HEAD OFFICE
40-L Model Town
Lahore,Pakistan
Phones :(042) 35172205, 35169025, 35169049
35169084 , 35169087
Fax:(042) 35172263
E-mail : ggc49@wol.net.pk
Http://www.ghanigroup.com

REGISTERED OFFICE
50-L Model Town
Lahore, Pakistan
Phones :(042) 35203975-76
Fax :(042) 35160314

MARKETING OFFICE
12 D/3,Chandni Chowk
KDA Scheme No. 7-8
Karachi - 74000
Phones : (021) 34911961-62 & 34852686-87
Fax :(021) 34941131
E-mail :marketing@ghanigroup.com

GGL PLANT-1 &REGIONAL MARKETING OFFICE-NORTH
22 km Haripur Taxila Road, (From Haripur)
The.& Dist. Haripur (NWFP)
Phones :(0995) 639236-40 & (0596) 539063-65
Fax :(0995) 639067
Email :gglplant@hrp.wol.net.pk

GGL PLANT-2
H- 15,Landhi Industrial Area
Karachi-74000
Phone :(021) 35020761-63
Fax :(021) 35020280
Email:purkml@khi.wol.net.pk

GGL PLANT-3
29-km Lahore Sheikhupura Road,
District Sheikhupura
Phones : (0563) 406796
Fax :(0563) 406795
Email :ghanifloat@ghanigroup.com

Annual Report 2007

GHANI GLASS

A Company of Ghani Group

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Aitzaz Ahmad Khan	Chairman
Imtiaz Ahmad Khan	Chief Executive Officer
Anwaar Ahmad Khan	Deputy Chief Executive
Aftab Ahmad Khan	
Masroor Ahmad Khan	
Reema Anwaar	
Ayesha Aftab	
Hafiz Awais Ghani	
Junaid Ghani	
Faysal Essam T. Hamza	Nominee SJC Pakistan LLC
Alternate Mr. Shahid Khan	

AUDIT COMMITTEE

Aftab Ahmad Khan	Chairman
Mrs. Reema Anwaar	
Mrs. Ayesha Aftab	

CHIEF FINANCIAL OFFICER

Umer Farooq

COMPANY SECRETARY

Farzand Ali

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

Ally Law Associates

BANKERS

Albaraka Islamic Bank
Allied Bank of Pakistan Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd.
Meezan Bank Limited, Islamic Banking
MCB Bank Ltd, Islamic Banking
National Bank of Pakistan
ABN Amro (Prime Commercial Bank), Islamic Banking
Soneri Bank Limited, Islamic Banking

CORPORATE CONSULTANTS

Syed Hussain & Consulting (Pvt) Ltd.
Muhammad Siddique Chaudhary

HEAD/REGISTERED OFFICE, & REGIONAL MARKETING OFFICE (PUNJAB)

Ghani Complex, 49-Shadman 01
Lahore- 54000, Pakistan
Phones: (042) 111 949 949
Fax: (042) 7576431 & 7586676
E-mail:ggc49@wol.net.pk
www.ghanigroup.com

MARKETING OFFICE

12 D/3, Chandni Chowk
KDA Scheme No. 7-8
Karachi- 74000
Ph:(021) 4911961-62 & 4852686-87
Fax: (021) 4941131
E-mail: marketing@ghanigroup.com

GGL PLANT-I & REGIONAL MARKETING OFFICE -NORTH

22 K.M Haripur Taxila Road, (From Haripur)
Teh. & Distt. Haripur (NWFP)
Phones: (0995) 639236-40 & (0596) 539063-65
Fax: (0995) 639067
Email: gglplant@hrp.wol.net.pk

GGL PLANT-II

H-15, Landhi Industrial Area
Karachi-74000
Phones: (021) 5020761-63
Fax: (021) 5020280
Email: purkml@khi.wol.net.pk

GGL PLANT-III

29-K.M. Lahore Sheikhupura Road,
District Sheikhupura
Phones: 92-563-406796
Fax: 92-563-406795
Email: ghanifloat@ghanigroup.com

MISSION STATEMENT

To be successful by effectively & efficiently
Utilizing our Philosophies,
so that We achieve & Maintain
constantly the High Standards of
Product Quality
&
Customer Satisfaction.

VISION & PHILOSOPHY

Nothing in this earth or in the heavens
is hidden from ALLAH
To indulge in honesty, integrity and self determination,
to encourage in performance and
most of all to put our trust in ALLAH,
so that we may, eventually through our efforts and belief,
become the leader amongst glass manufacturers
of South Asian Countries

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 15th Annual General Meeting of shareholders of Ghani Glass Limited will be held on Monday October 29, 2007 at 11.00 A.M. at Ghani Complex, 49-Shadman-01, Lahore for transacting of the following business:-

1. To confirm the minutes of 14th Annual General Meeting.
2. To receive and adopt the annual audited accounts of the company together with auditors and directors reports for the period ended June 30, 2007.
3. To approve the issuance of bonus shares @ 5% and payment of cash dividend @ 20% as recommended by the board.
4. To appoint auditors and fix their remuneration. Present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants being eligible offer themselves for reappointment.
5. To transact any other business with permission of the chair.

By order of the Board

Lahore:
October 04, 2007

Farzand Ali
Company Secretary

NOTES:

The share transfer books of the company will remain closed from Thursday October 25, 2007 to Thursday November 01, 2007 (both days inclusive). The members whose names appear in the register of members as at the close of business on Wednesday October 24, 2007 shall qualify for the payment of bonus shares, cash dividend and attendance of this meeting.

A member entitled to attend and vote at the meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the company.

CDC account holders will have to follow the following guidelines for attending the meeting:

I) In case of individuals the account holders, sub account holders and the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity be showing original I.D. Cards or passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their participation. I.D. numbers and account number in CDC.

Ii) In case of corporate entity, Board of Directors resolution / power of attorney with specimen signature of nominee shall be produced (unless provided earlier) at the time of meeting.

DIRECTORS' REPORT

DEAR SHAREHOLDERS

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

PROFITABILITY PERFORMANCE

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

Financial Indicators	2007	2006
	(Rupees in thousands)	
Sales-net	**3,124,633**	2,745,108
Gross profit	**777,138**	774,530
Operating profit	**499,211**	603,118
Profit before tax	**475,618**	558,404
Profit after tax	**402,379**	485,044
Operating cash flow	**694,572**	250,655
Earning per share	**5.03**	6.07

Overall performance of the Company remained satisfactory which is evident from the increase in sales, production and better generation of cash flow.

The production and sales were higher than last year by 10% and 14% respectively. The cash flow from operations went up from Rs. 250.655 million last year to Rs. 694.572 million, an increase of 177 percent. A one off non recurring cost of Rs. 80 million has been accounted for this year relating to the damaged stock of Float Glass. Increase in the use of Fuel Oil during severe winters and higher packaging and transportation costs relating to bigger volume of exports increased the cost of manufacturing.

Rising energy prices in the Developed World are affecting the competitiveness of Glass manufacturers there. This has increased demand for Glass from developing countries and therefore we have a positive outlook for your Company for the future.

The performance of Float Glass business has been very good and during the year Green Float Glass and Brown Float Glass were successfully produced and launched in Pakistan. The response has been excellent as the products produced by your company conform to international standards. The Container Glass Division also performed very well as it was able to achieve significant growth in market share in the beverage industry in addition to pharmaceutical and food products where it is already a market leader. Significant efforts were put in by the marketing team to increase export sales in line with the company strategy. Al Hamdo Lillah the export sales during the year grew to Rs.382 million depicting an overall increase of 74% over the same period of last year.

In view of the increasing input costs, the Company has implemented several cost cutting measures including a comprehensive energy conservation programme. To reduce the cost of raw materials monitoring and control measures have been improved in the operations area. Sand crushers for Silica Sand have been installed at Float Glass and Hattar Plants which will result in improvement of costs of Silica Sand.

INVESTMENTS

As you are aware your company has been expanding on a continuous basis through judicious investments in processes and plant and equipment. As part of its expansion strategy, the company entered into a Joint Venture Agreement with RAK Investment Authority and JS Group of Pakistan to setup a 40 KTPA Container Glass Plant at Ras Al Khaimah. The ground breaking of RAK Ghani Glass LLC was performed in December 2006 by Sheikh Saud Bin Saqr Al Qasmi, the Crown Prince and Deputy Ruler of Ras Al Khaimah. The Project is on schedule and is expected to be commissioned by June 2008. During the year under review your company invested a sum of Rs.65.902 million as share of equity in RAK Ghani Glass LLC.

The work on expansion of Karachi Container Glass Plant is on schedule. The Furnace and associated production lines are expected to be commissioned by the middle of November 2007. After commissioning, the capacity of Karachi Plant will double and will enable your Company to meet the export demand of pharmaceutical bottles.

