery.			
10.4 Capital work in progress - Breakup			
Plant and machinery		85,241	344,034
Civil work		21,722	1,913
		<u>106,963</u>	<u>345,947</u>

11 LONG TERM INVESTMENT

The Company owns 49.99% shares in Paidar Hong Glass (Private) Limited (an associated company which is a joint venture between the Company and Chinese investors) and has a joint control with the Chinese investors. The joint venture has its registered office at 12 km Sheikhpura Road, Lahore. The object of this joint venture is to engage in the business of manufacturing of USP Type-I Borosilicate glass tubes, vials and ampules. Some of the machinery items for manufacturing of above mentioned products have reached in the Company premises. However, the machinery has not been installed yet. The partners are reevaluating the project with regard to the prevalent energy situation and economic environment. The project management is expecting to realign its business plan in the new economic scenario in Pakistan. However, impairment on this investment is not required because the recoverable value of machinery is greater than carrying amount of the machinery. Moreover, majority of the funds are still available in banks. Owing to joint control of the Company and Chinese investor in the investee company, investment in associate has been accounted for under the equity method of accounting.

12 TRANSACTIONS WITH RELATED PARTIES

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

	Un-Audited September 30,	
	2018	2017
	(Rupees in thousands)	
Associated Entities		
Gharibwal Cement Limited		
Payment against supplies	2,655	-
Markup charged on loan	6,343	5,625
Markup paid during the period	12,556	-
Rent charged during the period	1,267	-
Rent paid during the period	2,459	-
Directors		
Loan received - net		
Mr. Tousif Paracha	20,184	68,589
Mian Nazir Ahmed Paracha	10,000	-
Shafi Uddin Paracha	2,851	-

13 FAIR VALUE ESTIMATION

The carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

The management estimates regarding fair values of financial instruments are same as disclosed in annual financial statements of the Company for the year ended June 30, 2018.

14 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.

15 GENERAL

15.1 These condensed financial information is presented in rupees and figures have been rounded off to the nearest thousand rupees.

15.2 These condensed financial information is authorized for issue on **October 29, 2018** in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



REGISTERED OFFICE

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

HEAD OFFICE

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