Contents

Corporate Information

BOARD OF DIRECTORS'

Mr. Muhammad Tousif Paracha	Chairman & Chief Executive
Mr. Tariq Siddiq Paracha	
Mr. Muhammad Niaz Paracha	
Mr. Jawaid Aziz Paracha	
Mr. Mian Nazir Ahmed Paracha	
Mr. Nasir Malik	
Mr. Muhammad Ishaque Khokhar	

COMPANY SECRETARY

Hassan Farooq

AUDIT COMMITTEE

Mr. Muhammad Niaz Paracha	Chairman
Mr. Muhammad Ishaq Khokhar	Member
Mr. Mian Nazir Ahmed Paracha	Member

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Islamic Bank Limited
Citi Bank N.A
Faysal Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
BankIslami Pakistan Limited
Atlas Bank Limited
MCB Bank Limited

AUDITORS

F.R.A.N.T.S. & Co.
Chartered Accountants

LEGAL ADVISOR

Masood Khan Ghory (Advocate & Legal Consultant)

REGISTERED OFFICE

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

HEAD OFFICE

12-KM, Sheikhupura Road,
Kot Abdul Malik,
Lahore.
Ph. # 042-37923993-4
Fax # 042-37930616
Web: www.balochistanglass.com
Email:info@balochistanglass.com

KARACHI OFFICE

Dime Centre, B.C. 3, 3rd Floor,
Clifton, Karachi.
Ph. No. 021-35377977-82

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 31st Annual General Meeting of Balochistan Glass Limited will be held on October 31, 2011 at 01:00 p.m at 28-B/III, Gulberg-III Lahore to transact the following businesses:

Ordinary Business

1. To confirm minutes of last Extra Ordinary General Meeting (EOGM) held on January 04, 2011.

2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2011 together with Auditor's and Director's report thereon.

3. To appoint Auditors of the Company for the year ending June 30, 2012 and to fix their remuneration.

Other Business

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

Notes

1 The share transfer books of the Company will remain closed from October 24, 2011 to October 31, 2011 (both days inclusive). The transfers received at share registrar office i.e. Corplink (Pvt.) Limited by the close of business on October 23, 2011 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 AGM, must bring his/her CNIC or passport with his/her 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 of their addresses, if any to our share registrar, *Corplink (Pvt.) Limited, wings Arcade,1-K, Commercial, Model Town, Lahore.*

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

By Order of the Board

Date: October 08, 2011
Place: Lahore

Hassan Farooq

Company Secretary

Board of Directors' of Balochistan Glass Limited takes pleasure in presenting the Annual Report and audited Financial Statements of the company together with Auditors' Report thereon for the year ended June 30, 2011.

COMPANY PERFORMANCE & FUTURE OUTLOOK

Analysis of key operating results for the current period in comparison with the previous period is given below:

	2011	**2010**
	(Rupees in thousand)	
Sales-Net	1,098,795	1,099,308
Gross (Loss)	(257,995)	(352,278)
Operating (Loss)	(383,682)	(401,490)
(Loss) before Tax	(569,934)	(598,460)
(Loss) after Tax	(565,101)	(602,456)

Sales of the company is almost same in comparison to last year, however, retention is at higher side during the year which helped to maintain the sales level despite of decrease in production. However, operating loss during the year is decreased as compared to last year. Loss during the period is mainly attributed to:

- Low capacity utilization which is mainly due to closure of Unit-II and partial operation of Unit-I & III as furnace of Unit-I and unit-III remained partially closed during the year
- Increase in cost of production due to gas shut down and use of furnace oil & LPG
- Fixed expenses of Unit-II and depreciation and other charges as these are not recovered
- High financial cost, depreciation charge and provision for doubtful balance including obsolete & slow moving stocks
- Low capacity utilization of plastic shells division

Management is working hard to improve operational efficiencies of all units of the company which to some extent remained better as compared to last year because despite of closure of Unit-I for repair, closure of one furnace of Unit-III for more than five months and ongoing energy crisis, there is no drastic decrease in production during the year. Half Depth Plastic shell production has increased as compared to last year and this division is operating profitably with all its limitations.

Current year was a difficult one as companies operating in Punjab suffered badly from non availability of smooth gas supply. After the amendment in constitution, all industries located in Sindh & KPK provinces are getting nonstop supply of gas whereas companies located in Punjab are facing frequent and long gas shut downs. During this whole season, gas remained closed for three days in every week which increased the cost of production.

We feel that by considering the nature of glass industry; Government should look into this issue and strategy should be formulated to ensure continuous gas supply to glass industry. In order to reduce cost and ensure continuous plant operations, we are in the process to arrange WAPDA supply at our units located in Punjab as Power generation from diesel or furnace oil is very expensive.

Furnace of unit-II is closed since last three years and despite of all limited sources and shortage of funds, we have completed all the major work relating to BMR by the continued financial support of our directors. All major equipments and bricks had reached at the site and now we are in the position to fire furnace within next one month. Management is already under discussion with all stakeholders to ensure that plant can start its operation smoothly and profitably. .

Glass demand in local and export market is at higher side and margins from container glass and tableware has also improved. We hope that after start of unit-II operations, company will post better results for shareholders.

LOSS PER SHARE

Basic and diluted loss per share for the year is worked out at Rs. (6.59) per share as compared to RS. (7.02) per share of last year.

DIVIDEND

Due to loss directors have not recommended any dividend for the year under review.

COMMENTS ON AUDITORS OBSERVATIONS

Going Concern Assumption

Auditors had raised doubts about the going concern assumption of the company. However, we feel that Unit-II furnace had been completed and it is about to start, after which we are forecasting better results in addition to this operational efficiencies of other two units has also improved as compared to past. Company is also in the process of settlement & restructuring with its major lenders and so far is able to negotiate at better terms. All the major banks are supporting the company and some has renewed their facilities as well. We are also in the process to negotiate with all the banks and financial institutions which are under litigation. During the year company is able to reach at settlement with Orix Leasing Limited and hopeful to negotiate with remaining parties as well. Therefore, we don't feel that company operation will suffer badly.

Furthermore, till to date company two plants are fully operational and company is meeting its operational liabilities without any major default. We feel that by considering all the above factors, performance of glass industry, present and future demand of glass products in local & export market and continued support and commitment of directors & associates, we don't foresee any significant doubts about the company's ability to continue as going concern.

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. Management has already provided its reply in response to Auditors' observation in this regard.

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

h) The detail of trading in shares of the Company carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of share holding annexed with financial statements.

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.

l) The company has also complied with the Best Practices on Transfer Pricing as contained in the Listing Regulations of the Stock Exchanges

STATUTORY AND FINANCIAL OBLIGATIONS

Your company has fulfilled its statutory and financial obligations in the year under review except as disclosed in accounts.

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.	Mr. Muhammad Tousif Paracha	3	(retired & reelected on January 04, 2011)
2.	Mr. Tariq Siddiq Paracha	4	(retired & reelected on January 04, 2011)
3.	Mr. Muhammad Niaz Paracha	4	(retired & reelected on January 04, 2011)
4.	Mr. Jawaid Aziz Paracha	3	(retired & reelected on January 04, 2011)
5.	Mr. Muhammad Ishaq Khokhar	4	(retired & reelected on January 04, 2011)
6.	Mr.Muhammad Nasir Malik	2	(elected on January 04,2011)
7.	Mr.Nazir Ahmad Peracha	2	(elected on January 04,2011)
8.	Mr. Arshad Siddiq Paracha	-	(retired on January 04, 2011)
9.	Mr. Muhammad Shareef Paracha	1	(retired on January 04, 2011)

AUDITORS

The auditors of the company M/S F.R.A.N.T.S & Co. Chartered Accountants retire and are eligible for re-appointment for the next year.

The Audit Committee has recommended the re-appointment of M/S F.R.A.N.T.S & Co. Chartered Accountants, as auditors of the Company for the forthcoming year.

CONCLUSION

The Board of Directors appreciates assistance and co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by all the employees and contractors of the company.

