

(Reviewed)

Half Yearly Accounts

for the Half Year ended
December 31, 2009



Balochistan Glass Limited

An ISO 9001-2000 Certified Company

Corporate Information

BOARD OF DIRECTORS'

Mr. Muhammad Tousif Paracha	Chairman & Chief Executive
Mr. Tariq Siddiq Paracha	
Mr. Muhammad Niaz Paracha	
Mr. Jawaid Aziz Paracha	
Mr. Muhammad Shareef Paracha	
Mr. Arshad Siddiq Paracha	
Mr. Muhammad Ishaq Khokhar	

COMPANY SECRETARY

Muhammad Shamail Javed

AUDIT COMMITTEE

Mr. Muhammad Ishaq Khokhar	Chairman
Mr. Muhammad Niaz Paracha	Member
Mr. Jawaid Aziz Paracha	Member

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Islamic Bank Limited
Citibank N.A
Faysal Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
Hong Kong Shanghi Banking Corporation Limited
Atlas Bank Limited
Muslim Commercial Bank Limited
BankIslami Pakistan Limited

AUDITORS

Faruq Ali & Company
Chartered Accountants

LEGAL ADVISOR

Syed Afaq Ali

REGISTERED OFFICE

Firdousi Mnazil,
Rustamji Lane,
M.A. Jinnah Road, Quetta.

HEAD OFFICE

34- Main Gulberg,
Lahore.
Ph. # 042-35871055-57
Fax # 042-35871039 & 59
Web: www.balochistanglass.com
Email: info@balochistanglass.com

KARACHI OFFICE

M 7-10, Mezzanine floor, cornice residence,
Khayaban-e-saadi, com-3, Block-2,
Clifton, Karachi

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' Report

The Board of Directors of Balochistan Glass Limited takes pleasure in presenting the un-audited Financial Statements of the company together with the Auditors' report for the half year ended December 31, 2009.

COMPANY PERFORMANCE & FUTURE OUTLOOK

The analysis of key operating results for the current year in comparison with the previous year is given below:

	2009	2008
	(Rupees in thousand)	
Sales-Net	471,411	495,624
Gross (Loss)	(80,658)	(97,340)
Operating (Loss)	(106,905)	(161,020)
(Loss) before Tax	(195,528)	(267,094)
(Loss) after Tax	(197,885)	(267,094)

Despite of decrease in net Sales by 4.89% in comparison to last period, our other key ratios has improved due to slightly better performance of our unit I & III. Sale remained low due to closure of unit II since November 2008. Loss during the year is mainly due to:

- Incr ease in Cost of Energy & Material
- High financial cost & depreciation charge

Management is actively working to complete the remaining BMR of these projects from their own source. Under revised BMR Plan, Unit-III furnace was successfully fired in October 2009. After successful trail run in last two months of the half year Unit-III is now fully operational since February 2010 after restoration of Gas supply. Initial results from this plant are very encouraging and after start of the summer season in mid march and installation of tableware printing machines we foresee better results in forthcoming quarters.

We are also in the process to import bricks and other equipments for our Unit-II, which is closed since November 2008. Some of the bricks & equipment has already reached at the port. Our technical team has almost completed necessary overhauling of machinery & equipment at plant and we expect that this plant will also start production in 1st quarter of 2011.

Inshallah all these plants will be revived till last quarter of the calendar year.

COMMENT ON AUDITORS' OBSERVATIONS

a) Stock In Trade

Auditors' has reported that Stock of raw materials includes Rs.149.856 Million being the non moving/obsolete stock which require provision/adjustment. However, management feels that after full operation of Unit-II these stocks of raw materials will be utilized by the company in its operations through various batch compositions and provision, if any, arising thereafter will be accounted for as and when these stocks are used in production.

Auditors had also reported that stock of finished goods includes Rs.46.925 Million being non moving/obsolete stock which require provisions. However, no provisions have been made for the stocks amounting to Rs.46.925 Million as it is expected that the carrying amounts of these stocks will be recovered upon finalization of our export and local sale orders which were cancelled/delayed temporarily and accordingly provisions, if any, arising thereof will be accounted for in the books of accounts.

b) Going Concern Assumption

Auditors' had raised doubt about the going concern assumption of the company. However, management is of the view that since directors, sponsors and associated undertakings are fully supporting the company and invested Rs.1.060 billion so far to support ongoing BMR and operations of the company. This amount of loan is more than all the Long term and Short term debts of the company which shows the commitment of directors towards the project.

