Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Muhammad Rehman	Chairman
Mr. Muhammad Tousif Paracha	Chief Executive
Mr. Tariq Siddiq Paracha	
Mr. A.A.Ademiluyi	
Mr. Muhammad Niaz Paracha	
Mr. Asif Muhammad Ali	
Mr. Muhammad Ishaque Khokhar	

COMPANY SECRETARY

Muhammad Shamail Javed

AUDIT COMMITTEE

Muhammad Ishaq Khokakar	Chairman
Muhammad Niaz Paracha	Member
Asif Muhammad Ali	Member

BANKS AND FINANCIAL INSTITUTIONS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Islamic Bank Limited
Citibank N.A
Faysal Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
Hong Kong & Shanghi Banking Corporation Limited
Atlas Bank Limited

AUDITORS

Faruq Ali & Company
Chartered Accountants

LEGAL ADVISOR

Syed Afaq Ali

REGISTERED OFFICE

Firdousi Manzil,
Rustamji Lane,
M.A. Jinnah Road, Quetta.

HEAD OFFICE

32-B / II, Main Gulberg,
Lahore.
Ph. # 042-5712344, 5761004
Fax # 042-5756924
Web: www.balochistanglass.com

KARACHI OFFICE

M 7-10, Mezzanine floor, Corniche
Residence, Khayaban-e-saadi, com-3,
Block-2, Clifton, Karachi

FACTORIES

UNIT-I
Plot No. 8, Sector M, H.I.T.E.,
Hub, District Lasbella,
Balochistan.

UNIT-II
29-KM, Sheikhupura Road,
Sheikhupura.

UNIT-III
12-KM, Sheikhupura Road,
Kot Abdul Malik,
Lahore.

SHARE REGISTRAR

Corplink (Pvt.) Limited
Wings Arcade,1-K, Commercial,
Model Town, Lahore.

Vision Statement

To attain and maintain second to none status in Quality, Customers' Satisfaction, Cost Effectiveness and Market Leadership

Mission Statement

To Establish, Maintain and continuously improve the management system by:

- Developing and maintaining the Lean organization structure
- Monitoring and reducing the cost without compromising the quality
- Establishing, maintaining and continuous improvement of process efficiency and effectiveness
- Developing a culture of process ownership

Notice of Annual General Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of Balochistan Glass Limited will be held on Friday October 31, 2008 at 3:30 p.m at head office of the company (32-B/II, Main Gulberg, Lahore) to transact the following business;

Ordinary Business

1. To confirm the minutes of the last Extra Ordinary General Meeting (EOGM) held on January 04, 2008.

2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2008 together with the Director's and Auditor's report thereon.

3. To appoint Auditors of the Company for the year ending June 30, 2009 and to fix their remuneration.

Special Business

4. Increase in Authorized Capital:
   To increase the authorized share capital of the company from Rs.1,200 million to Rs.1,800 million and to amend the Memorandum & Articles of Association of the company accordingly by passing the following resolution, with or without modification, as special resolution;

   Resolved that;
   i. "The authorized share capital of the company is increased from Rs.1,200 million (Rupees one thousand two hundred million) divided into 120,000,000 ordinary shares of Rs.10/- (Rupees ten) each, to Rs.1,800 million (Rupees one thousand and Eight hundred million) divided into 180,000,000 ordinary shares of Rs.10/- (Rupees ten) each by addition of 60,000,000 ordinary shares of Rs.10/- (rupee ten) each.

   ii. The Memorandum of Association of the company be altered by substituting the figures and words 1,200,000,000 (One Thousand Two Hundred Million Only) and 120,000,000 appearing in clause V, with the figures and words 1,800,000,000 (One Thousand and Eight Hundred million) and 180,000,000 respectively.

   iii. The Articles of Association of the company be altered by substituting the figures and words 1,200,000,000 (One Thousand Two Hundred Million Only) and 120,000,000 appearing in clause 4(a), with the figures and words 1,800,000,000 (One Thousand and Eight Hundred Million Only) and 180,000,000 respectively.

   iv. The Company Secretary of the company be and is hereby authorized to complete all legal and corporate formalities in connection with the above.

5. Specific Right Issue
   To raise the paid up capital of the company by issuing 85.8 million ordinary shares of Rs. 10/- each at 50% discount i.e. at Rs. 5/- per share otherwise than right to Directors/Sponsors in accordance with section 86(1) of the companies ordinance 1984 by passing the following special resolution either with or without modification;

   "Resolved that the 85.8 million ordinary shares of Rs. 10/- each i.e.100% of the existing share capital of the company be issued to directors/sponsors of the company at 50% discount i.e. at Rs.5/- per share otherwise than right subject to the approval of Securities and Exchange Commission of Pakistan".

"Further resolved that the Company Secretary be and is hereby authorized to complete all corporate formalities in connection with the above resolution and to meet all or any requirement and/or to make any amendment/correction/rectification regarding approval from Securities and Exchange Commission of Pakistan and other allied matters".

Other Business

6. To transact any other business with the permission of the chair.

Statement under section 160(1)(b) of the Companies Ordinance, 1984 is annexed.

By Order of the Board

Date : October 08, 2008
Place: Lahore

Muhammad Shamail Javed
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 24, 2008 to October 31, 2008 (both days inclusive). The transfers received at our share registrar office i.e. Corplink (Pvt.) Limited by the close of business on October 24, 2008 will be considered in time.

2. A member of the Company entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. Any individual beneficial owner of CDC, entitled to attend and Vote at the AGM, must bring his/her CNIC or passport to prove his/her identity and in case of proxy, attested copy of the shareholder's CNIC must be attached with the proxy form. The representative of corporate member should bring usual documents required for such purpose.

4. Members are requested to immediately notify the change in their addresses, if any, to our share registrar M/S Corplink (Pvt.) Limited, wings Arcade,1-K, Commercial, Model Town, Lahore.

5. Members who have not yet submitted photocopy of their CNIC are requested to send the same, with the folio numbers, to our share registrar, at the earliest.

STATEMENT U/S 160(1)(b) OF THE COMPANIES ORDINANCE,1984

1. The present authorized share capital of the company is Rs.1,200 million and it is proposed to increase the authorized capital to Rs.1,800 million in order to facilitate the 100% Specific right issue as proposed by the Board of Directors.

