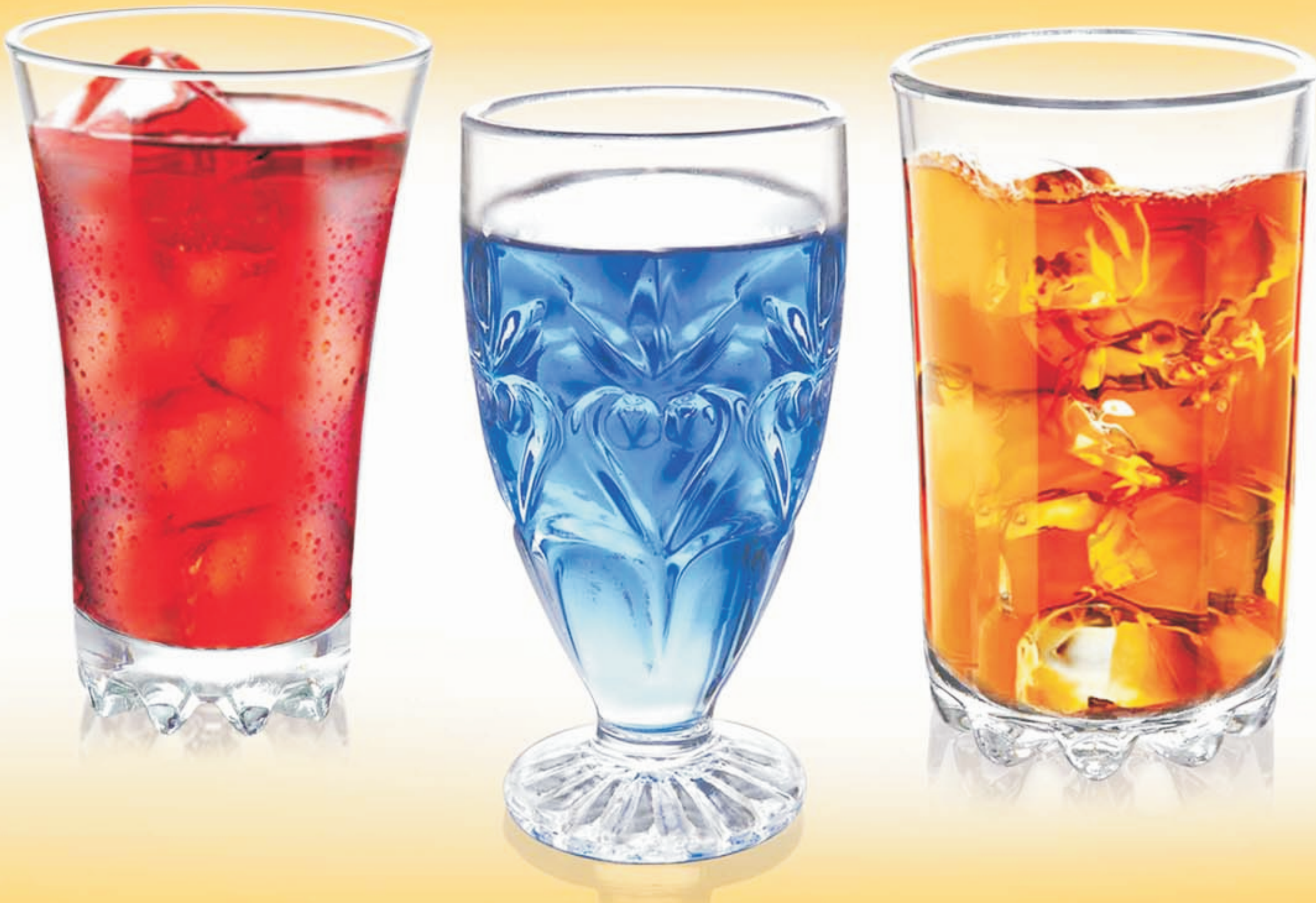
marimax®
GLASSWARE

Brands of the year Award™ 2011
IT'S ALL ABOUT CHAMPIONS ©



Annual Report 2012

BGL BALOCHISTAN GLASS LIMITED

An ISO 9001:2000 Certified Company

Contents

Corporate Information

BOARD OF DIRECTORS'

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

COMPANY SECRETARY

Hassan Farooq

AUDIT COMMITTEE

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

HR & REMUNIRATION COMMITTEE

Mr. Ishaq khkhar	Chairman
Mr. Jawaid Azaiz paracha	Member
Mr. Tariq Siddiq Paracha	Member

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Bank (Pakistan) Limited
Citibank N.A
Faysal Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited
BankIslami Pakistan Limited
Summit 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

Plot no. 8, Sector M, H.I.T.E.,
Hub, District Lasbella, Balochistan.
Tel : 0853 - 363657

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 32nd Annual General Meeting of Balochistan Glass Limited will be held on October 31, 2012 at 12:30 P.M at 28-B/III, Gulberg-III Lahore to transact the following businesses:

Ordinary Business

1. To confirm minutes of last Annual General Meeting (AGM) held on October 31, 2011.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2012 together with Auditor's and Director's report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2013 and to fix their remuneration.

Other Business

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

By Order of the Board

Date: October 09, 2012
Place: Lahore.

Hassan Farooq
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 24, 2012 to October 31, 2012 (both days inclusive). The transfers received at share registrar office i.e. Corplink (Pvt.) Limited by the close of business on October 23, 2012 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.

The Directors of your Company are pleased to present Annual Report along with the Audited Financial Statements of your Company for the year ended June 30, 2012.

Company PERFORMANCE

Current year remained better as compared to previous years as Company earned operational profit of Rs. 22.274 million as compared to loss of Rs. 383.682 million in previous year; furthermore, sales of the Company during the year remained highest in the history of the Company and net sales increased by Rs. 861.877 million which is 78.4% higher than last year. Increase in sales and improvement in operating profit is mainly due to better efficiencies of plants as well as increase in selling prices. Start of operations of Unit-II also contributed in increase in revenue of the Company. We encountered initial operational problems after start of Unit-II, however, by the grace of Allah now this plant is also meeting its production targets set by the management.

Due to the continued efforts of management, now all the units are fully operational and also operating at good efficiencies level. However, management is still committed to improve operational performance of its plants further so that Company can perform better and report encouraging results for its shareholders.

Comparative financial results of the Company for the year under review are summarized below:

(Rupees in thousands)

	2012	2011
Sales - Net	**1,960,672**	1,098,795
Gross Profit / (Loss)	**77,167**	(257,995)
Operating Profit / (Loss)	**22,274**	(383,682)
Depreciation & Amortization	**129,776**	141,458
(Loss) Before Tax	**(144,728)**	(569,934)
(Loss) After Tax	**(160,178)**	(565,101)
Dividend/Bouns-Appropriations	**-**	-
Basic and diluted (Loss) per share	**(1.87)**	(6.59)

The above comparison shows healthy prospects for the Company in future. As Unit-II of the Company started its operations in the last quarter of current year, so, above result mainly shows the operational performance of two plants of the Company. Management is expecting similar growth in sales in next year as now all the units are fully operational which is further evident from the fact that Company has also achieved targeted sales of first quarter of year 2012 -13. Loss during the year is mainly attributed to:

- Closure of Unit-II furnace till February 2012 as fixed overhead cannot be fully absorbed
- Increased gas curtailment combined with electricity load shedding and usage of high cost furnace oil which negatively impacted the cost of production
- High financial cost and increase in production cost
- Low capacity utilization of plastic shells division

Similar to last year, current year was also a difficult one with regard to resources as companies operating in Punjab suffered badly from non-availability of smooth gas supply as all industries in Punjab are facing frequent and long gas shutdowns. Government should look into this issue and strategy should be formulated to ensure continuous gas supply to glass industry.