FUTURE PROSPECTS

After the commissioning of RAK Ghani Glass LLC at Ras Al Khaimah and the expansion Project at Ghani Glass Karachi your company is now considering investments in down stream projects of Float Glass including an online coating for Float Glass. Since the construction industry in Pakistan is growing strongly with new trends in commercial and housing building construction, the Float Glass consumption is expected to grow strongly. Therefore, preliminary work has been started by your Company on setting up of a second Float Glass Line at Sheikhupura.

DIVIDEND ②

In view of the performance of the Company, the Board is pleased to recommend a cash dividend @ 20% and issuance of bonus shares @ 5% subject to the approval of shareholders in the Annual General Meeting. The dividend distribution for the year at 25% amounts to Rs.199.927 million and represents a payout of 49.69% of the net profit after tax for the year.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company contributes substantially to the national exchequer in terms of taxes and duties and the contribution is increasing as the Company grows. This year the Company contributed Rs.713 million to the national exchequer in the form of sales tax, custom duties and income tax. The export earnings contributed savings of Foreign Exchange to the tune of Rs. 382 million and also saved foreign exchange equal to more than Pak Rupees 1.2 billion in shape of import bill by local selling of float glass, thereby reducing burden on country's balance of payment.

HUMAN RESOURCES

Management and employee relations continued to remain congenial. Development of Human Resource has always been a priority area in the Company as the Directors consider human capital as the best asset of your Company. During the year areas of recruitment, training and performance management have been further strengthened to achieve higher employee motivation.

By the grace of Almighty Allah our employees' commitment, professionalism and focus on quality and customer care continue to help us achieve our growth targets.

③ Reserve (transfer)
④ Post B.S mat changes
⑤ Pattern of share holding

- During the year, the Board of Directors held 07 meetings to cover its complete cycle of activities. The attendance record of Directors is as follows:

Name of Directors	No. of meetings attended
Mr. Aitzaz Ahmad Khan	06
Mr. Imtiaz Ahmad Khan	05
Mr. Anwaar Ahmad Khan	05
Mr. Aftab Ahmad Khan	06
Mr. Masroor Ahmad Khan	07
Mrs. Reema Anwaar	05
Mrs. Ayesha Aftab	06
Mr. Attique Ahmad Khan	04
Mr. Hafiz Avais Ghani	06
Mr. Junaid Ghani	05

Leave of absence was granted to directors who could not attend some of the board meetings.

COMPANY'S RECOGNITION

By the grace of Almighty Allah your Company was selected by the Lahore Chamber of Commerce & Industry as best company in glass sector for the year 2006.

As a token of appreciation your Company has been awarded Gold Medal by the Prime Minister of Pakistan in a ceremony held at Governor House, Lahore during May 2007.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as on June 30, 2007 is attached in the prescribed form as required under Code of Corporate Governance. The directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

SUBSEQUENT EVENTS (after June 30, 2007)

Four directors of the company sold their 64% aggregate holdings (which amounts to 20% of the total capital) to a foreign company named as M/s SJC Pakistan LLC.

Mr. Attique Ahmad Khan resigned from the office of directorship during July 2007. The Board appreciates the services of Mr. Attique Ahmad Khan.

In place of resigned director, Mr. Fysal Essam T. Hamza has been appointed as director and Mr. Shahid Khan as alternate director of Mr. Fysal Essam T. Hamza (both nominees of M/s SJC Pakistan LLC).

SHARE PRICE TREND

During the year under review minimum price of share of Rs. 10 each fell up to Rs. 62.70 and at one stage rose as high as Rs. 99 and close at Rs. 76.35 as on June 30, 2007.

STAFF RETIREMENT BENEFIT

The Company operates a funded contributory provident fund scheme for its employees and contributions based on salaries of the employees are made to the fund monthly.

CORPORATE GOVERNANCE

The board reviews the company's strategic direction on regular basis. The business plans & targets set by the Chief Executive and the Board is also reviewed regularly. The Board is committed to maintain a high standard of corporate governance, and has ensured full compliance of Corporate Governance as incorporated in the Listing Rules of the Stock Exchanges.

Following are the Statements on Corporate and Financial Reporting Frame Work:

- The financial statements, prepared by the management of the Company, presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, are followed in preparation of all financial statements.
- The Company's system of internal controls is sound in design and has been effectively implemented and continuously reviewed.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The summary of key operating and financial data of last six years is annexed to these financial statements.
- Information about taxes and levies is given in the notes to the accounts.
- The value of investments and bank balances in respect of staff retirement benefits:

	(Rupees in Million)
Provident Fund	37.168

Overall market capitalization of Ghani Glass rose by Rs. 1.221 billion to Rs. 6.106 billion.

AUDITORS

The present auditors Messers KPMG Taseer Hadi & Co., Chartered Accountants, retire at the conclusion of the meeting. Being eligible, they have offered themselves for re-appointment.

CONCLUSION

The Directors wish to acknowledge and appreciate the untiring efforts, dedication and commitment demonstrated by all employees and their strong performance, significant contributions and their excellent response to the challenges faced during the year. Our growth has been possible because of their enduring commitment which has ensured a sound base for the Company.

On behalf of the Directors, we are pleased to record our appreciation for our corporate customers, dealers, suppliers, shareholders and banks for their trust in the management of the Company.

on behalf of the Board of Directors

Imtiaz Ahmad Khan
Chief Executive Officer

Lahore: September 27, 2007

DETAILS OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

		SHARES HELD
ASSOCIATED COMPANIES AND RELATED PARTIES		
Ghani Mines (Pvt) Limited		600,570
Jamia Tul Ghani Ul Islam		83,056
NIT/ICP		
National Bank of Pakistan, Trustee Wing		1,949,062
Investment Corporation of Pakistan		607
PUBLIC LIMITED COMPANIES		
Jahangir Siddiqui & Co. Limited		3,391,200
Trust Securities & Brokerage Ltd.		26,100
Al-Meezan Mutual Fund Limited		83,250
Crescent Leasing Corporation Ltd.		1,000
Suraj Cotton Mills Limited		40,000
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
Mr. Aitzaz Ahmad Khan	Chairman	9,554,139
Mr. Imtiaz Ahmad Khan	Director/Chief Executive	8,658,061
Mr. Anwaar Ahmad Khan	Director/Deputy Chief Executive	9,897,834
Mr. Aftab Ahmad Khan	Director	9,441,539
Mr. Masroor Ahmad Khan	Director	3,440,556
Mrs. Reema Anwaar	Director	1,986,835
Mrs. Ayesha Aftab	Director	2,101,332
* Mr. Attique Ahmad Khan	Director	2,584,681
Mr. Hafiz Avais Ghani	Director	2,935,860
Mr. Junaid Ghani	Director	1,214,336
Mrs. Robina Imtiaz W/o Imtiaz Ahmad Khan		1,175,460
Mrs. Rabia Attique W/o Attique Ahmad Khan		1,578,719
Mrs. Ayesha Masroor W/o Masroor Ahmad Khan		722,844
EXECUTIVES		Nil
**** SHAREHOLDERS HOLDING 10% OR MORE**		
Mr. Aitzaz Ahmad Khan		9,554,139
Mr. Imtiaz Ahmad Khan		8,658,061
Mr. Anwaar Ahmad Khan		9,897,834
Mr. Aftab Ahmad Khan		9,441,539

TRADING BY DIRECTORS, CEO, CFO, CS AND THEIR SPOUSES AND MINOR CHILDREN Nil

* Resigned from the office of directorship during July 2007.

** These are also the directors of the company.

Note: Share holding position of some of the directors and their spouses subsequently reduced.

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on behalf of the Board of Directors

Lahore: September 27, 2007

Imtiaz Ahmad Khan
Chief Executive Officer

GHANI GLASS

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AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

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Investment Corporation of Pakistan		607
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Jahangir Siddiqui & Co. Limited		3,391,200
Trust Securities & Brokerage Ltd.		26,100
Al-Meezan Mutual Fund Limited		83,250
Crescent Leasing Corporation Ltd.		1,000
Suraj Cotton Mills Limited		40,000
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
Mr. Aitzaz Ahmad Khan	Chairman	9,554,139
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Mr. Anwaar Ahmad Khan	Director/Deputy Chief Executive	9,897,834
Mr. Aftab Ahmad Khan	Director	9,441,539
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Mrs. Rabia Attique W/o Attique Ahmad Khan		1,578,719
Mrs. Ayesha Mastoor W/o Mastoor Ahmad Khan		722,844
EXECUTIVES		Nil
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Mr. Aitzaz Ahmad Khan		9,554,139
Mr. Imtiaz Ahmad Khan		8,658,061
Mr. Anwaar Ahmad Khan		9,897,834
Mr. Aftab Ahmad Khan		9,441,539
TRADING BY DIRECTORS, CEO, CFO, CS AND THEIR SPOUSES AND MINOR CHILDREN		Nil

* Resigned from the office of directorship during July 2007.
** These are also the directors of the company.

Note: Share holding position of some of the directors and their spouses subsequently reduced.

