



BALUCHISTAN GLASS LIMITED

CONDENSED INTERIM STATEMENTS
DECEMBER 31, 2018



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 Statements of your company for the half year and quarter ended December 31, 2018.

COMPANY PERFORMANCE

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

	For the half year ended December 31,		For the quarter ended December 31,	
	2018	2017	2018	2017
	Rupees in thousands			
Sales - Net	435,310	246,126	308,002	113,779
Gross (Loss)	(61,454)	(67,172)	(2,051)	(35,119)
Operating Profit/ (Loss)	18,490	(88,052)	(2,431)	(46,388)
Depreciation for the period	76,001	54,814	40,572	27,412
(Loss) before Tax	(16,477)	(117,308)	(26,003)	(63,133)
(Loss) after Tax	(13,411)	(118,704)	(23,701)	(63,718)
Basic and diluted (Loss) per share	(0.05)	(0.69)	(0.09)	(0.37)

Sales revenue for the period has been increased by 77% as compared to previous period, this significant increase is mainly because of contribution of Unit - I production which was resumed in August 2018 after the completion of Balancing Modernization & Replacement (BMR), which is engaged in manufacturing of pharmaceutical products. Gross loss has also been reduced significantly in the second quarter. Initially the production efficiency at Unit - I remained lower than the average production capacity, which was improved steadily over the period.

After the conversion of one furnace installed at Unit - III to Tableware glass products, it has started the commercial productions by the end of October 2018. Despite of expensive energy cost in Punjab vicinity due to consumption of Re-gasified Liquefied Natural Gas (RLNG), management is satisfied with the initial operational results derived at Unit - III during the period. Further the management is also working to re-operate the second furnace at Unit - III by addition of Jug machine and installing other tableware machines in near future.

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

The Company has obtained fresh running finance facility upto Rs 250 million from bank to meet its working capital requirements. Similarly, Gharibwal Cement Ltd (associated company) had also enhanced 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.

GOING CONCERN ASSUMPTION

Resumption of production activities at Unit - I, increase in revenue and conversion of tableware production at Unit - III with better operational results and consistent support from sponsoring directors, associates along with settlement of overdue credit facilities with financial institutions, honoring existing restructuring/settlement agreements, future demand of glass products & prospects of industry, and other supportive steps taken by management, Board of Directors' feels that Company will have adequate resources to operate its business on a sustainable basis for foreseeable future, therefore, these financial statements have been prepared on going concern basis. Management is also confident that it will be able to overcome the liquidity related issues in near future with the adamant support from its directors and associates.

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

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

For and on behalf of Board of Directors



MUHAMMAD TOUSIF PERACHA
Chief Executive Officer

Lahore : February 28, 2019

موجودہ مفروضہ حیات پر توثیق:

پونٹ-1 میں پیو ادارہ کی سرگرمیوں کی بحالی، پونٹ-III میں بہتر کارکردگی کے نتائج اور ڈائریکٹروں کو اسپانسر کرنے سے متعلق مالی معاونت، مالی اداروں کے ساتھ زیادہ سے زیادہ کریڈٹ کی سہولیات کے عمل کے ساتھ ساتھ موجودہ چھٹیوں / کے معاہدے کا اعزاز، مستقبل کی طلبہ کی مصنوعات اور صنعت کی امکانات اور انتظامیہ کے معاون اقدامات، بورڈ آف ڈائریکٹرز کا خیال ہے کہ کمپنی کو مستقل طور پر مضبوط بنیاد پر اپنے کاروبار کو چلانے کے لئے کافی وسائل ملے گی، لہذا ایہ مالی بیانات موجودہ صورتحال کو دیکھتے ہوئے تیار کیے گئے ہیں۔ منجنت بھی اس بات کا یقین رکھتی ہے کہ مستقبل میں اس کے ڈائریکٹرز اور ساتھیوں کی جانب سے قابل اعتماد مالی معاونت کے ساتھ یہ لیکویڈٹی متعلقہ معاملات پر قابو پانے میں کامیاب ہوں گے۔