For on the behalf of Board of Directors'

Lahore: October 08, 2011

Muhammad Tousif Paracha
Chief Executive

Summary of Last Six Year's Finacial Results

	2011	2010	2009	2008	2007	2006
	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)
OPERATING RESULTS						
Sales Net	1,098,795	1,099,308	1,033,035	1,188,199	1,235,255	1,162,192
Gross (Loss)/Profit	(257,995)	(352,278)	(187,344)	(179,134)	168,752	227,927
(Loss)/Profit before tax	(569,934)	(598,460)	(503,129)	(476,265)	(105,600)	26,998
(Loss)/Profit after tax	(565,101)	(602,456)	(508,334)	(456,238)	(76,500)	25,861
BALANCE SHEET						
Property, plant and Equipment	1,612,831	1,657,680	1,360,688	1,322,720	1,457,054	1,209,237
Current Assets	595,345	979,799	1,433,827	1,414,109	1,275,368	1,137,756
Current Liabilities	1,303,483	1,336,784	1,561,056	1,059,985	1,098,241	894,570
Current portion of Long term Liabilities	290,680	172,814	245,781	139,433	332,895	185,690
Long Term Loans	738,188	1,027,535	888,283	798,038	433,063	361,095
Subordinated Loan-Unsecured	482,080	482,080	482,080	482,080	482,080	384,034
Share Capital	858,000	858,000	858,000	858,000	858,000	329,000
SIGNIFICANT RATIOS						
Gross Profit ratio	-23.48%	-32.05%	-18.14%	-15.08%	13.66%	22.90%
Profit before Tax ratio	-51.87%	-54.40%	-48.20%	-40.08%	-8.55%	5.48%
Profit after Tax ratio	-51.43%	-54.80%	-49.21%	-38.40%	-6.19%	2.11%
Current ratio	0.37:1	0.64:1	0.92:1	1.33:1	0.89:1	1.23:1
Working Capital	(998,818)	(544,776)	(127,229)	354,124	(155,768)	190,212

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPLIANCE WITH THE 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 three independent non-executive directors.

2. The directors have confirmed that none of them is 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. No casual vacancy has occurred in board of directors during the year.

5. The Company has prepared a “Statement of Ethics and Business Practices”, which has been signed by all the directors and employees of the Company.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company.

7. All the powers of the Board have 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.

8. The meetings of board were presided over by the Chairman and in his absence by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of meetings were appropriately recorded and circulated.

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

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.

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

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

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

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

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 formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.

18. 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 (ICAP), 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.

19. 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.

20. 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

Muhammad Tousif Paracha
Chief Executive

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** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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, 2011.

F.R.A.N.T.S. & Co.
CHARTERED ACCOUNTANTS

Sialkot: October 08, 2011

Engagement partner: Zulfiqar Ahmed Nasir

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 purposes 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 conducted 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 statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the 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 account 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, investments 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, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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, 2011 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and

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

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates the company may not meet its obligations in respect of principal and markup repayments on borrowings from financial institutions. The company incurred net loss amounting to Rs. 565.101 million during the year ended June 30, 2011 and as of that date its accumulated losses of Rs. 2,170.218 million have resulted in net capital deficiency of Rs. 1,312.218 million and its current liabilities exceeded its current assets by Rs. 998.818 million.

These conditions along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern.

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Zulfiqar Ahmed Nasir

Sialkot: October 08, 2011

Balance Sheet

as at June 30, 2011

	Notes	2011	2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	4	1,200,000	1,200,000
Issued, subscribed and paid-up capital	5	858,000	858,000
Accumulated loss		(2,170,218)	(1,613,780)
		(1,312,218)	(755,780)
Share deposit money	6	343,200	-
Surplus on revaluation of Property, plant and equipment	7	268,630	277,293
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured	8	482,080	482,080
Long term loans	9	738,188	1,027,535
Liabilities against assets subject to finance lease	10	40,766	42,107
Deferred liabilities	11	76,626	76,646
		1,337,660	1,628,368
CURRENT LIABILITIES			
Trade and other payables	12	499,990	514,180
Markup accrued	13	296,206	183,138
Short term borrowings	14	507,287	639,466
Current maturity of non current liabilities	15	290,680	172,814
		1,594,163	1,509,598
CONTINGENCIES AND COMMITMENTS	16		
		2,231,435	**2,659,479**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,612,831	1,657,680
Long term deposits		23,259	22,000
CURRENT ASSETS			
Stores, spares and loose tools	18	239,299	268,914
Stock in trade	19	65,397	199,389
Trade debts	20	126,298	256,977
Loans and advances	21	75,097	120,738
Trade deposits, prepayments and other receivable	22	60,353	94,368
Taxes recoverable	23	22,595	23,308
Cash and bank balances	24	6,306	16,105
		595,345	979,799
		2,231,435	**2,659,479**

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

CHIEF EXECUTIVE **DIRECTOR**

Profit & Loss Account

For The Year Ended June 30, 2011

	Notes	2011	2010
		(Rupees in thousand)	
Sales - Net	25	1,098,795	1,099,308
Cost of sales	26	1,356,790	1,451,586
Gross loss		(257,995)	(352,278)
Administrative and selling expenses	27	48,262	50,360
Other Operating expenses	28	121,690	-
		169,952	50,360
Other Operating income	29	44,265	1,148
Operating loss		(383,682)	(401,490)
Financial charges	30	186,252	196,970
Loss before taxation		(569,934)	(598,460)
Taxation:	31	(4,833)	3,996
Loss after taxation		**(565,101)**	**(602,456)**
Loss per share - Basic and diluted (Rupees)	32	(6.59)	(7.02)

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

CHIEF EXECUTIVE | **DIRECTOR**

Statement of Comprehensive Income

For The Year Ended June 30, 2011

	2011	2010
	(Rupees in thousand)	
Loss for the year	(565,101)	(602,456)
Other comprehensive income:		
Revaluation of property, plant and equipment	--	334,328
Related deferred tax	--	(54,248)
	--	280,080
Incremental depreciation transferred from surplus on revalution of property, plant and equipment	13,327	4,288
Related deferred tax	(4,664)	(1,501)
	8,663	2,787
	(556,438)	(319,589)
Component of comprehensive income not reflected in equity - Net of tax	--	(280,080)
Total comprehensive income for the year	(556,438)	(599,669)

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

Mohd Yousf

CHIEF EXECUTIVE

M. N. Paracha

DIRECTOR

Statement of Changes in Equity

For The Year Ended June 30, 2011

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
		(Rupees in thousand)	
Balance as on July 01, 2009	858,000	(1,014,111)	(156,111)
Total comprehensive income for the year			
Loss after taxation	--	(602,456)	(602,456)
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	2,787	2,787
Total comprehensive income for the year	--	(599,669)	(599,669)
Balance as on June 30, 2010	858,000	(1,613,780)	(755,780)
Total comprehensive income for the year			
Loss after taxation	--	(565,101)	(565,101)
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	8,663	8,663
Total comprehensive income for the year	--	(556,438)	(556,438)
Balance as on June 30, 2011	858,000	(2,170,218)	(1,312,218)

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

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement

For The Year Ended June 30, 2011

		2011	2010
		(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(569,934)	(598,460)
Adjustments for non-cash charges and other items:			
Depreciation		141,458	125,808
Loss/(Gain) on disposal of fixed assets		890	(171)
Liabilities written off on settlement		(33,549)	--
Provisions for doubtful balances		120,800	--
Provisions no longer required written back		7,707	--
Financial charges		186,252	196,970
Provision for gratuity		5,375	5,516
Operating loss before working capital changes		(141,001)	(270,337)
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		(5,830)	35,574
Stock in trade		133,992	353,169
Trade debts		83,774	(3,815)
Loans and advances		22,136	(38,884)
Trade deposits, prepayments and other receivables		19,070	51,487
Increase/(Decrease) in current liabilities			
Trade and other payables		(21,897)	41,094
Cash (used) / generated from operations		90,244	168,288
Payments for:			
Financial charges		(65,505)	(166,783)
Taxes		882	9,871
Gratuity		(731)	(825)
Net cash inflow from operating activities	A	24,890	10,551
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(85,191)	(102,979)
Proceed against disposal of fixed assets		280	701
Long-term deposits		(1,259)	(22,000)
Net cash outflow from investing activities	B	(86,170)	(124,278)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans received		194,680	119,495
Lease rentals paid		(11,020)	(14,292)
Short term borrowings - Net		(132,179)	(9,855)
Net cash inflow from financing activities	C	51,481	97,348
Net increase in cash and cash equivalents	A+B+C	(9,799)	(18,379)
Cash and cash equivalents as at 1st July		16,105	34,484
Cash and cash equivalents as at 30th June		**6,306**	**16,105**

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

CHIEF EXECUTIVE **DIRECTOR**

1 THE COMPANY AND ITS OPERATIONS

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 Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells. Company's registered office is situated at Quetta whereas its head office is located at Lahore.