PATTERN OF HOLDING OF SHARES

Held by the shareholders as at 30th June 2007
Incorporation Number: 0029265(L-05841)

Number of Shareholders	Shareholding From	To	Total Shares held
150	1	100	7,188
322	101	500	111,259
227	501	1000	193,563
409	1001	5000	880,725
65	5001	10000	512,513
40	10001	15000	475,915
17	15001	20000	310,412
14	20001	25000	315,238
10	25001	30000	273,697
5	30001	35000	160,137
7	35001	40000	269,427
1	40001	45000	42,143
6	50001	55000	313,820
1	55001	60000	59,263
2	60001	65000	124,765
2	65001	70000	140,000
2	70001	75000	144,084
2	75001	80000	153,478
4	80001	85000	328,093
2	85001	90000	175,122
3	95001	100000	299,266
3	100001	125000	333,684
5	125001	150000	661,248
2	150001	175000	334,199
1	175001	200000	187,500
1	200001	225000	221,483
1	225001	250000	232,700
1	275001	300000	293,817
1	300001	325000	304,875
3	350001	375000	1,073,557
2	425001	450000	872,425
1	525001	550000	541,971
2	600001	625000	1,207,400
2	650001	675000	1,301,320
1	725001	750000	729,197
1	800001	825000	817,143
1	850001	875000	859,961
2	950001	975000	1,911,878
2	975001	1000000	1,963,985
1	1125001	1150000	1,135,159
2	1250001	1275000	2,535,735
1	1450001	1475000	1,459,908
2	1625001	1650000	3,259,973
1	1675001	1700000	1,699,206
1	1850001	1875000	1,860,176
1	1975001	2000000	1,986,835
1	2100001	2125000	2,101,332
1	2175001	2200000	2,179,768
1	2725001	2750000	2,733,033
1	2925001	2950000	2,935,860
1	2975001	3000000	2,995,533
1	3375001	3400000	3,391,200
2	6500001	7000000	13,610,806
1	7000001	7500000	7,198,150
1	9500001	10000000	9,554,139
1346			79,970,857

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and minor children.	55,292,196	69.14
Associated companies, undertaking and related parties.	683,626	0.85
NIT and ICP	1,949,669	2.44
Banks Development Financial Institutions, Non Banking Financial Institutions	7,875	0.010
Modarabas and Mutual Funds	83,250	0.10
*Share holders holding 10% or more	37,551,573	46.95
General public		
A. Local	17,533,510	21.93
B. Foreign	NIL	NIL
Others		
Joint Stock Companies	4,420,731	5.53
	79,970,857	**100.00**

* Total number of shares held and percentage is included in categories of shareholders of directors and chief executive officer.

Lahore:
September 27, 2007

Farzand Ali
Company Secretary

STAKEHOLDERS INFORMATION

SIX YEARS AT GLANCE

	2007	2006	2005	2004	2003	2002
			(Rupees in thousands)			
Operating Results						
Sales	3,124,633	2,745,108	1,389,107	817,742	536,371	403,984
Gross profit	777,138	774,530	359,181	280,281	212,631	139,350
Profit before tax	475,618	558,404	292,921	231,046	182,211	120,205
Financial data						
Fixed assets	1,809,541	1,834,372	595,436	378,885	193,577	200,338
Capital work-in-progress	143,854	58,105	1,238,723	92,427	1,246	3,215
Negative goodwill	-	(22,345)	(40,152)	(60,075)	-	-
Long term investment/ Advances, and deposits	78,678	9,719	66,112	4,846	77,084	32,374
Current assets	1,943,407	1,561,090	1,048,580	680,265	404,487	305,939
Current liabilities	1,225,161	796,130	752,243	234,542	78,801	101,659
Assets employed	**2,750,319**	**2,644,811**	**2,156,456**	**861,806**	**597,594**	**440,207**
Financed by:						
Ordinary capital	799,709	639,767	302,082	241,665	149,500	149,500
Reserves	1,737,291	1,558,830	1,310,324	570,941	448,094	290,707
Shareholder's equity	2,537,000	2,198,597	1,612,406	812,606	597,594	440,207
Finances and deposits	36,035	373,500	52,921	49,200	-	-
Deferred taxation	177,284	72,713				
Funds invested	**2,750,319**	**2,644,811**	**2,156,456**	**861,806**	**597,594**	**440,207**
Earning per share	5.03	6.07	6.30	9.09	8.95	7.93
Break-up-value	31.72	34.37	33.51	33.63	39.97	29.45
Dividend%						
-Cash	20	30	25	10	15	35
-Bonus shares	05	25	05	25	35	-
Total	**25**	**55**	**30**	**35**	**50**	**35**

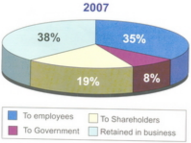
INVESTOR INFORMATION

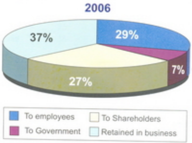
SIX YEARS AT GLANCE

	2007	2006	2005 (Restated)	2004	2003	2002
Gross profit rate	25	28	26	34	40	34
Profit before tax rate	15	20	21	28	34	30
Inventory turnover ratio	5.67	4.04	2.90	2.37	5.93	9.06
Total assets turnover ratio	0.79	0.78	1.04	0.75	0.79	0.07
Fixed assets turnover	1.60	1.45	2.68	1.74	2.75	1.98
Price earning ratio	15.11	13.51	12.06	8.14	6.82	4.54
Return on capital employed (%)	15.86	22.06	23.80	27.61	30.40	27.00
Market value per share (at the end of year)	76	82	76	74	61	36
Debt: Equity ratio	1:4.6	1:8	1:4	1:17	N/A	N/A
Current ratio	1.59:1	1.96:1	1:4:1	3:1	5:1	3:1
Interest cover ratio	11.35	9.93	N/A	N/A	N/A	N/A

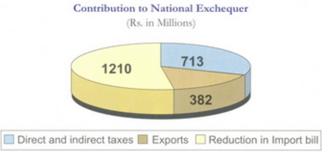
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

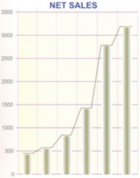
	2007		2006	
	(Rupees in thousands)			
Value Addition				
Net sales	3,124,600		2,745,107	
Materials and services	(2155,800)		(1,755,200)	
Other income	93,500		139,850	
	1,062,300		**1,064,706**	
Value Distribution				
To employees		%		%
Salaries, wages and amenities	351,550	33	282,338	26
Workers profit participation fund	25,300	2	28,502	3
	376,850	**35**	**310,840**	**29**
To Government				
Tax	73,200	7	73,361	7
Workers welfare fund	5,250	1	-	-
	78,450	**8**	**73,361**	**7**
To Shareholders				
Cash dividend	160,000	15	127,414	12
Bonus shares	40,000	4	159,942	17
	200,000	**19**	**287,356**	**27**
Retained in business				
Depreciation	204,700	19	194,526	18
Retained profit	202,300	19	198,623	19
	407,000	**38**	**393,149**	**37**
	1,062,300	**100**	**1,064,706**	**100**

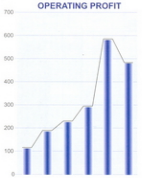


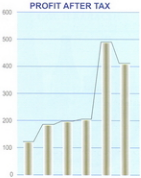


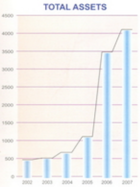
GRAPHIC REPRESENTATION

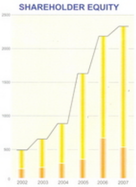


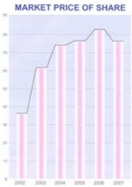












PRODUCT RANGE

Flint glass Containers - Pharmaceuticals

Food Containers

Beverages Containers

Amber glass Containers - Pharmaceuticals

Float Glass - Green

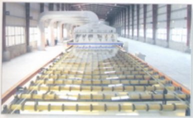
Float Glass - Clear

GGL I HATTAR

GGL II KARACHI

GGL III SHEIKHUPURA

Pakistan's first state-of-the-art Syno European Technology based Float Glass Plant having capacity of 350 tons / day, capable to produce 2mm to 12 mm thickness Float Glass.



½ Km long line Floating Glass

Pakistan's largest Nitrogen Plant at GGL-III

SALES PROMOTION ACTIVITIES

Annual Sales Conference - 2007

Annual Dealers Convention - 2007

Dealers Convention Lahore

Dealers Convention Rawalpindi

GGL's Stall at IAPEX Exhibition - PC Lahore

GGL's Stall at PPPP Expo Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in 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 company encourages the representation of independent non-executive directors and directors representing minority independent directors on its Board of Directors. Board comprise of eight executive and two non-executive directors. However there is no representation of minority shareholders on the board.

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year no casual vacancy occurred in the board of directors.

5. The company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees up to the level of Managers of the company.

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

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.

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

9. All the Directors on the Board are fully conversant with their duties and responsibilities as Director of corporate bodies through study of pamphlets issued by the SECP and discussion with corporate advisors. Some of the directors attended orientation courses.

