ANNUAL REPORT 2014

BALOCHISTAN GLASS LIMITED

An ISO 9001:2008 Certified Company

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Muhammad Tousif Paracha	Chairman & CEO
Mr. Tariq Siddiq Paracha	
Mr. Mustafa Tousif Ahmed Paracha	
Mr. Jawaid Aziz Paracha	
Mr. Mian Nazir Ahmed Paracha	
Mr. Nasir Malik	
Mr. Shamim Anwar	

COMPANY SECRETARY

Sheikh Arif Moin-ul-Haq

AUDIT COMMITTEE

Mr. Mian Nazir Ahmed Paracha	Chairman
Mr. Mustafa Tousif Ahmed Paracha	Member
Mr. Jawaid Aziz Paracha	Member

HR & REMUNIRATION COMMITTEE

Mr. Mustafa Tousif Ahmed Paracha	Chairman
Mr. Jawaid Aziz paracha	Member
Mr. Tariq Siddiq Paracha	Member

BANKERS

The Bank of Punjab
Bank Al Falah Limited
Al Baraka Bank (Pakistan) Limited
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. 4, 3rd Floor,
Block 09, Clifton, Karachi.
Ph. No. 021-35377977-80

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 34th Annual General Meeting of Balochistan Glass Limited will be held on Friday October 31, 2014 at 12:00 p.m at Plot # M-8, H.I.T.E. Hub, Hub Industrial Estate Lasbela, Balochistan to transact the following businesses:

Ordinary Business

1. to confirm the minutes of Extra Ordinary General Meeting held on January 27, 2014.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2014 together with Auditor's and Director's report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2015 and to fix their remuneration.

Other Business

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

By Order of the Board

Date: October 03, 2014
Place: Lahore.

Sheikh Arif Moin-ul-Haq
Company Secretary

Notes:

1. The share transfer books will remain closed from October 24, 2014 to October 31, 2014 both days inclusive. Transfer received by the share registrar of the company Corplink Pvt Ltd, I-K Commercial, Model Town Lahore up to October 23, 2014 will be considered in time for the purpose of attendance at AGM.
2. A member who has deposited his/her shares in Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and account/sub account number along with original CNIC or original passport at the time of the meeting.
3. A member entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy to be valid must be properly filled in / executed and received at the company head office situated at 28/B-3 Gulberg, Lahore not later than 48 hours before the time of the meeting.
5. Members are requested to notify the share registrar of the company promptly of any change in their address and also provide copy of their CNIC for updating record.

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, 2014.

COMPANY PERFORMANCE

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

(Rupees in thousands)

	2014	2013
Sales - Net	**2,203,968**	2,714,121
Gross Profit/(loss)	**(229,183)**	13,989
Operating Profit/(loss)	**(325,322)**	8,342
Depreciation & Amortization	**138,755**	142,538
(Loss) before Tax	**(571,513)**	(216,368)
(Loss) after Tax	**(568,533)**	(226,299)
Basic and diluted (Loss) per share	**(3.31)**	(1.50)

Sales Revenue of the Company dropped by 18.8% as compared to previous year and loss after tax has also increased as compared to last year. The main reason of heavy loss during the year was the closure of BGL Unit-II and non-availability of smooth gas supply at BGL-III. BGL Unit-II was closed down due to gas shut down and uncertainty in supply of gas in Punjab. Plant operations of BGL-III also suffered badly due to gas supply and company had to use expensive fuels in order to save the furnace and major equipment from any unforeseen damage. Company had highlighted this matter at various forums and highly criticized the discrimination in gas supply among companies located in same vicinity.

Furthermore, production of Unit-I has also suffered due to conversion into Amber glass (i.e. pharmaceutical glass).Company converted Unit-I into amber glass in order to cater the demand of pharma sector, however, desired result cannot be achieved.

FUTURE OUTLOOK

Our Marimax brand has performed remarkably well in past few years; both in local & export market. Net sales of Marimax product had increased by 19% and 22% in 2013 and 2014 respectively. The Company had also incurred capital expenditures for purchase of necessary equipment and plant & machinery for this purpose which was mainly sponsored by the Directors from personal resources.

Subsequent to balance sheet date, management has decided to enhance its tableware manufacturing capacity in order to meet the growing demand of local and export market. Therefore, management had decided to start tableware production at Unit-I at Hub and we are confident that this decision will support the company to compete in the long-run.

COMMENTS ON AUDITORS OBSERVATIONS /QUALIFICATION

Going Concern Assumption

Auditors' has raised their observation about going concern of company. In assessing the going concern status of the Company, management has carefully assessed a number of factors covering the operational performance of the business, the ability to implement a significant debt restructuring of the Company's existing debts and the appetite of directors to continue financial support. Based on the analysis of these, and key management decisions as mentioned above, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.

Based on analysis of theses, key management decisions as mentioned in 'future outlook' and below mentioned factors, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future.

- Continuous increase in revenue of its Marimax products
- Continued financial support of its sponsors and associates
- Better operational performance
- Improvement in production and increase in capacity utilization
- All operational units of the company are meeting their operational liabilities
- Restructuring with major lenders of the company
- Availability of working capital finance from market
- Future prospects of industry, better selling prices and company presence in local and export market

We feel that by considering all the above factors, performance of glass industry, present and future demand of glass products in local & export market and continued support and commitment of directors & associates, 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 therefrom 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) due to liquidity crunch.

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

Attendances by each director at the Board of Directors (BoD), Board Audit Committee (BAC) and HR&R Committee (HR&R) meetings are as under:

		Meetings attended		
	Re-appointed on	BOD	BAC	HR&R
Number of meetings held		4	4	2
1. Mr. Muhammad Tousif Paracha	27-01-14	3	-	-
2. Mr. Tariq Siddiq Paracha	27-01-14	3	-	2
3. Mr. Nazir Ahmad Paracha	27-01-14	4	4	-
4. Mr. Muhammad Mustafa Tousif Paracha	27-01-14	3	3	2
5. Mr. Jawaid Aziz Paracha	27-01-14	2	-	1
6. Mr. Muhammad Nasir Malik	27-01-14	4	4	-
7. Mr. Shamim Anwer	27-01-14	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 appreciates the assistance and co-operation extended by our banks and financial institutions as well as efforts, dedication and commitment demonstrated by all of our employees as well as support & cooperation extended by our distributors, dealers, suppliers and other stakeholders of the company.

For on the behalf of Board of Directors'

Muhammad Tousif Paracha
Chariman & CEO

Lahore: October 03, 2014

CODE OF CONDUCT

Balochistan Glass Limited (BGL) places the highest value on the integrity of the Company as integrity is a bedrock principle of all our behaviors. All employees must abide by and uphold the Code of Business Conduct and all laws. All directors, officers and employees and all representatives, including all agents, consultants, independent contractors and suppliers of BGL, are responsible for complying with all applicable laws and regulations and complying with this Code of Business Conduct and other policies of the Company. Violations of law or this Code or other policies of the Company are subject to disciplinary action, which may include termination. The policies in this Code apply across BGL.

BGL provides this Code of Conduct to its employees for their guidance in recognizing and resolving properly the ethical and legal issues they may encounter in conducting the Company's business. The Code and its terms may be modified or eliminated at any time by the Company. Directors, officers and employees and other representatives of the Company are responsible for being familiar with its contents. The Code does not include all of the policies of the Company. Each BGL employee shall comply with the letter and spirit of the Code of Business Conduct and with the policies and procedures of the Company, and shall communicate any suspected violations promptly.