2. The members approval is also sought for further issue of 85.8 million ordinary shares at discount of 50% i.e. Rs. 5/- per share u/s 86(1) of the Companies Ordinance, 1984 subject to the approval of the Securities and Exchange Commission of Pakistan for the purpose of injecting further equity and converting interest bearing loans of directors, amounting to Rs.329.374 million, into equity in order to lessen future debt burden on the company.

The directors have no other interest in the business except conversion of their loan into equity.

The Board of Directors' of Balochistan Glass Limited takes pleasure in presenting the Annual Report and Audited Financial Statements of the company together with the Auditors' report for the year ended June 30, 2008.

COMPANY PERFORMANCE

The analysis of key operating results for the current year in comparison with the previous year is given below:

Financial Indicators	2008	2007
	(Rupees in thousand)	
Sales-Net	1,188,199	1,235,225
Gross (Loss) / Profit	(179,134)	168,752
Operating (Loss) / Profit	(259,793)	55,528
(Loss) before Tax	(476,265)	(105,600)
(Loss) after Tax	(456,238)	(76,500)

The net Sales of the company decreased marginally by 3.81% in comparison to last year due to the delay in operating the plastic shells manufacturing. The loss during the year is attributed mainly to the increase in cost of production, heavy financial cost and increased depreciation charge. The cost of Raw materials particularly soda ash reached its peak, as well as prolonged stoppage of gas during winter season and increase in energy tariffs also contributed heavily in the operational losses of the company. During the year your company faced technical / operational issues due to which the efficiency of the units was not up to the mark. Despite of heavy operational losses directors & management team is completely committed to resolve technical issues by hiring skilled manpower, as well as technical collaboration plans are also under active consideration to ensure efficient operations of units.

LOSS PER SHARE

The basic loss per share is worked out at Rs. (8.29) per share as compared to Rs.(1.78) per share of last year.

DIVIDEND

Due to loss in the current year, no dividend is recommended by the Board of Directors for the year under review.

FUTURE OUTLOOK

Due to the recent increase in glass demand in the international market we foresee competitive margins in future. We have booked export orders for the current year at better prices as compared to last year; however, margins from the local beverage sector are reducing due to competition and increased usage of pet bottles. Keeping in view the good margins, company has decided to focus more on the export market. In order to improve the operational efficiencies of the units, the management has finalized the BMR plan for all the three units, which is expected to complete by April 2009. Major rebuild of the Unit-II furnace is planned in December 2008 and the bricks have been ordered for this purpose. The production of plastic shells remained low because of the decrease in market share; however, management is planning to add other products to diversify the product range.

The Tableware products with the brand name of MARIMAX were lunched last year. We faced some technical problems but by the grace of God our products are gaining due market share. Keeping in view the increase in demand and margins, the management has decided to dedicate other furnace of Unit-III on tableware after its repair, which is expected to be operational from January 2009.

Taking into consideration the future BMR of all the units, strong financial commitments & support of the directors' and diversified product range, we are quite confident that our results for the coming years will be encouraging for our stakeholders.

STATEMENT ON CORPORATE AND FINANCIAL MATTERS

a) The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows, and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International accounting standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the company's ability to continue as going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) There has been no trading during the year in the shares of the Company carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children.

i) No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which these financial statements relate and the date of directors report.

j) Key operating and financial data of last six years is annexed.

k) The pattern of shareholding is annexed.

STATUTORY AND FINANCIAL OBLIGATIONS

The company has fulfilled its statutory and financial obligations in the year under review.

MEETING OF BOARD OF DIRECTORS DURING THE YEAR

During the year four meetings of the board of directors were held. Attendance of each Director personally or through alternate Director is as follows:

1.	Muhammad Rehman	1
2.	Tariq Siddiq Paracha	4
3.	Muhammad Tousif Paracha	4
4.	Muhammad Niaz Paracha (Appointed w.e.f Jan. 04, 2008)	2
5.	Asif Muhammad Ali (Appointed w.e.f Jan. 04, 2008)	2
6.	Mr. A.A.Adelmiluyi	-
7.	Muhammad Ishaq Khokhar (Appointed w.e.f Jan. 18, 2008)	2

AUDITORS

The auditors of the company M / S Faruq Ali & Company, Chartered Accountants, retire and offer their services for re-appointment for the next year.

The Audit Committee has recommended the re-appointment of M / S Faruq Ali & Company, Chartered Accountants, as auditors of the Company for the forthcoming year.

CONCLUSION

We acknowledge and appreciate the efforts, dedication and commitment demonstrated by all the employees and their performance, contributions and excellent response to the challenges faced during the current period. We also appreciate the assistance and co-operation that has been extended by our banks and financial institutions.

For on the behalf of Board of Directors'

Mohammad Tousif Paracha
Chief Executive

Lahore: October 08, 2008

Summary of Last Six Year's Financial Results

	2008 Rs. (000)	2007 Rs. (000)	2006 Rs. (000)	2005 Rs. (000)	2004 Rs. (000)	2003 Rs. (000)
OPERATING RESULTS						
Sales-Net	1,188,199	1,235,225	1,162,192	1,148,487	948,538	515,248
Gross (Loss) / Profit	(179,134)	168,752	227,927	263,058	261,684	152,164
(Loss) / Profit before Tax	(476,265)	(105,600)	26,998	62,994	16,834	44,304
(Loss) / Profit after Tax	(456,238)	(76,500)	25,861	24,185	(5,215)	23,398
BALANCE SHEET						
Property, plant and Equipment	1,322,720	1,457,054	1,209,237	960,360	886,624	886,843
Current Assets	1,414,109	1,275,368	1,137,756	1,024,229	883,305	620,956
Current Liabilities	1,059,985	1,098,241	894,570	698,829	785,590	567,525
Current portion of Long term Liabilities	139,433	332,895	185,690	135,188	136,136	73,003
Long Term Loans	798,038	433,063	361,095	444,700	249,269	273,627
Subordinated Loan-Unsecured	482,080	482,080	384,034	380,785	373,200	224,084
Share Capital	858,000	429,000	429,000	330,000	330,000	330,000
SIGNIFICANT RATIOS						
Gross Profit ratio	-15.08%	13.66%	19.61%	22.90%	27.59%	29.53%
Profit before Tax ratio	-40.08%	-8.55%	2.32%	5.48%	1.77%	8.60%
Profit after Tax ratio	-38.40%	-6.19%	2.23%	2.11%	-0.55%	4.54%
Current ratio	1.33:1	0.89:1	1.05:1	1.23:1	0.96:1	0.97:1
Working Capital	354,124	(155,768)	57,496	190,212	(38,421)	(19,572)

Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 Chapter XI and No. 40 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes four independent non-executive directors.