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

11. The Director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclose.

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

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an audit committee. It is comprised of five members, all to whom are non-executive directors.

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 Board had earlier set up an internal audit function which is being further strengthened to enhance its effectiveness.

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

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

For and on Behalf of the Board

Aftab Ahmad Khan
Director

Imtiaz Ahmad Khan
Chief Executive officer

Lahore
September 27, 2007

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 **Ghani Glass Limited ("the Company")** to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system 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.

Lahore: September 27, 2007

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ghani Glass Limited** ("the Company") as at 30 June 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 purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 2007 and of the profit, 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.

Another firm of auditors audited the financial statements of the Company for the year ended 30 June 2006, whose audit report dated 27 September 2006 was not modified.

Lahore: September 27, 2007

KPMG Taseer Hadi & Co.
Chartered Accountants

GHANI GLASS

BALANCE SHEET

As at 30 June 2007

	Note	2007 Rupees	2006 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	5	799,708,570	639,766,860
Reserves	6	1,737,291,058	1,558,830,000
		2,536,999,628	2,198,596,860
NON CURRENT LIABILITIES			
Long term loans from banking companies - secured			
Ijarah finances	7	24,839,766	52,973,508
Morabaha finances	8	-	20,705,147
		24,839,766	73,678,655
Interest free loan from directors - unsecured	9	-	215,519,010
Security deposits	10	11,195,007	84,303,469
Deferred taxation	11	177,284,422	72,712,589
		213,319,195	446,213,723
CURRENT LIABILITIES			
Current portion of long term liabilities	12	199,951,704	359,087,625
Short term morabaha financing	13	323,049,251	22,176,228
Trade and other payables	14	702,160,478	414,866,673
		1,225,161,433	796,130,526
CONTINGENCIES AND COMMITMENTS	15		
		3,975,480,256	3,440,941,109
NON CURRENT ASSETS			
Property, plant and equipment			
Operating assets	16	1,809,540,518	1,834,371,906
Capital work in progress	17	143,854,523	58,105,013
		1,953,395,041	1,892,476,919
Negative goodwill	18	-	(22,345,417)
Long term investments	19	6,592,000	-
Long term advances	20	59,328,000	-
Long term deposits	21	12,757,921	9,719,491
		2,032,072,962	1,879,850,993
CURRENT ASSETS			
Current maturity of long term deposits	21	4,240,400	5,185,000
Stores, spares and other consumables	22	528,523,964	357,224,113
Stock in trade	23	550,752,621	491,997,911
Trade debtors	24	379,694,925	419,644,127
Advances, deposits, prepayments and other receivables	25	347,016,479	254,498,352
Cash and bank balances	26	133,178,905	32,540,613
		1,943,407,294	1,561,090,116
		3,975,480,256	3,440,941,109

The annexed notes 1 to 44 from an integral part of these accounts

Lahore:September 27, 2007

Chief Financial Officer | Director | Chief Executive Officer

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2007

	Note	2007 Rupees	2006 Rupees
Sales	27	3,124,633,248	2,745,107,794
Cost of sales	28	(2,347,494,327)	(1,970,577,878)
Gross profit		777,138,921	774,529,916
General and administrative expenses	29	(98,069,640)	(95,597,078)
Selling and distribution expenses	30	(220,787,411)	(168,468,250)
Other expenses	31	(30,465,817)	(29,389,714)
Other income	32	71,394,850	122,043,010
		(277,928,018)	(171,412,032)
Operating profit		499,210,903	603,117,884
Finance cost	33	(45,938,375)	(62,520,373)
Amortization of negative goodwill	18	22,345,417	17,807,048
Profit before taxation		475,617,945	558,404,559
Taxation	34	73,238,491	73,360,779
Profit after taxation		402,379,454	485,043,780
Earnings per share - Basic and diluted	35	5.03	6.07

The annexed notes 1 to 44 form an integral part of these accounts.

Lahore: September 27, 2007 | Chief Financial Officer | Director | Chief Executive Officer

PROFIT AND LOSS ACCOUNT

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The annexed notes 1 to 44 form an integral part of these accounts.

Lahore: September 27, 2007

Chief Financial Officer | Director | Chief Executive Officer

GHANI GLASS

CASH FLOW STATEMENT

For the year ended 30th June 2007

	Note	2007 Rupees	2006 Rupees
Cash flows from operating activities			
Cash generated from operations	39	737,362,638	412,751,738
Financial charges paid		(40,735,607)	(61,119,561)
Provident fund payments		(11,180,937)	(6,010,000)
WPPF paid		(24,160,417)	(14,781,422)
Income tax		33,285,876	(80,185,831)
		(42,791,085)	(162,096,814)
Net cash generated from operating activities		694,571,553	250,654,924
Cash flows from investing activities			
Additions in operating fixed assets		(180,114,415)	-
Additions in capital work in progress		(85,749,510)	(254,996,110)
Proceeds from sale of fixed assets		180,000	-
Proceeds from sale of investment		-	172,043,011
Long term deposits		(2,093,830)	1,207,473
Long term Investments		(6,592,000)	-
Long term advance		(60,147,307)	-
Net cash used in investing activities		(334,517,062)	(81,745,626)
Cash flow from financing activities			
Interest free loans from directors		(84,050,526)	214,844,434
Ijarah finances		(117,065,633)	(101,734,687)
Morabaha finances		78,495,369	(355,103,915)
Dividend paid		(63,686,947)	(123,429,464)
Security deposits		(73,108,462)	57,300,472
Proceeds from issue of share capital		-	159,291,005
Net cash used in financing activities		(259,416,199)	(148,832,155)
Net increase in cash and cash equivalents		100,638,292	20,077,143
Cash and cash equivalents at the beginning of the year		32,540,613	12,463,470
Cash and cash equivalents at the end of the year	26	133,178,905	32,540,613

The annexed notes 1 to 44 form an integral part of these accounts.

Lahore: September 27, 2007

Chief Financial Officer   Director   Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

		Capital reserve		Revenue reserve	
	Share Capital	Merger reserve	Share premium	Uappropriated profit	Total
	(Rupees)				
Balance as at 01 July 2005	302,082,050	600,000,000	-	710,324,670	**1,612,406,720**
Shares issued by former Ghani Float Glass Limited at premium of Rs. 5 per share		150,000,000	75,000,000	-	**225,000,000**
Issue of shares under scheme of amalgamation	322,580,710	(322,580,710)	-	-	-
	322,580,710	(172,580,710)	75,000,000	-	**225,000,000**
	624,662,760	427,419,290	75,000,000	710,324,670	**1,837,406,720**
Interim cash dividend @ Rs. 2 per share for the half year ended 31 December 2005	-	-	-	(63,437,230)	**(63,437,230)**
Final cash dividend paid for the year ended 30 June 2005	-	-	-	(60,416,410)	**(60,416,410)**
Bonus shares issued @ 5% for the year 2005	15,104,100	-	-	(15,104,100)	-
Net profit for the year	-	-	-	485,043,780	**485,043,780**
Balance as at 30 June 2006	639,766,860	427,419,290	75,000,000	1,056,410,710	**2,198,596,860**
Final cash dividend @ Rs. 1 per share for the year ended 30 June 2006	-	-	-	(63,976,686)	**(63,976,686)**
Bonus shares issued @ 25% for the year 2006	159,941,710	-	-	(159,941,710)	-
Net profit for the year	-	-	-	402,379,454	**402,379,454**
Balance as at 30 June 2007	799,708,570	427,419,290	75,000,000	1,234,871,768	**2,536,999,628**

The annexed notes 1 to 44 form an integral part of these accounts.

Lahore: September 27, 2007 Chief Financial Officer Director Chief Executive Officer

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

1 LEGAL STATUS AND NATURE OF BUSINESS

Ghani Glass Limited ("the Company") was incorporated in Pakistan in 1992 as a limited liability Company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The registered office of the company is located at 49, Shadman-1, Lahore. The Company is engaged in the business of manufacturing and sale of glass containers and sheet glass of different types.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved International Accounting Standards (IAS) as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards (IAS) comprise of such International Financial Reporting Standards as notified under 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 the Companies Ordinance, 1984 or of the said directives take precedence.

2.2 Standards, interpretations and amendments to the published approved accounting standards

Standards or interpretations not yet effective but relevant

Certain amendments to IAS 1 'Presentation of financial statements' - Capital Disclosures have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after 01 July 2007. Adoption of these amendments would impact the nature and extent of disclosures made in the future financial statements of the Company.

Standards, amendments and interpretations effective in 2006 but not relevant

Other new standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after 01 July, 2006 are considered not to be relevant or have any significant effect to the Company's operations.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are re-measured at their fair value and foreign currency translations.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical 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 resonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptionsand estimates are significant to the financial statements are as follows:

a) Provision for taxation - Note 4.12
b) Useful life and residual values of property, plant and equipment - Note 4.1
c) Provision for doubtful debts - Note 4.8

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

All operating fixed assets 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.

