

Ghani

LEADERS IN GLASS

ANNUAL
REPORT

2	0
1	2

GHANI GLASS LIMITED

www.ghaniglass.com

Mission and Vision	2
Corporate Information	3
Product Range	5
Production Facilities	7
Notice of Annual General Meeting	8
Chief Executive Review	9
Directors' Report	13
Pattern of Share Holdings	19
Six Years at Glance	22
Statement of Value Addition	24
Statement of Compliance	25
Auditors' Review on Compliance Report	28
Auditors' Report	29
Balance Sheet	30
Profit and Loss Account	31
Cash Flow Statement	32
Statement of Comprehensive Income	33
Statement of Changes in Equity	34
Notes to the Accounts	35
Form of Proxy	

MISSION STATEMENT

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

VISION & PHILOSOPHY

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Aitzaz Ahmad Khan
Mr. Imtiaz Ahmad Khan
Mr. Anwaar Ahmad Khan
Mr. Aftab Ahmad Khan
Mrs. Ayesha Aftab
Hafiz Farooq Ahmad
Mr. Zaid Ghani
Mr. Junaid Ghani
Mr. Jubair Ghani
Mr. Mohammad Iqbal Khan
Mr. Ali Jehangir Siddiqui
Syed Hasan Akbar Kazmi (*Alternate Director*)

Chairman
Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer

AUDIT COMMITTEE

Mr. Aftab Ahmad Khan
Mrs. Ayesha Aftab
Mr. Jubair Ghani

Chairman
Member
Member

HR & R COMMITTEE

Mr. Anwaar Ahmad Khan
Mrs. Ayesha Aftab
Mr. Zaid Ghani

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Umer Farooq Khan

COMPANY SECRETARY

Hafiz Mohammad Imran Sabir

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

Ally Law Associates

SHARE REGISTRAR

Corplink (Pvt) Ltd
Wings Arcade, 1-K Commercial Area
Model Town, Lahore, Pakistan
Phones : (042) 35916714, 35916719
Fax : (042) 35869037

BANKERS

Albaraka Islamic Bank
Bank Alfalah Limited, IBD
Burj Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited, IBD
Meezan Bank Limited
MCB Bank Limited, IBD
Soneri Bank Limited, IBD
Standard Chartered Bank Limited, IBD
Bank Islamic Pakistan Limited
Askari Islamic Bank, IBD
Faisal Bank Limited, IBD

CORPORATE CONSULTANTS

- Muhammad Siddique Shaudhry
- E & Y Ford Rhodes Sidat Hyder
Chartered Accountants

HEAD OFFICE

40-L Model Town

Lahore, Pakistan

UAN : (042) 111 949 949

Fax : (042) 35172263

E-mail :info@ghaniglass.com

http://www.ghaniglass.com

REGISTERED OFFICE

50-L Model Town

Lahore, Pakistan

Phones : (042) 35203975-76

Fax : (042) 35160314

MARKETING OFFICE

12 D/5,Chandni Chowk

KDA Scheme No. 7-8

Karachi - 74000

UAN : (021) 111 949 949

Fax : (021) 34926349

E-mail : marketing@ghanigroup.com

GGL PLANT-1 & REGIONAL MARKETING OFFICE-NORTH

22 km Haripur Taxila Road, (From Haripur)

Thesil & District Haripur (NWFP)

Phones :(0995) 639236-40 & (0596) 539063-65

Fax : (0995) 639067

GGL PLANT-2

H- 15,Landhi Industrial Area

Karachi-74000

Phone :(021) 35020761-63

Fax : (021) 35020280

GGL PLANT-3

29-km Lahore Sheikhpura Road,

District Sheikhpura

Phones : (0563) 406796

Fax : (0563) 406795

Email : ghanifloat@ghanigroup.com

ANNUAL
REPORT

20
12

Ghani

Pakistan's No. 1 Glass Brand

GHANI CLEAR



GHANI GREEN



GHANI BROWN



GHANI REFLECTIVE



GHANI GREY



GHANI BLUE



Ghani

Pakistan's No. 1 Glass Brand



BEVERAGE CONTAINERS



FOOD
CONTAINERS



PHARMACEUTICAL
CONTAINERS

CONTAINER GLASS DIVISION

ANNUAL
REPORT

20
12



GGL-I HATTAR
(CONTAINER GLASS
MANUFACTURING PLANT)



GGL-II LANDHI
(CONTAINER GLASS
MANUFACTURING PLANT)



GGL-III SHEIKHUPURA
(FLOAT GLASS
MANUFACTURING PLANT)
350 tpd



GGL-IV SHEIKHUPURA
(FLOAT GLASS
MANUFACTURING PLANT)
650 tpd

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting of the members of **GHANI GLASS LIMITED** will be held on Saturday October 6, 2012 at 12:30 p.m., at Hospitality Inn (*formerly Holiday Inn*) Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on December 14, 2011.
2. To receive, consider and adopt the audited annual accounts of **GHANI GLASS LIMITED** for the year ended June 30, 2012 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for 2013 and fix their remuneration.

The retiring auditors namely M/s. KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for re-appointment.

5. To transact any other business with the permission of the Chair.

By order of the Board

Lahore: September 13, 2012

Hafiz Mohammad Imran Sabir
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from September 30, 2012 to October 6, 2012 (both days inclusive). Members whose names appear on the register of members as at the close of business on September 28, 2012 shall qualify for attendance of the above meeting.
2. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Company or not.
3. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their original Computerized National Identity Cards (C.N.I.C.) along with the participant's I.D. Number and their account numbers in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy, an attested copy of proxy's Identity Card (C.N.I.C.), Account & Participant's ID number be enclosed. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

Proxies, in order to be valid, must be deposited at the registered office of the Company not less than 48 hours before the time of meeting.

4. Members are requested to promptly notify Company's Shares Registrar M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K Commercial, Model Town, Lahore, Ph: 042-35916714, 35916719 Fax: 042-35869037 of any change in their addresses to ensure delivery of mail.

ANNUAL
REPORT

20
12

CHIEF EXECUTIVE'S REVIEW

It gives me immense pleasure to express my gratitude to Almighty Allah who made 2011-12 a rewarding year for us despite consistent economic challenges and we were able to exhibit highest level of performance.

Our vision to serve for the Almighty Allah and His beloved Prophet (Peace be upon him) has led us to the tremendous growth rate and accelerated pace of success over the last several years. Today Ghani Glass Limited has become one of the benchmark for the global glass industry and has earned a distinctive name worldwide. Marked with rigorous expansion strategy, not only in the region but also in the globe, the Company is now fully prepared to further accelerate business growth, Inshallah. The management of the Company is completely committed to implement its vision to the fullest.

Despite very tough business environment for the past few years, Alhamdulillah the Company has been showing excellent growth. During the year under review, Pakistan's economy has faced consistent energy shortages resulting in use of more expensive alternate sources, natural calamities, and overall rising cost of input. In these tough economic conditions, we increased Net Sales to Rs.8.6 billion as compared to Rs.6.9 billion for the last year, reflecting growth of 25%. The Company earned a Net Profit of Rs.1,161 million as compared to Rs.971 million in FY11, demonstrating a healthy growth of 20%. This has been made possible only with the help of Allah (SWT).

COMMISSIONING OF NEW FLOAT GLASS PROJECT

In pursuance of our vision and business strategy, we have achieved what we planned two years ago. Alhamdulillah, the new float glass project has been successfully completed. With the help of Allah (SWT) this state-of-the-art project started commercial production in May 2012. The new float line has increased the production capacity of our Company by 150,000 tons of glass per annum. Due to our new float line, the Company will be in a better position to cater the demands of local as well international market. In addition, it provides flexibility of producing various colours and sizes at the same time thereby enabling us to provide better customer service. It also provides economies of scale for reducing our costs.

INTERNATIONAL RECOGNITION

It is a matter of great pleasure that during the year under review, Ghani Glass Limited has achieved global recognition. M/s. Plimsoll has ranked our Company as one of the world's leading glass industries. It is a UK based independent global financial analyst and intelligence provider, which are globally recognized. In its latest report, it has declared our Company as the **"TOP SECOND"** trading partner in the mould blown glass industry. The Company has been rated as overall **"STRONG"** while the progress of the Company has been declared as **"EXCELLENT PERFORMANCE"** well above the industry average. Ghani Glass Limited has been rated as **"35TH MOST PROFITABLE COMPANY"** in the mould blown and pressed glass industry. According to the report, our Company is one of only 16 companies which have consistently improved pretax profits over the last 4 years. GGL is also ranked in top 20 for pretax profit margin ranking amongst top 50 Companies while we are also well above industry average in pretax profit return on total assets. This is nothing but the blessings of Almighty Allah.

NATIONAL ECONOMY

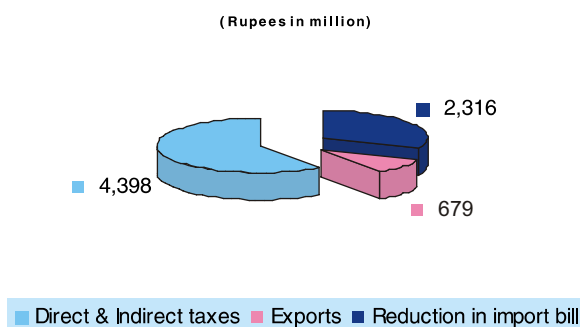
FY12 started with some economic recovery, however the pace of revival of economy was adversely affected due to disastrous floods in Southern Pakistan. Approximately, 9.6 million people were succumbed to this calamity and area of 27,370 sq km was damaged severely impacting agriculture and livestock sectors. The total loss caused by 2011 floods has been estimated as US\$ 3.7 billion (Rs.325 billion). Nevertheless, the economy of Pakistan has still shown positive signs during the year under review with GDP growth rate of 3.7 percent as compared to 3 percent last year. Inflation also reduced to 11 percent as compared to 13 percent last year. Foreign Exchange reserves were over 15 billion dollars at the end of the financial year.

The growth of manufacturing sector was 3.6 percent as compared to 3.1 percent last year. However, Large Scale Manufacturing (LSM) continued to be under pressure with growth of only 1.1 percent against 1 percent in preceding year.

The future growth forecast for GDP 4.3% while inflation is estimated to be 9.5% in FY 13.

CONTRIBUTION TO NATIONAL EXCHEQUER

The company has contributed an amount of Rupees 7.4 billion on account of various Government levies, taxes, custom duty, sales tax and reduction in import bill.



HUMAN RESOURCE

The management believes that in the modern era, the role of human resources has become vital for any organization to successfully compete in the market place with increased output and productivity. Your company attaches great importance to having a dedicated and motivated team to meet these modern challenges. Staff training and development has, therefore, been upgraded.

We have added experienced resources to our senior team as part of our plan to continue inducting professional management in our operations. We have hired a Managing Director Designate and a Director Technical, who bring decades of work experience in leading multinational companies. We are confident that with Allah Tallah's blessing, our management team will take the business to next levels.