2 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2011 are showing loss after taxation amounting to Rs. 565.101 million (2010: Rs.602.456 million) and as of that date it has accumulated losses of Rs. 2,170.218 million (2010: Rs.1,613.780 million) which resulted in negative equity of Rs. 1,312.218 million (2010: Rs.755.780 million) and its current liabilities exceeded its current assets by Rs.998.818 million (2010: Rs.529.798 million) .

The Company's Unit I and III are fully operational and largely meeting their operational commitments. The Company's Unit-II having annual capacity of 52,500 tons (44% of the total capacity) remained closed since November 2008 due to expiry of the life of its furnace. Despite of the financial crunch, the Company has started its BMR and most of the materials related to the furnace rebuilding have already been procured. The management is of the view that since directors, sponsors and associated undertakings are fully supporting the Company and financed all the BMR related payments therefore, the Company is hopeful to ignite the furnace in the last quarter of year 2011. As soon as Unit-II start its operation, the capacity utilisation of total project will increase which will help to reduce fixed cost drastically.

The Company's borrowing facilities from most of the banks and leasing companies have expired and not been renewed and the Company has been unable to ensure scheduled payments to leasing companies due to the liquidity problems. Two of leasing companies and one bank have gone into litigation for repayment of liabilities, as Company has defaulted in payment of principal repayments and lease rentals. During the year, the Company remained in negotiation with its major lenders (financial institutions & leasing companies) for the restructuring/rescheduling of financial facilities and is expecting relaxation in mark up rate and repayment terms from the key lenders.

The above conditions raises significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in normal course of business. However, the management of the Company is confident to continue as a going concern based on its concerted efforts to re-profile Company's borrowings in a manner which will provide relief in payment terms, its ability to utilize liquidity generated through re-profiling for the maximum utilisation of production capacities with the objective to improve liquidity & cost efficiency.

These financial statements consequently, do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 Summary of significant accounting policies

3.1 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 provision 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.

3.1.1 New and revised approved accounting standards, interpretations and amendments thereto

During the current year, the Company has adopted the following new and amended IAS as of July 01, 2010, which has resulted in extended disclosures as described below:

IAS 7, 'Statement of cash flows'

The IAS 7 became effective for financial years beginning on or after July 01, 2010. The guidance has been amended to clarify that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment results in an improvement in the alignment of the classification of cash flows from investing activities in the statement of cash flows and the presentation of recognised assets in the statement of financial position. This amendment does not have a material impact on the Company's financial statements.

IAS 17, 'Leases'

The amendment provides that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. However, the IASB has concluded that this is inconsistent with the general principles of lease classification, so the relevant guidance has been deleted. A lease newly classified as a finance lease should be recognised retrospectively. This amendment does not have a material impact on the Company's financial statements.

3.1.2 Standard and interpretations that become effective during the year

The following standards, amendments and interpretations to existing standards have become effective in current year but not applicable/relevant to the Company's operations

Standards or Interpretations		**Effective Date**
IAS 1	- Presentation of Financial Statements	July 1, 2010
IAS 27	- Consolidated and Separate Financial Statements (Revised)	July 1, 2010
IAS 32	- Financial instruments (Amendment relating to classification of Right Issue)	February 1, 2010

IFRS 2	- Sharebased Payments - Amendment relating to Group Cash - Settled Share based payment)	January 1, 2010
IFRS 3	- Business Combinations	July 1, 2010
IFRS 5	- Non-current assets held for sale and discontinued operations	
IFRS 1	- First time adoption of International Financial Reporting Standards	July 1, 2010
IFRIC 15	- Agreements for the Construction of Real Estate.	January 1, 2010
IFRIC 19	- Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

3.1.3 Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations which have been issued but are not yet effective for the current financial year.

		Effective for period beginning on or after
IAS 1	- Employee Benefits	January 1, 2011
IAS 24	- Related Party Disclosures (Revised)	January 1, 2011
IFRS-7	- Amendment regarding transfers of Financial Assets	January 1, 2011
IFRS-9	- Financial Instrument	January 1, 2013
IFRS-10	- Consolidated Financial Statements	January 1, 2013
IFRS-11	- Joint arrangements	January 1, 2013
IFRS-12	Disclosure interest in other entities	January 1, 2013
IFRS-13	Fair value measurement	January 1, 2013
IFRIC-14	Prepayment of a Minimum Funding Requirement	January 1, 2011

3.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are remeasured at their fair value. The Company's significant accounting policies are stated in note 3.3.

The preparation of financial statements is 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 judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.2.1 Staff retirements benefits

Certain actuarial assumptions have been adopted as disclosed in note 11.3.3 to the financial statements for valuation of prevent value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

3.2.2 Income taxes

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment and appellate stages and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2.3 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2.4 Provision for doubtful recievables

The company reviews its doubtful trade debts and other recievables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3.3 SIGNIFICANT ACCOUNTING POLICIES

3.3.1 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.

3.3.2 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.

3.3.3 Property, plant and equipment and depreciation

Owned
These are stated at cost less accumulated depreciation except for freehold land & building which is stated at revalued amount less accumulated depreciation. 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.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit/accumulated loss.

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 17 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.

3.3.4 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. Provision is made for slow moving and obsolete stores and spares.

3.3.5 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.

3.3.6 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful recievable balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

3.3.7 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, in which case the rates contracted for are used.

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

3.3.8 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.

3.3.9 Revenue recognition

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

3.3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.3.11 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.

3.3.12 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.

3.3.13 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.

3.3.14 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.

3.3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of change in value.

3.3.16 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the financial statements 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.

3.3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the company that makes strategic decisions.

	2011	2010
	(Rupees in Thousand)	

4 AUTHORIZED CAPITAL

85,800,000 (2010: 85,800,000) Ordinary shares of Rs. 10 each	858,000	858,000
34,200,000 (2010: 34,200,000) Preference shares of Rs. 10 each	342,000	342,000
	1,200,000	1,200,000

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

85,300,000	Ordinary shares of Rs.10 each fully paid in cash (2010: 85,300,000 of Rs.10 each)	853,000	853,000
500,000	Ordinary shares of Rs.10 each issued as fully paid Bonus Shares (2010: 500,000 shares of Rs.10 each)	5,000	5,000
85,800,000		858,000	858,000

5.1 42,856,927 (2010:42,856,927) ordinary shares of the company are held by associated company.

6 SHARE DEPOSIT MONEY

The company intends to issue ordinary shares at 60% discount (i.e. Rs. 4 per share) other wise than Right Issue under section 86 (1) of Companies Ordinance, 1984 against long term loans from director valuing Rs. 343.200 million . Although members of the Company approved a special resolution in last annual general meeting held on November 30, 2010 but further process for obtaining approval from SECP for issuance of shares at 60% discount is still pending due to diversion of funds for completion of BMR unit II and current plant operations. However management is confident to apply to SECP within last quarter of year 2011.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening Balance - net of deferred tax	277,293	-
Revaluation carried out during the year	--	334,328
Related deferred tax liability	--	(54,248)
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax	(8,663)	(2,787)
Surplus on revaluation of fixed assets - Closing	268,630	277,293

Land and building of the Company have been revalued as at March 08, 2010 by a firm of independent valuers.

8 SUBORDINATED LOAN - Unsecured

	2011	2010
	(Rupees in thousand)	
From related parties (Director)		
- Foreign currency	--	68,152
- Local currency	82,493	82,493
From sponsors and shareholders		
- Foreign currency	399,587	331,435
	482,080	482,080

8.1 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 debts 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.

8.2 Keeping in view the heavy losses incurred by the Company in recent years, foreign currency loans have been frozen by the mutual consent of the directors / sponsors of the company at exchange rates prevailing at June 30, 2007. 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.

9 LONG TERM LOANS

	Note	2011	2010
From banks and financial institutions - Secured			
-Demand finance - I	9.1 & 9.3	428,778	440,000
-Demand finance - II (Frozen markup)	9.2&9.3	92,136	92,136
-Term finance I	9.4	47,400	-
-Demand finance	9.5	25,200	-
		593,514	532,136
From related parties (directors) - Unsecured			
- Local currency - interest free	6&9.6	183,439	461,278
- Foreign currency - interest free	9.6	149,113	111,521
Others - Unsecured	9.7	--	3,200
		332,552	575,999
		926,066	1,108,135
Current and overdue portion presented under current liabilities	15		
-Demand finance I		(27,500)	(35,000)
-Demand finance II (Frozen markup)		(40,000)	(45,600)
-Term finance		(37,400)	--
-Demand finance		(12,600)	--
-Demand finance I - Over due		(23,778)	--
-Demand finance II (Frozen markup) - overdue		(46,600)	--
		(187,878)	(80,600)
		738,188	1,027,535

9.1 The Demand Finance facility has been obtain from The Bank of Punjab (BOP) initially for the purpose of swap of debts from other banks. During the last year, the Bank re-structured / re-scheduled facility for the purpose of conversion of existing outstanding principal amounting to Rs.463.664 M, which carries markup @ 3 month average KIBOR plus 100 BPS with floor of 12% p.a. The loan was payable in six and half years in 26 quarterly step up installments.

