

Ghani

Pakistan's No. 1 Glass Brand



ANNUAL REPORT

2013

GHANI GLASS LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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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

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. Shamim Ahmed
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. Zaid 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

Corporate Consultants

- Muhammad Siddique Chaudhry
- Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

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 Islami Pakistan Limited
Askari Bank, IBS
Faysal Bank Limited, IBD

Head Office & Registered Office

40-I model town
Lahore, Pakistan
Uan : (042) 111 949 949
Fax : (042) 35172263
E-mail : info@ghaniglass.com
Http://www.ghaniglass.com

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@ghaniglass.com

GGL Plant-1 & Regional Marketing Office-North

22 km Haripur Taxila Road, (From Haripur)
Thesil & District Haripur (KPK)
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@ghaniglass.com



Ghani Glass Limited endeavors to add best-in-class value to all its stakeholders which include our consumers, customers, suppliers, employees and shareholders along with the communities we operate in. They are all important pieces of the whole and their successful integration means win-win situation for all.



GGL is part of one's daily life. We are with our Consumers in joy, health and pain. Our float products beautify the homes and offices, be it the windows or furniture. Our food and beverage containers entertain everyone on daily basis. Vitamins in our glass bottles help maintain one's health while other medicinal products in our bottles provide relief and assistance in getting over the illnesses. Trust of our Consumers have made Ghani as Pakistan's No. 1 glass brand.




Our wide array of customers include all multinational pharmaceutical and food/beverage companies along with major local manufacturers in these business segments as well as with distributor and dealers in our Float business. We also export our products to several countries around the globe. We strive to provide all customers with Quality Products at Competitive Prices with best Customer Service in the country and abroad. Our Customers' confidence and support have made GGL market leader in both segments of the business.

We procure major quantities of our raw and packaging materials locally. We are one of the largest purchasers of minerals like silica, feldspar, dolomite, lime stone etc. thereby supporting economies of far flung areas having mines of these materials. We also actively support the conservation efforts through recycling used and broken glass (cullet) throughout the country.



Employees are GGL's biggest asset and we work as one big family. GGL strives to provide everyone with an enabling work environment where they can maximize their potential as well as fulfill their religious obligations. All workers (permanent or through contractor) are given free meals. The Company shares the business results with all employees through bonuses on both Eids as well as other performance based compensation.



Ghani Group has been showing best industry rating and constant profit growth for its shareholders. Alhamdulillah the graph of our industry rating and profit growth remains upward. This statistical fact shows company's strong base and financial strength.



GGL is a strong advocate of Corporate Social Responsibility and is actively involved in various community support programs. In education, we provide assistance to deserving students in Message Foundation School – Izmir Town, Chand Bagh School – Muridke and Al Ghani Trust School – Pasroor along with a special program for education of convicts in jails to make them better citizens upon their release. GGL also supports needy patients in Iftikhar Ghani Trust Dispensary.

PRODUCT PORTFOLIO
FLOAT GLASS

DIVISION



GREEN



BROWN



REFLECTIVE



GREY



BLUE



CLEAR

PRODUCT PORTFOLIO

CONTAINER GLASS

DIVISION



Pharmaceutical



Food



Beverages

Ceo's Message

Dear Shareholders,

I would like to start by expressing my gratitude to Almighty Allah who bestowed us continued growth during the year 2012-13 despite major economic and security challenges in the country.

During FY13, the issue of severe energy scarcity continued along with deteriorating law and order situation in most parts of Pakistan. Both electricity and gas shortages are critically impacting our economy and there does not seem to be much respite. Resultantly, agriculture, manufacturing as well as services sector performed well below their abilities. Although CPI fell down to single digit (7.4%) after 6 years, the cost escalation impact to most industries has been significant due to energy crisis. The Current Account Deficit fell down to US\$2.3 Billion for FY13 which was considerably lower than the US\$4.7 Billion deficit recorded in FY12. Meanwhile on the Balance of Payments face, the deficit was registered at US\$2.4 Billion as compared to a US\$3.3 Billion deficit in FY12.

Despite all hurdles, your Company continued the business growth momentum by achieving 20% growth in Net Revenue and 9% increase in the Operating Profit. As we had made major investment last year in state-of-the-art new float line, therefore, the financial charges increased substantially which lowered the Profit after Tax. However, your Company achieved increase of 27% in Earning before Interest, Taxes, Depreciation and Amortization (EBITDA).

All segments of the business grew and Ghani Glass maintained its market leadership position in both Float and Container divisions.