ہمیں یقین ہے کہ پروڈکشن کی سہولیات کی اپ گریڈیشن ہوگی، جس سے مارکیٹ شیئر میں اضافہ ہوگا جس سے یقینی طور پر کمپنی کو موجودہ صورتحال سے باہر نکلنے میں مدد ملے گی اور مستقبل میں مطلوبہ بازار کے نتائج حاصل کریں گے۔

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

بورڈ آف ڈائریکٹرز کی جانب سے



محمد توسیف پراساد

چیف ایگزیکٹو

Lahore: 28-Feb-2019

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2018 پر اختتام پزیر بجلی ششماہی کی عبوری غیر آڈٹڈ مالیاتی معلومات بخوشی پیش کرتے ہیں۔

کمپنی کی کارکردگی اور عمومی مستقبل کے نقطہ نظر:

31 دسمبر 2018 کو ختم ہونے والی بجلی ششماہی کی مدت کے مقابلے میں کمپنی کے اہم مالیاتی نتائج کا مختصر موازنہ:

ششماہی نتائج		سہ ماہی نتائج		
دسمبر	دسمبر	دسمبر	دسمبر	
31-2018	31-2017	31-2018	31-2017	
435,310	246,126	308,002	113,779	کلزیت
(61,454)	(67,172)	(2,051)	(35,119)	مجموعی خسارہ
18,490	(88,052)	(2,431)	(46,388)	آپریٹنگ فائدہ / خسارہ
76,001	54,814	40,572	27,412	اس مدت کا استحصال
(16,477)	(117,308)	(26,003)	(63,133)	ٹیکسیشن سے پہلے خسارہ
(13,411)	(118,704)	(23,701)	(63,718)	ٹیکسیشن کے بعد خسارہ
(0.05)	(0.69)	(0.09)	(0.37)	فی شیئر میں کمی

پچھلے عرصے کے مقابلے میں اس مدت کے لئے کلز آمدنی 77 فی صد بڑھ گئی ہے، یہ اہم اضافہ بنیادی طور پر پونٹ۔ اکی شراکت کی وجہ سے ہے۔ جس کی پیو او اگست 2018ء میں (پی ایم آر) کی تکمیل کے بعد دوبارہ شروع کی گئی۔ جو کہ دو اسٹری کی مصنوعات کی تیاری میں مصروف ہے۔ دوسری سہ ماہی میں مجموعی نقصان بھی نمایاں طور پر کم ہوا ہے۔ ابتدائی طور پر پونٹ۔ ایس پیو او اگست کارکردگی اوسط پیو او اگست کی صلاحیت کے مقابلے میں کم رہی، جو کہ وقت گزرنے کے ساتھ مسلسل بہتر ہو رہی ہے۔

پونٹ۔ 3 میں نصب ایک فرنس کو ٹیبل ویر پروڈکشن پر تھالے کے بعد، اس نے اکتوبر 2018ء کے اختتام تک تجارتی پروڈکشن شروع کی۔ پنجاب میں مہنگی توانائی کی لاگت کے باوجود (ری گیسڈ اڈا شدہ قدرتی گیس (RLNG) کی کھپت کی وجہ سے)، اس مدت کے دوران جنجنت پونٹ۔ III میں حاصل کردہ آپریٹنگ نتائج سے مطمئن ہے۔ اس کے علاوہ اڈا پیو او اگست۔ III کی دوسری فرنس کو دوبارہ چلانے کے لئے کام کر رہی ہے جس کا مقصد مستقبل قریب میں تک اور ٹیبل ویر مشینوں کو انشال کرنا ہے۔ اس کے علاوہ، کمپنی مستقبل میں جدید، کم لاگت اور موثر ٹیکنالوجی کے استعمال کے ساتھ بڑے پیمانے پر ٹیبل ویر پروڈکشن کے لئے پونٹ II (شیخوپورہ) کو دوبارہ بحال کرنے کا ارادہ رکھتی ہے۔