9.2 This Demand Finance II facility has been created by BOP against frozen markup of Rs. 92.136 miilion as on March 31, 2010 and was payable in two and half years in 10 quarterly step up installments.

9.3 These facilities are secured against ranking charge of Rs. 833.334 million through equitable and registered mortgage over the present and future fixed assets of the Company.

Due to liquidity crunch, the Company has been unable to comply with the terms of repayment against the aforementioned rescheduling and it initiated negotiation with BOP for further rescheduling/restructuring of DF I & II. Resultantly, BOP has communicated to the management an offer letter allowing repayment of principal in three years and markup in one & half year after repayment of principal amount. The said offer was subject to provisioning of additional securities from directors in shape of their personal properties and shares. However, the Management has paid the down payment and partially accepted the offer with reservation on providing additional collaterals mentioned above. Consequently, the Bank has filed a suit in Banking Court for the attachment of the personal properties of directors which was mentioned in above offer letter. The case is still pending for adjudication.

As the company has not complied with the repayment schedule under the rescheduling/restructuring arrangements, therefore under the condition of the agreement, the markup rate chargeable during the year has been increased to 3months Kibor + 350 bps instead of markup rate of 3months Kibor + 100 bps per annum.

9.4 During the year, the Company entered into a settlement agreement with Citibank N.A. under which the short term loan has been converted to interest free term loan payable in eighteen step up monthly instalments starting from February 2011. The aforesaid settlement resulted into a waiver of Rs.33.548 million comprising of Rs16.302 million on account of loan and Rs.17.246 on account of mark up payable at the time of settlement. However in case of default in repayments, the bank has reserved the right to charge markup on the outstanding amount @ 3 months KIBOR plus 300 bps per annum from April 1, 2009. This loan is secured by way of first pari passu hypothecation over Company's current assets and personal guarantees of directors.

9.5 The Demand Finance facility has been restructured by KASB Bank Limited during the year. The loan is repayable in two and half years in quarterly installment including grace period of six months from the date of restructuring. It carries markup @ 6 months KIBOR plus 100 bps per annum. It is secured against 1st pari passu charge over all present and future plant and machinery, stores spares and tools and against the personal property and guarantee of director.

9.6 These interest free unsecured loans have been obtained from directors payable not before June 30, 2012.

9.7 This unsecured loan was obtained from relatives of directors carried mark up @ 22% per annum. The loan has been paid during the year.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2011		2010	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)			
Not later than one year	107,553	102,802	104,688	92,214
Later than one year but not later than five years	43,121	40,766	50,465	42,107
Total	150,674	143,568	155,153	134,321
Less: Finance charge allocated to future periods	7,106	--	20,832	--
Present value of minimum lease payments	143,568	143,568	134,321	134,321
Less: Current portion- under current liabilities	12,615	12,615	7,761	7,761
Over due portion-under current liabilities	90,187	90,187	84,453	84,453
	40,766	40,766	42,107	42,107

10.1 The Company entered into lease agreement with various leasing companies to acquire vehicles and plant and machinery for its BMR program.

The rentals under these lease agreements are payable monthly and quarterly up to the period ending December 2013. Mark up rate ranging from 8.50% to 22% per annum (2010: 8.50% 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. 46.952 million (2010: Rs.45.694 million) upon the completion of the respective lease periods.

10.2 Two of the leasing companies have filed recovery suits as more fully explained in note 16 to the financial statements.

11 DEFERRED LIABILITIES

		2011	2010
		(Rupees in thousand)	
Deferred taxation	11.1	48,084	52,748
Employees retirement benefits	11.3	28,542	23,898
		76,626	76,646

11.1 Deferred taxation

	2011	2010
Credit balances arising due to:		
- Accelerated tax depreciation allowances	132,170	146,666
- Revaluation - net of related depreciation	--	--
- Relating to finance lease	16,848	143
Debit balances arising due to:		
- Staff gratuity	(7,750)	(6,512)
- Available tax loss and credit	(670,125)	(436,608)
Deferred tax asset	(528,857)	(292,636)

		2011	2010
		(Rupees in thousand)	
Deferred tax asset not recognised		528,857	292,636
		--	--
Deferred tax liability relating to surplus on revaluation of property, plant and equipment		48,084	52,748
		48,084	52,748

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

11.3 Employees retirement benefits

Staff gratuity:

Movement in balance

		2011	2010
Opening balance		23,898	19,207
Payments during the year		731	825
		23,167	18,382
Charge for the year	11.3.1	5,375	5,516
	11.3.2	28,542	23,898

11.3.1 Charge for the year

	2011	2010
Service cost	3,364	4,048
Interest cost	2,282	1,753
Actuarial (gains) / Losses	(271)	(285)
	5,375	5,516
	--	

11.3.2 Balance sheet reconciliation

	2011	2010
Present value of defined benefit obligations	22,160	19,014
Unrecognized actuarial gains	6,382	4,884
	28,542	23,898

11.3.3 Principal actuarial assumption

	2011	2010
Expected rate of increase in salaries	13 % p.a.	11 % p.a.
Discount factor used	14 % p.a.	12 % p.a.
Average expected remaining working life time of employees	11 years	11 years

		2011	2010
		(Rupees in thousand)	

12 TRADE AND OTHER PAYABLES

	Note	2011	2010
Bills payable		64,844	47,483
Trade creditors	12.1	128,770	124,676
Accrued expenses	12.2	272,002	272,445
Advances from customers		25,731	65,351
Unclaimed dividend		164	164
Excise duty payable		5,199	1,197
Others		3,280	2,864
		499,990	514,180

12.1 This includes amount of Rs. 11.473 million (2010: Rs.3.334 million) and Rs. 0.263 million (2010: Rs. 0.175) payable to M/S Pak Hy Oils Limited and M/S Gharibwal Cement Limited respectively (associated companies).

12.2 Included herein a sum of Rs. 236.711 million (2010: Rs. 242.099 million) outstanding on account of sui gas bills.

13 MARK UP ACCRUED

	Note	2011	2010
Markup accrued	13.1	296,206	183,138

13.1 This includes amount of Rs. 97.865 million (2010: 58.866 million) payable to associated companies.

14 SHORT TERM BORROWINGS

	Note	Limits Rs. '000'	2011	2010
From banks and financial institutions - Secured				
Demand finance	9.4	-	--	60,623
Export re-finance	14.1	21,622	21,622	45,196
Export Pre-Shipment	14.2	40,000	40,000	--
Short term morabaha	14.3	102,035	112,675	165,327
Short term running finance	14.4	145,393	134,638	139,255
Others - Unsecured	14.5		--	20,000
From related parties - Unsecured				
Associated companies	14.6		189,898	158,637
Others - Unsecured, interest free				
Temporary book overdraft			8,454	50,428
			507,287	639,466

14.1 This facility is obtained from United Bank Limited which carries mark-up of 1% p.a. above the cost of funds to banks from SBP. This facility is secured by first pari passu hypothecation charge over company's present and future stocks & book debts and personal guarantee of directors. Subsequent to balance sheet date, this facility has been rescheduled to demand finance loan payable within 18 monthly installments.

14.2 During the year, the Company entered into a settlement agreement with Citibank N.A. under which this Export Pre-Shipment loan has been rescheduled to be fully repayable till February 2012 and all the accrued markup payable has been waived with mutual consent (note 30). It carries markup @ 7.5%. This loan is secured by way of first pari passu hypothecation over Company's current assets and personal

14.3 The Company has entered into morabaha facilities with Albaraka Investment Bank Limited and Meezan Bank Limited. Under the arrangements the Company is allowed to drawdown facility under series of sub-morabaha transactions subject to the maximum available limit. The facility carries markup @ 3 month KIBOR plus 450 bps and 6 month KIBOR plus 200 bps (2010: 3 month KIBOR plus 450 bps and 6 month KIBOR plus 200 bps) respectively. These are secured by way of first pari passu charge over present and future stocks & book debts of the Company and personal guarantees of directors. The facility from Meezan Bank has been expired during the year with outstanding balance of Rs. 32.435 million.