Following are some other examples of our engagement with employees:

- The Company provides meals for its entire workforce at all sites including persons hired through contractors;
- Six persons in each year are selected through random balloting and sent to perform Holy Hajj at the expense of the Company;

- Medical facilities for workers, loan without interest and first aid (for plant workers) are also provided to the employees;
- The Company encourages and promotes all employees to participate in sports and various extracurricular activities. In this regard, the Company arranges two cricket tournaments during the year under review and
- There are mosques at each plant and head office for praying and to learn teachings of Religion.

The relationship with the workers and staff remained cordial and our employees' commitment, professionalism and focus on quality and customer care helped us achieve our growth targets during these challenging times.

We are proud of our employees for demonstrating commitment and delivering great performance during the year. Their consistent endeavors for achieving excellence in all operational spheres of the business reassures us for a more prosperous future with help of Allah (SWT).

CORPORATE SOCIAL RESPONSIBILITY

We are determined to contribute to society by providing good employment, contributing to national exchequer, saving foreign exchange and working for the welfare of surrounding communities. We are committed to follow the highest social standards in how we conduct our business. The company took several initiatives to meet its Corporate Social Responsibility (CSR) and continued with reasonable financial support for the welfare of its employees, their families, the local community and society at large..

The Company contributes in Education and Health Sectors, the brief summary of which is given below:

- **Message Foundation School, Izmir Town, Lahore**
Over 700 students are getting highest quality education in this higher secondary school.
- **Chandbagh School and College, Muridke**
Full boarding school with over 1000 students.
- **Al Ghani Trust School, Pasroor**
Over 175 students have been providing Financial Support to get free education till Metric level.
- **Free Financial Assistance and Education for convicts in Jails**
Prisoners whose have completed their punishment but are not free because of being unable to pay off the financial penalty imposed by the court of law have been providing Financial Support;

Regular classes are arranged for prisoners (*Adult and children*) for hygiene awareness, basic religion teachings and Prayers and Quran teachings;

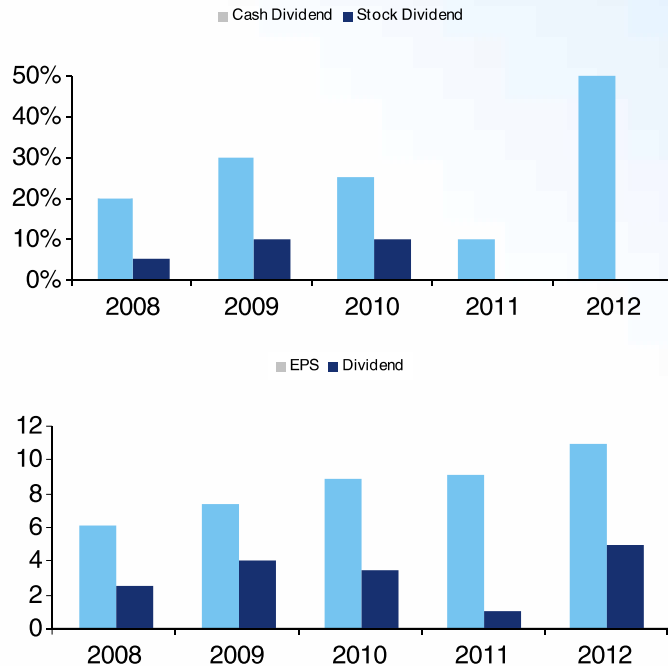
Training is providing to prisoners on how to become a useful member of the community once out of jail and Character building courses

- **Iftikhar Ghani Trust Dispensary**

Over 3000 non affording patients being treated and provided free medicine on monthly basis.

DIVIDEND POLICY

Over the years, the company has consistently been paying healthy dividends to its valued shareholders by considering the cash generating capabilities, the expected capital requirements of the business, strategic outlook and future projects. The Board of Directors had approved an Interim Cash Dividend @50% i.e. Rupees 5 per share which has already been paid.



FUTURE OUTLOOK

Despite world wide economic slow down, we are upbeat about the opportunities in the glass business. We see gaps in the current market that can be filled by our products. There is also potential to enhance the existing business with new products and concepts. We are confident that with Allah Taalah's blessing and relentless work by our employees, your company's business will further flourish in the future.

Please join me in praying to Almighty Allah to give us the courage and wisdom to face the challenges ahead and work with more enthusiasm for the success of the Company and to create value for its shareholders.

Imtiaz Ahmed Khan
Chief Executive Officer

Lahore: September 13, 2012

DIRECTORS' REPORT

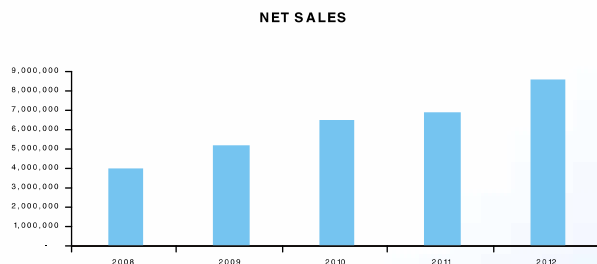
The Directors of the company take pleasure in presenting their Report together with Company's Audited Financial Statements for the year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

During the year under review, we focused on aggressive sales growth while minimizing the impact of significant increase in input costs. The business environment continued to be extremely challenging during the year. There has been tremendous pressure on the costs due to extended electricity and gas shortages, increased prices of imported items due to Pakistan Rupee depreciation as well as double digit overall inflation. This has also resulted in reduced consumer disposable income and purchasing power. The law and order situation also continued deteriorating during the year. Severe floods in southern part of the country further added to reducing the GDP growth of our nation. However, despite all these challenges, your Company did extremely well and achieved 25% growth in total net revenues and 20% growth in profit after tax vs. the previous year. The highlights of the Operating and Financial results of the Company are as follow:

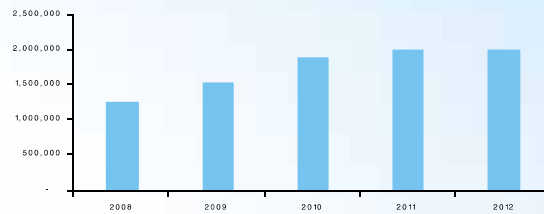
Financial Indicators	2011 (Rupees in 000)	2012
Net Sales	6,869,476	8,619,602
Gross Profit	2,001,462	1,999,037
Profit from Operations	1,427,771	1,248,452
Finance Cost	40,559	79,819
Other Income	68,661	37,889
Profit before Tax	1,348,879	1,195,972
Profit after Tax	970,569	1,160,767
Earnings per Share	9.10	10.88

Net sales revenue increased to Rupees 8.619 billion as compared from Rupees 6.869 billion last year and showed an upward trend of 25%.



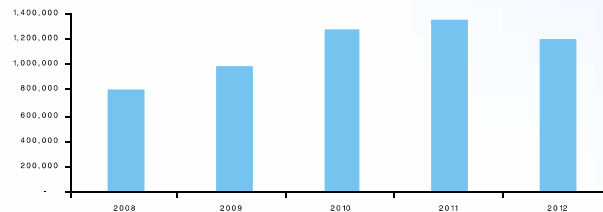
Your company earned a gross profit of Rupees 1.999 billion against Rupees 2.001 billion for the previous year.

GROSS PROFIT



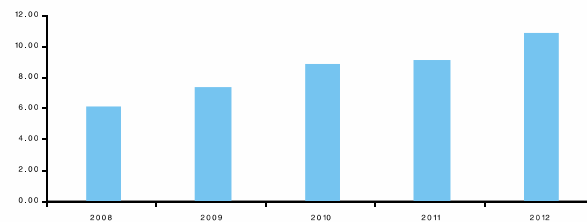
Profit before was Rupees 1.196 billion as compared to Rupees 1.348 billion for the last year.

PROFIT BEFORE TAX



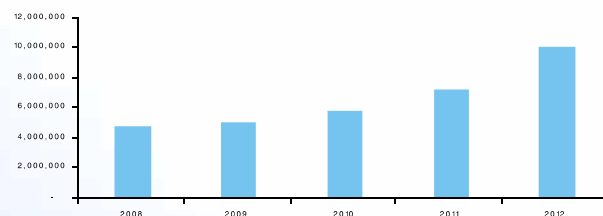
Earning per share has increased to 10.88 as compared to 9.10 for the last year.

EARNING PER SHARE

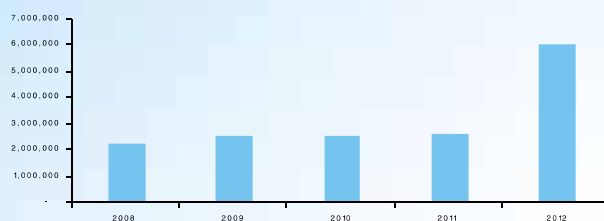


Asset Base of your Company has gone up by 40% as compared to 25% last year.

TOTAL ASSETS



FIXED ASSETS



FUTURE OUTLOOK

We expect higher growth of overall Sales Volumes for the coming years after the commissioning of our new float glass project. This combined with our ongoing efforts to improve productivity, will enable us to continue enhancing our year-over-year sales performance. Despite persistent tough economic conditions in the country, the management of the Company continues to have a long term optimistic outlook for the Company. We are determined to further expand and strengthen our operations by focusing positively on our long term expansion strategy and enhancing our quality standards through R & D. As the economy of the country improves, we will get even more opportunities to enhance our business and add further value to our stakeholders.

SHARIAH COMPLIANCE

The management is pleased to mention that your Company is trying its best to observe full adherence to Shariah in all activities of business. For this purpose, the management has got the Shariah Advisory services from 'AN-NAFI' which has been guiding the Company on all business matters in the light of Shariah. The Management wishes to achieve the maximum level of Shariah compliance in your Company.

STATUTORY AUDITORS OF THE COMPANY

The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants retire and offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2013, at a mutually agreed fee.

STAFF RETIREMENT BENEFIT

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

SHARE PRICE TREND

During the year under review minimum price of share of Rs.10 each fell up to Rs.36.71 and at one stage rose as high as Rs.63.70 and closed at Rs.57.16 as on June 30, 2012.

BOARD OF DIRECTORS

The Board of Directors, which consist of eleven members and one alternate member, have responsibility to independently and transparently monitor the performance of the company and take strategic decisions to achieve sustainable growth in the company.

