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## BOARD OF DIRECTORS

Muhammad Rehman	Chairman
Muhammad Tousif Paracha	Chief Executive
Tariq Siddiq Paracha	
A.A.Ademiluyi	
Dr. Gbadebo Akisanya	
Muhammad Usman	
Mrs. Shazia Tariq Paracha	

## COMPANY SECRETARY

Iqbal Ahmed Rizvi

## AUDIT COMMITTEE

Mrs. Shazia Tariq Paracha	Chairperson
Mr. Mohammad Rehman	Member
Mr. Muhammad Usman	Member

## BANKS AND FINANCIAL INSTITUTIONS

Bank Al Falah Limited  
ABN-AMRO Bank N.V  
Al Baraka Islamic Bank Limited  
Citibank N.A  
Crescent Commercial Bank Limited  
Faysal Bank Limited  
KASB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
PICIC Commercial Bank Limited  
United Bank Limited  
Hong Kong and Shanghai Banking Corporation Limited  
First Dawood Investment Bank Limited  
Orix Leasing Limited  
Orix Investment Bank Limited  
Saudi Pak Industrial and Credit Corporation  
Atlas Investment Bank Limited  
PICIC Corporation

## AUDITORS

Faruq Ali & Company  
Chartered Accountants

## LEGAL ADVISOR

Sayed Ehsan Raza

## REGISTERED OFFICE

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

## HEAD OFFICE

32-B/II, Main Gulberg,  
Lahore.  
Ph: 042-5712344, 5761004  
Fax: 042-5756924  
Web: [www.balochistanglass.com](http://www.balochistanglass.com)

## ACTORIES

### UNIT-I

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

### UNIT-II

29-KM, Shekhupura Road,  
Shekhupura.

### UNIT-III

12-KM, Shekhupura Road,  
Kot Abdul Malik,  
Lahore.

## SHARE REGISTRAR

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi

## Vision Statement

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

## Mission Statement

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

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

# Notice of Annual General Meeting



Notice is hereby given that the Twenty Seventh Annual General Meeting of Balochistan Glass Limited will be held on Wednesday, October 31, 2007 at 2:00 p.m at Institute of Cost and Management Accountants of Pakistan (ICMAP), City Campus, ICMAP Centre, Hussain Shaheed Road, Soldier Bazar Karachi to transact the following business:

## Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on October 21, 2006.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2007 together with the Director's and Auditor's Report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2007 and to fix their remuneration.

The retiring auditors M/s Faruq Ali & Company, Chartered Accounts, being eligible, have offered themselves for appointment as auditors of the company.

## Special Business

4. To pass the following resolutions with or without modification.

### Increase in Authorized Capital:

To increase the authorized share capital of the company from Rs.500 million to Rs.1,200 million and to amend the Memorandum & Articles of Association of the company accordingly by passing the following resolutions as special resolutions;

- i To increase the authorized share capital of the company from Rs.500 million (Rupees five hundred million) divided into 50,000,000 ordinary shares of Rs.10/- (Rupees ten) each, to Rs.1,200 million (Rupees one thousand and two hundred million) divided into 120,000,000 ordinary shares of Rs.10/- (Rupees ten) each by addition of 70,000,000 ordinary shares of Rs.10/- (Rupee ten) each.
  - ii. The Memorandum of Association of the company be altered by substituting the figures and words 500,000,000 (Five Hundred Million Only) and 50,000,000 appearing in clause V, with the figures and words 1,200,000,000 (One Thousand and Two Hundred million) and 120,000,000 respectively.
  - iii. The Articles of Association of the company be altered by substituting the figures and words 500,000,000 (Five Hundred Million Only) and 50,000,000 appearing in clause 4(a), with the figures and words 1,200,000,000 (One Thousand and Two Hundred Million Only) and 120,000,000 respectively.
  - iv. The Company Secretary of the company is hereby authorized to complete all legal and corporate formalities in connection with the above.
5. To transact any other business with the permission of the chair.

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

By Order of the Board

Date : October 08, 2007  
Place: Lahore

**Iqbal Ahmed Rizvi**  
Company Secretary



## Notes:

1. The share transfer books of the Company will remain closed from October 24, 2007 to October 31, 2007 (both days inclusive). The transfers received at share registrar office i.e. THK Associates (Pvt.) Limited by the close of business on October 23, 2007 will be considered in time for the entitlement of 100% right issue (i.e. one share for every one share held) at a price of Rs.10/- per share as recommended by the Board of Directors' in their meeting held on October 08, 2007 and to attend Annual General Meeting (AGM).
2. A member of the Company entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Any individual beneficial owner of CDC, entitled to attend and Vote at the AGM, must bring his/her CNIC or passport with his/her to prove his/her identity and in case of proxy, attested copy of the shareholder's CNIC must be attached with the proxy form. The representative of corporate member should bring usual documents required for such purpose.
4. Members are requested to immediately notify the change of their addresses, if any to our share registrar, THK Associates (Pvt.) Limited, Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi.
5. Members who have not yet submitted photocopy of their CNIC to the company's registrar are requested to send the same, with the folio numbers, to our share registrar, at the earliest.

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

The present authorized share capital of the company is Rs.500 million and it is proposed to increase the authorized capital to Rs.1,200 million in order to facilitate the 100% right issue as proposed by the Directors' for the future expansion and restructuring of the company.

The directors are not interested in the business except as ordinary member of the company.



The Board of Directors' of Balochistan Glass Limited takes pleasure in presenting the Annual Report and Audited Financial Statements of the company together with the Auditors' report for the year ended June 30, 2007.

## COMPANY PERFORMANCE

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

Financial Indicators	2007 (Rupees in thousand)	2006
Sales-Net	1,235,225	1,162,192
Gross Profit	168,752	227,927
Operating Profit	55,528	146,924
(Loss)\Profit before Tax	(105,600)	26,998
(Loss)\Profit after Tax	(76,500)	25,861

The net Sale of the company increased marginally by 7.4% in comparison to last year. The company made a shift in its sales mix with the local sales on the decline and higher export sales. The decline in the gross margin is attributed mainly to the reduced selling price in a highly competitive local market and increase in the cost of productions. Cost of Raw materials particularly Soda Ash reached at its highest peak. The export sale has increased during the year and is 27.51 % of total sale as compared to 8.8% in last year and your company has received further export enquiries and confirmed orders for the present year with increased prices. The heavy financial cost of the company has also contributed towards the increased losses. In order to reduce the impact of heavy financial burden the company is in the process of financial restructuring by bringing in 100% more equity to make it less geared.