2. The directors have confirmed that none of them serving as a director in more than ten listed companies, including this company.

3. To the best of our knowledge all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The Company has prepared a “statement of ethics and business practices”, which has been signed by all the directors and employees of the company.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company.

6. All the powers of the Board has been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

7. The meeting of board was presided over by the Chairman and the Board meets at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of meetings were appropriately recorded and circulated.

8. The Board arranged orientation courses for its certain directors during the year to apprise them of their duties and responsibilities.

9. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit Including his remuneration and terms and conditions of employment, as determined by the CEO.

10. The directors’ report for this year has been prepared in compliance with the requirements of the code and it fully describes the salient matters required to be disclosed.

11. The financial statements of the company were duly endorsed by the CEO and the CFO before approval by the Board.

12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

13. The company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the Chairman of the committee.

15. Due to loss declaration of dividend was not considered.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. The management of the company is committed to good corporate governance and appropriate steps are being taken to comply with the best practices.

For and on behalf of the Board of Directors

Mohammad Tousif Paracha
Chief Executive

Lahore: October 08, 2008

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

222 - A, Karachi Memon Cooperative Housing Society, Justice Inamullah Road, Near Hill Park, Karachi.
E-mail : faac@cyber.net.pk
Telephone : (021) 4301966
: (021) 4301967
: (021) 4301968
: (021) 4301969
Fax : (021) 4301965

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Balochistan Glass Limited to comply with the Listing Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2008.

Karachi: October 08, 2008

CHARTERED ACCOUNTANTS

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

222 - A, Karachi Memon Cooperative Housing Society, Justice Inamullah Road, Near Hill Park, Karachi.
E-mail : faac@cyber.net.pk
Telephone : (021) 4301966
: (021) 4301967
: (021) 4301968
: (021) 4301969
Fax : (021) 4301965

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statement. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) in our Opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profits and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2008 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: October 08, 2008 CHARTERED ACCOUNTANTS

	Notes	2008	2007
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
120,000,000 (2007:50,000,000)			
Ordinary shares of Rs. 10/- each		1,200,000	500,000
Issued, subscribed and paid-up capital	3	858,000	429,000
Accumulated loss		(505,767)	(49,529)
		352,233	379,471
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured	4	482,080	482,080
Long term loans	5	798,038	299,773
Liabilities against assets subject to finance lease	6	32,617	133,290
Deferred liabilities	7	26,472	47,058
CURRENT LIABILITIES			
Trade and other payables	8	216,743	356,532
Markup accrued	9	66,516	26,938
Short term borrowings	10	637,293	714,771
Current portion of long term loans	5	-	221,597
Current and overdue portion of finance lease	6	139,433	106,298
Current portion of long term morabaha		-	5,000
		1,059,985	1,431,136
CONTINGENCIES AND COMMITMENTS	11	-	-
		2,751,425	2,772,808

The annexed notes form an integral part of these financial statements.

Chief Executive

	Notes	2008	2007
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,322,720	1,457,054
Long term deposits		14,596	40,386
CURRENT ASSETS			
Stores, spares and loose tools	13	303,607	312,912
Stock in trade	14	586,522	603,174
Trade debts - Considered good		338,833	232,144
Loans and advances - Considered good	15	42,168	38,267
Trade deposits, prepayments and other receivable	16	76,973	47,930
Taxes recoverable	17	48,802	27,076
Cash and bank balances	18	17,204	13,865
		1,414,109	1,275,368
		2,751,425	2,772,808

Director

Profit and Loss Account
for the year ended June 30, 2008

	Notes	2008	2007
		(Rupees in thousand)	
Sales - Net	19	1,188,199	1,235,225
Cost of sales	20	1,367,333	1,066,473
Gross (loss) / profit		(179,134)	168,752
Administrative and selling expenses	21	80,659	113,224
Operating (loss) / profit		(259,793)	55,528
Financial charges	22	217,686	166,051
Loss for the year		(477,479)	(110,523)
Other income	23	1,214	4,923
Loss before taxation		(476,265)	(105,600)
Taxation:			
Current	24	5,941	6,176
Deferred		(25,968)	(35,276)
		(20,027)	(29,100)
Loss after taxation		(456,238)	(76,500)
Accumulated (loss) / profit brought forward		(49,529)	26,971
Balance carried over to balance sheet		(505,767)	(49,529)
Loss per share - Basic and diluted (Rupees)	25	(8.29)	(1.78)

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement
for the year ended June 30, 2008

	Notes	2008	2007
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(476,265)	(105,600)
Adjustments for non-cash charges and other items:			
Depreciation		154,379	114,755
Financial charges		217,686	166,051
Provision for gratuity		8,866	7,403
Operating (loss) / profit before working capital changes		(95,334)	182,609
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		9,305	(38,000)
Stock in trade		16,652	(48,334)
Trade debts		(106,689)	(26,718)
Loans and advances		(3,901)	(10,837)
Trade deposits, prepayments and other receivable		(29,043)	4,608
Increase/(Decrease) in current liabilities			
Trade and other payables		(139,789)	24,297
Cash (used) / generated from operations		(348,799)	87,625
Payments for:			
Financial charges		(178,108)	(143,512)
Taxes		(27,667)	(9,527)
Workers' profit participation fund		-	(1,532)
Gratuity		(3,484)	(3,527)
Net cash (outflow) from operating activities		(558,058)	(70,473)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for capital expenditure		(20,045)	(241,908)
Sale proceeds of fixed assets		-	49,000
Long-term deposits		25,790	(34,611)
Net cash inflow/(outflow) from investing activities		5,745	(227,519)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of right issue of shares		429,000	-
Subordinated loan received		-	90,958
Repayment of long term borrowings		(186,996)	(173,526)
Long term loans received		463,664	283,026
Repayment of liability against assets subject to finance lease		(67,538)	(61,648)
Repayment of long term morabaha		(5,000)	(5,000)
Short term borrowings - Net		(77,478)	165,455
Net cash inflow from financing activities		555,652	299,265
Net increase in cash and cash equivalents		3,339	1,273
Cash and cash equivalents as at 1st July		13,865	12,592
Cash and cash equivalents as at 30th June		17,204	13,865