Shariah Compliance

Islam being the perfect code of life guides human beings in every aspects of life. Like other fields it also gives ethical principles for a successful business. The management is committed to implement Shariah guidelines in all business activities. Utmost effort is made by the management to create a favorable environment for employees to observe the principles of Shariah. For this purpose, the Company has entrusted the Shariah Advisory services from 'AN-NAFI' to seek guidance from Islamic Scholars and achieve maximum levels of Shariah Compliance in overall business.

Contribution to National Exchequer

Alhamdulillah your Company, being the leader in glass industry has been maintaining its effective role as a socially responsible citizen and its extensive contribution towards economic development of the country. During the year under review, it has contributed Rupees 8.2 billion on account of various Government levies, taxes, custom duty, sales tax and reduction in import bill.

Future Outlook

Looking forward, Pakistan macroeconomic stability is essential to revive the economy. Year 2013-14 would be another challenging one for industry facing persistent energy crisis, adverse security situation and increasing raw material costs. Government needs to take immediate measures to address these issues on a priority basis. Pakistan has an abundance of natural as well as human resources. These resources should be utilized optimally to get the country out of socioeconomic challenges. Remaining optimistic, we hope that with the help of ALLAH SUBHANA WA TAALA your Company will achieve its growth targets positively during the year ahead.

Please join us 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.

Lahore: September 18, 2013


Imtiaz Ahmed Khan
Chief Executive Officer

The Directors of the company take pleasure in presenting Annual Report of your Company along with Audited Financial Statements for the year ended June 30, 2013.

Performance Highlights

The highlights of the Operating and Financial results of the Company are as follow:

(Rupees in Million)		
Financial Indicators	2013	2012
Net Sales	10,362	8,620
Gross Profit	2,330	1,999
Profit from Operations	1,362	1,248
Finance Cost	336	80
Other Income	40	38
Profit before Tax	1,067	1,196
Profit after Tax	871	1,161
Earnings per Share	7.42	9.89

With the great blessings of ALLAH our new float line with production capacity of 550 tons of glass per day has been proved a milestone to attain economies of scale and implement our vision of continuous long term growth strategy. It helped us in achieving diversification in producing high quality glass of varied colored and sizes. The performance and quality of new float line is higher than our expectations and it gained excellent response and confidence of the market.

Maintaining historical track record of brilliant performance, your Company has achieved net revenue of Rupees 10.4 Billion in 2012-13 reflecting a rise of 20% as compared to the last year. Gross Profit has increased to Rupees 2.3 Billion as compared to Rupees 1.9 Billion for the last year. Operational Profit has also increased to Rupees 1.4 Billion as compared to Rupees 1.2 Billion for the last year. However, net profit remained under pressure due to high finance cost & taxation.

Projects

The management considers the importance of business modernization and maintaining international production standards through continuous improvement. The Company is undergoing installation of a new container glass furnace at Karachi plant which is scheduled to be fully operational by the end of this quarter.

Future Outlook

Amid competition and scarcity of fuel & gas, we are optimistic for maintaining higher growth of net revenues for the coming years with the economies of scale, capacity enhancement and energy conservation. High raw material costs, weakening Pak Rupee, worsening energy crises and poor law and order situation might exert more pressure on economic activity. We are however confident about the future prospects of the Company. The management of the Company is committed to continue to have a strategic

outlook for the Company. We are determined to further expand and strengthen our operations by focusing positively on our long term expansion strategy and improving our quality standards through R & D. We will have even more opportunities to enhance our business and add further value to our stakeholders.

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.

Your Company has always encouraged to foster a culture of continuous development of the skills of its employees and to create an environment which supports sustainable high performance. We are committed to give our employees the opportunity to grow, evolve and contribute. With our enthusiastic team of high caliber professionals, we have full confidence that with Allah Tallah's blessing our business will be flourished more within the local as well as international markets.

Following are some other examples of our engagement with employees:

- The Company provides hygienic meals for its entire workforce at all sites including persons hired through contractors;
- Seven 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, Interest-Free loans 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 cricket tournaments for its employees and
- There are masajids 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 1000 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 has recommended Final Stock Dividend @ 5% i.e. 5 bonus shares for every 100 shares held by the members (in addition to interim Stock Dividend @ 10% i.e. 10 bonus shares for every 100 shares held as approved by the Board of Directors and shares for which have already been credited/issued).

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, 2014, at a mutually agreed fee.