Other factors which have impacted the overall profitability were fire incidents and loss of stocks due to torrential rains. However, with the keen interest and support from the directors and the employees the Unit 1 which suffered from the fire was put back into production within a week and the company is now adopting better safety measures to avoid such incidents in future.

## EARNING PER SHARE

The earning per share is worked out at Rs. (1.78) per share as compared to Rs.0.60 per share of last year.

## DIVIDEND

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

## EXPANSION PLANS AND FUTURE OUTLOOK

The margins from the beverage sector are reducing due to fierce competition and increased usage of pet bottles. Taking into consideration the present market scenario, your company is diversifying and consolidating into Pharma and Tableware glass to eliminate the seasonal impact related to beverage and thereby improving the profitability of the company.

Returnable glass bottles are expected to be replaced by Non-returnable glass bottles due to consumer's behavior pattern of Soft Drink Industry. To produce glass bottles at low cost it became necessary to opt new technology. The management thus decided to install a new machine at Unit-II. This new technology is called Narrow Neck Press & Blow which helped to produce glass bottles at much less weight. This machine has already started production but as this technology is new in Pakistan so certain teething problems are being faced.



To coup up with the growing demand of Plastic shells we have added one more plastic shell manufacturing machine which has started production in the month of November 2006 and this line is contributing to the profitability as expected. Your company has also received significant export orders of plastic shells as well for the present year.

The Tableware project has started commercial production in the month of June 2007. We are proud to say that our product which was launched by the brand name of MARIMEX is very much welcomed in the market. We foresee that this project will contribute in the overall profitability of the company.

Our outlook for the coming year looks better than the previous year for the reason that the production units are working optimally and management is working hard to improve the efficiency of the units by hiring some local and oversees employees and also by injecting funds in the company. The future prospects of the company are very bright with projects specially, Tableware and Plastic Division. It is due to the hard efforts of the marketing team the export sales of the company had increased during the year although the profit margin remained low but it also given an opportunity to the company to operate in local as well as in foreign market.

With all our future plans, strong financial commitments of the directors' of the company and diversified product range, we are quite confident that our results for the coming year will be encouraging for shareholders.

## STATEMENT ON CORPORATE AND FINANCIAL MATTERS

- a) The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows, and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) There has been no trading during the year in the shares of the Company carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children.
- i) No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which these financial statements relate and the date of directors report.
- j) Key operating and financial data of last six years is annexed.
- k) The pattern of shareholding is annexed.



## STATUTORY AND FINANCIAL OBLIGATIONS

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

## MEETING OF BOARD OF DIRECTORS DURING THE YEAR

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

1. Mr. Mohammad Rehman	3
2. Mr. Tariq Siddiq Paracha	4
3. Mr. Mohammad Tousif Paracha	4
4. Mrs. Shazia Tariq Paracha	4
5. Mrs. Tabassum Tousif Paracha	3
6. Mr. A.A.Adelmiluyi	2
7. Mr. Mohammad Usman	2
8. Dr. Gbadebo Akisanya	1

## AUDITORS

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

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

## CONCLUSION

The directors wish to acknowledge and appreciate the untiring efforts, dedication and commitment demonstrated by all the employees and their performance, significant contributions and excellent response to the challenges faced during the year.

The directors are also like to appreciate the assistance and co-operation that has been extended by our banks and financial institutions.

For on the behalf of Board of Directors'

Mohammad Tousif Paracha  
Chief Executive

Lahore: October 08, 2007



# Summary of Last Six Year's Financial Results



	2007	2006	2005	2004	2003	2002
	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)
<b>OPERATING RESULTS</b>						
Sales-Net	1,235,225	1,162,192	1,148,487	948,538	515,248	252,313
Gross Profit	168,752	227,927	263,058	261,684	152,164	66,090
Profit before Tax	(105,600)	26,998	62,994	16,834	44,304	10,401
Profit after Tax	(76,500)	25,861	24,185	(5,215)	23,398	9,139
<b>BALANCE SHEET</b>						
Property, plant and Equipment	1,457,054	1,209,237	960,360	886,624	886,843	355,006
Current Assets	1,275,368	1,137,756	1,024,229	883,305	620,956	296,202
Current Liabilities	1,098,241	894,570	698,829	785,590	567,525	239,982
Current portion of Long term Liabilities	332,895	185,690	135,188	136,136	73,003	45,696
Long Term Loans	433,063	361,095	444,700	249,269	273,627	191,205
Subordinated Loan-Unsecured	482,080	384,034	380,785	373,200	224,084	153,142
Share Capital	429,000	429,000	330,000	330,000	330,000	110,000
<b>SIGNIFICANT RATIOS</b>						
Gross Profit ratio	13.66%	19.61%	22.90%	27.59%	29.53%	26.19%
Profit before Tax ratio	-8.55%	2.32%	5.48%	1.77%	8.60%	4.12%
Profit after Tax ratio	-6.19%	2.23%	2.11%	-0.55%	4.54%	3.62%
Current ratio	0.89:1	1.05:1	1.23:1	0.96:1	0.97:1	1.04:1
Working Capital	(155,768)	57,496	190,212	(38,421)	(19,572)	10,524

# Statement of Compliance with Best Practices of Code of Corporate Governance



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

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

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes four independent non-executive directors.
2. The directors have confirmed that none of them serving as a director in more than ten listed companies, including this company.
3. To the best of our knowledge all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a “statement of ethics and business practices”, which has been signed by all the directors and employees of the company.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company.
6. All the powers of the Board has been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
7. The meeting of board was presided over by the Chairman and the Board meets at least once in every quarter. Written notices of the Board meetings, along with agenda, was circulated at least seven days before the meetings. The minutes of meetings were appropriately recorded and circulated.
8. The Board arranged orientation courses for its certain directors during the year to apprise them of their duties and responsibilities.
9. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit Including his remuneration and terms and conditions of employment, as determined by the CEO.
10. The directors' report for this year has been prepared in compliance with the requirements of the code and it fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by the CEO and the CFO before approval by the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the Chairman of the committee.



