26th Annual Report

TARIQ GLASS INDUSTRIES LTD.

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR	MR. TARIQ BAIG
DIRECTORS:	MR. OMER BAIG MRS. NAIMA TARIQ MR. MANSOOR IRFANI MR. EHSAN UL HAQ MR. DAVID JULIAN MR. SYED TUFAIL HUSSAIN
NOMINEE DIRECTOR IPI	MR. MUJAHID ESHAI
SECRETARY	MR. WAQAR ULLAH, FCA
AUDIT COMMITTEE	MR. OMER BAIG CHAIRMAN MR. EHSAN UL HAQ MEMBER MR. DAVID JULIAN MEMBER
AUDITORS	TASEER HADI KHALID & CO. CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MUBASHAR LATIF AHMAD LAHORE
TAX CONSULTANTS	YOUSAF ISLAM ASSOCIATES LAHORE
INFORMATION TECHNOLOGY CONSULTANTS	CHARTAC BUSINESS SERVICES (PVT) LTD. LAHORE
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LTD. PICIC COMMERCIAL BANK LTD.
REGISTERED OFFICE	49-BRIDGE COLONY LAHORE CANTT UAN: 042-111-34-34-34 FAX: 042-6672933 & 6686477 E MAIL: teeglas@brain.net.pk
WORKS	33-KM LAHORE/SHEIKHUPURA ROAD, TEL: (042) 7925652, (04931) 55441 – 3 FAX: (04931) 53912

NOTICE OF MEETING

Notice is hereby given that the 26th Annual General Meeting of the members of the Company will be held on Thursday the October 28, 2004 at 04:00 PM at the Defence Services Officers' Mess, 71 – Tufail Road, Lahore Cantt to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the 25th Annual General Meeting of the members held on October 29, 2003.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2004, comprising Balance Sheet, Profit and Loss Account and Reports of the Auditors and Directors thereon.
3. To declare final cash dividend. The Directors have recommended 10% dividend for the year ended June 30, 2004.
4. To appoint Auditors of the Company for the year ending June 30, 2005 and fix their remuneration. The retiring Auditors M/S Taseer Hadi Khalid & Co., Chartered Accountants being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of the chairman.

B. SPECIAL BUSINESS

To consider Board of Directors' recommendation to place quarterly accounts of the Company on its website "www.tariqglass.com" instead of circulating the same by post to the members, subject to approval from the Securities and Exchange Commission of Pakistan (SECP) and compliance of conditions of SECP's Circular No. 19 of 2004 dated: April 14, 2004. The Following resolution is proposed to be passed by the share holders with or without amendments as an ordinary resolution.

"Resolved that in compliance with the SECP's Circular No. 19 of 2004 dated April 14, 2004 the proposal to place quarterly accounts on the website of the Company instead of circulating the same to the shareholders, be and is hereby passed."

A statement under section 160 (1) (b) of the Companies Ordinance, 1984 as required under section 164 (1) of the Companies Ordinance, 1984 is enclosed.

BY ORDER OF THE BOARD

06 October 2004 | **(WAQAR ULLAH)**
Lahore | **CORPORATE SECRETARY**

NOTES

a. The share transfer books of the Company will remain closed from October 22, 2004 to October 28, 2004 (both days inclusive). Transfer received in order upto the close of business hours on October 21, 2004 at registered office of the company at 49-Bridge Colony, Lahore Cantt. will be entitled to dividend and to affect the voting rights at the Annual General Meeting.

b. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney or in case of corporation by representative. The instrument of proxy should be lodged at the Registered Office of the Company not later than 48 hours before the time of meeting and must be duly signed, stamped and witnessed.

c. Shareholders whose shares are registered in their account / sub-account / group account with Central Depository System (CDS) are requested to bring original new National Identity Cards (NIC) or passport along with their account number in CDS and participants ID number for verification. In case of appointment of proxy by such account holders it must be accompanied with participants, ID No. and Account / Sub-account No. along with the attested photocopies of NIC or the Passport of the beneficial owner. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

d. STATEMENT UNDER SECTION "160 (1) (b)" OF THE COMPANIES ORDINANCE, 1984

As allowed under the Circular No. 19 of 2004 dated: April 14, 2004 of the Securities and Exchange Commission of Pakistan, the Board of Directors have recommended to place quarterly accounts of the Company on its website instead of circulating the same to the members by post to save a substantial cost on printing and postage etc. and to ensure timely availability of information to the stakeholders.

e. The shareholders are requested to notify the Company of the change in their address, if any.

DIRECTORS' REPORT

The directors take pleasure to present the 26th Annual Report along with the audited Financial Statements of the Company for the year ended June 30, 2004.

Some Significant Achievements

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

- Repaid the loans of National Bank of Pakistan and formerly National Development Finance Corporation.
- Highest ever volume of sales in the history of the company.
- Highest ever volume of tableware export that is over Rs. 20 million.

Financial Results:

The Board takes pleasure to inform you that your Company has maintained the momentum of profit earnings. Certainly, the profit figure after taxation is not healthy as compared to volume of the sales. Some reasons which certainly affected the profit margins are:

- To curb the import of tableware products especially from Iran, Indonesia, Thailand and China which are available at very low prices, since mostly are smuggled ones, we had to curtail the prices.
- In order to enter the international markets of the tableware introductory rates are being quoted which are low as compared to the local markets.
- The price particularly of Soda Ash was increased by the supplier in the fourth quarter of the financial year which is the major component of the raw materials.
- The selling prices of containers remained under pressure during the whole year.

A brief summary of the financial results for the year under review is stated as under:

	Rupees
Profit for the year before taxation:	43,521,822
Taxation	5,938,148
Profit after taxation	37,583,674
Un- Appropriated Profit Brought Forward	39,791,190
Profit Available for Appropriation	77,374,864
Proposed Dividend	10,000,000
Un- Appropriated Profit Carried Forward	67,374,864
Earning Per Share	3.76

Corporate and Financial Reporting Framework

The directors also confirm compliance with the Corporate and Financial Reporting Framework of the SECP's Code of Corporate Governance for the following:

- The financial statements present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departures there from, if any, has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.
- Key financial data is given in note no. 34.