Written notices of the Board meeting along with working papers were sent to the members seven days before meetings. A total of five meetings of the Board of Directors and four meetings of the Audit Committee were held during the period of one year, from July 01, 2011 to June 30, 2012. The attendance of the Board members was as follows:

Name of the Director	No. of Board of Directors' Meetings attended	No. of Audit Committee Meetings attended
Mr. Aitzaz Ahmad Khan	4	-
Mr. Imtiaz Ahmad Khan	5	-
Mr. Anwaar Ahmad Khan	5	-
Mr. Aftab Ahmad Khan	3	4
Mrs. Ayesha Aftab	5	4
Hafiz Avais Ghani *	3	-
Hafiz Farooq Ahmad	5	-
Mr. Junaid Ghani	4	-
Mr. Jubair Ghani**	3	4
Mr. Mohammad Iqbal Khan***	2	-
Mrs. Reema Anwaar (Alternate Director) **	2	-
Mr. Salman Malik ****	4	-
Mr. Ali Jehangir Siddiqui*****	1	-
Syed Hasan Akbar Kazmi (Alternate Director)*****	-	-

* Hafiz Avais Ghani resigned on June 11, 2012.

** Mrs. Reema Anwaar, alternate of Mr. Jubair Ghani ceased office of director on October 19, 2011 on resuming office by Mr. Jubair Ghani.

*** Mr. Mohammad Iqbal Khan was elected as director in EOGM held on December 14, 2011.

**** Mr. Salman Malik (Nominee of SJC) resigned and Mr. Ali Jehangir Siddiqui was appointed as director in his place on April 24, 2012.

***** Syed Hasan Akbar Kazmi was appointed as alternate director of Mr. Ali Jehangir Siddiqui on June 15, 2012.

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2012 have been adopted by the company and have been duly complied with.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

CODE OF CONDUCT

The board has adopted the Code of Conduct. All employees are informed of this Code and are required to observe these rules of conduct in relation to customers, suppliers and regulators.

SUBSEQUENT EVENTS (after June 30, 2012)

There have been no material changes since June 30, 2012 and the company has not entered into any commitment, which would materially affect its financial position at the date.

AUDIT COMMITTEE

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of one executive and two non executive directors (including its Chairman). The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

RELATIONS WITH STAKEHOLDERS

We are committed to establish mutually beneficial relations with our suppliers, customers and business partners.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we give below statements of Corporate and Financial Reporting framework:

The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

Proper books of account have been maintained by the company.

Appropriate accounting policies have been consistently applied in the 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 the preparation of financial statements and any departure there from 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.

There has been no departure from the best practices of transfer pricing.

The key operating and financial data for the last six years is annexed.

Information about taxes and levies is given in the notes to the accounts.

The value of investments and bank balances in respect of staff retirement benefits:

Provident Fund	Rs.209.825 million
-----------------------	---------------------------

The value of investment includes accrued interest.

TRADING OF SHARES BY THE CEO, DIRECTORS, CFO, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

Name	No. of Shares purchased	No. of Shares sold
Mr. Anwaar Ahmad Khan	45,000	6,000
Mr. Aftab Ahmad Khan	10,000	-
Mrs. Ayesha Aftab	1,292,812 *	-
Mr. Jubair Ghani	3,556,104	-

** received as gift*

PATTERN OF SHARE HOLDINGS UNDER CLAUSE XIX (I) AND (J) OF CODE OF CORPORATE GOVERNANCE

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2012, whose disclosure is required under the reporting framework, is included in the annexed shareholder's information. The directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in shares of the company during the year, except as noted above.

ACKNOWLEDGMENT

On behalf of the Board, I would like to thank all the shareholders, dealers, employees and other stakeholders for their valued support and I up hold the confidence they have showed in the management and I pray to Allah SWT for His guidance and beg for His endless mercy for all our endeavors, so that we shall be able to come up with dear rewards for all the stakeholders.

We put on record our doubtless faith in Allah SWT and pray to him for the very best of this company and for all the individuals directly or indirectly attached to it.

Lahore: September 13, 2012

For and on behalf of the Board of Directors



Imfiaz Ahmed Khan
Chief Executive Officer

INFORMATION UNDER CLAUSE XVI (J) OF THE CODE OF CORPORATE GOVERNANCE AS ON JUNE 30, 2012

SHARES HELD

ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:

1	JAMIA-TUL-GHANI	110,796
2	GHANI MINES (PVT) LIMITED - (CDC)	101,656

MUTUAL FUNDS:

1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	6,078
2	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND. (CDC)	50,000
3	CDC - TRUSTEE JS PENSION SAVINGS FUND- EQUITIES (CDC)	29,000
4	CDC - TRUSTEE NAFA ISLAMIC MULTI ASEET FUND (CDC)	114,280
5	CDC - TRUSTEE NAFA STOCK FUND (CDC)	27,757
6	MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND (CDC)	13,000
7	MCBFSL-TRUSTEE URSF-EQUITY SUB FUND (CDC)	24,240

DIRECTORS AND THEIR SPOUSE(S) & MINOR CHILDREN:

1	MR. IMTIAZ AHMAD KHAN	12,091,119
2	MR. JUNAID GHANI	1,623,284
3	MR. ANWAAR AHMAD KHAN	14,394,908
4	MR. AFTAB AHMAD KHAN	13,757,293
5	MRS. AYESHA AFTAB	4,096,038
6	MR. AITZAZ AHMED GHANI - (CDC)	1,321,171
7	MR. MUHAMMAD IQBAL KHAN (CDC)	500
8	MR. FAROOQ AHMAD KHAN (CDC)	2,774,599
9	MR JUBAIR GHANI	4,393,042
10	MR. ALI JAHANGIR SIDDIQUI (CDC)	1,736,312
11	MRS. RUBINA IMTIAZ W/O IMTIAZ AHMAD KHAN	1,597,443
12	MRS. REEMA ANWAAR W/O ANWAAR AHMAD KHAN	2,950,378
13	MRS.ZAHIDA AITZAZ W/O AITZAZ AHMED	5,750
14	Syed Hasan Akbar Kazmi	500

EXECUTIVES:

270,843

PUBLIC SECTOR COMPANIES AND CORPORATIONS:

-

BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS:

9,067,292

SHAREHOLDERS HOLDING 5% OR MORES VOTING INTEREST IN THE LISTED COMPANY:

1	MR. IMTIAZ AHMAD KHAN	12,091,119
2	MR. ANWAAR AHMAD KHAN	14,394,908
3	MR. AFTAB AHMAD KHAN	13,757,293
4	JS BANK LIMITED (CDC)	8,737,644
5	HAFIZ AVAIS GHANI (CDC)	6,386,974

PATTERN OF SHAREHOLDING

OF SHARES HELD BY THE SHAREHOLDERS
OF GHANI GLASS LIMITED AS AT JUNE 30, 2012

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
313	1	100	8,590
248	101	500	70,374
137	501	1,000	100,603
305	1,001	5,000	621,340
50	5,001	10,000	356,885
21	10,001	15,000	263,138
16	15,001	20,000	280,124
7	20,001	25,000	168,214
7	25,001	30,000	191,095
4	30,001	35,000	129,236
3	35,001	40,000	110,470
3	40,001	45,000	132,648
3	45,001	50,000	148,770
1	50,001	55,000	55,000
1	70,001	75,000	71,720
2	75,001	80,000	157,092
1	80,001	85,000	82,500
1	90,001	95,000	92,000
2	95,001	100,000	195,675
4	100,001	105,000	414,821
2	110,001	115,000	225,076
1	130,001	135,000	130,132
2	165,001	170,000	335,782
1	190,001	195,000	193,600
2	195,001	200,000	392,763
1	200,001	205,000	200,045
1	230,001	235,000	232,160
1	260,001	265,000	261,071
1	270,001	275,000	270,843
1	295,001	300,000	299,893
1	330,001	335,000	332,097
1	475,001	480,000	476,077
1	580,001	585,000	580,634
1	605,001	610,000	609,400
1	695,001	700,000	695,800
1	830,001	835,000	833,857
1	835,001	840,000	836,938
1	865,001	870,000	867,295
1	1,090,001	1,095,000	1,090,089
1	1,145,001	1,150,000	1,147,207
1	1,320,001	1,325,000	1,321,171
1	1,595,001	1,600,000	1,597,443
1	1,735,001	1,740,000	1,736,312
1	1,880,001	1,885,000	1,880,350
1	2,070,001	2,075,000	2,072,370
1	2,400,001	2,405,000	2,401,664
1	2,425,001	2,430,000	2,427,852
1	2,485,001	2,490,000	2,488,610
1	2,650,001	2,655,000	2,650,485
1	2,770,001	2,775,000	2,774,599
3	3,555,001	3,560,000	10,668,312
1	4,095,001	4,100,000	4,096,038
1	4,655,001	4,660,000	4,657,169
1	4,790,001	4,795,000	4,792,929
1	5,145,001	5,150,000	5,148,069
1	5,805,001	5,810,000	5,806,340
1	8,735,001	8,740,000	8,737,644
1	8,950,001	8,955,000	8,954,364
1	9,205,001	9,210,000	9,207,839
1	9,600,001	9,605,000	9,602,509
1,174			106,683,123

ANNUAL
REPORT

20
12

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	60,742,337	56.9367%
Associated Companies, undertakings and related parties.	212,452	0.1991%
NIT and ICP	2,086,675	1.9560%
Banks Development Financial Institutions, Non Banking Financial Institutions.	9,047,485	8.4807%
Insurance Companies	19,807	0.0186%
Modarabas and Mutual Funds	264,355	0.2478%
General Public		
a. Local	27,658,034	25.9259%
b. Foreign	0	0.0000%
Others (to be specified)		
Joint Stock Companies	6,584,784	6.1723%
Other Companies	67,194	0.0630%

