

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

31<sup>st</sup> December 2009 (Un - Audited)



*An ISO 9001:2000 Certified Company*

**TARIQ GLASS INDUSTRIES LTD.**



## 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  
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

CHARTAC BUSINESS SERVICES (PVT) LTD.  
LAHORE

#### BANKERS

NATIONAL BANK OF PAKISTAN  
HABIB BANK LTD  
UNITED BANK LTD

#### SHARE REGISTRAR

SHEMAS INTERNATIONAL (PVT) LTD.  
Suite No. 31, 2nd Floor, Sadiq Plaza,  
69 - The Mall Lahore.  
Ph: 042 - 36280067, Fax: 042 - 36280068  
E-mail: [info@shemas.com](mailto:info@shemas.com)

#### REGISTERED OFFICE

128-J, MODEL TOWN, LAHORE.  
UAN : 042-111-34-34-34  
FAX : 042-35857692 - 35857693  
E MAIL : [info@tariqglass.com](mailto:info@tariqglass.com)

#### WORKS

33-KM, LAHORE/SHEIKHUPURA ROAD  
TEL: (042) 37925652, (056) 3785441-3  
FAX: (056) 3783912



## 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 six months ended December 31, 2009.

### Financial and Operational Performance

The weakening economic activities due to threatening law and order situation, power shortages, and inflation surge have affected the overall demand of general households at consumer level.

The operational results of your company for the period under report reflect a marked improvement with Profit After Tax of Rs. 80.58 million and EPS of Rs. 3.49 as compared to Profit After Tax of Rs. 2.78 million and EPS of Rs. 0.12 of corresponding period of the last year. It is indicative of the management's efforts towards improving cost structure and increasing capacity utilization coupled with value addition.

A brief summary of the financial results for period ended December 31, 2009 are as follows:

	(Rupees)	
	Half Year Ended December 31	
	2009	2008
Net Sales	986,203,718	711,570,209
Gross Profit	214,362,596	75,412,588
Profit \ (Loss) before Tax	110,301,268	(4,896,594)
Profit after Tax	80,582,884	2,779,512
Earnings per share	3.49	0.12

### Future Outlook

Sincere efforts are being made by the management to continue the momentum of profitability but the complete stoppage of gas after every three days in the 3<sup>rd</sup> quarter of the financial year has badly affected the production. The usage of furnace and diesel oil to keep the furnaces alive has added the costs and as such the results of the current quarter may not be in line with the first two quarters.

The gas supply and demand imbalance is expected to widen in future years therefore, the management has decided to develop infrastructure for LPG as an alternate of gas during the stoppage period. This will at least keep the machinery running and contribute partially to breakeven the furnace oil and diesel costs during the winter period.

Besides the above enumerated abnormal factors, the management believes that economic prospects will improve in the future and the company shall continue in improving its performance.

For and on behalf of the Board





## 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 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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 2009 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 2009 Rupees	(Audited) 30 June 2008 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	173,250,000	173,250,000
Unappropriated profit	170,377,827	89,794,943
	<u>574,627,827</u>	<u>494,044,943</u>
<b>Non current liabilities</b>		
Long term finances		
Secured	125,209,103	130,988,645
Unsecured	126,820,449	124,620,449
	<u>252,029,552</u>	<u>255,609,094</u>
Liabilities against assets subject to finance lease	952,835	3,973,958
Long term deposits	5,433,066	5,333,066
Deferred liabilities	78,457,492	54,578,401
<b>Current liabilities</b>		
Trade and other payables	234,393,234	199,031,401
Accrued markup	31,263,433	34,784,952
Short term borrowings - secured	59,937,865	140,929,848
Current maturity of non current liabilities	67,050,465	58,764,436
Provision for taxation	6,610,772	1,208,112
	<u>399,255,769</u>	<u>434,718,749</u>
<b>Contingencies and commitments</b>	5	-
	<u>1,310,756,541</u>	<u>1,248,258,211</u>

The annexed notes 1 to 10 form an integral part of this interim financial information.



