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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

MR. TARIQ BAIG

DIRECTORS:

MR. OMER BAIG
MRS. NAIMA SHAHNAZ BAIG
MR. MANSOOR IRFANI
MR. AKBAR BAIG
MR. DAVID JULIAN
MR. SYED TUFAIL HUSSAIN

SECRETARY

MR. MOHSIN ALI

HUMAN RESOURCES & REMUNERATION COMMITTEE

MR. MANSOOR IRFANI
MR. TARIQ BAIG
MR. DAVID JULIAN

CHAIRMAN
MEMBER
MEMBER

AUDIT COMMITTEE

MR. OMER BAIG
MR. AKBAR BAIG
MR. DAVID JULIAN

CHAIRMAN
MEMBER
MEMBER

AUDITORS

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

KASURI AND ASSOCIATES

TAX CONSULTANTS

YOUSAF ISLAM ASSOCIATES
LAHORE

INFORMATION TECHNOLOGY CONSULTANTS

CHARTAC BUSINESS SERVICES (PVT) LTD.
LAHORE

BANKERS

NATIONAL BANK OF PAKISTAN
HABIB BANK LTD
UNITED BANK LTD
THE BANK OF PUNJAB
MCB BANK LTD
THE BANK OF KHYBER
ASKARI BANK LTD

BANK ALFALAH LTD
FAYSAL BANK LTD
SINDH BANK LTD
BANK ISLAMI PAKISTAN LTD
NIB BANK LTD
SAMBA BANK LTD
ALBARAKA BANK (PAK) LTD

SHARE REGISTRAR

SHEMAS INTERNATIONAL (PVT) LTD.
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DIRECTORS' REPORT

The Directors of Tariq Glass Industries Limited present before you the review report along with the financial information for the 3rd quarter and nine months ended March 31, 2014.

Financial and Operational Performance

The period under report was the toughest one as the margins were radically eroded by high energy costs due to extensive curtailment of gas and power shutdowns resulting in usage of highly expensive alternate fuels in the shape of furnace oil, diesel and LPG. During the three months period under review the expense under this head soared to over Rs. 1,002 million. If we were provided with the gas, this expense would have reduced to one third in the shape of gas costs resulting in substantial savings. Despite this odd which is almost an annual phenomenon, by the grace of Almighty Allah, the Company's float glass product diversification strategy is contributing positively in broadening the revenue base. The phenomenal achievements were made in marketing the Bronze, Green, CVD Coated Reflective glass of different colors and Mirror glass of varied thicknesses during the period under review. On the other front, Company's float glass products have widely penetrated in the foreign markets of India, Sri Lanka and the African countries due to the best quality of glass.

The sales revenue of the Company for the nine months period zenith to a momentous marks of Rs. 5,401 million as compared to Rs. 2,588 million of the corresponding period of the last year. This represents a 109% growth over the similar period of previous year and reflects a strong level of customers' confidence in the Company and its time tested products.

The bottom line further squeezed due to escalating finance cost consequential of stimulating short term borrowings to meet the accelerating working capital requirements of the float glass project.

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

| | (Million Rupees) | |
|--|----------------------------|-------|
| | Nine Months Ended March 31 | |
| | Y2014 | Y2013 |
| Net Sales | 5,401 | 2,588 |
| Gross Profit | 463 | 421 |
| (Loss)/ Profit Before Tax | (99) | 160 |
| (Loss)/ Profit After Tax | (153) | 161 |
| (Loss)/ Earnings per share - Rupees - basic | (2.09) | 2.32 |
| - diluted | (2.09) | 2.19 |

During the period under report, the Board of Directors of the Company approved the allotment and issuance of 4,158,000 ordinary shares otherwise than right shares to the foreign machinery supplier of float glass project. The issuance of new shares as otherwise than right shares is in line with the special resolution passed by the members of the Company in the annual general meeting held on October 24, 2012 together with the approval granted by SECP vide letter No. EMD/233/519/02.1794 dated: January 29, 2014.