FUTURE OUTLOOK

Management is continuously focusing on streamlining the operations of the Company and enhancing the quality of products offered to its valued customers. During the year, Company has also been awarded "Brand of the Year Award" which is also an acknowledgement of its quality products. Production of plastic shells has also increased as compared to last year and this division is operating profitably, we expect good orders in next year as well. In order to improve profitability and to diversify its products, Company is planning to convert Unit-I on production of amber pharma glass so that Company can meet growing demand of pharmaceutical market.

Glass demand in local and export market is at higher side and margins from container glass and tableware are also expected to improve in future. We hope that after achieving better operational efficiencies, Company will post better results for its shareholders in coming years.

COMMENTS ON AUDITORS OBSERVATIONS /QUALIFICATION

MARK UP ON LOAN

During the year, Mr. Muhammad Tousif Paracha (Chairman & CEO) claimed mark up on his outstanding loan which was previously agreed to be interest free. However, after negotiation with directors of the Company, he not only agreed to defer repayment of loan till the liquidity position of the Company improves as done in past and also shown his full commitment to support the operations of the Company. He informed the Board members that whenever project needed support in past he always supported the project with all resources and helped the Company to come out of difficult phase. Directors appreciated his support for the Company in past. However, he asked that at least mark up should be recorded in the books of accounts. He also confirmed that he has no intention to claim repayment of mark up but he only wants that Company establish his claim in its books. He asked for booking of mark up @ 16.5% p.a. amounting to Rs. 351.6 million accruing from the date of transactions in his loan account i.e. from 2006-2007. It has been further agreed that markup amount will be reduced by the exchange loss incorporated in the books on his foreign currency loans and no markup will be claimed on share deposit money on conversion into equity. He further assured to Board of Directors' (BOD) that he will not claim repayment of mark up and loan till the financial health of the Company improves i.e. these are payable only when the Company is able to pay this amount. After discussion, Board of Directors has formed a committee to negotiate with Mr. Muhammad Tousif Paracha regarding his claim of mark up.

This matter is still pending and directors are under negotiation with Mr. Muhammad Tousif Paracha for finalization of his mark up claim and therefore same has not been booked in books of accounts as ultimate outcome of this matter has still to be decided.

Going Concern Assumption

Auditors' has raised their observation about going concern of Company. However, management of the Company believes that keeping in view the below factors, we foresee that Company will continue as a going concern entity:

- Increase in revenue of Company; as in current year Company revenue remained highest in its history.
- Better operational performance of all units.
- Improvement in profitability.
- Completion of BMR despite of liquidity position of Company.

- All units of the Company are fully operational and also meeting their operational liabilities.
- Restructuring with major lenders of the Company and also with two leasing companies who were in litigation.
- Repayment to banks and financial institutions as per agreed terms.
- Continued financial support of its sponsors and associates.
- Future prospects of industry, better selling prices and Company presence in local and export market.

Management has also implemented more strict financial controls as well taken steps to reduce cost which helped Company to improve its financial results which is evident from improvement in financial results of current year. We hope that financial health of Company will improve further in coming years. Further, subsequent to balance sheet date all units are operating profitably and meeting all operational and committed financial obligations without any default.

By considering all these factors, management of the Company is fully justified to prepare the financial statements by using going concern assumption.

Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

i. 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.

ii. Proper books of account of the Company have been maintained.

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

iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

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

vi. Management feels that there is no significant doubt on the Company's ability to continue as going concern. We had already provided our reply on Auditors' Observation in this report and mitigating factors are also disclosed in detail.

vii. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Company has also constituted Audit Committee and HR &R Committee and its members are disclosed in annual report.

viii. The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of shareholding annexed with this report.

ix. 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.

x. Key operating and financial data for last six years is annexed.

xi. The pattern of shareholding is also annexed.

xii. The Company has fulfilled its major statutory and financial obligations, except as disclosed in the Financial Statements in detail (refer note 9, 10, 14 & 16).

xiii. No dividend or bonus shares are declared because of loss during the year.

xiv. Company has arranged in house training programs for its directors, however, most of directors meet criteria as laid down in code of corporate governance regarding directors' training.

xv. The Statement of compliance with the best practices of Code of Corporate Governance is annexed with this report.

BOARD & AUDIT COMMITTEE MEETINGS

During the year under report, four Board of Directors (BoD) and Board Audit Committee (BAC) meetings were held. Leave of absence was granted to directors who could not attend the meetings. Attendance of each director was as follows:

	BOD	BAC
1. Mr. Muhammad Tousif Paracha	3	-
2. Mr. Tariq Siddiq Paracha	4	-
3. Mr. Muhammad Niaz Paracha	4	4
4. Mr. Jawaid Aziz Paracha	3	-
5. Mr. Muhammad Ishaq Khokhar	4	4
6. Mr. Muhammad Nasir Malik	3	-
7. Mr. Nazir Ahmad Paracha	2	3

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. 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.

Acknowledgment

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 as well as support & cooperation extended by distributors, dealers, suppliers and other stakeholders of the Company.

For on the behalf of Board of Directors'

Muhammad Tousif Paracha
Chief Executive

Lahore: October 09, 2012

Summary of Last Six Year's Finacial Results

	2012	2011	2010	2009	2008	2007
Operating Results						
Net sales	1,960,672	1,098,795	1,099,308	1,033,035	1,188,199	1,235,255
Gross profit/ (loss)	77,167	(257,995)	(352,278)	(187,344)	(179,134)	168,752
Profit/ (loss) before tax	(144,728)	(569,934)	(598,460)	(503,129)	(476,265)	(105,600)
Profit/ (loss) after tax	(160,178)	(565,101)	(602,456)	(508,334)	(456,238)	(76,500)
Dividend / Bonus	-	-	-	-	-	-
Financial Position						
Property, plant and Equipment	1,526,580	1,612,831	1,657,680	1,360,688	1,322,720	1,457,054
Current Assets	723,936	595,345	979,799	1,433,827	1,414,109	1,275,368
Current Liabilities	1,503,026	1,303,483	1,336,784	1,561,056	1,059,985	1,098,241
Current portion of Long term Liabilities	176,912	290,680	172,814	245,781	139,433	332,895
Long Term Loans	1,048,472	738,188	1,027,535	888,283	798,038	433,063
Subordinated Loan-Unsecured	482,080	482,080	482,080	482,080	482,080	482,080
Share Capital	858,000	858,000	858,000	858,000	858,000	858,000
Financial Ratios						
Gross Profit ratio	3.94%	-23.48%	-32.05%	-18.14%	-15.08%	13.66%
Profit before Tax ratio	-7.38%	-51.87%	-54.40%	-48.20%	-40.08%	-8.55%
Profit after Tax ratio	-8.17%	-51.43%	-54.80%	-49.21%	-38.40%	-6.19%
Current ratio	0.48:1	0.37:1	0.64:1	0.92:1	1.33:1	0.89:1
Working Capital	(779,090)	(998,817)	(544,776)	(127,229)	354,124	(155,768)

Statement of Compliance with best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchange 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 CCG in the following manner:

1. The company encourages representation of non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes:

Category	Names
Independent Director	Nil
Executive Director	Mr. Muhammad Tousif Peracha Mr. Tariq Siddiq Paracha Mr. Nasir Malik Mr. Muhammad Niaz Paracha
Non-Executive Director	Mr. Mian Nazir Ahmed Paracha Mr. Jawaid Aziz Paracha Mr. Muhammad Ishaque Khokhar

   The independent director shall be elected at the time of fresh election as per regulations of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. 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 occurred on the Board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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, other executives and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the 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 the meetings were appropriately recorded and circulated.