15. Due to inadequate profits available for distribution, declaration of dividend was not considered.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
18. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. The management of the company is committed to good corporate governance and appropriate steps are being taken to comply with the best practices.

For and on behalf of the Board of Directors

Mohammad Tousif Paracha  
Chief Executive

Lahore: October 08, 2007

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



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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2007.

Karachi: October 08, 2007

CHARTERED ACCOUNTANTS



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

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our Opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profits and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2007 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: October 08, 2007

CHARTERED ACCOUNTANTS



	Notes	2007 (Rupees in thousand)	2006 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 50,000,000 Ordinary shares of Rs. 10/- each (2006: 50,000,000 ordinary shares of Rs. 10/- each)		500,000	500,000
Issued, subscribed and paid-up capital	3	429,000	429,000
Accumulated (loss) / Un-appropriated profit		(49,529)	26,971
		379,471	455,971
<b>NON-CURRENT LIABILITIES</b>			
Subordinated loan - Unsecured	4	482,080	384,034
Long term loans	5	299,773	288,045
Liabilities against assets subject to finance lease	6	133,290	74,707
Long term morabaha - Secured	7	-	5,000
Deferred liabilities	8	47,058	78,458
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	356,532	333,674
Markup accrued		26,938	11,580
Short term borrowings	10	714,771	549,316
Current portion of long term loans	5	221,597	123,825
Current portion of liabilities against assets subject to finance lease	6	106,298	56,865
Current portion of long term morabaha	7	5,000	5,000
		1,431,136	1,080,260
<b>CONTINGENCIES AND COMMITMENTS</b>	11	-	-
		2,772,808	2,366,475

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

Muhammad Tousif Paracha  
Chief Executive

# Balance Sheet

as at June 30, 2007



	Notes	2007 (Rupees in thousand)	2006
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	1,457,054	1,209,237
Long term deposits		40,386	19,482
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	13	312,912	274,912
Stock in trade	14	603,174	554,840
Trade debts - Considered good		232,144	205,426
Loans and advances - Considered good	15	38,267	27,430
Trade deposits, prepayments and other receivable	16	47,930	38,831
Taxes recoverable	17	27,076	23,725
Cash and bank balances	18	13,865	12,592
		1,275,368	1,137,756
		<b>2,772,808</b>	<b>2,366,475</b>

Tariq Siddiq Paracha  
Director

# Profit and Loss Account

for the year ended June 30, 2007



	Notes	2007 (Rupees in thousand)	2006
Sales - Net	19	1,235,225	1,162,192
Cost of sales	20	1,066,473	934,265
Gross profit		168,752	227,927
Administrative and selling expenses	21	113,224	81,003
Operating profit		55,528	146,924
Financial charges	22	166,051	127,738
Workers' profit participation fund		-	1,439
		166,051	129,177
(Loss) / profit for the year		(110,523)	17,747
Other income	23	4,923	9,251
(Loss) / profit before taxation		(105,600)	26,998
TAXATION			
Current	24	6,176	5,811
Deferred		(35,276)	(4,674)
		(29,100)	1,137
(Loss) / profit after taxation		(76,500)	25,861
Accumulated profit brought forward		26,971	1,110
Balance carried over to balance sheet		(49,529)	26,971
Earnings per share - Basic and diluted (Rupees)	25	(1.78)	0.60

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

Muhammad Tousif Paracha  
Chief Executive

Tariq Siddiq Paracha  
Director



# Cash Flow Statement

for the year ended June 30, 2007

	Notes	2007 (Rupees in thousand)	2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(105,600)	26,998
Adjustments for:			
Depreciation		114,755	96,779
Financial charges		166,051	127,738
(Gain) on sale of fixed assets		-	(809)
Provision for gratuity		7,403	7,159
Workers' profit participation fund		-	1,439
Movement in:			
Working capital	Note A	(94,984)	(9,668)
Long term deposits		(34,611)	10,832
Cash generated from operations		53,014	260,468
Payments for:			
Financial charges		(143,512)	(130,134)
Taxes		(9,527)	(9,329)
Workers' profit participation fund		(1,532)	(3,667)
Gratuity		(3,527)	(2,061)
Net cash (used) / generated from operating activities		(105,084)	115,277
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for capital expenditure		(241,908)	(240,473)
Sale proceeds of fixed assets		49,000	1,361
Net cash used in investing activities		(192,908)	(239,112)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds of right shares issued		-	99,000
Subordinated loan received		90,958	-
Repayment of long term morabaha		(5,000)	(5,000)
Repayment of long term borrowings		(173,526)	(80,335)
Long term loans received		283,026	85,000
Repayment of liability against assets subject to finance lease		(61,648)	(84,760)
Short term borrowings		89,166	17,155
Dividend		-	(166)
Net cash generated from financing activities		222,976	30,894
Net (decrease) in cash and cash equivalents		(75,016)	(92,941)
Cash and cash equivalents as at 1st July		(264,215)	(171,274)
Cash and cash equivalents as at 30th June	Note B	(339,231)	(264,215)

# Cash Flow Statement

for the year ended June 30, 2007



Notes	2007 (Rupees in thousand)	2006 (Rupees in thousand)
<b>Note A - Movement in working capital</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(38,000)	(66,748)
Stock in trade	(48,334)	(37,178)
Trade debts - Considered good	(26,718)	(1,720)
Loans and advances - Considered good	(10,837)	5,844
Trade deposits, prepayments and other receivable	4,608	(2,041)
	<u>(119,281)</u>	<u>(101,843)</u>
Increase in current liabilities		
Trade and other payables	24,297	92,175
	<u>(94,984)</u>	<u>(9,668)</u>
<b>Note B - Cash and cash equivalents</b>		
Cash and cash equivalents include:		
Cash and bank balances	13,865	12,592
Short term finances	(353,096)	(276,807)
Net borrowings	<u>(339,231)</u>	<u>(264,215)</u>

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

\_\_\_\_\_  
Muhammad Tousif Paracha  
*Chief Executive*

\_\_\_\_\_  
Tariq Siddiq Paracha  
*Director*

# Statement of Changes in Equity

for the year ended June 30, 2007



	Issued subscribed and paid-up capital	Un-appropriated profit Accumulated (loss)	Total
	(Rupees in thousand)		
Balance as on July 01, 2005	330,000	1,110	331,110
Right shares issued	99,000	—	99,000
Profit after taxation	—	25,861	25,861
Balance as on June 30, 2006	429,000	26,971	455,971
Loss after taxation	—	(76,500)	(76,500)
Balance as on June 30, 2007	429,000	(49,529)	379,471

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

\_\_\_\_\_  
**Muhammad Tousif Paracha**  
*Chief Executive*

\_\_\_\_\_  
**Tariq Siddiq Paracha**  
*Director*



## 1 THE COMPANY AND ITS OPERATIONS

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as 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 such directives take precedence.