کمپنی نے اپنے ورکنگ کپیکٹیٹی کی ضروریات کو پورا کرنے کے لئے وینک سے 250 کروڑ روپے تک ان دی مالیاتی سہولت حاصل کی ہے۔ اسی طرح، Gharibwal سینٹ لمیٹڈ (شملک کمپنی) نے ان کی کارپوریشن کی سہولیات کو بھی کمپنی میں بڑھا دیا جس سے ورکنگ کپیکٹیٹی جنجنت میں مزید مدد ملے گی۔ مندرجہ بالا کے علاوہ، اسپانسرز نے کمپنی کے آپریٹنگ کی حمایت کے لئے اپنی عزم بھی ظاہر کی ہے۔

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Balochistan Glass Limited as at December 31, 2018 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, 2018 and December 31, 2017 have not been reviewed by us, as we are required to review only the cumulative figures for the six-month period ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Matter of Emphasis

Without qualifying our conclusion, we draw attention of the members towards note 2 of the condensed interim financial statements, which indicates that the Company incurred net loss amounting to Rs. 13.411 million during the half year ended December 31, 2018 and as of that date its accumulated loss of Rs. 5,210.858 million have resulted in net capital deficiency of Rs. 2,472.627 million and its current liabilities exceeded its current assets by Rs. 670.763 million. These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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

PKF F.R.A.N.T.S.
Chartered Accountants
Lahore
February 28, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2018

	Note	Un-Audited December 31, 2018 (Rupees in 000s)	Audited June 30, 2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		2,666,000	2,666,000
266,600,000 (June 30, 2018: 266,600,000) ordinary shares of Rs. 10 each		2,616,000	2,616,000
Issued, subscribed and paid-up share capital		(514,800)	(514,800)
Discount on shares		2,101,200	2,101,200
Capital reserve			
Revaluation surplus on property, plant and equipment - net of deferred tax		637,031	644,465
Revenue reserve			
Accumulated loss		(5,210,858)	(5,204,881)
		(2,472,627)	(2,459,216)
Sub-ordinated loans - unsecured	6	3,635,082	482,080
Loan from directors and their associate - Unsecured	7	45,335	3,153,002
		1,207,790	1,175,866
NON-CURRENT LIABILITIES			
Long term loans - secured	8	90,046	119,948
Deferred liabilities	9	135,704	234,991
		225,750	354,939
CURRENT LIABILITIES			
Trade and other payables		815,166	703,275
Unclaimed dividend		164	164
Markup accrued		103,658	114,720
Short term borrowings	10	583,459	249,986
Current maturity of non current liabilities	11	71,620	188,251
		1,574,067	1,256,396
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		3,007,607	2,787,201
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,978,672	2,002,343
Advance against purchase of plant and machinery		-	8,465
Long term investment	14	125,631	125,631
		2,104,303	2,136,439
CURRENT ASSETS			
Stores, spare parts and loose tools		225,580	209,039
Stock in trade		281,727	131,459
Trade debts		228,767	123,433
Loans and advances		28,528	38,230
Trade deposits, prepayments and other receivable		34,203	56,075
Taxes recoverable		86,505	87,697
Cash and bank balances		17,994	4,829
		903,304	650,762
TOTAL ASSETS		3,007,607	2,787,201

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	For the Half Year Ended December 31,		For the Quarter Ended December 31,	
		2018	2017	2018	2017
		(Rupees in 000s)		(Rupees in 000s)	
Sales - net		435,310	246,126	308,002	113,779
Cost of sales		(496,764)	(313,298)	(310,053)	(148,898)
Gross loss		(61,454)	(67,172)	(2,051)	(35,119)
Administrative and selling expenses		(40,574)	(22,211)	(21,811)	(12,072)
Other income		120,518	1,331	21,431	803
Operating profit / (loss)		18,490	(88,052)	(2,431)	(46,388)
Finance cost		(34,937)	(29,256)	(23,572)	(16,745)
Loss before taxation		(16,447)	(117,308)	(26,003)	(63,133)
Taxation - Current		-	(3,069)	-	(1,421)
- Deferred		3,036	1,673	2,302	836
		3,036	(1,396)	2,302	585
Loss after taxation		(13,411)	(118,704)	(23,701)	(63,718)
Loss per share - Basic and diluted (Rs.)		(0.05)	(0.69)	(0.09)	(0.37)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	For the Half Year Ended December 31,		For the Quarter Ended December 31,	
		2018	2017	2018	2017
		(Rupees in 000s)		(Rupees in 000s)	
Loss after taxation		(13,411)	(118,704)	(23,701)	(63,718)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		<u>(13,411)</u>	<u>(118,704)</u>	<u>(23,701)</u>	<u>(63,718)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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