Depreciation on all property, plant and equipment is computed by applying reducing balance method so as to written off the depreciable amount of an asset over its useful life at the rates mentioned in note 16.1.

The assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

Subsequent costs are included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably.

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 recognized as income or expense.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of assets, if any, are included in Profit and Loss Account.

Ijarah where the Company has substantially transferred all the risks and rewards of ownership are classified as finance Ijarah. At inception Ijarah finances are capitalized at the lower of present value of minimum Ijarah payments under the Ijarah agreements and the fair value of the assets.

The rental obligation, net of finance charges, are included in liabilities against assets subject to Ijarah finance as referred to note 7. The liabilities are classified as current and long term depending upon the timing of the payment.

Each Ijarah payment is allocated between the liability and the finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the Ijarah term.

Assets acquired under a finance Ijarah are deprecated over the useful life of the assets on reducing balance method at the rate given in note 16.1. Depreciation of Ijarah assets is charged to profit and loss account.

Depreciation on additions to Ijarah 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 Intangible - negative goodwill

The amount of negative goodwill is recognized as income on a systematic basis over the remaining average useful life of the identifiable acquired depreciable assets.

4.4 Investments

Investment in associate

This is initially measure at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investment has suffered an impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of the initial cost of the investment. A renewal of the impairment loss is recognised as income.

4.5 Stores, spares and other consumables

These are valued at lower of cost and net realizable value. Cost is determined at weighted average except items in transit which are valued at cost comprising invoice value plus other charges paid 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. Provision is made in the financial statements for obsolete and slow moving items of stores and spares based on management estimates, if any.

4.6 Stock-in-trade

These are valued at the lower of cost and net realizable value except for stock in transit, which are valued at cost comprising invoice value and the related expenses thereon.

Cost is determined as follows:

Raw materials and packing material	At weighted average cost
Work-in-process	At weighted average cost and related manufacturing expenses
Finished goods	At weighted average cost and related manufacturing expenses

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale. Provision is made in the financial statements for obsolete and slow moving items items of stock-in-trade based on management estimates, if any.

4.7 Financial instruments

Financial assets

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset.

Financial liabilities

Financial liabilities are de-recognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is , when obligation specified in the contract is discharged, cancelled, or expired. Financial liabilities are derecognized when they are extinguished i.e. when the Obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and liabilities is taken to the income currently.

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 legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Corresponding income on assets and charge on liability are reported at net amount.

4.8 Trade debts

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

4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand and in banks.

4.10 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication, exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income.

4.11 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

4.12 Taxation

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 profit for the year if enacted. The charge for the 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 recognized for all taxable temporary differences and deferred tax assets are recognized 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 utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statements, except in the case of items credited or charged to equity in which case it is included in equity.

4.13 Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer i.e. on the delivery of goods to the customer.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

Technical fee is recognized on time proportionate basis.

4.14 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at the spot rate. All non-monetary items are translated into Pak rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Exchange differences are included in Profit and Loss Account.

4.15 Employees retirement benefit - provident fund

The Company operates funded contribution provident fund scheme for all its permanent and eligible employees. For the purpose of scheme, a separate Trust has been established. Equal monthly contributions Are made both by the Company and the employees at the rate of 8.33 percent of the gross salary.

4.16 Borrowing costs

All borrowing costs are charged to the profit and loss account in the period in which they are incurred.

4.17 Dividend

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

5 SHARE CAPITAL

5.1 Authorised capital

2007	2006		2007	2006
(Number of shares)			Rupees	Rupees
142,500,000	142,500,000	Ordinary shares of Rs. 10 each	1,425,000,000	1,425,000,000

5.2 Issued, subscribed and paid up capital

2007	2006		2007	2006
(Number of shares)			Rupees	Rupees
14,950,000	14,950,000	Ordinary shares of Rs. 10 each fully paid in cash	149,500,000	149,500,000
28,778,722	12,784,551	Ordinary shares of Rs. 10 each issued As fully paid bonus shares	287,787,220	127,845,510
36,242,135	36,242,135	Ordinary shares of Rs. 10 each issued Under the scheme of amalgamation	362,421,350	362,421,350
79,970,857	63,976,686		799,708,570	639,766,860

5.3 In accordance with the scheme of amalgamation, the Company has issued 3,984,064 ordinary shares of Rs. 10 each to the shareholders of former Ka'as ul Musaf'fa Private Limited and 32,258,071 ordinary shares of Rs. 10 each to the shareholders of the former Ghani Float Glass Limited in accordance with the scheme of amalgamation.

5.4 Reconciliation of ordinary shares

	Number of shares	
	2007	2006
Opening balance of ordinary shares of Rs. 10 each	63,976,686	30,208,205
Bonus shares issued during the year	15,994,171	1,510,410
Shares issued under scheme of amalgamation	-	32,258,071
Closing balance of ordinary shares of Rs. 10 each	79,970,857	63,976,686

5.5 Ordinary shares held by associated undertaking as at year end are as follows;

	Number of shares	
	2007	2006
Ghani Mines Private Limited	600,570	480,456
Jamia Tul Ghani Ul Islam	83,056	66,445
	683,626	546,901

6 RESERVES

	Note	2007 Rupees	2006 Rupees
Capital			
Merger reserves	6.1	427,419,290	427,419,290
Share premium		75,000,000	75,000,000
		502,419,290	502,419,290
Revenue			
Unappropraited profit		1,234,871,768	1,056,410,710
		1,737,291,058	1,558,830,000

6.1 This represents the amount arising under the scheme of amalgamation of Ghani Float Glass Limited with the Company.

7 IJARAH FINANCES - SECURED

Minimum Ijarah payments

	2007	2006
Due within one year	51,507,124	149,074,046
Due after one year but not later than five years	26,413,612	55,154,654
	77,920,736	204,228,700
Less: Unamortized Ijarah finance charges allocated to future periods	5,302,897	14,545,221
	72,617,839	189,683,479

Present value of minimum Ijarah payments

	2007	2006
Due within one year	47,778,073	136,709,971
Due after one year but not later than five years	24,839,766	52,973,508
	72,617,839	189,683,479

The company has executed Ijarah agreements with various banks and financial institutions. The liabilities are repayable in a mix of monthly and quarterly installments and subject to Ijarah finance charges at the discount rates ranging between 6.25% per annum to six months KIBOR plus 3 % per annum (2006: 6.25% per annum to six months KIBOR plus 3.5% per annum). These are secured against title of fixed assets under Ijarah financing and personal guarantees of the directors of the Company.

8 MORABAHA FINANCES-SECURED

		2007 Rupees	2006 Rupees	Mark-up rate	Installments	Mark-up Payable
I	Albaraka Bank Limited	-	51,925,490	4.25% per annum	Semi annually	Semi annually
II	Soneri Bank Limited	2,405,593	108,455,028	5 % per annum	Quarterly	Quarterly
III	Prime Commercial Bank Ltd.	-	27,803,621	5 % per annum	-do-	-do-
IV	MCB Bank Limited	18,299,554	54,898,662	6 months KIBOR Plus 5%. Floor: 5% & cap: 6.25%	-do-	-do-
		20,705,147	243,082,801			
	Less: Current portion	20,705,147	222,377,654			
		-	20,705,147			

These are secured against first registered specific charge of 80 million on 120 tons of tin ingots, first ranking mortgage charge over fixed assets of the Company amounting to Rs 190 million, pledge of shares of the Company amounting to Rs 114.29 million and personal guarantees of all directors of the Company. Facilities obtained from Albaraka Bank Limited and Prime Commercial Bank Limited have been repaid during the year.

9 INTEREST FREE LOANS FROM DIRECTORS - UNSECURED

	2007 Rupees	2006 Rupees
Interest free loans from directors	131,468,484	215,519,010
Less: Current portion	(131,468,484)	-
	-	215,519,010

These represent interest free, unsecured loans obtained from directors for working capital requirements of the company.

10 SECURITY DEPOSITS

These are interest free security deposits obtained from various customers and are being utilized in accordance with the terms of contract.

11 DEFERRED TAXATION

Deferred taxation liability comprises as following:

	2007	2006
Deferred tax liability arising in respect of tax depreciation allowances	177,908,735	113,858,574
Provision for doubtful debts	(624,313)	-
Unused tax losses	-	(41,145,985)
	177,284,422	72,712,589

12 CURRENT PORTION OF LONG TERM LIABILITIES

	2007 Rupees	2006 Rupees
Ijarah finances	47,778,073	136,709,971
Morabaha finances	20,705,147	222,377,654
Interest free loan from directors	131,468,484	-
	199,951,704	359,087,625

13 SHORT TERM MORABAHA FINANCING - SECURED

	Secured	Mark-up rate	2007	2006
I	Bank Alfalah Limited	One year KIBOR plus 1%	79,984,481	-
II	Dubai Islamic Bank Limited	One year KIBOR plus 100 basis points	5,908,392	-
III	Habib Metropolitan Bank Limited	One year KIBOR plus 0.5% Floor:10.5% & cap:13.5%	51,641,417	-
IV	MCB Bank Limited	KIBOR plus 1% per	81,965,949	-
V	Meezan Bank Limited	One year KIBOR plus 1%.	47,172,315	11,460,028
VI	Soneri Bank Limited	Six months KIBOR plus 2%	49,967,216	-
VII	Albaraka Bank Limited	One year KIBOR plus 1% Floor 11%.	6,409,481	10,716,200
			323,049,251	22,176,228

13.1 These loans are secured by first pari passu charge of Rs.120 million on the fixed assets, lien on import documents, first pari passu hypothecation charge of Rs. 160 million over all present and future current assets, title to imported goods of Rs. 76.10 million, joint parri passu charge over current assets of Rs.250 million, first registered pari passu charge of Rs. 133 million over current assets, registered equitable mortgage charge of Rs, 100 million over the industrial property of the Company and personal guarantees of all directors of the Company.