Staff Retirement Benefits

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.47.65 and at one stage rose as high as Rs.73 and closed at Rs.62.60 as on June 30, 2013.

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 four meetings of the Board of Directors, five meetings of the Audit Committee and one meeting of HR & R Committee was held during the period of one year, from July 01, 2012 to June 30, 2013. The attendance of the Board members was as follows:

Name of the Directors	No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of HR & R Committee Meetings attended
Mr. Aitzaz Ahmad Khan	1	-	-
Mr. Imtiaz Ahmad Khan	4	-	-
Mr. Anwaar Ahmad Khan	4	-	1
Mr. Aftab Ahmad Khan	4	5	-
Mrs. Ayesha Aftab	4	5	1
Hafiz Farooq Ahmad	1	-	-
Mr. Junaid Ghani	4	-	-
Mr. Jubair Ghani	4	5	-
Mr. Zaid Ghani*	3	-	1
Mr. Mohammad Iqbal Khan**	2	-	-
Mr. Ali Jehangir Siddiqui	1	-	-
Mr. Shamim Ahmed**	1	-	-
Syed Hassan Akbar Kazmi (Alternate Director)	2	-	-

*Mr. Zaid Ghani has been appointed in place of Hafiz Avais Ghani on September 13, 2012

**Mr. Mohammad Iqbal Khan has resigned and Mr. Shamim Ahmed has been appointed in his place on February 26, 2013.

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, Lahore and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2013 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, 2013)

There have been no material changes since June 30, 2013 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*). During the year five meetings of the Audit Committee were held. 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.

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. 203 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. Imtiaz Ahmad Khan	-	2,197,000
Mr. Anwaar Ahmad Khan	31,000	4,274,894
Mr. Aftab Ahmad Khan	3,911,714 *	3,998,500
Mr. Junaid Ghani	-	376,000
Hafiz Farooq Ahmad		2,672,500
Mr. Zaid Ghani	-	27
Mr. Shamim Ahmad	421,000 *	-

* 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, 2013, 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.

For and on behalf of the Board of Directors



Imtiaz Ahmed Khan
Chief Executive Officer

Lahore: September 18, 2013

Financial Performance

Six Years at Glance

	2013	2012	2011	2010	2009	2008
Operating Results	(Rupees in Million)					
Sale	10,362	8,620	6,869	6,534	5,192	3,972
Gross profit	2,330	1,999	2,001	1,889	1,526	1,183
Profit before tax	1,067	1,196	1,349	1,278	993	808
Financial data						
Fixed assets	6,063	6,002	2,622	2,504	2,501	2,261
Capital work-in-progress	713	-	1,155	204	135	-
Long term investment/ Advances, and deposits	459	446	207	226	152	83
Current assets	3,713	3,581	3,155	2,791	2,188	2,337
Current liabilities	2,788	3,807	1,846	1,179	1,107	1,349
Assets employed	8,160	6,222	5,293	4,547	3,869	3,331
Financed by:						
Ordinary capital	1,174	1,067	1,067	970	882	840
Reserves	5,089	4,326	3,805	3,174	2,579	2,076
Shareholders equity	6,263	5,392	4,872	4,144	3,461	2,916
Finances and deposits	1,366	438	1	1	33	100
Deferred taxation	531	392	420	402	375	315
Funds invested	8,160	6,222	5,293	4,547	3,869	3,331
Earning per share	7.42	9.89	9.10	8.88	7.35	6.11
Break-up-value	53.37	50.55	45.66	42.72	39.26	34.76
Dividend %						
- cash	-	50	10	25	30	20
- Bonus shares	15	-	-	10	10	05
Total	15	50	10	35	40	25