FOR THE HALF YEAR ENDED DECEMBER 31, 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 July 01, 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)	-	-	(3,905)	3,905	-
Total comprehensive loss for the period	-	-	-	(118,704)	(118,704)
Loss after taxation for the period	-	-	-	-	-
Other comprehensive income for the period	-	-	(3,905)	(114,799)	(118,704)
Balance as on December 31, 2017 (Un-audited)	1,716,000	(514,800)	285,094	(5,043,456)	(3,557,162)
Balance as on July 01, 2018	2,616,000	(514,800)	644,465	(5,204,881)	(2,459,216)
Incremental depreciation arising due to revaluation surplus on property, plant and equipment (net of deferred tax)	-	-	(7,434)	7,434	-
Total comprehensive loss for the period	-	-	-	(13,411)	(13,411)
Loss after taxation for the period	-	-	-	-	-
Other comprehensive loss for the period	-	-	(7,434)	(5,977)	(13,411)
Balance as on December 31, 2018 (Un-audited)	2,616,000	(514,800)	637,031	(5,210,858)	(2,472,627)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	December 31,	
		2018	2017
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(16,447)	(117,308)
Adjustments for non-cash charges and other items:			
Depreciation		76,001	54,814
Liability reversed/written back on settlement with financial institution/ lessor		(120,518)	-
Finance cost		34,937	29,256
Operating cash flows before working capital changes		(26,027)	(33,238)
Working capital changes			
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(16,541)	18,861
Stock in trade		(150,268)	24,974
Trade debts		(105,334)	30,699
Loans and advances		9,702	(15,681)
Trade deposits, prepayments and other receivables		(128)	1,113
Increase / (Decrease) in current liabilities		122,628	(163,822)
Trade and other payables		(139,941)	(103,856)
Cash used in operations		(165,968)	(137,094)
Payments for:			
Finance cost		(23,411)	(12,359)
Taxes		(7,412)	(13,786)
Gratuity		(150)	(200)
Net cash outflow from operating activities	A	(196,941)	(163,439)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(43,865)	(211,828)
Advance against purchase of plant and machinery		-	(9,969)
Net cash outflow from investing activities	B	(43,865)	(221,797)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from directors and others - Net		45,335	314,117
Long term loans - Net		(101,399)	(127,560)
Lease liability paid		(23,438)	-
Short term borrowings - Net		333,473	104,566
Net cash inflow from financing activities	C	253,971	291,123
Net increase / (decrease) in cash and cash equivalents	A+B+C	13,165	(94,113)
Cash and cash equivalents as at 1st July		4,829	192,593
Cash and cash equivalents as at 31st December		17,994	98,480

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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 table wares and plastic shells.

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

2 GOING CONCERN ASSUMPTION

During the half year period ended December 31, 2018 (interim period), the Company has incurred a loss after taxation of Rs. 13.411 million (Period ended December 31, 2017: loss after taxation of Rs. 118.704 million) and its accumulated losses stand at Rs. 5,210.858 million (June 2018: accumulated losses of Rs. 5,204.881 million) at the period end, thereby resulting in negative equity of Rs. 2,472.627 million (June 2018: negative equity of Rs. 2,459.216 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 670.763 million (June 2018: Rs. 605.634 million) at the period end. As these conditions are continually prevailing from the last few years, this indicates existence of material uncertainty which may cast significant doubts on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, during the interim period, net sales of the Company have gathered momentum and increased by 77% as compared to previous similar period. This increase in net sales is mainly attributable to re-commencement of production of pharma products at Unit I (Hub) from August 2018, which had been closed since June 2016, after successful completion of balancing modernization and replacement (BMR) activities. This modernization has resulted in an increased efficiency and improved product quality, which is reflected in lower cost of production as compared to previous similar period. Unit III (Kot Abdul Malik) was temporarily closed for installation of machinery for tableware production and later started the production in October 2018 and is currently producing quality tableware products which have got good response from the market. Unit II (Shekhupura) remained closed during the interim period since November 2016 for the purpose of modernization of its production facilities.