14.4 The facilities for running finances under mark-up arrangement available from various banks which carry mark up ranging from three to six months KIBOR plus 225 to 350 bps (2010: three to six months KIBOR plus 225 to 350 bps) payable quarterly in arrears. These facilities are secured by first pari passu hypothecation charge over the Company's present and future fixed assets and ranking charge over current assets and personal guarantees of directors; and are generally for a period of one year renewable at the end of the period. The said facilities also include facility to borrow in foriegn currency upto to the tune of Rs. 30.000 million against which an amount of Rs. 24.399 million outstanding at the year end. Out of total running finance facilities from banks and financial institutions, facilities amounting to Rs.115.390 million have not been renewed for which the active negotiations are under process.

14.5 The unsecured loan was obtained from Kohat Cement Limited for working capital requirement which carried markup @ 3 month KIBOR plus 4% per annum . This loan has been repaid during the year.

14.6 The unsecured loan has been obtained from associated company for working capital requirement which carries markup ranging from three to six months Kibor plus 100 to 350 bps (2010: six months Kibor plus 100 to 350 bps) payable quarterly in arrears.

15 CURRENT MATURITY OF NON CURRENT LIABILITIES

	Note	2011	2010
		(Rupees in thousand)	
Demand finance - I	9	51,278	35,000
Demand finance - II (Frozen markup)	9	86,600	45,600
Term finance	9	37,400	-
Demand finance	9	12,600	-
Liabilities against assets subject to finance lease	10	102,802	92,214
		290,680	172,814

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees amounting to Rs. 91.993 million (2010: Rs.91.923 million) have been given by various banks on behalf of the company.

16.1.2 A suit for recovery of Rs. 1.214 million was filed by M/s Tawakkal Traders (Packaging Contractors) against the company. During the year another suit has been filed by them for Rs.0.250 million for recovery of their machine, tools, equipments, motors etc. Both the matters are pending adjudication and ultimate outcome cannot be established at this stage. 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.

16.1.3 Orix Leasing Pakistan Limited had filed a recovery suit against the company on November 27, 2008 in High Court of Sind at Karachi for an aggregate amount of Rs.50.771 million in respect of liability against assets subject to finance lease (being total outstanding rentals, additional lease rentals and other costs including future mark up) through sale of leased assets and other counter guarantees. M/S Orix Leasing Pakistan Limited has filed this case under the financial institutions (Recovery of Finances) Ordinances, 2001. The company has strongly disputed the lessor's claim to be unreasonable and filed an application for leave to defend. On the basis of negotiation held during the year, management entered into an out of court settlement agreement with leasing company which remained unconclusive as the company could not comply with the terms of the agreement required to give validity to the settlement agreement. As the case is still under adjudication and the ultimate outcome can not be established.

16.1.4 Standard Chartered Leasing Limited had filed a recovery suit against the Company for an aggregate amount of Rs. 16.153 million in respect of liability against assets subject to finance lease (being total outstanding rentals, additional lease rentals, agreed value of loss and other costs) through sale of leased assets and other counter guarantees. The leasing company has filed this case on September 29, 2009 in Banking court at Karachi under the Financial Institutions (Recovery of Finances) Ordinances, 2001. The company has strongly disputed the lessor's claim to be unreasonable and has filed application for leave to defend. Furthermore, company has also proposed restructuring plan to Standard Chartered Leasing Company and made payments of Rs.1.3 million subsequent to litigation, as management is negotiating with leasing company for the settlement of liabilities and expects that the matter will be resolved amicably. Since the matter is pending for adjudication therefore the ultimate outcome can not be established at this stage.

16.1.5 Bank Alfalah has filed a recovery suit against the Company during the year in Banking Court under the Financial Institutions (Recovery of Finances) Ordinances, 2001 for an aggregate amount of Rs.45.491 million in respect of short term finances and other counter guarantees . Since, the case is pending in court therefore the ultimate outcome can not be established.

16.1.6 Company is defendant in various legal proceedings initiated by various ex-employees, suppliers and contractors in various labour / civil / high courts. The aggregate of suit amounts is Rs.35.643 million. The company expects decisions in its favor based on grounds of cases therefore company has not made provision of amounts referred above.

16.2 Commitments

Rs. Nil- (2010: Rs. Nil).

17 PROPERTY, PLANT AND EQUIPMENT

		2011	2010
		(Rupees in thousand)	
Operating Assets - At cost less accumulated depreciation	17.1	1,416,621	1,531,690
Capital work in progress - At cost	17.4	196,210	125,990
		1,612,831	1,657,680

17.1 Operating Assets - At cost less accumulated depreciation

Particulars	2011									
	Cost / Revaluation				Depreciation				Book value	
	As at July 01, 2010	Additions	Disposal	As at June 30, 2011	As at July 01, 2010	Adjustment	For the year	As at June 30, 2011	As at June 30, 2011	Rate %
	(Rupees in thousand)									
Freehold land	224,500	--	--	224,500	--	--	--	--	224,500	--
Building on freehold land										
Factory	164,627	--	--	164,627	36,758	--	12,787	49,545	115,082	10
Non factory	54,781	--	--	54,781	10,308	--	2,224	12,532	42,249	5
Plant and machinery										
Owned	1,807,576	14,102	(3,100)	1,818,578	898,565	(2,210)	102,582	998,937	819,641	10 & 15
Leased	331,091	12,588	--	343,679	119,101		21,723	140,824	202,855	10
Electric and gas installation	10,749	439	--	11,188	9,741		121	9,862	1,326	10
Furniture and fixtures	9,619	32	--	9,651	7,786		185	7,971	1,680	10
Office equipment	7,172	32	--	7,204	3,477		373	3,850	3,354	10
Vehicles										
Owned	10,771	366	(280)	10,857	6,917	--	772	7,689	3,168	20
Leased	10,845	--	--	10,845	7,388	--	691	8,079	2,766	20
2011	2,631,731	27,559	(3,380)	2,655,910	1,100,041	(2,210)	141,458	1,239,289	1,416,621	

Particulars	2010										
	Cost / Revaluation					Depreciation				Book value	
	As at July 01, 2009	Additions		Disposal	As at June 30, 2010	As at July 01, 2009	Adjustment	For the year	As at June 30, 2010	As at June 30, 2010	Rate %
	(Rupees in thousand)										
Freehold land	45,167	--	179,333	--	224,500	--	--	--	--	224,500	--
Building on freehold land											
Factory	45,060	--	119,567	--	164,627	31,719	--	5,039	36,758	127,869	10
Non factory	19,353	--	35,428	--	54,781	9,255	--	1,053	10,308	44,473	5
Plant and machinery											
Owned	1,620,614	134,462	--	52,500	1,807,576	781,075	21,375	96,115	898,565	909,011	10 & 15
Leased	383,591	--	--	(52,500)	331,091	119,297	(21,375)	21,179	119,101	211,990	10
Electric and gas installation	10,749	--	--	--	10,749	9,629	--	112	9,741	1,008	10
Furniture and fixtures	9,451	168	--	--	9,619	7,590	--	196	7,786	1,833	10
Office equipment	6,939	233	-- --	--	7,172	3,077	--	400	3,477	3,695	10
Vehicles											
Owned	10,515	1,098	--	(842)	10,771	6,379	(312)	850	6,917	3,854	20
Leased	10,845	--	--	--	10,845	6,524	--	864	7,388	3,457	20
2010	2,162,284	135,961	334,328	(842)	2,631,731	974,545	(312)	125,808	1,100,041	1,531,690	

17.2 Depreciation charge for the year has been allocated as follows:

	2011	2010
	(Rupees in thousand)	
Cost of sales	138,938	123,567
Administrative and selling	2,520	2,241
	141,458	125,808

17.3 Detail of asset disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyer
		(Rupees in thousand)					
Furnace Bricks	3,100	2,210	890	--	(890)	Scrap on repair	N/A
Vehicle	280	--	280	280	--	Negotiation	Mr. Saif-ullah
2011	**3,380**	**2,210**	**1,170**	**280**	**(890)**		
2010	**842**	**312**	**530**	**701**	**171**		

17.4 Capital work in progress - At cost

	Note	2011	2010
		(Rupees in thousand)	
Opening balance		125,990	172,949
Additions		70,220	86,334
		196,210	259,283
Less: Capitalized		--	133,293
Closing balance	17.5	196,210	125,990

		2011	2010
17.5	Plant and machinery	195,312	138,069
	Civil work	898	1,898
		196,210	139,967

18 STORES, SPARES AND LOOSE TOOLS

		2011	2010
Stores		89,401	100,750
Spares and loose tools *(incl. moulds)*		185,343	168,164
		274,744	268,914
Provision for slow moving and obsolete items		(35,445)	--
		239,299	268,914