1. **Relationship with the Company and Each Other**

   BGL most important resource is its employees whose skills, energy and commitment to excellence and the Company's vision and values are the source of the Company's character and central to its leadership and success.

2. **We Respect the Individual and Diversity**

   Company recognizes the dignity of each individual, respects each employee, provides compensation and benefits that are competitive, promotes self-development through training that broadens work-related skills, and values diversity and different perspectives and ideas.

3. **We Live Our Values**

   As representatives of the Company to the outside world, and regardless of the pressures inherent in conducting business, BGL employees are expected to act responsibly and in a manner that reflects favorably on Company. We will carry out our assignments guided by the principles set forth in our vision and values and in compliance with this Code of Business Conduct and our corporate policies.

4. **We Avoid Conflicts of Interest**

   Each of us and our immediate families should avoid any situation that may create or appear to create a conflict between our personal interests and the interests of the Company.

5. **We Invite Full Participation and Support Diversity**

   BGL is committed to an all-inclusive work culture. We believe and recognize that all people should be respected for their individual abilities and contributions. The Company aims to provide challenging, meaningful and rewarding opportunities for personal and professional growth to all employees without regard to gender, race, ethnicity, sexual orientation, physical or mental disability, age, pregnancy, religion, veteran status, national origin etc.

6. **We Work in a Positive Environment**

   BGL endeavors to provide all employees an environment that is conducive to conducting business and allows individuals to excel, be creative, take initiatives, seek new ways to solve problems, generate opportunities and be accountable for their actions. The Company also encourages teamwork in order to leverage our diverse talents and expertise through effective collaboration and cooperation.

7. **We Do Not Employ Child or Forced Labor**

BGL does not and will not employ child labor or forced labor. BGL defines a child as anyone under the age of eighteen.

8. **We Provide a Safe Workplace**

It's BGL policy to establish and manage a safe and healthy work environment and to manage its business in ways that are sensitive to the environment. The Company will comply with all regulatory requirements regarding health, safety and protection of the environment.

9. **We Safeguard Company Property and Business Information**

Safeguarding Company assets is the responsibility of all directors, officers and employees and Company representatives. All employees, directors' must use and maintain such assets with care and respect while guarding against waste and abuse.

Similarly, all directors, officers and employees and Company representatives are not expected to share any business secrets, inside information or strategies with BGL competitors either directly or indirectly.

10. **We Maintain Accurate Books and Records and Report Results with Integrity**

BGL financial, accounting, and other reports and records will accurately and fairly reflect the transactions and financial condition of the Company in reasonable detail, and in-accordance with generally accepted and Company-approved accounting principles, practices and procedures and applicable government regulations.

11. **Our Relationship with Our Customers**

BGL serves many industrial, corporate and non-corporate enterprises, dealers and distributors as well as of governmental bodies and individual consumers, for whom we design, develop, manufacture and market quality products.

12. **We Obey All Laws and Regulations**

Our customer relationships are critical to BGL. In meeting our customers' needs, the Company is committed to doing business with integrity and according to all applicable laws. Products must be designed and produced to internal standards and to comply with external regulations, the standards of the appropriate approval entities, and any applicable contractual obligations.

13. **We Provide Quality Products and Services**

Committed to being a Six Sigma Company, we strive to provide products and services that meet or exceed our customers' expectations for quality, reliability and value, and to satisfy their requirements with on-time deliveries.

14. **We Seek Business Openly and Honestly**

Sales are the lifeblood of the organization, and we commit that we will market our products fairly and vigorously based on their proven quality, integrity, reliability, delivery and value to our customer.

15. **We Follow Accurate Billing Procedures**

It is the Company's policy to reflect accurately on all invoices to customers the sale price and other terms of sales. Every employee has the responsibility to maintain accurate and complete records. No false, misleading or artificial entries may be made in BGL books and records.

16. **Our Relationship with our Suppliers**

BGL suppliers are our partners in Six Sigma Plus. The high caliber of the materials, goods and services they provide is linked directly to the quality, reliability, values and prompt delivery of the Company's products to our customers and, thus, leads to customer's satisfaction.

17. **We Will Not Be Influenced by Gifts**

We will not be influenced by gifts or favors of any kind from our suppliers or potential suppliers. The Company expects each employee to exercise reasonable judgment and discretion in accepting any gratuity or gift offered to the employee in connection with employment at BGL.

18. **We Do Not Make Improper Political Contributions**

Company funds generally can not to be used for political contributions, directly or indirectly, in support of any party or candidate.

19. **We Protect the Environment**

BGL abides by all applicable health, safety and environmental laws and regulations. We will also abide by Company's own standards.

20. **We Comply with Export Control and Import Laws**

BGL will comply with all Export Control and Import laws and regulations that govern the exportation and importation of commodities and technical data, including items that are hand-carried as samples or demonstration units in luggage.

21. **Supervisory Personnel**

Managers and supervisors have key roles in the Integrity and Compliance Program and are expected to demonstrate their personal commitment to the Company's standards of conduct and to lead their employees accordingly.

22. **Trading in Company's Shares**

All executives and directors of the company who purchase company shares must inform the company secretary in writing about their sale and purchase transactions. However, no employee, director or executive of the company is allowed to trade during 'closed period', as intimated prior to the announcement of interim/final results, and business decisions, and all directors, employees and officers are prohibited to take advantage from any price sensitive information which may materially affect the market price of company's securities.

23. **Smoking & Use Of Alcohol**

Employees are prohibited from smoking at restricted places and they are also prohibited to use Alcohol inside organization at any place during working hours.

Summary of Last Six Year's Finacial Results

	2014	2013	2012	2011	2010	2009
Operating Results						
Net sales	2,203,968	2,714,121	1,960,672	1,098,795	1,099,308	1,033,035
Gross profit/ (loss)	(229,183)	13,989	77,167	(257,995)	(352,278)	(187,344)
Profit/ (loss) before tax	(571,513)	(216,368)	(245,366)	(569,934)	(598,460)	(503,129)
Profit/ (loss) after tax	(568,533)	(226,299)	(260,816)	(565,101)	(602,456)	(508,334)
Dividend/ bonus	-	-	-	-	-	-
Financial Position						
Property, plant and Equipment	1,456,893	1,534,156	1,526,580	1,612,831	1,657,680	1,360,688
Current Assets	648,460	790,840	723,936	595,345	979,799	1,433,827
Current Liabilities	1,468,158	1,538,323	1,503,026	1,303,483	1,336,784	1,561,056
Current portion of Long term Liabilities	190,404	146,375	176,912	290,680	172,814	245,781
Long Term Loans	1,179,852	916,411	808,028	738,188	1,027,535	888,283
Subordinated Loan-Unsecured	482,080	482,080	482,080	482,080	482,080	482,080
Share Capital	1,716,000	1,716,000	858,000	858,000	858,000	858,000
Financial Ratios						
Gross Profit/(loss) ratio	-10.40%	0.52%	3.94%	-23.48%	-32.05%	-18.14%
Profit/(loss) before Tax ratio	-25.93%	-7.97%	-12.51%	-51.87%	-54.40%	-48.20%
Profit/(loss) after Tax ratio	-25.80%	-8.34%	-13.30%	-51.43%	-54.80%	-49.21%
Current ratio	0.44:1	0.51:1	0.48:1	0.37:1	0.64:1	0.92:1
Working Capital	(819,698)	(747,483)	(779,090)	(998,817)	(544,776)	(127,229)

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	Mr. Shamim Anwar
Executive Director	Mr. Muhammad Tousif Peracha Mr. Tariq Siddiq Paracha Mr. Nasir Malik
Non-Executive Director	Mr. Mian Nazir Ahmed Paracha Mr. Mustafa Tousif Ahmed Paracha Mr. Jawaid Aziz Paracha

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 on the Board was occurred.

