



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

NOMINEE DIRECTOR IPI

MR. MUJAHID ESHAI

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

MUBASHAR LATIF AHMAD
LAHORE

TAX CONSULTANTS

YOUSAF ISLAM ASSOCIATES
LAHORE

INFORMATION TECHNOLOGY CONSULTANTS

DIGITAL RESEARCH LABS (PVT) LTD
ISLAMABAD

BANKERS

NATIONAL BANK OF PAKISTAN
HABIB BANK LTD
UNITED BANK LTD

SHARE REGISTRAR

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DIRECTORS' REPORT

The Directors of Tariq Glass Industries Limited take pleasure in presenting the report together with the un-audited financial statements of the company duly reviewed by the external auditors with limited scope review in accordance with the Companies Ordinance 1984 for the second quarter and six months ended December 31, 2012.

Operational & Financial Performance

Another turbulent period faced by the industry as the poor economic indicators further aggravated due to inflationary waves caused by Pak Rupee depreciation, staggering hike in the billing of electricity and sui gas and use of expensive alternate fuels due to non availability of natural gas (one of the major raw materials of Glass Industry) in the winter season, has eroded the profit margins during the period under report.

However, the market remained receptive for the Company's tableware products in spite of overall slowdown in the economy. Your Company has registered sales (net) of Rs. 1,657 million during the period under report which is slightly higher than the same period of the last year. On the contrary, substantial increase of 6% in cost of goods sold has recognized mainly due to instigation of the following:

- Continuous shortages of gas supplies has coerced to consume the alternative expensive fuels in shape of Furnace Oil, Diesel, and LPG
- Price hike in electricity and gas billing
- Considerable increase in number of days of stock of raw materials and moulds held for consumption due to power and fuel shortages as more time required for processing of raw materials and refurbishing / servicing of moulds
- Considerable increase in monthly salaries and wages due to notification issued by the Punjab Government

The finance cost is also one of the augmenting factors of higher cost despite lower KIBOR rates as compared to the corresponding period of last year, realized due to new term loan of Rs. 300 million negotiated for BMR purposes and issuance of additional bank guarantees in favour of SNGPL.

The above enumerated factors have slumped the bottom line to 5.67% as compared to 8.54% of the corresponding period of the previous year consequently the EPS for the period under review dropped to Rs. 1.35.

A brief summary of the financial results for the period ended December 31, 2012 are as follows:

	(Rupees)	
	Half Year Ended December 31	
	2012	2011 (Restated)
Net Sales	1,657,375,044	1,651,928,118
Gross Profit	267,690,143	341,859,574
Profit before Tax	96,589,114	219,127,958
Profit after Tax	93,803,711	141,098,411
Earnings per share	1.35	2.04

Future Outlook

The demand and supply gap of natural gas will narrow down in the approaching summer season which will reduce the consumption of alternative expensive fuels including LPG, Furnace Oil, and Diesel, hence will lead to higher profits.

In order to upturn the profit margins, the management is more focused on development and modernization of production facilities to manufacture the value added products and striving to annex the export potential of Middle East, Central Asia, and Far East countries.

Looking ahead, the Company continues to target long term production growth by way of horizontal integration, and expediting the completion of our ongoing Float Glass Project which on completion will further enhance the revenue base of the Company. The inauguration celebrations of the Float Glass Project will be another highlight of the forthcoming quarter.

For and on behalf of the Board

TARIQ BAIG

CHAIRMAN AND MANAGING DIRECTOR

Lahore: February 27, 2013



INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of Tariq Glass Industries Limited ("the Company") as at 31 December 2012, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 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.

Conclusion

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

The figures for the quarter ended 31 December 2012 and 31 December 2011, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

	(Un-audited) 31 December 2012 Rupees	(Audited) 30 June 2012 Rupees
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized capital		
100,000,000 (30 June 2012: 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		
69,300,000 (30 June 2012: 69,300,000) ordinary shares of Rs. 10 each	693,000,000	693,000,000
Share premium	263,697,120	263,697,120
Unappropriated profit	694,637,545	600,833,834
	1,651,334,665	1,557,530,954
Surplus on revaluation of property, plant and equipment	355,002,638	355,002,638
	2,006,337,303	1,912,533,592
Non current liabilities		
Long term finances		
Secured	5	1,194,755,066
Unsecured		469,318,424
		281,148,352
		750,466,776
Long term deposits	216,455,298	85,034,136
Long term payable to supplier	6	194,239,200
Deferred taxation	136,405,336	143,775,508
Current liabilities		
Current maturity of non current liabilities	450,489,985	246,708,047
Short term borrowings - secured	200,633,689	43,274,840
Trade and other payables	510,931,323	482,533,106
Accrued markup	36,470,400	35,821,752
Provision for taxation	41,993,438	131,058,653
	1,240,518,835	939,396,398
Contingencies and commitments	7	
	5,419,159,390	3,831,206,410

