



<b>CONTENTS</b>	
<b>DESCRIPTION</b>	<b>PAGE NO.</b>
COMPANY INFORMATION	3
MISSION STATEMENT	4
NOTICE OF ANNUAL GENERAL MEETING	5
DIRECTORS' REPORT	7
STATEMENT OF COMPLIANCE WITH THE CODE	10
REVIEW REPORT ON COMPLIANCE WITH THE CODE	12
AUDITORS' REPORT	13
BALANCE SHEET	14
PROFIT AND LOSS ACCOUNT	16
STATEMENT OF COMPREHENSIVE INCOME	17
CASH FLOW STATEMENT	18
STATEMENT OF CHANGES IN EQUITY	19
NOTES TO THE ACCOUNTS	20
FINANCIAL STATISTICAL SUMMARY	51
PATTERN OF SHARE HOLDING	52
CATEGORIES OF SHAREHOLDERS	53
FORM OF PROXY	



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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

#### **CHAIRMAN & MANAGING DIRECTOR**

MR. TARIQ BAIG

#### **DIRECTORS:**

MR. OMER BAIG  
MRS. NAIMA TARIQ  
MR. MANSOOR IRFANI  
MR. AKBAR BAIG  
MR. DAVID JULIAN  
MR. SYED TUFAIL HUSSAIN

#### **NOMINEE DIRECTOR IPI**

MR. MUJAHID ESHAI

#### **SECRETARY**

MR. WAQAR ULLAH

#### **AUDIT COMMITTEE**

MR. OMER BAIG  
MR. AKBAR BAIG  
MR. DAVID JULIAN

CHAIRMAN  
MEMBER  
MEMBER

#### **AUDITORS**

KPMG TASEER HADI & CO.  
CHARTERED ACCOUNTANTS

#### **LEGAL ADVISOR**

MUBASHAR LATIF AHMAD  
LAHORE

#### **TAX CONSULTANTS**

YOUSAF ISLAM ASSOCIATES  
LAHORE

#### **INFORMATION TECHNOLOGY CONSULTANTS**

CHARTAC BUSINESS SERVICES (PVT) LTD.  
LAHORE

#### **BANKERS**

NATIONAL BANK OF PAKISTAN  
HABIB BANK LTD  
UNITED BANK LTD

#### **SHARE REGISTRAR**

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

#### **REGISTERED OFFICE**

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

#### **WORKS**

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



## *Our Mission*

*To be world class and leading company continuously providing quality glass tableware and containers by utilizing best blend of state of the art technologies, high performance people, excellent business processes and synergetic organizational culture.*



## NOTICE OF ANNUAL GENERAL MEETING

The Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of the Company will be held on Tuesday, the August 31, 2010 at 11:00 AM at the Defence Services Officers' Mess, 71 – Tufail Road, Lahore Cantt to transact the following business:

- 1 To confirm the minutes of the 31<sup>st</sup> Annual General Meeting of the members held on October 03, 2009.
- 2 To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2010 together with the Reports of the Auditors and Directors thereon.
- 3 To approve a final cash dividend of Re. 1/- per Ordinary Share (i.e. 10%) in addition to the interim cash dividend of Rs. 0.75 per Ordinary Share (i.e. 7.5%) already paid making a total cash dividend of Rs 1.75 per Ordinary Share (i.e. 17.50%).
- 4 To appoint Auditors of the Company for the year ending June 30, 2011 and fix their remuneration. The retiring Auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants being eligible offer themselves for re-appointment.

5 **SPECIAL BUSINESS:**

To pass the following resolutions with or without modification:-

**“RESOLVED** that the Authorized Capital of the Company be and is hereby increased from Rs. 250,000,000/- divided into 25,000,000 Ordinary Shares of Rs. 10/- each to Rs. 1,000,000,000/- divided into 100,000,000 Ordinary Shares of Rs. 10/- each”.

**“FURTHER RESOLVED** that the new shares when issued shall rank pari passu with the existing shares in all respects / matters in conformity with the related provisions of section 92 of the Companies Ordinance, 1984”.

**“FURTHER RESOLVED** that the clause “V” of the Memorandum of Association and Article 7 of the Articles of Association of the Company be altered accordingly”.

**“FURTHER RESOLVED** that the Managing Director or Company Secretary be and are hereby authorized to comply with the legal formalities under the Companies Ordinance, 1984”.

- 6 To transact any other business with the permission of the Chairman.

**BY ORDER OF THE BOARD**

**August 02, 2010**  
**Lahore**

**(WAQAR ULLAH)**  
**COMPANY SECRETARY**



## NOTES

- 1 The Register of Members and Share Transfer Books of the Company will remain closed from August 25, 2010 to August 31, 2010 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s Shemas International Pvt. Limited, Suit # 31, 2nd Floor, Sadiq Plaza, 69-Shahra-e-Quaid-e-Azam (The Mall), Lahore at the close of business hours on Tuesday the August 24, 2010 will be treated in time for the purpose of transfer of shares.
- 2 A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of corporation by representative. The instrument of proxy duly executed should be lodged at the Registered Office of the Company not later than 48 hours before the time of meeting.
- 3 Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are advised to bring their ORIGINAL National Identity Card along with CDC Participant ID and Account Number at the meeting venue.
- 4 The members are requested to notify the Company of the change in their address, if any.

### **STATEMENT U/S 160(i)(b) OF THE COMPANIES ORDINANCE 1984**

This statement sets out the material facts concerning the Special Business, given in Agenda item No. 5 to be transacted at the Annual General Meeting of the Company to be held on Tuesday, the August 31, 2010.

At present the Authorized Capital of the Company is Rs. 250,000,000/- divided into 25,000,000 Ordinary Shares of Rs. 10/- each and the Paid-up Capital of the Company stands at Rs. 231,000,000/- divided into 23,100,000 Ordinary Shares of Rs. 10/- each. There is not enough cushion available for enhancement / increase of Paid-up Capital as and when considered necessary.

It is therefore, recommended that in order to facilitate further expansion of Paid-up Capital in future, the Authorized Capital of the Company be increased to Rs. 1,000,000,000/- divided into 100,000,000 Ordinary Shares of Rs. 10/- each.

The new shares when issued shall rank *pari passu* with the existing shares in all respects.

The Directors of the Company have no interest except and to the extent of their shareholding.



## DIRECTORS' REPORT

The directors are pleased to present their report together with annual audited financial statements of the Company along-with the auditors' report thereon, for the year ended June 30, 2010.

### Some Significant Achievements

We would like to share with you some of the significant achievements attained during the year.

1. Highest ever volume of local as well as export sales.
2. Record pre tax profit of Rs. 188.200 million.
3. Highest ever earnings per share of Rs. 6.14 and payment of interim dividend @ 7.50%.
4. Successful Installation and operation of LPG system during the period of gas stoppage.

### Business Review:

The Company managed to grow despite adverse economic conditions and stoppage of natural gas supply in the winter. Sales for the year under review increased by 46.91% resulting in a pre-tax profit of Rs. 188.200 million. Gross margins remained under pressure due to rising input materials cost like soda ash and other imported chemicals, increase in power and gas tariffs and substantial increase in POL prices. The increased consumption of furnace oil and LPG during the stoppage period of natural gas supply also affected the margins.

The financial results in brief are as under:

	2010	2009
	(Rs in Million)	
Sales - Net	2,071	1,410
Gross Profit	399	127
Operating Profit	247	20
Profit/(Loss) Before Tax	188	(37)
Profit/(Loss) After Tax	142	(31)
	(Rupees)	
Earnings/(Loss) Per Share	6.14	(1.33)

### Dividends:

During the year the directors declared an interim cash dividend @ 7.5% and further recommend a cash dividend @ 10% thus making a total of 17.5% for the year 2010.

### Corporate Governance

The management of the Company is committed to good corporate governance and complying with the best practices. As required under the Code of Corporate Governance the directors are pleased to state as follow:

- The financial statements for the year ended June 30, 2010 prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.



- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed (See note no. 2.5 of the financial statements).
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance as detailed in the Listing Regulations.
- Statements regarding the following are annexed or are disclosed in the notes to the financial statements.
  - Number of board meetings held and attendance by directors.
  - Key financial data for last six years.
  - Pattern of share holdings.
  - Trading in shares of the company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary and their spouses and minor children.

### **Board Meetings**

During the year, no casual vacancy occurred on the Board of Directors, and 6 meetings of the Board were held. The attendance of the Board members was as follows:

<b>Sr.</b>	<b>Name of Director</b>	<b>Meetings Attended</b>
1.	Mr. Tariq Baig	6
2.	Mr. Omer Baig	6
3.	Mrs. Naima Tariq	6
4.	Mr. Mansoor Irfani	6
5.	Mr. Akbar Baig	6
6.	Mr. David Julian	6
7.	Mr. Syed Tufail Hussain	6

### **Audit Committee**

The Board constituted an audit committee in compliance with the code of Corporate Governance with the following members:

1.	Mr. Omer Baig	Chairman
2.	Mr. Akbar Baig	Member
3.	Mr. David Julian	Member

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. The audit committee also reviewed internal audit findings and held separate meetings with internal and external auditors. The audit committee had detailed discussions with external auditors on their letter to the management.





**Future Outlook:**

- The company is fully in focus with the local as well as international demand of the glass products. The newly imported stemware machine to make goblets has been installed and is ready for the trial runs. Inshallah the high quality produce from the said machine will be available shortly. The management believes that sales from this machine will not only cater for the local demand but will also contribute significantly in fetching higher rates in the export market.
- The domestic as well as international demand of float glass is on the increase and there are good margins in this segment. The management of your Company is engaged in the detailed working on the financial and marketing studies for future investment in this segment. We have negotiated with the world famous machinery supplier “M/s YAOHUA” glass China, who had to their credit vast experience of successful installation and running of more than 30 Float Glass plants both in China and abroad for the transfer of technology and supply installation of machinery on turn key basis. Inshallah very soon a decision for new unit would be made and announced.
- The complete stoppage of gas during the winter season and continuous load shedding severally affects glass industry in particular. As an alternate the management has installed the system of LPG. For the electric requirements, the study for the usage of coal for electric generation is also under consideration.

**Auditors**

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment. As suggested by the audit committee the Board of Directors have recommended their reappointment as auditors of the company for the financial year ending June 30, 2011 at a fee to be mutually agreed.

**Acknowledgement:**

We would like to thank our valued distributors, clients, banks and financial institutions and also the shareholders of the Company for their continued trust and confidence. We also appreciate the efforts and dedication shown by the staff for managing the Company's affairs successfully and all the workers who worked hard to achieve higher goals.

**For and on behalf of the Board**

**August 02, 2010  
Lahore**

**TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR**

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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance as contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Board comprises seven directors including the CEO. The company encourages representation of independent non-executive Directors. At present the Board has three independent non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.
3. 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 NBFIs. None of them is a member of a Stock Exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/ mission statement 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. The corporate strategy of the Company is reviewed and approved by the Board along with the annual plan.
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 Chief Executive Officer (CEO) and an Executive Director have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman. The Board met six times during the year ended 30 June 2010 including once in every quarter to approve the financial statements of the Company. Following the Best Practices of Corporate Governance, the Board met to discuss with the key members of the management team with out the Chief Executive to access the adequacy of controls, alignment of key managers with overall objectives of the Company and to make an independent assessment of adequacy of succession. A separate meeting of the Board was held to approve the Annual plan/Budget. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. In-house orientations for the Directors were made, as and when required, to apprise them of their duties and responsibilities and to brief them regarding amendments in the Companies Ordinance / Corporate Laws.
10. The Board has approved appointment of CFO/ Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.



11. The Directors' Report for the year ended 30 June 2010 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval by the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justifications for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
16. The Board has formed an Audit Committee. It comprises of three members, out of which two are non-executive Directors including the Chairman of the Committee. It requires that at least two members of the Audit Committee must be financially literate.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
18. The Board has set-up an effective internal audit function. This function has been outsourced to Eshai & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they (or their representatives) are involved in the internal audit function on a full time basis.
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 Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
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 Management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.
22. We confirm that all other material principles contained in the Code have been complied with.

**August 02, 2010**  
**Lahore**

**TARIQ BAIG**  
**CHAIRMAN AND MANAGING DIRECTOR**



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Tariq Glass Industries Limited ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code. As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

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 30 June 2010.

**August 02, 2010**  
**Lahore**

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**(Bilal Ali)**



## **Auditors' Report to the Members**

We have audited the annexed balance sheet of **Tariq Glass Industries Limited** (“the Company”) as at 30 June 2010 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 conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change referred to in note 2.5, with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, 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 30 June 2010 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**August 02, 2010**  
**Lahore**

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**(Bilal Ali)**

**BALANCE SHEET**

	Note	2010 Rupees	2009 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
25,000,000 (2009: 25,000,000) ordinary shares of Rs 10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital			
23,100,000 (2009: 23,100,000) ordinary shares of Rs 10 each	5	231,000,000	231,000,000
Share Premium	6	173,250,000	173,250,000
Unappropriated profit		<u>214,194,301</u>	<u>89,794,943</u>
		<b>618,444,301</b>	<b>494,044,943</b>
<b>Non current liabilities</b>			
Long term finances			
Secured		94,429,565	130,988,645
Unsecured		122,366,849	124,620,449
Liabilities against assets subject to finance lease	7	216,796,414	255,609,094
Long term deposits	8	3,824,374	3,973,958
Deferred liabilities	9	5,133,066	5,333,066
	10	89,238,827	54,578,401
		<b>314,992,681</b>	<b>319,494,519</b>
<b>Current liabilities</b>			
Trade and other payables	11	284,725,931	199,031,401
Accrued markup	12	30,032,679	34,784,952
Short term borrowings - secured	13	38,823,750	140,929,848
Current maturity of non-current liabilities	14	66,423,552	58,764,436
Provision for taxation		11,336,071	1,208,112
		<b>431,341,983</b>	<b>434,718,749</b>
<b>Contingencies and commitments</b>	15	-	-
		<u>1,364,778,965</u>	<u>1,248,258,211</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

August 02, 2010  
Lahore

TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR

**AS AT 30 JUNE 2010**

	<i>Note</i>	<b>2010 Rupees</b>	<b>2009 Rupees</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	<b>901,411,012</b>	806,500,412
Long term deposits	17	<b>8,210,104</b>	6,926,054
<b>Current assets</b>			
Stores and spares	18	<b>163,245,306</b>	243,597,488
Stock-in-trade	19	<b>144,941,944</b>	97,992,741
Trade debts - Unsecured, considered good		<b>35,157,670</b>	20,039,775
Advances, deposits, prepayments and other receivables	20	<b>97,257,042</b>	63,554,806
Cash and bank balances	21	<b>14,555,887</b>	9,646,935
		<b>455,157,849</b>	434,831,745
		<b>1,364,778,965</b>	<b>1,248,258,211</b>

**OMER BAIG  
DIRECTOR**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2010**

	<i>Note</i>	<b>2010 Rupees</b>	<b>2009 Rupees</b>
Sales - net	22	<b>2,071,091,207</b>	1,409,803,158
Cost of sales	23	<b>(1,671,806,093)</b>	1,282,562,334
<b>Gross profit</b>		<b>399,285,114</b>	127,240,824
<b>Operating expenses</b>			
Administrative	24	<b>(40,269,825)</b>	(32,040,086)
Selling and distribution	25	<b>(111,914,579)</b>	(75,479,250)
		<b>(152,184,404)</b>	(107,519,336)
		<b>247,100,710</b>	19,721,488
Other operating income	26	<b>225,180</b>	70,042
<b>Operating profit</b>		<b>247,325,890</b>	19,791,530
Finance cost	27	<b>(45,223,300)</b>	(56,353,274)
Other expenses	28	<b>(13,945,079)</b>	-
<b>Profit/(Loss) before taxation</b>		<b>188,157,511</b>	(36,561,744)
Provision for taxation	29	<b>(46,433,131)</b>	5,859,010
<b>Profit/(Loss) after taxation</b>		<b>141,724,380</b>	<b>(30,702,734)</b>
<b>Earnings/(Loss) per share - basic and diluted</b>	36	<b>6.14</b>	(1.33)

The annexed notes 1 to 38 form an integral part of these financial statements.