Board of Directors Meetings

During the year 8 board meetings were held and the number of meetings attended by each Director is given hereunder:

S.NO.	Name of Director	No. of meetings attended
1.	Mr. Tariq Baig	7
2.	Mr. Omer Baig	8
3.	Mrs. Naima Tariq	8
4.	Mr. Mansoor Irfani	8
5.	Mr. Ehsan Ul Haq	8
6.	Mr. David Julian	8
7.	Mr. Syed Tufail Hussain	8

Audit Committee

The Board constituted an audit committee with effect from July 01, 2002 comprising the following:

1.	Mr. Omer Baig	Chairman
2.	Mr. Ehsan Ul Haq	Member
3.	Mr. David Julian	Member

Cash Dividend

Your Company has maintained its policy of paying returns to the stakeholders and your directors recommend the payment of cash dividend at the rate of 10 % (2003: 10%) for the year ended June 30, 2004.

Future Outlook.

WTO regime begins from January 01, 2005 and the barriers of imports and export are going to be lifted and customs tariffs gradually reduced to the minimum levels. In order to face the coming challenges successfully, the management of your Company has devised strategic plans. The value addition, improvement in production efficiency and reduction in cost of goods sold are the basis of the strategy.

As a part of plan a brand new six colours tumbler printing machine has been imported and is under installation phase. A double gob press machine and one more line of light weight tumbler manufacturing machine were imported and erected. As of date by the blessing of almighty Allah, the tumbler printing machine and double gob press machine has successfully commenced the commercial production while the light weight tumblers making machine is under trial runs.

After hitting the lowest extreme level the selling prices of the glass containers effective July 2004 have turned around which is a positive sign in the betterment of profit margins.

To reduce the ever increasing power costs, the management of your Company has also decided to install its own captive power plant. The Sui Northern Gas Supply Company Ltd has sanctioned the additional supply of gas for the power plant. Letter of credit for the supply of gas generators has been established while the civil work is in hand. Insha Allah Company own generated power will be available for the project by the end of the calendar year. With this capitalization the project will not only eliminate the power break downs but also improve the production efficiencies with savings in cost.

Auditors

The present auditors M/s Taseer Hadi Khalid & Co., Chartered Accountants retire and offer themselves for reappointment. As suggested by the audit committee the board of directors have recommended their reappointment as auditors of the company for the financial year ending June 30, 2005 at a fee to be mutually agreed.

Pattern of Shareholdings.

The pattern of shareholding and categories of shareholders are annexed.

Acknowledgement:

We wish to place on record our gratitude to the valued distributors, clients, banks and financial institutions and also the shareholders for their continued support. We also appreciate the efforts and dedication shown by the staff for managing the company's affairs successfully.

For and on behalf of the Board

04 October 2004
Lahore:

TARIQ BAIG
CHAIRMAN & MANAGING DIRECTOR

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

04 October 2004
Lahore:

TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of 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 on its Board of Directors. At present the Board includes four independent 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 payments of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by the stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all directors and employees 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 excercised and decisions on material transactions have been taken by the Board. There were no new appointments of CEO and other executive director during the year.
8. The meetings of the Board were presided over by the Chairman and Managing Director and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged one orientation course for its directors to apprise them of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary or Head of Internal Audit during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the Committee.
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 formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.
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.

04 October 2004
Lahore:

TARIQ BAIG
CHAIRMAN & MANGING DIRECTOR

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Tariq Glass Industries Limited** ("the Company") as at 30 June 2004 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 2004 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.

The financial statements of the Company for the year ended 30 June 2003 were audited by another firm of auditors, whose report dated 06 October 2003, expressed an unqualified opinion on those financial statements.

04 October 2004
Lahore:

TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET

	Note	2004	2003
LIABILITIES			
Authorised Capital			
12,000,000 Ordinary shares of Rs.10/- each		**120,000,000**	120,000,000
Issued, Subscribed and Paid-Up Capital			
10,000,000 Ordinary shares of Rs.10/- each fully paid in cash		**100,000,000**	100,000,000
Unappropriated Profit		**67,374,864**	39,791,190
		167,374,864	139,791,190
Long Term Loans			
Secured		**30,562,545**	23,499,983
Un-secured		**123,450,000**	130,150,000
	4	**154,012,545**	153,649,983
Liabilities Against Assets Subject to Finance Lease	*5*	**9,894,798**	13,718,320
Deferred Liabilities	*6*	**21,008,772**	18,650,332
Current Liabilities			
Short term borrowings - Secured	*7*	**75,918,159**	56,946,869
Current maturity of long term liabilities	*8*	**27,194,013**	34,774,563
Creditors, accrued and other liabilities	*9*	**98,856,820**	103,390,702
Provision for taxation		**6,166,337**	2,595,257
Dividends	*10*	**14,590,914**	11,027,140
		222,726,243	208,734,531
Contingencies and Commitments	*11*	-	-
	Rupees	**575,017,222**	534,544,356

The attached notes 1 to 33 form an integral part of these accounts.

04 October 2004
Lahore:

TARIQ BAIG
CHAIRMAN & MANAGING DIRECTOR

AS AT 30 JUNE 2004

	Note	2004	2003
ASSETS			
Operating Assets - At cost less accumulated depreciation	*12*	**325,812,515**	324,558,539
Capital Work in Progress	*14*	**24,853,338**	-
Security Deposits	*15*	**3,956,870**	5,700,475
Current Assets			
Stores and spares	*16*	**126,608,233**	114,397,484
Stock in trade	*17*	**48,091,769**	50,924,809
Trade debtors - Un-secured, Considered good		**9,308,544**	15,183,847
Advances, deposits, prepayments and other receivables	*18*	**30,575,714**	15,357,071
Cash and bank balances	*19*	**5,810,239**	8,422,131
		220,394,499	204,285,342
	Rupees	**575,017,222**	534,544,356

OMER BAIG
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2004

	Note		2004	2003
Sales	20		**703,833,982**	519,051,491
Cost of Sales	21		**587,155,059**	445,944,859
Gross profit			**116,678,923**	73,106,632
Operating expenses				
Administrative	22		**21,139,605**	16,394,369
Selling and distribution	23		**35,424,995**	31,090,266
			56,564,600	47,484,635
Operating profit			**60,114,323**	25,621,997
Financial charges	24		**16,652,044**	15,852,505
Amortization			**-**	964,900
			16,652,044	16,817,405
			43,462,279	8,804,592
Other income	13		**2,350,165**	815,666
			45,812,444	9,620,258
Workers' Profit Participation Fund			**2,290,622**	440,230
Profit before taxation			**43,521,822**	9,180,028
Provision for taxtaion	25		**5,938,148**	5,686,319
Profit after taxation			**37,583,674**	3,493,709
Earnings per share	30	Rupees	**3.76**	0.35

The attached notes 1 to 33 form an integral part of these accounts.