Company has approached its lenders for restructuring of its long term loans and lease liabilities which is under active consideration by them. Short term borrowings from some of the banks have been renewed and active negotiations are under process with rest of the banks. Banks have also considered the company's request to reduce the mark up rates and also extended Export Refinance Facilities to support the project. Furthermore, major lenders had not reported any overdue amounts and management feels that total value of the project is more than Rs. 1.8 billion.

Currently our two plants are fully operational and company is also meeting its operational commitments without any default.

Keeping in view the strong commitments of Directors, associated concerns and viability of project & industry, these financial statements have been prepared on a going concern basis.

CONCLUSION

The Board of Directors appreciates assistance and co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by all the employees and contractors of the company.

For and on the behalf of Board of Directors'



Muhammad Tousif Paracha
Chief Executive

Lahore : February 26, 2010

Auditor's Report to the Members on Review of Interim Condensed Financial Information

Introduction

We have reviewed the accompanying interim condensed balance sheet of BALOCHISTAN GLASS LIMITED as at December 31, 2009, and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. The figures for the quarters ended December 31, 2009 and 2008 in the interim condensed profit and loss account have not been reviewed and we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information 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.

Basis for qualified conclusion

Stock in trade includes non-moving / obsolete stock amounting to 196.781 million which requires provisions as more fully explained in note 8.1 and 8.2 to the interim condensed financial information. In the absence of exercise by the management to ascertain usability and recoverability of these stocks the financial effect of the required adjustments, if any, cannot be quantified.

Qualified conclusion

Based on our review, except for the financial effect of such adjustments, if any, as might have been determined on the basis of exercise by the management to ascertain usability and recoverability of the stocks as mentioned in above para, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Matter of emphasis

Without further qualifying our conclusion, we draw attention of the members to note 2 to the interim condensed financial information which indicate that the Company incurred a net loss of Rs.197.885 million during the half year ended December 31, 2009 and as of that date, its accumulated losses of Rs.1,211.996 million have resulted in net capital deficiency of Rs.353.996 million and the Company's current liabilities exceeded its current assets by Rs. 350.031 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 company's ability to continue as going concern.

CHARTERED ACCOUNTANTS

Dated: February 26, 2010
Place: Karachi

Engagement partner: S. Fasih uz Zaman

Interim Condensed Balance Sheet

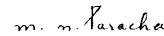
as at December 31, 2009

		Un-audited December 31, 2009	Audited June 30, 2009
(Rupees in thousands)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
120,000,000 (June 2009: 120,000,000)			
Ordinary shares of Rs. 10/- each		1,200,000	1,200,000
Issued, subscribed and paid up capital		858,000	858,000
Accumulated loss		(1,211,996)	(1,014,111)
		(353,996)	(156,111)
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured		482,080	482,080
Long term loans		876,313	888,283
Deferred liabilities	5	21,760	19,207
CURRENT LIABILITIES			
Trade and other payables		528,112	509,813
Markup accrued		210,987	156,141
Short term borrowings		631,215	649,321
Current portion of long term loans		165,594	99,357
Current and overdue portion of finance lease		137,565	146,424
		1,673,473	1,561,056
CONTINGENCIES AND COMMITMENTS			
	6	--	--
		2,699,630	2,794,515
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,376,188	1,360,688
CURRENT ASSETS			
Stores, spares and loose tools		253,306	304,488
Stock-in-trade	8	462,745	552,558
Trade debts - Considered good		302,146	253,162
Loans and advances - Considered good		83,417	67,877
Trade deposits, prepayments and other receivable		128,964	153,777
Taxes recoverable		68,301	67,481
Cash and bank balances		24,563	34,484
		1,323,442	1,433,827
		2,699,630	2,794,515

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.