14 TRADE AND OTHER PAYABLES

		2007 Rupees	2006 Rupees
Creditors for goods and services	14.1	424,114,444	253,280,946
Accrued expenses		79,839,685	69,886,544
Income tax deducted at source		8,182,465	5,740,130
Security deposits	14.2	475,500	515,500
Advances from customers		86,216,372	35,775,507
Retention money		3,719,005	3,613,242
Workers' profit participation fund	14.3	32,969,205	29,354,214
Workers' welfare fund	14.4	9,615,591	4,453,962
Sales tax payable		-	9,958,156
Unclaimed dividend		2,578,211	2,288,472
Payable to official assignee of Sindh High Court	14.5	52,500,000	-
Other payables		1,950,000	-
		702,160,478	414,866,673

14.1 Creditors include an amount of Rupees 2.12 million (2006: Rupees 0.868 million) payable to related parties. Particulars of the amounts due to related parties are as follow:

	2007 Rupees	2006 Rupees
Al-Muhandus Corporation	1,499,003	-
Ghani Mines (Private) Limited	537,012	789,188
Ghani Automobile Industries Limited	79,429	79,429
	2,115,444	868,617

14.2 These are the interest free security deposits obtained from various contractors and are being utilized in accordance with the terms of the agreements.

14.3 Workers' profit participation fund

	2007 Rupees	2006 Rupees
Opening balance	29,354,214	14,745,922
Provision for the year	25,304,188	29,389,714
Add: Profit charged on funds utilized in the Company's business	2,471,220	-
	57,129,622	44,135,636
Less: Payments made during the year	(24,160,417)	(14,781,422)
Closing balance	32,969,205	29,354,214

14.4 Workers' welfare fund

	2007 Rupees	2006 Rupees
Opening balance	4,453,962	4,453,962
Allocation for the year	9,615,591	-
Less: Reversed during the year	(4,453,962)	-
	5,161,629	-
Closing balance	9,615,591	4,453,962

14.5 Payable to Sindh High Court

This represents the amount payable to official assignee of Sindh High Court ('the Court') for additional liability in respect of purchase of assets from Prince Glass Works Limited on liquidation. The contenting parties agreed to the enhancement of sale price to Rs. 185 million. The amount of Rs. 132.5 million has already been deposited with the court and the same stands distributed as well. The remaining amount of Rs. 52.5 million is directed to be deposited within six months.

15 CONTINGENCIES AND COMMITMENTS

15.1 Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounted to Rs. 99.457 million (2006: Rs. 112.100 million).

15.2 Letter of credits for import of materials and stores outstanding as at balance sheet date amounted to Rs. 229.879 million (2006: Rs. 27.438 million).

15.3 The Company has committed to invest in ordinary shares of Rak Ghani Glass LLC amounting to Rs.95.927 million (2006: Rs. Nil).

15.4 The Company has commitments for capital expenditure amounting to Rs. 13,858,715 (2006: Rs. Nil) with various contractors.

16 OPERATING ASSETS

16.1 Property, plant and equipment

	Cost					Depreciation				
	As at 1 July 2006	Additions during the year	Disposals during the year	As at 30 June 2007	Rate	As at 1 July 2006	For the year	On disposals	As at 30 June 2007	Net book value as at 30 June 2007
	(------Rupees------)				%	(------Rupees------)				
Owned										
Freehold land	72,081,907	-	-	72,081,907	-	-	-	-	-	**72,081,907**
Building on freehold land	242,060,773	46,310,808	-	288,371,581	10	69,419,987	29,348,399	-	98,768,386	**189,603,195**
Plant and machinery	1,136,025,743	109,157,515	-	1,245,183,258	10	276,932,791	108,349,560	-	385,282,351	**859,900,907**
Furnace	519,765,315	-	-	519,765,315	10	92,044,321	42,772,099	-	134,816,420	**384,948,895**
Tools and office equipment	9,481,858	573,581	-	10,055,439	10	1,991,262	773,399	-	2,764,661	**7,290,778**
Electrical equipment	6,031,716	1,272,566	-	7,304,282	10	2,583,634	389,593	-	2,973,227	**4,331,055**
Furniture and fixtures	7,707,289	490,500	-	8,197,789	10	2,034,771	603,802	-	2,638,573	**5,559,216**
Vehicles	43,803,024	491,590	(229,000)	44,065,614	20	24,614,906	1,918,812	(215,624)	26,318,094	**17,747,520**
Bicycles	4,010	-	-	4,010	20	3,666	52	-	3,718	**292**
	2,036,961,635	158,296,560	(229,000)	2,195,029,195		469,625,338	184,155,716	(215,624)	653,565,430	**1,541,463,765**
Ijarah										
Plant and machinery	297,120,918	-	-	297,120,918	10	36,260,273	19,564,548	-	55,824,821	**241,296,097**
Vehicles	8,253,635	21,817,855	-	30,071,490	20	2,078,672	1,212,162	-	3,290,834	**26,780,656**
	305,374,553	21,817,855	-	327,192,408		38,338,945	20,776,710	-	59,115,655	**268,076,753**
2007	2,342,336,188	180,114,415	(229,000)	2,522,221,603		507,964,283	204,932,426	(215,624)	712,681,085	**1,809,540,518**
2006	908,874,180	1,433,462,008		2,342,336,188		313,438,130	194,526,151	-	507,964,282	1,834,371,906

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

	Note	2007 Rupees	2006 Rupees
Cost of sales	28	189,398,548	179,781,069
General and administrative expenses	29	13,873,925	13,169,420
Selling and distribution expenses	30	1,659,953	1,575,662
		204,932,426	194,526,151

16.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
	(-------	-------	Rupees	-------	-------)		
Vehicle - Suzuki Mehran	229,000	215,624	13,376	180,000	166,624	Negotiation	Arshad Mehmood Ex-employee

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

	Note	2007 Rupees	2006 Rupees
Cost of sales	28	189,398,548	179,781,069
General and administrative expenses	29	13,873,925	13,169,420
Selling and distribution expenses	30	1,659,953	1,575,662
		204,932,426	194,526,151

16.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
	(------	------	Rupees	------	------)		
Vehicle - Suzuki Mehran	229,000	215,624	13,376	180,000	166,624	Negotiation	Arshad Mehmood Ex-employee

17 CAPITAL WORK IN PROGRESS

		2007 Rupees	2006 Rupees
Plant and machinery		55,279,118	-
Civil works		*88,575,405*	*58,105,013*
	17.1	143,854,523	58,105,013

17.1 Movement during the year

Opening	58,105,013	1,238,723,110
Additions during the year	85,749,510	174,381,903
Transferred to fixed assets during the year	-	(1,355,000,000)
Closing balance	143,854,523	58,105,013

18 NEGATIVE GOODWILL

This represents excess of the Company's interest in fair value of the identifiable net assets of the acquiree entity over the cost of acquisition as at the date of merger.

Goodwill (negative) for Ka'as Ul Musaf'fa (Private) Limited	69,236,239	69,236,239
Cumulative amortization		
Balance at beginning of the year	46,890,822	29,083,774
Add: Amortization for the year	22,345,417	17,807,048
	69,236,239	46,890,822
Balance at the end of year	-	22,345,417

19 LONG TERM INVESTMENTS

Investment in associate	6,592,000	

This represents cost of 33% investment in 400 (2006: Nil) fully paid ordinary shares of AED 1,000 each of Rak Ghani Glass LLC, UAE ("the Company")

20 LONG TERM ADVANCE

This represents the advance given to Rak Ghani Glass LLC, UAE (an associated Company) for purchase of shares

21 LONG TERM DEPOSITS

		2007 Rupees	2006 Rupees
Ijarah finances	*21.1*	15,457,106	9,750,426
Others	*21.2*	1,541,215	5,154,065
		16,998,321	14,904,491
Less: Current maturity of Ijarah finances		4,240,400	5,185,000
		12,757,921	9,719,491

21.1 These represents interest free security deposits for Ijarah finances and are adjustable at the expiry of respective ijarah facilities.