STAKEHOLDERS INFORMATION

SIX YEARS AT GLANCE

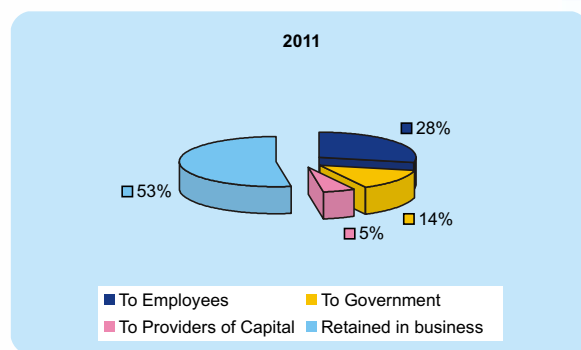
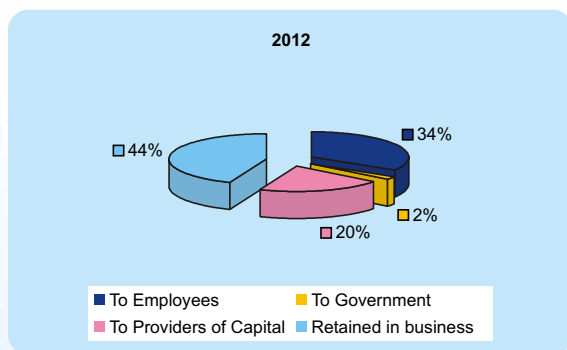
	2012	2011	2010	2009	2008	2007
	(Rupees in thousands)					
Operating Results						
Sale	8,619,602	6,869,476	6,533,756	5,191,729	3,972,224	3,124,633
Gross profit	1,999,037	2,001,462	1,888,996	1,526,090	1,183,272	777,138
Profit before tax	1,195,972	1,348,879	1,278,004	993,285	807,801	475,618
Financial data						
Fixed assets	6,001,503	2,622,134	2,504,073	2,501,292	2,261,022	1,809,541
Capital work-in-progress	-	1,155,169	203,945	135,229	-	143,854
Long term investment/ Advances, and deposits	445,702	206,643	226,319	151,878	83,086	78,678
Current assets	3,581,179	3,155,361	2,791,451	2,187,798	2,336,500	1,943,407
Current liabilities	3,806,826	1,846,128	1,179,018	1,106,714	1,349,378	1,225,161
Assets employed	6,221,558	5,293,178	4,546,770	3,869,482	3,331,230	2,750,318
Financed by:						
Ordinary capital	1,066,831	1,066,831	969,847	881,679	839,694	799,709
Reserves	4,325,507	3,804,839	3,173,716	2,579,192	2,076,354	1,737,291
Shareholders equity	5,392,338	4,871,670	4,143,563	3,460,871	2,916,048	2,537,000
Finances and deposits	437,503	1,307	1,157	33,115	100,115	36,035
Deferred taxation	391,716	420,201	402,051	375,496	315,067	177,284
Funds invested	6,221,558	5,293,178	4,546,770	3,869,482	3,331,230	2,750,318
Earnings per share	10.88	9.10	8.88	7.35	6.11	4.79
Break-up-value	50.55	45.66	42.72	39.26	34.76	31.72
Dividend %						
- cash	50	10	25	30	20	20
-Bonus shares	-	-	10	10	05	05
Total	50	10	35	40	25	25

FINANCIAL HIGHLIGHTS

	2012	2011	2010	2009	2008	2007
Gross profit rate	23%	29%	29	29	30	25
Profit before tax rate	14%	20%	20	19	20	15
Inventory turnover ratio	6.73	6.22	7.36	6.55	6.13	5.67
Total assets turnover ratio	0.86	0.96	1.14	1.04	0.86	0.79
Fixed assets turnover ratio	1.34	1.72	2.23	1.86	1.78	1.60
Price earning ratio	5.25	5.77	5.83	7.05	18.49	15.87
Return on capital employed	19.22	25.48	28.11	25.65	18.48	15.86
Market value per share:						
(at the end of year)	57.16	52.55	57	57	113	76
Debt:Equity ratio	1:2.21	1:7.96	1:42.5	1:18	1:5	1:4.6
Current ratio	1:0.94	1.71:1	2.37:1	1.98:1	1.73:1	1.59:1
Interest cover ratio	15.64	35.20	22.51	12.29	12.38	11.35
Earning per share	10.88	9.10	8.88	7.35	6.11	4.79

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2012	(Rupees in thousand)	2011
Value Addition			
Net sales	8,619,602		6,869,476
Material and services	(5,686,902)		(4,062,499)
Other income	65,228		50,897
	2,997,928		2,857,874
Value Distribution			
To Employees			
Salaries, wages and amenities	946,233		734,445
Workers profit participation fund	64,231		72,188
	1,010,464	34%	806,633 28%
To Government			
Tax	35,206		378,309
Workers welfare fund	24,408		22,689
	59,614	2%	400,998 14%
To Providers of Capital			
Cash dividend	533,416		106,683
Finance Cost	79,819		40,559
	613,235	20%	147,242 5%
Retained in business			
Depreciation	316,036		292,121
Retained profit	998,579		1,210,880
	1,314,615	44%	1,503,001 53%
	2,997,928	100%	2,857,874 100%



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No.35 of listing regulations of the 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 corporate governance.

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

1. The company encourages the representation of independent non-executive directors and the directors representing minority independent directors on its Board of Directors. At present the Board includes:

Name of the Director	Status
Mr. Aitzaz Ahmad Khan	Executive Director
Mr. Imtiaz Ahmad Khan	Executive Director
Mr. Anwaar Ahmad Khan	Executive Director
Mr. Aftab Ahmad Khan	Executive Director
Mrs. Ayesha Aftab	Non - Executive Director
Hafiz Farooq Ahmad	Non - Executive Director
Mr. Junaid Ghani	Executive Director
Mr. Jubair Ghani	Non - Executive Director
Mr. Mohammad Iqbal Khan	Executive Director
Mr. Ali Jehangir Siddiqui	Non - Executive Director
Syed Hasan Akbar Kazmi (<i>Alternate Director</i>)	Non - Executive Director

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Mrs. Reema Anwaar, alternate of Mr. Jubair Ghani ceased office of director on October 19, 2011 on resuming office by Mr. Jubair Ghani. Mr. Mohammad Iqbal Khan was elected as director in EOGM held on December 14, 2011. Mr. Salman Malik (Nominee of SJC) resigned and Mr. Ali Jehangir Siddiqui was appointed as director in his place on April 24, 2012. Hafiz Avais Ghani resigned on June 11, 2012. Mr. Zaid Ghani has been co-opted on September 13, 2012 to fill the casual vacancy of Hafiz Avais Ghani. Syed Hasan Akbar Kazmi was appointed as alternate director of Mr. Ali Jehangir Siddiqui on June 15, 2012.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. One of the Board members attended Corporate Governance Leadership Skills – Director Education Program (*formerly Board Development Series*) at Pakistan Institute of Corporate Governance during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors’ report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an audit committee. It comprises of three members, majority of them are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.

17. Subsequent to the year end, the Board in its meeting held on September 13, 2012, has formed an HR and Remuneration (HR & R) Committee. It comprises of three members majority of them are non-executive directors.
18. The Board has earlier set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
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 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 listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrines in the Code of Corporate Governance have been complied with.

For and Behalf of the Board of Directors



Aftab Ahmad Khan
Director



Imtiaz Ahmad Khan
Chief Executive Officer

Lahore: September 13, 2012

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Ghani Glass Limited** (“the Company”) to comply with the Listing Regulations of Karachi and Lahore 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

Lahore: September 13, 2012

KPMG Taseer Hadi & Co
Chartered Accountants
(Azam Sheikh)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ghani Glass Limited** (“the Company”) as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company’s business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company’s affairs as at 30 June 2012 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore: September 13, 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
(Azam Shiekh)

ANNUAL
REPORT



BALANCE SHEET

AS AT 30 JUNE 2012

EQUITY AND LIABILITIES

Capital and reserves

Authorised share capital
142,500,000 (2011: 142,500,000) ordinary shares of Rs. 10 each

Issued, subscribed and paid up capital
Reserves

Non-Current liabilities

Long term finances
Security deposits
Deferred taxation

Current liabilities

Current portion of non current liabilities
Short term morabaha finances
Short term morabaha finances against bills
Trade and other payables
Loan from sponsors
Lease rental payable-Ijarah finances
Provision for taxation
Markup accrued

Contingencies and commitments

	2012 Rupees	2011 Rupees	Note	2012 Rupees	2011 Rupees
ASSETS					
Non-Current assets					
Property, plant and equipment	6,001,503,217	1,066,831,227	16		3,777,302,806
Investment in associate	352,733,710	4,325,507,111	17		189,317,139
Long term deposits and prepayments	92,968,330	5,392,338,338	18		17,325,930
	6,447,205,257	1,425,000,000			3,983,945,875
Current assets					
Current maturity of long term deposits and prepayments	2,112,000	-	18		2,112,000
Stores, spares and other consumables	995,013,545	1,307,500	19		697,073,118
Stock in trade	1,281,601,776	359,450,949	20		1,104,281,035
Trade debtors	528,975,663	391,716,122	21		533,038,597
Advances, deposits and prepayments	337,159,826	829,219,421	22		439,551,905
Income tax recoverable	231,666,338				-
Other receivables	12,301,505	78,052,350	23		11,724,598
Cash and bank balances	192,348,288	359,450,949	24		367,579,677
	3,581,178,941	78,052,350			2,112,000
		359,450,949			995,013,545
		391,716,122			1,281,601,776
		421,508,342			528,975,663
		421,508,342			337,159,826
		516,499,955			231,666,338
		93,830,705			12,301,505
		1,174,007,075			192,348,288
		1,655,525,680			3,581,178,941
		65,145,650			10,028,384,198
		3,123,823			7,139,306,805
		77,853,614			
		11,137,387			
		1,846,128,026			
	3,806,826,439	3,806,826,439			
	10,028,384,198	7,139,306,805			

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore



Chief Executive



Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	25	8,619,601,728	6,869,476,221
Cost of sales	26	(6,620,565,149)	(4,868,014,697)
Gross profit		1,999,036,579	2,001,461,524
General and administrative expenses	27	(300,287,754)	(216,495,175)
Selling and distribution expenses	28	(399,547,977)	(330,980,042)
Other operating expenses	29	(88,638,109)	(94,876,367)
Other operating income	30	37,889,353	68,661,102
Operating profit		1,248,452,092	1,427,771,042
Finance cost	31	(79,818,857)	(40,559,019)
Impairment loss on property, plant and equipment		-	(20,569,512)
Share of profit / (loss) of associate	17	27,338,933	(17,764,005)
Profit before taxation		1,195,972,168	1,348,878,506
Taxation	32	(35,205,530)	(378,309,129)
Profit after taxation		1,160,766,638	970,569,377
Earnings per share - basic and diluted	33	10.88	9.10

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore



Chief Executive



Director

ANNUAL
REPORT

20
12

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Rupees	2011 Rupees
Cash flows from operating activities			
Cash generated from operations	38	1,241,790,751	1,840,716,493
Finance cost paid		(13,102,630)	(31,567,603)
Workers' Profit Participation Fund paid		(69,180,041)	(58,510,680)
Workers' Welfare Fund paid		(19,410,584)	(25,785,933)
Income taxes paid		(357,551,064)	(377,484,965)
		<u>(459,244,319)</u>	<u>(493,349,181)</u>
Net cash generated from operating activities		782,546,432	1,347,367,312
Cash flows from investing activities			
Fixed capital expenditure		(2,541,274,563)	(1,383,704,938)
Purchase of investment in associate		(136,077,638)	-
Proceeds from sale of fixed assets		3,255,000	5,689,000
Long term deposits		(75,642,400)	(199,700)
Net cash used in investing activities		(2,749,739,601)	(1,378,215,638)
Cash flow from financing activities			
Loan from sponsors - net		65,145,650	-
Morabaha finances - net		1,436,642,817	509,420,184
Short term morabaha finances against bills		(93,830,705)	4,547,246
Diminishing musharaka- net		130,087,250	-
Dividend paid		(104,226,681)	(252,525,496)
Security deposits		358,143,449	150,000
Net cash generated from financing activities		1,791,961,780	261,591,934
Net (decrease)/increase in cash and cash equivalents		(175,231,389)	230,743,608
Cash and cash equivalents at the beginning of the year		367,579,677	136,836,069
Cash and cash equivalents at the end of the year	24	192,348,288	367,579,677

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore



Chief Executive



Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
Profit for the year	1,160,766,638	970,569,377
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,160,766,638</u>	<u>970,569,377</u>

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore



Chief Executive



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Share capital	Capital reserve		Revenue reserve	Total
		Merger reserve	Share premium	Unappropriated profit	
(----- Rupees -----)					
Balance as at 30 June 2010	969,846,570	427,419,290	75,000,000	2,671,296,843	4,143,562,703
Final cash dividend @ Rs. 2.5 per share for the year ended 30 June 2010				(242,461,643)	(242,461,643)
Bonus shares issued @ 10% for the year ended 30 June 2010	96,984,657	-	-	(96,984,657)	-
Total comprehensive income for the year	-	-	-	970,569,377	970,569,377
Balance as at 30 June 2011	1,066,831,227	427,419,290	75,000,000	3,302,419,920	4,871,670,437
Final cash dividend @ Rs. 1 per share for the year ended 30 June 2011	-	-	-	(106,683,123)	(106,683,123)
Interim cash dividend @ Rs.5 per share for the nine months period ended 31 March 2012	-	-	-	(533,415,614)	(533,415,614)
Total comprehensive income for the year	-	-	-	1,160,766,638	1,160,766,638
Balance as at 30 June 2012	1,066,831,227	427,419,290	75,000,000	3,823,087,821	5,392,338,338

The annexed notes 1 to 42 form an integral part of these financial statements.