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 director's 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), to some extent, 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
Chairman & CEO

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Balochistan Glass Limited ('the Company')for the year ended June 30, 2014 to comply with the relevant requirements of Listing Regulations of the Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approvals its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justifications for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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, 2014.

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

Lahore: October 03, 2014

Auditors' Report to the Members

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformitywith 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'sbusiness; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion, and to the best of our information and according to the explanations given to us,the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

Without qualifying our report, we draw attention of the members towards note 2 of the financial statements, which indicates that the Company incurred net loss amounting to Rs. 568.533 million during the year ended June 30, 2014 and as of that date its accumulated loss of Rs. 3,474.195 million have resulted in net capital deficiency of Rs.2,272.995 million and its current liabilities exceeded its current assets by Rs.819.698 million. These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Lahore: October 03, 2014

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

Balance Sheet
as at June 30, 2014

	Notes	2014	2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	4	1,766,000	1,766,000
Issued, subscribed and paid-up capital	5	1,716,000	1,716,000
Discount on shares	6	(514,800)	(514,800)
Accumulated loss		(3,474,195)	(2,912,222)
		(2,272,995)	(1,711,022)
Surplus on revaluation of property, plant and equipment	7	247,096	253,656
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured	8	482,080	482,080
Long term loans	9	1,179,852	916,411
Liabilities against assets subject to finance lease	10	-	36,635
Deferred liabilities	11	1,001,162	832,172
		2,663,094	2,267,298
CURRENT LIABILITIES			
Trade and other payables	12	869,574	914,408
Markup accrued	13	157,930	167,370
Short term borrowings	14	250,250	310,170
Current maturity of non current liabilities	15	190,404	146,375
		1,468,158	1,538,323
CONTINGENCIES AND COMMITMENTS	16		
		2,105,353	**2,348,255**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,456,893	1,534,156
Long term deposits		-	23,259
		1,456,893	1,557,415
CURRENT ASSETS			
Stores, spares and loose tools	18	224,217	238,312
Stock in trade	19	140,467	194,156
Trade debts	20	82,607	238,193
Loans and advances	21	49,955	41,612
Trade deposits, prepayments and other receivable	22	77,468	41,176
Taxes recoverable	23	24,470	15,139
Cash and bank balances	24	49,276	22,252
		648,460	790,840
		2,105,353	**2,348,255**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Profit & Loss Account

For The Year Ended June 30, 2014

BGL

	Notes	2014	2013
		(Rupees in thousand)	
Sales - Net	25	2,203,968	2,714,121
Cost of sales	26	2,433,151	2,700,132
Gross profit/ (loss)		(229,183)	13,989
Administrative and selling expenses	27	82,400	61,134
Other expenses	28	16,076	32,338
		98,476	93,472
Other incomes	29	2,337	87,825
Operating profit / (loss)		(325,322)	8,342
Financial charges	30	246,191	224,710
Loss before taxation		(571,513)	(216,368)
Taxation - Current	31	(2,980)	9,931
Loss after taxation		**(568,533)**	**(226,299)**
Loss per share - Basic and diluted (Rupees)	32	(3.31)	(1.50)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Comprehensive Income

For The Year Ended June 30, 2014

	2014	2013
	(Rupees in thousand)	
Loss for the year	(568,533)	(226,299)
Other comprehensive income:		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	9,939	10,956
Related deferred tax	(3,379)	(3,835)
	6,560	7,121
	(561,973)	(219,178)
Component of comprehensive income not reflected in equity - Net of tax	-	-
Total comprehensive loss for the period	(561,973)	(219,178)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Cash Flow Statement

For The Year Ended June 30, 2014

		2014	2013
		(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(571,513)	(216,368)
Adjustments for non-cash charges and other items:			
Depreciation		138,755	142,538
Provisions for doubtful balances		16,076	32,338
Gain on settlement of liabilities		(287)	(87,825)
Gain on sale of fixed asstes		(212)	-
Financial charges		246,191	224,710
Provision for gratuity		9,187	7,927
Operating profit/ (loss) before working capital changes		(161,803)	103,320
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		14,095	20,568
Stock in trade		53,689	(72,850)
Trade debts		148,559	(60,446)
Loans and advances		(17,340)	29,720
Trade deposits, prepayments and other receivables		(3,318)	6,190
Increase/(Decrease) in current liabilities			
Trade and other payables		(77,242)	241,855
		118,443	165,037
Cash generated from operations		(43,360)	268,357
Payments for:			
Financial charges		(60,576)	(18,703)
Taxes		(16,604)	(12,098)
Gratuity		(2,358)	(3,734)
Net cash inflow from operating activities	A	(122,898)	233,822
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(62,080)	(150,114)
Proceeds from disposal of fixed assets		800	-
Net cash outflow from investing activities	B	(61,280)	(150,114)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans - Net		287,178	(24,376)
Lease rentals		(16,343)	(35,314)
Short term borrowings - Net		(59,633)	(39,180)
Net cash outflow from financing activities	C	211,202	(98,870)
Net increase/(decrease) in cash and cash equivalents	A+B+C	27,024	(15,162)
Cash and cash equivalents as at 1st July		22,252	37,414
Cash and cash equivalents as at 30th June		**49,276**	**22,252**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity

For The Year Ended June 30, 2014

	Issued, subscribed and paid-up capital	Discount on issuance of shares	Accumulated Loss	Total
	(Rupees in thousand)			
Balance as on July 01, 2013 (Restated)	858,000	-	(2,693,044)	(1,835,044)
Total comprehensive income/(loss) for the period				
Loss after taxation - restated	-	-	(226,299)	(226,299)
Other comprehensive income:				
Transfer from surplus on revaluation				
of property, plant and equipment - Net of tax	-	-	7,121	7,121
Shares issued during the period	858,000			858,000
Discount on issuance of shares		(514,800)		(514,800)
Total comprehensive income for the year	858,000	(514,800)	(219,178)	124,022
Balance as on June 30, 2013	1,716,000	(514,800)	(2,912,222)	(1,711,022)
Total comprehensive income/(loss) for the period				
Profit/ (Loss) after taxation	-	-	(568,533)	(568,533)
Other comprehensive income:				
Transfer from surplus on revaluation				
of property, plant and equipment - Net of tax	-	-	6,560	6,560
Total comprehensive loss for the year.	-	-	(561,973)	(561,973)
Balance as on June 30, 2014	**1,716,000**	**(514,800)**	**(3,474,195)**	**(2,272,995)**

The annexed notes 1 to 40 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 Hub, Balochistan whereas head office of the Company is situated at Kot Abdul Malik, Lahore.

2 **GOING CONCERN ASSUMPTION**

The financial statements for the year ended June 30, 2014 are showing loss after taxation amounting to Rs. 568.533 million (2013: Rs. 226.299 million) and has accumulated loss of Rs. 3,474.195 million (2013: Rs. 2,912.222 million) at the year end which resulted in negative equity of Rs. 2,272.995 million (2013: Rs. 1,711.022 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 819.698 million (June 2013: Rs. 747.483 million).

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.

The overall glass industry in Pakistan is growing at steady rate which indicates the potential of this industry. BGL suffered severe natural gas curtailment from SNGPL at both the Sheikhupura Plants, having negative effect on the overall capacity utilization and costs resulting liquidity shortages. Smooth gas supply has been provided to other similar industries within the same vicinity whereas BGL suffered because of load management as well as due to low gas pressure on both the units. Management is in continuous negotiations with government departments for provision of required gas supply at both plants. Once the issue is resolved, the Company will yield better results. The management has also decided to increase production of tableware products which have performed remarkably well over the past few years.