#### Standards, Interpretations and amendments to published approved accounting standards

##### Amendments to published standards effective in 2006

IAS 19 (Amendment) - Employee Benefits, is mandatory for the company's accounting period beginning on or after January 01, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. The company does not intend to adopt the alternative approach for recognition of actuarial gains and losses. Adoption of this amendment only impacts the format and extent of disclosures presented in note 8.2 to the financial statements.

##### International financial reporting standards or interpretations not yet effective but relevant

The following new standards and amendments of approved accounting standards are only effective for accounting periods beginning on or after July 01, 2007;

- IAS - 1 Presentation of financials - amendments relating to capital disclosures
- IAS - 41 Agriculture
- IFRS - 2 Share based payment
- IFRS - 3 Business combinations
- IFRS - 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS - 6 Exploration for and Evaluation of Mineral Resources

In addition, interpretations in relation to certain IFRSs have been issued by the International Accounting Standards Board (IASB) that are not yet effective.

The Company expects that the adoption of the above standards, amendments and interpretations will have no impact on the company's financial statements in the period of initial application other than increased disclosures.

### 2.2 Basis of preparation

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

The preparation of financial statements in conformity with approved accounting standards



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

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

### 2.3 Staff retirements benefits

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

### 2.4 Taxation

#### Current

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

#### Deferred

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

### 2.5 Property, plant and equipment and depreciation

#### Owned

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

#### Leased

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

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

Depreciation charge is based on the reducing balance method at the rates specified in note 12.1.

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

Maintenance and normal repairs are charged to income as and when incurred; major renewals

and improvements are capitalized and the assets so replaced, if any, are retired.

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

#### 2.6 Stores and spares

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

#### 2.7 Stock in trade

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

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

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

#### 2.8 Trade debts and other receivables

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

#### 2.9 Foreign currency translation

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

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

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

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

#### 2.10 Transaction with related parties

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

to the seller.

#### 2.11 Revenue recognition

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

#### 2.12 Borrowing costs

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

#### 2.13 Provisions

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

#### 2.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances, net of short term running finances.

#### 2.15 Financial instruments

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

Financial assets and financial liabilities are offset when the company has legally enforceable right to offset and intends to settle either on a net basis or to realize the assets and settle the liability simultaneously.

#### 2.16 Trade and other payables

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

#### 2.17 Impairment

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

#### 2.18 Off setting of financial assets and liabilities

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

	Notes	2007 (Rupees in thousand)	2006
<b>3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
42,400,000	Ordinary shares of Rs.10/- each fully paid in cash (2006: 42,400,000 of Rs.10/- each)	424,000	424,000
500,000	Ordinary shares of Rs.10/- each issued as fully paid Bonus Shares (2006: 500,000 shares of Rs.10/- each)	5,000	5,000
<u>42,900,000</u>		<u>429,000</u>	<u>429,000</u>
<b>4 SUBORDINATED LOAN - Unsecured</b>			
From related parties (Directors)			
- Foreign currency		68,152	61,998
- Local currency		82,493	82,493
From sponsors and shareholders			
- Foreign currency		331,435	239,543
		<u>482,080</u>	<u>384,034</u>
4.1 The above loans are interest free, unsecured and are repayable in respective currencies. These loans shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.			
<b>5 LONG TERM LOANS</b>			
From banks and financial institutions - Secured			
Syndicate loan I	5.1	16,875	35,363
Syndicate loan II	5.2	219,167	222,500
Term finance	5.3	41,667	50,000
From related party - Unsecured			
Directors	5.4	240,661	104,007
Others - interest free, unsecured		3,000	-
		<u>521,370</u>	<u>411,870</u>
Less: Current portions			
Syndicate loan I		16,875	20,363
Syndicate loan II		190,833	70,000
Term finance		13,889	11,112
Related party - Director		-	22,350
		<u>221,597</u>	<u>123,825</u>
		<u>299,773</u>	<u>288,045</u>



- 5.1 The above loans have been obtained from various banks and financial institutions which carry mark-up at the rate 4% (2006: 4% to 6%) p.a. above six month KIBOR payable quarterly in arrears. These loans are repayable in four years, from the date of disbursement, in twelve equal quarterly installments commencing after a grace period of one year. The loans are secured by way of first pari passu charge on all present and future fixed assets of the company and personal guarantees of directors.
- 5.2 The above loans have been obtained from various banks and financial institutions which carry mark-up at the rates 3% to 4.5% (2006:3%) above six month KIBOR payable monthly / quarterly in arrears. Out of total amount Rs.25 million is repayable by December, 2008, Rs.3.33 million by June, 2008 and rest of the loans are repayable up to June 2008. The loans are secured by way of first pari passu hypothecation charge over present and future fixed assets of the company and personal guarantees of directors.
- 5.3 The above loan has been obtained from M/s Saudi Pak Industrial and Agricultural Investment Co. which carries markup @ 3% (2006: 3% )over 6 months average KIBOR and is repayable within five years including a grace period of six months in 18 equal quarterly installments. The facility is secured by way of first pari passu charge on all present and future fixed assets of the company.
- 5.4 Represent unsecured long term loans received from directors. Out of total amount Rs.97.350 million carries markup @9.5%(2006: 9.5%) per annum, rest of the amounts are interest free. The loans are repayable at the convince of the company.

## 6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2007		2006	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)			
Less than one year	127,401	106,298	68,043	56,865
Within one to five years	143,337	133,290	85,253	74,707
<b>Total</b>	<b>270,738</b>	<b>239,588</b>	<b>153,296</b>	<b>131,572</b>
Less: Financial charges allocated to the future periods	31,150	-	21,724	-
Present value of minimum lease payments	239,588	239,588	131,572	131,572
Less: due within one year	106,298	106,298	56,865	56,865
	<b>133,290</b>	<b>133,290</b>	<b>74,707</b>	<b>74,707</b>

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

The rentals under these lease agreements are payable monthly and quarterly up to the period ending June 2009. Mark up rate ranging from 8.5% to 17.57% per annum (2006: 8.5% to 13.50% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the company. The Company intends to exercise its option to purchase the leased assets at its aggregate residual value of Rs.54.121 millions (2006: Rs. 20.027 million) upon the completion of the respective lease periods.

