

# 31<sup>st</sup> ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009



An ISO 9001:2000 Certified Company  
**TARIQ GLASS INDUSTRIES LTD.**



## **CONTENTS**

COMPANY INFORMATION	2
MISSION STATEMENT	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTORS' REPORT	5-7
STATEMENT OF COMPLIANCE	8-9
REVIEW REPORT	10
AUDITOR'S REPORT	11
BALANCE SHEET	12-13
PROFIT AND LOSS ACCOUNT	14
CASH FLOW STATEMENT	15
STATEMENT OF CHANGES IN EQUITY	16
NOTES TO THE ACCOUNTS	17-44
FINANCIAL STATISTICAL SUMMARY	45
PATTERN OF SHARE HOLDING	46
CATEGORIES OF SHAREHOLDERS	47
FORM OF PROXY	

---

---



## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

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

MR. TARIQ BAIG

#### **DIRECTORS:**

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

#### **NOMINEE DIRECTOR IPI**

MR. MUJAHID ESHAI

#### **SECRETARY**

MR. WAQAR ULLAH

#### **AUDIT COMMITTEE**

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

CHAIRMAN  
MEMBER  
MEMBER

#### **AUDITORS**

KPMG TASEER HADI & CO.  
CHARTERED ACCOUNTANTS

#### **LEGAL ADVISOR**

MUBASHAR LATIF AHMAD  
LAHORE

#### **TAX CONSULTANTS**

YOUSAF ISLAM ASSOCIATES  
LAHORE

#### **INFORMATION TECHNOLOGY CONSULTANTS**

CHARTAC BUSINESS SERVICES (PVT) LTD.  
LAHORE

#### **BANKERS**

NATIONAL BANK OF PAKISTAN  
HABIB BANK LTD  
UNITED BANK LTD

#### **SHARE REGISTRAR**

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

#### **REGISTERED OFFICE**

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

#### **WORKS**

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



# Our Mission

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



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 31st Annual General Meeting of the members of the Company will be held on Saturday, the October 03, 2009 at 11:00 AM at the Defence Services Officers' Mess, 71 - Tufail Road, Lahore Cantt to transact the following business:

1. To confirm the minutes of the 30th Annual General Meeting of the members held on September 02, 2008.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2009 together with the Reports of the Auditors and Directors thereon.
3. To appoint Auditors of the company for the year ending June 30, 2010 and fix their remuneration. The retiring Auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants being eligible offer themselves for re-appointment.
4. To transact any other business with the permission of the Chairman.

**BY ORDER OF THE BOARD**

**September 11, 2009  
Lahore**

**(WAQAR ULLAH)  
COMPANY SECRETARY**

### **NOTES**

1. The Register of Members and Share Transfer Books of the Company will remain closed from September 27, 2009 to October 03, 2009 (both days inclusive). Transfer received in order upto the close of business hours on September 26, 2009 will be treated in time for the purpose of transfer of shares.
2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of corporation by representative. The instrument of proxy duly executed should be lodged at the Registered Office of the Company not later than 48 hours before the time of meeting.
3. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are advised to bring their ORIGINAL National Identity Card along with CDC Participant ID and Account Number at the meeting venue.
4. The members are requested to notify the Company of the change in their address, if any.



## DIRECTORS' REPORT

I am presenting on behalf of the Board of Directors the 31<sup>st</sup> annual report together with annual audited financial statements of the Company along with the Auditors' report thereon, for the year ended June 30, 2009.

### The Economy:

The year under review was one of the most difficult for emerging economies like Pakistan. The manufacturing sector has recorded its weakest growth in a decade. This sector posted a negative growth rate of 3.3% due to number of factors viz severe energy shortage, deterioration in domestic law and order situation, suicide attacks, stoppage in natural gas supply during winter, sharp devaluation in rupee vis-à-vis US dollar, high mark up rates and most importantly, sharp decline in external demand on the back of global recession. The increasing trend in inflation also forced the consumers to curtail expenditure.

### Company Performance:

In spite of the above impediments, by the grace of Almighty Allah your company showed growth both in the local as well as in export sales. Local net sales increased from Rs.1,110 million to Rs. 1,289 million, while exports substantially increased by 89% as compared to the previous year.

On the other hand, the complete/partial stoppage of gas supply during winter months and severe electric load shedding not only affected the production efficiencies but also very expensive alternate fuel in the shape of furnace oil and diesel had to be used to keep the furnaces alive and the factory running. The huge cost of alternate fuel and the drop in the production efficiencies wiped off the margins resulting in the loss situation. During the year under report, one of the furnaces, which had completed its useful life was closed, re-built and put back into production at the end of April 2009. Another furnace also completed its campaign life and was closed down at the end of the financial year

The financial results in brief are as under:

	2009 Rupees	2008 Rupees
Loss before tax	(36,561,744)	(5,096,231)
Taxation	5,859,010	(12,054,694)
Loss after tax	(30,702,734)	(17,150,925)
Dividend paid	-	(4,569,284)
	<u>(30,702,734)</u>	<u>(21,720,209)</u>
Un-appropriated Profit brought forward (Re-instated)	120,497,677	142,217,886
Un-appropriated Profit carried forward	<u>89,794,943</u>	<u>120,497,677</u>
Loss per share (Basic & Diluted)	(1.33)	(0.83)

Because of the above enumerated factors, at present the liquidity position of the Company do not permit the payment of dividend for the period under report.

**Code of Corporate Governance:**

In compliance with the provisions of the listing regulations of Stock Exchanges, the Board members are pleased to place the following statements on record:

- ✍ The financial statements for the year ended June 30, 2009 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ✍ Proper books of accounts of the company have been maintained.
- ✍ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- ✍ International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- ✍ The system of internal control is sound in design and has been effectively implemented and monitored.
- ✍ There are no significant doubts upon the company's ability to continue as a going concern.
- ✍ There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.
- ✍ Key operating and financial data for last six years is given in this report.

**Board Election:**

During the year Board of Directors completed its tenure of three years and the same Board was re-elected under the provision of section 178 of the Companies Ordinance, 1984 for the next term by the shareholders of the company in the 30<sup>th</sup> Annual General Meeting held on September 02, 2008.