04 October 2004 **Lahore:**	**TARIQ BAIG** **CHAIRMAN & MANAGING DIRECTOR**	**OMER BAIG** **DIRECTOR**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004	2003
Cash Flow from Operating Activities			
Profit before Taxation		**43,521,822**	9,180,028
Adjustments for:			
Depreciation		**52,204,501**	45,048,301
Amortization		**-**	964,900
Profit on disposal of fixed assets		**(2,350,165)**	(815,666)
Financial charges		**16,652,044**	15,852,505
Provision for workers' profit participation fund		**2,290,622**	440,230
Provision for staff retirement benefits		**53,275**	174,079
		68,850,277	61,664,349
Operating Profit before working capital changes		**112,372,099**	70,844,377
(Increase)/Decrease in current assets:			
Stores, spares and loose tools		**(12,210,749)**	(26,019,840)
Advances, deposits, prepayments and other receivables		**(3,765,789)**	12,817,612
Stock in trade		**2,833,041**	(7,523,171)
Trade debtors		**5,875,303**	11,638,237
		(7,268,194)	(9,087,162)
Increase/(Decrease) in current liabilities:			
Short term borrowings		**18,971,290**	27,443,814
Creditors, accrued and other liabilities		**(9,207,071)**	(36,875,083)
		9,764,219	(9,431,269)
Cash generated from operations		**114,868,124**	52,325,946
Financial charges paid		**(13,829,251)**	(15,199,039)
WPPF paid		**(440,232)**	(6,325,765)
Staff gratuity		**(61,903)**	(34,639)
Taxes paid		**(11,452,854)**	(7,315,799)
		(25,784,240)	(28,875,242)
Net cash generated from operating activities		**89,083,884**	23,450,704
Cash Flow from Investing Activities			
Fixed capital expenditure incurred		**(79,446,995)**	(34,656,282)
Proceed from sale of fixed assets		**3,485,350**	2,979,704
Long term deposits		**1,743,605**	1,552,575
Net cash used in investing activities		**(74,218,040)**	(30,124,003)
Cash Flow from Financing Activities			
Long term loans		**(5,454,150)**	28,111,823
Liabilities against assets subject to finance lease		**(5,587,360)**	(11,873,836)
Dividends paid		**(6,436,226)**	(3,965,864)
Net cash used in / generated from financing activities		**(17,477,736)**	12,272,123
Net increase / (Decrease) in cash and cash equivalents		**(2,611,892)**	5,598,824
Cash and cash equivalents at the beginning of the year		**8,422,131**	2,823,307
Cash and cash equivalents at the end of the year	*19* *Rupees*	**5,810,239**	8,422,131

The attached notes 1 to 33 form an integral part of these accounts.

04 October 2004	**TARIQ BAIG**	**OMER BAIG**
Lahore:	**CHAIRMAN & MANAGING DIRECTOR**	**DIRECTOR**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

		Share Capital	Unappropriated profit	Total
Balance as at 30 June 2002		100,000,000	46,297,481	146,297,481
Net profit for the year		-	3,493,709	3,493,709
Final Dividend @ Rs.1 per share		-	(10,000,000)	(10,000,000)
Balance as at 30 June 2003	*Rupees*	**100,000,000**	**39,791,190**	**139,791,190**
Net profit for the year		-	37,583,674	37,583,674
Final Dividend @ Rs. 1 per share		-	(10,000,000)	(10,000,000)
Balance as at 30 June 2004	*Rupees*	**100,000,000**	**67,374,864**	**167,374,864**

The attached notes 1 to 33 form an integral part of these accounts.

04 October 2004
Lahore:

TARIQ BAIG
CHAIRMAN & MANAGING DIRECTOR

OMER BAIG
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004

1. NATURE AND STATUS OF THE COMPANY

Tariq Glass Industries Limited ("the Company") was incorporated in Pakistan in 1978 and converted into a Public Limited Company in the year 1980. The Company is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in the manufacture and sale of glass containers and tableware.

2. 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 the said directives take precedence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These accounts have been prepared under the historical cost convention.

3.2 Fixed assets

Owned

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land and capital work in progress, which are stated at cost less any identified impairment loss. Depreciation on operating fixed assets except furnace refractories is charged to income on reducing balance method whereas depreciation on furnace refractories is charged on straight line method, so as to write off the written down value of an asset over its estimated useful life at rates disclosed in the Note 12 to the accounts. Full year's depreciation is charged on all assets in the year of acquisition. No depreciation is charged in the year of disposal.

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.
Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in the income.

Leased

Leased assets held under finance leases are stated at the lower of cost or present value of minimum lease payments less accumulated depreciation at the rates and basis applied to the Company's owned assets. The outstanding obligations relating to assets subject to finance lease are accounted for at the net present value of liabilities.

The financial charges are calculated at the interest rates implicit in the lease and are charged to income.

3.3 Staff retirement benefits

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

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

3.4 Receivables

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

3.5 Stores and spares

These are valued at the weighted average cost except for items in transit, which are valued at cost comprising invoice value and related expenses.

3.6 Stock in trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon. Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and 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 other costs necessary to be incurred to make the sale.

3.7 Revenue recognition

Sales are recorded on dispatch of goods to customers.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of Cash Flow Statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any or one-half of one percent on turnover, whichever is higher.

Deferred

The Company accounts for deferred taxation, using the liability method, on all temporary differences. 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.