August 02, 2010  
Lahore

TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR

OMER BAIG  
DIRECTOR





**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	Year ended 30 June	
	2010	2009
	Rupees	Rupees
Profit/(Loss) for the year	141,724,380	(30,702,734)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>141,724,380</b>	<b>(30,702,734)</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

August 02, 2010  
Lahore

TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR

OMER BAIG  
DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Rupees	2009 Rupees
<b>Cash flow from operating activities</b>			
Profit/(Loss) before taxation		188,157,511	(36,561,744)
Adjustments for:			
Depreciation		106,480,510	93,571,540
Profit on disposal of property, plant and equipment		(225,180)	(70,042)
Finance cost		45,223,300	56,353,274
Provision for Workers profit participation fund		10,105,130	-
Provision for Workers welfare fund		3,839,949	-
Provision for staff retirement benefits		-	67,539
		<b>165,423,709</b>	<b>149,922,311</b>
<b>Operating profit before working capital changes</b>		<b>353,581,220</b>	<b>113,360,567</b>
<b>(Increase)/decrease in current assets</b>			
Stores and spares		80,352,182	(26,565,818)
Advances, deposits, prepayments and other receivables		(14,113,348)	9,073,849
Stock in trade		(46,949,203)	(481,865)
Trade debtors		(15,117,895)	(3,512,451)
		<b>4,171,736</b>	<b>(21,486,285)</b>
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		57,987,439	(2,193,881)
<b>Cash generated from operations</b>		<b>415,740,395</b>	<b>89,680,401</b>
<b>Finance cost paid</b>			
Staff retirement benefits paid		(49,975,573)	(52,739,043)
Income tax paid		(436,633)	(154,590)
		<b>(20,797,000)</b>	<b>(5,872,299)</b>
		<b>(71,209,206)</b>	<b>(58,765,932)</b>
<b>Net cash generated from operating activities</b>		<b>344,531,189</b>	<b>30,914,469</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(201,515,929)	(153,693,032)
Proceeds from sale of property, plant and equipment		350,000	765,000
Long term deposits		(1,284,050)	1,741,400
<b>Net cash used in investing activities</b>		<b>(202,449,979)</b>	<b>(151,186,632)</b>
<b>Cash flow from financing activities</b>			
Proceeds from long term finances		32,200,000	153,645,880
Repayments of long term finances		(64,346,002)	(43,993,575)
Liabilities against assets subject to finance lease-net		842,854	(7,553,158)
Short term borrowings		(102,106,100)	22,017,199
Long term deposits		(200,000)	(98,591)
Dividend paid		(3,563,010)	(7,030)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(137,172,258)</b>	<b>124,010,725</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,908,952</b>	<b>3,738,562</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>9,646,935</b>	<b>5,908,373</b>
<b>Cash and cash equivalents at the end of the year</b>	21	<b>14,555,887</b>	<b>9,646,935</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

August 02, 2010  
Lahore

TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR

OMER BAIG  
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	Share Capital Rupees	Share Premium Rupees	Unappropriated Profit Rupees	Total Rupees
<b>Balance as at 01 July 2008</b>	231,000,000	173,250,000	120,497,677	524,747,677
Total comprehensive income for the year	-	-	(30,702,734)	(30,702,734)
<b>Balance as at 30 June 2009</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>89,794,943</b>	<b>494,044,943</b>
Interim dividend for the 3rd quarter ended 31 March 2010 at the rate of Rs. 0.75 (7.5%) per ordinary share	-	-	(17,325,022)	(17,325,022)
Total comprehensive income for the year	-	-	141,724,380	141,724,380
<b>Balance as at 30 June 2010</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>214,194,301</b>	<b>618,444,301</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

August 02, 2010  
Lahore

TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR

OMER BAIG  
DIRECTOR



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1 Nature and status of the Company

Tariq Glass Industries Limited (“the Company”) was incorporated in Pakistan in 1978 and converted into a Public Limited Company in the year 1980. The Company is listed on Karachi, Lahore, and Islamabad Stock Exchanges. The Company is principally engaged in the manufacture and sale of glass containers and tableware. The registered office of the Company is situated at 128-J, Model Town, Lahore.

### 2 Statement of compliance

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

#### 2.2 Standards, Interpretations and Amendments not yet effective

**The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010.**

- Improvements to IFRSs 2009 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company’s financial statements.
- Improvements to IFRSs 2009 – Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Company’s operations.
- Improvements to IFRSs 2009 – Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company’s financial statements.
- Improvements to IFRSs 2009 – Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Company’s financial statements other than increase in disclosures.



- Improvements to IFRSs 2009 – Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2009 – Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2009 – Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS 2.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

**2.3 The following standards, interpretations and amendments of approved accounting standards are not yet effective:**

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company's operations.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Company's operations.

**2.4 Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB issued amendments to various standards effective. Below is a summary of the amendments that are effective for either annual periods beginning on or after 1 July 2010 or annual periods beginning on or after 1 January 2011:**

- Improvements to IFRSs 2010 – Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2010 – Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. These amendments are unlikely to have an impact on the Company's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the Company's financial statements other than increase in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. These amendments are unlikely to have an impact on the Company's financial statements.



- Improvements to IFRSs 2010 – IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2011) The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Company.
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
- Improvements to IFRSs 2010 – IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.
- Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2013). IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

## 2.5 Changes in accounting policies

- The Company has applied Revised IAS 1- Presentation of Financial Statements (2007) which became effective as of January 01, 2009. The Company has opted two statement approach to present its comprehensive income for the year ended 30 June 2010 and comparative period.



### 3 Basis of preparation

These accounts have been prepared under the historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, 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:

- a) Provision for taxation
- b) Accrued liabilities
- c) Provision for doubtful debts
- d) Residual values and useful lives of property, plant and equipment

### 4 Significant accounting policies

#### 4.1 Property, plant and equipment

##### Owned

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.15.

Depreciation on all property, plant and equipment is charged to profit on the reducing balance method, except for furnace refractory which is being depreciated using the straight line method, so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 16 after taking into account their residual values.

Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.





The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

## 4.2 Leases

### Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 16. Depreciation of leased assets is charged to profit.

Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

## 4.3 Capital work-in-progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

## 4.4 Staff retirement benefits

### Defined contribution plan

The Company operates an approved defined contributory provident fund for all its eligible employees, in which the Company and the employees make equal monthly contributions at the rate of 10 % of basic salary.

**Defined benefit plan**

The Company also operated an un-funded gratuity scheme, which ceased on 30 June 1995. However, the liability in respect of gratuity payable to employees who were employed before 30 June 1995 is revised each year on the basis of last drawn salaries of such employees. During the year the accrued amount was paid in full to the eligible employees.

**4.5 Trade debts**

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

**4.6 Stores and spares**

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

**4.7 Stock in trade**

Stock of raw materials, except for those in transit, work in process and finished goods are valued principally at the lower of weighted average cost and net realisable value. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

**4.8 Revenue recognition**

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

**4.9 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, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.



#### 4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

##### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

#### 4.11 Borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

#### 4.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**4.13 Financial assets and liabilities**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

**4.14 Offsetting of financial assets and financial liabilities**

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

**4.15 Borrowing costs**

Mark-up, interest and other charges on borrowings are capitalised upto the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit in year in which they are incurred.

**4.16 Trade and other payables**

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

**4.17 Foreign currencies**

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

**4.18 Dividend**

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

**4.19 Related party transactions**

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

**4.20 Impairment**

The carrying amount of Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised.