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity
for the year ended June 30, 2008

	Issued subscribed and paid-up capital	Accumulated loss	Total
		(Rupees in thousand)	
Balance as on July 01, 2006	429,000	26,971	455,971
Loss after taxation	-	(76,500)	(76,500)
Balance as on June 30, 2007	429,000	(49,529)	379,471
Shares issued during the year	429,000	-	429,000
Loss after taxation	-	(456,238)	(456,238)
Balance as on June 30, 2008	858,000	(505,767)	352,233

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company in 1980 under Companies Act 1913 (now Companies Ordinance, 1984). Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers and plastic shells.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provisions of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

International financial reporting standards or interpretations not yet effective but relevant

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July, 2008 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in certain cases:

Revised IAS 1 - Presentation of Financial Statements;
Revised IAS 23 - Borrowing costs;
IAS 29 - Financial Reporting in Hyperinflationary Economies;
IAS 32 (amendment) - Financial instruments : presentation and consequential amendments to IAS 1 - Presentation of Financial Statements;
IFRS 2 (amendment) - Share-based payments;
IFRS 3 (amendment) - Business Combinations and consequential amendments to IAS 27 - Consolidated and separate financial statements, IAS 28 - Investment in associates and IAS 31- Interest in Joint Ventures;
IFRS 7 - Financial Instruments: Disclosures;
IFRS 8 - Operating Segments;
IFRIC 12 - Service Concession Arrangements;
IFRIC 13 - Customer Loyalty Programmes;
IFRIC 14 - IAS 19-The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction;
IFRIC 15 - Agreement for the Construction of Real Estate;
IFRIC 16 - Hedge of Net Investment in a Foreign Operation;

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for borrowing costs as referred in note 2.12, which have been included in the cost of the relevant assets.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 30 to these financial statements.

2.3 Staff retirement benefits

The Company operates unfunded gratuity scheme covering all employees eligible to the benefit. Provisions are based on actuarial recommendations. Actuarial valuations are carried out using the projected unit credit method as required by International Accounting Standard 19 “Employee Benefits”. The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

2.4 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is recognized on all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

2.5 Property, plant and equipment and depreciation

Owned

These are stated at cost less accumulated depreciation except for freehold land which is stated at cost. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress at cost. These are transferred to specific assets as and when these assets are available for use.

Leased

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreements and the fair value of leased assets. The related obligation under the lease less financial charges allocated to future period are shown as a liability.

These financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation charge is based on the reducing balance method at the rates specified in note 12 to the financial statements.

Depreciation on additions is charged from the month in which the asset is put into use and on disposals upto the month the asset is in use.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

2.6 Stores and spares

These are valued at lower of average cost and net realizable value except for those in transit, which are valued at cost.

2.7 Stock in trade

These are stated at the lower of cost and net realizable value. The cost is determined as follows:

Raw and packing materials	Average cost
Work in process	Average material cost only. Conversion costs are not included as these are not significant.
Finished goods	Average cost which includes prime cost and appropriate portion of production overheads.
Items in transit	Cost comprising invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale.

2.8 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

2.9 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchanges ruling at the date of transaction.

Assets and liabilities in foreign currencies are translated into Rupees at exchanges rates approximating those prevailing at the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in which case the rates contracted for are used.

In respect of foreign currency loans obtained for acquisition of fixed assets, exchange differences on principal amount are included in the cost of relevant assets over the period of these loans.

All other exchanges differences are taken into profit and loss account.

2.10 Transaction with related parties

Transactions with related parties are based on the policy that all the transactions between the Company and related parties are carried out at arm’s length. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.11 Revenue recognition

Sales are recorded on dispatch of goods to customers. Profit / mark-up on deposits and investments are accounted for when it becomes receivable.

2.12 Borrowing costs

Borrowings costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

2.13 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

2.15 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

2.16 Trade and other payables

Short term liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.17 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

2.18 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2008	2007
		(Rupees in thousand)	
85,300,000	Ordinary shares of Rs.10/- each fully paid in cash (2007: 42,400,000 of Rs.10/- each)	853,000	424,000
500,000	Ordinary shares of Rs.10/- each issued as fully paid Bonus Shares (2007: 500,000 shares of Rs.10/- each)	5,000	5,000
85,800,000		858,000	429,000

	Notes	2008	2007
		(Rupees in thousand)	

4 SUBORDINATED LOAN - Unsecured

From related parties (Directors)			
- Foreign currency		68,152	68,152
- Local currency		82,493	82,493
From sponsors and shareholders			
- Foreign currency		331,435	239,543
		482,080	482,080

4.1 The above loans are interest free, unsecured and are repayable in respective currencies. These loans shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

4.2 Keeping in view the heavy losses incurred by the Company in recent years, foreign currency loans have been frozen by the mutual concent of the directors / sponsors of the company at exchange rates prevailing at June 30, 2007. Now the loans will be payable in foreign currencies equivalent to the rupee amounts reflected as on June 30, 2007, thereby eliminating the effect of foreign currency translation loss to the company.

5 LONG TERM LOANS

	Notes	2008	2007
From banks and financial institutions - Secured			
Syndicate loan I	5.1	-	16,875
Syndicate loan II	5.2	-	219,167
Term finance	5.3	-	41,667
Demand finance	5.4	463,664	-
From related parties (directors) - Unsecured			
Interest bearing	5.5	329,374	97,350
Interest free		-	143,311
Others - interest free, unsecured		5,000	3,000
		798,038	521,370
Less: Current portions			
Syndicate loan I		-	16,875
Syndicate loan II		-	190,833
Term finance		-	13,889
		-	221,597
		798,038	299,773

5.1 The above loan was obtained from Crescent Commercial bank which carried mark-up at the rate 4% (2007: 4%) per annum above six month KIBOR payable quarterly in arrears.The loan was secured by way of first pari passu charge on all present and future fixed assets of the company and personal guarantees of directors. The loan has been repaid during the year.

5.2 The above loans were obtained from various banks and financial institutions which carried mark-up at the rates 3% to 4.5% (2007:3% to 4.5%) above six month KIBOR payable monthly / quarterly in arrears.The loans were secured by way of first pari passu hypothecation charge over present and future fixed assets of the company and personal guarantees of directors. The loans have been repaid during the year.