	Notes	2007 (Rupees in thousand)	2006
<b>7 LONG TERM MORABAHA - Secured</b>			
Meezan Bank Ltd.		5,000	10,000
Less: Current maturity		5,000	5,000
		-	5,000
The company has obtained long term morabaha finance facility from Meezan Bank Limited. The facility carries markup @12.50% (2006: 12.50 %) per annum, payable quarterly in arrears. The facility is repayable in four equal annual installments of Rs. 5.00 million each commencing from August, 2004 and is secured against first pari passu hypothecation charge over fixed assets of the company and first mortgage by deposit of title deeds over immovable property of the company.			
<b>8 DEFERRED LIABILITIES</b>			
Deferred taxation	8.1	25,968	61,244
Employees retirements benefits	8.2	21,090	17,214
		47,058	78,458
<b>8.1 Deferred taxation</b>			
Deferred tax liability arising due to accelerated tax depreciation		173,549	123,264
Deferred tax liability arising due to finance lease transactions		27,114	16,953
Deferred tax assets arising out of staff gratuity, available tax losses and credits		(174,695)	(78,973)
		25,968	61,244
<b>8.2 Employees retirements benefits</b>			
Staff gratuity:			
Movement in balance			
Opening balance		17,214	12,116
Payments during the year		3,527	2,061
		13,687	10,055
Charge for the year	8.2.1	7,403	7,159
	8.2.2	21,090	17,214



	Notes	2007 (Rupees in thousand)	2006
<b>8.2.1 Charge for the year</b>			
Service cost		5,876	6,001
Interest cost		1,527	1,158
		<b>7,403</b>	<b>7,159</b>
<b>8.2.2 Balance sheet reconciliation</b>			
Present value of defined benefit obligations		20,689	16,975
Less: unrecognized actuarial gains		401	239
		<b>21,090</b>	<b>17,214</b>
<b>8.2.3 Principal actuarial assumption</b>			
Expected rate of increase in salaries		9 % p.a.	8 % p.a.
Discount factor used		10 % p.a.	9 % p.a.
Average expected remaining working life time of employees		11 years	12 years
<b>9 TRADE AND OTHER PAYABLES</b>			
Bills payable		165,088	156,210
Trade creditors	9.1	107,122	114,631
Accrued expenses		49,165	45,039
Advances from customers	9.2	20,167	5,960
Workers' profit participation fund	9.3	-	1,439
Unclaimed dividend		164	164
Sales Tax payable		1,304	4,746
Others		13,522	5,485
		<b>356,532</b>	<b>333,674</b>
9.1 This includes amount of Rs. 6.725 million (2006: Rs. 5.381 million) payable to M/s Pak Hy Oils Limited (associated company).			
9.2 This includes amount of Rs. 15.00 million relating to M/s Gharibwal Cement Limited (associated company).			
<b>9.3 Workers' profit participation fund</b>			
Opening balance		1,439	3,319
Interest provided for the year		93	348
Add: Contribution during the year		-	1,439
		<b>1,532</b>	<b>5,106</b>
Less: Paid during the year		1,532	3,667
		<b>-</b>	<b>1,439</b>

	Notes	Sanctioned Limits	2007 (Rupees in thousand)	2006
<b>10 SHORT TERM BORROWINGS</b>				
From banks and financial institutions - Secured				
Demand finance	10.1	40,000	40,000	65,561
Export re-finance	10.2	75,200	75,277	40,000
Short term morabaha	10.3	205,000	205,000	166,948
Short term running finance	10.4	368,741	351,470	272,698
From related parties - Unsecured				
Associated company	10.5		39,398	-
Others - Unsecured, interest free				
Temporary book overdraft			1,626	4,109
Others			2,000	-
			<b>714,771</b>	<b>549,316</b>

10.1 This facility is obtained from Citibank N.A. which carries mark-up @ 2.25% (2006:1%) above three months KIBOR and is secured by way of first pari passu charge by way of hypothecation over companies present and future stocks and book debts and personal guarantee of directors / sponsors. This security also covers all other credit facilities from the bank. The maximum tenure of the facility is six months from the date of disbursement. The mark-up is payable quarterly in arrears.

10.2 These export refinance facilities have been obtained from various banks which carry mark-up @ 2.25% over three months KIBOR (2006: 1% above six months KIBOR) and is secured by way of first pari passu charge by way of hypothecation over companies present and future stocks and book debts and personal guarantee of directors / sponsors. The maximum tenure of the facility is six months from the date of disbursement. The mark-up is payable quarterly in arrears.

10.3 The company has entered into morabaha facilities with various banks. Under the agreements the company is allowed to drawdown the facility under a series of Sub-Morabahas transactions subject to the maximum available limit. The maximum tenure of the facility is twelve months from the date of first drawdown. The facility carries markup @ 2.75% to 3% (2006: 1% to 2%) above six month KIBOR and is secured by way of first pari passu charge over present and future stocks and receivables of the company.

10.4 The facilities for running finance under mark-up arrangement available from various banks which carry mark up ranging from 2% to 3.5% (2006: 2% to 3%) above six months KIBOR payable quarterly in arrears. These facilities are secured by first pari passu hypothecation charge over the Company's present and future current assets and personal guarantees of directors / sponsors; and are generally for a period of one year renewable at the end of the period.

10.5 The unsecured loan from associated company has been obtained for the working capital requirement which carries markup ranging from 10% p.a to 18% p.a.

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

- Bank guarantees amounting to Rs. 71.399 million (2006: Rs.80.151 million) have been given by various banks on behalf of the company.

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

### 11.2 Commitments

Commitments in respect of:

- letter of credits as on June 30, 2007 amounted to Rs. 84.095 million (2006: Rs. 75.906 million).
- capital expenditures amount to Rs. NIL (2006: Rs.158 million).