During these period of losses, the directors of the Company have continued to provide financial support in the form of long term finance to bridge the gap of financial requirements of the Company. As a result of management's efforts, the Company's has repaid certain outstanding loans of financial institutions. Further, the Company is in negotiation with its other lenders for the restructuring /rescheduling of financial facilities and is expecting relaxation in mark up rate and repayment terms from the remaining lenders.

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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

3.1.1 **New standards, amendments and interpretations to approved accounting standards that became effective;**

The following standards, interpretations and improvements became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company.

- IFRS 7 - Financial Instruments: Disclosures (Amendment)
- IAS 1 - Presentation of Financial Statements (Amendment)
- IAS 19 Employee Benefits (Revised)
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine
- Annual improvements to IFRS (the 2009-2011 cycle)
- IFAS 3 - Profit and Loss Sharing on Deposits

3.1.2 New, revised and amended standards and IFRIC interpretations that are not yet effective;

		Effective for period beginning on or after
-	IFRS 7 - Financial Instruments: Disclosures (Amendment)	January 1, 2015
-	IFRS 10 - Consolidated Financial Statements	January 1, 2015
-	IFRS 11 - Joint Arrangements	January 1, 2015
-	IFRS 12 Disclosure of Interests in Other Entities	January 1, 2015
-	IFRS 13 - Fair Value Measurement	January 1, 2015
-	IAS 16 & 38 - Clarification of Acceptable Method of Depreciation and Amortisation	January 1, 2016
-	IAS 16 & 41 - Agriculture Bearer Plants	January 1, 2016
-	IAS 19 Employee Benefits (Amendment)	July 1, 2014
-	IAS 27 - Separate Financial Statements (Revised)	January 1, 2015
-	IAS 28 - Investments in Associates and Joint Ventures (Revised)	January 1, 2015
-	IAS 32 Financial Instruments: Presentation (Amendment)	January 1, 2014
-	IAS 36 Recoverable Amount for Non-Financial Assets (Amendment)	January 1, 2014
-	IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	January 1, 2014
-	IFRIC 21 - Levies	January 1, 2014
-	Annual improvements to IFRS (the 2010-2012 cycle)	July 1, 2014
-	Annual improvements to IFRS (the 2011-2013 cycle)	July 1, 2014

The following interpretations issued by IASB have been waived off by the SECP:

-	IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
-	IFRS 15 Revenue from Contracts with Customers	January 1, 2017
-	IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2018

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 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.

Increase in the carrying amount arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. Decrease that offset previous increase of the same assets is 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.

	2014	**2013**
	(Rupees in thousand)	
4 AUTHORIZED CAPITAL		
171,600,000 (June 30, 2013: 171,600,000) Ordinary shares of Rs. 10/- each	1,716,000	1,716,000
5,000,000 (June 30, 2013: 5,000,000) Preference shares of Rs. 10/- each	50,000	50,000
	1,766,000	1,766,000

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2014	2013
85,300,000	Ordinary shares of Rs.10 each fully paid in cash (2013: 85,300,000 of Rs.10 each)	853,000	853,000
85,800,000	Ordinary shares of Rs.10 issued on 60% discount each fully paid in cash (2013: 85,800,000)	858,000	858,000
500,000	Ordinary shares of Rs.10 each issued as fully paid Bonus Shares (2013: 500,000 shares of Rs.10 each)	5,000	5,000
171,600,000		1,716,000	1,716,000

5.1 42,235,422 (2013: 42,235,422) ordinary shares of the Company are held by associated company.

6 DISCOUNT ON SHARES

In September 2012, the Company has issued 85.800 million ordinary shares to Mr. Muhammad Tousif Paracha at 60% discount against the outstanding share deposit money of Rs. 343.200 million and recorded Rs. 514.800 million as discount on shares.

		2014	2013
		(Rupees in thousand)	
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Opening Balance - net of deferred tax		253,656	260,777
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax		(6,560)	(7,121)
Surplus on revaluation of fixed assets - Closing		247,096	253,656
8 SUBORDINATED LOAN - Unsecured			
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 were 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	2014	2013
Banks and financial institutions	9 A	214,500	291,344
Related parties - Directors	9 B	965,352	625,067
		1,179,852	**916,411**

9 A From banks and financial institutions - Secured

	Note	2014	2013
Demand finance I	9.1 & 9.3 & 9.4	303,500	338,500
Demand finance II (Frozen Markup)	9.2 & 9.3 & 9.4	306,763	274,210
Deferred mark up	9.3	(306,763)	(274,210)
Demand Finance	9.5	9,803	19,440
Morabaha	9.6	19,905	24,170
Term Finance II	9.7	-	4,205
		333,208	**386,315**
Current and overdue portion presented under current liabilities			
Demand Finance I	9.1 & 9.3 & 9.4	(74,000)	(50,000)
Demand Finance	9.5	(4,201)	(4,853)
Morabaha	9.6	(2,844)	(17,061)
Demand finance I - over due	9.1 & 9.3 & 9.4	(15,000)	-
Demand Finance - over due	9.5	(5,602)	(14,587)
Morabaha - over due	9.6	(17,061)	(4,265)
Term Finance -II over due	9.7	-	(4,205)
		(118,708)	**(94,971)**
		214,500	**291,344**

			2014	2013
			(Rupees in thousand)	
9 B	**From related parties (directors) - Unsecured**			
	Muhammad Tousif Paracha - local currency		852,086	505,545
	- foreign currency		-	-
	Tariq Siddiq Paracha - local currency	9.8	94,215	101,555
	Javaid Aziz Paracha - local currency	9.8	19,051	17,967
			965,352	**625,067**

9.1 The Demand Finance I 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 year 2012, 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 cost of funds 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 till October 2018.

9.3 According to new agreement, the principal will be repaid in variable monthly installments till April 30, 2017 starting from July 31, 2012. Markup amounting to Rs. 161.519 million to be accrued till April 30, 2017 is deferred and will be payable in unequal monthly installments till March 31, 2018 starting from May 31, 2017; and accordingly grouped under deferred markup as mentioned in note 11.

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

9.5 The Demand Finance facility has been restructured by KASB Bank Limited during current year. The loan is repayable in 12 monthly installments starting from October 2013 to September 2014. It carries markup @ 11% p.a. It is secured against 1st pari passu charge upto Rs. 227 million over the Company's fixed assets (Land, Building, Plant and Machinery), charge of Rs. 183 Million over current & movable assets of the Company and against the personal guarantee of director.

9.6 The Company had entered into Morabaha facility with Meezan Bank Limited which is secured by way of first pari passu charge over present and future stocks & book debts of the Company to the tune of Rs. 97 million and additional ranking charge of Rs. 35 million and personal guarantees of directors. The Company had entered into a settlement agreement with Meezan Bank Limited for re-structuring/ rescheduling under which the Morabaha is payable in 24 monthly installments.

9.7 This facility was obtained from United Bank Limited which carried mark-up of 1% p.a. above the cost of funds to banks from SBP. The 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 2012, this facility has been rescheduled to term finance loan payable within 18 monthly installments. The facility has been settled with the bank during current financial year but the formalities against the release of securities are still in process.