Future Outlook

The Gas is considered to be a basic production ingredient of glass and glass products where the curtailment of gas by the authorities was up to 80% during the period under report. In this duration the glass production costs were 3 to 4 times high due to usage of furnace oil. The management foresees that there would be considerable decrease in the fuel costs in the coming months till the summer season lasts. On the other hand the sale price is improving because of quality produce of your company thus the profitability will improve significantly.

Lastly, if Government is desirous for revival of general industry as a whole in the country, then the policy makers will have to set priorities for gas supply to industrial sector over the nonproductive consuming sector like CNG.

We are aware that survival and future growth are dependent on the augmentation of bottom line profits and to this fact the Company is making assertive efforts to resolve amicably the issues of gas in order to normalize the cost of production.

For and on behalf of the Board

TARIQ BAIG

CHAIRMAN AND MANAGING DIRECTOR



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

| | 31 March 2014 (Un-audited) Rupees | 30 June 2013 (Audited) Rupees |
|--|--|--|
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Authorized capital | | |
| 100,000,000 (30 June 2013: 100,000,000) ordinary shares of Rs 10 each | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| Issued, subscribed and paid up capital | | |
| 73,458,000 ordinary shares of Rs. 10 each (30 June 2013: 69,300,000 ordinary shares of Rs. 10 each) | 3 734,580,000 | 693,000,000 |
| Share premium | 3 410,116,932 | 263,697,120 |
| Equity Portion of Shareholder's Loan | 306,428,594 | 244,169,568 |
| Unappropriated profit | 814,860,353 | 968,191,016 |
| | 2,265,985,879 | 2,169,057,704 |
| Surplus on revaluation of land | 355,002,638 | 355,002,638 |
| | 2,620,988,517 | 2,524,060,342 |
| Non current liabilities | | |
| Long term finances | | |
| Secured | 1,016,931,865 | 1,191,949,344 |
| Unsecured | 472,868,225 | 375,157,251 |
| | 1,489,800,090 | 1,567,106,595 |
| Liabilities against assets subject to finance lease | 43,186,482 | 43,695,545 |
| Long term deposits | 255,219,877 | 252,568,437 |
| Long term payable to supplier - unsecured | 3 - | 197,600,000 |
| Deferred liabilities | 10,985,155 | - |
| Current liabilities | | |
| Current maturity of non current liabilities | 428,281,714 | 295,281,455 |
| Short term borrowings - secured | 1,460,787,589 | 669,399,178 |
| Trade and other payables | 748,367,874 | 760,551,613 |
| Accrued markup | 100,223,222 | 47,126,695 |
| Provision for taxation | 3,838,970 | 3,838,970 |
| | 2,741,499,369 | 1,776,197,911 |
| Contingencies and commitments | 4 - | - |
| | 7,161,679,490 | <u>6,361,228,830</u> |

The annexed notes 1 to 6 form an integral part of this financial information.



AS AT 31 MARCH 2014

| | 31 March 2014 (Un-audited) Rupees | 30 June 2013 (Audited) Rupees |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 4,376,633,668 | 4,451,424,803 |
| Long term deposits | 41,928,995 | 42,767,022 |
| Deferred taxation | - | 43,028,633 |
| Current assets | | |
| Stores and spares | 798,997,977 | 708,817,116 |
| Stock in trade | 1,107,201,520 | 605,900,900 |
| Trade debtors - considered good | 555,155,786 | 218,370,100 |
| Advances, deposits, prepayments and other receivables | 247,116,198 | 223,809,833 |
| Cash and bank balances | 34,645,346 | 67,110,423 |
| | 2,743,116,827 | 1,824,008,372 |
| | 7,161,679,490 | 6,361,228,830 |