**5 Issued, subscribed and paid-up capital**

2010 (Number of shares)	2009		2010 Rupees	2009 Rupees
21,550,000	21,550,000	Ordinary shares of Rs. 10/- each fully paid in cash	215,500,000	215,500,000
1,550,000	1,550,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	15,500,000	15,500,000
<b>23,100,000</b>	<b>23,100,000</b>		<b>231,000,000</b>	<b>231,000,000</b>

**5.1** Ordinary shares of the Company held by associated undertakings as at year end are as follows:

	2010 (Number of shares)	2009
Industrial Products Investments Limited	6,928,844	6,928,844
Omer Glass Industries Limited	2,577,920	2,577,920
	<b>9,506,764</b>	<b>9,506,764</b>

**6 Share premium reserve**

The share premium reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

**7 Long term finances**

Loans from banking companies	7.1	94,429,565	130,988,645
Loans from related parties	7.2	122,366,849	124,620,449
		<b>216,796,414</b>	<b>255,609,094</b>



	Note	2010 Rupees	2009 Rupees	Mark-up rate per annum	Number of installments remaining	Mark-up payable	
<i>Secured</i>							
<b>Habib Bank Limited</b>							
I	Demand finance	7.3.1	11,248,176	20,889,474	3 Months KIBOR + 2.5%	14 equal monthly installments ending August 2011	Quarterly
II	Demand finance	7.3.1	24,999,996	-	3 Months KIBOR + 2.5%	45 equal monthly installments ending March 2014	Monthly
			<b>36,248,172</b>	20,889,474			
<b>National Bank of Pakistan</b>							
III	Demand finance	7.3.2	10,858,619	19,546,619	3 Months KIBOR + 2% with a floor of 5% p.a.	15 monthly installments ending September 2011	Monthly
			<b>10,858,619</b>	19,546,619			
<b>United Bank Limited</b>							
IV	Demand finance	7.3.3	11,111,110	16,666,666	3 Months KIBOR + 1.5%	24 monthly installments ending June 2012	Monthly
V	Demand finance	7.3.3	11,611,108	15,833,332	3 Months KIBOR + 1.5%	33 monthly installments ending March 2013	Monthly
VI	Demand finance	7.3.3	46,159,641	62,944,965	3 Months KIBOR + 1.5%	33 monthly installments ending March 2013	Monthly
VII	Demand finance	7.3.3	40,000,004	50,000,000	3 Months KIBOR + 1.5%	48 monthly installments ending June 2014	Monthly
			<b>108,881,863</b>	145,444,963			
			<b>155,988,654</b>	185,881,056			
Less:	Current maturity	14	<b>61,559,089</b>	54,892,411			
			<b>94,429,565</b>	130,988,645			

## 7.2 Loan from related party

### *Unsecured*

<b>Industrial Products Investment Limited (IPI)</b>	7.4.1	33,389,450	33,389,450	Libor + 1.5%	16 quarterly installments starting July 2011 and ending June 2015	Quarterly
<b>Loan from Directors</b>	7.4.2	88,977,399	91,230,999	Mark-up free	-	-
		<b>122,366,849</b>	124,620,449			



### 7.3 Securities for loan from banking companies

#### 7.3.1 Securities for loan I to II

These loans are secured by first ranking equitable mortgage charge for Rs 70 million on land and buildings including all future constructions of the Company, ranking pari passu hypothecation charge on plant, machinery and equipment for Rs 75 million and personal guarantees of Directors of the Company.

#### 7.3.2 Securities for loan III

This loan is secured by first ranking equitable mortgage charge for Rs 65 million on land and buildings including all future constructions of the Company, ranking pari passu hypothecation charge on plant, machinery and equipment for Rs 75 million and personal guarantees of Directors of the Company.

#### 7.3.3 Securities for loan IV to VII

These loans are secured by first ranking equitable mortgage charge for Rs 70 million on land and buildings including all future constructions of the Company, ranking pari passu hypothecation charge on plant, machinery and equipment for Rs 240 million and personal guarantees of Directors of the Company.

### 7.4 Securities for loan from related parties

**7.4.1** The loan was repayable in 16 equal quarterly installments commencing from 1 July 2009 however this loan has been rescheduled by the lender and now the repayment will start from 1 July 2011 with same terms and conditions. This loan was originally obtained in foreign currency however the repayment of this loan is fixed at exchange rate prevailing on 31 December 1993.

**7.4.2** The directors have personally financed a portion of the expansion project and is interest free. The directors have confirmed these loans are not repayable within the next one year.

## 8 Liabilities against assets subject to finance lease

The minimum lease payments have been discounted at an implicit interest rate ranging from 6 months KIBOR + 2.65% to 3.75% (2009: 6 months KIBOR + 2.65 % to 3.75%) to arrive at their present value. Rentals are paid in monthly installments. The company has the option to purchase the assets after expiry of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company is to pay the entire rent for the unexpired period of lease agreement .

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:



	2010			2009		
	Minimum lease payments	Finance cost for future periods	Present value	Minimum lease payments	Finance cost for future periods	Present value
	-----Rupees-----			-----Rupees-----		
Not later than one year	5,319,636	455,173	4,864,463	4,323,870	451,845	3,872,025
Later than one year and not later than three years	4,095,889	271,515	3,824,374	4,047,091	73,133	3,973,958
	<b>9,415,525</b>	<b>726,688</b>	<b>8,688,837</b>	<b>8,370,961</b>	<b>524,978</b>	<b>7,845,983</b>

## 9 Long term deposits

These represent security deposits from distributors which by virtue of agreements are interest free and can be used in Company's business.

	Note	2010 Rupees	2009 Rupees
<b>10 Deferred liabilities</b>			
Deferred taxation	10.1	89,238,827	54,141,768
Staff gratuity	10.2	-	436,633
		<b>89,238,827</b>	<b>54,578,401</b>

10.1 The liability for deferred taxation comprises timing differences relating to:

### Deferred tax liability

Accelerated tax depreciation

120,423,655 137,387,427

### Deferred tax assets

Liability against assets subject to finance lease

844,676 (2,531,349)

Provision for retirement and other benefits

- (94,895)

Unabsorbed tax credits

(32,029,504) (80,619,415)

**89,238,827** **54,141,768**

10.2 As explained in note 4.4 in detail, the payment in respect of staff gratuity was made in full during the year.

## 11 Trade and other payables

Trade creditors		145,673,703	91,511,284
Advances from customers		48,813,933	47,097,623
Accrued expenses		52,829,085	48,846,382
Sales tax payable		7,387,873	8,988,942
Unclaimed dividend		15,243,239	1,481,227
Workers' Profit participation fund payable	11.1	10,305,174	200,044
Workers welfare fund		3,839,949	-
Payable to provident fund		435,550	610,318
Others		197,425	295,581
		<b>284,725,931</b>	<b>199,031,401</b>





	Note	2010 Rupees	2009 Rupees
<b>11.1 Workers' Profit Participation Fund</b>			
Balance as at 01 July		200,044	-
Add: Allocation for the year		10,105,130	-
Interest on funds utilized by the Company		-	200,044
Balance as at 30 June		<u>10,305,174</u>	<u>200,044</u>
<b>12 Accrued markup</b>			
Long term finances - Secured		161,633	1,177,703
Long term finances - Unsecured		27,402,535	26,400,835
Short term borrowings - Secured		2,439,503	7,188,053
Finance leases		29,008	18,361
		<u>30,032,679</u>	<u>34,784,952</u>
<b>13 Short term borrowings - secured</b>			
Short term running finance	13.1	10,894,427	51,947,185
Short term cash finance	13.2	17,669,960	75,042,151
Finance against imported merchandise	13.3	10,259,363	13,940,512
		<u>38,823,750</u>	<u>140,929,848</u>
<b>13.1 Short term running finance - secured</b>			
Short term running finance facility under mark up arrangements of Rs. 30 million (2009: 60 million) has been availed from commercial banks. The rate of mark up is 3 months KIBOR plus 2.25% per annum (2009: 2.25 % above 3 months KIBOR). The facility is secured by joint pari pasu hypothecation charge on current assets of the Company.			
<b>13.2 Short term cash finance - secured</b>			
Short term cash finance facility under mark up arrangement of Rs. 130 million (2009: Rs. 130 million) has been availed from commercial banks. The rate of mark up ranges from 1.75% to 2 % above 3 months KIBOR (2009: 1.5% to 1.75% above 3 Months KIBOR). The facility is secured by joint pari pasu hypothecation charge on current assets of the Company.			
<b>13.3 Finance against imported merchandise - secured</b>			
The Company has obtained finance against imported merchandises of Rs. 15 million (2009: Rs. 15 million) from commercial banks. The rate of mark-up ranges from 3 months KIBOR plus 2.25% per annum (2009: 2.25 % above 3 months KIBOR). The facility is secured by lien over import documents and pledge of imported goods.			
<b>14 Current maturity of non-current liabilities</b>			
Long term finances	7	61,559,089	54,892,411
Liabilities against assets subject to finance lease	8	4,864,463	3,872,025
		<u>66,423,552</u>	<u>58,764,436</u>

