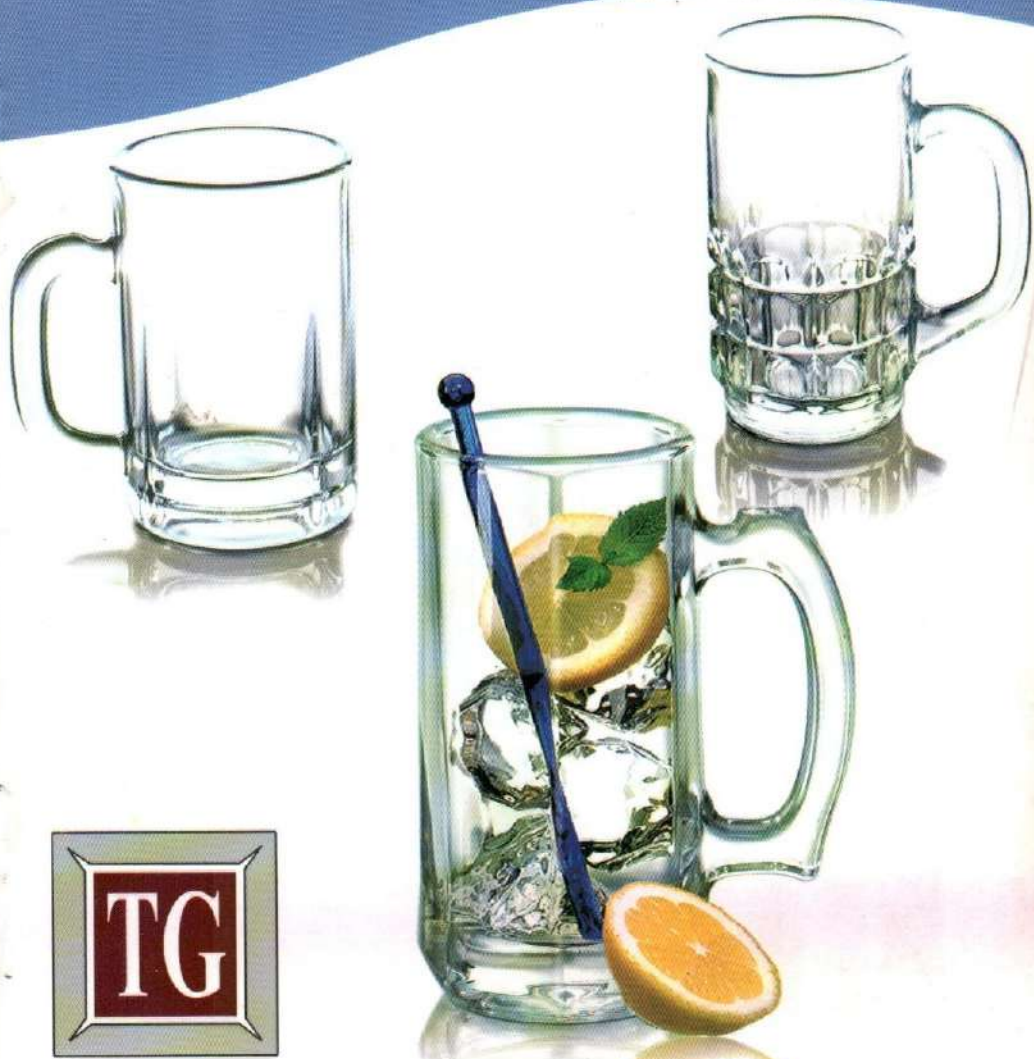


# 2<sup>nd</sup> QUARTERLY REPORT

31<sup>st</sup> Dec. 2008 (Un - Audited)



**TARIQ GLASS INDUSTRIES LTD.**  
An ISO 9001:2000 Certified Company



## 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 ESHAI

SECRETARY

MR. WAQAR ULLAH

AUDIT COMMITTEE

MR. OMER BAIG                      CHAIRMAN  
MR. AKBAR BAIG                      MEMBER  
MR. DAVID JULIAN                      MEMBER

AUDITORS

KPMG TASEER HADI & CO.  
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

MUBASHAR LATIF AHMAD  
LAHORE

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.