Financial Performance

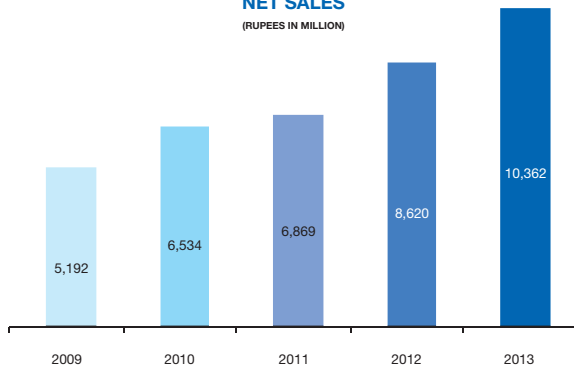
Six Years at Glance

	2013	2012	2011	2010	2009	2008
Gross profit ratio (%)	22 %	23	29	29	29	30
Profit before tax ratio (%)	10 %	14	20	20	19	20
Inventory turnover ratio	7.96	6.73	6.22	7.36	6.55	6.13
Total assets turnover ratio	0.95	0.86	0.96	1.14	1.04	0.86
Fixed assets turnover ratio	1.43	1.34	1.72	2.23	1.86	1.78
Price earning ratio	8.44	5.25	5.77	5.83	7.05	18.49
Return on capital employed (%)	17.19	19.22	25.48	28.11	25.65	18.48
Market value per share (Rupees) <small>at the end of year</small>	62.60	57.16	52.55	57	57	113
Debt:Equity ratio	1:2.28	1:2.21	1:7.96	1:42.5	1:18	1:5
Current ratio	1:0.75	1:1.06	1:0.59	1:0.42	1:0.51	1:0.58
Interest cover ratio	4.18	15.64	35.20	22.51	12.29	12.38
Earning per share (Rupees)	7.42	9.89	9.10	8.88	7.35	6.11

Financial Performance

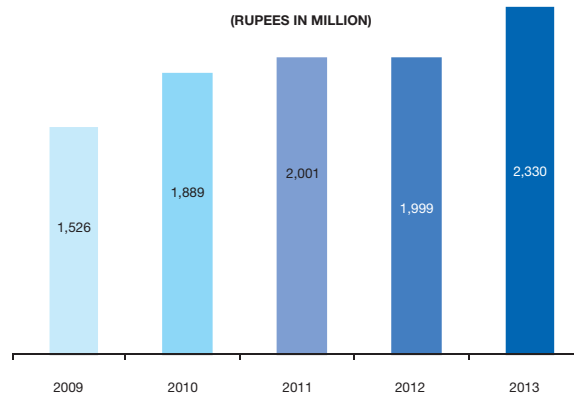
NET SALES

(RUPEES IN MILLION)



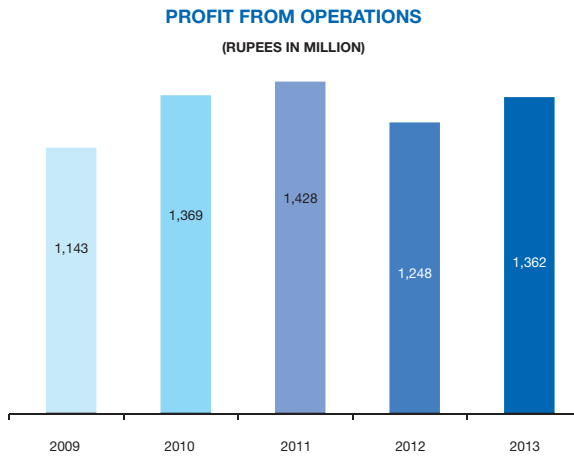
GROSS PROFIT

(RUPEES IN MILLION)



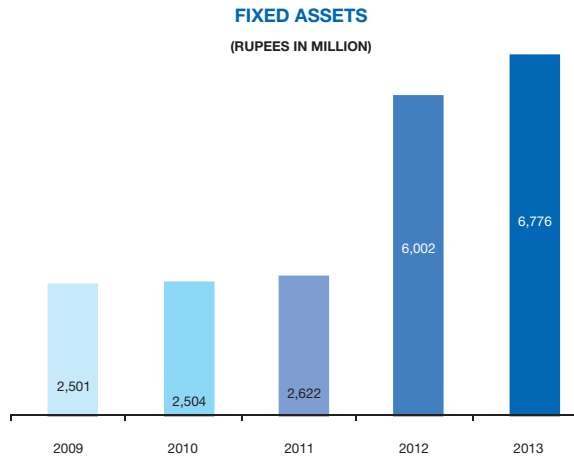
PROFIT FROM OPERATIONS

(RUPEES IN MILLION)



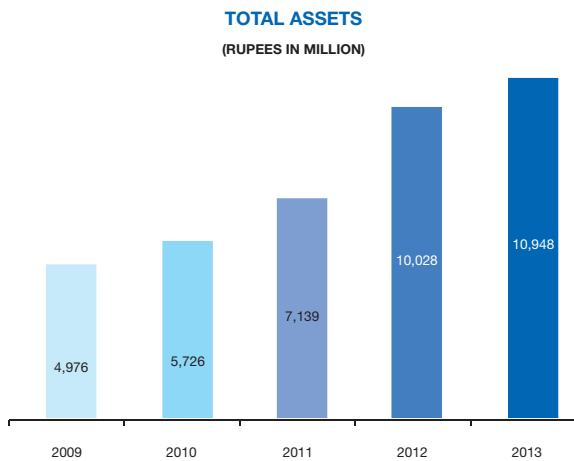
FIXED ASSETS

(RUPEES IN MILLION)