**15 Contingencies and commitments****15.1 Contingencies**

- The commercial banks have issued following guarantees on behalf of the Company in favour of:
- Sui Northern Gas Pipelines Limited against supply of gas for furnace amounting to Rs. 93,700,000 (2009: Rs. 100,700,000)
- Sui Northern Gas Pipelines Limited against supply of gas for captive power amounting to Rs. 16,000,000 (2009: Rs. 9,000,000)

**15.2 Commitments**

- Letter of credit for capital expenditure Rs. 21,685,964 (2009: Rs. 1,907,473)
- Letter of credit for other than capital expenditure Rs. 12,303,861 (2009: Rs. 17,380,986)

	<i>Note</i>	<b>2010 Rupees</b>	2009 Rupees
<b>16 Property, plant and equipment</b>			
Operating assets	16.1	<b>762,243,584</b>	806,500,412
Capital work in progress	16.2	<b>139,167,428</b>	-
		<b>901,411,012</b>	<b>806,500,412</b>



	Cost				As at 30 June 2009	Rate %	Depreciation				As at 30 June 2009	Net book value as at 30 June 2009	
	As at 1 July 2008	Additions during the year	Transfers/ adjustments	Disposals during the year			As at 1 July 2008	Transfers/ adjustments	For the year	On Disposals			As at 30 June 2009
<b>Owned</b>													
Freehold land	13,784,362	-	-	-	13,784,362	-	-	-	-	-	-	-	13,784,362
Factory building - freehold	157,172,227	6,439,503	-	-	163,611,730	10	10,856,102	-	-	60,003,938	-	-	103,607,792
Office building - freehold	49,281,810	-	-	-	49,281,810	5	36,120,466	-	-	36,778,533	-	-	12,503,277
Plant and machinery	1,096,156,067	140,792,126	5,000,000	300,000	1,241,648,193	10 - 20	543,763,674	1,346,000	69,787,942	47,917	614,849,699	626,798,494	
Furniture and fixtures	3,940,227	82,500	-	-	4,022,727	10	2,747,894	-	121,921	-	2,869,815	1,152,912	
Tools and equipment	761,525	-	-	-	761,525	10	669,013	-	9,251	-	678,264	83,261	
Electric installation	14,618,807	1,106,736	-	-	15,725,543	10	9,682,294	-	560,420	-	10,242,714	5,482,829	
Vehicles	35,461,946	-	10,496,620	926,775	45,031,911	20	20,059,839	5,177,830	3,640,587	483,900	28,394,356	16,637,435	
Moulds	72,263,835	6,572,007	-	-	78,835,842	30	56,929,180	-	5,109,238	-	62,038,418	16,797,424	
Fire fighting equipment	39,606	-	-	-	39,606	10	31,017	-	859	-	31,876	7,730	
<b>Leased</b>													
Plant and machinery	5,000,000	845,000	(5,000,000)	-	845,000	10	1,085,000	(1,346,000)	331,417	-	70,417	774,583	
Vehicles	22,077,694	1,472,568	(10,496,620)	-	13,053,642	20	6,865,421	(5,177,830)	2,495,737	-	4,183,328	8,870,313	
	27,077,694	2,317,568	(15,496,620)	-	13,898,642		7,950,421	(6,523,830)	2,827,153	-	4,233,745	9,644,896	
2009	1,470,558,106	157,310,440	-	1,226,775	1,626,641,771		727,101,634	-	93,571,540	531,817	820,141,358	806,500,412	

Depreciation charge for the year has been allocated as follows:

	2010	2009
	Rupees	Rupees
Cost of sales	101,942,364	88,537,394
Administrative expenses	2,883,192	2,919,432
Selling and distribution	1,654,954	2,114,714
	<u>106,480,510</u>	<u>93,571,540</u>



16.1 Operating assets

	Cost				As at 30 June 2010	Rate %	Depreciation				As at 30 June 2010	Net book value as at 30 June 2010
	As at 1 July 2009	Additions during the year	Transfers/ adjustments	Disposals during the year			As at 1 July 2009	Transfers/ adjustments	For the year	On Disposals		
<b>Owned</b>	-----Rupees-----											
Freehold land	13,784,362	-	-	-	13,784,362	-	-	-	-	-	-	13,784,362
Factory building - freehold	163,611,730	-	-	-	163,611,730	10	10,360,779	-	-	70,364,717	-	93,247,013
Office building - freehold	49,281,810	-	-	-	49,281,810	5	36,778,533	-	-	625,164	-	37,403,697
Plant and machinery	1,241,648,193	39,372,424	-	-	1,281,020,617	10 - 20	614,849,699	-	-	82,043,168	-	696,892,867
Furniture and fixtures	4,022,727	65,300	-	-	4,088,027	10	2,869,815	-	-	120,540	-	2,990,355
Tools and equipment	761,525	-	-	-	761,525	10	678,264	-	-	8,326	-	686,590
Electric installation	15,725,543	1,172,651	-	-	16,898,194	10	10,242,714	-	-	602,714	-	10,845,428
Vehicles	45,031,791	-	2,431,424	637,703	46,825,512	20	28,394,356	1,198,666	-	3,488,647	512,883	32,568,786
Moulds	78,835,842	16,788,126	-	-	95,623,968	30	62,038,418	-	-	7,199,987	-	69,238,405
Fire fighting equipment	39,606	-	-	-	39,606	10	31,876	-	-	773	-	32,649
<b>Leased</b>	-----Rupees-----											
	1,612,743,129	57,398,501	2,431,424	637,703	1,671,935,351		815,887,613	1,198,666	104,450,098	512,883	921,023,494	750,911,857
<b>Plant and machinery</b>	-----Rupees-----											
Vehicles	845,000	-	-	-	845,000	10	70,417	-	77,458	-	-	147,875
	13,053,642	4,950,000	(2,431,424)	-	15,572,218	20	4,183,328	(1,198,666)	1,952,954	-	4,937,616	10,634,602
	13,898,642	4,950,000	(2,431,424)	-	16,417,218		4,253,745	(1,198,666)	2,030,412	-	5,085,491	11,331,727
<b>2010</b>	-----Rupees-----											
	1,626,641,771	62,348,501	-	637,703	1,688,352,569		820,141,358	-	106,480,510	512,883	926,108,985	762,243,584



## 16.1.1 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal
Vehicle							
	Mr. Muhammad Sabir- Employee	637,703	512,883	124,820	350,000	225,180	Negotiation
2010		637,703	512,883	124,820	350,000	225,180	
2009		1,226,775	531,817	694,958	765,000	70,042	



	Note	2010 Rupees	2009 Rupees
<b>16.2 Capital work in progress</b>			
Civil works		11,043,226	-
Plant and machinery		76,450,464	-
Stores held for capital expenditure		38,022,336	-
Others		13,651,402	-
		<b>139,167,428</b>	<b>-</b>
<b>16.3 Movement in capital work-in-progress</b>			
Opening balance		-	3,617,407
Add: Additions during the year		32,018,915	16,303,146
Transfer from stores and spares - Net		107,148,513	67,251,067
		<b>139,167,428</b>	<b>83,554,213</b>
		<b>139,167,428</b>	<b>87,171,620</b>
Less: Transferred to operating assets		-	87,171,620
		<b>139,167,428</b>	<b>-</b>

16.4 Capital work in progress includes borrowing cost capitalised Rs. NIL (2009: Rs. 2811,411)

## 17 Long term deposits

Deposits with leasing companies	1,785,200	2,588,650
Others	6,424,904	4,337,404
	<b>8,210,104</b>	<b>6,926,054</b>

## 18 Stores and spares

Stores	158,347,648	198,651,891
Spares	4,897,658	44,945,597
	<b>163,245,306</b>	<b>243,597,488</b>

18.1 Most of the items of stores and spares are of an interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores and spares until their actual usage.