**Board Meetings:**

During the year, no casual vacancy occurred on the Board of Directors, and 8 meetings of the board were held. The attendance of the Board members was as follows:

Sr.	Name of Director	Meetings Attended
1.	Mr. Tariq Baig	8
2.	Mr. Omer Baig	8
3.	Mrs. Naima Tariq	8
4.	Mr. Mansoor Irfani	8
5.	Mr. Akbar Baig	8
6.	Mr. David Julian	8
7.	Mr. Syed Tufail Hussain	8

**Audit Committee:**

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

Sr.	Name of Director	Designation
1.	Mr. Omer Baig	Chairman
2.	Mr. Akbar Baig	Member
3.	Mr. David Julian	Member





**Future Outlook:**

- The company is keeping focus on innovation, value addition and best quality products. In order to meet the high quality glassware demand in the market, efforts are made which are on ongoing basis for the value added production, better efficiencies and curtailment in the production costs. The management is striving hard for the alternate fuel when the gas supply is stopped or curtailed. A study for the coal gasification as alternate fuel is underway and so far, the information gathered is very encouraging.
- The complete stoppage of gas during the winter season and continuous load shedding severally affects glass industry, which is a continuous process industry. As per the new directives of the present government, the continuous process industries have been assured for continued supply of the gas. We are very much optimistic that announcements of the government will be duly honoured, and as such, we foresee the current financial year a very prosperous year as far as the profitability of the Company is concerned.

**Auditors:**

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment. As suggested by the audit committee the board of directors have recommended their reappointment as auditors of the company for the financial year ending June 30, 2010, at a fee to be mutually agreed.

**Pattern of Shareholdings :**

The pattern of shareholding and categories of shareholders are annexed.

**Acknowledgement:**

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

**For and on behalf of the Board**

**September 11, 2009  
Lahore**

**TARIQ BAIG  
CHAIRMAN & MANAGING DIRECTOR**

---





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

1. The Board comprises seven directors including the CEO. The company encourages representation of independent non-executive Directors. At present the Board has three independent non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.
3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFIs. None of them is a member of a Stock Exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/ mission statement and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The corporate strategy of the Company is reviewed and approved by the Board along with the annual plan.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and an Executive Director have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman. The Board met eight times during the year ended 30 June 2009 including once in every quarter to approve the financial statements of the Company. Following the Best Practices of Corporate Governance, the Board met to discuss with the key members of the management team with out the Chief Executive to access the adequacy of controls, alignment of key managers with overall objectives of the Company and to make an independent assessment of adequacy of succession. A separate meeting of the Board was held to approve the Annual plan/Budget. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. In-house orientations for the Directors were made, as and when required, to apprise them of their duties and responsibilities and to brief them regarding amendments in the Companies Ordinance / Corporate Laws.
10. The Board has approved appointment of CFO/ Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.



11. The Directors' Report for the year ended 30 June 2009 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justifications for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
16. The Board has formed an Audit Committee. It comprises of three members, out of which two are non-executive Directors including the Chairman of the Committee. It requires that at least two members of the Audit Committee must be financially literate.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
18. The Board has set-up an effective internal audit function. This function has been outsourced to Eshai & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they (or their representatives) are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The Management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.
22. We confirm that all other material principles contained in the Code have been complied with.

**September 11, 2009**  
**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 Karachi, Lahore and Islamabad Stock Exchanges.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company the year ended 30 June 2009.

**Lahore:**  
**Date: 11 September, 2009**

---

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

---



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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company the year ended 30 June 2009.

**Lahore:**  
**Date: 11 September, 2009**

---

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

---

**BALANCE SHEET**

	Note	2009 Rupees	2008 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 25,000,000 (2008: 25,000,000) ordinary shares of Rs 10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital 23,100,000 (2008: 23,100,000) ordinary shares of Rs 10 each	5	<b>231,000,000</b>	231,000,000
Share Premium	6	<b>173,250,000</b>	173,250,000
Unappropriated profit		<u>89,794,943</u>	<u>120,497,677</u>
		<b>494,044,943</b>	<b>524,747,677</b>
<b>Non current liabilities</b>			
Long term finances			
Secured		<b>130,988,645</b>	104,677,431
Unsecured		<b>124,620,449</b>	69,120,240
	7	<b>255,609,094</b>	173,797,671
Liabilities against assets subject to finance lease	8	<b>3,973,958</b>	6,087,354
Long term deposits	9	<b>5,333,066</b>	5,431,657
Deferred liabilities	10	<b>54,578,401</b>	61,411,730
		<b>319,494,519</b>	246,728,412
<b>Current liabilities</b>			
Trade and other payables	11	<b>199,031,401</b>	201,232,315
Accrued markup	12	<b>34,784,952</b>	31,170,720
Short term borrowings - secured	13	<b>140,929,848</b>	118,912,649
Current maturity of non-current liabilities	14	<b>58,764,436</b>	36,363,316
Provision for taxation		<b>1,208,112</b>	6,193,143
		<b>434,718,749</b>	393,872,143
<b>Contingencies and commitments</b>	15	<b>-</b>	-
		<u><b>1,248,258,211</b></u>	<u><b>1,165,348,232</b></u>

The annexed notes 1 to 37 form an integral part of these financial statements.

September 11, 2009  
Lahore

**TARIQ BAIG**  
**CHAIRMAN & MANAGING DIRECTOR**

**AS AT 30 JUNE 2009**

	<i>Note</i>	<b>2009</b> <b>Rupees</b>	<b>2008</b> <b>Rupees</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	<b>806,500,412</b>	747,073,880
Long term deposits	17	<b>6,926,054</b>	8,667,454
<b>Current assets</b>			
Stores and spares	18	<b>243,597,488</b>	217,031,670
Stock-in-trade	19	<b>97,992,741</b>	97,510,876
Trade debts - Unsecured, considered good		<b>20,039,775</b>	16,527,324
Advances, deposits, prepayments and other receivables	20	<b>63,554,806</b>	72,628,655
Cash and bank balances	21	<b>9,646,935</b>	5,908,373
		<b>434,831,745</b>	409,606,898
		<b>1,248,258,211</b>	<b>1,165,348,232</b>

**OMER BAIG**  
**DIRECTOR**



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Rupees	2008 Rupees
Sales - net	22	1,409,803,158	1,174,459,701
Cost of sales	23	(1,282,562,334)	(1,054,201,600)
<b>Gross profit</b>		<b>127,240,824</b>	<b>120,258,101</b>
<b>Operating expenses</b>			
Administrative	24	(32,040,086)	(31,917,516)
Selling and distribution	25	(75,479,250)	(54,069,253)
		<b>(107,519,336)</b>	<b>(85,986,769)</b>
		<b>19,721,488</b>	<b>34,271,332</b>
Other operating income	26	70,042	478,110
<b>Operating profit</b>		<b>19,791,530</b>	<b>34,749,442</b>
Finance cost	27	(56,353,274)	(34,636,004)
Other expenses	28	-	(5,209,669)
<b>Loss before taxation</b>		<b>(36,561,744)</b>	<b>(5,096,231)</b>
Provision for taxation	29	5,859,010	(12,054,694)
<b>Loss after taxation</b>		<b>(30,702,734)</b>	<b>(17,150,925)</b>
<b>Loss per share - basic and diluted</b>	35	<b>(1.33)</b>	<b>(0.83)</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