	Notes	2007 (Rupees in thousand)	2006
Operating Assets - At cost less accumulated depreciation	12.1	1,457,054	1,028,854
Capital work in progress - At cost	12.4	—	180,383
		<u>1,457,054</u>	<u>1,209,237</u>

## 12 PROPERTY, PLANT AND EQUIPMENT

Operating Assets - At cost less

accumulated depreciation

Capital work in progress - At cost

### 12.1 Operating Assets - At cost less accumulated depreciation

Particulars	COST				Rate %	DEPRECIATION				Book Value as at June 30, 2007
	As at July 01, 2006	Additions	Disposals	As at June 30, 2007		As at July 01, 2006	On Deletions/Transfers	For the Year	As at June 30, 2007	
	(Rupees in thousand)					(Rupees in thousand)				
Freehold land	45,167	-	-	45,167	-	-	-	-	-	45,167
Building on freehold land										
Factory	41,766	3,247	-	45,013	10	26,769	-	1,824	28,593	16,420
Non factory	19,353	-	-	19,353	5	7,575	-	589	8,164	11,189
Plant and machinery										
Owned	1,251,811	413,515	(66,000)	1,599,326	10&15	491,227	(17,000)	84,973	559,200	1,040,126
Leased	193,177	124,414	66,000	383,591	10	16,360	17,000	23,942	57,302	326,289
Electric and gas installation	10,747	-	-	10,747	10	9,213	-	153	9,366	1,381
Furniture and fixtures	9,222	7	-	9,229	10	6,940	-	229	7,169	2,060
Office equipment	5,828	456	-	6,284	10	1,803	-	448	2,251	4,033
Vehicles										
Owned	7,813	766	-	8,579	20	4,032	-	909	4,941	3,638
Leased	10,295	550	-	10,845	20	2,406	-	1,688	4,094	6,751
2007	1,595,179	542,955	-	2,138,134	-	566,325	-	114,755	681,080	1,457,054
2006	1,431,327	163,852	-	1,595,179	-	470,967	(1,421)	96,779	566,325	1,028,854

### 12.2 Depreciation charge for the year has been allocated as follows:

Administrative and selling  
Cost of sales

Administrative and selling	2,045	1,725
Cost of sales	112,710	95,054
	<u>114,755</u>	<u>96,779</u>

### 12.3 The following operating assets were disposed off during the year

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyer
(Rupees in thousand)						
Plant and machinery	66,000	17,000	49,000	49,000	Sale & lease back	Saudi pak Leasing Co. Ltd.
2007	66,000	17,000	49,000	49,000		
2006	1,973	1,421	552	1,361		

### 12.4 Capital work in progress - At cost

	2007	2006
	(Rupees in thousand)	
Civil works and buildings	-	3,125
Plant and machinery		
- Owned	-	172,958
- Leased	-	4,300
	-	180,383
<b>13 STORES, SPARES AND LOOSE TOOLS</b>		
Stores	132,995	148,250
Spares and loose tools	179,917	126,662
	312,912	274,912
<b>14 STOCK IN TRADE</b>		
Raw and packing materials	237,370	252,825
Work in process	14,950	12,825
Finished goods	256,749	243,419
Stock in transit	94,105	45,771
	603,174	554,840
<b>15 LOANS AND ADVANCES - Considered good</b>		
Employees	1,042	116
Suppliers	29,993	20,506
Against expenses	7,232	6,808
	38,267	27,430
15.1 Aggregate amount due from executives of the company is Rs.0.068 million (2006: Rs. 0.162 million).		
<b>16 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE</b>		
Short term deposits	38,129	25,106
Short term pre-payments	4,132	6,943
Other receivable	5,669	6,782
	47,930	38,831



	Notes	2007 (Rupees in thousand)	2006
<b>17 TAXES RECOVERABLE</b>			
Advance income tax - Net		24,638	21,287
Income tax refundable		2,438	2,438
		<b>27,076</b>	<b>23,725</b>
<b>18 CASH AND BANK BALANCES</b>			
Cash in hand		2,752	2,782
Cash at banks - Current account		11,113	9,810
		<b>13,865</b>	<b>12,592</b>
<b>19 SALES - Net</b>			
Gross Sales			
Local		1,030,125	1,219,626
Export		339,778	102,748
		<b>1,369,903</b>	<b>1,322,374</b>
Less: Sales tax		134,678	160,182
		<b>1,235,225</b>	<b>1,162,192</b>
<b>20 COST OF SALES</b>			
Raw material consumed			
Opening stock		252,825	237,825
Purchases		441,581	415,286
		<b>694,406</b>	<b>653,111</b>
Closing stock		(237,370)	(252,825)
		<b>457,036</b>	<b>400,286</b>
Power, fuel and water		315,135	294,201
Salaries, wages and other benefits	20.1	146,045	144,925
Stores and spares		34,949	34,624
Repairs and maintenance		3,211	8,904
Communication		1,359	1,717
Traveling and conveyance		4,285	1,081
Legal and professional		328	545
Stationery, fees and subscription		2,646	1,178
Insurance		1,495	2,913
Depreciation	12.2	112,710	95,054
Rent, rates and taxes		906	780
Others		1,823	922
		<b>1,081,928</b>	<b>987,130</b>
Work in process - Opening		12,825	9,285
Work in process - Closing		(14,950)	(12,825)
		<b>1,079,803</b>	<b>983,590</b>
Cost of goods manufactured			
Finished goods - Opening		243,419	194,094
Finished goods - Closing		(256,749)	(243,419)
		<b>1,066,473</b>	<b>934,265</b>

20.1 Salaries, wages and other benefits include amount of Rs. 5.898 million (2006: Rs.5.491 million) relating to staff retirement benefits.

	Notes	2007 (Rupees in thousand)	2006
<b>21 ADMINISTRATIVE AND SELLING EXPENSES</b>			
Salaries and other benefits	21.1	23,949	17,584
Communication		2,751	3,455
Rent, rates and taxes		1,426	3,035
Travelling and conveyance		4,260	4,587
Legal and professional		1,506	2,285
Advertisement		2,815	889
Stationery, fees and subscription		1,308	2,786
Electricity, gas and water		1,576	1,029
Insurance		5,017	5,089
Audit fee	21.2	188	188
Depreciation	12.2	2,045	1,725
Repairs and maintenance		673	2,589
Freight, handling and forwarding		64,256	35,035
Charity and donation	21.3	24	256
Miscellaneous		391	471
Trade debts written off		1,039	-
		<b>113,224</b>	<b>81,003</b>

21.1 Salaries and other benefits include amount of Rs. 1.505 million (2006: Rs. 1.668 million) relating to staff retirement benefits.