3.10 Provisions

Provisions are recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

3.11 Financial instruments

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 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.

3.12 Borrowing costs

Borrowing costs are charged to income as and when incurred.

3.13 Creditors, accrued and other liabilities

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

3.14 Foreign currencies

Foreign currency transactions are converted into Pak Rupees using the rates prevailing on the date of transaction while monetary assets and liabilities are converted into Pak Rupees using the rates of exchange prevailing at the balance sheet date. Exchange differences on conversion are charged to income.

3.15 Related Party Transactions

All transactions with related parties are conducted at arm's length basis using admissible valuation methods prescribed under the Companies Ordinance, 1984.

3.16 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. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

4. LONG TERM LOANS

Secured

	Lender	2004	2003	Mark-up rate	Number of installments	Mark-up payable
I	Habib Bank Limited -Demand Finance	**22,457,448**	30,000,000	6-8% per annum (reduced to 5% per annum from 1July 2004)	8 equal semi annual installments ending February 2007.	Semi annually
II	Habib Bank Limited -Demand Finance	**11,568,000**	-	5% per annum	33 equal monthly installments ending May 2007.	Monthly
III	National Bank of Pakistan -Demand Finance	**10,000,000**	-	6 months T-Bills yield + 3.5 % p.a. with floor of 5.5%	16 quarterly installments ending June 2008.	Quarterly
IV	National Bank of Pakistan -Restructured debt	**-**	6,599,874	10% per annum	8 equal semi annual installments ended July 2003.	Semi annually
V	National Bank of Pakistan	**-**	2,210,122	5.5% per annum	10 equal semi annual installments ended October 2003.	Semi annually
VI	Habib Bank Limited -Restructured debt	**1,333,332**	6,259,448	Mark-up free	72 monthly installments ending October 2004.	-
VII	National Bank of Pakistan -Restructured debt	**-**	1,249,000	Mark-up free	10 equal semi annual installments ended October 2003.	-
		45,358,780	46,318,444			
	Less: current maturity *(Note 8)*	**14,796,235**	22,818,461			
		30,562,545	23,499,983			

Un secured

Lender	2004	2003	Mark-up rate	Number of installments	Mark-up payable
Industrial Products Investment Limited (IPI)-Foreign currency loan *(Note 4.3)*	**100,000,000**	100,000,000	5% Per annum	Mark-up is payable in 12 semi annual installments commencing from July 2003.	Semi annually
Loan from Director	**29,005,514**	33,500,000	Mark-up free	20 quarterly install-ments commencing from March 2004.	-
	129,005,514	133,500,000			
Less: current maturity *(Note 8)*	**5,555,514**	3,350,000			
	123,450,000	130,150,000			
Rupees	**154,012,545**	153,649,983			

4.1 Securities for Loan I, II and VI

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

4.2 Securities for Loan III

This loan is secured by first parri passu charge on land and buildings for Rs. 65 million, plant and machinery for Rs. 75 million, current assets for Rs. 50 million and personal guarantees of Directors of the Company.

4.3 Foreign Currency Loan

This loan shall be repayable after major portion of loans from banks and entire financial institution loans have been paid. The repayment schedule of principal payments of the loan is yet to be agreed between the Company and the lender. However, interest payments have commenced from 1 July 2003.

This loan has been frozen at the rate of exchange prevailing on 31 December 2003. No exchange fluctuation has accordingly been accounted for in these accounts.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2004			2003		
	Minimum lease payments	Financial charges for future periods	Present value	Minimum lease payments	Financial charges for future periods	Present value
Not later than one year	**7,913,193**	**1,070,929**	**6,842,264**	10,915,004	2,308,902	8,606,102
Later than one year and not later than five years	**10,554,945**	**660,147**	**9,894,798**	16,087,893	2,369,573	13,718,320
Rupees	**18,468,138**	**1,731,076**	**16,737,062**	27,002,897	4,678,475	22,324,422

The Company has entered into various lease agreements with Orix Leasing Pakistan Limited, Bank Alflah Limited, Askari Leasing Limited and Askari Commercial Bank Limited for leasing machinery and vehicles. Lease rentals are payable in monthly equal installments and include finance charges ranging from 7.5% to 18% per annum (2003: 8.5% to 18%), which has been used as discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

	Note	**2004**	2003
6. DEFERRED LIABILITIES			
Deferred Taxation	*6.1*	**20,320,138**	17,953,070
Staff gratuity		**688,634**	697,262
	Rupees	**21,008,772**	18,650,332

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

		2004	2003
- Accelerated tax depreciation		**20,079,116**	17,953,070
- Staff gratuity		**241,022**	-
	Rupees	**20,320,138**	17,953,070

7. SHORT TERM BORROWINGS - SECURED

	Note	2004	2003
Habib Bank Limited - Running finance	*7.1*	**42,270,131**	40,190,050
National Bank of Pakistan - Cash finance	*7.2*	**31,654,157**	16,668,757
PICIC Commercial Bank Limited - FIM	*7.3*	**1,993,871**	-
Others		**-**	88,062
	Rupees	**75,918,159**	56,946,869

7.1 This facility is secured against assets of the Company as mentioned in Note 4.1 and carries mark up at the rate of 5 % per annum on daily product basis. The facility will expire on 31 December 2004.

7.2 This facility is secured against assets of the Company as mentioned in Note 4.2 and carries mark up at the rate of 5.5 % per annum on daily product basis (reduced to 4.5 % per annum with effect from 1 July 2004). The facility will expire on 30 June 2005.

7.3 Finance against imported merchandize (FIM) facility is priced at 6 months Karachi Inter Bank Offered Rate (KIBOR) asking rate plus 6 % bank's spread with floor of 8.5 % per annum. This facility is secured against 10 % cash margin on sight letter of credit with lien over import documents and pledge of imported goods. The facility will expire on 31 March 2005.