September 11, 2009  
Lahore

TARIQ BAIG  
CHAIRMAN & MANAGING DIRECTOR

OMER BAIG  
DIRECTOR





## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	<i>Note</i>	2009 Rupees	2008 Rupees
<b>Cash flow from operating activities</b>			
Loss before taxation		(36,561,744)	(5,096,231)
Adjustments for:			
Depreciation		93,571,540	63,211,645
Profit on disposal of property, plant and equipment		(70,042)	(478,110)
Finance costs		56,353,274	34,636,004
Provision for staff retirement benefits		67,539	410,988
		<b>149,922,311</b>	<b>97,780,527</b>
<b>Operating profit before working capital changes</b>		<b>113,360,567</b>	<b>92,684,296</b>
<b>(Increase)/decrease in current assets</b>			
Stores and spares		(26,565,818)	(47,992,720)
Advances, deposits, prepayments and other receivables		9,073,849	(877,022)
Stock in trade		(481,865)	(17,966,877)
Trade debtors		(3,512,451)	(2,224,605)
		<b>(21,486,285)</b>	<b>(69,061,224)</b>
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		(2,193,881)	53,448,246
<b>Cash generated from operations</b>		<b>89,680,401</b>	<b>77,071,318</b>
Finance cost paid		(52,739,043)	(31,413,257)
Staff retirement benefits paid		(154,590)	(582,046)
Income tax paid		(5,872,299)	(6,256,170)
		<b>(58,765,932)</b>	<b>(38,251,473)</b>
<b>Net cash generated from operating activities</b>		<b>30,914,469</b>	<b>38,819,845</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(153,693,032)	(197,144,371)
Proceeds from sale of property, plant and equipment		765,000	1,125,000
Long term deposits		1,741,400	445,849
<b>Net cash used in investing activities</b>		<b>(151,186,632)</b>	<b>(195,573,522)</b>
<b>Cash flow from financing activities</b>			
Long term finances		109,652,305	(1,400,778)
Liabilities against assets subject to finance lease		(7,553,158)	1,753,012
Short term borrowings		22,017,199	36,343,554
Long term deposits		(98,591)	176,400
Receipt from issue of right shares		-	119,317,200
Dividend paid		(7,030)	(4,978,153)
<b>Net cash generated from financing activities</b>		<b>124,010,725</b>	<b>151,211,235</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>3,738,562</b>	<b>(5,542,442)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>5,908,373</b>	<b>11,450,815</b>
<b>Cash and cash equivalents at the end of the year</b>	21	<b>9,646,935</b>	<b>5,908,373</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

**September 11, 2009**  
**Lahore**

**TARIQ BAIG**  
**CHAIRMAN & MANAGING DIRECTOR**

**OMER BAIG**  
**DIRECTOR**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Unappropriated Profit</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Balance as at 01 July 2007</b>	115,500,000	-	176,217,886	291,717,886
Right shares issued	115,500,000	173,250,000	-	288,750,000
Final dividend for the year ended 30 June 2007 at the rate of Re. 1 (10%) per share	-	-	(4,569,284)	(4,569,284)
Reinstatement of waived off loans	-	-	(34,000,000)	(34,000,000)
Loss for the year	-	-	(17,150,925)	(17,150,925)
<b>Balance as at 30 June 2008</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>120,497,677</b>	<b>524,747,677</b>
Loss for the year	-	-	(30,702,734)	(30,702,734)
<b>Balance as at 30 June 2009</b>	<b>231,000,000</b>	<b>173,250,000</b>	<b>89,794,943</b>	<b>494,044,943</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

September 11, 2009  
Lahore

TARIQ BAIG  
CHAIRMAN & MANAGING DIRECTOR

OMER BAIG  
DIRECTOR



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 1 Nature and status of the Company

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

### 2 Statement of compliance

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

#### 2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

##### 2.2.1 Initial application

- IFRS 7 - Financial Instruments: Disclosure (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 32 - Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.
- IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.
- IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not affect the Company's financial statements.
- IFRIC 14 – IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The application of this interpretation did not affect the Company's financial statements.



### 2.2.2 Forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).
- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 'Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009).
- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).
- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).
- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).



- IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).
- The International Accounting Standards Board made certain amendments to existing standards as part of its first and second annual improvements projects. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.

### 3 Basis of preparation

These accounts have been prepared under the historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

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

### 4 Significant accounting policies

#### 4.1 Property, plant and equipment

##### Owned

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

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

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

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



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

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

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

## 4.2 Leases

### Finance leases

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

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

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

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

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

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



#### 4.3 Capital work-in-progress

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

#### 4.4 Staff retirement benefits

##### Defined contribution plan

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

##### Defined benefit plan

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

#### 4.5 Trade debts

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

#### 4.6 Stores and spares

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

#### 4.7 Stock in trade

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

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

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





#### 4.8 Revenue recognition

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

#### 4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### 4.10 Taxation

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

##### **Current**

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

##### **Deferred**

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

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



#### **4.11 Borrowings**

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

#### **4.12 Provisions**

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

#### **4.13 Financial assets and liabilities**

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

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

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

#### **4.15 Borrowing costs**

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

#### **4.16 Trade and other payables**

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

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

#### **4.17 Foreign currencies**

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-



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

#### 4.18 Dividend

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

#### 4.19 Related party transactions

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

#### 4.20 Impairment

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

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

2009 (Number of shares)	2008		2009 Rupees	2008 Rupees
21,550,000	21,550,000	Ordinary shares of Rs. 10/- each fully paid in cash	215,500,000	215,500,000
1,550,000	1,550,000	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	15,500,000	15,500,000
<b>23,100,000</b>	<b>23,100,000</b>		<b>231,000,000</b>	<b>231,000,000</b>

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

	2009 (Number of shares)	2008
Industrial Products Investments Limited	6,928,844	6,928,844
Omer Glass Industries Limited	2,577,920	2,577,920
	<b>9,506,764</b>	<b>9,506,764</b>



## 6 Share premium reserve

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

## 7 Long term finances

	Note	2009 Rupees	2008 Rupees
Loans from banking companies	7.1	<b>130,988,645</b>	104,677,431
Loans from related parties	7.2	<b>124,620,449</b>	69,120,240
		<b><u>255,609,094</u></b>	<b><u>173,797,671</u></b>