19 STOCK IN TRADE

	Note	2011	2010
Raw and packing materials		33,436	89,111
Work in process		2,632	9,071
Finished goods	19.1	29,329	80,392
Stock in transit		--	20,815
		65,397	199,389

19.1 Finished stock has been written down by Rs. 5.326 million (2010: Rs.11.909 million) to net realizable value.

	Note	2011	2010
		(Rupees in thousand)	

20 TRADE DEBTS

		2011	2010
Trade Debts - Secured		13,619	256,977
Trade Debts - Unsecured but Considered Good		112,679	--
Trade Debts - Unsecured and considered doubtful		46,905	--
		173,203	256,977
Less: Provision for doubtful debts		(46,905)	--
		126,298	256,977

21 LOANS AND ADVANCES

		2011	2010
Employees		2,115	1,677
Suppliers		84,795	108,519
Against expenses		11,692	10,542
		98,602	120,738
Less: Provision for doubtful advances			
Suppliers		(17,051)	--
Against expenses		(6,454)	--
		(23,505)	
		75,097	120,738

21.1 Aggregate amount due from executives of the company is Rs. 0.541 million (2010: Rs.0.655 million).

22 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

	Note	2011	2010
Short term deposits	22.1	50,667	51,545
Short term pre-payments		--	295
Other receivable	22.2	24,631	42,528
		75,298	94,368
Less: Provision for doubtful balances			
Short term deposits		(8,056)	--
Other receivable		(6,889)	--
		(14,945)	--
		60,353	94,368

22.1 This includes a sum of Rs. 23.694 million (2010: 23.694 million) relating to asset subject to finance.

22.2 This includes a sum of Rs. 1.366 million (2010: Rs. 17.219 million) in respect of sales tax receivable.

	Note	2011	2010
		(Rupees in thousand)	
23 TAXES RECOVERABLE			
Advance income tax		5,526	20,870
Income tax refundable		17,069	2,438
		22,595	23,308
24 CASH AND BANK BALANCES			
Cash in hand		491	545
Cash at banks - Current account		5,816	15,560
		6,306	16,105
25 SALES - Net			
Gross Sales			
Local		1,114,896	1,116,032
Export		163,900	145,486
		1,278,796	1,261,518
Less:			
Sales tax		159,837	152,613
Special excise duty		14,844	9,432
Discount on sales		5,320	165
		1,098,795	1,099,308
26 COST OF SALES			
Raw material consumed			
Opening stock		89,111	302,234
Add: purchases		469,890	421,493
		559,001	723,727
Less: closing stock		(33,436)	(89,111)
		525,565	634,616
Power, fuel and water		353,932	339,604
Salaries, wages and other benefits	26.1	187,700	173,184
Stores and spares consumed	26.2	77,541	53,062
Repairs and maintenance		3,857	3,475
Communication		1,545	1,087
Traveling and conveyance		4,156	3,645
Legal and professional		406	856
Stationery, fees and subscription		1,055	714
Entertainment		960	637
Insurance		1,643	569
Depreciation	17.2	138,938	123,567
Rent, rates and taxes		198	502
Others		1,793	1,853
		1,299,288	1,337,371

		2011	2010
		(Rupees in thousand)	
Work in process			
As at beginning of the year		9,071	10,076
As at end of the year		(2,632)	(9,071)
Cost of goods manufactured		1,305,727	1,338,376
Finished goods			
As at beginning of the year		80,392	193,602
As at end of the year		(29,329)	(80,392)
		1,356,790	1,451,586

26.1 Salaries, wages and other benefits include amount of Rs. 4.996 million (2010: Rs. 4.858 million) relating to staff retirement benefits.

26.2 At the year end, management carried out an exercise to estimate the recoverability, condition and utilization of slow moving / obsolete stocks. Accordingly, the obsolete raw and printing material having carrying amounts of Rs. 24.122 million have been written off and charged to cost of production for the year.

27 ADMINISTRATIVE AND SELLING EXPENSES

Salaries and other benefits	27.1	6,396	14,648
Communication		1,101	1,657
Rent, rates and taxes		119	547
Travelling and conveyance		6,022	4,847
Legal and professional		2,438	1,129
Advertisement		89	237
Stationery, fees and subscription		169	301
Entertainment		119	297
Power, fuel and water		235	766
Audit fee	27.2	825	750
Depreciation	17.2	2,520	2,241
Repairs and maintenance		18	102
Freight, handling and forwarding		19,648	18,326
Charity and donation	27.3	216	206
Computer software expenses		1,000	--
Trade debts written off		3,235	--
Miscellaneous		4,112	4,306
		48,262	50,360

27.1 Salaries and other benefits include amount of Rs. 0.379 million (2010: Rs.0.658 million) relating to staff retirement benefits.

		2011	2010
		(Rupees in thousand)	
27.2 Auditor's remuneration		500	500
Half yearly review		325	250
		825	750

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

28 OTHER OPERATING EXPENSES

Provision for - trade debts	20	46,905	--
- advances	21	17,051	--
- other expenses	21	6,454	--
- deposits	22	8,056	--
- other receivables	22	6,889	--
- store and spares	18	35,445	--
Loss on disposal of fixed assets	17.3	890	--
		121,690	--

29 OTHER OPERATING INCOME

Gain on disposal of fixed assets		--	171
Liabilities written back on Settlement	9.4 & 14.2	33,549	--
Provision no longer required written back		7,707	
Mould charges		3,009	--
Exchange gain on foreign currency translation - net		--	977
		44,265	1,148

30 FINANCIAL CHARGES

Mark up on		
- Long term loans		
- banks and financial institutions	78,426	70,503
- related parties (directors)	--	419
- others	--	704
- Liabilities against assets subject to finance lease	5,496	6,581
- Short term borrowings		
- banks and financial institutions	42,787	81,616
- related parties (associated companies)	38,489	31,245
- others	3,480	3,287
Exchange loss on foreign currency translation - net	6,166	--
Bank charges (including B/G commission)	11,408	2,615
	186,252	196,970

31 TAXATION

	2011	2010
	(Rupees in thousand)	
Current	1,639	5,497
Prior	(1,808)	--
Deferred	(4,664)	(1,501)
	(4,833)	3,996

The current tax provision represents the final tax chargeable under section 154 of the Income Tax Ordinance, 2001. Provision for the minimum tax under section 113 of the Income Tax Ordinance, 2001 has not been provided as the company has declared gross loss before set off of depreciation and other inadmissible expenses under the said Ordinance.

For the purpose of current taxation, the tax losses available for carry forward as at June 30, 2011 are estimated at Rs. 1,914.643 million (2010: Rs. 1,490.964 million)

32 LOSS PER SHARE - Basic and diluted

There is no dilutive effect on the basic loss per share of the company, which is based on:

		2011	2010
Loss after taxation		(565,101)	(602,456)
		Number of shares	
Weighted average ordinary shares in issue during the year		85,800,000	85,800,000
Loss per share - Basic and diluted	(Rupees)	(6.59)	(7.02)

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

33.1 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 carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2011	2010
Trade debts	126,298	256,977
Advances	75,097	108,519
Deposits and other receivables	60,353	94,073
Bank balances	5,816	15,560
	267,564	475,129

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management.

The aging of trade debts at the reporting dates was:

	2011	2010
Not past due	11,637	55,467
Past due 0-30 days	29,829	34,567
Past due 30-150 days	58,959	145,678
Past due 150 days	25,873	21,265
	126,298	256,977

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as management believes that the same will be recovered in short course of time. The credit quality of the company's receivable can be assessed with their past performance. The credit quality of some of the company's banks can be assessed by their external credit ratings:

Name of Bank	Rating Agency	Rating Short term	Rating Long term
United Bank Limited	JCR-VIS	A-1+	AA+
MCB Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA-
Bank Alfalah Limited	PACRA	A1+	AA
Al-Baraka Islamic investment Bank	JCR-VIS	A-1	A
Faysal Bank Limited	JCR-VIS	A-1+	AA
The Bank of Punjab	PACRA	A1+	AA-
National Bank of Pakistan	JCR-VIS	A-1+	AAA
Citibank N.A.	Standard& Poor	A-1	A+
KASB Bank Limited	PACRA	A-2	A-

33.2 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. The following are the contractual maturities of the financial liabilities, including estimated markups:

	2011					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to Twelve Months	One to Five Years	More Then Five Years
Financial Liabilities						
Subordinated loan - Unsecured	482,080	482,080	--	--	--	482,080
Long term loans	926,137	926,137	99,163	38,785	357,500	430,689
Liabilities against assets subject to finance lease	143,568	150,674	101,246	6,308	43,121	--
Trade and other payables	499,920	499,920	306,376	193,544	--	--
Markup accrued	296,205	296,205	296,205	--	--	--
Short term borrowings	507,287	507,287	101,457	253,644	152,186	--
	2,855,197	2,862,303	904,447	492,280	552,807	912,769

	2010					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to Twelve Months	One to Five Years	More Then Five Years
Financial Liabilities						
Subordinated loan - Unsecured	482,080	482,080	--	--	--	482,080
Long term loans	1,061,535	1,348,297	47,447	50,575	457,356	792,919
Liabilities against assets subject to finance lease	134,321	155,153	102,964	6,038	46,151	--
Trade and other payables	550,907	550,907	378,748	172,159	--	--
Markup accrued	184,138	184,138	184,138	--	--	--
Short term borrowings	639,466	735,386	367,693	367,693	--	--
	3,052,447	3,455,961	1,080,990	596,465	503,507	1,274,999

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at June 30. The rates of mark-up have been disclosed in note 9, 10 and 14 to these financial statements.

Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meeting its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies.

The company is presently facing operational issues due to gas load shedding, resultantly increased cost of productions due to shut down of plant (Unit II) and delay in achieving full capacity of Unit III. This has perpetuated liquidity issues. As result, the following liabilities as of balance sheet date and as of date the financial statements are authorized for issue, are overdue. The details are as follows:

Nature of liability	Over dues		Total overdues as of 30 Sep 2011
	As of balance sheet date	Post balance sheet (from 1 July to 30 Sep 2011)	
Demand finance - I	23,778	11,000	34,778
Demand finance - II (Frozen markup)	46,600	10,000	56,600
Liabilities against assets subject to finance lease	90,187	2,151	92,338
Short term borrowings	142,675	-	142,675
	160,565	23,151	183,716

Company has approached its lenders for the restructuring of its short term and lease liabilities which is under active consideration by them. Short term borrowings from some of the financial institutions have been renewed and active negotiations are under process with rest of the banks. Furthermore, banks are also considering the company's request to reschedule / restructure the existing liabilities and reduce the mark up rates and also extended export refinance facility to support the project. Once the negotiations with the lenders are finalized, the company will be able to ensure timely repayments to all the lenders.

33.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company is exposed to currency risk and interest rate risk only.

33.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The financial instruments of the company exposed to currency risk were as follows:

	2011	2010
	(Rupees in thousand)	
Financial Liabilities:		
Foreign currency loan	173,512	111,521
Foreign creditors	31,652	47,483
	205,164	159,004
Financial Assets:		
Foreign debtors	13,619	88,390
	13,619	88,390
Net Exposure	191,545	70,614
The following significant exchange rate has been applied:		
USD to PKR (Reporting date rate in Rupees)	84.78	85.60
USD to PKR (Average rate in Rupees)	85.19	83.38

Sensitivity analysis

At reporting date, if PKR had strengthened by 10% against the US Dollar with all other variables held constant loss / profit for the year would have been lower / higher by the amounts shown below, mainly as a result of foreign exchange gain on translation of foreign currency liabilities.

	2011	2010
Effect on loss / profit	(19,155)	(7,061)

The 10% weakening of the PKR against US Dollar would have had an equal but opposite impact on the loss / profit for the year on the basis that all other variables remain constant.

33.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Fixed rate instruments at carrying amounts:

Company does not have any of its financial instruments that can be classified as fixed rate.

Variable rate instruments at carrying amounts:

Financial liabilities		
Long term financing	593,585	532,137
Lease liabilities	143,568	134,321
Short term borrowings	507,287	639,466
	1,244,440	1,305,924

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

Effect on loss due to change of 100 BPs		
Increase / decrease	12,444	17,662

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

33.4 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.

33.5 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. The company is facing problems in managing In order to improve the capital structure, Company has passed resolution for issue of further capital as explained in note 6.

33.6 Off balance sheet financial instruments

Off balance sheet financial liabilities are disclosed in note 16.2 to the financial statements.

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)							
Managerial remuneration	--	--	2,786	806	9,404	11,878	12,190	12,684
House rent allowance	--	--	1,254	376	4,232	2,988	5,486	3,364
Utilities	--	--	279	81	940	664	1,219	745
Medical	--	--	46	81	157	664	203	745
Conveyance	--	--	279	--	940	111	1,219	111
	--	--	4,644	1,344	15,673	16,305	20,317	17,649
Number of persons	1	1	2	1	20	25	23	27

The two directors and some executives have been provided with company maintained cars. Also no payment is made to directors for attending the meeting of board of directors.

35 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 34 to the financial statements. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2011	2010
	(Rupees in thousand)	
Associated companies		
Purchases	2,767	11,532
Short term loan received	57,430	128,363
Repayment of short term loan	35,097	84,495
Markup charged on loan	38,489	31,245
Fixed assets purchased	280	--
Payment against supplies	1,612	--
Advance against sale refunded	--	18,368
Directors		
Loan received	78,972	90,280
Repayment of loan	2,433	38,257
Markup charged on loan	--	419

36 INFORMATION ABOUT BUSINESS SEGMENTS

36.1 For management purposes, the activities of the Company are organized into business units based on their products and services and has two reportable operating segments. The glass containers segment mainly relates to production of glass containers and tableware. Plastic shells segment includes production of plastic shells. The quantitative data for segments is given below:

	2011			
	Glass Containers	**Plastic Shells**	**Eliminations**	**Total**
	(Rupees in thousand)			
REVENUE				
Sales to external customers	1,123,452	155,344	--	**1,278,796**
Inter-segment sales	--	--	--	**-**
Gross revenue	1,123,452	155,344	--	**1,278,796**
Less: Sales tax	(137,590)	(22,247)	--	**(159,837)**
Excise duty	(12,614)	(2,229)	--	**(14,844)**
Discount on sales	(5,320)	-	--	**(5,320)**
Net Revenue	967,928	130,867	--	1,098,795
Cost of goods sold	(1,241,470)	(115,320)	--	(1,356,790)
Admin and selling expenses	(46,172)	(2,090)	--	(48,262)
Financial charges	(184,203)	(2,049)	--	(186,252)
Other charges	(121,690)	--	--	(121,690)
Other income	44,265	--		44,265
	(1,549,270)	**(119,459)**	--	**(1,668,729)**
Segment results	**(581,342)**	**11,408**	--	**(569,934)**
Income tax				4,833
Profit for the year				**(565,101)**
OTHER INFORMATION				
Capital expenditure	85,191	--		
Depreciation	124,274	17,184		

	2010			
	Glass Containers	**Plastic Shells**	**Eliminations**	**Total**
	(Rupees in thousand)			
REVENUE				
Sales to external customers	1,126,993	134,525	--	**1,261,518**
Inter-segment sales	-	-	--	**-**
Gross revenue	1,126,993	134,525	--	**1,261,518**
Less: Sales tax	(131,089)	(21,524)	--	**(152,613)**
Excise duty	(8,087)	(1,345)	--	**(9,432)**
Discount on sales	(165)	-	--	**(165)**
Net Revenue	987,652	111,656	-	**1,099,308**
Cost of goods sold	(1,350,514)	(101,072)	--	(1,451,586)
Admin and selling expenses	(48,996)	(1,364)	--	(50,360)
Financial charges	(194,898)	(2,072)	--	(196,970)
Other charges	--	--	--	--
Other income	1,148	--	--	1,148
	(1,593,260)	**(104,508)**	--	**(1,697,768)**
Segment results	**(605,608)**	**7,148**	--	**(598,460)**
Income tax				(3,996)
Profit for the year				**(602,456)**
OTHER INFORMATION				
Capital expenditure	102,979			
Depreciation	123,607	2,201		

	2011	2010
	(Rupees in thousand)	
36.2 Geographical information		
Revenue from external customers		
Pakistan	934,895	953,822
Asia other than Pakistan	110,240	131,944
Africa	53,660	13,352
	1,098,795	1,099,118

The revenue information above is based on the location of customers.

All non-current assets of the Company at 30 June 2011 are located in Pakistan. The detail of segment assets have not been disclosed in these financial statements as these are not reported to the chief operating decision maker on a regular basis.

