

# 3<sup>rd</sup> QUARTERLY REPORT

31<sup>st</sup> March 2009

(Un - Audited)



*An ISO 9001:2000 Certified Company*

**TARIQ GLASS INDUSTRIES LTD.**



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## COMPANY INFORMATION

**BOARD OF DIRECTORS**
**CHAIRMAN &  
MANAGING DIRECTOR**
**MR. TARIQ BAIG**
**DIRECTORS**
**MR. OMER BAIG  
MRS NAIMA TARIQ  
MR. MANSOOR IRFANI  
MR. AKBAR BAIG  
MR. DAVID JULIAN  
MR. SYED TUFAIL HUSSAIN**
**NOMINEE DIRECTOR IPI**
**MR. MUJAHID ESHAH**
**SECRETARY**
**MR. WAQAR ULLAH**
**AUDIT COMMITTEE**

<b>MR. OMER BAIG</b>	<b>CHAIRMAN</b>
<b>MR. AKBAR BAIG</b>	<b>MEMBER</b>
<b>MR. DAVID JULIAN</b>	<b>MEMBER</b>

**AUDITORS**
**KPMG TASEER HADI & CO.  
CHARTERED ACCOUNTANTS**
**LEGAL ADVISOR**
**MUBASHAR LATIF AHMAD  
LAHORE**
**TAX CONSULTANTS**
**YOUSAF ISLAM ASSOCIATES  
LAHORE**
**INFORMATION TECHNOLOGY  
CONSULTANTS**
**CHIARTAC BUSINESS SERVICES (PVT) LTD  
LAHORE**
**BANKERS**
**NATIONAL BANK OF PAKISTAN  
HABIB BANK LTD.  
UNITED BANK LTD.**
**REGISTERED OFFICE**
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## DIRECTORS' REPORT

I am presenting on behalf of the Board of Directors the 3<sup>rd</sup> quarterly report of the Company for the period ended March 31, 2009.

The period under report has been exceptionally challenging from international perspective witnessing extreme volatility in commodity prices, the near collapse of international finance, and the impact of the deepest recession since 1933. Virtually every country has faced hitherto unforeseen challenges. Domestically, the Pakistan's economy also faced several issues in which price escalation of input costs like sky hike in gas, electricity, and raw materials prices, law & order situation, power shortages, high inflation, liquidity problems in the industrial as well associated cottage industries, steep rise in interest rates, rising import bill have negative impact on the growth of industrial sector as well as economy of the country.

Even in this backdrop the company's top line revenue increased by 28% from Rs. 823 million to Rs. 1,051 million whilst the cost of production also increased by 31% which is mainly due to the consumption of alternate fuels i.e., Furnace Oil and Diesel which are almost three times expensive than the Natural Gas. Thus resulting decrease in Gross Profit to 6.89% as compare to 9.57% of the corresponding period of the previous year.

The gas supply was restricted from October 2008 to beginning of March - 2009. One of the outlived furnaces which was closed for major repairs was successfully repaired and at present is in warm-up stage. All the production machines are ready for production and Insha Allah the production yields will be ready for sale in the month of May 2009.

### Financial Results:

A brief summary of the financial results for the period under report are as under:

	March 31, 2009 Rupees	March 31, 2008 Rupees
(Loss) before taxation	(35,335,584)	(6,818,788)
Taxation	<u>(7,407,515)</u>	<u>5,685,909</u>
(Loss) after taxation	<u>(27,928,069)</u>	<u>(12,504,697)</u>
<b>Earnings per Share</b>	<b>Rs. (1.21)</b>	<b>(0.54)</b>

### Future Outlook:

The Company remains committed for the interest of all stake holders. We have well defined strategy on where and how to proceed in the years to come. The introduction of new Steware making machine and extension of production lines are the steps by which we can focus on new markets locally and internationally. The identification of new market segments to enhance product offerings in order to create more demand for our tableware products.