8. CURRENT MATURITY OF LONG TERM LIABILITIES

	Note	2004	2003
Long term loans – Secured	*4*	**14,796,235**	22,818,461
Loan from Director – Unsecured	*4*	**5,555,514**	3,350,000
Liabilities against assets subject to finance lease	*5*	**6,842,264**	8,606,102
	Rupees	**27,194,013**	34,774,563

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		**37,968,251**	38,076,231
Advances from customers		**23,165,412**	22,257,692
Due to associated undertaking		**-**	2,177,396
Security deposits	*9.1*	**5,211,106**	4,869,232
Accrued mark up on:			
- short term loans - Secured		**532,035**	1,357,636
- long term loans - Secured		**740,367**	2,005,548
- long term loans - Unsecured		**5,000,003**	-
- leases		**93,185**	179,613
Accrued expenses		**19,526,994**	19,235,141
Sales tax payable		**2,699,835**	2,449,564
WPPF payable	*9.2*	**2,290,622**	440,230
Others		**1,629,010**	10,342,419
	Rupees	**98,856,820**	103,390,702

9.1 Security deposits from distributors, by virtue of agreement are interest free, payable on demand and used in Company's business.

			2004	2003
9.2	**Workers' Profit Participation Fund**			
	Opening balance		**440,230**	6,325,765
	Add: Allocation for the year		**2,290,622**	440,230
			2,730,852	6,765,995
	Less: Amount paid to the fund		**440,230**	5,713,955
	Deposit with the Federal Government		**-**	611,810
			440,230	6,325,765
	Closing balance	*Rupees*	**2,290,622**	440,230

10. DIVIDENDS

		2004	2003
Proposed		**10,000,000**	10,000,000
Unclaimed		**4,590,914**	1,027,140
	Rupees	**14,590,914**	11,027,140

11. CONTINGENCIES AND COMMITMENTS

Commercial banks and an insurance Company have issued guarantees in the ordinary course of business on behalf of the Company. The un-expired guarantees at the year end amounted to Rs. 39 million (2003: Rs. 33.5 million).

Loans given by Industrial Products Investment Limited in the amount of Rs. 20 million and that given by the Managing Director of the Company in the amount of Rs. 14 million were waived off in the year 1997 and 1996 respectively with the condition that these will be reinstated when the Company issues right shares or when the Company has sufficient funds for repayment.

Commitments under letters of credit at the year end amounted to Rs. 33.664 million (2003: Rs. 4.645 million).

12 OPERATING ASSETS

PARTICULARS	COST					DEPRECIATION						NET BOOK VALUE AS AT 30 JUNE 2004
	As at 1 July 2003	Additions during the year	Transfers/ adjustments	Disposals during the year	As at 30 June 2004	Rate %	As at 1 July 2003	Transfers/ adjustments	For the year	On Disposals	As at 30 June 2004	
OWNED												
Freehold land	5,267,380	-	-	-	5,267,380	-	-	-	-	-	-	**5,267,380**
Factory building - freehold	60,368,607	-	-	-	60,368,607	10	34,382,205	-	2,598,640	-	36,980,845	**23,387,762**
Office building - freehold	49,281,810	-	-	-	49,281,810	5	32,272,676	-	850,457	-	33,123,133	**16,158,677**
Plant and machinery	568,493,739	32,995,056	-	78,011	601,410,784	10 - 20	332,963,700	-	36,548,299	31,946	369,480,053	**231,930,731**
Furniture and fixtures	3,188,659	18,950	-	-	3,207,609	10	2,340,407	-	86,720	-	2,427,127	**780,482**
Tools and equipment	761,525	-	-	-	761,525	10	604,856	-	15,667	-	620,523	**141,002**
Electric installation	11,906,625	554,596	-	79,700	12,381,521	10	7,402,283	-	500,269	23,454	7,879,098	**4,502,423**
Vehicles	10,684,023	9,267,497	4,626,789	5,852,062	18,726,247	20	5,733,773	1,945,534	2,845,696	3,181,538	7,343,465	**11,382,782**
Moulds	41,376,565	11,199,024	-	-	52,575,589	30	34,073,375	-	5,550,664	-	39,624,039	**12,951,550**
Fire fighting equipment	39,606	-	-	-	39,606	10	25,057	-	1,455	-	26,512	**13,094**
	751,368,539	54,035,123	4,626,789	6,009,773	804,020,678		449,798,332	1,945,534	48,997,867	3,236,938	497,504,795	**306,515,883**
LEASED												
Plant and machinery	17,250,168	-	(1,439,348)	-	15,810,820	10	3,260,692	(390,063)	1,294,019	-	4,164,648	**11,646,172**
Vehicles	14,472,409	2,196,185	(3,187,441)	-	13,481,153	20	5,473,549	(1,555,471)	1,912,615	-	5,830,693	**7,650,460**
	31,722,577	2,196,185	(4,626,789)	-	29,291,973		8,734,241	(1,945,534)	3,206,634	-	9,995,341	**19,296,632**
2004 ***Rupees***	**783,091,116**	**56,231,308**	**-**	**6,009,773**	**833,312,651**		**458,532,573**	**-**	**52,204,501**	**3,236,938**	**507,500,136**	**325,812,515**
2003 *Rupees*	699,613,991	85,287,120	43,477,232	43,649,577	784,728,766		415,727,982	19,752,712	45,048,301	20,358,768	460,170,227	324,558,539

Depreciation charge for the year has been allocated as follows:

	Note	2004	2003
Cost of sales	*21.1*	**47,621,475**	43,560,328
Administrative expenses	*22*	**3,432,045**	1,090,764
Selling & distribution	*23*	**1,150,981**	397,209
	Rupees	**52,204,501**	45,048,301