## 19 Stock in trade

Raw materials	35,977,157	20,772,105
Chemical and ceramic colours	15,549,970	16,759,921
Packing material	32,048,923	19,523,221
Material in process	10,779,026	11,007,463
Finished goods	19.1 50,586,868	29,930,031
	<b>144,941,944</b>	<b>97,992,741</b>

19.1 This includes provision for write down of stock in trade to net realisable value amounting to Rs 631,038 (2009: 1,191,374) respectively.



	Note	2010 Rupees	2009 Rupees
<b>20 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers- unsecured, considered good	20.1	10,086,598	7,674,038
Advances to staff - unsecured, considered good	20.2	908,668	661,500
Advances against letters of credit and margins		24,509,501	16,145,865
Prepaid expenses		184,907	1,751,537
Advance income tax		37,330,583	17,741,695
Claims recoverable from government			
Income tax		9,155,144	9,155,144
Sales tax		3,913,025	4,185,957
		13,068,169	13,341,101
Security deposits		6,747,150	2,948,642
Prepaid insurance		3,966,466	2,835,428
Others		455,000	455,000
		<b>97,257,042</b>	<b>63,554,806</b>

**20.1** Advances includes a sum of Rs. 1.995 million (2009: Rs. 0.235 million) due from an associated undertaking (Omer Glass Industries Limited). It is interest free and in the normal course of business.

**20.2** Included in advances to staff are amounts due from executives of Rs 715 thousand (2009: Rs 445 thousand).

**21 Cash and bank balances**

Cash in hand		516,962	1,242,377
Cash at bank - current accounts			
Local currency		8,680,398	7,626,119
Foreign currency		5,358,527	778,439
		14,038,925	8,404,558
		<b>14,555,887</b>	<b>9,646,935</b>

**22 Sales**

Local		2,407,700,541	1,659,854,266
Export		196,123,026	120,811,159
Gross sales		2,603,823,567	1,780,665,425
Less: Sales tax & special excise duty		321,444,512	222,142,232
Trade discounts		211,287,848	148,720,035
		532,732,360	370,862,267
<b>Sales - net</b>		<b>2,071,091,207</b>	<b>1,409,803,158</b>



	Note	2010 Rupees	2009 Rupees
<b>23 Cost of sales</b>			
Raw material consumed		415,344,533	324,517,791
Salaries, wages and other benefits	23.1	236,188,212	222,976,693
Fuel and power		565,319,332	387,568,006
Packing material consumed		258,710,391	175,336,958
Stores and spares consumed		81,100,382	62,967,856
Carriage and freight		4,117,890	4,665,431
Repair and maintenance		5,928,982	8,319,414
Travelling and conveyance		6,097,349	8,307,241
Insurance		3,972,717	3,286,869
Postage and telephone		1,174,681	1,009,267
Rent, rates and taxes		3,391,935	1,002,630
Printing and stationery		176,361	232,526
Entertainment		442,400	301,200
Depreciation	16.1	101,942,364	88,537,394
Others		8,326,964	4,679,865
		<b>1,692,234,493</b>	<b>1,293,709,141</b>
Work in process			
Opening stock		11,007,463	7,425,414
Closing stock		(10,779,026)	(11,007,463)
		<b>228,437</b>	<b>(3,582,049)</b>
		<b>1,692,462,930</b>	<b>1,290,127,092</b>
Finished goods			
Opening		29,930,031	22,365,273
Closing		(50,586,868)	(29,930,031)
		<b>(20,656,837)</b>	<b>(7,564,758)</b>
		<b>1,671,806,093</b>	<b>1,282,562,334</b>

**23.1** Salaries, wages and other benefits include Rs. 3,616,377 (2009: Rs. 3,236,977) in respect of staff retirement benefits.





	Note	2010 Rupees	2009 Rupees
<b>24 Administrative expenses</b>			
Salaries, wages and other benefits	24.1	19,480,362	15,512,202
Travelling expenses		2,090,200	1,104,929
Motor vehicle expenses		1,765,120	1,407,891
Postage and telephone		1,472,680	1,367,382
Printing and stationery		1,144,949	393,167
Rent, rates and taxes		2,400,000	2,079,000
Repair and maintenance		1,236,565	822,116
Legal and professional charges		1,442,500	1,185,574
Auditors' remuneration	24.2	745,000	428,000
Advertisement		441,164	546,416
Utilities		903,253	651,996
Entertainment		500,943	368,447
Insurance		1,095,371	954,537
Subscription, news papers and periodicals		432,541	413,303
Depreciation	16.1	2,883,192	2,919,432
Miscellaneous		2,235,985	1,885,694
		<b>40,269,825</b>	<b>32,040,086</b>
<b>24.1</b>	Salaries, wages and other benefits include Rs. 693,386 (2009: Rs 486,873) in respect of staff retirement benefits.		
<b>24.2</b>	<b>Auditors' remuneration</b>		
	Audit fee	500,000	250,000
	Half yearly review fee	120,000	84,000
	Certifications fee	50,000	42,000
	Out of pocket expenses	75,000	52,000
		<b>745,000</b>	<b>428,000</b>
<b>25 Selling and distribution expenses</b>			
Salaries and other benefits	25.1	18,594,375	16,804,180
Local freight and forwarding		55,270,027	30,905,152
Export freight and forwarding		17,799,420	11,491,168
Travelling expenses		6,367,431	3,822,182
Motor vehicle expenses		3,462,869	2,428,292
Postage and telephone		1,478,141	1,314,174
Printing and stationery		262,417	390,976
Advertisement, exhibitions and sales promotion		2,512,424	3,647,785
Rent, rates and taxes		880,288	630,516
Depreciation	16.1	1,654,954	2,114,714
Breakage and incidental charges		3,632,233	1,930,111
		<b>111,914,579</b>	<b>75,479,250</b>



**25.1** Salaries, wages and other benefits include Rs. 911,262 (2009: Rs. 676,777) in respect of staff retirement benefits.

	Note	2010 Rupees	2009 Rupees
<b>26 Other operating income</b>			
Profit on disposal of property, plant and equipment.	16.1.1	<b>225,180</b>	70,042
<b>27 Finance cost</b>			
Mark-up on			
Long term finances - secured		<b>25,604,231</b>	20,910,510
Long term finances - unsecured		<b>1,001,700</b>	1,610,640
Short term borrowings - secured		<b>14,660,382</b>	28,110,827
		<b>41,266,313</b>	50,631,977
Mark-up on lease finances		<b>667,283</b>	937,948
Bank charges		<b>3,289,704</b>	4,783,349
		<b>45,223,300</b>	56,353,274
<b>28 Other expenses</b>			
Workers' profit participation fund	11.1	<b>10,105,130</b>	-
Workers welfare fund		<b>3,839,949</b>	-
		<b>13,945,079</b>	-
<b>29 Taxation</b>			
Income tax - Current	29.1	<b>11,336,071</b>	1,208,112
Income tax - Prior year		<b>-</b>	(320,844)
		<b>11,336,071</b>	887,268
Deferred tax	29.2	<b>35,097,060</b>	(6,746,278)
		<b>46,433,131</b>	(5,859,010)

**29.1** The current year's provision for taxation represents tax charged at export stage and tax chargeable under section 113 of Income Tax Ordinance 2001.