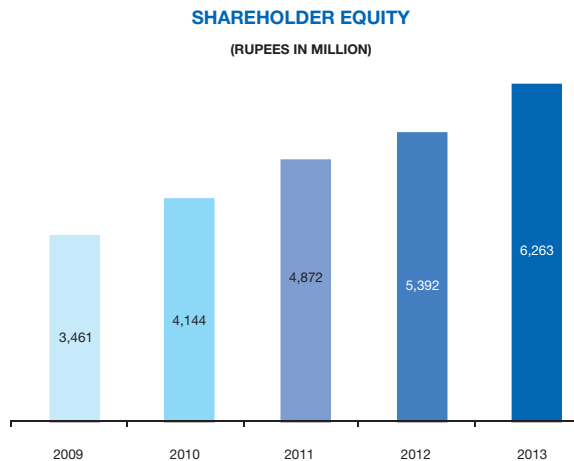
TOTAL ASSETS

(RUPEES IN MILLION)



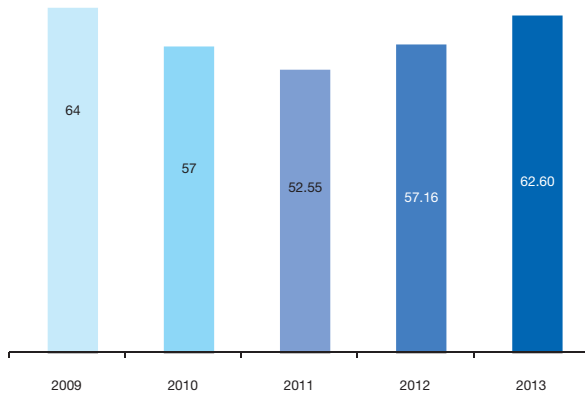
SHAREHOLDER EQUITY

(RUPEES IN MILLION)

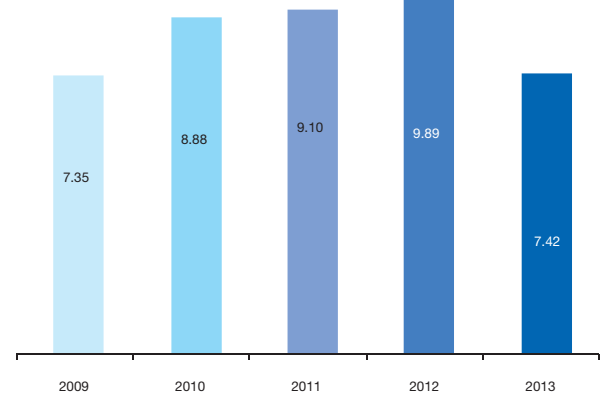


Financial Performance

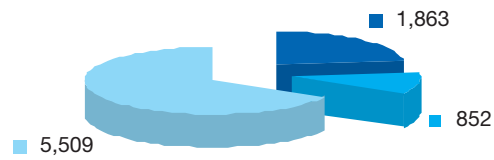
SHARE PRICE TREND
(RUPEES)



EARNING PER SHARE
(RUPEES)



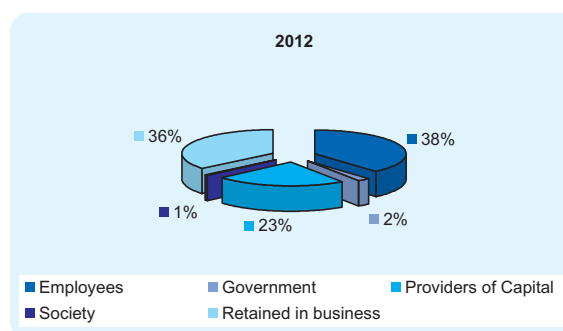
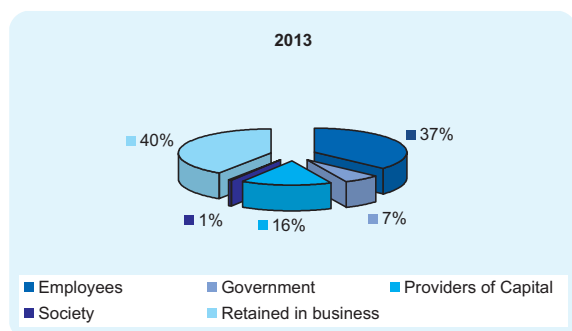
CONTRIBUTION TO NATIONAL EXCHEQUER
(RUPEES IN MILLION)