21.2 Auditor remuneration	125	125
Half yearly review	63	63
	<b>188</b>	<b>188</b>

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

## 22 FINANCIAL CHARGES

Mark up on			
- Long term loans			
- banks and financial institutions		41,454	42,982
- related party (director)		9,248	9,248
- Long term morabaha		688	1,253
- Liabilities against assets subject to finance lease		19,739	12,401
- Short term borrowings			
- banks and financial institutions		71,857	50,233
- related party (associated company)		3,088	-
Exchange loss on foreign currency translation - net		5,134	3,363
Interest on workers' profit participation fund		93	348
Bank charges		14,750	7,910
		<b>166,051</b>	<b>127,738</b>





	2007	2006
	(Rupees in thousand)	
<b>23 OTHER INCOME</b>		
Gain on disposal of fixed assets	-	809
Sale of scrap	4,923	8,442
	<u>4,923</u>	<u>9,251</u>
<b>24 TAXATION</b>		
The income tax assessment of the company deemed to have been finalized up to and including tax year 2006.		
The reconciliation of accounting income with tax expense is as follows:		
(Loss) / profit before taxation as per financial statements	(105,600)	26,998
Applicable tax rate	35%	35%
Tax on accounting profit	(36,960)	9,449
Tax effect of export subject to tax separately U/s. 169	32,776	2,312
Tax effect of accelerated depreciation	(61,973)	(11,458)
Tax effect of other expenses	(20,220)	(24,138)
Tax payable before adjustment of losses brought forward	(86,377)	(23,835)
less: Tax effect of brought forward losses	(86,377)	23,835
Tax payable under normal rules	-	-
Tax payable under normal rules	-	-
Minimum tax payable under the ordinance	6,176	5,811
Total tax payable by the company	<u>6,176</u>	<u>5,811</u>
<b>25 EARNINGS PER SHARE - Basic and diluted</b>		
There is no dilutive effect on the basic earnings per share of the company, which is based on:		
(Loss) / profit after taxation	(76,500)	25,861
	Number of shares	
Weighted average ordinary shares in issue during the year	<u>42,900,000</u>	<u>42,900,000</u>
Earnings per share - Basic and diluted (Rupees)	<u>(1.78)</u>	<u>0.60</u>

## 26 FINANCIAL ASSETS AND LIABILITIES

### 26.1 Financial assets and liabilities

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity		Total	Maturity		Total	2007	2006
	upto one year	One to five years		upto one year	One to five years			
<b>Financial Assets</b>								
Deposits	-	-	-	38,129	40,386	78,515	78,515	44,588
Trade debts	-	-	-	232,144	-	232,144	232,144	205,426
Loans and advances	-	-	-	1,042	-	1,042	1,042	116
Other receivables	-	-	-	5,669	-	5,669	5,669	6,782
Cash and bank balances	-	-	-	13,865	-	13,865	13,865	12,592
<b>Total</b>	-	-	-	290,849	40,386	331,235	331,235	269,504
<b>Financial Liabilities</b>								
Subordinated loan	-	-	-	-	482,080	482,080	482,080	384,034
Long term loans	221,597	299,773	521,370	-	-	-	521,370	411,870
Liabilities against assets subject to finance lease	106,298	133,290	239,588	-	-	-	239,588	131,572
Long term morabaha	5,000	-	5,000	-	-	-	5,000	10,000
Trade and other payables	-	-	-	335,061	-	335,061	335,061	321,529
Markup accrued	-	-	-	26,938	-	26,938	26,938	11,580
Short term borrowings	711,145	-	711,145	3,626	-	3,626	714,771	549,316
<b>Total</b>	1,044,040	433,063	1,477,103	365,625	482,080	847,705	2,324,808	1,819,901
<b>2007</b>	(1,044,040)	(433,063)	(1,477,103)	(74,776)	(441,694)	(516,470)	(1,993,573)	-
<b>2006</b>	(735,006)	(361,095)	(1,096,101)	(89,744)	(364,552)	(454,296)	-	(1,550,397)

### 26.2 Interest rate risk

All financial liabilities are subject to predetermined interest / markup rates except where the floating rates have been used. The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

### 26.3 Fair Value of financial assets and liabilities

The carrying amounts of the financial assets and liabilities approximate their fair values.

### 26.4 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The company does not have significant exposure to any individual customer. The management continuously monitors the credit exposure towards the customers. The financial assets exposed to credit risk amount to Rs. 328.483 million (2006: Rs. 266.722 million).

### 26.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. In appropriate cases the management takes out forward contract to mitigate the risk. On balance sheet items exposed to foreign currency risk consist of liabilities as disclosed in note 4 to the financial statements. Off balance sheet items exposed to foreign currency risk consist of commitments under letters of credit as disclosed in note 11.2 to the financial statements.

### 26.6 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. To guard against this risk, Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

### 26.7 Off balance sheet financial instruments

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

## 27 REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
(Rupees in thousand)								
Managerial remuneration	1,161	1,161	-	-	5,944	1,633	7,105	2,794
House rent allowance	465	465	-	-	2,395	653	2,860	1,118
Utilities	116	116	-	-	594	163	710	279
Medical	-	-	-	-	25	-	25	-
Conveyance	-	-	-	-	18	-	18	-
Meeting fees	-	-	-	-	-	-	-	-
	1,742	1,742	-	-	8,976	2,450	10,718	4,192
Number of persons	1	1	-	-	8	2	9	3

## 28 TRANSACTIONS WITH RELATED PARTIES

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

	2007	2006
(Rupees in thousand)		
<b>Associated companies</b>		
Purchases	8,449	8,876
Short term loan received	218,210	96,023
Repayment of short term loan	178,812	96,023
Markup charged on loan	3,088	--
Advance against sale received	15,000	--
<b>Directors</b>		
Loan received	280,026	86,457
Repayment of loan	143,566	79,800
Markup charged on loan	9,248	9,248