9.8 These unsecured loans have been obtained from directors and carry mark up @ 16.5% per anum. Payment of markup is deferred till the time liquidity position of the Company improves and Company is regular in payment of its financial and operational obligations. Mark up accrued till June 30, 2013 will not be paid for three years unless BOD decides otherwise on improvement of Company's financial position.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		2013	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)		(Rupees in thousand)	
Not later than one year	71,696	71,696	51,563	51,404
Later than one year but not later than five years	-	-	36,635	36,635
Total	71,696	71,696	88,198	88,039
Less: Finance charge allocated to future periods	-	-	159	-
Present value of minimum lease payments	71,696	71,696	88,039	88,039
Less: Current portion- under current liabilities	26,524	26,524	20,539	20,539
Over due portion-under current liabilities	45,172	45,172	30,865	30,865
	-	-	36,635	36,635

10.1 Overdue amount includes Rs 8.256 million which is to be adjusted with related lease deposit money. However, these amounts could not be adjusted as at balance sheet date due to non availability of title/ no-objection certificate from leasing companies.

10.2 The rentals under these lease agreements are payable monthly and quarterly. Mark up rate ranges from 8.50% to 22% per annum (2013: 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. The Company intends to exercise its option to purchase the leased assets upon the completion of the respective lease periods.

11 DEFERRED LIABILITIES

		2014	2013
		(Rupees in thousand)	
Deferred taxation	11.1	36,641	40,020
Employees retirements benefits	11.3	43,131	36,302
Deferred mark up (related parties)	9.8	614,627	481,640
Deferred mark up (financial institution)	9.3	306,763	274,210
		1,001,162	832,172

11.1 Deferred taxation

	2014	2013
Credit balances arising due to:		
- Accelerated tax depreciation allowances	172,891	189,415
- Relating to finance lease	25,188	26,618
Debit balances arising due to:		
- Staff gratuity	(14,145)	(12,523)
- Unused tax losses	(904,259)	(760,461)
- Available tax credits	(31,930)	(23,471)
Deferred tax asset	(752,255)	(580,422)
Deferred tax asset not recognized	752,255	580,422
	-	-
Deferred tax liability relating to surplus on revaluation of property, plant and equipment	36,641	40,020
	36,641	40,020

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.

		Note	Limits	2014	2013
				(Rupees in thousand)	
11.3	**Employees retirements benefits**				
	Staff gratuity:				
	Movement in balance				
	Opening balance			36,302	32,109
	Payments during the year			2,358	3,734
				33,944	28,375
	Charge for the year	11.3.1		9,187	7,927
		11.3.2		43,131	36,302
11.3.1	**Charge for the year**				
	Service cost			5,546	3,996
	Interest cost			3,641	3,996
	Actuarial (gains) / Losses			-	(65)
				9,187	7,927
11.3.2	**Balance sheet reconciliation**				
	Present value of defined benefit obligations			36,302	32,109
	Unrecognized actuarial gains			6,829	4,193
				43,131	36,302
11.3.3	**Principal actuarial assumption**				
	Expected rate of increase in salaries			9.5 % p.a.	9.5 % p.a.
	Discount factor used			10.5 % p.a.	10.5 % p.a.
	Average expected remaining working life time of employees			11 years	11 years
12	**TRADE AND OTHER PAYABLES**				
	Bills payable			82,719	126,201
	Trade creditors	12.1		198,197	382,055
	Accrued expenses	12.2		277,219	147,747
	Advances from customers			59,748	68,964
	Unclaimed dividend			164	164
	Sales tax and excise duty payable			88,286	85,718
	Taxes payable			73,885	41,477
	Others			89,356	62,082
				869,574	914,408

12.1 This includes amount of Rs. 11.871 million (2013: Rs. 28.068 million) payable to M/S Pak Hy Oils Limited (associated company).

12.2 Included herein a sum of Rs. 189.920 million (2013: Rs. 69.429 million) outstanding on account of sui gas bills and Rs. 14.520 million (2013: Rs. 7.260 million) against the rent payable to the CEO.

		Note	Limits Rs. '000'	2014	2013
13	**MARK UP ACCRUED**				
	Markup accrued	13.1		157,930	167,370

13.1 This includes amount of Rs. 69.151 million (2013: 60.045 million) payable to associated companies.

		Note	Limits Rs. '000'	2014	2013
14	**SHORT TERM BORROWINGS**				
	From banks and financial institutions - Secured				
	Short term running finance	14.1	215,243	182,740	192,740
	Forced Finance Trust			43,359	14,955
	From related parties - Unsecured				
	Associated company	14.2		18,291	32,488
	Others - Unsecured, interest free				
	Temporary bank overdraft			5,860	69,987
				250,250	310,170

14.1 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 (2013: 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 (2013: Rs. 30.000 Million) against which an amount of Rs. Nil (2013: Rs. Nil) outstanding at the year end. Total running finance facilities from banks and financial institutions amounting to Rs. 215.243 million have not been renewed for which the active negotiation are under process.

14.2 The unsecured loan has been obtained from associated company for working capital requirement which carries markup @ 17 % p.a. (2013: 17 % p.a.) payable quarterly in arrears.

15 CURRENT MATURITY OF NON CURRENT LIABILITIES

Demand Finance- I	9 A	89,000	50,000
Demand Finance	9 A	9,803	19,440
Morabaha	9 A	19,905	21,326
Term Finance II	9 A	-	4,205
Lease Liabilities	10	71,696	51,404
		190,404	146,375

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees amounting to Rs. 146.205 million (2013: Rs. 96.893 million) have been given by various banks on behalf of the Company.

16.1.2 M/s Tawakkal Traders (Packaging Contractor) filed suit for recovery and damages amounting to Rs. 1.214 million and Rs. 0.250 million against the Company for recovery of their machine, tools, equipments, motors etc. During the year, the Honorable Court passed judgment in favor of M/s Tawakkal Traders directing the Company to pay Rs. 403,591 for supplies and Rs. 250,000 for alternate recovery.

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 inconclusive 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.

16.1.5 The Income Tax Department issued assessment orders u/s 161/205 for the tax year 2012 and 2013 for recovery of Rs. 57.512 million and Rs. 129.959 million respectively. The orders were set aside for re-assessment by the Commissioner Inland Revenue (Appeals).

16.2 Commitments

Nil (2013: Rs. Nil).

17 PROPERTY, PLANT AND EQUIPMENT

		2014	2013
		(Rupees in thousand)	
Operating fixed assets	17.1	1,414,996	1,444,578
Capital work in progress	17.5	41,897	89,578
		1,456,893	1,534,156

17.1 Operating Assets - At cost less accumulated depreciation

Particulars	2014 Cost / Revaluation				Depreciation				Book value	Rate %
	As at July 01, 2013	Additions / Transfer	Disposal / Transfer	As at June 30, 2014	As at July 01, 2013	For the year ended 30 June 2014	Disposal / Transfer	As at June 30, 2014	As at June 30, 2014	
	(Rupees in thousand)									
Freehold land	224,500	-	-	224,500	-	-	-	-	224,500	--
Building on freehold land										
Factory	166,026	1,907	-	167,933	71,544	9,541	-	81,085	86,848	10
Non factory	54,781	-	-	54,781	16,651	1,907	-	18,558	36,223	5
Plant and machinery										
Owned	2,071,923	98,479	2,181	2,168,221	1,198,487	104,538	1,679	1,301,346	866,875	10 & 15
Leased	343,679	-	-	343,679	180,250	16,343	-	196,593	147,086	10
Electric and gas installation	47,822	7,537	-	55,359	12,765	3,835	-	16,600	38,759	10
Furniture and fixtures	11,809	-	-	11,809	8,364	345	-	8,709	3,100	10
Office equipment	8,081	96	-	8,177	4,537	361	-	4,898	3,279	10
Vehicles										
Owned	16,715	1,742	955	17,502	9,930	1,531	869	10,592	6,910	20
Leased	10,845	-	-	10,845	9,075	354	-	9,429	1,416	20
	2,956,181	109,761	3,136	3,062,806	1,511,603	138,755	2,548	1,647,810	1,414,996	