Lahore

Chief Executive



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1 Legal status and nature of business

Ghani Glass Limited ('the Company') was incorporated in Pakistan in 1992 as a limited liability company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is located at 50 - L, Model Town Extension, Lahore. The Company is engaged in the business of manufacturing and sale of glass containers and float glass of different types.

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 Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment has no impact on financial statements of the Company.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

3 Significant accounting policies

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

The preparation of financial statement in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are:

	<i>Note</i>
- residual values and useful lives of depreciable assets	3.1
- provision for taxation	3.12
- provisions and contingencies	3.16

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

3.1 Property, plant and equipment

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.

Depreciation on all property, plant and equipment is charged to income using "reducing balance method", except for furnace on which depreciation is charged on straight line basis, so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 16.1.

Depreciation methods, 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 capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized 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.

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 recognized in income or expense.

3.2 Capital work in progress

Capital work in progress and stores held for capital expenditure are 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.

3.3 Ijarah finances

Ijarah finances are classified as an operating lease according to the guidelines provided in International Financial Accounting Standard (IFAS) 2. Leases where a significant proportion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under the operating lease (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

3.4 Investments

Investment in associate

Associates are all entities over which the Company has significant influence but not control. Investment in associate is accounted for using the equity method of accounting and are initially recognized at cost. The Company's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Company's share of its associates' post acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains/losses on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

Investments at fair value through profit and loss account

Investments that are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading.

Investments at fair value through profit or loss are initially recognized at cost, being the fair value of the consideration given. Transaction costs are charged to profit and loss. Subsequent to initial recognition these are recognized at fair value unless fair value can not be reliably measured. The investments for which quoted market price is not available are measured at cost. Any surplus or deficit on revaluation of investments is charged to income currently.

3.5 Stores, spares and other consumables

These are valued at lower of cost and net realizable value. Cost is determined at weighted average except items in transit which are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred to make the sale. Provision is made in the financial statements for obsolete and slow moving items of stores and spares based on management estimates, if any. Items considered obsolete are carried at nil value.

3.6 Stock-in-trade

These are valued at the lower of cost and net realizable value except for stock in transit, which are valued at cost comprising invoice value plus other charges paid.

Cost is determined as follows:

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

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

3.7 Financial instruments

Financial assets

Significant financial assets include trade debts, advances and receivables, long term deposits and cash and bank balances. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short term ijarah rentals, musharika and morabaha finances, accrued markup, trade and other payables and dividends payable. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

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

Offsetting of financial assets and financial liabilities

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

3.8 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.

3.9 Cash and cash equivalents

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

3.10 Impairment

The carrying amount of the assets except for inventories are reviewed at each balance sheet date to identify the circumstances indicating the occurrence of impairment loss or reversal of previously recognized impairment losses. If any such indication exists, the recoverable amount of such asset is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss has been charged. A reversal of the impairment loss is recognized in income.

3.11 Trade and other payables

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

3.12 Taxation

Current

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

Deferred

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

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

3.13 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 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.

Profit on receivables is recognized on time proportionate basis when the right to receive is established.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer i.e. on the dispatch of goods to the customer in case of local sales and a preparation of bill of lading in case of exports.

Dividend income is recognized when right to receive such dividend is established.

Technical fee is recognized on time proportionate basis.

3.14 Foreign currency transactions

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.

3.15 Employees retirement benefit

Defined contribution plan

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

3.16 Provision

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.

3.17 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized 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.

3.18 Dividend

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

	<i>Note</i>	2012 Rupees	2011 Rupees
4 Issued, subscribed and paid up capital			
14,950,000 (2011: 14,950,000) Ordinary shares of Rs.10 each fully paid in cash		149,500,000	149,500,000
55,490,987 (2011: 55,490,987) Ordinary shares of Rs.10 each issued as fully paid bonus shares		554,909,877	554,909,877
36,242,135 (2011: 36,242,135) Ordinary shares of Rs.10 each issued under the scheme of amalgamation	4.1	362,421,350	362,421,350
		<u>1,066,831,227</u>	<u>1,066,831,227</u>

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

	Number of shares	
	2012	2011
4.2 Reconciliation of ordinary shares		
Opening balance of ordinary shares of Rs. 10 each	106,683,123	96,984,657
Bonus shares issued during the year	-	9,698,466
Closing balance of ordinary shares of Rs. 10 each	<u>106,683,123</u>	<u>106,683,123</u>

4.3 8,737,644 (2011:Nil) ordinary shares of the Company are held by JS Bank Limited and 110,796 (2011: 110,796) ordinary shares of the Company are held by Jamia Tul Ghani Ul Islam, associated undertakings.

	<i>Note</i>	2012 Rupees	2011 Rupees
5 Reserves			
<u>Capital</u>			
Merger reserves	5.1	427,419,290	427,419,290
Share premium	5.2	75,000,000	75,000,000
		502,419,290	502,419,290
<u>Revenue</u>			
Unappropriated profit		3,823,087,821	3,302,419,920
		4,325,507,111	3,804,839,210
5.1	This represents the amount arising under the scheme of amalgamation of Ghani Float Glass Limited with the Company.		
5.2	This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.		
6 Long term finances	<i>Note</i>	2012 Rupees	2011 Rupees
Diminishing musharika	9	130,087,250	-
Less: Current portion		(52,034,900)	-
		78,052,350	-
6.1	This represents diminishing musharika facility from Bank Islami Limited for acquisition of plant and machinery. The term of the agreement is 3.5 years. The balance is repayable in 10 equal quarterly installments ending on 22 December 2014. It carries markup at the rate of 3 months KIBOR plus 1.25%. It is secured against first parri passu charge over present and future current assets of the Company.		
7 Security deposits	<i>Note</i>	2012 Rupees	2011 Rupees
Long term security deposits	7.1	1,507,500	-
Long term security deposits from customers	7.2	357,943,449	-
		359,450,949	-
7.1	These are interest free security deposits obtained from transport contractors and are being utilized in accordance with the terms of agreement.		
7.2	These are interest free security deposits obtained from dealers of float glass and are repayable on cancellation/withdrawal of the dealership or on cessation of business with the Company. As per the term of the agreement, the Company can use these funds for the purpose of Company's operation.		
8 Deferred taxation	<i>Note</i>	2012 Rupees	2011 Rupees
Deferred tax liability comprises of the following:			
Deferred tax liability arising in respect of tax depreciation allowances		1,070,224,156	432,532,974
Deferred tax asset arising on provision for doubtful debts		(1,690,096)	(1,690,096)
Deferred tax asset arising on unused current tax losses & tax credits		(668,630,833)	-
Others		(8,187,105)	(10,642,036)
		391,716,122	420,200,842
9 Current portion of non current liabilities			
Diminishing musharika	6	52,034,900	-
		52,034,900	-

10 Short term morabaha financing - secured

	Profit rate	2012 Rupees	2011 Rupees
I	Habib Metropolitan Bank Limited	Respective KIBOR plus 1.00 %	
		339,701,017	198,867,695
II	Bank Islami Limited	Respective KIBOR plus 0.70%	
		451,501,387	184,187,000
III	Soneri Bank Limited	Six month KIBOR plus 0.75%	
		399,946,959	133,445,260
IV	Albaraka Islamic Bank	Respective KIBOR plus 1.00 %	
		55,759,760	-
V	Bank Alfalah Limited	Respective KIBOR plus 0.75%	
		82,000,000	-
VI	Habib Metropolitan Bank Limited	5%	
		4,500,048	-
VII	MCB Bank Limited	One year KIBOR plus 0.75%	
		100,000,000	-
VIII	Meezan Bank Limited	Respective KIBOR plus 0.5%-0.8%	
		303,134,247	-
IX	Habib Bank Limited	Respective KIBOR plus 0.75%	
		149,546,554	-
X	Burj Bank Limited	1% over deposit rate	
		67,052,800	-
		1,953,142,772	516,499,955

10.1 Total Morabaha finance facilities available amount to Rs. 2,591 million (2011: Rs. 1,345 million). Morabaha availed from various banks is secured against first pari passu charge over all present and future current assets, stocks, book debts and fixed assets of the Company.

10.2 Morabaha finance of Rs. 4.5 million from Habib Metropolitan Bank Limited is secured against export documents bills collection and carries markup at 5 % of total value.

11 Short term morabaha finances against bills - secured

	Profit rate	2012 Rupees	2011 Rupees
Habib Metropolitan Bank Limited	Three month KIBOR plus 2.00 %	-	93,830,705
		-	93,830,705

12 Trade and other payables

	<i>Note</i>	2012 Rupees	2011 Rupees
Creditors for goods and services	12.1	217,004,470	284,269,929
Bills payable		62,456,903	122,061,137
Advances from customers		252,594,597	471,543,029
Accrued expenses		405,061,356	117,379,294
Income tax deducted at source		17,810,161	29,351,733
Security deposits	12.2	294,500	400,500
Retention money		18,348,302	8,993,408
Workers' profit participation fund	12.3	75,195,343	80,144,870
Workers' welfare fund		24,407,595	19,410,584
Sales tax payable		-	34,710,966
Unclaimed dividend		4,889,902	2,433,460
Dividend payable	12.4	533,415,614	-
Provident fund payable		44,046,937	3,308,165
		1,655,525,680	1,174,007,075

12.1 Creditors include an amount of Rs.2.64 million (2011: Rs. 4.24 million) and Rs 14.06 million (2011: Rs 4.20 million) payable to Ghani Value Glass Limited and Ahmed Brothers and Company - related parties, respectively.