**29.2** Deferred tax expense relates to origination and reversal of temporary difference.



## 30 Financial instruments

The company has exposure to the following risks from its use of financial instruments.:

- Credit risk
- Liquidity risk
- Market risk

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

### 30.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs. 78.194 million (2009: Rs. 53.358 million) financial assets which are subject to credit risk amount to Rs. 64.609 million (2009: Rs. 38.774 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 30 days to reduce the credit risk.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2010 Rupees	2009 Rupees
Long term deposits	8,210,104	6,926,054
Trade debts	35,157,670	20,039,775
<b>Advances, deposits, prepayments and other receivables</b>		
- Security deposits	6,747,150	2,948,642
- Others	455,000	455,000
Bank balances	14,038,925	8,404,558
	<b>64,608,849</b>	<b>38,774,029</b>



The trade debts as at the balance sheet date are classified as follows:

	2010 Rupees	2009 Rupees
Foreign	1,711,018	1,233,029
Domestic	33,446,652	18,806,746
	<u>35,157,670</u>	<u>20,039,775</u>

The aging of trade receivables at the reporting date is:

Past due 0 - 30 days	22,985,307	14,951,268
Past due 31 - 60 days	8,418,001	2,488,535
Past due 61 - 90 days	2,187,508	382,616
Past due 91 - 120 days	282,581	102,788
Past due 120 days	1,284,273	2,114,568
	<u>35,157,670</u>	<u>20,039,775</u>

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

### 30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments. The following are the contractual maturities of financial liabilities, including estimated interest payments:



	Carrying Amount	Contractual cash flows	30 June 2010				
			Six months or less	Six to twelve months	One to two years	Two to Five years	More than five years
----- (Rupees ) -----							
<b>Financial liabilities</b>							
Long term loan-secured	155,988,645	189,028,498	40,798,387	38,563,576	56,473,435	53,193,101	-
Long term loan-unsecured	122,366,849	152,398,016	-	-	15,855,154	136,542,862	-
Liabilities against asset subject to finance lease	8,688,837	9,415,525	4,484,910	834,726	1,622,506	2,473,383	-
Trade and other payables	231,789,287	231,789,287	231,789,287	-	-	-	-
Accrued markup	30,032,679	32,661,311	2,630,144	-	7,507,792	22,523,375	-
Short term borrowings	38,823,750	44,398,076	-	44,398,075	-	-	-
<b>2010</b>	<b>587,690,047</b>	<b>659,690,713</b>	<b>279,702,728</b>	<b>83,796,377</b>	<b>81,458,887</b>	<b>214,732,721</b>	<b>-</b>

30 June 2009

	Carrying Amount	Contractual cash flows	30 June 2009				
			Six months or less	Six to twelve months	One to two years	Two to Five years	More than five years
----- (Rupees ) -----							
<b>Financial liabilities</b>							
Long term loan-secured	185,444,963	236,117,101	39,964,748	38,002,834	70,104,159	88,045,361	-
Long term loan-unsecured	124,620,449	154,651,616	-	-	-	138,796,462	15,855,154
Liabilities against asset subject to finance lease	7,845,983	8,370,961	2,436,467	1,887,400	3,806,112	240,982	-
Deferred liabilities	436,633	436,633	436,633	-	-	-	-
Trade and other payables	151,933,778	151,933,778	151,933,778	-	-	-	-
Accrued markup	34,784,952	38,415,284	8,384,117	-	-	22,523,375	7,507,792
Short term borrowings	140,929,848	161,936,244	-	161,936,245	-	-	-
<b>2009</b>	<b>645,996,606</b>	<b>751,861,617</b>	<b>203,155,743</b>	<b>201,826,479</b>	<b>73,910,271</b>	<b>249,606,180</b>	<b>23,362,946</b>

**30.3 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

**30.3.1 Currency risk**

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The Company's exposure to foreign currency risk for US Dollars is as follows:

	<b>2010</b>	2009
	<b>Rupees</b>	Rupees
Foreign debtors	<b>1,711,018</b>	1,233,029
Foreign currency bank accounts	<b>5,358,527</b>	778,440
Gross balance sheet exposure	<b>7,069,545</b>	2,011,469
Outstanding letter of credits	<b>(94,374,237)</b>	(19,288,459)
Net exposure	<b>(87,304,692)</b>	(17,276,990)

The following significant exchange rates have been applied:

	<u>Average rate</u>		<u>Reporting date rate</u>	
	<b>2010</b>	2009	<b>2010</b>	2009
USD to PKR	84.17	78.55	85.60	81.10
GBP to PKR	132.65	125.79	128.96	133.47
EURO to PKR	116.28	107.76	104.58	113.58

**Sensitivity analysis:**

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and outstanding letter of credits.

**Effect on profit and loss**

US Dollar	7,951,706	747,188
Pound Sterlings	-	407,024
Euro	778,765	571,854
	<b>8,730,471</b>	<b>1,726,066</b>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.

**30.3.2 Interest rate risk**

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2010	2009	2010	2009
	Effective rate (in Percentage)		Carrying amount (Rupees)	
<b>Financial liabilities</b>				
Variable rate instruments:				
Long term finances	13.84 to 15.27	14.27 to 18.02	278,355,503	310,501,505
Liabilities against assets subject to finance lease	12.64 to 19.69	12.58 to 17.94	8,688,837	7,845,983
Short term borrowings	14.09 to 15.02	14.88 to 17.77	38,823,750	140,929,848

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
<b>As at 30 June 2010</b>	<b>(3,508,735)</b>	<b>3,508,735</b>
As at 30 June 2009	(5,503,814)	5,503,814

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

**30.3.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

**30.4 Fair value of financial instruments**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**31 Capital management**

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to:

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2010 and as at 30 June 2009 were as follows:

	<b>2010</b>	2009
	<b>Rupees</b>	Rupees
Total debt	<b>278,355,503</b>	310,501,505
Total equity and debt	<b>896,799,804</b>	804,546,448
Debt-to-equity ratio	<b>31%</b>	39%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

**32. OPERATING SEGMENTS**

The financial information has been prepared on the basis of a single reportable segment.

**32.1** Sales from glassware products and others represent 99.8% and 0.2% (2009: 99.6% and 0.4%) of total revenue of the company respectively.

**32.2** The sales percentage by geographic region is as follows:

	<b>2010</b>	2009
	<b>%</b>	%
Pakistan	<b>91.4</b>	92.2
Afghanistan	<b>3.4</b>	3.7
Bangladesh	<b>1.6</b>	0.2
Others	<b>3.6</b>	3.9
	<b>100</b>	100

**32.3** All non-current assets of the Company as at 30 June 2010 are located in Pakistan.



**33 Remuneration of Directors and Executives**

The aggregate amounts charged in the accounts for the year for remuneration, including all benefits to the Chairman and Managing Director, Directors and Executives of the Company are as follows:

	Chairman and Managing Director		Directors		Executives	
	2010	2009	2010	2009	2010	2009
Managerial remuneration	3,302,133	1,786,400	1,363,723	1,331,164	13,796,637	6,901,000
House rent	1,244,054	671,360	605,935	599,024	6,167,240	3,105,454
Conveyance	3,600	3,600	10,800	10,800	104,400	39,600
Contribution to provident and gratuity fund	-	-	144,376	133,116	1,389,430	686,970
Medical and other allowances	-	-	144,547	141,096	1,571,561	786,086
Utilities	330,213	178,640	136,634	133,372	1,350,289	675,407
<b>Number of persons</b>	<b>4,880,000</b>	<b>2,640,000</b>	<b>2,406,015</b>	<b>2,348,572</b>	<b>24,379,557</b>	<b>12,194,517</b>
	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>29</b>	<b>11</b>

In addition to the above, some of the Executives are provided with free use of Company maintained cars.