13 DISPOSAL OF OPERATING FIXED ASSETS

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	(Loss)/Profit	Mode of Disposal	Particulars of Buyer
Plant and Machinery							
Diesel Generator	78,011	31,946	46,065	18,000	(28,065)	Negotiation	Mr. M.A.Asif
Vehicles							
Toyota Corolla 2.0 D (LXS 833)	1,025,000	500,200	524,800	865,000	340,200	Negotiation	Mr. Zee Waqar Kazmi
Land Crusier (LXS 7)	3,113,264	1,838,070	1,275,194	2,600,000	1,324,806	Negotiation	Mrs. Farzana
Honda Motor Cycle CD 70 (LRA 7611)	68,500	24,660	43,840	55,000	11,160	Insurance claim	EFU General Insurance Ltd.
Honda City (LXJ-3719)	415,584	149,610	265,974	560,000	294,026	Negotiation	Mr. Mohsin Saleem
Honda City (LXM 1471)	672,822	397,234	275,588	560,000	284,412	Negotiation	Mr. Haji M. Sagheer
Suzuki Cultus (LXY 4884)	556,892	271,764	285,128	450,000	164,872	Insurance claim	EFU General Insurance Ltd.
Office Equipment							
Sabro Split Unit - 1 Ton	25,700	4,883	20,817	5,000	(15,817)	Negotiation	Mr. M. Khalid
Acson Split Unit - 2 Ton	54,000	18,571	35,429	10,000	(25,429)	Negotiation	Mr. M. Khalid
2004 ***Rupees***	**6,009,773**	**3,236,938**	**2,772,835**	**5,123,000**	**2,350,165**		
2003 *Rupees*	4,407,745	2,243,707	2,164,038	2,979,704	815,666		

14. CAPITAL WORK IN PROGRESS

		2004	2003
Plant and machinery	*Rupees*	**24,853,338**	-

No transfers have been made during the year from capital work in progress.

15. SECURITY DEPOSITS

This mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

		2004	2003
16. STORES AND SPARES			
Stores		**52,021,906**	51,399,958
Spares		**59,462,948**	60,498,724
Goods in transit		**15,123,379**	2,498,802
	Rupees	**126,608,233**	114,397,484
17. STOCK IN TRADE			
Raw materials		**15,947,480**	10,973,745
Chemical and ceramic colours		**6,797,309**	5,284,426
Packing material		**6,985,977**	9,033,916
Material in process		**2,758,872**	1,628,625
Finished goods		**15,602,131**	24,004,097
	Rupees	**48,091,769**	50,924,809
18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	*Note*		
Advances to staff - Un-secured, considered good	*18.1*	**129,100**	299,147
Advances to suppliers - Un-secured, considered good	*18.2*	**5,233,558**	2,212,010
Prepaid expenses		**215,854**	68,884
Advance income tax		**17,597,775**	6,144,921
Sales tax refundable		**1,330,594**	1,522,121
Security deposits		**4,188,455**	3,262,050
Prepaid insurance		**1,360,378**	1,214,128
Prepaid rent		**65,000**	178,810
Others		**455,000**	455,000
	Rupees	**30,575,714**	15,357,071

18.1 Included in the advances to employees are amounts due from directors and executives Rs. Nil (2003: Rs. 20,000) and Rs. 14,000 (2003: Rs. 82,220) respectively. The maximum aggregate amount due from directors and executives at the end of any month during the year was Rs. 18,000 (2003: Rs. 1,480,000) and Rs. 35,400 (2003: Rs. 232,500) respectively.

18.2 Included in advances to suppliers is amount due from an associated undertaking (Omer Glass Industries Limited) in normal course of business. The maximum aggregate balance due to associated undertaking at the end of any month during the year was Rs. 2.783 million (2003: Rs. 2.469 million).

		2004	2003
19. CASH AND BANK BALANCES			
Cash in hand		**700,984**	954,860
Cash at bank - current accounts		**5,109,255**	7,467,271
	Rupees	**5,810,239**	8,422,131
20. SALES			
Local		**725,647,791**	531,921,333
Export		**20,763,944**	9,884,695
		746,411,735	541,806,028
Less: Trade discounts		**(42,577,753)**	(22,754,537)
	Rupees	**703,833,982**	519,051,491

20.1 The sales are net of sales tax amounting to Rs. 117.965 million (2003: Rs. 87.297 million)

	Note	2004	2003
21. COST OF SALES			
Cost of goods manufactured	*21.1*	**578,753,093**	447,173,172
Finished goods:			
- Opening		**24,004,097**	22,775,784
- Closing		**(15,602,131)**	(24,004,097)
		8,401,966	(1,228,313)
	Rupees	**587,155,059**	445,944,859

21.1 Cost of Goods Manufactured

	Note	2004	2003
Raw material consumed		**160,590,086**	104,106,678
Packing materials consumed		**67,633,058**	43,978,405
Stores and spares consumed		**29,195,447**	25,788,010
Salaries, wages and other benefits	*21.1.1*	**83,697,971**	69,720,551
Fuel and power		**177,632,137**	150,419,330
Depreciation	*12*	**47,621,475**	43,560,328
Carriage and freight		**4,092,003**	2,080,847
Repair and maintenance		**3,431,928**	2,438,199
Traveling and conveyance		**2,815,678**	1,923,031
Insurance		**1,173,698**	968,469
Postage and telephone		**843,212**	635,332
Rent, rates and taxes		**288,450**	467,396
Printing and stationery		**101,660**	500,954
Entertainment		**140,600**	310,165
Workers welfare & others		**625,937**	821,560
		579,883,340	447,719,255
Work in process			
Opening stock		**1,628,625**	1,082,542
Closing stock		**(2,758,872)**	(1,628,625)
		(1,130,247)	(546,083)
	Rupees	**578,753,093**	447,173,172

21.1.1 Salaries, wages and other benefits include Rs.1,595,252 (2003:Rs. 1,378,859) in respect of staff retirement benefits.