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

12.3 Workers' profit participation fund

Balance as at 01 July

Provision for the year

Interest for the year

Less: payments made during the year

Balance as at 30 June

	2012 Rupees	2011 Rupees
	80,144,870	66,467,806
	64,230,514	72,187,744
	7,402,384	-
	(76,582,425)	(58,510,680)
	(4,949,527)	13,677,064
	75,195,343	80,144,870

12.4 This represents interim dividend of Rs. 5 per share declared and approved on 24 April 2012. The register of members was closed for dividend payment purposes subsequent to year end, hence, a liability was recognized in accordance with Section 251 of the Companies Ordinance, 1984.

13 Loan from sponsors

These represents interest free loans from sponsors and is repayable on demand.

14 Lease rental payable-Ijarah finances

The Company has executed Ijarah agreements with various financial institutions. The lease rentals are repayable in monthly/ quarterly installments. These are secured against title of fixed assets under Ijarah financing.

15 Contingencies and commitments

15.1 Contingencies

The tax department had opened reassessment proceedings regarding tax year 2008, and had raised additional tax demand of Rs. 305,013,625 u/s 122(1) and 122(5) of the Income Tax Ordinance, 2001. However, the Company filed appeal before ATIR, and the decision has been made in favour of the Company.

The tax department had opened reassessment proceedings regarding tax year 2009 and a demand of Rs. 18,826,782 had been raised u/s 122(5A) of the Income Tax Ordinance, 2001. However, the Company filed appeal before CIR (A) and the decision has been made in favour of the Company.

15.2 Commitments

15.2.1 Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounted to Rs. 641 million (2011: Rs. 349 million).

15.2.2 Letters of credit for import of materials and stores outstanding as at balance sheet date amounted to Rs. 1,212 million (2011: Rs. 1,579 million).

15.2.3 Commitments for ijarah rentals for ijarah financing from various financial institutions amounting to Rs. 389,180,148 (2011: Nil).

- For the year ended 30 June 2013
- For the year ended 30 June 2014
- For the year ended 30 June 2015

----(Rupees)----

154,822,450
178,826,835
55,530,863
389,180,148

16 Property, plant and equipment

Operating assets
Capital work in progress

Note	2012 Rupees		2011 Rupees		Depreciation and impairment loss					Net book value as at 30 June 2012	
	As at 1 July 2011	Additions during the year	Transfers/ adjustments	Disposals during the year	As at 30 June 2012	Rate %	Impairment Loss	For the year	Transfers/ adjustments		On disposals
16.1	6,001,503,217	2,622,133,721	2,622,133,721	-	116,949,822	-	-	-	-	-	116,949,822
16.4	-	1,155,169,085	1,155,169,085	-	473,460,660	10	-	18,827,756	-	-	196,997,352
	<u>6,001,503,217</u>	<u>3,777,302,806</u>	<u>3,777,302,806</u>	-	4,564,058,814	10	-	178,567,630	-	-	1,214,362,838
					2,662,559,484	5 - 33.33	-	104,138,285	-	-	485,631,769
					16,068,466	506,806	-	1,019,491	-	-	7,469,210
					8,737,402	1,726,450	-	369,198	-	-	4,858,023
					11,866,871	135,338	-	662,128	-	-	5,938,939
					119,136,368	20,374,433	-	12,451,926	-	(2,530,687)	75,251,121
2012	4,299,137,266	3,696,443,648	7,992,012,489	(3,568,425)	7,992,012,489		-	316,036,414	-	(2,530,687)	1,990,509,272
											6,001,503,217

Owned

Freehold land	106,788,134	10,161,688	-	-	116,949,822	-	-	-	-	-	116,949,822
Building on freehold land	356,090,556	117,370,104	-	-	473,460,660	10	-	18,827,756	-	-	196,997,352
Plant and machinery	2,645,425,909	1,918,632,905	-	-	4,564,058,814	10	-	178,567,630	-	-	1,214,362,838
Furnace	1,035,023,560	1,627,535,924	-	-	2,662,559,484	5 - 33.33	-	104,138,285	-	-	485,631,769
Tools and office equipment	16,068,466	506,806	-	-	16,575,272	10	-	1,019,491	-	-	7,469,210
Electrical equipment	8,737,402	1,726,450	-	-	10,463,852	10	-	369,198	-	-	4,858,023
Furniture and fixtures	11,866,871	135,338	-	-	12,002,209	10	-	662,128	-	-	5,938,939
Vehicles	119,136,368	20,374,433	-	(3,568,425)	135,942,376	20	-	12,451,926	-	(2,530,687)	75,251,121
2012	4,299,137,266	3,696,443,648	7,992,012,489	(3,568,425)	7,992,012,489		-	316,036,414	-	(2,530,687)	1,990,509,272
											6,001,503,217

	Cost			Depreciation and impairment loss				Net book value as at			
	As at 1 July 2010	Additions during the year	Disposals during the year	As at 30 June 2011	Rate %	Impairment loss	For the year	Transfers/ adjustments	On disposals	As at 30 June 2011	2011
	(-----Rupees-----)					(-----Rupees-----)					
<i>Owned</i>											
Freehold land	106,788,134	-	-	106,788,134	-	-	-	-	-	-	106,788,134
Building on freehold land	351,626,006	4,464,550	-	356,090,556	10	-	19,640,293	-	-	178,169,596	177,920,960
Plant and machinery	2,479,666,665	165,759,244	-	2,645,425,909	10	-	169,069,209	-	-	1,035,795,228	1,609,630,681
Furnace	787,673,687	247,349,873	-	1,035,023,560	6.66 - 33.33	20,569,512	88,182,805	-	-	381,493,484	653,530,076
Tools and office equipment	15,088,147	980,319	-	16,068,466	10	-	1,017,653	-	-	6,449,719	9,618,747
Electrical equipment	7,304,282	1,433,120	-	8,737,402	10	-	341,882	-	-	4,488,825	4,248,577
Furniture and fixtures	113,319,816	547,055	-	113,866,871	10	-	691,705	-	-	5,276,811	6,590,060
Vehicles	113,936,868	11,947,000	(6,747,500)	119,136,368	20	-	13,177,402	-	(5,017,629)	65,329,882	53,806,486
2011	3,873,403,605	432,481,161	(6,747,500)	4,299,137,266		20,569,512	292,120,949	-	(5,017,629)	1,677,003,545	2,622,133,721

	Note	2012 Rupees	2011 Rupees
16.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	26	292,248,353	270,132,038
General and administrative expenses	27	21,247,128	19,639,173
Selling and distribution expenses	28	2,540,933	2,349,738
		316,036,414	292,120,949

16.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
Vehicles							
Ambulance LXX-8044	750,000	524,447	225,553	810,000	584,447	Negotiation	Mr. Khalid Ahmad
Suzuki Mehran LEC-08-5689	398,425	219,507	178,918	350,000	171,082	Negotiation	Mr. Abbas Hussain
Honda City LED-07-1749	840,500	323,001	517,499	975,000	457,501	Negotiation	Mr. Mazhar Farid
Suzuki Mehran LRK-5349	399,000	378,831	20,169	350,000	329,831	Negotiation	Mr. Muhammad Ajmal
Honda Civic LXR-49	1,030,500	938,383	92,117	525,000	432,883	Negotiation	Mr. Muhammad Shahid
Suzuki Pickup LOK-5071	150,000	146,518	3,482	245,000	241,518	Negotiation	Mr. Mumtaz Ali
2012	3,568,425	2,530,687	1,037,738	3,255,000	2,217,262		
Vehicles							
Daihatsu Coure-LZV-4338	400,000	305,485	94,515	265,000	170,485	Negotiation	Mr. Rasheed Khan
Suzuki Ravi Pickup LEA-1749	330,000	215,348	114,652	190,000	75,348	Negotiation	Mr. Asad Ali Khan
Suzuki Cultus-LZX-3178	609,000	430,984	178,016	530,000	351,984	Negotiation	Mr. Chaudhry M. Sardar
Suzuki Cultus-LZX-3565	609,000	442,247	166,753	440,000	273,247	Negotiation	Mr. Sarfarz Anwar
Daihatsu Coure-AEZ-749	434,000	357,995	76,005	262,000	185,995	Negotiation	Mr. Mustunsir Hussain
Honda Civic-LZX-449	1,037,500	735,348	302,152	900,000	597,848	Negotiation	Mr. Aman Ullah Khan
Daihatsu Coure-LRS-1471	434,000	357,995	76,005	362,000	285,995	Negotiation	Mr. Naseer Ahmed
Suzuki Cultus-LRP-9959	609,000	496,260	112,740	445,000	332,260	Negotiation	Mr. M. Ilyas
Suzuki Mehran-LZV-5012	330,000	237,034	92,966	300,000	207,034	Negotiation	Mr. Asif Saeed Toor
Suzuki Mehran-LZQ-4867	330,000	239,226	90,774	325,000	234,226	Negotiation	Mr. Adeel Ilyas
Suzuki Mehran-LEA-8948	340,000	245,132	94,868	370,000	275,132	Negotiation	Mr. Hassan Farooqi
Suzuki Mehran-LEA-8951	340,000	245,316	94,684	370,000	275,316	Negotiation	Mr. Tariq Pervaiz
Suzuki Mehran-LZN-2381	330,000	238,515	91,485	315,000	223,515	Negotiation	Mr. Saeed Fakhar Ali
Suzuki Mehran-LRH-5049	285,000	235,547	49,453	280,000	230,547	Negotiation	Mr. Musharraf Hussain
Suzuki Mehran-LZS-3763	330,000	235,197	94,803	335,000	240,197	Negotiation	Mr. Imran Khan
2011	6,747,500	5,017,629	1,729,871	5,689,000	3,959,129		

	2012 Rupees	2011 Rupees
16.4 Capital work in progress		
Expansion project		
Plant and machinery [material in transit Rs.Nil (2011: Rs 90.83 million)]	-	282,120,048
Civil works	-	274,158,839
Advances	-	284,753,682
Stores held for capital expenditure	-	114,832,238
Others	-	955,864,807
Stores held for capital expenditure	-	199,304,278
	-	1,155,169,085

17 Investment in associate	Note	2012 Rupees	2011 Rupees
Rak Ghani Glass LLC			
16,456 (2011: 13,200 fully paid ordinary shares of AED 1,000 each)	17.1	<u>352,733,710</u>	<u>189,317,139</u>
17.1 Movement in equity interest of associated company is as follows:			
Balance as at 01 July		293,842,846	146,880,000
Purchase of equity investment		<u>136,077,638</u>	<u>146,962,846</u>
		429,920,484	293,842,846
Cummulative share of losses		<u>(77,186,774)</u>	<u>(104,525,707)</u>
Balance as at 30 June		<u>352,733,710</u>	<u>189,317,139</u>

The Company's share of the result of its associated company, which is unlisted and incorporated in UAE, and its share of the assets, liabilities and revenue is as follows:

Percentage interest held	Rupees			
	Assets	Liabilities	Revenue	Profit
37.40%	1,151,512,183	607,589,732	655,472,272	27,338,932

18 Long term deposits and prepayments	Note	2012 Rupees	2011 Rupees
Ijarah deposits	18.1	64,202,000	-
Long term deposit	18.2	28,766,330	17,112,430
Long term prepayments		<u>2,112,000</u>	<u>2,325,500</u>
		95,080,330	19,437,930
Less: Current maturity of long term prepayments		<u>2,112,000</u>	<u>2,112,000</u>
		<u>92,968,330</u>	<u>17,325,930</u>

18.1 These represents security deposits against Ijarah finances availed during the year and are adjustable at the expiry of respective ijarah facilities.