	Note	2009 Rupees	2008 Rupees	Mark-up rate per annum	Number of instalments remaining	Mark-up payable
<b>7.1 Loans from banking companies</b>						
<i>Secured</i>						
Habib Bank Limited						
I Demand finance	7.1.1	<b>20,889,474</b>	30,530,775	3 Months KIBOR + 2.5%	26 monthly instalments ending August 2011	Quarterly
		<b>20,889,474</b>	30,530,775			
National Bank of Pakistan						
II Demand finance	7.1.2	<b>19,546,619</b>	28,234,619	3 Months KIBOR + 2% with a floor of 5% p.a.	39 monthly instalments ending September 2011	Monthly
		<b>19,546,619</b>	28,234,619			
United Bank Limited						
III Demand finance	7.1.3	<b>16,666,666</b>	22,222,222	3 Months KIBOR + 1.5%	36 monthly instalments ending June 2012	Monthly
IV Demand finance	7.1.3	<b>15,833,332</b>	19,000,000	3 Months KIBOR + 1.5%	45 monthly instalments ending March 2013	Monthly
V Demand finance	7.1.3	<b>62,944,965</b>	31,741,344	3 Months KIBOR + 1.5%	45 monthly instalments ending March 2013	Monthly
VI Demand finance	7.1.3	<b>50,000,000</b>	-	3 Months KIBOR + 1.5%	60 monthly instalments ending June 2014	Monthly
		<b>145,444,963</b>	72,963,566			
		<b>185,881,056</b>	131,728,960			
Less: Current maturity	14	<b>54,892,411</b>	27,051,529			
		<b><u>130,988,645</u></b>	<b><u>104,677,431</u></b>			



	Note	2009 Rupees	2008 Rupees	Mark-up rate per annum	Number of instalments remaining	Mark-up payable
<b>7.2 Loans from related parties</b>						
<i>Unsecured</i>						
Industrial Products Investment Limited (IPI)	7.2.1	33,389,450	33,389,450	Libor + 1.5%	-	-
Loan from Directors	7.2.2	91,230,999	35,730,790	Mark-up free	-	-
		<b>124,620,449</b>	<b>69,120,240</b>			

**7.1.1 Securities for loan I**

These loans are secured by first ranking equitable mortgage charge for Rs 70 million on land and buildings including all future constructions of the Company, ranking pari passu hypothecation charge on plant, machinery, equipment and spare parts for Rs 75 million, ranking pari passu hypothecation charge on all present and future current assets of the Company for Rs. 80 million and personal guarantees of Directors of the Company.

**7.1.2 Securities for loan II**

These loans are 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 67 million and personal guarantees of Directors of the Company.

**7.1.3 Securities for loan III to VI**

These loans are secured by first pari passu equitable mortgage on land and buildings for Rs. 70 million and plant and machinery for Rs. 240 million, along with personal guarantees of Directors of the Company.

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

**7.2.2** The directors have personally financed a portion of the expansion project and is interest free. The repayment plan has yet to be agreed upon with the lenders and the Company.

**8 Liabilities against assets subject to finance lease**

The minimum lease payments have been discounted at an implicit interest rate ranging from 6 months KIBOR + 2.65% to 3.75% (2008: 6 months KIBOR + 2.65 & a flat charge of 14 % per annum) to arrive at their present value. Rentals are paid in monthly installments. The company has the option to purchase the assets after expiry of the lease term and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

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

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

	2009			2008		
	Minimum lease payments	Finance cost for future periods	Present value	Minimum lease payments	Finance cost for future periods	Present value
	-----Rupees-----			-----Rupees-----		
Not later than one year	4,323,870	451,845	3,872,025	9,999,777	687,990	9,311,787
Later than one year and not later than three years	4,047,091	73,133	3,973,958	6,380,047	292,693	6,087,354
	<b>8,370,961</b>	<b>524,978</b>	<b>7,845,983</b>	<b>16,379,824</b>	<b>980,683</b>	<b>15,399,141</b>

**9 Long term deposits**

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

	Note	2009 Rupees	2008 Rupees
<b>10 Deferred liabilities</b>			
Deferred taxation	10.1	54,141,768	60,888,046
Staff gratuity		436,633	523,684
		<b>54,578,401</b>	<b>61,411,730</b>



	Note	2009 Rupees	2008 Rupees
<b>10.1</b>			
The liability for deferred taxation comprises timing differences relating to:			
<b>Deferred tax liability</b>			
Accelerated tax depreciation		137,387,427	128,752,591
<b>Deferred tax assets</b>			
Liability against assets subject to finance lease		(2,531,349)	(5,152,553)
Provision for retirement and other benefits		(94,895)	(175,225)
Unabsorbed tax credits		(80,619,415)	(62,536,767)
		<u>54,141,768</u>	<u>60,888,046</u>
<b>11</b>	<b>Trade and other payables</b>		
Trade creditors		91,511,284	92,077,454
Advances from customers		47,097,623	52,985,510
Accrued expenses		48,846,382	46,301,610
Sales tax payable		8,988,942	5,776,766
Unclaimed dividend		1,481,227	1,488,260
Workers' Profit participation fund payable		200,044	200,044
Payable to provident fund		610,318	292,313
Workers welfare fund		-	1,747,313
Others		295,581	363,045
		<u>199,031,401</u>	<u>201,232,315</u>
<b>12</b>	<b>Accrued markup</b>		
Long term finances - secured		1,177,703	1,929,055
Long term finances - unsecured		26,400,835	24,790,195
Short term borrowings - secured		7,188,053	4,420,828
Finance leases		18,361	30,642
		<u>34,784,952</u>	<u>31,170,720</u>
<b>13</b>	<b>Short term borrowings - secured</b>		
Short term running finance	13.1	51,947,185	47,098,615
Short term cash finance	13.2	75,042,151	61,200,771
Finance against imported merchandise	13.3	13,940,512	10,613,263
		<u>140,929,848</u>	<u>118,912,649</u>



**13.1 Short term running finance - secured**

Short term running finance facility under mark up arrangements of Rs. 60 million (2008: 60 million) has been availed from commercial banks. The rate of mark up is 3 months Karachi Inter Bank Offered Rate (KIBOR) (ask rate) plus 2.25% per annum. The facility is secured by joint pari pasu hypothecation charge on current assets of the Company.

**13.2 Short term cash finance - secured**

Short term cash finance facility under mark up arrangement of Rs. 130 million (2008: Rs. 80 million) has been availed from commercial banks. The rate of mark up ranges from 1.75% to 2 % above 3 months KIBOR (2008: 1.5% to 1.75% above 3 Months KIBOR). The facility is secured by joint pari pasu hypothecation charge on current assets of the Company.

**13.3 Finance against imported merchandise - secured**

The Company has obtained finance against imported merchandises of Rs. 15 million (2008: Rs. 15 million) from commercial banks. The rate of mark-up ranges from 3 months KIBOR plus 2.25% per annum. The facility is secured by lien over import documents and pledge of imported goods.