5.3 The above loan was obtained from M/s Saudi Pak Industrial and Agricultural Investment Co, which carried markup @ 3% (2007: 3%)over 6 months average KIBOR payable quarterly in arrears.The facility was secured by way of first pari passu charge on all present and future fixed assets of the company. The loan has been repaid during the year.

5.4 The Demand Finance facility has been obtain from The Bank of Punjab for the purpose of swap of debt from other banks. The facility carries markup @ 3 Month average KIBOR plus 3.5% payable quarterly in arrears.The loan is payable in five years with 14 equal quarterly installments from the date of disbursement after the grace period of 18 months. The facility is secured by way of first pari passu charge over fixed assets and personal guarantees of all sponsor / directors of the company.

5.5 This represent unsecured long term loans received from directors. The Loan carries markup @16% (2007: 9.5%) per annum. However, keeping in view the operational losses of the company during the year the directors of the company has decided not to charge full year mark up for the current year. The loans are repayable at the convenience of the company.

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2008		2007	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)			
Less than one year	156,151	139,433	127,401	106,298
Within one to five years	33,260	32,617	143,337	133,290
Total	189,411	172,050	270,738	239,588
Less: Financial charges allocated to the future periods	17,361	-	31,150	-
Present value of minimum lease payments	172,050	172,050	239,588	239,588
Less: Current and overdue portion	139,433	139,433	106,298	106,298
	32,617	32,617	133,290	133,290

The Company entered into lease agreement with various leasing companies to acquire vehicles and plant and machinery for its balancing, modernization, replacement and expansion program.

The rentals under these lease agreements are payable monthly and quarterly up to the period ending December 2009. Mark up rate ranging from 8.5% to 17.57% per annum (2007: 8.5% to 17.57% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the company. The Company intends to exercise its option to purchase the leased assets at its aggregate residual value of Rs.54.094 millions (2007: Rs. 54.094 million) upon the completion of the respective lease periods.

	Notes	2008	2007
		(Rupees in thousand)	
7 DEFERRED LIABILITIES			
Deferred taxation	7.1	-	25,968
Employees retirement benefits	7.3	26,472	21,090
		26,472	47,058
7.1 Deferred taxation			
Credit balances arising due to:			
- Accelerated tax depreciation allowances		162,449	173,549
- Relating to finance lease		36,835	27,114
Debit balances arising due to:			
- Staff gratuity		(7,677)	(6,119)
- Available tax loss and credit		(308,312)	(168,576)
Deferred tax (Asset) / Liability		(116,705)	25,968
Deferred tax asset not recognised		116,705	-
		-	25,968

7.2 Deferred tax asset, arising due to tax losses, has not been recognized as the future taxable profits may not be available against which the said losses will be adjusted.

7.3 Employees retirements benefits

	Notes	2008	2007
Staff gratuity:			
Movement in balance			
Opening balance		21,090	17,214
Payments during the year		3,484	3,527
		17,606	13,687
Charge for the year	7.3.1	8,866	7,403
	7.3.2	26,472	21,090
7.3.1 Charge for the year			
Service cost		6,797	5,876
Interest cost		2,069	1,527
		8,866	7,403

	Notes	2008	2007
		(Rupees in thousand)	

7.3.2 Balance sheet reconciliation

		2008	2007
Present value of defined benefit obligations		26,071	20,689
Less: unrecognized actuarial gains		401	401
		26,472	21,090

7.3.3 Principal actuarial assumption

		2008	2007
Expected rate of increase in salaries		9 % p.a.	9 % p.a.
Discount factor used		10 % p.a.	10 % p.a.
Average expected remaining working life time of employees		11 years	11 years

8 TRADE AND OTHER PAYABLES

	Notes	2008	2007
Bills payable		17,033	165,088
Trade creditors	8.1	94,756	107,122
Accrued expenses		57,098	49,165
Advances from customers	8.2	25,346	20,167
Unclaimed dividend		164	164
Sales Tax payable		1,741	1,304
Excise duty payable		608	-
Others		19,997	13,522
		216,743	356,532

8.1 This includes amount of Rs.11.294 million (2007: Rs. 6.725 million) payable to M/s Pak Hy Oils Limited (associated company).

8.2 This includes amount of Rs. Nil (2007: Rs.15 million) relating to M/s Gharibwal Cement Limited (associated company).

9 MARK UP ACCRUED

This includes amount of Rs.10.946 million (2007: Rs.3.088 million) payable to associated company.

10 SHORT TERM BORROWINGS

	Notes	Sanctioned Limits	2008	2007
			(Rupees in thousand)	
From banks and financial institutions - Secured				
Demand finance	10.1	67,000	67,188	40,000
Export re-finance	10.2	40,000	40,000	75,277
Short term morabaha	10.3	202,000	187,365	205,000
Short term running finance	10.4	257,900	250,065	351,470
Others - Unsecured	10.5	-	20,000	-
From related parties - Unsecured				
Associated company	10.6	-	45,993	39,398
Others - Unsecured, interest free				
Temporary book overdraft			26,682	1,626
Others			-	2,000
			637,293	714,771

10.1 This facility is obtained from Citibank N.A. which carries mark-up @ 3% (2007: 2.25%) over three months KIBOR and is secured by way of first pari passu charge by way of hypothecation over companies present and future stocks and book debts and personal guarantee of directors / sponsors. This security also covers all other credit facilities from the bank. The maximum tenure of the facility is six months from the date of disbursement. The mark-up is payable quarterly in arrears.

10.2 This facility is obtained from Citibank N.A. which carries mark-up @ 3% over three months KIBOR (2007: 2.25% above six months KIBOR) and is secured by way of first pari passu charge by way of hypothecation over companies present and future stocks and book debts and personal guarantee of directors / sponsors. The maximum tenure of the facility is six months from the date of disbursement. The mark-up is payable quarterly in arrears.

10.3 The company has entered into morabaha facilities with various banks. Under the agreements the company is allowed to drawdown the facility under a series of Sub-Morabahas transactions subject to the maximum available limit. The maximum tenure of the facility is twelve months from the date of first drawdown. The facility carries markup @ 3% to 4.5% (2007: 2.75 % to 3%) above six month KIBOR and is secured by way of first pari passu charge over present and future stocks and receivables of the company and personal guarantee of directors / sponsors.

10.4 The facilities for running finance under mark-up arrangement available from various banks which carry mark up ranging from 2.25% to 3% (2007: 2% to 3.5%)above three to six months KIBOR payable quarterly in arrears. These facilities are secured by first pari passu hypothecation charge over the Company's present and future current assets and personal guarantees of directors / sponsors and are generally for a period of one year renewable at the end of the period.