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



AS AT 31 DECEMBER 2012

		(Un-audited) 31 December 2012 Rupees	(Audited) 30 June 2012 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,139,344,017	2,781,832,980
Long term deposits		32,128,894	32,042,092
Current assets			
Stores and spares		461,093,613	163,174,592
Stock in trade		371,313,320	278,749,957
Trade debtors - unsecured, considered good		103,351,679	35,649,534
Advances, deposits, prepayments and other receivables		156,443,416	208,182,779
Cash and bank balances		155,484,451	331,574,476
		1,247,686,479	1,017,331,338
		5,419,159,390	3,831,206,410

OMER BAIG
DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2012

	Note	Half year ended 31 December		Quarter ended 31 December	
		2012	2011	2012	2011
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	1,657,375,044	1,651,928,118	826,771,585	837,763,928
Cost of sales		1,389,684,901	1,310,068,544	704,414,371	654,875,543
Gross profit		267,690,143	341,859,574	122,357,214	182,888,385
Operating expenses					
Administrative		35,511,229	31,876,952	18,694,955	15,003,857
Selling and distribution		105,667,902	88,734,211	51,106,423	44,970,743
		141,179,131	120,611,163	69,801,378	59,974,600
		126,511,012	221,248,411	52,555,836	122,913,785
Other operating income		6,961,331	32,399,826	3,904,944	17,269,600
Operating profit		133,472,343	253,648,237	56,460,780	140,183,385
Finance cost		29,528,521	18,566,727	20,790,503	8,420,163
Other expenses		7,354,708	15,953,552	4,093,850	8,863,081
Profit before taxation		96,589,114	219,127,958	31,576,427	122,900,141
Taxation		2,785,403	78,029,547	(7,721,231)	35,687,377
Profit after taxation		93,803,711	141,098,411	39,297,658	87,212,764
Earnings per share rupees - basic and diluted		1.35	2.04	0.57	1.26

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2012**

	Half year ended 31 December		Quarter ended 31 December	
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Profit for the period	93,803,711	141,098,411	39,297,658	87,212,764
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	93,803,711	141,098,411	39,297,658	87,212,764

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Lahore: February 27, 2013

TARIQ BAIG
CHAIRMAN & MANAGING DIRECTOR

OMER BAIG
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Share capital	Share premium	Unappropriated profit	Total
	-----Rupees-----			
Balance as at 30 June 2011 - (Audited)	693,000,000	263,697,120	334,332,745	1,291,029,865
Final dividend for the year ended 30 June 2011 at the rate of Rs. 1 (10%) per ordinary share	-	-	(26,259,186)	(26,259,186)
Total comprehensive income for the period	-	-	141,098,411	141,098,411
Balance as at 31 December 2011 - (Un-audited)	693,000,000	263,697,120	449,171,970	1,405,869,090
Total comprehensive income for the period	-	-	151,661,864	151,661,864
Balance as at 30 June 2012 - (Audited)	693,000,000	263,697,120	600,833,834	1,557,530,954
Total comprehensive income for the period	-	-	93,803,711	93,803,711
Balance as at 31 December 2012 - (Un-audited)	693,000,000	263,697,120	694,637,545	1,651,334,665