Chief Executive



Director

Interim Condensed Profit and Loss Account

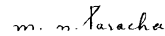
for the Half Year ended December 31, 2009 (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Rupees in thousands)		(Rupees in thousands)	
Sales - Net	471,411	495,624	231,083	222,761
Cost of sales	552,069	592,964	298,791	276,617
Gross (loss)	(80,658)	(97,340)	(67,708)	(53,856)
Administrative and Selling expenses	26,247	63,680	14,056	32,617
Operating (loss)	(106,905)	(161,020)	(81,764)	(86,473)
Financial charges	88,623	106,074	49,471	55,923
Loss before taxation	(195,528)	(267,094)	(131,235)	(142,396)
Taxation - Current	2,357	--	1,155	--
Loss after taxation	(197,885)	(267,094)	(132,390)	(142,396)
Other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period	(197,885)	(267,094)	(132,390)	(142,396)
Loss per share - Basic and diluted (Rupees)	(2.31)	(3.11)	(1.54)	(1.66)

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.



Chief Executive



Director

Interim Condensed Cash Flow Statement

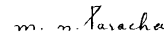
for the Half Year ended December 31, 2009 (Un-audited)

	December 31, 2009	December 31, 2008
(Rupees in thousand)		
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(195,528)	(267,094)
Adjustments for non-cash charges and other items:		
Depreciation	61,916	69,455
Financial charges	88,623	106,074
Provision for gratuity	2,759	4,417
Operating loss before working capital changes	(42,230)	(87,148)
Working capital changes		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and loose tools	51,182	1
Stock in trade	89,813	(49,584)
Trade debts - Considered good	(48,984)	40,250
Loans and advances - Considered good	(15,540)	(18,775)
Trade deposits, prepayments and other receivable	24,813	(21,207)
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	18,299	161,441
Cash generated from operations	77,353	24,978
Payments for:		
Financial charges	(33,777)	(70,491)
Taxes	(3,177)	(12,773)
Gratuity	(206)	(8,058)
Net cash inflow / (outflow) from operating activities	40,193	(66,344)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for capital expenditure	(77,416)	(39,867)
Net cash outflow from investing activities	(77,416)	(39,867)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	54,267	56,863
Repayment of liability against assets subject to finance lease	(8,859)	(10,758)
Short term borrowings - Net	(18,106)	48,091
Net cash inflow from financing activities	27,302	94,196
Net decrease in cash and cash equivalents	(9,921)	(12,015)
Cash and cash equivalents as at 1st July	34,484	17,204
Cash and cash equivalents as at 31 December	24,563	5,189

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.



Chief Executive



Director

Interim Condensed Statement of Changes in Equity

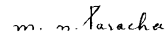
for the Half Year ended December 31, 2009 (Un-audited)

	Share Capital	Accumulated loss	Total
		(Rupees in thousand)	
Balance as at July 01, 2008	858,000	(505,767)	352,233
Total comprehensive income for the period	--	(267,094)	(267,094)
Balance as at December 31, 2008	858,000	(772,861)	85,139
Balance as at July 01, 2009	858,000	(1,014,111)	(156,111)
Total comprehensive income for the period	--	(197,885)	(197,885)
Balance as at December 31, 2009	858,000	(1,211,996)	(353,996)

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.



Chief Executive



Director

Notes to the Interim Condensed Financial Statement

for the Half Year ended December 31, 2009 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public listed company in 1980 under the Companies Act 1913 (now Companies Ordinance, 1984). The registered office of the company is situated at Firdousi Manzil, Rustamji Lane, M.A. Jinnah Road, Quetta and head office of the company is situated at 34-B/II Main Gulberg, Lahore. Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers and plastic shells.

2. GOING CONCERN ASSUMPTION

During the period ended December 31, 2009 reflect loss after taxation of Rs.197.885 million (2009:508.344 million) and as of that date it has accumulated losses of Rs.1,211.996 million (2009: Rs.1,014,111 million) which resulted in negative equity of Rs.353.996 million and its current liabilities exceeded its current assets by Rs.350.031 million. Furthermore, the company's Unit-II (having annual capacity of 52,500 tons) remained closed since November 2008. The company's short term borrowing facilities from most of the banks have expired and not been renewed and the company has been unable to ensure scheduled payments to leasing companies due to the liquidity problems. Following course, two of leasing companies have gone into litigation for repayment of liabilities through attachment and sale of company's leased assets, as company has defaulted in payment of lease rentals. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal course of business.