9. The Board arranged two in house training programs for its directors during the year.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

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

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a Non-Executive director.

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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 the ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied except as required under provisions of clause i(a),i(b), i(d) & vi and these shall take effect when the Board is reconstituted on expiry of its current term.

For and on behalf of Board of Directors

Muhammad Tousif Paracha
Chief Executive

Review Report to the Members on the Statement of Compliance with the Best Practices of Code of Corporate Governance

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's 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, Listing Regulations of the Karachi and Lahore Stock Exchanges require 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, 2012.

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Nouman Razaq Khan

Lahore: October 09, 2012

Auditors' Report to the Members

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2012 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) As explained in note 9.8 of the financial statements, Chairman/CEO claimed markup amounting to Rs. 351.632 million on his long term loans previously recorded as interest free and the same has not been provided for in these financial statements. Had this markup been accrued, the net loss after taxation and the accumulated losses would have been increased to Rs. 511.810 million and to Rs. 2,674.176 million respectively.

(b) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(c) 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;

(d) in our opinion, and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matter referred to in the para (a) above 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, 2012 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and

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

Auditors' Report to the Members

Without further qualifying our opinion, we draw attention of the members to note 2 of 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. 160.178 million during the year ended June 30, 2012 and as of that date its accumulated losses of Rs. 2,322.544 million have resulted in net capital deficiency of Rs. 1,464.544 million and its current liabilities exceeded its current assets by Rs. 779.090 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: Nouman Razaq Khan

Lahore: October 09, 2012

Balance Sheet
as at June 30, 2012

BGL

	Notes	2012	2011
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	4	1,766,000	1,200,000
Issued, subscribed and paid-up capital	5	858,000	858,000
Accumulated loss		(2,322,544)	(2,170,218)
		(1,464,544)	(1,312,218)
Share deposit money	6	343,200	343,200
Surplus on revaluation of Property, plant and equipment	7	260,777	268,630
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured	8	482,080	482,080
Long term loans	9	1,048,472	738,188
Liabilities against assets subject to finance lease	10	24,800	40,766
Deferred liabilities	11	75,964	76,626
		1,631,316	1,337,660
CURRENT LIABILITIES			
Trade and other payables	12	637,389	499,990
Markup accrued	13	266,505	296,206
Short term borrowings	14	422,220	507,287
Current maturity of non current liabilities	15	176,912	290,680
		1,503,026	1,594,163
CONTINGENCIES AND COMMITMENTS	16		
		2,273,775	**2,231,435**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,526,580	1,612,831
Long term deposits		23,259	23,259
CURRENT ASSETS			
Stores, spares and loose tools	18	258,880	239,299
Stock in trade	19	121,306	65,397
Trade debts	20	177,747	126,298
Loans and advances	21	71,332	75,097
Trade deposits, prepayments and other receivable	22	47,366	60,353
Taxes recoverable	23	9,891	22,595
Cash and bank balances	24	37,414	6,306
		723,936	595,345
		2,273,775	**2,231,435**

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

m. n. Paracha

DIRECTOR

Profit & Loss Account

For The Year Ended June 30, 2012

		Notes	2012	2011
			(Rupees in thousand)	
Sales - Net		25	1,960,672	1,098,795
Cost of sales		26	1,883,505	1,356,790
Gross profit/ (loss)			77,167	(257,995)
Administrative and selling expenses		27	45,555	48,262
Other operating expenses		28	20,006	121,690
			65,561	169,952
Other operating income		29	10,668	44,265
Operating profit / (loss)			22,274	(383,682)
Financial charges		30	167,002	186,252
Loss before taxation			(144,728)	(569,934)
Taxation		31	15,450	(4,833)
Loss after taxation			**(160,178)**	**(565,101)**
Loss per share - Basic and diluted	(Rupees)	32	(1.87)	(6.59)

The annexed notes 1 to 39 form an integral part of these financial statements.

Mohd Asif

CHIEF EXECUTIVE

m. n. Paracha

DIRECTOR

Statement of Comprehensive Income

For The Year Ended June 30, 2012

	2012	2011
	(Rupees in thousand)	
Loss for the year	(160,178)	(565,101)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	12,082	13,327
Related deferred tax	(4,229)	(4,664)
	7,853	8,663
	(152,326)	(556,438)
Component of comprehensive income not reflected in equity - Net of tax	-	-
Total comprehensive income for the year	(152,326)	(556,438)

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement

For The Year Ended June 30, 2012

		2012	2011
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(144,728)	(569,934)
Adjustments for non-cash charges and other items:			
Depreciation		129,776	141,458
Loss/(Gain) on disposal of fixed assets		-	890
Liabilities written off on settlement		(10,571)	(33,549)
Provisions for doubtful balances		20,006	120,800
Provision no longer required written back		-	7,707
Financial charges		167,002	186,252
Provision for gratuity		6,444	5,375
Operating loss before working capital changes		167,929	(141,001)
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		(19,581)	(5,830)
Stock in trade		(55,909)	133,992
Trade debts		(55,212)	83,774
Loans and advances		(5,684)	22,136
Trade deposits, prepayments and other receivables		6,193	19,070
Increase/(Decrease) in current liabilities			
Trade and other payables		137,399	(21,897)
Cash generated from operations		175,135	90,244
Payments for:			
Financial charges		(39,936)	(65,505)
Taxes		(7,047)	882
Gratuity		(2,877)	(731)
Net cash inflow from operating activities	A	125,275	24,890
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(43,525)	(85,191)
Proceed against disposal of fixed assets		-	280
Long-term deposits		-	(1,259)
Net cash outflow from investing activities	B	(43,525)	(86,170)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans received		38,452	194,680
Lease rentals paid		(13,840)	(11,020)
Short term borrowings - Net		(75,254)	(132,179)
Net cash inflow from financing activities	C	(50,642)	51,481
Net decrease in cash and cash equivalents	A+B+C	31,108	(9,799)
Cash and cash equivalents as at 1st July		6,306	16,105
Cash and cash equivalents as at 30th June		**37,414**	**6,306**

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
	(Rupees in thousand)		
Balance as on July 01, 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)
Total comprehensive income for the year			
Loss after taxation	-	(160,178)	(160,178)
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	7,853	7,853
Total comprehensive income for the year	-	(152,326)	(152,326)
Balance as on June 30, 2012	**858,000**	**(2,322,544)**	**(1,464,544)**

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 **STATUS AND NATURE OF BUSINESS**

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

2 **GOING CONCERN ASSUMPTION**

The financial statements for the year ended June 30, 2012 are showing loss after taxation amounting Rs. 160.178 million (2011: Rs. 565.101 million) and as of that date it has accumulated losses of Rs. 2,322.544 million (2011: Rs. 2,170.218 million) which resulted in negative equity of Rs. 1,464.544 million (2011: Rs. 1,312.218 million) and its current liabilities exceeded its current assets by Rs. 779.090 million (2011: Rs. 998.817 million) as at the balance sheet date.