	Note	2009 Rupees	2008 Rupees
<b>14 Current maturity of non-current liabilities</b>			
Long term finances	7	54,892,411	27,051,529
Liabilities against assets subject to finance lease	8	3,872,025	9,311,787
		<u>58,764,436</u>	<u>36,363,316</u>

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

The commercial banks have issued following guarantees on behalf of the Company in favour of:

- Sui Gas Limited against supply of gas for furnace amounting to Rs. 100,700,000 (2008: Rs. 82,000,000)
- Sui Gas Limited against supply of captive power amounting to Rs. 9,000,000 (2008: Rs. 9,000,000)

**15.2 Commitments**

- Letter of credit for capital expenditure Rs. 1,907,473 (2008: Rs. 55,773,879)
- Letter of credit for other than capital expenditure Rs. 17,380,986 (2008: Rs. 15,821,571)



Note 2009 2008  
Rupees Rupees

16 Property, plant and equipment

Operating assets	16.1	806,500,412	743,456,473
Capital work in progress	16.2	-	3,617,407
		<b>806,500,412</b>	<b>747,073,880</b>

16.1 Operating assets

	Cost			Disposals during the year	As at 30 June 2009	Rate %	Depreciation		On Disposals	As at 30 June 2009	Net book value as at 30 June 2009
	As at 1 July 2008	Additions during the year	Transfers/ adjustments				Transfers/ adjustments	For the year			
<b>Owned</b>											
Freehold land	13,784,362	-	-	-	13,784,362	-	-	-	-	-	13,784,362
Factory building - freehold	157,172,227	6,439,503	-	-	163,611,730	10	-	10,856,102	-	60,003,938	103,607,792
Office building - freehold	49,281,810	-	-	-	49,281,810	5	-	658,067	-	36,778,533	12,503,277
Plant and machinery	1,096,156,067	140,792,126	5,000,000	300,000	1,241,648,193	10 - 20	1,346,000	69,787,942	47,917	614,849,699	626,798,494
Furniture and fixtures	3,940,227	82,500	-	-	4,022,727	10	-	121,921	-	2,869,815	1,152,912
Tools and equipment	761,525	-	-	-	761,525	10	-	9,251	-	678,264	83,261
Electric installation	14,618,807	1,106,736	-	-	15,725,543	10	-	560,420	-	10,242,714	5,482,829
Vehicles	35,461,946	-	10,496,620	926,775	45,031,791	20	5,177,830	3,640,587	483,900	28,394,356	16,637,435
Moulds	72,263,835	6,572,007	-	-	78,835,842	30	-	5,109,238	-	62,038,418	16,797,424
Fire fighting equipment	39,606	-	-	-	39,606	10	-	859	-	31,876	7,730
	1,443,480,412	154,892,872	15,496,620	1,226,775	1,612,743,129		6,523,830	90,744,387	53,1817	815,887,613	796,855,516
<b>Leased</b>											
Plant and machinery	5,000,000	845,000	(5,000,000)	-	845,000	10	(1,346,000)	331,417	-	70,417	774,583
Vehicles	22,077,694	1,472,568	(10,496,620)	-	13,053,642	20	(5,177,830)	2,495,737	-	4,183,328	8,870,313
	27,077,694	2,317,568	(15,496,620)	-	13,898,642		(6,523,830)	2,827,153	-	4,253,745	9,644,896
<b>2009</b>	1,470,568,106	157,310,440	-	1,226,775	1,626,641,771		-	93,571,540	53,1817	820,141,358	806,500,412



	Cost			Rate %	Depreciation			As at 30 June 2008 Rupees	Net book value as at 30 June 2008 Rupees
	As at 1 July 2007	Additions during the year	Transfers/ adjustments Rupees		Disposals during the year	As at 1 July 2007	Transfers/ adjustments Rupees		
<b>Owned</b>									
Freehold land	13,784,362	-	-	-	-	-	-	-	13,784,362
Factory building - freehold	77,771,835	79,400,392	-	10	43,775,718	-	5,372,118	-	108,024,391
Office building - freehold	49,281,810	-	-	5	35,427,764	-	692,702	-	13,161,344
Plant and machinery	837,088,482	259,067,585	-	10-20	497,796,369	-	45,967,305	-	552,392,393
Furniture and fixtures	3,342,094	598,133	-	10	2,673,614	-	74,280	-	1,192,333
Tools and equipment	761,525	-	-	10	668,734	-	10,279	-	92,512
Electric installation	13,391,839	1,226,968	-	10	9,227,308	-	454,986	-	4,936,513
Vehicles	31,258,766	1,928,890	4,144,470	20	15,609,560	2,306,137	3,367,431	1,223,289	15,402,107
Moulds	62,009,314	10,254,521	-	30	53,326,520	-	3,602,660	-	15,334,655
Fire fighting equipment	39,606	-	-	10	30,063	-	954	-	8,590
	1,088,729,633	352,476,489	4,144,470		658,525,650	2,306,137	59,542,715	1,223,289	719,151,213
<b>Leased</b>									
Plant and machinery	5,000,000	-	-	10	650,000	-	435,000	-	1,085,000
Vehicles	17,776,364	8,445,800	(4,144,470)	20	5,937,628	(2,306,137)	3,233,930	-	6,865,421
	22,776,364	8,445,800	(4,144,470)		6,587,628	(2,306,137)	3,668,930	-	7,950,421
2008	1,111,505,997	360,922,289	-		665,113,278	-	63,211,645	1,223,289	727,101,634
									743,456,473
Depreciation charge for the year has been allocated as follows:									
		Note			2009	2008			
					Rupees	Rupees			
Cost of sales		23			88,537,394	57,968,756			
Administrative expenses		24			2,919,432	3,791,178			
Selling and distribution		25			2,114,714	1,451,711			
					<u>93,571,540</u>	<u>63,211,645</u>			



## 16.1.1 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal
Vehicle							
	Miss. Rubina Sarwar	926,775	483,900	442,875	625,000	182,125	Negotiation
Plant & Machinery							
	Mr. Muhammad Shahbaz	300,000	47,917	252,083	140,000	(112,083)	-do-
2009		<u>1,226,775</u>	<u>531,817</u>	<u>694,958</u>	<u>765,000</u>	<u>70,042</u>	
2008		<u>1,870,180</u>	<u>1,223,289</u>	<u>646,891</u>	<u>1,125,000</u>	<u>478,110</u>	



	2009 Rupees	2008 Rupees
<b>16.2 Capital work in progress</b>		
Civil works - expansion project	-	489,180
- others	-	3,128,227
	<u>-</u>	<u>3,617,407</u>
<b>16.3 Movement in capital work-in-progress</b>		
Opening balance	3,617,407	167,395,327
Add: Additions during the year	16,303,146	68,179,399
Transfer from stores and spares - Net	67,251,067	34,002,296
	<u>83,554,213</u>	<u>102,181,695</u>
	87,171,620	269,577,022
Less: Transferred to operating assets	87,171,620	265,959,615
	<u>-</u>	<u>3,617,407</u>
<b>16.4</b> Capital work in progress includes borrowing cost capitalised Rs. 2,811,401 (2008: Rs. 3,615,773).		
<b>17 Long term deposits</b>		
Deposits with leasing companies	2,588,650	2,748,050
Others	4,337,404	5,919,404
	<u>6,926,054</u>	<u>8,667,454</u>
<b>18 Stores and spares</b>		
Stores	198,651,891	187,839,850
Spares	44,945,597	29,191,820
	<u>243,597,488</u>	<u>217,031,670</u>
<b>18.1</b> 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.		
<b>19 Stock in trade</b>		
Raw materials	20,772,105	25,607,367
Chemical and ceramic colours	16,759,921	17,840,574
Packing material	19,523,221	24,272,248
Material in process	11,007,463	7,425,414
Finished goods	29,930,031	22,365,273
	<u>97,992,741</u>	<u>97,510,876</u>