REGISTERED OFFICE

128-J, MODEL TOWN, LAHORE.  
UAN: 042-111-34-34-34  
FAX: 042-5857692 - 5857693  
E MAIL: [info@tariqglass.com](mailto:info@tariqglass.com)

WORKS

33-KM LAHORE/SHEIKHUPURA ROAD,  
TEL: (042) 7925652, (056) 3785441-3  
FAX: (056) 3783912



## DIRECTORS' REPORT

On behalf of the Board of Directors I feel pleasure in presenting to you the accounts for the second quarter ended December 31, 2008 duly reviewed by the external auditors with limited scope in accordance with the Companies Ordinance, 1984.

The quarter ended December 31, 2008 was a difficult one a brief of which was also stated in the earlier quarterly report.

- One of the furnaces, which had outlived its useful life, had to be closed for the major repairs. However, Due to curtailment of gas during the winter season the start up of this furnace has been delayed till the complete resumption of the gas supply.
- During the winter season acute shortage of gas and electricity is being faced and in order to keep the furnaces alive, expensive alternate in the form of furnace oil and diesel is being used. The fixed overheads of the closed down furnace for repair had further added to the expenses resulting in adverse profitability.
- The newly imported Stemware making machine is at site and it will Inshallah be put to trial production in the last quarter of this financial year.
- Despite recession in the international markets we managed to increase the exports by 110 % as compared to the exports of the preceding period while overall sales increased by 31 %. The increase in the exports revenue shows that our products have been well received in the foreign markets because of quality and clarity as per international parameters. All our efforts in the production and sales were nullified because of usage of furnace and diesel oil which adversely affected the cost of production and hence low margins.

### Financial Results:

A brief summary of the financial results for the period ended December, 2008 are as follows:

	2008 Rupees	2007 Rupees
(Loss)/Profit for the quarter before taxation	(4,896,595)	24,962,242
Taxation	<u>7,676,106</u>	<u>5,569,004</u>
Profit after taxation	<u>2,779,512</u>	<u>19,393,238</u>
Earnings per share rupees.	0.12	0.84

### Future Outlook:

The management of your Company is confident that with the blessings of Almighty Allah, the results for the last quarter of the financial year will be much better and would not only wipe out the temporary loss figure of the period but will show the normal profitability trend of the Company.

For and on behalf of the Board

TARIQ BAIG

CHAIRMAN AND MANAGING DIRECTOR

Lahore: February 28, 2009





## **Independent Report on Review of Interim Financial Information to the members of Tariq Glass Industries Limited**

### ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Tariq Glass Industries Limited** ("the Company") as at 31 December 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of this 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 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 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 2008 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.



## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

	(Un-audited) 31 December 2008 Rupees	(Audited) 30 June 2008 Rupees
<b>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	173,250,000	173,250,000
Unappropriated profit	123,277,189	120,497,677
	527,527,189	524,747,677
<b>NON CURRENT LIABILITIES</b>		
Long term loans		
Secured	113,434,849	104,677,431
Unsecured	101,407,540	69,120,240
	214,842,389	173,797,671
Liabilities against assets subject to finance lease	5,692,404	6,087,354
Long term security deposits	5,403,066	5,431,657
Deferred liabilities	52,911,730	61,411,730
	278,849,589	246,728,412
<b>CURRENT LIABILITIES</b>		
Short term borrowings - secured	198,924,112	118,912,649
Current maturity of long term liabilities	52,782,178	36,363,316
Trade and other payables	265,287,558	232,403,035
Provision for taxation	7,017,037	6,193,143
	524,010,885	393,872,143
<b>CONTINGENCIES AND COMMITMENTS</b>	5	
	<u>1,330,387,663</u>	<u>1,165,348,232</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**TARIQ BAIG**

Lahore: February 28, 2009

CHAIRMAN AND MANAGING DIRECTOR



## AS AT 31 DECEMBER 2008

	Note	(Un-audited) 31 December 2008 Rupees	(Audited) 30 June 2008 Rupees
<b>ASSETS</b>			
Property, plant and equipment	6	757,411,268	747,073,880
Long term security deposits		11,768,054	8,667,454
<b>CURRENT ASSETS</b>			
Stores and spares		218,607,425	217,031,670
Stock in trade		197,085,838	97,510,876
Trade debtors - unsecured, considered good		24,432,061	16,527,324
Advances, deposits, prepayments and other receivables		114,915,005	72,628,655
Cash and bank balances		6,168,012	5,908,373
		561,208,341	409,606,898
		<u>1,330,387,663</u>	<u>1,165,348,232</u>