During the interim period, the Company has also repaid the Demand Finance Facility II (frozen markup) of Rs. 76.329 million to Bank of Punjab (BOP) and has been able to avail the waiver of frozen markup amounting Rs. 99.087 million as per restructuring arrangements with bank. Further, the Company has managed a new short term running finance facility limit of Rs. 250.000 million from BOP to meet its working capital requirements. The Company also entered into a settlement arrangement with Saudi Pak Leasing Company (SPLC), after which the Company has paid a lump sum amount of Rs. 23.438 million to SPLC and was entitled to a reversal of accrued markup amounting Rs. 19.602 million.

The management has also shown its firm commitment to honor all other restructured arrangements with banks and has complied with respective repayment terms and feels confident that it will be able to handle the Company's liquidity related issues in future with continuous and adamant support from its directors and associates. Director's support is evident through the fact that during the interim period, the directors have provided additional financial support to the Company to meet its BMR expenditure and other operational requirements and have also allowed subordination of their loans existed at June 30, 2018 against short term financing facility from BOP.

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 have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and does not include all the information required for full financial statements and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2018.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018, except stated in note 4.2 below:

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

(a) **New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018**

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements, except for the adoption of IFRS-15, the effect of which is detailed below:

IFRS-15 'Revenue from contracts with customers'

This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. The standard replaces IAS 18 'Revenue', IAS 11 'Construction contracts', IFRIC 13 'Customer loyalty programmes', IFRIC 15 'Agreements for construction of real estate', IFRIC 18 'Transfer of assets from customers' and SIC 31 'Barter transactions involving advertising services' upon its effective date.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

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

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2019. 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, 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.

	Note	Un-Audited December 31, 2018	Audited June 30, 2018
(Rupees in thousands)			
6 SUBORDINATED LOANS - UNSECURED			
Subordinated loans from directors and their associate - unsecured		482,080	482,080
Subordinated loans - unsecured			
Muhammad Tausif Paracha - CEO			
- Long term loan	6.1	1,793,045	-
- Deferred mark-up	6.2	1,024,821	-
		2,817,866	-
Shaffi Uddin Paracha - Director			
- Long term loan	6.1	94,899	-
Mian Nazir Ahmed Paracha - Director			
- Long term loan	6.1	102,501	-
Other associate			
- Long term loan	6.1	104,670	-
- Deferred mark-up	6.2	33,066	-
		137,736	-
	6.3	3,153,002	-
		<u>3,635,082</u>	<u>482,080</u>

6.1 These represent the long term loans provided by the directors and their 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 IAS-39, rather these are recorded as equity in accordance with the Technical Release -32 ("Accounting Director' Loan") issued by the Institute of Chartered Accountants of Pakistan.

6.2 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 in the subsequent periods and outstanding balances of mark up have become payable at the discretion of the Company.

6.3 During the previous financial year, the Company obtained a running finance facility of Rs. 250.000 million from Bank of Punjab (BOP) to meet its working capital requirements, under the condition that the loans existed at the time of disbursement of the said facility would be fully subordinated till repayment of the loan to the bank. During the current interim period, subordination of the loans existed at time of disbursement have been made vide debt subordination agreement and accordingly these loans are reclassified from 'Loans from directors and their associate' (note 7) to subordinated loans.