	Note	2009 Rupees	2008 Rupees
<b>20 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers- unsecured, considered good	20.1	7,674,038	10,999,658
Advances to staff - unsecured, considered good	20.2	661,500	933,500
Advances against letters of credit and margins		16,145,865	27,882,220
Prepaid expenses		1,751,537	726,858
Advance income tax		17,741,695	8,110,575
Claims recoverable from government			
Income tax		9,155,144	9,155,144
Sales tax		4,185,957	3,393,708
		13,341,101	12,548,852
Security deposits		2,948,642	7,956,700
Prepaid insurance		2,835,428	3,015,292
Others		455,000	455,000
		<b>63,554,806</b>	<b>72,628,655</b>
<b>20.1</b>	Advances includes a sum of Rs. 0.235 million (2008: Rs. 0.417 million) due from an associated undertaking (Omer Glass Industries Limited).		
<b>20.2</b>	Included in advances to staff are amounts due from executives of Rs 445 thousand (2008: Rs. 108 thousand).		
<b>21 Cash and bank balances</b>			
Cash in hand		1,242,377	759,191
Cash at bank - current accounts		8,404,558	5,149,182
		<b>9,646,935</b>	<b>5,908,373</b>
<b>22 Sales - net</b>			
Local		1,659,854,266	1,416,382,793
Export		120,811,159	64,168,911
Gross sales		1,780,665,425	1,480,551,704
Less: Sales tax & special excise duty		222,142,232	180,932,812
Trade discounts		148,720,035	125,159,191
		370,862,267	306,092,003
<b>Net Sales</b>		<b>1,409,803,158</b>	<b>1,174,459,701</b>



	Note	2009 Rupees	2008 Rupees
<b>23 Cost of sales</b>			
Raw material consumed		<b>324,517,791</b>	277,538,301
Salaries, wages and other benefits	23.1	<b>222,976,693</b>	177,168,480
Fuel and power		<b>387,568,006</b>	323,853,591
Packing material consumed		<b>175,336,958</b>	117,462,993
Stores and spares consumed		<b>62,967,856</b>	73,354,553
Carriage and freight		<b>4,665,431</b>	5,957,782
Repair and maintenance		<b>8,319,414</b>	5,037,167
Travelling and conveyance		<b>8,307,241</b>	7,585,491
Insurance		<b>3,286,869</b>	2,647,275
Postage and telephone		<b>1,009,267</b>	850,956
Rent, rates and taxes		<b>1,002,630</b>	1,845,518
Printing and stationery		<b>232,526</b>	111,425
Entertainment		<b>301,200</b>	131,200
Depreciation	16.1	<b>88,537,394</b>	57,968,756
Others		<b>4,679,865</b>	3,253,502
		<b>1,293,709,141</b>	1,054,766,990
Work in process			
Opening stock		<b>7,425,414</b>	5,466,576
Closing stock		<b>(11,007,463)</b>	(7,425,414)
		<b>(3,582,049)</b>	(1,958,838)
		<b>1,290,127,092</b>	1,052,808,152
Finished goods			
Opening		<b>22,365,273</b>	23,758,721
Closing		<b>(29,930,031)</b>	(22,365,273)
		<b>(7,564,758)</b>	1,393,448
		<b>1,282,562,334</b>	1,054,201,600

**23.1** Salaries, wages and other benefits include Rs. 3,236,977 (2008: Rs. 2,548,615) in respect of staff retirement benefits.





	Note	2009 Rupees	2008 Rupees
<b>24 Administrative expenses</b>			
Salaries, wages and other benefits	24.1	15,512,202	13,754,675
Travelling expenses		1,104,929	3,020,263
Motor vehicle expenses		1,407,891	1,073,508
Postage and telephone		1,367,382	1,135,859
Printing and stationery		393,167	425,677
Rent, rates and taxes		2,079,000	2,079,000
Repair and maintenance		822,116	612,073
Legal and professional charges		1,185,574	905,000
Auditors remuneration	24.2	428,000	330,000
Advertisement		546,416	592,387
Utilities		651,996	735,271
Entertainment		368,447	299,041
Insurance		954,537	1,040,564
Subscription, news papers and periodicals		413,303	644,199
Depreciation	16.1	2,919,432	3,791,178
Miscellaneous		1,885,694	1,478,821
		<b>32,040,086</b>	<b>31,917,516</b>
<b>24.1</b>	Salaries, wages and other benefits include Rs. 486,873 (2008: Rs 427,113) in respect of staff retirement benefits.		
<b>24.2 Auditors remuneration</b>			
Audit fee		250,000	200,000
Half yearly review fee		84,000	60,000
Certifications fee		42,000	40,000
Out of pocket expenses		52,000	30,000
		<b>428,000</b>	<b>330,000</b>
<b>25 Selling and distribution expenses</b>			
Salaries and other benefits	25.1	16,804,180	11,571,561
Local freight and forwarding		30,905,152	21,888,875
Export freight and forwarding		11,491,168	6,348,684
Travelling expenses		3,822,182	3,779,010
Motor vehicle expenses		2,428,292	2,185,232
Postage and telephone		1,314,174	1,136,194
Printing and stationery		390,976	230,075
Advertisement, exhibitions and sales promotion		3,647,785	2,943,138
Rent, rates and taxes		630,516	558,199
Depreciation	16.1	2,114,714	1,451,711
Breakage and incidental charges		1,930,111	1,976,574
		<b>75,479,250</b>	<b>54,069,253</b>



25.1 Salaries, wages and other benefits include Rs. 676,777 (2008: Rs. 457,344) in respect of staff retirement benefits.

	Note	2009 Rupees	2008 Rupees
<b>26 Other operating income</b>			
Profit on disposal of property, plant and equipment.	16.1.1	<u>70,042</u>	<u>478,110</u>
<b>27 Finance cost</b>			
Mark-up on			
Long term finances - secured		20,910,510	12,252,555
Long term finances - unsecured		1,610,640	3,003,180
Short term borrowings - secured		28,110,827	15,193,192
		<u>50,631,977</u>	<u>30,448,927</u>
Mark-up on lease finances		937,948	1,181,477
Interest on WPPF balance		-	200,044
Bank charges		4,783,349	2,536,605
LC discounting charges		-	268,951
		<u>56,353,274</u>	<u>34,636,004</u>

**28 Other expenses**

These represented preliminary expenses against right issue.