10.5 The unsecured loan has been obtained from Kohat Cement Limited for working capital requirement which carries markup @ 3 month KIBOR plus 4% per annum payable quarterly in arrears.

10.6 The unsecured loan has been obtained from associated company for working capital requirement which carries markup ranging from 13% to 15% (2007: 10% to 18%) per annum payable quarterly in arrears.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

- Bank guarantees amounting to Rs.92.900 million (2007: Rs. 71.399 million) have been given by various banks on behalf of the company.

- A suit for recovery of Rs. 1.200 million was filed by M/s Tawakkal Traders against the company. The legal advisor of the company has opined that there will be no financial loss to the company as the documents filed by M/s Tawakkal Traders provide no concurrent evidence in support of its claim. The matter is still pending adjudication.

11.2 Commitments

Commitments in respect of:

- letter of credits as on June 30, 2008 amounting to Rs.118.083 million (2007: Rs. 84.095 million).

- capital expenditures amount to Rs. 97 million (2007: Rs. NIL).

12 PROPERTY, PLANT AND EQUIPMENT

Operating Assets - At cost less accumulated depreciation

Particulars	COST As at July 01, 2007	COST Additions	COST As at June 30, 2008	Rate %	DEPRECIATION As at July 01, 2007	DEPRECIATION For the Year	DEPRECIATION As at June 30, 2008	Book Value as at June 30, 2008
	(Rupees in thousand)				(Rupees in thousand)			
Freehold land	45,167	-	45,167	-	-	-	-	45,167
Building on freehold land								
Factory	45,013	47	45,060	10	28,593	1,644	30,237	14,823
Non factory	19,353	-	19,353	5	8,164	559	8,723	10,630
Plant and machinery								
Owned	1,599,326	19,559	1,618,885	10 & 15	559,200	116,695	675,895	942,990
Leased	383,591	-	383,591	10	57,302	32,629	89,931	293,660
Electric and gas installation	10,747	2	10,749	10	9,366	138	9,504	1,245
Furniture and fixtures	9,229	155	9,384	10	7,169	219	7,388	1,996
Office equipment	6,284	282	6,566	10	2,251	417	2,668	3,898
Vehicles								
Owned	8,579	-	8,579	20	4,941	728	5,669	2,910
Leased	10,845	-	10,845	20	4,094	1,350	5,444	5,401
2008	2,138,134	20,045	2,158,179	-	681,080	154,379	835,459	1,322,720
2007	1,595,179	542,955	2,138,134	-	566,325	114,755	681,080	1,457,054

	2008	2007
	(Rupees in thousand)	
12.1 Depreciation charge for the year has been allocated as follows:		
Administrative and selling	2,751	2,045
Cost of sales	151,628	112,710
	154,379	114,755
13 STORES, SPARES AND LOOSE TOOLS		
Stores	130,835	132,995
Spares and loose tools	172,772	179,917
	303,607	312,912
14 STOCK IN TRADE		
Raw and packing materials	238,142	237,370
Work in process	15,600	14,950
Finished goods	248,650	256,749
Stock in transit	84,130	94,105
	586,522	603,174

	2008	2007
	(Rupees in thousand)	

15 LOANS AND ADVANCES - Considered good

Employees	1,613	1,042
Suppliers	31,052	29,993
Against expenses	9,503	7,232
	42,168	38,267

15.1 Aggregate amount due from executives of the company is Rs.0.643 million (2007: Rs. 0.068 million).

16 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

Short term deposits	64,991	38,129
Short term pre-payments	2,891	4,132
Other receivable	9,091	5,669
	76,973	47,930

17 TAXES RECOVERABLE

Advance income tax - Net	46,364	24,638
Income tax refundable	2,438	2,438
	48,802	27,076

18 CASH AND BANK BALANCES

Cash in hand	680	2,752
Cash at banks - Current account	16,524	11,113
	17,204	13,865

19 SALES - Net

Gross Sales		
Local	1,140,567	1,030,125
Export	204,905	339,778
	1,345,472	1,369,903
Less:		
Sales tax	147,443	134,678
Excise duty	9,830	-
	1,188,199	1,235,225

	Notes	2008	2007
		(Rupees in thousand)	

20 COST OF SALES

	Notes	2008	2007
Raw material consumed			
Opening stock		237,370	252,825
Purchases		498,111	441,581
		735,481	694,406
Closing stock		(238,142)	(237,370)
		497,339	457,036
Power, fuel and water		418,556	315,135
Salaries, wages and other benefits	20.1	200,700	146,045
Stores and spares		70,352	34,949
Repairs and maintenance		6,444	3,211
Communication		1,615	1,359
Traveling and conveyance		4,550	4,285
Legal and professional		356	328
Stationery, fees and subscription		700	2,646
Insurance		3,735	1,495
Depreciation	12.1	151,628	112,710
Rent, rates and taxes		1,200	906
Others		2,709	1,823
		1,359,884	1,081,928
Work in process - Opening		14,950	12,825
Work in process - Closing		(15,600)	(14,950)
Cost of goods manufactured		1,359,234	1,079,803
Finished goods - Opening		256,749	243,419
Finished goods - Closing		(248,650)	(256,749)
		1,367,333	1,066,473

20.1 Salaries, wages and other benefits include amount of Rs.7.093 million (2007: Rs. 5.898 million) relating to staff retirement benefits.

21 ADMINISTRATIVE AND SELLING EXPENSES

	Notes	2008	2007
Salaries and other benefits	21.1	11,976	23,949
Communication		1,474	2,751
Rent, rates and taxes		817	1,426
Travelling and conveyance		4,087	4,260
Legal and professional		1,490	1,506
Advertisement		7,055	2,815
Stationery, fees and subscription		15,813	1,308
Electricity, gas and water		670	1,576
Insurance		121	5,017
Audit fee	21.2	263	188
Depreciation	12.1	2,751	2,045
Repairs and maintenance		103	673
Freight, handling and forwarding		31,447	64,256
Charity and donation	21.3	-	24
Miscellaneous		1,591	391
Trade debts written off		1,001	1,039
		80,659	113,224

21.1 Salaries and other benefits include amount of Rs.1.773 million (2007: Rs.1.505 million) relating to staff retirement benefits.