18.2 These represent interest free security deposits to different entities.

19 Stores, spares and other consumables	2012 Rupees	2011 Rupees
Stores and spares [in transit Rs 42.67 million (2011: Rs 67.73 million)]	876,816,605	571,455,980
Fuel and lubricants	<u>118,196,940</u>	<u>125,617,138</u>
	<u>995,013,545</u>	<u>697,073,118</u>

20 Stock in trade	2012 Rupees	2011 Rupees
Raw material [in transit Rs. 42.89 million (2011: Rs 80.07 million)]	588,970,782	605,692,983
Packing materials	63,894,047	68,310,917
Work in process	117,714,991	57,576,269
Finished goods	<u>511,021,956</u>	<u>372,700,866</u>
	<u>1,281,601,776</u>	<u>1,104,281,035</u>

21 Trade debtors	Note	2012 Rupees	2011 Rupees
Local			
Secured - considered good		69,996,127	105,727,762
Unsecured			
Considered good	21.1	369,716,190	396,261,307
Considered doubtful		5,438,846	5,438,846
Less: Provision for doubtful debts	21.2	(5,438,846)	(5,438,846)
		369,716,190	396,261,307
		439,712,317	501,989,069
Foreign - secured, considered good	21.3	89,263,346	31,049,528
		528,975,663	533,038,597

21.1 Local debtors include an amount of Rs. 6.96 million (2011: Rs. Nil) receivable from Ghani Value Glass Limited - a related party.

21.2 Provision for doubtful debts - movement summary	Note	2012 Rupees	2011 Rupees
Balance as at 01 July		5,438,846	7,203,749
Add: provision for during the year		-	546,156
Less: written off during the year		-	(2,311,059)
Balance as at 30 June		5,438,846	5,438,846

21.3 Foreign debtors include an amount of Rs. 11.76 million (2011: Rs. 11.76 million) receivable from Rak Ghani Glass LLC - a related party.

22 Advances, deposits and prepayments

Advances	Note	2012 Rupees	2011 Rupees
Employees - unsecured but considered good		49,645,329	62,613,800
Suppliers of goods and services - unsecured	22.1	231,397,261	371,654,610
Due from related parties	22.2	12,082,991	1,394,646
Sales tax refundable		44,034,245	-
Other receivable		-	3,888,849
		337,159,826	439,551,905

22.1 This includes an advance given to Ahmed Brothers and Company - a related party for acquisition of land and building amounting to Rs. 14.20 million (2011: Rs. 14.20 million).

22.2 Due from related parties

	2012 Rupees	2011 Rupees
Ghani Automobile Industries Limited	1,160,004	1,394,646
RAK Ghani Glass LLC	10,637,860	-
Ghani Gases Limited	285,127	-
	12,082,991	1,394,646

These amounts are in the normal course of business and are interest free.

23 Other receivables

Receivable from RAK Ghani Glass LLC	Note	2012 Rupees	2011 Rupees
	23.1	12,301,505	11,724,598

23.1 This represents expenses incurred by the Company on behalf of Rak Ghani Glass LLC, UAE - a related party.

24 Cash and bank balances	Note	2012 Rupees	2011 Rupees
Cash in hand		657,158	631,060
Cash at bank			
- Current accounts		61,733,686	334,605,510
- Saving accounts	24.1	129,957,444	32,343,107
		191,691,130	366,948,617
		192,348,288	367,579,677

24.1 The balances in saving accounts bear mark-up at the rate of 8% to 11.85% per annum (2011: 8% to 11.75%).

25 Sales - net		2012	2011
Local sales		9,431,297,023	7,474,103,318
Export sales		679,297,470	717,303,923
		10,110,594,493	8,191,407,241
Less: Sales return, rejections and discounts		(44,417,357)	(34,836,802)
Sales tax and special excise duty		(1,331,734,014)	(1,193,449,655)
Commission on sales		(114,841,394)	(93,644,563)
		(1,490,992,765)	(1,321,931,020)
		8,619,601,728	6,869,476,221

26 Cost of sales		2012	2011
Raw material consumed	26.1	2,269,189,769	1,589,343,750
Fuel, gas and electricity		2,745,875,825	1,856,728,331
Packing expenses		468,604,272	388,685,915
Stores and spares consumed		203,232,034	227,740,537
Salaries, allowances and other benefits	26.2	642,715,800	550,790,424
Depreciation	16.2	292,248,353	270,132,038
Rent, rates and taxes		12,044,927	7,835,653
Lease rental-ijarah finances		57,748,788	-
Repair and maintenance		16,732,694	10,025,282
Travelling and motor running expenses		19,870,039	14,937,705
Communication and stationery		3,683,777	2,978,864
Other manufacturing expenses		87,078,683	22,165,154
		6,819,024,961	4,941,363,653
Work in process			
Opening balance		57,576,269	48,003,686
Closing balance		(117,714,991)	(57,576,269)
		(60,138,722)	(9,572,583)
		6,758,886,239	4,931,791,070
Finished goods			
Opening balance		372,700,866	308,924,493
Closing balance		(511,021,956)	(372,700,866)
		(138,321,090)	(63,776,373)
		6,620,565,149	4,868,014,697
26.1 Raw materials consumed			
Opening balance		525,621,195	394,059,606
Purchases		2,289,644,396	1,706,220,672
Closing balance		(546,075,822)	(510,936,528)
		2,269,189,769	1,589,343,750

26.2 Salaries, allowances and other benefits include Rs. 18.66 million (2011: Rs. 15.19 million) in respect of retirement benefits.

	<i>Note</i>	2012 Rupees	2011 Rupees
27 General and Administration expenses			
Salaries, allowances and other benefits	27.1	194,673,511	122,831,133
Communication, stationery and supplies		10,213,047	11,177,144
Utilities		3,748,757	2,228,730
Rent, rates and taxes		6,547,300	5,457,150
Travelling and conveyance		26,095,783	21,256,706
Auditors' remuneration	27.2	1,275,000	1,250,000
Depreciation	16.2	21,247,128	19,639,173
Legal and professional expenses		12,881,153	9,630,511
Charity and donations	27.3	15,818,991	17,771,423
Other expenses		7,787,084	5,253,205
		300,287,754	216,495,175

27.1 Salaries, allowances and other benefits include Rs.5.24 million (2011: Rs. 3.57 million) in respect of retirement benefits.

	2012 Rupees	2011 Rupees
27.2 Auditors' remuneration		
Statutory audit fee	1,100,000	1,100,000
Half yearly review	125,000	125,000
Out of pocket expenses	50,000	25,000
	1,275,000	1,250,000

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

	<i>Note</i>	2012 Rupees	2011 Rupees
28 Selling and distribution expenses			
Salaries, allowances and other benefits	28.1	108,843,841	60,823,000
Communication, stationery and supplies		4,240,824	3,274,705
Utilities		363,688	451,033
Rent, rates and taxes		2,176,205	1,424,781
Travelling and conveyance		11,931,674	6,061,219
Advertisement and sale promotion		82,045,801	66,784,478
Depreciation	16.2	2,540,933	2,349,738
Provision for bad debts		-	546,156
Transportation and handling			
- Local		99,075,957	129,000,612
- Export		85,180,883	59,867,496
Other expenses		3,148,171	396,824
		399,547,977	330,980,042

28.1 Salaries, allowances and other benefits include Rs 3.56 million (2011: Rs. 2.66 million) in respect of retirement benefits.

	<i>Note</i>	2012 Rupees	2011 Rupees
29 Other operating expenses			
Workers' profit participation fund	12.3	64,230,514	72,187,744
Workers' welfare fund		24,407,595	22,688,623
		88,638,109	94,876,367

30 Other operating income	Note	2012 Rupees	2011 Rupees
Income from financial assets			
Gain on sale of investment		-	1,251,918
Profit on savings account		1,277,222	2,565,350
Profit on trade debts secured against local bills		-	17,889,763
Other income		2,004,148	-
Exchange gain		3,326,025	225,082
		<u>6,607,395</u>	<u>21,932,113</u>
Income from non-financial assets			
Gain on sale of fixed assets		2,217,262	3,959,129
Breakage recovery from packing contractors		3,792,731	2,551,724
Scrap sales		25,271,965	40,218,136
		<u>31,281,958</u>	<u>46,728,989</u>
		<u>37,889,353</u>	<u>68,661,102</u>
31 Finance cost			
Profit on diminishing musharika		1,497,368	-
Profit on short term morabaha finances		59,327,662	32,494,693
Interest on workers' profit participation fund	12.3	7,402,384	-
Bank charges		11,591,443	8,064,326
		<u>79,818,857</u>	<u>40,559,019</u>
32 Taxation			
Income tax			
Current year		84,210,941	360,159,433
Prior year		(20,520,691)	-
		<u>63,690,250</u>	<u>360,159,433</u>
Deferred tax		(28,484,720)	18,149,696
		<u>35,205,530</u>	<u>378,309,129</u>

32.1 The current year's provision for taxation represents minimum tax chargeable under section 113 of the Income Tax Ordinance, 2001.

32.2 Tax charge reconciliation

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

	2012 %	2011 %
Applicable tax rate	-	35.00
Tax effect on separate block of income (taxable at reduced rate)	-	(4.71)
Tax effect of permanent differences	-	0.45
Tax effect of credits and rebates	-	(3.81)
Tax effect of additional flood surcharge	-	1.12
Tax effect of prior years provisions / reversals	-	-
	<u>-</u>	<u>28.05</u>

32.3 No numeric tax rate reconciliation for current year is given in these financial statements, as provision made for the current year mainly represents minimum tax payable under section 113 and final tax deducted under Sections 148 and 154 of the Income Tax Ordinance, 2001.

33 Earnings per share - basic and diluted

Basic

	2012	2011
Profit after taxation	Rupees <u>1,160,766,638</u>	<u>970,569,377</u>
Weighted average number of ordinary shares	Number of shares <u>106,683,123</u>	<u>106,683,123</u>
Earnings per share	Rupees <u>10.88</u>	<u>9.10</u>

Diluted

There is no dilution in earnings per share as the Company has no such commitments.