As the above conditions are prevailing from last few years, thus raising 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, during the same course of period, the Company has not only been able to negotiate relaxations with its lenders but also completed its rebuilding of the furnace of unit II which remained closed from November 2008 to February 2012.

The Company's borrowing facilities from most of the banks and leasing companies have expired. During the year, the Company has successfully negotiated with two leasing companies and one bank for the restructuring/ rescheduling of financial facilities which had gone into litigation. Further, the Company is in negotiation with its other 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 remaining lenders.

Based on the concerted efforts and continued support of the directors, the management of the Company is confident to continue as a going concern and re-profiling Company's borrowings in a manner which will provide relief in payment terms, enhance its ability to utilize resources generated through maximum utilization of production capacities with the objective to improve liquidity & cost efficiency on sustainable basis.

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 the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

3.1.1 **The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:**

		Effective for period beginning on or after
-	IAS 1 – Presentation of Financial Statements (Amendment)	July 1, 2012
-	IAS 12 – Income Taxes (Amendment)	January 1, 2012
-	IAS 19 – Employee Benefits (Amendment)	January 1, 2013
-	IAS 27 – Separate Financial Statements (Revised)	January 1, 2013
-	IAS 28 – Investments in Associates and Joint Ventures (Revised)	January 1, 2013
-	IFRS 1 – First-time Adoption of International Financial Reporting Standards (Amendment)	January 1, 2013
-	IFRS 7 – Financial Instruments: Disclosures (Amendment)	January 1, 2013
-	IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

The management anticipates that except for the effects on the financials statements of amendments to IAS 19 "Employee Benefits", the adoption of above standard, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation and disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains/losses in other comprehensive income in the period of initial application, which cannot be presently quantified as on the date of balance sheet.

The following new standards and interpretation are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the applicability in Pakistan.

-	IFRS 9 – Financial Instruments	January 1, 2015
-	IFRS 10 – Consolidated Financial Statements	January 1, 2013
-	IFRS 11 – Joint Arrangements	January 1, 2013
-	IFRS 12 – Disclosures of Interest in Other Entities	January 1, 2013
-	IFRS 13 – Fair Value Measurement	January 1, 2013

The following interpretations issued by IASB have been waived off by the SECP, effective January 16, 2012:

- IFRIC 4 – Determining whether an arrangement contains a lease
- IFRIC 12 – Service Concession Arrangements

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 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

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 receivables

The Company reviews its doubtful trade debts and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment 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 up to 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 receivable 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.

4 AUTHORIZED CAPITAL

	Note	2012	2011
		(Rupees in thousand)	
171,600,000 (June 30, 2011: 85,800,000) Ordinary shares of Rs. 10/- each		1,716,000	858,000
5,000,000 (June 30, 2011: 34,200,000) Preference shares of Rs. 10/- each	4.1	50,000	342,000
		1,766,000	1,200,000

4.1 Company has passed a special resolution on November 30, 2010 having the effect that the 29.200 million preference shares of Rs. 10 each are substituted by 29.200 million ordinary shares of same nominal value.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2012	2011
85,300,000	Ordinary shares of Rs.10 each fully paid in cash (2011: 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 (2011: 500,000 shares of Rs.10 each)	5,000	5,000
85,800,000		858,000	858,000

5.1 42,235,422 (2011: 42,856,927) ordinary shares of the Company are held by associated company.

6 SHARE DEPOSIT MONEY

The Company has passed a special resolution in its annual general meeting held on November 30, 2010 that the 85.8 million ordinary shares of Rs. 10/- each i.e. 100% of existing share capital of the Company be issued to Mr. Muhammad Tousif Paracha (Director/CEO) at 60% discount i.e. at Rs. 4 per shares (total amounting to Rs. 343.2 million) otherwise than right against the outstanding loan of Mr. Muhammad Tousif Paracha (Director/CEO) to the Company. The Company has obtained approval of Securities and Exchange Commission of Pakistan during the year and the shares have been allotted to Mr. Muhammad Tousif Paracha subsequent to balance sheet date.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2012	2011
Opening Balance - net of deferred tax	268,630	277,293
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax	(7,853)	(8,663)
Surplus on revaluation of fixed assets - Closing	260,777	268,630

8 SUBORDINATED LOAN - Unsecured

	2012	2011
	(Rupees in thousand)	
From related parties (Directors)		
- Local currency	82,493	82,493
From sponsors and shareholders		
- Foreign currency	399,587	399,587
	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	2012	2011
From banks and financial institutions - Secured			
Demand finance I	9.1 & 9.3	362,000	428,778
Demand finance II (Frozen Markup)	9.2&9.3	240,444	92,136
Term Finance	9.4	30,000	47,400
Demand Finance	9.5	21,840	25,200
Term Finance II	9.6	9,813	-
		664,097	**593,514**
From related parties (directors) - Unsecured			
local currency	6&9.7&9.8	305,970	183,439
foreign currency	9.7&9.8	159,358	149,113
		465,328	**332,552**
		1,129,425	**926,066**
Current and overdue portion presented under current liabilities			
Demand Finance I		(23,500)	(27,500)
Demand Finance II		-	(40,000)
Term Finance		(30,000)	(37,400)
Term Finance II		(9,813)	-
Demand Finance		(17,640)	(12,600)
Demand Finance -I over due		-	(23,778)
Demand Finance -II over due		-	(46,600)
		(80,953)	**(187,878)**
		1,048,472	**738,188**

9.1 The Demand Finance facility has been obtained from The Bank of Punjab (BOP) initially for the purpose of swap of debts from other banks. During the year 2010, the Bank re-structured / re-scheduled facility for the purpose of conversion of existing outstanding principal amounting to Rs.463.664 Million. However, the Company was unable to ensure scheduled payments due to liquidity issues.

During the current year, the Company again entered into a settlement agreement with BOP for re-structuring/ rescheduling of loan with an upfront payment of Rs. 63 Million. The loan is payable in 58 monthly step up installments and carries mark up @ 3 months KIBOR with floor of bank's COFs of 2011 (9.55%).

9.2 This Demand Finance II facility has been restructured/rescheduled by BOP against unserviceable markup of Rs. 240.444 million as on June 30, 2012. It includes frozen markup on DF-I amounting Rs. 99.087 million which will be waived at the tail end subject to no defaults in repayment agreed under the revised restructuring arrangements. The balance amount of Rs. 141.357 million is payable in 8 monthly step up installments starting from March 2018.