However, the management is of the view that since directors, sponsors and associated undertakings are fully supporting the company and invested Rs.1,060.323 million so far to support ongoing BMR and operations of the company, Company has approached its lenders for the restructuring of its long term loans and lease liabilities which is under active consideration by them. Short term borrowings from some of the banks have been renewed and active negotiations are under process with rest of the banks. Furthermore, banks have also considered the company's request to reduce the mark up rates and also extended export refinance facility to support the project.

Company has already paid some down payments and also opened L/C for the bricks and other equipment for Unit-II and we are hopeful that after the winter season we will also fire our furnace of Unit-II. company is also meeting its operational commitments without any default as well. Furthermore, major lenders has also not reported any overdue amounts.

Keeping in view the strong commitments of Directors, associated concerns and viability of project & industry, these financial statements have been prepared on a going concern basis.

3. BASIS OF PREPARATIONS

These interim condensed financial statements are un-audited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". The interim condensed financial statements do 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, 2009. The figures of the interim condensed profit and loss account for the quarters ended December 31, 2009 and 2008 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2009 and 2008.

4. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

4.1 The accounting policies and estimates adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2009, except adoption of revised IAS 1 as noted below.

4.2 IAS 1 (Revised) Presentation of financial statements effective from January 1, 2009 issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is non-owner changes in equity) in the statement of changes in equity requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement the statement of comprehensive income or two statements the Income statement and the statement of comprehensive income. The company has opted for two statement approach, accordingly presented all change in owners equity in the statement of changes equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

4.3 The company has chosen to present non-owner changes in equity in one performance statement –statement of comprehensive income (profit and loss account). The company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of companies financial statements and does not require the restatement or reclassification of comparative information.

5. DEFERRED LIABILITIES

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

6. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2009.

Notes to the Interim Condensed Financial Statement

for the Half Year ended December 31, 2009 (Un-audited)

	December 31, 2009	June 30, 2009
7. PROPERTY PLANT AND EQUIPMENT		
Operating Assets - At cost less accumulated depreciation	1,126,867	1,187,739
Capital work in progress - At cost	249,321	172,949
	<u>1,376,188</u>	<u>1,360,688</u>
7.1 Additions during the period (Operating fixed assets) Additions Owned		
Plant and machinery	845	1,729
Furniture and fixtures	116	67
Office equipment	83	373
Vehicles	--	1,936
	<u>1,044</u>	<u>4,105</u>
7.2 Capital work in progress - At cost		
Opening balance	172,949	-
Additions	76,372	172,949
Less: Capitalized	-	-
Closing balance	<u>249,321</u>	<u>172,949</u>
7.3 Plant and machinery		
Plant and machinery	249,321	172,949
Advances against machinery	-	34,000
	<u>249,321</u>	<u>206,949</u>

8. STOCK IN TRADE

- 8.1** Stock of raw materials includes Rs. 149.856 (2009:149.856 Million) being the non moving/obsolete stock which require provisions which cannot be accounted for till the reliable estimate of their usage can be made. However, management feels that after the operation of certain Units on BMR these stock will be utilized by the company in its operations through various batch compositions and provisions, if any, arising thereof will be accounted for as and when these stocks are used in production.
- 8.2** Stock of finished goods includes Rs.46.925 million(2009: 96.636 Million)being non moving/obsolete stock which require provisions. However, no provisions have been made for these stocks as finished goods amounting Rs 49.711 million has been reprocessed during the half year and it is expected that the carrying amounts of the remaining stock will be recovered upon finalization of sale orders in near future. Furthermore, owing to the nature of industry these stocks can be reprocessed and reused in the production and accordingly provisions, if any, arising thereof will be accounted for in the books of accounts.

	December 31, 2009	December 31, 2008
9. TRANSACTION WITH RELATED PARTIES		
Associated companies		
Purchases	2,280	1,304
Short term loan received	75,042	150,647
Repayment of short term loan	14,015	83,250
Markup charged on loan	10,387	8,585
Directors		
Loan received	49,998	45,864

10. DATE FOR AUTHORIZATION FOR ISSUE

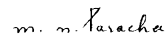
These interim condensed financial statements are authorized for issue on February 26, 2010 in accordance with the resolution of the Board of Directors of the company.

11. GENERAL

These interim condensed financial statements are presented in rupees and figures have been rounded off to nearest thousand rupees.



Chief Executive



Director