21.2 This represents interest free security deposits to different entities.

22 STORES, SPARES AND OTHER CONSUMABLES

Stores and spares	422,165,738	303,064,463
Materials in transit	78,246,213	38,026,197
Fuel and lubricants	28,112,013	16,133,453
	528,523,964	357,224,113

22.1 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.

23 STOCK IN TRADE

Raw material	263,256,828	230,823,148
Work in process	22,121,306	31,580,785
Finished goods	230,340,052	200,234,295
Packing materials	35,034,435	29,359,683
	550,752,621	491,997,911

24 TRADE DEBTORS

	2007 Rupees	2006 Rupees
Local - unsecured		
Considered good	378,598,028	392,193,883
Considered doubtful	1,783,750	-
	380,381,778	392,193,883
Less: Provision for doubtful debts	(1,783,750)	-
	378,598,028	392,193,883
Foreign - secured, considered good	1,096,897	27,450,244
	379,694,925	419,644,127

25 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2007 Rupees	2006 Rupees
Advances			
Employees - secured		10,588,510	8,638,964
Suppliers of goods and services - unsecured		226,845,037	158,136,651
Due from related parties	*25.1*	729,516	427,054
Trade deposits		1,930,531	1,930,531
Mobilization advance		-	2,152,196
Income tax receivable		68,483,991	64,239,690
Freight subsidy receivables		1,191,717	1,191,717
Sales tax refundable		5,096,635	17,752,200
Excise duty receivables		29,349	29,349
Receivable from Provident fund trust		1,784,161	-
Technical fee receivable	*25.2*	25,041,430	-
Receivable from Rak Ghani Glass LLC	*25.3*	5,295,602	-
		347,016,479	254,498,352

25.1 Due from related parties

	2007 Rupees	2006 Rupees
Ghani Corporation	34,422	5,890
Ahmad Brothers	252,933	330,172
Al-Muhandus Corporation	313,856	61,682
Ghani Mines (Private) Limited	65,000	-
Ghani Automobile Industries Limited	63,305	59,280
	729,516	457,024

25.2 This represents the amount receivable from Rak Ghani Glass as consideration towards the transfer of technology, and patent rights, for design, engineering, procurement, construction, commissioning and management of the plant operations.

25.3 These represent expenses incurred by the Company on behalf of RAK Ghani Glass LLC, UAE.

26 CASH AND BANK BALANCES

	2007 Rupees	2006 Rupees
Cash in hand	6,117,018	4,525,202
Cash at banks - current accounts	127,061,887	28,015,411
	133,178,905	32,540,613

27 SALES

	2007 Rupees	2006 Rupees
Local sales	3,212,933,563	2,886,896,547
Less: Discount	(57,996,286)	(33,878,116)
	3,154,937,277	2,853,018,431
Less: Sales tax	(411,852,894)	(327,038,536)
	2,743,084,383	2,525,979,895
Export sales	381,548,865	219,127,899
	3,124,633,248	2,745,107,794

28 COST OF SALES

	Note	2007 Rupees	2006 Rupees
Raw material consumed	28.1	800,594,890	724,104,111
Fuel, gas and electricity		752,472,847	642,443,392
Stores and spares consumed		94,680,945	85,966,855
Salaries, allowances and other benefits	28.2	290,823,046	237,792,672
Packing expenses		206,774,033	191,577,940
Depreciation	16.2	189,398,548	179,781,069
Rent, rates and taxes		3,317,282	2,869,988
Repair and maintenance		2,482,696	3,333,673
Travelling and motor running		11,687,078	10,145,584
Communication and stationery		3,583,642	4,144,836
Other manufacturing expenses		12,325,598	14,234,701
		2,368,140,605	2,096,394,821
Work in process			
Opening balance		31,580,785	11,695,233
Closing balance		(22,121,306)	(31,580,785)
		9,459,479	(19,885,552)
		2,377,600,084	2,076,509,269
Finished goods			
Opening balance		200,234,295	94,302,904
Closing balance		(230,340,052)	(200,234,295)
		(30,105,757)	(105,931,391)
		2,347,494,327	1,970,577,878

28.1 Raw materials consumed

	2007	2006
Opening balance	230,823,148	211,874,087
Purchases	833,028,570	743,053,172
Closing balance	(263,256,828)	(230,823,148)
	800,594,890	724,104,111

28.2 Salaries, allowances and other benefits include Rs 4.61 million (2006: Rs. 4.09 million) in respect of retirement benefits.

29 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2007 Rupees	2006 Rupees
Salaries, allowances and other benefits	29.1	43,692,555	33,512,794
Communication, stationery and supplies		11,378,278	8,980,671
Utilities		1,222,571	1,961,199
Rent rate and taxes		423,401	88,000
Travelling and conveyance		13,049,939	8,083,612
Auditor's remuneration	29.2	440,000	289,000
Depreciation	16.2	13,873,925	13,169,999
Legal and professional expenses		4,310,397	10,661,894
Charity and donation	29.3	415,322	10,859,525
Provision for bad debts		1,783,750	-
Other expenses		7,479,502	7,990,384
		98,069,640	95,597,078

29.1 Salaries, allowances and other benefits include Rs. 4.6 million (2006: Rs. 1.61 million) in respect of retirement benefits.

29.2 Auditor's remuneration

	2007	2006
Statutory audit fee	245,000	200,000
Half yearly review	125,000	42,500
Code of corporate governance review	30,000	30,000
Out of pocket expenses	40,000	16,500
	440,000	289,000

29.3 None of the directors and their spouses had any interest in any of the donees during the year.

30 SELLING AND DISTRIBUTION EXPENSES

	Note	2007	2006
Salaries, allowances and other benefits	30.1	17,032,400	11,032,824
Communication, stationery and supplies		1,661,455	1,711,711
Utilities		237,954	331,917
Rent rate and taxes		570,000	414,000
Traveling and conveyance		4,669,538	3,836,011
Advertisement and sale promotion		35,787,368	28,514,802
Commission on sales		37,572,698	65,052,286
Depreciation	16.2	1,659,953	1,575,083
Other expenses		1,755,826	1,050,478
Bad debts written off		543,410	-
Transportation and handling		119,296,809	54,949,138
		220,787,411	168,468,250

30.1 Salaries, allowances and other benefits include Rs 0.22 million (2006: Rs. 0.31 million) in respect of retirement benefits.

31 OTHER EXPENSES

		2007 Rupees	2006 Rupees
Provision for workers' profit participation fund	*14.3*	25,304,188	29,389,714
Provision for workers' welfare fund	*14.4*	5,161,629	-
		30,465,817	29,389,714

32 OTHER INCOME

		2007 Rupees	2006 Rupees
Income from financial assets			
Gain on sale of investment in associated undertaking		-	122,043,010
Exchange gain		289,839	-
		289,839	122,043,010
Income from non-financial assets			
Gain on sale of fixed assets		166,624	-
Technical fee received from RAK project	*25.2*	58,613,652	-
Scrap sales		12,324,735	-
		71,105,011	-
		71,394,850	122,043,010

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33 FINANCE COST

	2007 Rupees	2006 Rupees
Profit on Ijarah finances	11,128,734	22,035,547
Profit on short term morabaha finances	27,827,946	13,127,367
Profit on long term morabaha finances	-	20,515,903
Profit on musharika finances	-	1,177,408
Bank charges	4,510,475	5,664,148
Profit on WPPF balance utilized	2,471,220	-
	45,938,375	62,520,373

34 TAXATION

	2007	2006
Inocme tax		
Current year	14,373,550	15,407,002
Prior year	(45,706,892)	-
	(31,333,342)	15,407,002
Deferred tax	104,571,833	57,953,777
	73,238,491	73,360,779

34.1 The current year's provision for taxation represents tax chargeable under normal and presumptive tax.

34.2 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	%	%
Applicable tax rate	35.00	35.00
Tax effect of minimum turnover tax	(9.99)	(21.86)
Effect of changes in prior years' tax	(9.61)	-
	15.40	13.14

35 EARNING PER SHARE - BASIC AND DILUTED

		2007	2006
Profit after taxation	Rupees	402,379,454	485,043,780
Weighted average number of ordinary shares	Number of shares	79,970,857	79,970,857
Earning per share (restated 2006)	Rupees	5.03	6.07

36 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	4,485,000	899,000	22,035,000	8,145,376	13,338,912	1,047,000
Bonus	1,121,250	-	5,508,750	839,236	1,449,150	-
Medical expenses	33,708	38,175	801,200	644,810	344,052	11,430
Retirement benefits	373,600	74,887	2,207,867	678,510	533,037	87,215
	6,013,558	1,012,062	30,552,817	10,307,932	15,665,151	1,145,645
Number of persons	1	1	7	7	8	1

37.1 The chief executive, certain directors and executives are provided with free use of company maintained cars and mobile phones for official use as well as medical facility.

37.2 The aggregate amount charged in the financial statements in respect of remuneration to key management personnel is Rs. 51.052 million (2006: Rs. 11.77 million) out of which Rs. 3.11 million (2006: Rs 0.839 million) relates to retirement benefits.