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.

9.4 During the year 2011, 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 installments starting from February 2011. The 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 last 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 This facility was 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. During the year, this facility has been rescheduled to term finance loan payable within 18 monthly installments. Markup on this loan has not been charged as it will be waived at the tail end subject to no defaults in repayment agreed under the revised restructuring arrangements and the Company is complying with the said arrangements.

9.7 These unsecured loans have been obtained from directors.

9.8

In the last quarter of financial year, Mr. Muhammad Tousif Paracha (Chairman & CEO) claimed mark up on his outstanding loan including share deposit money which was previously agreed to be interest free. Keeping in view the financial health of the Company and after detailed discussion with all other Board Members of the Company, he confirmed to defer repayment of loan till the liquidity position of the Company improves and agree to support the operations of the Company. However he insisted for the recording of markup from the date of transactions starting from 2006-2007. Board of Directors (BOD) has formed a committee to negotiate with Mr. Muhammad Tousif Paracha regarding his claim of mark up. This matter is still pending with BOD and directors are under negotiation with Mr. Muhammad Tousif Paracha for finalization of his mark up claim. However, it has been agreed that markup amount will be reduced by the exchange loss incorporated in the books on his foreign currency loans and no mark up will be claimed on share deposit money on conversion into equity. He further agreed not to claim payment of mark up till the financial health of the Company improves.

On the balance sheet date, loans amounting to Rs. 390.414 million are included in long term loans in addition to the share deposit money of Rs. 343.200 million. The mark up calculated on the basis of aforementioned terms amounting Rs. 351.632 million has not been recorded in the books of accounts of the Company as the matter is still under negotiation and the final outcome cannot be ascertained. The aforementioned mark up includes amount of Rs. 92.252 million for the year ended June 30, 2012 and the balance amount relates to the mark up provision from the financial year 2006 to 2011.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012		2011	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)		(Rupees in thousand)	
Not later than one year	98,155	95,959	107,553	102,802
Later than one year but not later than five years	24,959	24,800	43,121	40,766
Total	123,114	120,759	150,674	143,568

	2012		2011	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)		(Rupees in thousand)	
Less: Finance charge allocated to future periods	2,355	-	7,106	-
Present value of minimum lease payments	120,759	120,759	143,568	143,568
Less: Current portion- under current liabilities	40,035	40,035	12,615	12,615
Over due portion-under current liabilities	55,924	55,924	90,187	90,187
	24,800	24,800	40,766	40,766

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 (2011: 8.50% to 22% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the Company. During the year, the Company was successful to negotiate with two of the leasing companies for rescheduling/ restructuring the facilities. The Company intends to exercise its option to purchase the leased assets upon the completion of the respective lease periods.

		2012	2011
		(Rupees in thousand)	
11 DEFERRED LIABILITIES			
Deferred Taxation	11.1	43,855	48,084
Employees retirements benefits	11.3	32,109	28,542
		75,964	76,626

11.1 Deferred taxation

Credit balances arising due to:		
- Accelerated tax depreciation allowances	147,593	132,170
- Relating to finance lease	30,584	16,848
Debit balances arising due to:		
- Staff gratuity	(8,718)	(7,750)
- Available tax loss and credit	(779,588)	(670,125)
Deferred tax asset	(610,129)	(528,857)
Deferred tax asset not recognized	610,129	528,857
	-	-
Deferred tax liability relating to surplus on revaluation of property, plant and equipment	43,855	48,084
	43,855	48,084

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 retirements benefits

Staff gratuity:
Movement in balance

Opening balance		28,542	23,898
Payments during the year		2,877	731
		25,665	23,167
Charge for the year	11.3.1	6,444	5,375
	11.3.2	32,109	28,542

		2012	2011
		(Rupees in thousand)	

11.3.1 Charge for the year

	2012	2011
Service cost	3,721	3,364
Interest cost	3,102	2,282
Actuarial (gains) / Losses	(379)	(271)
	6,444	5,375

11.3.2 Balance sheet reconciliation

	2012	2011
Present value of defined benefit obligations	28,542	22,160
Unrecognized actuarial gains	3,567	6,382
	32,109	28,542

11.3.3 Principal actuarial assumption

	2012	2011
Expected rate of increase in salaries	13 % p.a.	13 % p.a.
Discount factor used	14 % p.a.	14 % p.a.
Average expected remaining working life time of employees	11 years	11 years

12 TRADE AND OTHER PAYABLES

	Note	2012	2011
Bills payable		100,636	64,844
Trade creditors	12.1	276,109	128,770
Accrued expenses	12.2	178,015	272,002
Advances from customers		29,620	25,731
Unclaimed dividend		164	164
Sales tax and excise duty payable		49,565	5,199
Others		3,280	3,280
		637,389	499,990

12.1 This includes amount of Rs. 12,372 million (2011: Rs. 11.473 million) and Rs. Nil (2011: Rs. 0.263) 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. 130.322 million (2011: Rs. 236.711 million) outstanding on account of Sui gas bills.

13 MARK UP ACCRUED

	Note	2012	2011
Markup accrued	13.1	266,505	296,206

13.1 This includes amount of Rs. 135.604 million (2011: 97.865 million) payable to associated companies.

14	SHORT TERM BORROWINGS		Limits Rs. '000'	2012	2011
				(Rupees in thousand)	
	From banks and financial institutions - Secured				
	Term Finance II	9.6	21,622	-	21,622
	Export pre shipment finance	14.1	40,000	40,000	40,000
	Short term morabaha	14.2	102,035	90,571	112,675
	Short term running finance	14.3	150,314	144,439	134,638
	From related parties - Unsecured				
	Associated company	14.4		101,286	189,898
	Others - Unsecured, interest free				
	Temporary book overdraft			45,924	8,454
				422,220	507,287

14.1 During the year 2011, the Company entered into a settlement agreement with Citibank N.A. under which this Export Pre-Shipment loan has been rescheduled @ 7.5% markup . This loan is secured by way of first pari passu hypothecation over Company's current assets and personal guarantees of directors.

14.2 The Company has entered into morabaha facilities with Al Baraka Bank (Pakistan) 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 (2011: 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 2011 with outstanding balance of Rs. 32.435 million.

14.3 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 (2011: 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 foreign currency up to the tune of Rs. 30.000 million (2011: Rs. 30.000 Million) against which an amount of Rs. 24.128 million (2011: 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.

14.4 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 (2011: six months KIBOR plus 100 to 350 bps) payable quarterly in arrears.

15	CURRENT MATURITY OF NON CURRENT LIABILITIES		2012	2011
			(Rupees in thousand)	
	Demand Finance- I	9	23,500	51,278
	Demand Finance- II	9	-	86,600
	Term Finance	9	30,000	37,400
	Term Finance II	9	9,813	-
	Demand Finance	9	17,640	12,600
	Lease Liabilities	10	95,959	102,802
			176,912	290,680

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees amounting to Rs. 91.993 million (2011: Rs.91.993 million) have been given by various banks on behalf of the Company.