	Note	Un-Audited December 31, 2018 (Rupees in thousands)	Audited June 30, 2018
7 LOANS FROM DIRECTORS AND THEIR ASSOCIATE - UNSECURED			
Long term loan from directors:			
Muhammad Tausif Paracha	6.1	45,335	-
Long term loan - reclassified as subordinated loan			
Muhammad Tausif Paracha - CEO			
- Long term loan		-	1,793,045
- Deferred mark-up		-	1,024,821
		-	2,817,866
Shaffi Uddin Paracha - Director			
- Long term loan		-	94,899
Mian Nazir Ahmed Paracha - Director			
- Long term loan		-	102,501
Other associate			
- Long term loan		-	104,670
- Deferred mark-up		-	33,066
		-	137,736
	6.3	-	3,153,002
		45,335	3,153,002
8 LONG TERM LOANS			
Banks and financial institutions - secured		153,230	252,496
Less: Current and overdue portion presented under current liabilities		(63,184)	(132,548)
		90,046	119,948
9 DEFERRED LIABILITIES			
Deferred taxation	9.1	63,161	66,197
Employees' retirement benefits - gratuity		12,372	12,522
Deferred mark up (financial institutions)	9.2	60,171	156,272
		135,704	234,991
9.1 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.			
9.2 During the period, the Company has repaid the Demand Finance Facility II (frozen markup) of Rs. 76.329 million to Bank of Punjab (BOP) and has been able to avail the waiver of frozen markup amounting Rs. 99.087 million as per restructured arrangements with bank.			
10 SHORT TERM BORROWINGS			
From Bank - Bank of Punjab (secured):			
Short term running finance	10.1	234,991	-
From related parties (unsecured):			
Associated company	10.2	335,617	249,986
Directors	10.3	12,851	-
		348,468	249,986
		583,459	249,986

10.1 This carries the mark up at the rate of 3 months KIBOR plus 300 bps per annum to be recovered on quarterly basis. This facility is secured against ranking charge of Rs. 834 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 his personal guarantee and subordination of loans disclosed in note 6.3.

10.2 This represents unsecured loan / short term advance facility obtained from Gharibwal Cement Limited (GCL) to meet the working capital requirements of the Company and carries mark up at 3 months KIBOR + 3.5% p.a. During the period, the facility limit was enhanced from Rs. 250 million to Rs. 350 million. GCL also approved utilization of its non-funded letter of credit facility by the Company to the extent of Rs. 150 million.

Markup charged on this loan / advance during the current period amounted to Rs. 14.304 million with comparative of Rs. 12.142 million for the previous similar period. At period end, markup payable to GCL amounted to Rs. 7.961 million (30 June 2018: Rs. 6.213 million) which has been disclosed in accrued markup.

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

	Note	Un-Audited December 31, 2018	Audited June 30, 2018
(Rupees in thousands)			
11 CURRENT MATURITY OF NON CURRENT LIABILITIES			
BOP - Demand Finance II		-	76,329
FBL - Restructured loan		24,000	20,853
NBP - DF I		8,125	8,125
NBP - DF II (Frozen Markup)		4,814	4,815
AlBaraka - Restructured loan		26,245	22,426
Lease Liabilities	11.1	8,436	55,703
		<u>71,620</u>	<u>188,251</u>

11.1 During the period, the Company entered in a settlement agreement with one of its lessors under which the Company paid a lump sum amount of Rs. 23.438 million and adjusted short term deposit amounting to Rs. 22.000 million against lease liability of Rs. 47.267 million and markup accrued of Rs. 19.602 million as a full and final settlement of total liability towards this lessor. Accordingly, the Company has recorded reversal of Rs. 21.431 million on account of this settlement.

12 CONTINGENCIES AND COMMITMENTS

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

13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	13.1	1,889,872	1,656,396
Capital work in progress	13.2	88,800	345,947
		<u>1,978,672</u>	<u>2,002,343</u>

13.1 Operating fixed assets

Opening balance - net book value		1,656,396	1,266,287
Add: Additions / capitalization during the period / year			
Building		6,524	17,414
Plant and machinery		301,017	81,075
Electric and gas installation		1,649	5,431
Furniture and fittings		19	104
Office equipment		268	351
		309,477	104,375
Add: Revaluation surplus during the period / year		-	396,566
Less: Depreciation charge during the period / year		(76,001)	(110,832)
		<u>1,889,872</u>	<u>1,656,396</u>