22. ADMINISTRATIVE EXPENSES	***Note***	**2004**	2003
Salaries, wages and other benefits	*22.1*	**8,207,799**	7,431,265
Traveling expenses		**1,350,098**	789,949
Depreciation	*12*	**3,432,045**	1,090,764
Legal and professional charges		**1,089,285**	785,200
Postage and telephone		**1,641,283**	1,484,224
Rent, rates and taxes		**707,500**	540,000
Motor vehicle expenses		**731,395**	754,090
Repair and maintenance		**517,903**	172,607
Printing and stationery		**324,521**	312,898
Auditors' remuneration	*22.2*	**213,000**	138,000
Advertisement		**438,131**	359,409
Utilities		**495,358**	489,903
Entertainment		**287,353**	252,399
Insurance		**849,238**	647,006
Subscription, news papers and periodicals		**274,436**	579,628
Miscellaneous		**580,260**	567,027
	Rupees	**21,139,605**	16,394,369

22.1 Salaries, wages and other benefits include Rs. 294,181 (2003: Rs. 240,808) in respect of staff retirement benefits.

22.2 Auditors' remuneration		**2004**	2003
Audit fee		**150,000**	100,000
Half yearly review fee		**60,000**	25,000
Out of pocket expenses		**3,000**	13,000
	Rupees	**213,000**	138,000

23. SELLING AND DISTRIBUTION EXPENSES

	Note		
Salaries and other benefits	*23.1*	**7,434,486**	7,338,138
Local freight and forwarding		**15,158,970**	11,439,455
Export freight and forwarding		**1,768,454**	327,290
Traveling expenses		**3,430,849**	2,730,818
Advertisement, exhibitions and sales promotion		**2,038,361**	1,226,971
Postage and telephone		**1,530,981**	1,600,463
Depreciation	*12*	**1,150,981**	397,209
Rent, rates and taxes		**778,420**	921,620
Printing and stationery		**514,696**	463,892
Motor vehicles expenses		**951,332**	828,309
Breakage and incidental charges		**310,693**	693,596
Utilities		**356,772**	302,174
Sales tax	*23.2*	**-**	2,820,331
	Rupees	**35,424,995**	31,090,266

23.1 Salaries, wages and other benefits include Rs.249,856 (2003: Rs.265,058) in respect of staff retirement benefits.

23.2 This represents sales tax deposited, under protest, with sales tax department by the Company, on a demand raised by them. Appeal is pending adjudication with tribunal for its refund. The amount has been charged off during the year 2003.

24. FINANCIAL CHARGES

		2004	2003
Mark-up on:			
- long term loans		**7,466,749**	4,000,064
- short term borrowings		**4,683,210**	6,585,173
		12,149,959	10,585,237
Mark-up on redeemable capital		**-**	1,056
Mark-up on lease finances		**2,433,982**	3,344,499
Bank charges		**1,748,559**	1,636,808
LC discounting charges		**319,544**	284,905
	Rupees	**16,652,044**	15,852,505

25. TAXATION

	Note		
Income tax			
– Current	*25.1*	**3,571,080**	2,595,257
– Prior year		**-**	1,137,992
		3,571,080	3,733,249
Deferred tax		**2,367,068**	1,953,070
	Rupees	**5,938,148**	5,686,319

25.1 In view of available taxable losses, the Company has provided for minimum tax on turnover for the year due under section 113 of the Income Tax Ordinance, 2001.

25.2 Reconciliation of tax charge for the year

	2004	2003
	% age	% age
Applicable tax rate	**35**	35
Tax effect of minimum turnover tax	**(21.36)**	14.54
Effect of change in prior year's tax	-	12.40
Average effective rate charged to profit and loss account	**13.64**	61.94

26. FINANCIAL INSTRUMENTS

	Effective mark-up rates %	Interest bearing: Maturity upto one year	Interest bearing: Maturity after one year	Non-interest bearing: Maturity upto one year	Non-interest bearing: Maturity after one year	Total
Financial Assets						
Trade debts		-	-	9,308,544	-	9,308,544
Advances, deposits and other receivables		-	-	4,353,898	-	4,353,898
Cash and bank balances		-	-	5,810,239	-	5,810,239
		-	-	19,472,681	-	19,472,681
Financial Liabilities						
Long term loans	5-10	19,018,417	154,012,545	1,333,316	-	174,364,278
Liabilities against assets subject to finance lease	7.5-18	6,842,264	9,894,798	-	-	16,737,062
Short term borrowings	5-8.5	75,918,159	-	-	-	75,918,159
Creditors, accrued and other liabilities		-	-	69,431,383	-	69,431,383
		101,778,840	163,907,343	70,764,699	-	336,450,882
Net financial liabilities – 2004	*Rupees*	**(101,778,840)**	**(163,907,343)**	**(51,292,018)**	**-**	**(316,978,201)**
Net financial liabilities – 2003	*Rupees*	(85,212,967)	(166,718,320)	(69,254,978)	(999,983)	(322,186,248)

26.1 Concentration of credit risk

Credit risk represents the loss that would result if counter parties failed to perform as contracted. Out of total financial assets of Rs.19,472,681 (2003:Rs. 27,082,738), the financial assets which are subject to credit risk amount to Rs.14,376,659 (2003:Rs. 17,395,857). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies approved credit limits to its customers.

26.2 Interest rate risk

The Company usually borrows funds at fixed and market based rates, as such the risk is minimized.

26.3 Liquidity risk

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

26.4 Fair value of the financial instruments

The carrying values of all the financial instruments reflected in the financial statements are approximately their fair values. This assessment is based upon settlement / realizable values.

27. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

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

	Managing Director		Directors		Executives	
	2004	2003	**2004**	2003	**2004**	2003
Remuneration	**928,800**	928,800	**453,300**	416,260	**6,864,144**	5,856,350
House rent	**417,960**	417,960	**203,986**	187,313	**3,088,865**	2,635,358
Conveyance	**3,600**	3,600	**7,200**	7,200	**118,800**	97,800
Medical and other allowances	**-**	-	**45,330**	43,234	**827,528**	721,255
Utilities	**89,640**	89,640	**45,330**	41,626	**686,415**	585,635
Total *Rupees*	**1,440,000**	1,440,000	**755,146**	695,633	**11,585,752**	9,896,398
Number of persons (including those who worked part of the year) *Nos.*	**1**	1	**2**	2	**33**	29

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

28. TRANSACTIONS WITH RELATED PARTIES

The Company, in the normal course of business carries out transactions with related parties. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment disclosed above, are as follows:

Name	Relationship	Nature of Transactions	Pricing Method	2004	2003
Omer Glass Industries Ltd.	Associated Company	Purchases	Cost Plus	**891,943**	6,696,349
Omer Glass Industries Ltd.	Associated Company	Sales	Cost Plus	**1,457,614**	966,561
Tariq Baig	Chairman and Managing Director	Loan Balance	Interest free	**29,005,514**	33,500,000
Provident Fund	Employee Benefit Plan	Contributions	10 % of basic salary of employees	**2,086,014**	1,884,725

29. CAPACITY AND PRODUCTION

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

		2004	2003
Furnances Capacity			
Container		32,141	26,566
Tableware		25,100	20,755
	M. Tons	57,241	47,321
Actual Packed Production			
Container		23,668	17,426
Tableware		14,748	11,054
	M. Tons	38,416	28,480

The under capacity utilization during the year is mainly because of voltage fluctuations. The company has been facing power break downs and voltage fluctuations therefore, it has decided to install its own power plant to avoid such problems in future.