**OMER BAIG
DIRECTOR**



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2014**

| | Nine Months Ended 31 March | | Quarter ended 31 March | |
|---------------------------------------|----------------------------|---------------|------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Rupees | Rupees | Rupees | Rupees |
| Sales - net | 5,401,378,832 | 2,587,706,566 | 2,048,604,400 | 930,331,523 |
| Cost of sales | 4,938,769,733 | 2,166,306,281 | 2,110,224,487 | 776,621,381 |
| Gross profit/ (loss) | 462,609,099 | 421,400,285 | (61,620,087) | 153,710,142 |
| Operating expenses | | | | |
| Administrative | 70,123,046 | 52,960,958 | 23,856,677 | 17,449,729 |
| Selling and distribution | 280,539,289 | 162,463,538 | 77,774,597 | 56,795,635 |
| | 350,662,335 | 215,424,496 | 101,631,274 | 74,245,364 |
| | 111,946,764 | 205,975,789 | (163,251,361) | 79,464,778 |
| Other operating income | 18,719,440 | 7,621,553 | 11,183,333 | 660,222 |
| Operating profit/ (loss) | 130,666,204 | 213,597,342 | (152,068,028) | 80,125,000 |
| Finance cost | 229,983,079 | 41,865,571 | 79,662,877 | 12,337,051 |
| Other expenses | - | 11,554,017 | (6,625,956) | 4,199,309 |
| (Loss)/ Profit before taxation | (99,316,875) | 160,177,754 | (225,104,949) | 63,588,640 |
| Taxation | 54,013,788 | (757,301) | 16,344,780 | (3,542,704) |
| (Loss)/Profit after taxation | (153,330,663) | 160,935,055 | (241,449,729) | 67,131,344 |
| (Loss)/ Earnings per share - basic | (2.09) | 2.32 | (3.29) | 0.97 |
| - diluted | (2.09) | 2.19 | (3.29) | 0.91 |

The annexed notes 1 to 6 form an integral part of this financial information.



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2014**

| | Nine months ended 31 March | | Quarter ended 31 March | |
|--|-----------------------------|---------------------------|-----------------------------|--------------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Rupees | Rupees | Rupees | Rupees |
| (Loss) / Profit for the period | (153,330,663) | 160,935,055 | (241,449,729) | 67,131,344 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>(153,330,663)</u> | <u>160,935,055</u> | <u>(241,449,729)</u> | <u>67,131,344</u> |

The annexed notes 1 to 6 form an integral part of this financial information.



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

| | Nine months ended | |
|---|--------------------------|--------------------------|
| | 31 March 2014 | 31 March 2013 |
| | Rupees | Rupees |
| Cash flows from operating activities | | |
| (Loss)/ Profit before taxation | (99,316,875) | 160,177,754 |
| Adjustments for non cash and other items: | | |
| Depreciation | 341,909,392 | 92,378,105 |
| Profit on disposal of property, plant and equipment | (6,810,966) | (886,389) |
| Ijara rentals | 31,213,116 | 22,773,705 |
| Finance cost | 229,983,079 | 41,865,571 |
| Foreign exchange gain | (9,600,188) | - |
| Provision for Workers' Profit Participation Fund | - | 8,592,895 |
| Provision for Workers' Welfare Fund | - | 2,412,161 |
| | 586,694,433 | 167,136,048 |
| Operating profit before working capital changes | 487,377,558 | 327,313,802 |
| (Increase)/Decrease in current assets: | | |
| Stores and spares | (90,180,860) | (347,378,887) |
| Advances, deposits, prepayments and other receivables | 29,380,890 | (1,272,280) |
| Stock in trade | (501,300,620) | (52,780,713) |
| Trade debtors | (336,785,686) | (91,279,315) |
| | (898,886,276) | (492,711,195) |
| Increase/(Decrease) in current liabilities: | | |
| Trade and other payables | (9,227,739) | 58,581,326 |
| Cash used in operations | (420,736,457) | (106,816,067) |
| Finance cost paid | (176,886,552) | (38,184,637) |
| Payments to Workers' Profit Participation Fund | (2,956,000) | (22,452,609) |
| Ijara rentals paid | (31,213,116) | (22,773,705) |
| Income tax paid | (52,687,261) | (57,624,446) |
| | (263,742,929) | (141,035,397) |
| Net cash outflows from operating activities | (684,479,386) | (247,851,464) |
| Cash flows from investing activities | | |
| Fixed capital expenditure | (269,807,286) | (1,743,845,974) |
| Proceeds from sale of property, plant and equipment | 9,500,000 | 1,355,000 |
| Long term deposits | 838,027 | (6,490,902) |
| Net cash outflows from investing activities | (259,469,259) | (1,748,981,876) |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | 187,999,812 | - |
| Proceeds from long term finances | 114,611,301 | 1,073,352,664 |
| Proceeds from short term borrowings | 791,388,411 | 208,917,070 |
| Proceeds from long term deposits | 2,651,440 | 163,538,463 |
| Payable to supplier | (187,999,812) | 194,239,200 |
| Payment of liabilities against assets subject to finance lease | 2,832,416 | 50,000,000 |
| Dividend paid | - | (12,831) |
| Net cash inflows from financing activities | 911,483,568 | 1,690,034,566 |
| Net (decrease)/increase in cash and cash equivalents | (32,465,077) | (306,798,774) |
| Cash and cash equivalents at the beginning of the period | 67,110,423 | 331,574,476 |
| Cash and cash equivalents at the end of the period | 34,645,346 | 24,775,702 |