37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, staff retirement funds, directors and key management personnel. Amounts pertaining to related parties are disclosed in note 14 and 25 and remuneration to key management personnel is disclosed in note 36.

Related party	Relationship	Basis of relationship	Nature of transactions	2007	2006
				Rupees	Rupees
Ghani Corporation	Associated undertaking	Partners of frm are directors in the Company	Reimbursement of utility expenses	28,532	34,997
Ahmad Brothers and Company	-do-	Partners of frm are directors in the Company	Commercial purchases	4,732,207	1,588,360
Al-Muhandus Corporation	-do-	Partners of frm are directors in the Company	Reimbursement of utility expenses	251,994	298,164
			Purchase of vehicle	1,185,147	-
Ghani Mines (Private) Limited	-do-	Common directorship	Reimbursement of utility expenses	252,176	376,932
			Other expenses	65,000	-
Ghani Automobile Industries Limited	-do-	Common directorship	Reimbursement of utility expenses	-	392,949
			Purchase of vehicle	35,500	-
			Other expenses	4,025	-
Rak Ghani Glass LLC	-do-	Common directorship	Technical fee	58,613,652	-
			Other expenses	8,573,126	-

38 FINANCIAL INSTRUMENTS RELATED DISCLOSURES

38.1 Financial assets and liabilities

	Effective mark-up rate %	Interest bearing: Maturity upto one year	Interest bearing: Maturity after one year	Interest bearing: Sub total	Non-interest/profit bearing: Maturity upto one year	Non-interest/profit bearing: Maturity after one year	Non-interest/profit bearing: Sub total	2007	2006
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets									
On balance sheet									
Long term investment					-	6,592,000	6,592,000	6,592,000	-
Long term advance		-	-	-	-	59,328,000	59,328,000	59,328,000	-
Long term deposits		-	-	-	4,240,400	12,757,921	16,998,321	16,998,321	14,904,491
Trade debtors		-	-	-	379,694,925	-	379,694,925	379,694,925	419,644,127
Advances, deposits and other receivables		-	-	-	272,244,136	-	272,244,136	272,244,136	10,569,495
Cash and bank balances		-	-	-	133,178,905	-	133,178,905	133,178,905	32,540,613
		-	-	-	789,358,366	78,677,921	868,036,287	868,036,287	477,658,726
Off balance sheet									
Total		-	-	-	789,358,366	78,677,921	868,036,287	868,036,287	477,658,726
Financial Liabilities									
On balance sheet									
Trade and other payables		-	-	-	693,978,013	-	693,978,013	693,978,013	413,932,145
Interest free loans from directors		-	-	-	-	-	-	-	215,519,010
Ijarah finances	6.25 - 13.95	47,778,073	24,839,766	72,617,839	-	-	-	72,617,839	189,683,479
Murabaha finances	4.25 - 12.58	343,754,398	-	343,754,398	-	-	-	343,754,398	265,259,029
Security deposits		-	-	-	-	11,195,007	11,195,007	11,195,007	84,303,469
		391,532,471	24,839,766	416,372,237	693,978,013	11,195,007	705,173,020	1,121,545,257	1,168,697,132
Off balance sheet									
Letters of credit		-	-	-	229,879,000	-	229,879,000	229,879,000	27,438,000
Bank guarantees		-	-	-	99,457,000	-	99,457,000	99,457,000	112,100,000
Contracts for capital expenditure		-	-	-	13,858,715	-	13,858,715	13,858,715	-
Future payments for investment in shares		-	-	-	95,927,000	-	95,927,000	95,927,000	-
Dividend proposed		-	-	-	159,941,714	-	159,941,714	159,941,714	-
			-	-	599,063,429	-	599,063,429	599,063,429	139,538,000
Total		391,532,471	24,839,766	416,372,237	1,293,041,442	11,195,007	1,304,236,449	1,720,608,866	1,308,234,472
On balance sheet gap		(391,532,471)	(24,839,766)	(416,372,237)	95,380,353	67,482,914	162,863,267	(253,508,970)	(691,037,746)
Off balance sheet gap		-	-	-	(599,063,429)	-	(599,063,429)	(599,063,429)	(139,538,000)

38.2 Financial risk management objectives

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finances to minimize risk.

Taken as a whole, risk arising from Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

a) *Credit risk*

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts and its balances with the bank. The credit risk on liquid funds is limited because the counter parties are the banks with high credit ratings. The Company has no significant concentration of credit risk as exposure is spread over a large number of counter parties in case of trade debts.

To manage exposure to credit risk, the group applies credit limits to its customers and also obtains security deposits, where considered necessary.

b) *Interest rate risk*

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to Changes in market interest rates. The Company has long term and short term financing agreements with suppliers which are subject to intrest rate risk as disclosed in notes 7, 8 and 13.

c) *Liquidity risk*

Liquidity risk is the risk that company will encounter difficulties in raising funds to meet commitments associated with the financial instruments. The management closely monitors its liquidity and cash flow position and takes appropriate steps to maintain liquidity at an appropriate and satisfactory level.

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available.

d) *Foreign exchange risk management*

The Company has a foreign currency investment and the Company's exposure to currency risk is considered to be minimum.

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38.3 Fair value of financial instruments

The carrying value of financial assets and financial liabilities reflected in the financial statements are approximate their fair values. This assessment is based upon settlement/realizable values.

39 CASH GENERATED FROM OPERATIONS

	2007 Rupees	2006 Rupees
Profit before taxation	477,918,650	558,404,559
Adjustments for non cash and other items:		
Depreciation	204,932,419	194,526,150
Amortization of goodwill	(22,345,417)	(17,807,048)
Gain on sale of investment	-	(122,043,010)
Financial charges	45,938,375	62,520,373
Exchange loss	(289,839)	-
Bad debts written off	543,410	-
Contribution to provident fund	9,396,776	6,010,000
Provision for WPPF	25,304,188	29,389,714
Provision for doubtful trade debts	1,783,750	-
Gain on sale of property, plant and equipment	(166,624)	-
	265,097,045	152,596,179
Operating profit before working capital changes	740,714,990	711,000,738
(Increase)/decrease in operating activities		
Store, spares loose tools and other consumable	(171,299,851)	(140,058,571)
Stock in trade	(58,754,710)	(148,334,174)
Trade debtors	38,764,190	(171,205,991)
Advances, deposits, prepayments and other receivables	(90,244,172)	(40,903,608)
Creditors, accrued and other liabilities	278,182,191	202,253,344
	(3,352,352)	(298,249,000)
Cash generated from operations	737,362,638	412,751,738

40 PLANT CAPACITY AND ANNUAL PRODUCTION

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

	Production capacity (Tons)		Actual production (Tons)	
	2007	2006	2007	2006
Float glass	109,500	109,500	84,467	72,061
Hollow glass	107,675	100,694	93,692	89,353
	217,175	210,194	178,159	161,414

192,220

The actual production is lower than the production capacity mainly due to normal repairs and maintenance of the plant and job changes and product mix.

41 SUBSEQUENT EVENT

The board of directors have proposed a final cash dividend @ Rs. 2 per share and issuance of bonus shares @ 5% for the year ending 30 June 2007.

42 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved and authorized for issue on 27 September 2007 by the board of directors of the Company.

43 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Significant re-classifications for better presentation and consistency with the requirements of the Companies Ordinance, 1984, include:

- Sales were being presented net of commission of Rs 65,052,286 in the year 2006, this has been reclassified to selling expenses in this year.

- Mobilization advance amounting to Rs 2,152,196 which was presented as capital work in progress in the year 2006 has been re-classified in advances, deposits, prepayments and other receivables.

- Provision for taxation amounting to Rs. 15,407,002 which was being presented in current liabilities in the year 2006 has been reclassified and presented as net of income tax receivable in current assets.

- Packing materials amounting to Rs. 29,359,683 which were been presented under the head stores, spares and other consumables in the year 2006 has been reclassified and presented under the head stock in trade.

44 GENERAL

Figures have been rounded off to nearest rupee.

Lahore:September 27, 2007 Chief Financial Officer Director Chief Executive Officer

GHANI GLASS LIMITED

GHANI COMPLEX, 49-SHADMAN,LAHORE.

FORM OF PROXY

Folio No. ____________

No. Of Shares ____________

I/ We ____

of ____

being member of **GHANI GLASS LIMITED** ____________________

hereby Appoint Mr. ____________________________________

of ____

failing him Mr. ____________________ of ____________________)

(being a member of the Company) as may / our proxy to attend, act and vote for me/us and on my / our behalf at the 15th Annual General Meeting of the Members of the Company to be held at Ghani Complex, 49-Shadman 01; Lahore on Monday October 29, 2007 at 11:00 AM and at every adjournment thereof.

As witness my/our hands(s) this ____________ day of ____________ 2007

WITNESS:

Signature: ____________

Name: ____________

ADDRESS: ____________

SIGNATURE AND REVENUE STAMP

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.