37 CAPACITY AND PRODUCTION

	Unit	2011		2010	
		Annual Capacity	Production	Annual Capacity	Production
Based on 350 working days					
Glass containers					
Active	Tons	67,900	30,441	67,900	34,209
Under re building	Tons	52,500	--	52,500	--
	Tons	120,400	30,441	120,400	34,209
Plastic shells					
Full depth	Pieces	1,500,000	276,403	1,500,000	332,962
Half depth	Pieces	800,000	267,727	800,000	141,122
	Pieces	2,300,000	544,130	2,300,000	474,084

Due to closure of unit II the Company's operative capacity have been reduced to 44% of the total capacity since November 2008. The overall Production capacity utilization of the glass container units remained low level due to technical & operational issues, liquidity crunch and prevailing economic conditions of the market. The

38 CORRESPONDING FIGURES

The following prior year figures have been reclassified for the purpose of appropriate presentation.

Reclassification from	Reclassification to	Rupees in thousand
Capital work in progress	Advance to suppliers	12,977
Capital work in progress	Advance to suppliers	1,000
Sales Tax payable	Other Recievables	7,922
Trade and other payables - Others	Taxes recoverable	28,805
Accrued markup	Long term loan	1,000
Stores and spares consumed - Cost of Sale	Power, fuel and water - Cost of Sales	13,801

39 GENERAL

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

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on October 08, 2011 in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE **DIRECTOR**

(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number

2. Name of the Company **BALOCHISTAN GLASS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2011**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
786	1	100	27,313
550	101	500	152,132
213	501	1,000	170,960
330	1,001	5,000	882,093
71	5,001	10,000	528,574
34	10,001	15,000	432,389
14	15,001	20,000	247,205
12	20,001	25,000	282,334
6	25,001	30,000	163,435
13	30,001	35,000	434,527
5	35,001	40,000	189,415
2	40,001	45,000	84,149
4	45,001	50,000	194,810
2	50,001	55,000	104,691
1	55,001	60,000	57,117
1	60,001	65,000	61,250
1	65,001	70,000	66,992
1	75,001	80,000	76,500
1	95,001	100,000	100,000
1	110,001	115,000	113,914
3	115,001	120,000	351,039
1	125,001	130,000	127,100
1	145,001	150,000	150,000
1	165,001	170,000	168,411
1	170,001	175,000	172,590
1	190,001	195,000	192,500
1	200,001	205,000	201,700
1	215,001	220,000	218,593
1	310,001	315,000	310,443
1	590,001	595,000	591,534
1	625,001	630,000	626,558
1	1,135,001	1,140,000	1,135,274
1	1,890,001	1,895,000	1,892,208
1	1,935,001	1,940,000	1,938,834
1	2,885,001	2,890,000	2,888,458
1	3,995,001	4,000,000	4,000,000
1	4,400,001	4,405,000	4,401,596
1	8,995,001	9,000,000	9,000,000
1	10,205,001	10,210,000	10,206,435
1	42,855,001	42,860,000	42,856,927
2070			**85,800,000**

Balochistan Glass Limited
Categories of Share Holders as required under C.C.G,
As on 30th June, 2011

S. No.	NAME	HOLDING	% AGE
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	MR. TARIQ SIDDIQ PARACHA	23,592,527	27.4971%
2	MR. MUHAMMAD TAUSIF PARACHA	1,135,924	1.3239%
3	MR. MUHAMMAD NIAZ PARACHA	500	0.0006%
4	MR. JAWAID AZIZ PARACHA. (CDC)	500	0.0006%
5	MIAN NAZIR AHMED PERACHA	500	0.0006%
6	MR. MUHAMMAD ISHAQUE KHOKHAR (CDC)	500	0.0006%
7	MRS. TABUSSAM TAUSIF PARACHA W/O MUHAMMAD TAUSIF PARACHA (CDC)	1,925,445	2.2441%
8	SHAZIA TARIQ PARACHA W/O TARIQ SIDDIQ PARACHA (CDC)	2,922,785	3.4065%
9	MR. NASIR MALIK	500	0.0006%
		29,579,181	34.4746%
	FOREIGN COMPANIES		
1	ELLIOT ASSETS LTD (CDC)	117,013	0.1364%
2	WEST FORCE LTD (CDC)	117,013	0.1364%
3	ZENA PARTNERS (CDC)	117,013	0.1364%
		351,039	0.4091%
	ASSOCIATED COMPANIES		
1	PAK HY-OILS LIMITED. (CDC) - ASSOCIATED COMPANY	42,856,927	49.9498%
	NIT & ICP		
1	NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT. (CDC)	591,534	0.6894%
2	NATIONAL INVESTMENT TRUST. (CDC)	15,233	0.0178%
3	INVESTMENT CORPORATION OF PAKISTAN	50	0.0001%
		606,817	0.7072%
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS		
1	BANK ALFALAH LIMITED (KSE) (CDC)	4,401,596	5.1301%
2	BANKERS EQUITY LIMITED.	250	0.0003%
3	NATIONAL BANK OF PAKISTAN. (CDC)	47,310	0.0551%
4	NATIONAL BANK OF PAKISTAN. (CDC)	310,443	0.3618%
		4,759,599	5.55%
	INSURANCE COMPANIES		
1	STATE LIFE INSURANCE CORP. OF PAKISTAN (CDC)	172,590	0.2012%
2	ADAMJEE INSURANCE COMPANY LTD	50	0.0001%
		172,640	0.2012%
	MODARABAS & MUTUAL FUNDS		
1	FIRST FIDELITY LEASING MODARABA. (CDC)	2,004	0.0023%
		2,004	0.0023%

JOINT STOCK COMPANIES

1	A.H.M. SECURITIES (PVT) LIMITED. (CDC)	40,499	0.0472%
2	ACE SECURITIES (PVT) LTD (CDC)	43,650	0.0509%
3	AXIS GLOBAL LTD (CDC)	2,600	0.0030%
4	BANDENAWAZ (PVT) LTD (CDC)	7,794	0.0091%
5	BANDENAWAZ LIMITED	1,396	0.0016%
6	CAPITAL VISION SECURITIES (PVT) LTD (CDC)	3,250	0.0038%
7	DARSON SECURITIES (PVT) LTD (CDC)	2,150	0.0025%
8	DOSSLANI'S SECURITIES (PVT) LTD (CDC)	110	0.0001%
9	HAJI ABDUL SATTAR SECURITIES (PVT) LIMITED. (CDC)	300	0.0003%
10	MILLENNIUM SECURITIES & INVEST (PVT) LTD (CDC)	975	0.0011%
11	TIME SECURITIES (PVT) LTD (CDC)	1,250	0.0015%
12	MUREE BREWERY COMPANY LTD	78	0.0001%
13	THE RAVI WOOLEN & CARPET MILLS LTD	797	0.0009%
14	NH SECURITIES (PVT) LTD .	27	0.0000%
15	EASTREN CAPITAL LIMITED	28	0.0000%
			0.0000%
		104,904	0.1223%

OTHER COMPANIES

1	OFFICIAL LIQUIDATORS BCCI OVERSEAS LIMITES GRAND CAYMAN	571	0.0007%

SHARES HELD BY THE GENERAL PUBLIC	7,366,318	8.5855%
	85,800,000	**100.00%**
	0	

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

1	MR. TARIQ SODDIQ PARACHA	23,592,527	27.4971%
3	PAK HY-OILS LIMITED. (CDC)	42,856,927	49.9498%
		66,449,454	**77.4469%**

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

NIL

Form of Proxy
31st Annual General Meeting

The Company Secretary
Balochistan Glass Limited
12-Km, Sheikhupura Road,
Kot Abdul Malik, Lahore

Dear Sir,

I/We --------------------------------------- of (full address) --- being a member(s) of Balochistan Glass Limited holding --------------------- Ordinary Shares as per Registered Folio No. / CDC A/c No -------------------------------- hereby appoint Mr./ Mrs./ Miss -- -----of (full address) --- or failing him / her Mr./ Mrs./ Miss ---of (full address) ------------------ --being member of the Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 31st October 2011

Signed this ------------------------------------- day of ---2011

Witnesses:

Signature ______________________ ______________

Name ______________________ ______________

Address ______________________ ______________

CNIC No./ Passport Number ______________ ______________

Five Rupees Revenue Stamp

Signature should be agreed with the Specimen Signatures with the Company

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.**
2. **The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.**
3. **In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:**
   a. **The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.**
   b. **Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.**
   c. **The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.**
   d. **In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with Proxy form to the company.**
4. **The Proxy Form, duly completed, must be deposited with the Company Secretary of Balochistan Galss Limited., 12-Km, Sheikhupura Road, Kot Abdul Malik, Lahore not less than 48 hours before the time for holding the meeting.**