## BALANCE SHEET AS AT MARCH 31, 2009 (UN-AUDITED)

	31 March 2009 (Un-Audited) Rupees	30 June 2008 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital		
25,000,000 ordinary shares of Rs 10 each	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up capital		
23,100,000 ordinary shares of Rs 10 each	231,000,000	231,000,000
Share Premium Account	173,250,000	173,250,000
Un-appropriated profit	<u>92,569,608</u>	<u>120,497,677</u>
	496,819,608	524,747,677
<b>NON - CURRENT LIABILITIES</b>		
Long term loans		
- Secured	112,211,747	104,677,431
- Unsecured	125,342,621	69,120,240
	237,554,368	173,797,671
Liabilities against assets subject to finance lease	4,904,429	6,087,354
Long term security deposits	5,333,066	5,431,657
Deferred liabilities	<u>52,757,140</u>	<u>61,411,730</u>
	300,549,003	246,728,412
<b>CURRENT LIABILITIES</b>		
Short term borrowings - secured	185,869,965	118,912,649
Current maturity of long term liabilities	41,712,065	36,363,316
Trade and other payables	223,617,124	232,403,035
Provision for taxation	<u>7,285,628</u>	<u>6,193,143</u>
	458,484,782	393,872,143
<b>CONTINGENCIES AND COMMITMENTS</b>		
	<u>-</u>	<u>-</u>
	1,255,853,393	1,165,348,232
<b>ASSETS</b>		
Property, plant and equipment	785,492,977	747,073,880
Long term security deposits	11,768,054	8,667,454
<b>CURRENT ASSETS</b>		
Stores and spares	255,784,899	217,031,670
Stock in trade	98,521,013	97,510,876
Trade debtors - unsecured, considered good	33,673,438	16,527,324
Advances, deposits, prepayments and other receivables	59,412,598	72,628,655
Cash and bank balances	<u>11,200,414</u>	<u>5,908,373</u>
	458,592,362	409,606,898
	<u>1,255,853,393</u>	<u>1,165,348,232</u>

The annexed notes 1 to 7 form an integral part of these accounts.



**PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER AND NINE MONTHS ENDED**  
**MARCH 31, 2009**  
**(UN-AUDITED)**

	<u>Nine Months Ended 31 March</u>		<u>Quarter Ended 31 March</u>	
	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees
		<b>Reinstated</b>		<b>Reinstated</b>
Sales - Net	1,050,667,998	823,061,290	339,097,789	278,851,071
Cost of sales	965,768,330	744,268,088	329,610,709	283,952,234
<b>Gross Profit / (Loss)</b>	<b>84,899,668</b>	<b>78,793,202</b>	<b>9,487,080</b>	<b>(5,101,163)</b>
<b>Operating expenses</b>				
Administrative	25,966,248	22,145,124	8,553,051	7,501,787
Selling and Distribution	57,588,713	38,558,352	19,247,392	11,817,333
	83,554,960	60,703,476	27,800,442	19,319,120
<b>Operating Profit / (Loss)</b>	<b>1,344,708</b>	<b>18,089,726</b>	<b>(18,313,362)</b>	<b>(24,420,283)</b>
Financial charges	36,862,417	25,386,624	12,125,628	9,368,221
Other income	182,125	478,110	-	168,151
Other expenses	-	-	-	1,839,323
<b>(Loss) before taxation</b>	<b>(35,335,584)</b>	<b>(6,818,788)</b>	<b>(30,438,990)</b>	<b>(35,459,676)</b>
Provision for taxation	(7,407,515)	5,685,909	268,591	116,905
<b>(Loss) after taxation</b>	<b>(27,928,069)</b>	<b>(12,504,697)</b>	<b>(30,707,581)</b>	<b>(35,576,581)</b>
Earnings per share	(1.21)	(0.54)	(1.33)	(1.54)

The annexed notes 1 to 7 form an integral part of these accounts.

**CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED MARCH 31 2009  
(UN-AUDITED)**

	Nine months ended	
	31 March 2009 Rupees	31 March 2008 Rupees Reinstated
<b>Cash flows from operating activities</b>		
Profit before taxation	(35,335,584)	(6,818,788)
Adjustments for non cash and other items:		
Depreciation	68,286,328	40,057,822
Financial charges	36,862,417	25,386,624
Gain on sale of fixed assets	(182,125)	(478,110)
	104,966,620	64,966,336
<b>Operating profit before working capital changes</b>	69,631,036	58,147,548
<b>Increase in current assets:</b>		
Stores and spares	(38,753,229)	(38,685,048)
Stock in trade	(1,010,137)	5,956,152
Trade debtors	(17,146,114)	(11,890,294)
Advances, deposits, prepayments and other receivables	13,216,057	4,697,801
	(43,693,423)	(39,921,389)
<b>Increase/(decrease) in current liabilities:</b>		
Short term borrowings	66,957,316	52,231,142
Trade and other payables	(15,799,166)	25,908,940
	51,158,150	78,140,082
<b>Cash generated from operations</b>	77,095,763	96,366,241
Financial charges paid	(29,849,161)	(23,652,697)
WPPF paid	-	(4,344,976)
Staff gratuity	(154,590)	(582,046)
	(30,003,751)	(28,579,719)
<b>Net cash generated from operating activities</b>	47,092,012	67,786,522
<b>Cash flows from investing activities</b>		
Fixed capital expenditure incurred	(107,148,301)	(155,789,233)
Proceeds from sale of fixed assets	625,000	1,125,018
Long term security deposits	(3,100,600)	1,115,050
<b>Net cash used in investing activities</b>	(109,623,901)	(153,549,165)
<b>Cash flows from financing activities</b>		
Long term loans	46,618,948	(33,165,990)
Receipt from issue of right shares	-	119,317,199
Liabilities against assets subject to finance lease	21,303,573	3,313,057
Long term deposits	(98,591)	101,400
Dividend paid	-	(4,424,781)
<b>Net cash inflow from financing activities</b>	67,823,930	85,140,885
<b>Net increase in cash and cash equivalents during the period</b>	5,292,041	(621,758)
Cash and cash equivalents at the beginning of the period	5,908,373	11,450,815
Cash and cash equivalents at the end of the period	11,200,404	10,829,057

The annexed notes 1 to 7 form an integral part of these accounts.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED MARCH 31 2009  
(UN-AUDITED)**

	Note	Share capital Rupees	Share premium Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as at 30 June 2007		115,500,000	-	176,217,886	291,717,886
Final cash dividend for the year ended 30 June 2007 at the rate of Re 1/- (10%) per share		-	-	(4,569,284)	(4,569,284)
Right shares issued		115,500,000	173,250,000		288,750,000
Reinstatement of waived off loans	4			(34,000,000)	(34,000,000)
(Loss) for the nine months period ended 31 March 2008		-	-	(12,504,697)	(12,504,697)
<b>Balance as at 31 March 2008 - Reinstated</b>		<u>231,000,000</u>	<u>173,250,000</u>	<u>125,143,905</u>	<u>529,393,906</u>
(Loss) for the three months period ended June 30, 2008		-		(4,646,228)	(4,646,228)
<b>Balance as at 30 June 2008 - Reinstated</b>		<u>231,000,000</u>	<u>173,250,000</u>	<u>120,497,677</u>	<u>524,747,678</u>
(Loss) for the nine months period ended 31 March 2009				(27,928,069)	(27,928,069)
<b>Balance as at 31 March 2009</b>		<u>231,000,000</u>	<u>173,250,000</u>	<u>92,569,608</u>	<u>496,819,608</u>

The annexed notes 1 to 7 form an integral part of these accounts.



## NOTE TO THE ACCOUNTS

1. These financial statements are un-audited, prepared and submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these quarterly accounts are the same as those applied in the preparation of preceding Audited Financial Statements for the year ended June 30, 2008.
3. These accounts have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
4. The conditional waived off loan of Rs. 34 million was reinstated on September 01, 2007 when the company announced issuance of right shares. The reinstatement of loan was recognized in the interim financial information of September 30, 2007 through profit and loss account. However, considering that the waived off loan was recognized in the accumulated loss in the year 1996 & 1997, the reinstatement was incorporated in the equity in the financial statements for the year ended June 30, 2008.
5. Commitments under letter of credit at the period end amounted to Rs. 15.707 millions (30 June 2008: Rs.71.599 millions).

Commercial banks have issued guarantees in the ordinary course of business on behalf of the company. The un-expired guarantees at the year end amounted to Rs.109.70 millions (30 June 2008: Rs.91 millions).

6. Figures have been rounded off to the nearest rupee.
7. These financial statements were authorized for issuance by the Board of Directors on April 30, 2009.



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