Particulars	2013 Cost / Revaluation				Depreciation				Book value	Rate %
	As at July 01, 2012	Additions / Transfer	Disposal / Transfer	As at June 30, 2013	As at July 01, 2012	For the year ended 30 June 2013	Disposal / Transfer	As at June 30, 2013	As at June 30, 2013	
Freehold land	224,500	-	-	224,500	-	-	-	-	224,500	--
Building on freehold land										
Factory	165,690	336	-	166,026	61,062	10,482	-	71,544	94,482	10
Non factory	54,781	-	-	54,781	14,644	2,007	-	16,651	38,130	5
Plant and machinery										
Owned	2,019,896	52,027	-	2,071,923	1,091,606	106,881	-	1,198,487	873,436	10 & 15
Leased	343,679	-	-	343,679	162,091	18,159	-	180,250	163,429	10
Electric and gas installation	31,218	16,604	-	47,822	10,162	2,603	-	12,765	35,057	10
Furniture and fixtures	10,106	1,703	-	11,809	8,143	221	-	8,364	3,445	10
Office equipment	7,454	627	-	8,081	4,189	348	-	4,537	3,544	10
Vehicles										
Owned	13,367	3,348	-	16,715	8,536	1,394	-	9,930	6,785	20
Leased	10,845	-	-	10,845	8,632	443	-	9,075	1,770	20
	2,881,536	74,645	-	2,956,181	1,369,065	142,538		1,511,603	1,444,578	

17.2 The details of fixed assets sold are as follows:

Description	Cost	Acc. Dep.	Net Book Value	Sale Proceed	Mode of Disposal	Particulars of purchaser
	(Rupees in thousand)					
Furnace Bricks	1,181	908	274	-	Written off	-
Generator	1,000	771	229	300	Negotiation	**Mr. Arshad, Karachi**
Vehicle	955	869	86	500	Negotiation	**Mr. Khakan Mehmood, Karachi**
Total	**3,136**	**2,548**	**588**	**800**		

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

	2014	2013
	(Rupees in thousand)	
Cost of sales	136,283	139,999
Administrative and selling	2,472	2,539
	138,755	142,538

17.4 Freehold land and building on freehold land represent the values subsequent to revaluation in March 2010. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued property, plant and equipment as on June 30, 2014 would have as follows.

	Cost as at June 30, 2014	Accumulated Depreciation as at June 30, 2014	Book Value as at June 30, 2014	Book Value as at June 30, 2013
	(Rupees in thousand)			
Freehold land	45,167	-	45,167	45,167
Building on freehold land				
Factory	48,366	38,060	10,306	9,382
Non factory	19,353	11,837	7,516	7,912
	112,886	**49,897**	**62,989**	**62,461**

	Note	2014	2013
		(Rupees in thousand)	
17.5 Capital work in progress - At cost			
Opening		89,578	14,109
Additions		31,275	84,478
Less: Capitalized		(78,956)	(9,009)
Closing	17.6	41,897	89,578
17.6 Capital work in progress - Breakup			
Plant and Machinery		41,897	89,098
Civil work		-	480
		41,897	89,578

18 STORES, SPARES AND LOOSE TOOLS

	Note	2014	2013
Stores		71,813	80,553
Spares and loose tools *(incl. moulds)*		196,899	202,254
		268,712	282,807
Provision for slow moving and obsolete items		(44,495)	(44,495)
		224,217	238,312

18.1 Provision for slow moving and obsolete items

	Note	2014	2013
Balance as at July 01		44,495	35,445
Provision for the year	28	-	9,050
		44,495	44,495

19 STOCK IN TRADE

	Note	2014	2013
Raw and packing materials		45,168	60,896
Work in process		3,325	7,117
Finished goods	19.1	91,974	126,143
		140,467	194,156

19.1 Adjustments amounting to Rs. 29.104 million (2013: Rs. 16.312 million) have been made to closing inventory to write down stocks to their net realisable value.

20 TRADE DEBTS

	Note	2014	2013
Trade Debts - Secured		-	1,307
Trade Debts - Unsecured- considered good		82,607	236,886
Trade Debts - Unsecured and considered doubtful		59,357	52,330
		141,964	290,523
Less: Provision for doubtful debts	20.1	(59,357)	(52,330)
		82,607	238,193

			2014	2013
			(Rupees in thousand)	
20.1	**Provision for doubtful debts**			
	Balance as at July 01		52,330	50,668
	Provision for the year	28	7,027	1,662
			59,357	52,330
21	**LOANS AND ADVANCES**			
	Employees	21.1	2,546	2,307
	Suppliers		88,564	72,507
	Against expenses		12,767	11,723
			103,877	86,537
	Less: provision for doubtful balances			
	Provision for Suppliers		(47,468)	(38,471)
	Provision against expenses		(6,454)	(6,454)
		21.2	(53,922)	(44,925)
			49,955	41,612

21.1 Aggregate amount due from executives of the Company is Rs. 0.846 million (2013: Rs. 0.586 million).

21.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		44,925	32,954
	Provision for the year (suppliers)	28	8,997	11,971
			53,922	44,925
22	**TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE**			
	Short term deposits	22.1	63,702	54,375
	Margin deposit on letter of credit		27,017	-
	Other receivable		18,195	18,195
			108,914	72,570
	Less Provision for Short term Deposits		(13,251)	(13,252)
	Provision for Other Receivables		(18,195)	(18,142)
		22.2	(31,446)	(31,394)
			77,468	41,176

22.1 This includes a sum of Rs. 36.842 million (2013: 23.694 million) relating to assets subject to finance lease.

22.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		31,394	21,739
	Provision for the year (short term deposits)	28	-	3,724
	Provision for the year (other receivables)	28	52	5,931
			31,446	31,394
23	**TAXES RECOVERABLE**			
	Taxes recoverable		24,470	15,139
24	**CASH AND BANK BALANCES**			
	Cash in hand		1,252	788
	Cash at banks - Current account		48,024	21,464
			49,276	22,252

			2014	2013
			(Rupees in thousand)	
25	**SALES - Net**			
	Gross Sales			
	Local		2,494,716	3,105,144
	Export		78,132	38,995
			2,572,848	3,144,139
	Less: Sales tax		368,880	430,018
			2,203,968	2,714,121
26	**COST OF SALES**			
	Raw material consumed			
	Opening stock		60,896	44,063
	Purchases		790,206	1,128,643
			851,102	1,172,706
	Closing stock		(45,168)	(60,896)
			805,934	1,111,810
	Power, fuel and water		725,021	687,675
	Salaries, wages and other benefits	26.1	341,234	359,438
	Stores and spares		112,705	101,457
	Oil & lubricants		247,687	325,338
	Repairs and maintenance		7,159	10,326
	Communication		1,557	2,187
	Traveling and conveyance		7,933	6,816
	Legal and professional		159	293
	Stationery, fees and subscription		1,199	3,376
	Insurance		2,862	2,413
	Entertainment		1,332	2,282
	Depreciation	17.3	136,283	139,999
	Rent, rates and taxes		2,345	1,153
	Others		1,780	1,586
			2,395,190	2,756,149
	Work In Process-Opening		7,117	4,587
	Work In Process-Closing		(3,325)	(7,117)
	Cost of Goods Manufactured		2,398,982	2,753,619
	Finished Goods - Opening		126,143	72,656
	Finished Goods - Closing		(91,974)	(126,143)
			2,433,151	2,700,132

26.1 Salaries, wages and other benefits include amount of Rs. 6.615 million (2013: Rs. 5.707 million) relating to staff retirement benefits.