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Lahore: February 27, 2013

TARIQ BAIG
CHAIRMAN & MANAGING DIRECTOR

OMER BAIG
DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Half year ended	
	31 December 2012 Rupees	31 December 2011 Rupees
Cash flows from operating activities		
Profit before taxation	96,589,114	219,127,958
Adjustments for non cash and other items:		
Depreciation	60,839,418	58,196,856
Profit on disposal of property, plant and equipment	(886,389)	(3,618,739)
Ijara rentals	14,445,901	1,631,802
Finance cost	29,528,521	18,566,727
Provision for Workers' Profit Participation Fund	5,174,470	11,650,705
Provision for Workers' Welfare Fund	1,631,265	4,302,847
	110,733,186	90,730,198
Operating profit before working capital changes	207,322,300	309,858,156
(Increase)/decrease in current assets:		
Stores and spares	(297,919,021)	(9,881,309)
Advances, deposits, prepayments and other receivables	(4,118,805)	4,747,058
Stock in trade	(92,563,363)	13,570,941
Trade debtors	(67,702,145)	(17,789,234)
	(462,303,334)	(9,352,544)
Increase in current liabilities:		
Trade and other payables	38,031,297	46,856,079
Cash generated from operations	(216,949,737)	347,361,691
Finance cost paid	(28,879,873)	(19,225,596)
Payments to Workers Profit Participation Fund	(17,297,299)	-
Ijara rentals paid	(13,587,424)	(1,631,802)
Income tax paid	(43,362,612)	(26,458,575)
	(103,127,208)	(47,315,973)
Net cash (used in) / generated from operating activities	(320,076,945)	300,045,718
Cash flows from investing activities		
Fixed capital expenditure	(1,418,819,069)	(335,162,013)
Proceeds from sale of property, plant and equipment	1,355,000	7,580,000
Long term deposits	(86,802)	(3,432,987)
Net cash outflow from investing activities	(1,417,550,871)	(331,015,000)
Cash flows from financing activities		
Proceeds from long term finances	1,078,518,580	85,407,615
Proceeds from short term borrowings	157,358,849	57,130,487
Proceeds from long term deposits	131,421,162	13,350,000
Payable to supplier	194,239,200	-
Dividend paid	-	(24,976,438)
Net cash inflows from financing activities	1,561,537,791	130,911,664
Net (decrease) / increase in cash and cash equivalents	(176,090,025)	99,942,382
Cash and cash equivalents at the beginning of the period	331,574,476	463,273,069
Cash and cash equivalents at the end of the period	155,484,451	563,215,451

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED 31 DECEMBER 2012

1 Nature and status of the Company

Tariq Glass Industries Limited ("the Company") was incorporated in Pakistan in 1978 and converted into a public limited company in the year 1980. Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The Company is principally engaged in manufacturing and sale of glass container and tableware. The registered office of Tariq Glass Industries Limited is situated at 128-J, Model Town, Lahore.

2 Basis of preparation

These condensed interim financial information comprises the balance sheet of Tariq Glass Industries Limited ("the Company"), as at 31 December 2012 and the related condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof.

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2012.

3 Accounting policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2012, except as follows;

The Company has adopted the following amended IFRS which became effective during the period:

IAS 1	- Presentation of financial statements
IAS 12	- Income Taxes

The adoption of the above amendments did not have any effect on this condensed interim financial information.

Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan will be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 19 - Employee Benefits	01 January 2013
- IFRS 7 - Financial Instruments: Disclosures	01 January 2013
- Annual improvements to IFRSs 2011	01 January 2013
- IAS 32 - Financial Instruments: Presentation	01 January 2014

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

4 Estimates

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumption that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2012.



		(Un-audited) 31 December 2012 Rupees	(Audited) 30 June 2012 Rupees
5 Long term finances - secured			
Syndicate facility (lead by HBL)	5.1	1,469,745,904	668,604,146
Demand finance		28,585,201	47,422,325
Demand finance	5.2	146,913,930	-
Less: Current maturity		<u>(450,489,969)</u>	<u>(246,708,047)</u>
		<u>1,194,755,066</u>	<u>469,318,424</u>
5.1 Syndicate facility			
Opening balance		706,196,918	-
Add: Disbursements during the period		793,802,081	706,196,918
Less: Transaction cost		<u>(30,253,095)</u>	<u>(37,592,772)</u>
		<u>1,469,745,904</u>	<u>668,604,146</u>
5.2 Demand finance			
Disbursements during the period		150,000,000	-
Less: Transaction cost		<u>(3,086,070)</u>	<u>-</u>
		<u>146,913,930</u>	<u>-</u>

5.2.1 This represents demand finance facility availed from The Bank of Punjab for purchase of plant and machinery and to partially refinance the recently purchased plant and machinery for float glass plant of the Company. The sanctioned limit of the facility is Rs. 300 million and is secured by first pari passu charge over present and future fixed assets of the Company with a 25% margin and personal guarantees of sponsor Directors of the Company. The facility is repayable over a period of 5 years including grace period of 1 year in 48 equal monthly installments Commencing from January 2014. The facility carries mark up rate of 3 months KIBOR + 250bps.

6 Payable to supplier

This represents the balance amount payable of USD 2 million out of the total contract amount of USD 15 million to Qinguangdao Yaohua Glass Machine Manufacture Company Ltd. ("the Supplier") for supply of equipment and material for the float glass plant of the Company. By virtue of the agreement the Company has an option to issue 4,158,000 fully paid ordinary shares of the Company after 31 December 2013 subject to regulatory approvals or alternatively pay USD 2 million in cash subsequent to 30 June 2014.