**29 Taxation**

Income tax - Current	29.1	<b>1,208,112</b>	6,193,143
Income tax - Prior year		<b>(320,844)</b>	(2,738,449)
		887,268	3,454,694
Deferred tax	29.2	<b>(6,746,278)</b>	8,600,000
		<u><b>(5,859,010)</b></u>	<u>12,054,694</u>

29.1 The current year's provision for taxation represents tax charged at export stage only. Under Finance Act 2008, tax chargeable under section 113 of Income Tax Ordinance 2001, was waived off for tax year 2009. Hence tax charge reconciliation has not been prepared and presented.

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



### 30 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

#### 30.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs. 57.117 million (2008: Rs. 52.064 million) financial assets which are subject to credit risk amount to Rs. 43.776 million (2008: Rs. 39.515 million).

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

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

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

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

	<b>2009</b>	2008
	<b>Rupees</b>	Rupees
Long term deposits	<b>6,926,054</b>	8,667,454
Trade debts	<b>20,039,775</b>	16,527,324
Advances, deposits, prepayments and other receivables		
- Security deposits	<b>2,948,642</b>	7,956,700
- Others	<b>455,000</b>	455,000
Cash and bank balances	<b>9,646,935</b>	5,908,373
	<b><u>40,016,406</u></b>	<u>39,514,851</u>



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

	<b>2009</b>	2008
	<b>Rupees</b>	Rupees
Foreign	<b>1,233,029</b>	1,237,304
Domestic	<b>18,806,746</b>	15,290,020
	<b>20,039,775</b>	<b>16,527,324</b>

The aging of trade receivables at the reporting date is:

Past due 0 - 30 days	<b>14,951,268</b>	13,842,230
Past due 31 - 60 days	<b>2,488,535</b>	732,387
Past due 61 - 90 days	<b>382,616</b>	64,503
Past due 91 - 120 days	<b>102,788</b>	243,757
Past due 120 days	<b>2,114,568</b>	1,644,447
	<b>20,039,775</b>	<b>16,527,324</b>

One of the major customer accounts for Rs. 5.161 million of the trade receivables carrying amount at 30 June 2009 (2008: 0.463 million) that has a good track record with the Company.

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

### 30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

### 30.3 Market risk

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

**30.3.1 Currency risk**

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

	<b>2009</b>	2008
	<b>Rupees</b>	Rupees
Foreign debtors	<b>1,233,029</b>	1,237,303
Foreign currency bank accounts	<b>778,440</b>	-
Gross balance sheet exposure	<b>2,011,469</b>	1,237,303
Outstanding letter of credits	<b>(19,288,459)</b>	(71,595,450)
Net exposure	<b>(17,276,990)</b>	(70,358,147)

The following significant exchange rates have been applied:

	<b>Average rate</b>		<b>Reporting date rate</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
USD to PKR	78.55	62.50	81.10	68.20
GBP to PKR	125.79	125.31	133.47	135.94
EURO to PKR	107.76	91.58	113.58	107.65

**Sensitivity analysis:**

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

	<b>2009</b>	2008
	<b>Rupees</b>	Rupees
<b>Effect on profit and loss</b>		
US Dollar	747,188	1,228,313
Pound Sterlings	407,024	-
Euro	571,854	5,810,200
	<b>1,726,066</b>	<b>7,038,513</b>

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

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

**30.3.2 Interest rate risk**

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

	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<b>Effective rate (in Percentage)</b>		<b>Carrying amount (Rupees)</b>	
<b>Financial liabilities</b>				
Variable rate instruments:				
Long term finances	14.27 to 18.02	11.59 to 12.89	310,501,505	200,849,200
Liabilities against assets subject to finance lease	12.58 to 17.94	15.08 to 19.44	7,845,983	15,399,141
Short term borrowings	14.88 to 17.77	11.09 to 12.64	140,929,848	118,912,649

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

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

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

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	<b>Profit and loss 100 bps</b>	
	<b>Increase</b>	<b>Decrease</b>
	<b>Rupees</b>	
<b>As at 30 June 2009</b>	<b><u>(5,503,814)</u></b>	<b><u>5,503,814</u></b>
As at 30 June 2008	<u>(4,975,761)</u>	<u>4,975,761</u>

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

**30.3.3 Other price risk**

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



### 30.4 Fair value of financial instruments

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

## 31 Capital management

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

The Company's objectives when managing capital are:

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

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

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

The debt-to-equity ratios as at 30 June 2009 and at 30 June 2008 were as follows:

	<b>2009</b>	2008
	<b>Rupees</b>	Rupees
Total debt	<b>310,501,505</b>	200,849,200
Total equity and debt	<b>804,546,448</b>	725,596,877
Debt-to-equity ratio	<b>39%</b>	28%

The increase in the debt-to-equity ratio in 2009 resulted primarily from additional borrowings made during the year to finance the expansion project and meet additional working capital requirements.

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



**32 Remuneration of Directors and Executives**

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

	Chairman and Managing Director		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	-----Rupees-----					
Managerial remuneration	1,786,400	1,786,400	1,331,164	1,116,800	6,901,000	4,616,400
House rent	671,360	671,360	599,024	502,660	3,105,454	2,077,380
Conveyance	3,600	3,600	10,800	10,800	39,600	28,800
Contribution to provident and gratuity fund	-	-	133,116	111,680	686,970	443,640
Medical and other allowances	-	-	141,096	117,700	786,086	550,425
Utilities	178,640	178,640	133,372	108,693	675,407	451,062
	<u>2,640,000</u>	<u>2,640,000</u>	<u>2,348,572</u>	<u>1,968,333</u>	<u>12,194,517</u>	<u>8,167,707</u>
<b>Number of persons</b>	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>11</u>	<u>8</u>

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

**33 Transactions with related parties**

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

Name	Relationship	Nature of transactions	2009 Rupees	2008 Rupees
Omer Glass Industries Limited	Associated company	Purchases	1,719,040	4,136,550
		Sales	8,028,363	9,510,533
		Reimbursement of selling and distribution expenses	2,844,745	4,843,216
Provident fund	Employee benefit plan	Contributions	4,400,627	3,433,072

**34 Plant capacity and actual production**

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

	<b>2009</b>	2008
	<b>M. Tons</b>	M. Tons
Furnaces capacity		
Containers	<b>17,469</b>	25,569
Tableware	<b>40,727</b>	39,080
	<b>58,196</b>	64,649
Actual packed production		
Containers	<b>13,965</b>	19,687
Tableware	<b>25,647</b>	23,421
	<b>39,612</b>	43,108

The under capacity utilization during the year is mainly due to closure of furnaces for major repair during the year and the non-availability of natural gas during winter season.