			2014	2013
27	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries and other benefits	27.1	8,438	7,395
	Communication		2,654	1,931
	Rent, rates and taxes	27.2	8,431	8,324
	Travelling and conveyance		10,890	9,827
	Legal and professional		16,273	16,990
	Advertisement		1,588	32
	Stationery, fees and subscription		273	259
	Power, fuel and water		119	351
	Entertainment		842	1,189
	Audit fee	27.3	900	900
	Depreciation	17.3	2,472	2,539
	Repairs and maintenance		138	259
	Freight, handling and forwarding on local sale		23,383	8,857
	Freight, handling and forwarding on export sale		5,012	1,536
	Charity and donation		324	393
	Miscellaneous		663	352
			82,400	61,134

		2014	2013
		(Rupees in thousand)	

27.1 Salaries and other benefits include amount of Rs. 2.572 million (2013: Rs. 2.220 million) relating to staff retirement benefits.

27.2 This includes Rs. 14.520 million (2013: Rs. 7.260 million) against the rent of property owned by the CEO.

27.3

	2014	2013
Auditor's remuneration	525	525
Half yearly review	300	300
Out of pocket expenses	75	75
	900	900

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

28 OTHER EXPENSES

		2014	2013
Provision for	- trade debts	7,027	1,662
	- advances	8,997	11,971
	- deposits	-	3,724
	- other receivables	52	5,931
	- store and spares	-	9,050
		16,076	32,338

29 OTHER INCOMES

	2014	2013
Liabilities and mark up written back on settlement with financial institutions	287	51,467
Mark up written back on settlement with associated undertakings	-	36,059
Bank profit	527	299
Rental Income	382	-
Gain on sale of fixed assets - Net	212	-
Exchange gain on foreign transactions	929	-
	2,337	87,825

30 FINANCIAL CHARGES

	2014	2013
Mark up on		
- Long term loans		
- banks and financial institutions	32,553	33,766
- related parties (directors)	134,250	111,119
- Liabilities against assets subject to finance lease	-	1,876
- Short term borrowings		
- banks and financial institutions	15,069	21,281
- related parties (associated companies)	9,106	13,584
- others	16,764	24,280
Provision for default surcharge on taxation	29,515	10,865
Exchange loss on foreign currency translation - net	-	2,062
Bank charges (including B/G commission)	8,934	5,877
	246,191	224,710

31 TAXATION

	2014	2013
Current	781	13,766
Prior	(382)	-
Deferred	(3,379)	(3,835)
	(2,980)	9,931

The current tax provision represents the final tax chargeable under section 154 only. Due to the gross loss before depreciation, minimum tax is not applicable under section 113 of the Income Tax Ordinance, 2001.

For the purpose of current taxation, the tax losses available for carry forward as at June 30, 2014 are estimated at Rs. 2,659.584 million (2013: Rs. 2,172.747 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:

		2014	2013
		(Rupees in thousand)	
Loss after taxation		(568,533)	(226,299)
		Number of shares	
Weighted average ordinary shares in issue during the year		171,600,000	150,678,904
Loss per share - Basic and diluted	(Rupees)	(3.31)	(1.50)

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 the 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:

Trade debts	82,607	238,193
Loans and advances	49,955	41,612
Deposits and other receivables	77,468	41,176
Bank balances	48,024	21,464
	258,054	342,445

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	43,025	120,568
Past due 0-30 days	22,360	27,624
Past due 30-150 days	10,195	46,085
Past due 150 days	7,027	43,916
	82,607	238,193

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

Name of Bank	Rating Agency	Rating Short term	Rating Long term
United Bank Limited	JCR-VIS	A-1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
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	A1+	AA
The Bank of Punjab	PACRA	A1+	AA-
National Bank of Pakistan	JCR-VIS	A-1+	AAA
KASB Bank Limited	PACRA	A3	BBB
Bank Islami Pakistan	PACRA	A1	A

33.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	2014					
	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	1,179,852	1,179,852	47,000	42,000	445,387	645,465
Liabilities against assets subject to finance lease	71,696	71,696	71,696	-	-	-
Trade and other payables	869,574	869,574	588,658	280,916	-	-
Deferrred Markup	921,390	921,390	-	-	230,887	690,503
Markup accrued	157,930	157,930	157,930	-	-	-
Short term borrowings	250,250	250,250	50,050	125,125	75,075	-
	3,932,772	3,932,772	915,334	448,041	751,349	1,818,048

	2013					
	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	916,411	916,411	24,853	48,792	288,500	554,266
Liabilities against assets subject to finance lease	88,039	88,198	41,294	10,270	36,635	-
Trade and other payables	929,363	929,363	406,152	523,211	-	-
Deferred markup	755,850	755,850	-	-	46,481	709,369
Markup accrued	167,370	167,370	167,370	-	-	-
Short term borrowings	295,215	295,215	59,043	147,608	88,565	-
	3,634,328	3,634,487	698,712	729,881	460,181	1,745,715

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 of managing the 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 exist due to transactions in foreign currencies. The financial instruments of the Company exposed to currency risk were as follow:

	2014	2013
Financial Liabilities:	**(Rupees in thousand)**	
Foreign creditors	3,751	3,766
	3,751	3,766
Financial Assets:		
Foreign debtors	-	-
	-	-
Net Exposure	3,751	3,766
The following significant exchange rate has been applied:		
USD to PKR (Reporting date rate in Rupees)	98.55	98.44
USD to PKR (Average rate in Rupees)	102.89	96.38

Sensitivity analysis

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

	2014	2013
Effect on (loss) / profit	(375)	(377)

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:

	2014	2013
Financial liabilities		
Long term financing	1,298,560	1,011,382
Lease liabilities	71,696	88,039
Short term borrowings	244,390	225,228
	1,614,646	1,324,649

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:

	2014	2013
Effect on loss due to change of 100 BPs		
Increase / (decrease)	16,146	13,246

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 safeguard 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.

33.6 Off balance sheet financial instruments

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

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)							
Managerial remuneration	-	-	4,679	4,767	22,343	15,571	27,022	20,338
House rent allowance	-	-	2,106	2,145	10,053	7,006	12,159	9,151
Utilities	-	-	468	477	2,236	1,558	2,704	2,035
Medical	-	-	79	80	375	261	454	341
Conveyance	-	-	468	477	2,236	1,558	2,704	2,035
	-	-	7,800	7,946	37,243	25,954	45,043	33,900
Number of persons	1	1	1	2	35	24	37	27

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: -

	2014	2013
Associated companies	(Rupees in thousand)	
Pak Hy-Oils		
Purchases	46,960	36,200
Short term loan received	39,759	115,515
Repayment of short term loan	53,955	184,313
Markup charged on loan	9,106	13,584
Payment against supplies	63,157	20,504
Gharibwal Cement Limited		
Purchases	115	-
Trade liability undertaken by BGL	-	24,810
Balance taken over by CEO	-	28,435
Payment against supplies	115	-
Directors		
Loan received	429,898	309,715
Repayment of loan	90,697	150,309
Markup charged on loan	134,250	111,119
Balance of GCL taken over by CEO	-	24,810
Rent of property charged by CEO	7,260	7,260

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:

	2014			
	Glass Containers	**Plastic Shells**	**Eliminations**	**Total**
	(Rupees in thousand)			
REVENUE				
Sales to external customers	2,366,676	206,172	-	**2,572,848**
Less: Sales tax	(338,924)	(29,957)	-	**(368,880)**
Net Revenue	2,027,753	176,215	-	**2,203,968**
Cost of goods sold	(2,283,790)	(149,361)	-	**(2,433,151)**
Admin and selling expenses	(78,900)	(3,500)	-	**(82,400)**
Other charges	(16,076)	-	-	**(16,076)**
Financial charges	(244,290)	(1,901)	-	**(246,191)**
Other income	2,337	-	-	**2,337**
	(2,620,718)	**(154,763)**	**-**	**(2,775,481)**
Segment results	**(592,966)**	**21,453**	**-**	**(571,513)**
Income tax				**2,980**
Loss for the year				**(568,533)**
OTHER INFORMATION				
Capital expenditure	62,080	-		
Depreciation	127,636	11,119		

	2013			
	Glass Containers	**Plastic Shells**	**Eliminations**	**Total**
	(Rupees in thousand)			
REVENUE				
Sales to external customers	2,922,618	221,521	-	3,144,139
Less: Sales tax	(399,463)	(30,555)	-	(430,018)
Net Revenue	2,523,155	190,966	-	2,714,121
Cost of goods sold	(2,538,039)	(162,093)	-	(2,700,132)
Admin and selling expenses	(58,134)	(3,000)	-	(61,134)
Other charges	(32,338)	-	-	(32,338)
Financial charges	(223,183)	(1,527)	-	(224,710)
Other income	87,825	-	-	87,825
	(2,763,869)	(166,620)	-	(2,930,489)
Segment results	(240,714)	24,346	-	(216,368)
Income tax				(9,931)
Loss for the year				(226,299)
OTHER INFORMATION				
Capital expenditure	150,114	-		
Depreciation	132,495	10,043		

		2014	2013
36.2	**GEOGRAPHICAL INFORMATION**	**(Rupees in thousand)**	
	Revenue from external customers		
	Pakistan	2,125,836	2,675,127
	Asia other than Pakistan	-	2,581
	Africa	70,133	36,413
	America	4,001	-
	Europe	3,998	-
		2,203,968	**2,714,121**

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

All non-current assets of the Company as at 30 June 2014 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	2014		2013	
		Annual Capacity	Production	Annual Capacity	Production
Based on 350 working days					
Glass containers	Tons	120,400	47,634	120,400	69,700
Plastic shells					
Full depth	Pieces	1,500,000	355,729	1,500,000	455,386
Half depth	Pieces	800,000	150,787	800,000	62,533
	Pieces	2,300,000	506,516	2,300,000	517,919

	2014	2013
38 NUMBER OF EMPLOYEES	**Numbers**	
Number of employees at end of the year	577	938
Average number of employees during the year	744	904

39 CORRESPONDING FIGURES

39.1 Comparative figures of the previous year have been rearranged and restated wherever required to facilitate comparison. Major reclassifications made in corresponding figures for better presentation are as under;

Particular	Rupees in 000s	Reclassification From	Reclassification To
Bills payable - overdue	**14,955**	**Trade and other paybles**	**Short term borrowings**
Freight, handling & forwarding on Export	**1,536**	**Freight, handling & forwarding**	**Freight, handling & forwarding on Export**

40 GENERAL

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

40.2 These financial statements are authorized for issue on **October 3, 2014** in accordance with the resolution of the Board of Directors of the Company.

CHIEF EXECUTIVE **DIRECTOR**

BGL

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

Pattern of holding of the shares held by the shareholders as at **30-06-2014**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
837	1	100	28,247
490	101	500	127,397
176	501	1,000	137,889
245	1,001	5,000	639,883
47	5,001	10,000	358,585
24	10,001	15,000	300,796
12	15,001	20,000	226,124
14	20,001	25,000	332,140
4	25,001	30,000	108,935
6	30,001	35,000	202,767
2	35,001	40,000	78,313
4	45,001	50,000	196,324
2	50,001	55,000	106,580
1	55,001	60,000	57,000
3	60,001	65,000	191,464
1	80,001	85,000	85,000
2	95,001	100,000	196,000
1	105,001	110,000	110,000
4	115,001	120,000	468,539
1	145,001	150,000	150,000
1	170,001	175,000	172,590
1	345,001	350,000	350,000
1	365,001	370,000	368,500
4	495,001	500,000	1,996,077
1	590,001	595,000	590,465
1	625,001	630,000	626,558
1	1,295,001	1,300,000	1,300,000
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	8,705,001	8,710,000	8,707,635
1	8,995,001	9,000,000	9,000,000
1	16,520,001	16,525,000	16,521,266
1	25,710,001	25,715,000	25,714,156
1	86,935,001	86,940,000	86,935,274
1896			**171,600,000**

5.	Categories of shareholders	Share held	Percentage
	5.1 Directors, Chief Executive Officers, and their spouse and minor children	111,378,681	64.91%
	5.2 Associated Companies, undertakings and related parties.	42,235,422	24.61%
	5.3 NIT and ICP	50	0.00%
	5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	8,397,178	4.89%
	5.5 Insurance Companies	172,640	0.10%
	5.6 Modarabas and Mutual Funds	1,410,000	0.82%
	5.7 Share holders holding 10% or more	148,763,373	86.69%
	5.8 General Public		
	a. Local	7,184,056	4.19%
	b. Foreign		
	5.9 Others (to be specified)		
	Pension Funds	54,080	0.03%
	Joint Stock Companies	414,385	0.24%
	Other Companies	353,508	0.21%

BALOSHISTAN GLASS LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	PAK HY-OILS LIMITED.	42,235,422	24.61%
Mutual Funds (Name Wise Detail)			
1	CDC TRUSTEE AKD OPPORTUNITY FUND	1,300,000	0.76%
2	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	110,000	0.06%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. TARIQ SIDDIQ PARACHA	19,592,027	11.42%
2	MR. MUHAMMAD TAUSIF PARACHA	86,935,924	50.66%
3	MR. MUHAMMAD MUSTAFA PARACHA	500	0.00%
4	MR. JAWAID AZIZ PARACHA	500	0.00%
5	MIAN NAZIR AHMED PARACHA	500	0.00%
6	MR. NASIR MALIK	500	0.00%
7	MR. SHAMIM ANWER	500	0.00%
8	MRS. TABUSSAM TAUSIF PARACHA W/O MUHAMMAD TAUSIF PARACHA	1,925,445	1.12%
9	SHAZIA TARIQ PARACHA W/O TARIQ SIDDIQ PARACHA	2,922,785	1.70%
Executives:		-	0.00%
Public Sector Companies & Corporations:		-	0.00%
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		8,623,948	5.03%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. MUHAMMAD TAUSIF PARACHA	86,935,924	50.66%
2	PAK HY-OILS LIMITED.	42,235,422	24.61%
3	MR. TARIQ SODDIQ PARACHA	19,592,027	11.42%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Form of Proxy
34th 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 2014

Signed this ------------------------------------- day of ---2014

Witnesses:

Signature ____________________ ____________

Name ____________________ ____________

Address ____________________ ____________

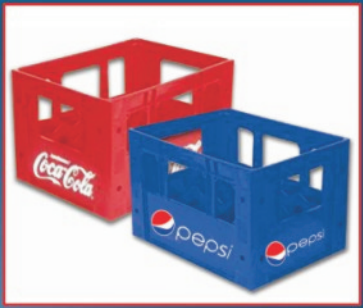
CNIC No./ Passport Number ____________ ____________

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.**



BGL BALOCHISTAN GLASS LIMITED

TQCSI JAS-ANZ

Marimax GLASSWARE

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