7 Contingencies and commitments

7.1 Contingencies

The commercial banks have issued following guarantees on behalf of the Company in favour of:

Sui Northern Gas Pipelines Limited against supply of gas for furnace amounting to Rs. 230.20 million (30 June 2012: Rs. 226.70 million)

Sui Northern Gas Pipelines Limited against supply of gas for captive power amounting to Rs. 16 million (30 June 2012: Rs. 16 million)

Inland Revenue Department has made an amended assessment for the tax year 2009 by disallowing certain deductions mainly under sections 21C, 24 and 39 of the Income Tax Ordinance, 2001 amounting to Rs. 36.8 million, resultantly reducing the assessed loss of the Company from Rs. 178.67 million to Rs. 141.86 million having tax impact of Rs. 12.88 million. However, the Company has taken up the matter to commissioner appeals and Company's counsel is of the view that the matter will be decided in favor of the Company.

7.2 Commitments

Letter of credit for capital expenditure amounting to Rs. 125.24 million (30 June 2012: Rs. 914.79 million)

Letter of credit for other than capital expenditure amounting to Rs. 17.56 million (30 June 2012: Rs. 21.11 million)



The amount of future payments under operating lease and period in which these payments will become due are as follows:

	(Un-audited) 31 December 2012 Rupees	(Audited) 30 June 2012 Rupees
Not later than one year	36,238,013	8,439,319
Later than one year and not later than five years	106,517,732	13,800,432

8 Property, plant and equipment

Operating assets	8.1	1,221,242,407	1,254,022,710
Capital work in progress	8.2	2,918,101,610	1,527,810,270
		4,139,344,017	2,781,832,980

8.1 Operating assets

Net book value at the beginning of the period / year	1,254,022,710	1,219,368,428
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Additions (Cost)

Freehold land	3,203,000	12,851,500
Factory building - freehold	-	89,248,308
Plant and machinery	18,677,022	30,719,814
Furniture and fixtures	-	1,249,253
Electric installation	866,321	2,924,129
Vehicles	1,163,300	17,852,680
Moulds	4,618,083	4,330,990
	28,527,726	159,176,674

Disposals / Adjustments (net book value)

Plant and machinery	-	(1,290,670)
Vehicles	(468,611)	(3,873,191)
	(468,611)	(5,163,861)

Depreciation charge for the period	(60,839,418)	(119,358,531)
Closing written down value	1,221,242,407	1,254,022,710

8.2 Capital work in progress

Civil works	1,100,624,210	364,946,278
Plant and machinery	1,477,426,051	1,067,837,003
Advance against float glass project	21,229,245	16,517,200
Stores held for capital expenditure	149,930,303	31,397,530
Others	168,891,801	47,112,259
	2,918,101,610	1,527,810,270

8.3 Movement in capital work in progress

Opening balance	1,527,810,270	149,944,340
Add : Additions during the period / year	1,390,291,340	1,487,682,972
Less: Transfers during the period / year	-	(109,817,042)
	2,918,101,610	1,527,810,270



	<u>(Un-audited)</u>		<u>(Un-audited)</u>	
	<u>Half year ended 31 December</u>		<u>Quarter Ended 31 December</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
9 Sales - net				
Local sales	1,893,528,594	1,926,029,500	925,380,890	971,598,071
Export sales	206,625,899	137,663,173	117,414,198	71,412,267
Gross sales	2,100,154,493	2,063,692,673	1,042,795,088	1,043,010,338
Less: Trade discount	207,729,965	167,610,677	100,960,147	81,668,181
Sales tax	235,049,484	244,153,878	115,063,356	123,578,229
	442,779,449	411,764,555	216,023,503	205,246,410
	1,657,375,044	1,651,928,118	826,771,585	837,763,928

10 Transactions with related parties

The Company in the normal course of business carries out transactions with the related parties. Significant transactions with related parties are as follows:

Name	Relationship	Nature of Transaction	<u>(Un-audited)</u>	
			<u>31 December</u>	<u>31 December</u>
			<u>2012</u>	<u>2011</u>
			<u>Rupees</u>	<u>Rupees</u>
Omer Glass Industries Limited	Associated company	Purchases	3,874,400	-
		Sales	655,185	1,331,226
Mr. Tariq Baig	Chairman & Managing Director			
Mr. Omer Baig	Director	Loan from Directors	149,300,000	-
Provident fund	Employee benefit plan	Contributions	4,263,813	3,131,076

Key Management Personnel:

Remuneration	20,667,695	12,502,555
House rent	9,300,463	5,822,170
Conveyance	122,400	75,600
Contribution to provident fund	1,886,769	1,113,816
Medical and others	2,288,832	1,293,816
Utilities	2,066,769	1,433,851
	36,332,928	22,241,808

All transactions with related parties have been carried out on commercial terms and conditions.

11 Date of authorization

This un-audited condensed interim financial information for the half year ended 31 December 2012 were authorized for issue by the Board of Directors on 27 February 2013.

12 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Figures have been rounded off to nearest Rupee.