	Note	Un-Audited December 31, 2018 (Rupees in thousands)	Audited June 30, 2018
13.2 Capital work in progress - At cost			
Opening		345,947	2,283
Add: Additions	13.3	34,632	344,864
Less: Capitalized		(291,779)	(1,200)
Closing	13.4	<u>88,800</u>	<u>345,947</u>

13.3 This amount includes Rs. 8.465 million transferred from advance against purchase of plant & machinery.

13.4 Capital work in progress - Breakup

Plant and machinery		66,900	344,034
Civil work		21,900	1,913
		<u>88,800</u>	<u>345,947</u>

14 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 period, there has been no change in the status of conditions existed at June 30, 2018 as disclosed in the annual audited financial statements. Keeping in view the factors disclosed in annual audited financial statements, no impairment on this investment is required at the period end.

15 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: -

	Note	Un-Audited For the half year ended December 31, 2018 2017 (Rupees in thousands)	
Associated Companies			
Gharibwal Cement Limited			
Short term loan received- net		85,630	-
Markup charged on short term loan		14,304	12,122
Markup paid during the period		12,556	-
Rent charged during the period		2,481	-
Rent paid during the period		3,620	-
Reimbursements on behalf of associated company		-	1,267
Pak Hy Oils Limited			
Purchases		858	-
Payment against supplies		923	-
Directors			
Loan received - net			
Mr. Tousif Paracha		45,335	314,117
Mian Nazir Ahmed Paracha		10,000	54,931
Shafi Uddin Paracha		2,851	50,000

16 INFORMATION ABOUT BUSINESS SEGMENTS

16.1 For management purposes, the activities of the Company are organized into business units based on their products and services and has two reportable operating segments. The glass containers segment mainly relates to production of glass containers and tableware. Plastic shells segment includes production of plastic shells. The analysis for segments is given below:

	December 31, 2018 (Un-audited)		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousands)		
Revenue:			
Sales to external customers	513,269	-	513,269
Less: Sales tax	(77,959)	-	(77,959)
Net Revenue	435,310	-	435,310
Cost of goods sold	(496,764)	-	(496,764)
Admin and selling expenses	(40,574)	-	(40,574)
Other charges	-	-	-
	(102,028)	-	(102,028)
Other income	120,518	-	120,518
Segment result	18,490	-	18,490
Financial charges	(34,937)	-	(34,937)
Taxation	3,036	-	3,036
Loss for the year	(13,411)	-	(13,411)
Other Information:			
Capital expenditure	43,865		
Depreciation	76,001		
	December 31, 2017 (Un-audited)		
	Glass Containers	Plastic Shells	Total
	(Rupees in thousands)		
Revenue:			
Sales to external customers	288,072	-	288,072
Less: Sales tax	(41,946)	-	(41,946)
Net Revenue	246,126	-	246,126
Cost of goods sold	(313,298)	-	(313,298)
Admin and selling expenses	(22,211)	-	(22,211)
Other charges	-	-	-
	(89,383)	-	(89,383)
Other income	1,331	-	1,331
Segment result	(88,052)	-	(88,052)
Financial charges	(29,256)	-	(29,256)
Taxation	(1,396)	-	(1,396)
Loss for the year	(118,704)	-	(118,704)
Other Information:			
Capital expenditure	221,797		
Depreciation	54,814		

	Note	Un-Audited December 31, 2018 (Rupees in thousands)	Un-Audited December 31, 2017
16.2 GEOGRAPHICAL INFORMATION			
Local sales		433,163	243,214
Export sales		2,147	2,912
		<u>435,310</u>	<u>246,126</u>

17 FAIR VALUE ESTIMATION

The carrying values of all financial assets and liabilities reflected in the 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 change 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, 2018.

18 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2018 and the corresponding figures in the condensed interim statement of profit or loss and statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended December 31, 2017.

No significant re-arrangements have been made in these condensed interim financial statements in respect of corresponding figures.

19 GENERAL

19.1 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.

19.2 These condensed interim financial statements are authorized for issue on **February 28, 2019** 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,
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