## AS AT 31 DECEMBER 2009

	<i>Note</i>	(Un-audited) 31 December 2009 Rupees	(Audited) 30 June 2008 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	763,238,459	806,500,412
Long term deposits		4,863,854	6,926,054
<b>Current assets</b>			
Stores and spares		279,247,360	243,597,488
Stock in trade		137,726,061	97,992,741
Trade debtors - Unsecured, considered good		23,806,496	20,039,775
Advances, deposits, prepayments and other receivables		74,340,319	63,554,806
Cash and bank balances		27,533,992	9,646,935
		542,654,228	434,831,745
		<u>1,310,756,541</u>	<u>1,248,258,211</u>



**CONDENSED INTERIM PROFIT AND  
LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	Six months ended 31 December		Quarter ended 31 December	
		2009	2008	2009	2008
		Rupees	Rupees	Rupees	Rupees
Sales - net	7	986,203,718	711,570,209	508,590,132	330,149,008
Cost of sales		771,841,122	636,157,621	381,728,053	297,735,956
<b>Gross profit</b>		<b>214,362,596</b>	<b>75,412,588</b>	<b>126,862,079</b>	<b>32,413,052</b>
<b>Operating expenses</b>					
Administrative		18,155,243	17,413,197	9,026,430	8,474,508
Selling and distribution		53,374,661	38,341,321	27,998,722	18,637,891
		71,529,904	55,754,518	37,025,152	27,112,399
		142,832,692	19,658,070	89,836,927	5,300,653
Other operating income		225,180	182,125	225,180	182,125
<b>Operating profit</b>		<b>143,057,872</b>	<b>19,840,195</b>	<b>90,062,107</b>	<b>5,482,778</b>
Finance cost		24,645,734	24,736,789	11,359,241	14,308,299
Other expenses		8,110,870	-	5,385,724	-
<b>Profit/(loss) before taxation</b>		<b>110,301,268</b>	<b>(4,896,594)</b>	<b>73,317,142</b>	<b>(8,825,521)</b>
Taxation		29,718,384	7,676,106	16,804,683	531,267
<b>Profit/(loss) after taxation</b>		<b>80,582,884</b>	<b>2,779,512</b>	<b>56,512,459</b>	<b>(9,356,788)</b>
Earnings per share rupees.		3.49	0.12	2.45	(0.41)

The annexed notes 1 to 10 form an integral part of this interim financial information.



**CONDENSED INTERIM STATEMENT  
OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Six months ended 31 December		Quarter ended 31 December	
	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees
Profit/(loss) for the period	80,582,884	2,779,512	56,512,459	(9,356,788)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>80,582,884</b>	<b>2,779,512</b>	<b>56,512,459</b>	<b>(9,356,788)</b>

The annexed notes 1 to 10 form an integral part of this interim financial information.





## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Six months ended	
	31 December 2009	31 December 2008
	Rupees	Rupees
<b>Cash flow from operating activities</b>		
Profit/(loss) before taxation	110,301,268	(4,896,594)
Adjustments for non cash and other items:		
Depreciation	51,864,612	45,208,149
Finance cost	24,645,733	24,736,789
Workers' profit participation fund	5,909,348	-
Workers' welfare fund	2,201,522	-
Profit on disposal of property, plant and equipment	(225,180)	(182,125)
	<b>84,396,035</b>	<b>69,762,813</b>
<b>Operating profit before working capital changes</b>	<b>194,697,303</b>	<b>64,866,219</b>
<b>Increase in current assets:</b>		
Stores and spares	(35,649,872)	(1,575,755)
Stock in trade	(39,733,320)	(99,574,962)
Trade debtors	(3,766,721)	(7,904,737)
Advances, deposits, prepayments and other receivables	(10,785,513)	(42,286,350)
	<b>(89,935,426)</b>	<b>(151,341,804)</b>
<b>Increase in current liabilities:</b>		
Trade and other payables	27,250,962	28,326,586
<b>Cash generated from operations</b>	<b>132,012,839</b>	<b>(58,148,999)</b>
<b>Finance cost</b>	<b>(28,167,252)</b>	<b>(20,178,850)</b>
<b>Staff retirement benefits paid</b>	<b>(436,634)</b>	<b>-</b>
	<b>(28,603,886)</b>	<b>(20,178,850)</b>
<b>Net cash generated from operating activities</b>	<b>103,408,953</b>	<b>(78,327,849)</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(8,727,477)	(55,988,413)
Proceeds from sale of property, plant and equipment	350,000	625,000
Long term deposits	2,062,200	(3,100,600)
<b>Net cash used in investing activities</b>	<b>(6,315,277)</b>	<b>(58,464,013)</b>
<b>Cash flow from financing activities</b>		
Long term finances	3,072,034	61,732,374
Short term borrowings	(80,991,983)	80,011,463
Liabilities against assets subject to finance lease	(1,386,670)	(4,663,745)
Long term deposits	100,000	(28,591)
<b>Net cash inflow from financing activities</b>	<b>(79,206,619)</b>	<b>137,051,501</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,887,057</b>	<b>259,639</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9,646,935</b>	<b>5,908,373</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>27,533,992</b>	<b>6,168,012</b>

The annexed notes 1 to 10 form an integral part of this interim financial information.



**CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Share capital Rupees	Share premium Rupees	Unappropriated profit Rupees	Total Rupees
<b>Balance as at 30 June 2008</b>	231,000,000	173,250,000	120,497,677	524,747,677
Total comprehensive income for the six months period ended 31 December 2008	-	-	2,779,512	2,779,512
<b>Balance as at 31 December 2008</b>	<u>231,000,000</u>	<u>173,250,000</u>	<u>123,277,189</u>	<u>527,527,189</u>
Total comprehensive loss for the six months period ended 30 June 2009	-	-	(33,482,246)	(33,482,246)
<b>Balance as at 30 June 2009</b>	<u>231,000,000</u>	<u>173,250,000</u>	<u>89,794,943</u>	<u>494,044,943</u>
Total comprehensive income for the six months period ended 31 December 2009	-	-	80,582,884	80,582,884
<b>Balance as at 31 December 2009</b>	<u>231,000,000</u>	<u>173,250,000</u>	<u>170,377,827</u>	<u>574,627,827</u>

The annexed notes 1 to 10 form an integral part of this interim financial information.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### 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

This condensed interim financial information is un-audited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan relating to interim financial reporting. This 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 2009.

This 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 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 2009, except amendments in International Accounting Standards 1 (Revised) "Presentation of financial statements" which became effective for financial periods beginning on or after 1 January 2009. The adaptation of the standard has not materially affected the computation of the result except an increased disclosure of the statement of the other comprehensive income which has been reflected in the Company's condensed interim financial information.

### 4 Estimates

The preparation of this 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 2009.

### 5 Contingencies and commitments

- 5.1 Commitments under letters of credit at the period end amounted to Rs 15.717 million (30 June 2009: Rs 19.288 million).
- 5.2 Commercial banks have issued guarantees in the ordinary course of business on behalf of Company. The unexpired guarantees at the year end amounted to Rs. 109.700 million (30 June 2009: Rs 109.700 million).



		(Un-audited)
		Six months
		ended
		31 Dec. 2009
		Rupees
<b>6</b>	<b>Property, plant and equipment</b>	
	Operating assets	762,860,959
	Capital work in progress	377,500
		<u>763,238,459</u>
<b>6.1</b>	<b>Operating assets</b>	
	Net book value at the beginning of the period	806,500,412
	Add: Additions during the period	8,349,977
	Less: Disposals during the period (at book value)	(637,703)
	Less: Depreciation charged during the period	(51,351,727)
		<u>762,860,959</u>
<b>6.2</b>	<b>Capital work in progress</b>	
	Opening balance	-
	Add : Additions during the period	377,500
		<u>377,500</u>

Six months ended 31 December		Quarter Ended 31 December	
2009	2008	2009	2008
Rupees	Rupees	Rupees	Rupees

**7 Sales - net**

	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees
Local sales	1,144,603,424	804,313,381	583,094,419	353,376,444
Export sales	94,328,262	82,389,413	48,376,251	53,126,733
Gross sales	1,238,931,686	886,702,794	631,470,670	406,503,177
Less: Trade discount	100,328,412	72,706,786	53,147,014	34,507,763
Less: Sales Tax & Excise Duty	152,399,556	102,425,799	69,733,524	41,846,406
	<u>252,727,968</u>	175,132,585	<u>122,880,538</u>	76,354,169
	<u>986,203,718</u>	711,570,209	<u>508,590,132</u>	330,149,008





Six months ended 2009 Rupees	Six months ended 2008 Rupees
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**8 Transactions with related parties**

The Company in the normal course of business carries out transaction with the related parties.

Name	Relationship	Nature of Transaction		
Omer Glass Industries Limited	Associated company	Purchases	<u>5,417,280</u>	<u>841,540</u>
		Sales	<u>4,004,640</u>	<u>4,425,310</u>
Provident fund	Employee benefit plan	Contributions	<u>2,351,284</u>	<u>2,158,923</u>

**Key Management Personnel:**

Remuneration	<u>8,640,352</u>	3,759,800
House rent	<u>3,806,314</u>	1,625,700
Conveyance	<u>54,000</u>	21,600
Contribution to provident fund	<u>738,075</u>	286,660
Medical and others	<u>736,394</u>	334,063
Utilities	<u>862,354</u>	369,197
	<u>14,837,489</u>	<u>6,397,020</u>

**9 Date of authorization**

These unaudited interim financial information for the six months period ended 31 December 2009 were authorized for issue by the Board of Directors on February 24, 2010.

**10 Figures**

Figures have been rounded off to nearest rupee.



# TARIQ GLASS INDUSTRIES LTD.

128 - J, Model Town, Lahore, Pakistan.

Tel: (+92 42) 111 343 434

Fax: (+92 42) 35857692, 35857693