16.1.2 Two suits for recovery of Rs. 1.214 million and Rs. 0.250 million was filed by M/s Tawakkal Traders (Packaging Contractors) against the Company for recovery of their machine, tools, equipments, motors etc. During the year, the court has issued ruling in favor of the Company in the later case. Former case is 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 Bank Alfalah has filed a recovery suit against the Company during the year 2011 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 wherein the Company's Leave to Defend against the claim had been refused. However, the aforesaid order has been suspended by the Honorable High Court in the constitutional petition till disposal of the same. Case The legal advisor of the Company has opined that the matter may be remanded back to the Honorable Banking Court for a fresh hearing of the same. Further, the Company has entered into negotiation with the bank for out of court settlement which remains unconclusive till date. As the case is still under adjudication and the ultimate outcome can not be established.

16.1.4 Company is defendant in various legal proceedings initiated by various ex-employees, suppliers and contractors in various labor / civil / high courts. The aggregate of suit amounts is Rs.25.643 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 (2011: Rs. Nil)

17 PROPERTY, PLANT AND EQUIPMENT

		2012	2011
		(Rupees in thousand)	
Operating fixed assets	17.1	1,512,471	1,416,621
Capital work in progress	17.3	14,109	196,210
		1,526,580	1,612,831

17.1 Operating Assets - At cost less accumulated depreciation

Particulars	2012								
	Cost / Revaluation				Depreciation			Book value	Rate %
	As at July 01, 2011	Additions / Transfer	Disposal / Transfer	As at June 30, 2012	As at July 01, 2011	For the year ended 30 June 2012	As at June 30, 2012	As at June 30, 2012	
	(Rupees in thousand)								
Freehold land	224,500	-		224,500	-	-	-	224,500	--
Building on freehold land									
Factory	164,627	1,063		165,690	49,545	11,517	61,062	104,628	10
Non factory	54,781	-		54,781	12,532	2,112	14,644	40,137	5
Plant and machinery									
Owned	1,818,577	201,319		2,019,896	998,937	92,669	1,091,606	928,290	10 & 15
Leased	343,679	-		343,679	140,824	21,267	162,091	181,588	10
Electric and gas installation	11,189	20,029		31,218	9,862	300	10,162	21,056	10
Furniture and fixtures	9,651	455		10,106	7,971	172	8,143	1,963	10
Office equipment	7,204	250		7,454	3,850	339	4,189	3,265	10
Vehicles									
Owned	10,857	2,510		13,367	7,689	847	8,536	4,831	20
Leased	10,845	-		10,845	8,079	553	8,632	2,213	20
2012	2,655,910	225,626	-	2,881,536	1,239,289	129,776	1,369,065	1,512,471	

Particulars	2011 Cost / Revaluation: As at July 01, 2010	Additions / Transfer	Disposal / Transfer	As at June 30, 2011	Depreciation: As at July 01, 2010	Adjustment / Transfer	For the year	As at June 30, 2011	Book value 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	

			2012	2011
			(Rupees in thousand)	
17.2	Depreciation charge for the year has been allocated as follows:			
	Cost of sales		127,464	138,938
	Administrative and selling		2,312	2,520
			129,776	141,458
17.3	**Capital work in progress - At cost**			
	Opening balance		196,210	125,990
	Additions		22,244	70,220
			218,454	196,210
	Less: Capitalized		204,345	-
	Closing balance	17.4	14,109	196,210
17.4	Plant and machinery		13,629	195,312
	Civil work		480	898
			14,109	196,210

18 STORES, SPARES AND LOOSE TOOLS

		2012	2011
Stores		98,169	89,401
Spares and loose tools *(incl. moulds)*		196,156	185,343
		294,325	274,744
Provision for slow moving and obsolete items		(35,445)	(35,445)
		258,880	239,299

18.1 Provision for slow moving and obsolete items

		2012	2011
Balance as at July 01		35,445	-
Provision for the year	28	-	35,445
		35,445	35,445

			2012	2011
			(Rupees in thousand)	
19	**STOCK IN TRADE**			
	Raw and packing materials		44,063	33,436
	Work in process		4,587	2,632
	Finished goods		72,656	29,329
			121,306	65,397
20	**TRADE DEBTS**			
	Trade Debts - Secured		7,161	13,619
	Trade Debts - Unsecured- considered good		170,586	112,679
	Trade Debts - Unsecured and considered doubtful		50,668	46,905
			228,415	173,203
	Less: Provision for doubtful debts	20.1	(50,668)	(46,905)
			177,747	126,298
20.1	**Provision for doubtful debts**			
	Balance as at July 01		46,905	-
	Provision for the year	28	3,763	46,905
			50,668	46,905
21	**LOANS AND ADVANCES**			
	Employees	21.1	1,981	2,115
	Suppliers		90,461	84,795
	Against expenses		11,844	11,692
			104,286	98,602
	Less: provision for doubtful balances			
	Provision for Suppliers	21.2	(26,500)	(17,051)
	Provision against expenses		(6,454)	(6,454)
			(32,954)	(23,505)
			71,332	75,097

21.1 Aggregate amount due from executives of the Company is Rs. 0.528 million (2011: Rs.0.541 million).

			2012	2011
21.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		23,505	-
	Provision for the year (suppliers)	28	9,449	17,051
	Provision for the year (against expenses)	28	-	6,454
			32,954	23,505

			2012	2011
22	**TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE**		**(Rupees in thousand)**	
	Short term deposits	22.1	50,718	50,667
	Other receivable	22.2	18,387	24,631
			69,105	75,298
	Less Provision for Short term Deposits	22.3	(9,528)	(8,056)
	Provision for Other Receivables	22.3	(12,211)	(6,889)
			(21,739)	(14,945)
			47,366	60,353

22.1 This includes a sum of Rs. 23.694 million (2011: 23.694 million) relating to assets subject to finance lease.

22.2 This includes a sum of Rs. Nil (2011: Rs. 1.366 million) in respect of sales tax receivable.

22.3 **Provision for doubtful loans and advances**

		2012	2011
Balance as at July 01		14,945	-
Provision for the year (short term deposits)	28	1,472	8,056
Provision for the year (other receivables)	28	5,322	6,889
		21,739	14,945

23 TAXES RECOVERABLE

	2012	2011
Advance income tax - Net	2,618	5,526
Income tax refundable	7,273	17,069
	9,891	22,595

24 CASH AND BANK BALANCES

	2012	2011
Cash in hand	935	491
Cash at banks - Current account	36,479	5,816
	37,414	6,306

25 SALES - Net

	2012	2011
Gross Sales		
Local	2,152,634	1,114,896
Export	105,265	163,900
	2,257,899	1,278,796
Less:		
Sales tax	297,227	159,837
Excise duty	-	14,844
Discount on sale	-	5,320
	1,960,672	1,098,795

			2012	2011
26	**COST OF SALES**		**(Rupees in thousand)**	
	Raw material consumed			
	Opening stock		33,436	89,111
	Purchases		813,678	469,890
			847,114	559,001
	Closing stock		(44,063)	(33,436)
			803,051	525,565
	Power, fuel and water		551,819	353,932
	Salaries, wages and other benefits	26.1	248,796	187,700
	Stores and spares		176,666	77,541
	Repairs and maintenance		5,650	3,857
	Communication		1,551	1,545
	Traveling and conveyance		5,651	4,156
	Legal and professional		234	406
	Stationery, fees and subscription		758	1,055
	Insurance		2,960	1,643
	Entertainment		1,057	960
	Depreciation	17.2	127,464	138,938
	Rent, rates and taxes		922	198
	Others		2,208	1,793
			1,928,787	1,299,288
	Work In Process-Opening		2,632	9,071
	Work In Process-Closing		(4,587)	(2,632)
	Cost of Goods Manufactured		1,926,832	1,305,727
	Finished Goods - Opening		29,329	80,392
	Finished Goods - Closing		(72,656)	(29,329)
			1,883,505	1,356,790

26.1 Salaries, wages and other benefits include amount of Rs. 5.993 million (2011: Rs. 4.996 million) relating to staff retirement benefits.