	2008	2007
	(Rupees in thousand)	
21.2 Auditor remuneration	200	125
Half yearly review	63	63
	263	188

21.3 Recipients of donation do not include any donee in whom a director or his spouse had any interest.

22 FINANCIAL CHARGES

	2008	2007
Mark up on		
- Long term loans		
- banks and financial institutions	52,055	41,454
- related parties (directors)	21,018	9,248
- Long term morabaha	-	688
- Liabilities against assets subject to finance lease	19,742	19,739
- Short term borrowings		
- banks and financial institutions	94,409	71,857
- related parties (associated companies)	10,323	3,088
- others	2,327	-
Exchange loss on foreign currency translation - net	6,616	5,134
Interest on workers' profit participation fund	-	93
Bank charges	11,196	14,750
	217,686	166,051

23 OTHER INCOME

	2008	2007
Sale of scrap	880	4,923
Others	334	-
	1,214	4,923

24 TAXATION

The income tax assessment of the company deemed to have been finalized up to and including tax year 2007.

	2008	2007
	(Rupees in thousand)	
The reconciliation of accounting income with tax expense is as follows:		
Loss before taxation as per financial statements	(476,265)	(105,600)
Applicable tax rate	35%	35%
Tax on accounting loss	(166,693)	(36,960)
Tax effect of export subject to tax separately U/s.169	28,152	32,776
Tax effect of accelerated depreciation	25,200	(61,973)
Tax effect of other expenses	(21,755)	(20,220)
Tax payable before adjustment of losses brought forward	(135,096)	(86,377)
Less: Tax effect of brought forward losses	135,096	86,377
Tax payable under normal rules	-	-
Minimum tax payable under the ordinance	5,941	6,176
Total tax payable by the company	5,941	6,176

25 LOSS PER SHARE - Basic and diluted

	2008	2007
There is no dilutive effect on the basic earnings per share of the company, which is based on: Loss after taxation	(456,238)	(76,500)
	Number of shares	
Weighted average ordinary shares in issue during the year	52,050,500	42,900,000
Loss per share - Basic and diluted (Rupees)	(8.29)	(1.78)

26 FINANCIAL ASSETS AND LIABILITIES

26.1 Financial assets and liabilities

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity			Maturity				
	upto one year	One to five years	Total	upto one year	One to five years	Total	2008	2007
	...(Rupess in thousan)...							
Financial Assets								
Deposits	-	-	-	64,991	14,596	79,587	79,587	78,515
Trade debts	-	-	-	338,833	-	338,833	338,833	232,144
Loans and advances	-	-	-	1,613	-	1,613	1,613	1,042
Other receivables	-	-	-	9,091	-	9,091	9,091	5,669
Cash and bank balances	-	-	-	17,204	-	17,204	17,204	13,865
Total	-	-	-	431,732	14,596	446,328	446,328	331,235
Financial Liabilities								
Subordinated loan	-	-	-	-	482,080	482,080	482,080	482,080
Long term loans	-	798,038	798,038	-	-	-	798,038	521,370
Liabilities against assets subject to finance lease	139,433	32,617	172,050	-	-	-	172,050	239,588
Long term morabaha	-	-	-	-	-	-	-	5,000
Trade and other payables	-	-	-	189,656	-	189,656	189,656	335,061
Markup accrued	-	-	-	66,516	-	66,516	66,516	26,938
Short term borrowings	610,611	-	610,611	26,682	-	26,682	637,293	714,771
Total	750,044	830,655	1,580,699	282,854	482,080	764,934	2,345,633	2,324,808
2008	(750,044)	(830,655)	(1,580,699)	148,878	(467,484)	(318,606)	(1,899,305)	-
2007	(1,044,040)	(433,063)	(1,477,103)	(74,776)	(441,694)	(516,470)	-	(1,993,573)

26.2 Financial risk management objectives and policies

The activities of the company expose it to various financial risks, including the effect of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities respectively.

26.3 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Company's financial liabilities are subject to floating interest rates, however, the financial assets are subject to fixed interest rates.

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

26.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

26.5 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks. The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and dealing banks posses good credit ratings. The financial assets exposed to credit risk amount to Rs. 445.648 million (2007: Rs.328.483 million).

26.6 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. In appropriate cases the management takes out forward contract to mitigate the risk. Company's exposure of foreign currency risk relating to sponsor's loans in foreign currency has been eliminated for the reason disclosed in note 4.2 to the financial statements. Off balance sheet items exposed to foreign currency risk consist of commitments under letters of credit as disclosed in note 11.2 to the financial statements.

26.7 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

26.8 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

26.9 Off balance sheet financial instruments

Off balance sheet financial liabilities are disclosed in note 11.2 to the financial statements.

27 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

	Chief Executive		Directors		Executives		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	(Rupees in thousand)							
Managerial remuneration	-	1,161	-	-	3,043	5,944	3,043	7,105
House rent allowance	-	465	-	-	1,241	2,395	1,241	2,860
Utilities	-	116	-	-	304	594	304	710
Medical	-	-	-	-	34	25	34	25
Conveyance	-	-	-	-	25	18	25	18
Meeting fees	-	-	-	-	-	-	-	-
	-	1,742	-	-	4,647	8,976	4,647	10,718
Number of persons	-	1	-	-	5	8	5	9

28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Remuneration and benefits to chief executive, directors and key management personnel under terms of their employment are disclosed in note 27 to the financial statements. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:-

	2008	2007
	(Rupees in thousand)	
Associated companies		
Purchases	8,894	8,449
Sales	1,027	-
Short term loan received	72,147	218,210
Repayment of short term loan	65,552	178,812
Markup charged on loan	10,323	3,088
Advance against sale received	-	15,000
Advance against sale refunded	15,000	-
Directors		
Loan received	557,838	280,026
Repayment of loan	469,126	143,566
Markup charged on loan	21,018	9,248

29 CAPACITY AND PRODUCTION

	Unit	2008		2007	
		Annual Capacity	Production	Annual Capacity	Production
Based on 350 working days					
Glass containers	Tons	120,400	48,585	120,400	62,644
Plastic shells					
Full depth	Pieces	1,500,000	418,221	1,500,000	1,172,367
Half depth	Pieces	800,000	-	800,000	24,837
	Pieces	2,300,000	418,221	2,300,000	1,197,204

Keeping in view the market requirement no consideration was given to the production of half depth shells and only full depth shells were being produced. The production of full depth shells remained low on account decrease in market share of the company. Production of glass containers remained at low level due to technical / operational issues which hampered the overall operational efficiency of the Units.