**35 Loss per share - basic and diluted****35.1 Loss per share - Basic**

		<b>2009</b>	2008
Loss after tax	<i>Rupees</i>	<b>(30,702,734)</b>	(17,150,925)
Weighted average number of ordinary shares	<i>Numbers</i>	<b>23,100,000</b>	20,589,030
Loss per share	<i>Rupees</i>	<b>(1.33)</b>	(0.83)

**35.2 Loss per share - Diluted**

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

**36 Date of authorization for issue**

These financial statements were authorized for issue on September 11, 2009 by the Board of Directors of the Company.

**37 General**

**37.1** Figures have been rounded off to the nearest thousand of Rupees.

**37.2** Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

**September 11, 2009**  
**Lahore**

**TARIQ BAIG**  
**CHAIRMAN & MANAGING DIRECTOR**

**OMER BAIG**  
**DIRECTOR**

**FINANCIAL STATISTICAL SUMMARY**

		2009	2008	2007	2006	2005	2004
<b>Investment Measures</b>		(Amount in Million Rupees)					
Share Capital	Rs./mn	231.00	231.00	115.50	110.00	100.00	100.00
Shareholders equity	Rs./mn	494.04	524.75	291.72	245.70	201.60	177.40
(Loss)/Profit before tax	Rs./mn	(36.56)	(5.10)	77.37	62.20	40.00	43.50
(Loss)/Profit after tax	Rs./mn	(30.70)	(17.15)	50.33	49.10	34.20	37.60
		(Amount in Rupees)					
Dividend per share	Rs.	-	-	1.00	1.00	0.50	1.00
(Loss)/Earning per share	Rs.	(1.33)	(0.83)	3.85	4.46	3.43	3.76
Break up value	Rs.	21.39	22.72	25.26	22.23	20.16	16.74
Price earning ratio	Rs.	(5.25)	(18.25)	15.89	8.70	7.70	9.70
<b>Measure of financial status</b>							
Current assets to current liabilities		1.04:1	1.04:1	1.1:1	1.07:1	1.02:1	1.06:1
Number of days stock	Time	28	31	32	34	35	30
Number of days trade debts	Time	5	5	3	3	3	5
<b>Measure of performance</b>							
Return on capital employed	Rs.	(4.85%)	(0.72%)	12.86%	18.50%	30.31%	22.50%
Gross Profit Ratio	Rs.	9.03%	10.24%	18.02%	17.40%	15.04%	16.60%
(Loss)/Profit Before tax to Sales ratio	Rs.	(2.59%)	(0.43%)	6.98%	6.16%	5.00%	6.18%
(Loss)/Profit after tax to Sales ratio	Rs.	(2.18%)	(1.46%)	4.54%	4.86%	4.28%	5.34%
Debt equity ratio	Rs.	38.59%	27.68%	50.83%	42.00%	45.00%	53.00%



## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2009

Number of Shareholders	Categories of Shareholding		Total Shares Held
	From	To	
281	1	100	21,334
792	101	500	171,979
213	501	1,000	192,324
324	1,001	5,000	774,021
70	5,001	10,000	519,501
21	10,001	15,000	249,468
14	15,001	20,000	241,607
8	20,001	25,000	186,900
4	25,001	30,000	116,695
2	30,001	35,000	65,410
4	35,001	40,000	152,350
4	40,001	45,000	168,203
3	45,001	50,000	145,200
2	50,001	55,000	103,200
1	55,001	60,000	57,750
1	95,001	100,000	100,000
1	100,001	105,000	105,000
2	120,001	125,000	243,512
1	235,001	240,000	235,388
1	245,001	250,000	247,500
1	300,001	305,000	300,390
1	485,001	490,000	485,442
1	640,001	645,000	640,396
1	850,001	855,000	852,600
1	995,001	1,000,000	1,000,000
1	1,510,001	1,515,000	1,514,222
1	2,020,001	2,025,000	2,021,904
1	2,575,001	2,580,000	2,577,920
1	2,680,001	2,685,000	2,680,940
1	6,995,001	7,000,000	6,928,844
<b>1759</b>	<b>TOTAL</b>		<b>23,100,000</b>

Categories of Shareholders	Number	Shares Held	Percentage
GENERAL PUBLIC	1717	10,752,016	46.55%
INVESTMENT COMPANY	1	1,522	0.01%
INSURANCE COMPANY	2	15,015	0.07%
JOINT STOCK COMPANIES	28	2,760,766	11.95%
FINANCIAL INSTITUTIONS	7	2,616,316	11.33%
ICP / MUTUAL FUND	1	25,300	0.11%
FOREIGN COMPANY	1	6,928,844	29.99%
OTHERS	2	221	0.00%
<b>TOTAL</b>	<b>1759</b>	<b>23,100,000</b>	<b>100%</b>

**CATEGORIES OF SHAREHOLDERS  
ADDITIONAL INFORMATION AS AT JUNE 30, 2009**

<b>1</b>	<b>ASSOCIATED COMPANY</b>	
	M/s Omer Glass Industries Limited	2,577,920
	M/s Industrial Products Investments Limited (IPI)	6,928,844
<b>2</b>	<b>NIT AND ICP</b>	
	Investment Corporation of Pakistan	25,300
<b>3</b>	<b>DIRECTORS, CEO, THEIR SPOUSE &amp; MINOR CHILDREN</b>	
	Mr. Tariq Baig	2,680,940
	Mr. Omer Baig	1,514,222
	Mrs. Naima Tariq	640,396
	Mr. Mansoor Irfani	1,154
	Mr. Syed Tufail Hussain	1,154
	Mr. Akbar Baig	1,154
	Mr. David Julian	1,154
		4,840,174
<b>4</b>	<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	184,368
<b>5</b>	<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS, AND MUTUAL FUNDS</b>	2,631,331
<b>6</b>	<b>GENERAL PUBLIC</b>	5,911,842
<b>7</b>	<b>OTHERS</b>	221
		<b>23,100,000</b>
<b>8</b>	<b>SHAREHOLDERS HOLDING 10% OR MORE</b>	
	Mr. Tariq Baig	2,680,940
	Omer Glass Industries Limited	2,577,920
	Industrial Products Investments Limited	6,928,844



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

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

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

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

of \_\_\_\_\_

being a member of TARIQ GLASS INDUSTRIES LIMITED hereby appoint;

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

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

(being a member of the Company) as my / our proxy to attend, act and vote for me/us and on my / our behalf at the 31st Annual General Meeting of the Members of the Company to be held at Defence Services Officers' Mess, 71 -- Tufail Road, Lahore Cantt on Saturday the October 03, 2009 at 11:00 AM and at every adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

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.



**TARIQ GLASS INDUSTRIES LTD.**



128 - J, Model Town, Lahore, Pakistan.

Tel: (+92 42) 111 343 434

Fax: (+92 42) 5857692, (+92 42) 5857693