## 29 CAPACITY AND PRODUCTION

Unit	2007		2006		
	Annual Capacity	Production	Annual Capacity	Production	
Based on 350 working days					
Glass containers	Tons	120,400	62,644	108,500	83,256
Plastic shells					
Full depth	Pieces	1,500,000	1,172,367	900,000	809,203
Half depth	Pieces	800,000	24,837	800,000	--
	Pieces	2,300,000	1,197,204	1,700,000	809,203



Keeping in view the market requirement no consideration was given to the production of half depth shells and only full depth shells were being produced. The production of full depth shells remained low on account of installation of new machines in the months of November 2006 and April 2007. Production of glass containers remained at low level due to closure of furnace at Unit III for almost for more three quarters due to table ware project and furnace at Unit II which remained closed for installation of 'Narrow Neck Press and Blow Machine'

### 30 ACCOUNTING JUDGMENTS AND ESTIMATES

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

#### 30.1 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 8.2.3 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

#### 30.2 Income taxes

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

#### 30.3 Property, plant and equipment

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

### 31 COMPARATIVES

Comparative figure of director's loan of Rs.6.657 million has been reclassified from short term borrowings to long term borrowings on account of revised repayment terms.

### 32 EVENTS AFTER BALANCE SHEET DATE

The board of directors in their meeting held on October 08, 2007 approved 100% right issue of shares (1 share for every 1 share held) at a price of Rs.10/- per share accumulating to Rs.429 million.

### 33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on October 08, 2007 in accordance with the resolution of the Board of Directors of the company.

### 34 GENERAL

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

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Muhammad Tousif Paracha  
*Chief Executive*

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Tariq Siddiq Paracha  
*Director*

# Pattern of Shareholding

as of June 30, 2007



No. of Shareholders	Having Shares		Share Held	Percentage
	From	To		
749	1	100	24764	.0577
609	101	500	168889	.3936
253	501	1000	203251	.4737
385	1001	5000	1009719	2.3536
100	5001	10000	751456	1.7516
49	10001	15000	623249	1.4527
16	15001	20000	289550	.6749
11	20001	25000	254800	.5939
6	25001	30000	165935	.3867
10	30001	35000	331801	.7734
1	35001	40000	39650	.0924
5	45001	50000	250000	.5827
1	50001	55000	51500	.1200
2	60001	65000	123750	.2884
1	65001	70000	70000	.1631
1	75001	80000	80000	.1864
1	95001	100000	100000	.2331
1	100001	105000	105000	.2447
4	115001	120000	468052	1.0910
1	125001	130000	130000	.3030
1	145001	150000	150000	.3496
1	170001	175000	172590	.4023
1	195001	200000	200000	.4662
1	240001	245000	242500	.5652
1	245001	250000	250000	.5827
1	385001	390000	388458	.9054
1	590001	595000	591534	1.3788
1	605001	610000	609330	1.4203
1	625001	630000	626558	1.4605
1	630001	635000	634439	1.4788
1	740001	745000	740248	1.7255
1	930001	935000	932000	2.1724
1	995001	1000000	1000000	2.3310
1	1000001	1005000	1000835	2.3329
1	1495001	1500000	1500000	3.4965
1	1890001	1895000	1892208	4.4107
1	1950001	1955000	1950716	4.5471
1	1995001	2000000	2000000	4.6620
1	2175001	2180000	2179455	5.0803
1	2495001	2500000	2500000	5.8275
1	2545001	2550000	2547548	5.9383
1	2550001	2555000	2550215	5.9445
1	12995001	13000000	13000000	30.3030
2229			42900000	100.0000

## Categories of Shareholders as at June 30 2007

Particulars	Shareholders	Shareholding	Percentage
General Public (Local)	2182	20,678,302	48.2011
Insurance	2	172,640	.4024
Joint Stock Companies	31	2,782,670	6.4864
Financial Institutions	3	1,201,164	2.7999
Foreign Companies	4	15,468,052	36.0561
Non-resident	7	2,597,172	6.0541
	2,229	42,900,000	100.0000

# Pattern of Shareholding

as of June 30, 2007 (According to Code of Corporate Governance)



Categories of Shareholders	Numbers	Shares Held	Percentage
Associated Companies, undertaking and related parties	-	-	-
<b>N.B.PANDI.C.P</b>	<b>2</b>	<b>1,200,914</b>	<b>2.7993</b>
National Bank of Pakistan	1	1,200,864	2.7992
Investment Corporation of Pakistan	1	50	0.0001
<b>Directors, CEO &amp; their Spouse and minor children</b>	<b>7</b>	<b>10,364,448</b>	<b>24.1596</b>
Mr. Tariq Siddiq Paracha		2,213,821	5.1604
Mr. Mohammed Usman		6,899	0.0161
Mr. Mohammed Rehman		2,577,924	6.0091
Mr. A.A. Ademiluyi [non resident]		2,581,835	6.0183
Mr. Mohammed Tauseef Peracha		635,089	1.4804
Mrs. Tabassum Tauseef Peracha		1,926,095	4.4897
Mrs. Shazia Tariq Paracha		422,785	0.9855
Executives	-	-	-
Public Sector Companies and Corporations	-	-	-
Banks, Development Financial Institutions, Non Banking Financial Unstitutions, Insurance companies, Leasing Companies, Modaraba and Mutual Fund	3	172,890	0.4030
<b>Foreign Companies</b>	<b>4</b>	<b>15,468,052</b>	<b>36.0560</b>
ELLIOTT Assets Limited		3,867,013	9.0140
MARCO Holding Inc.		3,867,013	9.0140
WEST FORCE Ltd.		3,867,013	9.0140
ZENA Partners Ltd.		3,867,013	9.0140
Non Residents	6	15,337	0.0358
Others	31	2,782,670	6.4864
General Public	2176	12,895,689	30.0599
	<b>2229</b>	<b>42,900,000</b>	<b>100.00</b>



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

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

a member (s) of Balochistan Glass Limited and holding \_\_\_\_\_

ordinary shares, as per Registered Folio \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

another member of the company to vote for me/us and on my lour behalf at the Annual General Meeting of the Company to be held on October 31, 2007 and at any adjournment thereof.

As witness my lour hand this \_\_\_\_\_ day of \_\_\_\_\_ 2007

FOLIO I CDC Account No.

Rs. Five  
Revenue  
Stampe

[SIGNATURE OF MEMBER/(S)]

**Important:**

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

**For CDC Account Holders / Corporate Entities:**

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

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