			2004	2003
30.	**BASIC EARNINGS PER SHARE**			
	Net profit after tax	*Rupees*	**37,583,674**	3,493,711
	Weighted average number of ordinary shares		**10,000,000**	10,000,000
	Basic Earnings per share	*Rupees*	**3.76**	0.35
31.	**NUMBER OF EMPLOYEES**			
	The total number of employees at the end of the year		1,096	959

32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 October 2004 by the Board of Directors of the Company.

33. Figures

- have been rounded off to the nearest rupee.
- corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant re-arrangements have been made; therefore, no specific disclosure has been made.

04 October 2004
Lahore:

TARIQ BAIG
CHAIRMAN & MANAGING DIRECTOR

OMER BAIG
DIRECTOR

34. Financial Statistical Summary

	2004	2003	2002	2001	2000	1999
Investment Measures						*(Amounts in Million Rupees)*
Share Capital	100	100	100	100	100	100
Shareholders' Equity	167.4	139.8	146.6	114.5	56.6	19.8
Profit before tax	43.5	9.2	45.3	75.2	42.5	10.8
Profit after tax	37.6	3.5	35.8	62.4	40.5	9.1
						(Amounts in Rupees)
Dividend per share	1.0	1.0	1.2	1.2	1.0	0.8
Earning Per Share	3.76	0.35	3.6	6.2	4.0	0.9
Break-up Value per share	16.74	13.98	14.66	11.45	5.66	1.98
PE Ratio	9.7	84.4	4.6	2.1	1.1	4.4
Measure of Financial Status						
Current Ratio	0.99:1	0.97:1	1.04:1	1.01:1	1.05:1	1.12:1
Number of days stock (Days)	30	36	25	41	33	44
Number of days debtors (Days)	5	11	15	11	10	22
Measure of Financial Performance						
Return on Capital Employed	22.50%	2.50%	24.50%	54.50%	75.06%	54.72%
Gross Profit Ratio	16.60%	14.10%	30.20%	32%	32%	28%
Profit before Tax to Sales Ratio	6.18%	1.80%	13.20%	10.70%	10.70%	3.20%
Profit after Tax to Sales Ratio	5.34%	0.70%	11.0%	10.20%	10.20%	2.60%
Debt Equity Ratio	53%	59%	55%	66%	82%	92%

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2004

Number of Shareholders	Categories of Shareholding		Total Shares Held
	From	To	
622	1	100	61,807
125	101	500	41,984
68	501	1,000	62,000
56	1,001	5,000	148,000
7	5,001	10,000	59,498
8	10,001	15,000	105,300
6	15,001	20,000	108,020
2	45,001	50,000	100,000
1	50,001	55,000	52,300
3	70,001	200,000	327,400
2	200,001	215,000	424,298
1	275,001	280,000	277,229
2	540,001	900,000	1,452,700
2	900,001	1,095,000	2,063,981
1	1,095,001	1,720,000	1,715,983
1	1,720,001	3,000,000	2,999,500
907	**TOTAL**		**10,000,000**

Categories of Shareholders	Number	Shares Held	Percentage
GENERAL PUBLIC	885	2,939,289	29.39%
INVESTMENT COMPANIES	2	19,240	0.19%
INSURANCE COMPANIES	2	10,100	0.10%
JOINT STOCK COMPANIES	9	2,924,324	29.24%
FINANCIAL INSTITUTIONS	4	1,105,647	11.06%
FOREIGN COMPANY	1	2,999,500	30.00%
OTHERS	4	1,900	0.02%
TOTAL	907	10,000,000	100%

CATEGORIES OF SHAERHOLDERS ADDITIONAL INFORMATION AS AT 30 JUNE 2004

	ASSOCIATED COMPANY	
1	Omer Glass Industries Limited	1,715,983
	NIT AND ICP	
2	Investment Corporation of Pakistan	19,240
	DIRECTORS, CEO, THEIR SPOUSE & MINOR CHILDREN	
3	Mr. Tariq Baig	1,074,000
	Mr. Omer Baig	577,200
	Mrs. Naima Tariq	277,229
	Mr. Mansoor Irfani	500
	Mr. Tufail Hussain	500
	Mr. Ehsan-ul-Haque	500
	Mr. David Julian	500
		1,930,429
4	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**	1,208,341
5	**BANKS DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS**	4,115,247
6	**GENERAL PUBLIC**	1,010,760
		10,000,000
7	**SHAREHOLDERS HOLDING 10% OR MORE**	
	Mr. Tariq Baig	1,074,000
	Omer Glass Industries Limited	1,715,983
	Industrial Products Investment Limited	2,999,500
8	**TRADES DONE BY CEO AND DIRECTORS ETC,**	**NIL**

TARIQ GLASS INDUSTRIES LIMITED

49-BRIDGE COLONY, LAHORE, CANTT

FORM OF PROXY

Folio No. ________________

No. of Shares______________

I / We ____

of ____

being a member of **TARIQ GLASS INDUSTRIES LIMITED.**

hereby Appoint Mr.____

of ____

failing him Mr.______________________________of____)

(being a member of the Company) as my / our proxy to attend, act and vote for me/us and on my / our behalf at the 26th Annual General Meeting of the Members of the Company to be held at Defence Services Officers' Mess, 71 – Tufail Road, Lahore Cantt On Thursday the October 28, 2004 at 04:00 PM and at every adjournment thereof.

As witness my/our hands(s) this_____________________________day of________________________2004.

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.

49 Bridge colony, Lahore Cantt, Pakistan
Tel: +92 42 - 111 34 34 34 Fax: +92 42 - 6672933, 6686477