**34 Transactions with related parties**

Related parties comprises of associated companies, staff retirement fund, directors and key management personnel. The Company, in the normal course of business carries out transactions with related parties. Amounts due from related parties are shown under advances, deposits, prepayments and other receivables in note 20. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment disclosed above, are as follows:

Name	Relationship	Nature of transactions	2010		2009	
			Rupees	Rupees	Rupees	Rupees
Omer Glass Industries Limited	Associated company	Purchases	5,847,726	1,719,040		
		Sales	6,410,136	8,028,363		
		Reimbursement of selling and distribution expenses	3,826,045	2,844,745		
Provident fund	Employee benefit plan	Contributions	5,221,025	4,400,627		



**35 Plant capacity and actual production**

The production capacity and the actual packed production achieved during the year are as follows:

	<b>2010</b>	2009
	<b>M. Tons</b>	M. Tons
Furnaces capacity		
Containers	<b>18,547</b>	17,469
Tableware	<b>55,807</b>	40,727
	<b>74,354</b>	58,196
Actual packed production		
Containers	<b>14,634</b>	13,965
Tableware	<b>34,868</b>	25,647
	<b>49,502</b>	39,612

The under capacity utilization during the year is due to non-availability of natural gas during the winter season.

**36 Earnings/(Loss) per share - basic and diluted****36.1 Earnings/(Loss) per share - Basic**

	<b>Rupees</b>	2010	2009
Profit/(Loss) after tax		<b>141,724,380</b>	(30,702,734)
Weighted average number of ordinary shares	<b>Numbers</b>	<b>23,100,000</b>	23,100,000
Earnings/(Loss) per share - basic	<b>Rupees</b>	<b>6.14</b>	(1.33)

**36.2 Earnings per share - Diluted**

There is no dilution effect on the basic earnings per share as the Company has no such commitments

**37 Date of authorization for issue**

These financial statements were authorized for issue on August 02, 2010 by the Board of Directors of the Company.

**38 General**

Figures have been rounded off to the nearest Rupee.

August 02, 2010  
Lahore

TARIQ BAIG  
CHAIRMAN AND MANAGING DIRECTOR

OMER BAIG  
DIRECTOR



## FINANCIAL STATISTICAL SUMMARY

Years		2010	2009	2008	2007	2006	2005
<b>Investment Measures</b>		(Amount in Million Rupees)					
Share Capital	Rs./mn	231.00	231.00	231.00	115.50	110.00	100.00
Shareholders equity	Rs./mn	618.44	494.04	524.75	291.72	245.70	201.60
Profit/(Loss) before tax	Rs./mn	188.16	(36.56)	(5.10)	77.37	62.20	40.00
Profit/(Loss) after tax	Rs./mn	141.72	(30.70)	(17.15)	50.33	49.10	34.20
		(Amount in Rupees)					
Dividend per share	Rs.	0.75	-	-	1.00	1.00	0.50
Earnings/(Loss) per share	Rs.	6.14	(1.33)	(0.83)	3.85	4.46	3.43
Break up value	Rs.	26.77	21.39	22.72	25.26	22.23	20.16
Price earning ratio	Rs.	2.45	(5.25)	(18.25)	15.89	8.70	7.70
<b>Measure of financial status</b>							
Current assets to current liabilities		1.05:1	1.04:1	1.04:1	1.1:1	1.07:1	1.02:1
Number of days stock	Time	32	28	31	32	34	35
Number of days trade debts	Time	6	5	5	3	3	3
<b>Measure of performance</b>							
Return on capital employed		22.42%	(4.85%)	(0.72%)	12.86%	18.50%	30.31%
Gross Profit Ratio		19.28%	9.03%	10.24%	18.02%	17.40%	15.04%
Profit/(Loss) Before tax to Sales ratio		9.08%	(2.59%)	(0.43%)	6.98%	6.16%	5.00%
Profit/(Loss) after tax to Sales ratio		6.84%	(2.18%)	(1.46%)	4.54%	4.86%	4.28%
Debt equity ratio		31.04%	38.59%	27.68%	50.83%	42.00%	45.00%



## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2010

Number of Shareholders	Categories of Shareholding		Total Shares Held
	From	To	
260	1	100	18,574
769	101	500	169,939
193	501	1,000	169,906
295	1,001	5,000	706,528
58	5,001	10,000	462,024
27	10,001	15,000	354,834
12	15,001	20,000	207,786
13	20,001	25,000	295,485
4	25,001	30,000	113,500
2	30,001	35,000	66,949
3	35,001	40,000	114,271
3	40,001	45,000	130,500
3	45,001	50,000	141,599
5	50,001	55,000	260,262
2	55,001	60,000	116,300
1	60,001	65,000	64,000
2	65,001	70,000	136,905
1	75,001	80,000	79,000
1	90,001	95,000	91,775
1	110,001	115,000	115,000
3	120,001	125,000	303,921
1	125,001	130,000	193,088
1	135,001	140,000	137,289
1	180,001	185,000	181,466
1	280,001	285,000	282,498
1	640,001	645,000	640,396
1	725,001	730,000	727,875
1	995,001	1,000,000	1,000,000
1	1,510,001	1,515,000	1,514,222
1	2,115,001	2,120,000	2,116,404
1	2,575,001	2,580,000	2,577,920
1	2,680,001	2,685,000	2,680,940
1	6,995,001	7,000,000	6,928,844
<b>1670</b>	<b>TOTAL</b>		<b>23,100,000</b>

Categories of Shareholders	Number	Shares Held	Percentage
GENERAL PUBLIC	1633	10,987,037	47.56%
INVESTMENT COMPANIES	2	1,776	0.01%
INSURANCE COMPANIES	2	15,100	0.07%
JOINT STOCK COMPANIES	23	2,774,169	12.01%
FINANCIAL INSTITUTIONS	7	2,367,574	10.25%
NIT & ICP	1	25,300	0.11%
FOREIGN COMPANY	1	6,928,844	29.99%
OTHERS	1	200	0.00%
<b>TOTAL</b>	<b>1670</b>	<b>23,100,000</b>	<b>100%</b>



## CATEGORIES OF SHAREHOLDERS ADDITIONAL INFORMATION AS AT JUNE 30, 2010

<b>ASSOCIATED COMPANY</b>		
1	M/S Omer Glass Industries Limited	2,577,920
	M/S Industrial Products Investments Limited (IPI)	6,928,844
<b>NIT AND ICP</b>		
2	Investment Corporation of Pakistan	25,300
<b>DIRECTORS, CEO, THEIR SPOUSE &amp; MINOR CHILDREN</b>		
3	Mr. Tariq Baig	2,680,940
	Mr. Omer Baig	1,514,222
	Mrs. Naima Tariq	640,396
	Mr. Mansoor Irfani	1,154
	Mr. Syed Tufail Hussain	1,154
	Mr. Akbar Baig	1,154
	Mr. David Julian	1,154
		4,840,174
4	<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	198,025
5	<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS, AND MUTUAL FUNDS</b>	2,382,674
6	<b>GENERAL PUBLIC</b>	6,146,863
7	<b>OTHERS</b>	200
		<b>23,100,000</b>
8	<b>SHAREHOLDERS HOLDING 10% OR MORE</b>	
	Mr. Tariq Baig	2,680,940
	Omer Glass Industries Limited	2,577,920
	Industrial Products Investment Limited	6,928,844

No trade done in shares of the Company by its Directors, Managing Director/CEO, Chief Financial Officer, Company Secretary, their spouses and minor children for the financial year ended June 30, 2010.



**TARIQ GLASS INDUSTRIES LIMITED**  
128-J BLOCK, MODEL TOWN, LAHORE  
**FORM OF PROXY**

Folio No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

I / We \_\_\_\_\_

of \_\_\_\_\_

being a member of **TARIQ GLASS INDUSTRIES LIMITED** hereby appoint;

Mr. \_\_\_\_\_

failing him Mr. \_\_\_\_\_ of \_\_\_\_\_

(being a member of the Company) as my / our proxy to attend, act and vote for me/us and on my / our behalf at the 32<sup>nd</sup> Annual General Meeting of the Members of the Company to be held at Defence Services Officers' Mess, 71 -- Tufail Road, Lahore Cantt on Tuesday the August 31, 2010 at 11:00 AM and at every adjournment thereof.

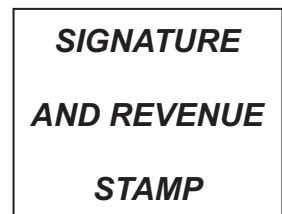
As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

**WITNESS:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_



**NOTE :** Proxies, in order to be effective, must be received, by the Company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.