27	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries and other benefits	27.1	4,669	6,396
	Communication		1,569	1,101
	Rent, rates and taxes		44	119
	Travelling and conveyance		7,589	6,022
	Legal and professional		10,386	2,438
	Advertisement		100	89
	Stationery, fees and subscription		199	169
	Power, fuel and water		155	235
	Entertainment		304	119
	Audit fee	27.2	900	825
	Depreciation	17.2	2,312	2,520
	Repairs and maintenance		181	18
	Freight, handling and forwarding		16,241	19,648
	Charity and donation	27.3	305	216
	Computer software expenses		-	1,000
	Trade debts written off		-	3,235
	Miscellaneous		601	4,112
			45,555	48,262

27.1 Salaries and other benefits include amount of Rs. 0.451 million (2011: Rs.0.379 million) relating to staff retirement benefits.

		2012	2011
		(Rupees in thousand)	
27.2	Auditor's remuneration	525	500
	Half yearly review	300	300
	Out of pocket expenses	75	25
		900	825

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

28 OTHER OPERATING EXPENSES

	2012	2011
	(Rupees in thousand)	
Provision for - trade debts	3,763	46,905
- advances	9,449	17,051
- other expenses	-	6,454
- deposits	1,472	8,056
- other receivables	5,322	6,889
- store and spares	-	35,445
Loss on disposal of fixed assets	-	890
	20,006	121,690

29 OTHER OPERATING INCOME

Liabilities written back on settlement	10,571	33,549
Provision no longer required written back	-	7,707
Mould charges	97	3,009
	10,668	44,265

30 FINANCIAL CHARGES

Mark up on		
- Long term loans		
- banks and financial institutions	67,504	78,426
- related parties (directors)	4,398	-
- Liabilities against assets subject to finance lease	4,907	5,496
- Short term borrowings		
- banks and financial institutions	26,528	42,787
- related parties (associated companies)	40,435	38,489
- others	327	3,480
Exchange loss on foreign currency translation - net	8,516	6,166
Bank charges (including B/G commission)	14,387	11,408
	167,002	186,252

		2012	2011
		(Rupees in thousand)	

31 TAXATION

	2012	2011
Current	19,607	1,639
Prior	72	(1,808)
Deferred	(4,229)	(4,664)
	15,450	(4,833)

The current tax provision represents the final tax chargeable under section 154 and 113 of the Income Tax Ordinance, 2001.

For the purpose of current taxation, the tax losses available for carry forward as at June 30, 2012 are estimated at Rs. 2,205.902 million (2011: Rs. 1,914,643 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:

		2012	2011
Loss after taxation		(160,178)	(565,101)
		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)	(1.87)	(6.59)

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:

	2012	2011
	(Rupees in thousand)	
Trade debts	177,747	126,298
Advances	71,332	75,097
Deposits and other receivables	47,366	60,353
Bank balances	36,479	5,816
	332,924	267,564

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 date was:

Not past due	41,768	11,637
Past due 0-30 days	42,126	29,829
Past due 30-150 days	54,019	58,959
Past due 150 days	38,024	25,873
	175,937	126,298

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	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 Bank (Pakistan) Limited	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.	MOODY	P-1	A-1
KASB Bank Limited	PACRA	A3	BBB

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:

	2 0 1 2					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to Twelve Months	One to Five Years	More Than Five Years
Financial Liabilities						
Subordinated loan - Unsecured	482,080	482,080	-	-	-	482,080
Long term loans	1,129,425	1,129,425	13,911	19,402	338,500	757,612
Liabilities against assets subject to finance lease	120,759	123,114	78,138	20,018	24,959	-
Trade and other payables	637,389	637,389	260,644	376,745	-	-
Markup accrued	266,505	266,505	266,505	-	-	-
Short term borrowings	422,220	422,220	84,444	211,110	126,666	-
	3,058,378	3,060,733	703,641	627,275	490,125	1,239,692

	2011					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to Twelve Months	One to Five Years	More Than 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

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 effective 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 for 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.

Company has approached its lenders for the restructuring of its short term and lease liabilities which is under active consideration by them. Long term loans and short term borrowings from some of the financial institutions have been renewed/ restructured and active negotiations are under process with rest of 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:

	2012	2011
	(Rupees in thousand)	
Financial Liabilities:		
Foreign currency loan	183,486	173,512
Foreign creditors	2,834	31,652
	186,320	205,164
Financial Assets:		
Foreign debtors	2,166	13,619
	2,166	13,619
Net Exposure	184,154	191,545
The following significant exchange rate has been applied:		
USD to PKR (Reporting date rate in Rupees)	94.20	84.78
USD to PKR (Average rate in Rupees)	89.90	85.19

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.

	2012	2011
	(Rupees in thousand)	
Effect on loss / profit	(18,415)	(19,155)

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

	2012	2011
Long term financing	664,097	593,585
Lease liabilities	120,759	143,568
Short term borrowings	376,296	498,833
	1,161,152	1,235,986

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:

	2012	2011
Effect on loss due to change of 100 BPs		
Increase / decrease	11,612	12,444

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 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 notes 16.2 to the financial statements.

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in thousand)							
Managerial remuneration	-	-	3,889	2,786	11,079	9,404	14,968	12,190
House rent allowance	-	-	1,750	1,254	4,987	4,232	6,737	5,486
Utilities	-	-	389	279	1,109	940	1,498	1,219
Medical	-	-	65	46	185	157	250	203
Conveyance	-	-	389	279	1,108	940	1,497	1,219
	-	-	6,482	4,644	18,468	15,673	24,950	20,317
Number of persons	1	1	2	2	26	20	29	23

Two directors and some executives have been provided with Company maintained cars. 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: -

	2012	2011
	(Rupees in thousand)	
Associated companies		
Purchases	3,987	2,767
Short term loan received	168,918	57,430
Repayment of short term loan	275,839	35,097
Markup charged on loan	40,435	38,489
Fixed assets purchased	-	280
Payment against supplies	2,857	1,612
Directors		
Loan received	122,959	78,972
Repayment of loan	31,920	2,433
Markup charged on loan	4,398	-

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 analysis for segments is given below:

	2012			
	Glass Containers	Plastic Shells	Eliminations	Total
	(Rupees in thousand)			
REVENUE				
Sales to external customers	2,049,307	208,592	-	**2,257,899**
Inter-segment sales	-	-	-	**-**
Gross revenue	2,049,307	208,592	-	**2,257,899**
Less: Sales tax	(263,852)	(33,375)	-	**(297,227)**
Net Revenue	1,785,455	175,217	-	**1,960,672**
Cost of goods sold	(1,721,216)	(162,289)	-	**(1,883,505)**
Admin and selling expenses	(42,555)	(3,000)	-	**(45,555)**
Other charges	(20,006)	-	-	**(20,006)**
Financial charges	(165,671)	(1,331)	-	**(167,002)**
Other income	10,668	-	-	**10,668**
	(1,938,780)	**(166,620)**	**-**	**(2,105,400)**
Segment results	**(153,325)**	**8,597**	**-**	**(144,728)**
Income tax				**(15,450)**
Loss for the year				**(160,178)**
OTHER INFORMATION				
Capital expenditure	43,525	-		
Depreciation	117,787	11,989		

	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)**
Special 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)**
Other charges	(121,690)	-	-	**(121,690)**
Financial charges	(184,203)	(2,049)	-	**(186,252)**
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**
Loss for the year				**(565,101)**
OTHER INFORMATION				
Capital expenditure	85,191	-		
Depreciation	124,274	17,184		

	2012	2011
	(Rupees in thousand)	
36.2 Geographical information		
Revenue from external customers		
Pakistan	1,855,407	934,895
Asia other than Pakistan	105,265	110,240
Africa	-	53,660
	1,960,672	1,098,795

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

All non-current assets of the Company at 30 June 2012 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 regular basis.

37 CAPACITY AND PRODUCTION

	Unit	2012		2011	
		Annual Capacity	Production	Annual Capacity	Production
Based on 350 working days					
Glass containers					
Active	**Tons**	**120,400**	**49,706**	**67,900**	**30,441**
Under re building	**Tons**	**-**	**-**	**52,500**	**-**
	Tons	**120,400**	**49,706**	**120,400**	**30,441**
Plastic shells					
Full depth	**Pieces**	**1,500,000**	**526,308**	**1,500,000**	**276,403**
Half depth	**Pieces**	**800,000**	**50,954**	**800,000**	**267,727**
	Pieces	**2,300,000**	**577,262**	**2,300,000**	**544,130**

Unit II of the Company which remained closed during the major part of the year and started its production in February 2012. Due to this factor the Company's production volumes has been increased by 63% as compared to previous year. However, overall production capacity utilization of the Company remained at low level due to economic, technical & operational issues. The production of shells remained low on account of decrease in market share of the Company and available demand.

38 GENERAL

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

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on October 9, 2012 in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE **DIRECTOR**

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

Pattern of holding of the shares held by the shareholders as at **30-06-2012**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
808	1	100	28,892
534	101	500	144,472
205	501	1,000	164,097
338	1,001	5,000	910,134
70	5,001	10,000	542,948
38	10,001	15,000	489,458
14	15,001	20,000	240,393
11	20,001	25,000	252,444
7	25,001	30,000	188,538
14	30,001	35,000	469,654
4	35,001	40,000	150,953
1	40,001	45,000	41,716
4	45,001	50,000	197,500
1	50,001	55,000	52,500
4	55,001	60,000	229,091
1	60,001	65,000	61,250
1	75,001	80,000	76,500
1	80,001	85,000	82,869
1	95,001	100,000	100,000
1	110,001	115,000	111,350
3	115,001	120,000	351,039
1	155,001	160,000	155,505
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	290,001	295,000	294,700
1	345,001	350,000	350,000
1	565,001	570,000	568,077
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	2,035,001	2,040,000	2,038,234
1	2,885,001	2,890,000	2,888,458
1	3,990,001	3,995,000	3,995,000
1	4,400,001	4,405,000	4,401,596
1	8,995,001	9,000,000	9,000,000
1	10,005,001	10,010,000	10,006,435
1	16,520,001	16,525,000	16,521,266
1	25,710,001	25,715,000	25,714,156
2081			**85,800,000**

5. Categories of shareholders	**Share held**	**Percentage**
5.1 Directors, Chief Executive Officers, and their spouse and minor children	29,574,181	34.4687%
5.2 Associated Companies, undertakings and related parties.	42,235,422	49.2254%
5.3 NIT and ICP	606,817	0.7072%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	4,458,156	5.1960%
5.5 Insurance Companies	172,640	0.2012%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10%	61,827,949	72.0605%
5.8 General Public		
a. Local	8,298,900	9.6724%
b. Foreign		
5.9 Others (to be specified)		
Joint Stock Companies	102,274	0.1192%
Other Companies	351,610	0.4098%

BALOSHISTAN GLASS LIMITED

Catagories of Shareholding required under Code of Coprorate Governance (CCG)

As on June 30, 2012

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	PAK HY-OILS LIMITED	42,235,422	49.23%
Mutual Funds		-	0.00%
Directors and their Spouse and Minor Chidren (Name Wise Detail):			
1	MR. TARIQ SIDDIQ PARACHA	23,587,527	27.49%
2	MR. MUHAMMAD TAUSIF PARACHA	1,135,924	1.32%
3	MR. MUHAMMAD NIAZ PARACHA	500	0.00%
4	MR. JAWAID AZIZ PARACHA	500	0.00%
5	MIAN NAZIR AHMED PERACHA	500	0.00%
6	MR. NASIR MALIK	500	0.00%
7	MR. MUHAMMAD ISHAQUE KHOKHAR	500	0.00%
8	MRS. TABUSSAM TAUSIF PARACHA W/O M. TAUSIF PARACHA	1,925,445	2.24%
9	SHAZIA TARIQ PARACHA W/O TARIQ SIDDIQ PARACHA	2,922,785	3.41%
Executives:		-	0.00%
Public Sector Companies & Corporations:		-	0.00%
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		4,630,796	5.40%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. TARIQ SODDIQ PARACHA	23,587,527	27.49%
3	PAK HY-OILS LIMITED. (CDC)	42,235,422	49.23%
4	BANK ALFALAH LIMITED (KSE) (CDC)	4,401,596	5.13%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor childrens is as under:

S.No	NAME	SALE	PURCHASE
1	Tariq Saddiq Peracha	5,000	-
2	Pak Hy Oils Limited	621,505	-

Form of Proxy
32nd 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 2012

Signed this ------------------------------------ day of --2012

Witnesses:

Signature ______________________________ ________________

Name ______________________________ ________________

Address ______________________________ ________________

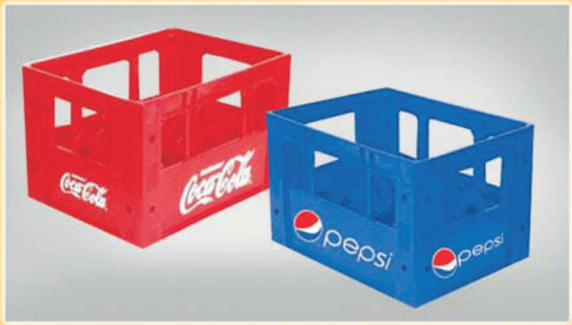
CNIC No./ Passport Number ______________ ________________

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.**



BALOCHISTAN GLASS LIMITED

Tel:042-37923993-4, Fax: 042-37930616 info@balochistanglass.com
www.balochistanglass.com