The annexed notes 1 to 6 form an integral part of this financial information.



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014**

| | Share capital Rupees | Share premium Rupees | Equity portion of Shareholder's loan Rupees | Unappropriated profit Rupees | Total Rupees |
|--|-------------------------------------|-------------------------------------|--|---|-------------------------|
| Balance as at 30 June 2012 | 693,000,000 | 263,697,120 | 120,150,117 | 600,833,834 | 1,677,681,071 |
| Total comprehensive income for the period ended 31 March 2013 | - | - | - | 160,935,055 | 160,935,055 |
| Balance as at 31 March 2013 | 693,000,000 | 263,697,120 | 120,150,117 | 761,768,889 | 1,838,616,126 |
| Total comprehensive income for the period ended 30 June 2013 | - | - | - | 206,422,127 | 206,422,127 |
| Equity portion of shareholder's loan received during the year | - | - | 152,429,423 | - | 152,429,423 |
| Notional interest on shareholders' loan | - | - | (28,409,972) | - | (28,409,972) |
| Balance as at 30 June 2013 | 693,000,000 | 263,697,120 | 244,169,568 | 968,191,016 | 2,169,057,704 |
| Issuance of shares against purchase of machinery | 41,580,000 | 146,419,812 | - | - | 187,999,812 |
| Total comprehensive (loss) income for the nine months period ended 31 March 2014 | - | - | - | (153,330,663) | (153,330,663) |
| Equity portion of shareholder's loan received during the year | - | - | 99,751,060 | - | 99,751,060 |
| Notional interest on shareholders' loan | - | - | (37,492,034) | - | (37,492,034) |
| Balance as at 31 March 2014 | 734,580,000 | 410,116,932 | 306,428,594 | 814,860,353 | 2,265,985,879 |

The annexed notes 1 to 6 form an integral part of this financial information.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2014

1. This condensed interim financial information for the quarter and nine months period ended March 31, 2014 is un-audited, being circulated to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.

The condensed interim financial information 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 as at June 30, 2013.

2. The accounting policies adopted for the preparation of this financial information are the same as those applied in the preparation of preceding annual Audited Financial Statements for the year ended June 30, 2013.
3. During the period Company issued 4,158,000 shares to its foreign suppliers against the balance amount of USD 2 Million payable for supply of equipment and material for the Float Glass plant of the Company in line with the special resolution approved by the shareholders in their Annual General Meeting held on 24 October 2012.
4. There is no significant change in the contingencies and commitments status since the last annual balance sheet date.
5. These financial statements were authorized for issuance by the Board of Directors on April 30, 2014.
6. Figures have been rounded off to the nearest rupee.



TARIQ GLASS INDUSTRIES LTD.



TARIQ GLASS INDUSTRIES LTD.