ANNUAL
REPORT

20
12

34 Remuneration of Directors, Chief executive and Executives

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

	Chief Executive		Executive Directors		Non-Executive Directors		Executives	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
Managerial remuneration	21,660,564	18,050,472	70,997,808	56,026,704	-	-	27,764,061	24,234,124
Bonus	19,675,019	5,404,620	65,194,112	16,521,084	-	-	4,114,850	5,234,980
Medical expenses	31,064	153,796	1,269,037	784,709	-	-	2,006,550	953,498
Retirement benefits	1,804,325	1,504,206	5,600,429	4,668,892	-	-	2,312,746	1,874,992
House rent	2,304,000	2,304,000	6,912,000	6,912,000	-	-	-	70,000
	45,474,972	27,417,094	149,973,386	84,913,389	-	-	36,198,207	32,367,594
Number of persons	1	1	5	4	-	-	26	15

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

34.2 The aggregate amount charged in the financial statements in respect of remuneration to key management personnel is Rs. 191.16 million (2011: Rs. 144.70 million) out of which Rs. 10.83 million (2011: Rs 8.04 million) relates to retirement benefits.

35 Transactions with related parties

The related parties comprise of associated undertakings, staff retirement funds, directors and key management personnel. Amounts pertaining to related parties are disclosed in note 12, 17 and 22 and remuneration to key management personnel are disclosed in note 34.

Related party	Relationship	Basis of relationship	Nature of transactions	2012	2011
				Rupees	Rupees
Ahmad Brothers and Company	Associated undertaking	Partners of firm are directors in the Company	Commercial purchases Purchase of assets Advance for purchase of assets	39,244,849 - -	17,161,829 800,000 14,200,000
Ghani Automobile Industries Limited	-do-	Common directorship	Reimbursement of utility expenses	12,058	134,808
Ghani Value Glass Limited	-do-	Common directorship	Sales Purchases Other expenses	348,287,105 1,382,167 2,925,760	191,089,736 - 492,879
Ghani Gases Limited	-do-	Common directorship	Sales	614,283	-
Rak Ghani Glass LLC	-do-	Common directorship	Investment in associate Sales Purchase Other expenses	136,077,638 - 44,866,662 612,220	146,962,846 4,560,696 - 5,023,049

36 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 have the overall responsibility for the establishment and oversight of the Company's risk Management framework. The Board is also responsible for developing and monitoring the Company's risk management.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 838.68 million (2011: Rs. 934.95 million) financial assets which are subject to credit risk amount to Rs. 838.02 million (2011: Rs. 934.32 million).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 60 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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:

	2012 Rupees	2011 Rupees
Long term deposits	92,968,330	17,325,930
Trade debts	528,975,663	533,038,597
Advances, deposits and prepayments	12,082,991	5,283,495
Other receivables	12,301,505	11,724,598
Cash and bank balances	191,691,130	366,948,617
	<u>838,019,619</u>	<u>934,321,237</u>

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

	2012 Rupees	2011 Rupees
Foreign	89,263,346	31,049,528
Domestic	439,712,317	501,989,069
	<u>528,975,663</u>	<u>533,038,597</u>
The aging of trade receivables at the reporting date is:		
Not past due	428,066,141	405,009,995
Past due 30 days	60,796,521	53,730,735
Past due 60 days	13,321,699	48,534,664
Past due 90 days	20,136,064	16,109,828
Past due 180 days	1,086,295	9,653,375
Past due above one year	5,568,943	-
	<u>528,975,663</u>	<u>533,038,597</u>

Based on past experience the management believes that no impairment allowance is necessary except for the allowance provided 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.

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating		Rating Agency
	Short term	Long term	
Allied Bank Limited	A1+	AA	PACRA
Askari Bank Limited	A1+	AA	PACRA
Al-Baraka Bank (Pakistan) Limited	A-1	A	PACRA
Bank Alfalah Limited	A1+	AA	PACRA
Bank Islami Pakistan Limited	A-1	A	PACRA
Barclays Bank PLC	A1+	AA -	Standard & Poor's
Burj Bank Limited	A-1	A	JCR-VIS
Dubai Islamic Bank (Pakistan) Limited	A-1	A	JCR-VIS
Faysal Bank Limited	A1+	AA	PACRA
HSBC	P-1	A1	Moody's
Habib Bank Limited	A-1+	AA+	JCR-VIS
MCB Bank Limited	A1+	AA+	PACRA
Meezan Bank Limited	A1+	AA -	JCR-VIS
Soneri Bank Limited	A1+	AA -	PACRA
Standard Chartered Bank Limited	A1+	AAA	PACRA
United Bank Limited	A-1+	AA+	JCR-VIS

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

36.2 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, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years
Rupees				
Short term morabaha finances	1,953,142,772	1,920,142,772	33,000,000	-
Diminishing Musharika	130,087,250	52,034,900	-	78,052,350
Ijarah rental payable	3,123,823	3,123,823	-	-
Trade and other payables	1,303,328,145	1,303,328,145	-	-
Markup accrued	77,853,614	77,853,614	-	-
2011-2012	3,467,535,604	3,356,483,254	33,000,000	78,052,350
	Carrying amount	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years
Rupees				
Short term morabaha finances against LDBC	93,830,705	93,830,705	-	-
Short term morabaha finances	516,499,955	516,499,955	-	-
Trade and other payables	568,197,626	568,197,626	-	-
Markup accrued	11,137,387	11,137,387	-	-
2010-2011	1,189,665,673	1,189,665,673	-	-

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

36.4 Currency risk

The Company is exposed to currency risk on foreign trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD). The Company believes that it is not exposed to material currency risks.

36.5 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2012	2011	2012	2011
	Effective rate (in Percentage)		Carrying amount (Rupees in 000)	
Short term morabaha finances	12.65 to 15.25	12.65 to 15.24	1,953,142,772	-
Short term morabaha finances against bills	-	12.22 to 17.79	-	93,830,705
Diminishing Musharika	13.19 to 14.23	-	130,087,250	-
Ijarah rental payable	12.94 to 13.58	-	3,123,823	-

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 increased/ (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	100 bps	
	Increase	Decrease
	Rupees	
Effect on profit - 30 June 2012	<u>(15,835,696)</u>	<u>15,835,696</u>
Effect on profit - 30 June 2011	<u>(6,103,306)</u>	<u>6,103,306</u>

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

36.6 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 material price risk.

36.7 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.

36.8 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, for example, adjust the amount of dividends paid to shareholders, issue new shares, arrange new lines of credit 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 2012 and at 30 June 2011 were as follows:

	2012 Rupees	2011 Rupees
Total debt	2,148,375,672	610,330,660
Total equity and debt	7,540,714,010	5,407,764,640
Debt-to-equity ratio %age	28%	11%

The increase in the debt-to-equity ratio in 2012 resulted primarily from the increase in borrowings during the year. These were mostly availed to finance the capitalization of new float plant, which became operational in June 2012. The company is trying to reduce the borrowings and to keep the Company borrowing free.

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.

37 Operating segments

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

37.1 Sales from float glass, food and beverages products and pharmaceutical products represent 50.28%, 14.65% and 35.08% (2011: 46.06%, 24.74% and 29.19%) of total revenue of the Company respectively.

37.2 The sales percentage by geographic region is as follows:

	2012 %	2011 %
Pakistan	92.22	89.50
Afghanistan	3.22	3.66
Bangladesh	0.35	1.92
India	0.39	0.40
Nairobi	0.99	-
Nepal	0.52	1.02
Mozambique	0.40	0.63
Philippines	0.15	0.03
Turkey	0.03	0.36
Zambia	1.00	1.62
Others	0.73	0.86
	100.00	100.00

37.3 All non-current assets of the Company as at 30 June 2012 are located in Pakistan.

38 Cash generated from operations

	2012 Rupees	2011 Rupees
Profit before taxation	1,195,972,168	1,348,878,506
Adjustments for non cash and other items:		
- Depreciation	316,036,414	292,120,949
- Finance cost	79,818,857	40,559,019
- Impairment loss on furnace	-	20,569,512
- Provision for doubtful trade debts	-	546,156
- Provision for workers' profit participation fund	64,230,514	72,187,744
- Provision for workers' welfare fund	24,407,595	22,688,623
- Exchange gain	(3,326,025)	(225,082)
- Share of (profit) / loss of associate	(27,338,933)	17,764,005
- Gain on sale of property, plant and equipment	(2,217,262)	(3,959,129)
	451,611,160	462,251,797
Operating profit before working capital changes	1,647,583,328	1,811,130,303
Effect on cash flow due to working capital changes:		
- (Increase) / Decrease in store, spares and other consumable	(297,940,427)	617,385
- (Increase) in stock in trade	(177,320,741)	(216,081,356)
- Decrease in trade debts	7,388,959	101,199,602
- Decrease / (Increase) in advances, deposits and prepayments	102,392,079	(21,837,887)
- (Increase) / Decrease in other receivables	(576,907)	4,727,290
- (Decrease) / Increase in trade and other payables	(42,859,363)	160,961,156
- Increase in lease rental-ijarah finances	3,123,823	-
	(405,792,577)	29,586,190
Cash generated from operations	1,241,790,751	1,840,716,493

39 Plant capacity and annual production

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

	Production capacity (Tons)		Actual production (Tons)	
	2012	2011	2012	2011
Float glass	292,900	110,400	115,319	88,481
Hollow glass	151,475	151,475	120,390	120,358
	444,375	261,875	235,709	208,839

39.1 Production capacity of float glass includes annual capacity of 182,500 tonnes for GGL 4 which commenced production in June 2012.

40 Date of authorization for issue

The financial statements were approved and authorized for issue on September 13, 2012 by the Board of Directors of the Company.

41 Subsequent event

There are no subsequent events occurring after the balance sheet date.

42 General

42.1 Figures have been rounded off to nearest rupee.

42.2 Corresponding figures have been re-arranged or reclassified whenever necessary, for the purpose of comparison.

Lahore



Chief Executive



Director

GHANI GLASS LIMITED
40-L, Model Town, Lahore
FORM OF PROXY

Folio No. _____

No. of Shares _____

I/WE _____

of _____

Being a member of GHANI GLASS 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 on my/our behalf at 20th ANNUAL GENERAL MEETING of the members of the Company to be held on Saturday October 6, 2012 at 12:30 P.M at Hospitality Inn (Formerly Holiday Inn), Lahore and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2012

Witness's Signature

Signature _____

Name: _____

Address: _____

Signature and
Revenue Stamp

NOTES:

Proxies, in order to be effective, by the company not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.

Ghani

LEADERS IN GLASS

GHANI GLASS LIMITED

Head Office:

40-L, Model Town Extension, Lahore, Pakistan.

UAN: +92-42-111 949 949

Fax: + 92-42-35172263

www.ghaniglass.com

Marketing Office:

12-D/5 Chandni Chowk,

KDA Scheme, 7/8, Karachi, Pakistan.

UAN: +92-21-111 949 949

Fax: +92-21-34926349