OMER BAIG  
DIRECTOR



**CONDENSED INTERIM PROFIT AND  
LOSS ACCOUNT (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	Six months ended 31 December		Quarter Ended 31 December	
		2008	2007	2008	2007
		Rupees	Rupees	Rupees	Rupees
			Reinstated		Reinstated
Sales-Net	7	711,570,209	544,210,219	330,149,008	258,632,512
Cost of sales		636,157,621	460,315,854	297,735,956	235,714,621
Gross profit		75,412,588	83,894,365	32,413,052	22,917,891
Operating expenses					
Administrative		17,413,197	14,643,337	8,474,508	7,266,287
Selling and distribution		38,341,321	26,741,019	18,637,891	13,504,554
		55,754,518	41,384,356	27,112,399	20,770,841
Operating Profit		19,658,070	42,510,009	5,300,653	2,147,050
Financial charges		24,736,789	16,018,403	14,308,299	5,413,467
Other income		182,125	309,959	182,125	-
Other expenses		-	1,839,323	-	(224,166)
(Loss)/Profit before taxation		(4,896,594)	24,962,242	(8,825,521)	(3,042,251)
Provision for taxation		7,676,106	5,569,004	531,267	3,197,709
Profit/(Loss) after taxation		2,779,512	19,393,238	(9,356,788)	(6,239,960)
Earnings per share rupees.		0.12	0.84	(0.41)	(0.27)

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



## CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Six months ended	
	31 December 2008	31 December 2007
	Rupees	Rupees Reinstated
<b>Cash flow from operating activities</b>		
(Loss)/Profit before taxation	(4,896,594)	24,962,242
Adjustments for non cash and other items:		
Depreciation	45,208,149	27,052,481
Financial charges	24,736,789	16,018,403
Workers' profit participation fund	-	1,340,079
Workers' welfare fund	-	499,244
Gain on sale of fixed assets	(182,125)	(309,959)
	<b>69,762,813</b>	<b>44,600,248</b>
<b>Operating profit before working capital changes</b>	<b>64,866,219</b>	<b>69,562,490</b>
<b>Increase/(Decrease) in current assets:</b>		
Stores and spares	(1,575,755)	(3,992,563)
Stock in trade	(99,574,962)	(24,829,051)
Trade debtors	(7,904,737)	(3,186,786)
Advances, deposits, prepayments and other receivables	(42,286,350)	(20,843,758)
	<b>(151,341,804)</b>	<b>(52,852,158)</b>
<b>Increase/(decrease) in current liabilities:</b>		
Short term borrowings	80,011,463	49,234,518
Trade and other payables	28,326,586	28,557,540
	<b>108,338,049</b>	<b>77,792,058</b>
<b>Cash generated from operations</b>	<b>21,862,464</b>	<b>94,502,390</b>
Financial charges paid	(20,178,850)	(15,433,514)
WPPF paid	-	(3,125,963)
Staff gratuity	-	(582,007)
	<b>(20,178,850)</b>	<b>(19,141,484)</b>
<b>Net cash generated from operating activities</b>	<b>1,683,614</b>	<b>75,360,906</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure incurred	(55,988,413)	(136,723,959)
Proceeds from sale of fixed assets	625,000	825,018
Long term security deposits	(3,100,600)	1,165,050
<b>Net cash used in investing activities</b>	<b>(58,464,013)</b>	<b>(134,733,891)</b>
<b>Cash flow from financing activities</b>		
Long term loans	61,732,374	(61,984,982)
Receipt from issue of right shares	-	119,317,199
Liabilities against assets subject to finance lease	(4,663,745)	3,658,010
Long term security deposits	(28,591)	101,400
Dividend paid	-	(1,814,977)
<b>Net cash inflow from financing activities</b>	<b>57,040,038</b>	<b>59,276,650</b>
<b>Net increase in cash and cash equivalents</b>	<b>259,639</b>	<b>(96,335)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,908,373</b>	<b>11,450,815</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,168,012</b>	<b>11,354,480</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.





**CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

Note	Share capital Rupees	Share premium Rupees	Unappropriated profit Rupees	Total Rupees
Balance as at 30 June 2007	115,500,000	-	176,217,886	291,717,886
Right Shares Issued	115,500,000	173,250,000	-	288,750,000
Final Dividend for the year ended 30 June 2007 at the rate of Re. 1 (10%) per share	-	-	(4,569,284)	(4,569,284)
Reinstatement of waived off loans 8	-	-	(34,000,000)	(34,000,000)
(Loss) for the six months period ended 31 December 2007	-	-	(14,606,762)	(14,606,762)
<b>Balance as at 31 December 2007 -Reinstated</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>123,041,840</b>	<b>527,291,840</b>
(Loss) for the six months period ended 30 June 2008	-	-	(2,544,163)	(2,544,163)
<b>Balance as at 30 June 2008 Reinstated</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>120,497,677</b>	<b>524,747,677</b>
Profit for the six months period ended 31 Dec 2008	-	-	2,779,512	2,779,512
<b>Balance as at 31 December 2008</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>123,277,189</b>	<b>527,527,189</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

### **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 and Lahore Stock Exchanges. The Company is principally engaged in manufacturing and sale of glass containers 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 are un-audited but subject to limited scope review by the auditors, have been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. The condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2008.

The condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

### **3 ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of the condensed interim financial information are the same as those applied in preparing the financial statements for the year ended 30 June 2008.

### **4 ESTIMATES**

The preparation of 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 and 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 2008.

### **5 CONTINGENCIES AND COMMITMENTS**

Commitments under letters of credit at the period end amounted to Rs 74.924 million (30 June 2008: Rs 71.595 million).

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. 109.700 million (30 June 2008: Rs. 91 million)



		(Un-audited)
		Six months ended
		31 Dec. 2008
		Rupees
6	PROPERTY, PLANT AND EQUIPMENT	
	Operating assets	724,689,132
	Capital work in progress	32,722,136
		<u>757,411,268</u>
6.1	Operating assets	
	Net book value at the beginning of the period	743,456,473
	Add: Additions during the period	26,883,664
	Less: Disposals during the period (at book value)	(926,775)
	Less: Depreciation charged during the period	(44,724,250)
		<u>724,689,132</u>
6.2	Capital work in progress	
	Opening balance	3,617,407
	Add : Additions during the period	29,104,729
		<u>32,722,136</u>

	Six months ended		Quarter Ended	
	31 December		31 December	
	2008	2007	2008	2007
	Rupees	Rupees	Rupees	Rupees
7 SALES-NET				
Local sales	804,313,381	652,039,600	353,376,444	318,467,299
Export sales	82,389,413	39,308,832	53,126,733	13,341,271
Gross sales	<u>886,702,794</u>	<u>691,348,432</u>	<u>406,503,177</u>	<u>331,808,570</u>
Less: Trade discount	72,706,786	62,089,569	34,507,763	31,636,845
Sales tax	102,425,799	85,048,644	41,846,406	41,539,213
	<u>175,132,585</u>	<u>147,138,213</u>	<u>76,354,169</u>	<u>73,176,058</u>
Net Sales	<u>711,570,209</u>	<u>544,210,219</u>	<u>330,149,008</u>	<u>258,632,512</u>



**8 REINSTATEMENT OF WAIVED OFF LOANS**

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 through profit and loss account. However, considering that the waived off loans was recognized in the accumulated loss in the year 1996 & 1997, the reinstatement was incorporated in the equity in the audited financial statements for the year ended June 30, 2008.

Six months ended 2008	Six months ended 2007
Rupees	Rupees

**9 TRANSACTIONS WITH RELATED PARTIES**

Name	Relationship	Nature of Transaction		
Omer Glass Industries Limited	Associated company	Purchases	<u>841,540</u>	<u>1,136,550</u>
		Sales	<u>4,425,310</u>	<u>4,706,755</u>
		Issuance of shares against receipt of loan	<u>-</u>	<u>17,616,650</u>
		Issuance of shares against share deposit money	<u>-</u>	<u>14,607,350</u>
Provident fund	Employee benefit plan	Contributions	<u>2,158,923</u>	<u>1,602,244</u>
Directors	Key management personnel	Reinstatement of loan	<u>-</u>	<u>14,000,000</u>
		Issuance of shares against loan	<u>-</u>	<u>65,205,600</u>

**10 DATE OF AUTHORIZATION**

These unaudited condensed interim financial information for the half year ended 31 December 2008 were authorized for issue by the Board of Directors on February 28, 2009 .

**11 FIGURES**

Figures have been rounded off to nearest rupee.





*TARIQ GLASS INDUSTRIES LTD.*

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## TARIQ GLASS INDUSTRIES LTD.

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