30 ACCOUNTING JUDGMENTS AND ESTIMATES

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

30.1 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 7.3.3 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

30.2 Income taxes

The company takes into account law of income tax and decisions taken by the appellate authorities. The company may be able to avail the benefit of payment of turnover tax, subject to the availability of sufficient taxable profits in the next five years when this credit can be utilized.

30.3 Property, plant and equipment

The company reviews the value of assets for possible impairment on annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on October 08, 2008 in accordance with the resolution of the Board of Directors of the company.

32 GENERAL

These financial statements are presented in rupees and figures have been rounded off to nearest thousand rupees.

Chief Executive	*Director*

No. of Shareholders	Having Shares From	Having Shares To	Share Held	Percentage
734	1	100	23,895	0.028%
611	101	500	172,534	0.201%
254	501	1,000	207,964	0.242%
384	1,001	5,000	998,089	1.163%
94	5,001	10,000	720,342	0.840%
45	10,001	15,000	567,346	0.661%
21	15,001	20,000	383,875	0.447%
14	20,001	25,000	327,849	0.382%
9	25,001	30,000	247,885	0.289%
11	30,001	35,000	369,667	0.431%
2	40,001	45,000	88,000	0.103%
3	45,001	50,000	147,691	0.172%
3	50,001	55,000	154,150	0.180%
2	60,001	65,000	123,750	0.144%
1	75,001	80,000	80,000	0.093%
1	95,001	100,000	100,000	0.117%
2	100,001	105,000	202,500	0.236%
1	105,001	110,000	106,500	0.124%
3	115,001	120,000	351,039	0.409%
1	140,001	145,000	141,000	0.164%
1	145,001	150,000	150,000	0.175%
1	160,001	165,000	162,850	0.190%
1	170,001	175,000	172,590	0.201%
1	190,001	195,000	192,500	0.224%
1	385,001	390,000	388,458	0.453%
1	390,001	395,000	391,000	0.456%
1	445,001	450,000	446,748	0.521%
1	590,001	595,000	591,534	0.689%
1	605,001	610,000	609,330	0.710%
1	625,001	630,000	626,558	0.730%
1	1,135,001	1,140,000	1,135,274	1.323%
1	1,890,001	1,895,000	1,892,208	2.205%
1	2,545,001	2,550,000	2,549,715	2.972%
1	3,430,001	3,435,000	3,432,000	4.000%
1	4,495,001	4,500,000	4,500,000	5.245%
1	7,185,001	7,190,000	7,188,232	8.378%
1	8,995,001	9,000,000	9,000,000	10.490%
1	17,140,001	17,145,000	17,142,771	19.980%
1	29,710,001	29,715,000	29,714,156	34.632%
2215			85,800,000	100.0%

Categories of Shareholders as at June 30, 2008

Particulars	Shareholders	Shareholdring	Percentage
General Public (Local)	2163	23,146,232	26.9769%
Insurance	2	172,640	0.2012%
Joint Stock Companies	34	2,929,148	3.4139%
Financial Institutions	6	44,068,591	51.3619%
Foreign Companies	4	15,468,052	18.0280%
Non-resident	6	15,337	0.0178%
	2,215	85,800,000	100.0000%

Pattern of Shareholding
as of June 30, 3008 (According to Code of Corporate Governance)

Categories of Shareholders	Numbers	Shares Held	Percentage
N.B.P AND I.C.P			
NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT. (CDC)	1	1,200,864	1.3996%
INVESTMENT CORPORATION OF PAKISTAN	1	50	0.0001%
	2	1,200,914	1.3997%
Directors, CEO & their Spouse and minor children			
1 MR. MUHAMMAD REHMAN	1	2,577,924	3.0046%
2 MR. TARIQ SODDIQ PARACHA	1	2,213,821	2.5802%
3 MR. MUHAMMAD TAUSIF PARACHA	1	635,089	0.7402%
4 MRS. TABUSSAM TAUSIF PARACHA	1	1,926,095	2.2449%
5 MRS. SHAZIA TARIQ PARACHA	1	422,785	0.4928%
6 MR. A.A. ADELMILUYI	1	2,581,835	3.0091%
7 MR. MUHAMMAD ISHAQ KHOKHAR	1	500	0.0006%
8 MR. MUHAMMAD NAIZ PARACHA	1	500	0.0006%
9 MR. ASIF MUHAMMAD ALI	1	500	0.0006%
	9	10,359,049	12.0735%
Banks, Development Financial Institutions, Non Banking Financial Unstitutions, Insurance companies, Leasing Companies, Modaraba and Mutual Fund	6	43,040,317	50.1635%
Foreign Companies			
ELLIOT ASSETS LTD (CDC)	1	3,867,013	4.5070%
WEST FORCE LTD (CDC)	1	3,867,013	4.5070%
ZENA PARTNERS (CDC)	1	3,867,013	4.5070%
MARCO HOLDING INC.	1	3,867,013	4.5070%
	4	15,468,052	18.0280%
Non Residents	6	15,337	0.0179%
Public Sector Companies & Corporations	34	2,929,148	3.4139%
Shares Held by the General Public	2154	12,787,183	14.9034%
Total	2,215	85,800,000	100.00%
Shareholders Holding 10% or More of Total Capital			
FIRST DAWOOD INVESTMENT BANK		25,714,156	29.9699%
B.R.R. GUARDIAN MODARABA (CDC)		17,142,771	19.9799%
		42,856,927	49.95%

Form of Proxy
28th Annual General Meeting

The Secretary
Balochistan Glass Limited
32-B / II, Main Gulberg,
Lahore.

I / We ______________________________ of ______________________

a member (s) of Balochistan Glass Limited and holding ______________________

ordinary shares, as per Registered Folio ______________________________

hereby appoint ______________________________ of ______________________

or failing him ______________________________ of ______________________

another member of the company to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 31, 2008 and at any adjournment thereof.

As witness my lour hand this ______________ day of ______________ 2008

FOLIO I CDC Account No.

Rs. Five
Revenue
Stampe

[SIGNATURE OF MEMBER / (S)]

Important:

1. This proxy form, duly completed and signed, must be deposited at the Shares Department not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she him / her self is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instalment of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

1. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
2. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his / her original NIC or original passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted [unless it has been provided earlier) along with proxy form to the company.