■ Direct & Indirect taxes ■ Exports ■ Reduction in import bill

Statement of Value Addition and its Distribution

	2013		2012	
Value Addition		(Rupees in Million)		
Net sales	10,362		8,620	
Material and services	(7,231)		(6,042)	
Other income	81		65	
	3,212		2,643	
Value Distribution				
Employees				
Salaries, wages and amenities	1,118		946	
Workers profit participation fund	57		64	
	1,175	37%	1,010	38%
Government				
Tax	197		35	
Workers welfare fund	22		24	
	218	7%	60	2%
Providers of Capital				
Dividend	165		533	
Finance Cost	336		80	
	501	16%	613	23%
Society				
Donation	20		16	
	20	1%	16	1%
Retained in business				
Depreciation	592		316	
Retained profit	705		627	
	1,297	40%	943	36%
	3,212	100%	2,643	100%



Horizontal Analysis of Financial Statements

	2013	2012	2011	2010	2009	2008	% increase/(decrease) over preceeding year					
	(Rupees in Million)						2013	2012	2011	2010	2009	2008
Balance Sheet												
Total Equity and minority interest	6,263	5,392	4,872	4,144	3,461	2,916	16.14	10.69	17.57	19.73	18.68	14.94
Total non-current liabilities	1,897	829	422	403	409	415	128.79	96.73	4.54	-1.32	-1.58	94.63
Total current liabilities	2,788	3,807	1,846	1,179	1,107	1,349	-26.78	106.21	56.58	6.53	-17.98	10.14
Total Equity and Liabilities	10,948	10,028	7,139	5,726	4,976	4,681	9	40	25	15	6	18
Total non-current assets	7,235	6,447	3,984	2,934	2,788	2,344	12.22	61.83	35.77	5.23	18.95	15.36
Total current assets	3,713	3,581	3,155	2,791	2,188	2,336	3.67	13.50	13.04	27.59	-6.36	20.23
Total Assets	10,948	10,028	7,139	5,726	4,976	4,681	9	40	25	15	6	18
Profit and Loss Account												
Net Sales	10,362	8,620	6,869	6,534	5,192	4,033	20.21	25.48	5.14	25.85	28.72	29.08
Cost of Sales	-8,032	-6,621	-4,868	-4,645	-3,666	-2,789	21.32	36.00	4.81	26.71	31.43	18.81
Gross Profit	2,330	1,999	2,001	1,889	1,526	1,244	17	(0)	6	24	23	60
General and Administration Expenses	-275	-300	-216	-187	-152	-117	-8.30	38.70	15.72	23.15	30.10	19.07
Selling and Distribution Expenses	-653	-400	-331	-292	-234	-281	63.38	20.72	13.45	24.46	-16.64	27.36
Other operating Expenses	-79	-89	-95	-79	-76	-60	-10.76	-6.58	20.78	3.90	26.29	96.51
Gain on sale of investment	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Other operating income	40	38	69	37	79	92	4.92	-44.82	84.17	-52.73	-14.57	29.32
	-967	-751	-574	-520	-383	-366	29	31	10	36	5	32
Operating Profit	1,362	1,248	1,428	1,369	1,143	879	9	(13)	4	20	30	76
Finance Cost	-336	-80	-41	-61	-93	-71	320.75	96.80	-33.29	-34.69	31.20	54.47
Share of profit/loss of associate	41	27	-18	-30	-57	0	50.13	-253.90	-40.99	-46.87	0.00	0.00
Impairment loss on property, plant & Equipment	-	-	-21	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
	-295	-52	-79	-91	-150	-71	462	(33)	(13)	(39)	111	54
Profit before taxation	1,067	1,196	1,349	1,278	993	808	(11)	(11)	6	29	23	78
Taxation	-197	-35	-378	-331	-281	-269	458.67	-90.69	14.36	17.93	4.36	267.04
Profit after taxation	871	1,161	971	947	713	539	(25)	20	2	33	32	42

Vertical Analysis of Financial Statements

Rupees in Million

	2013		2012		2011		2010		2009		2008	
	(Rs.)	%	(Rs.)	%	(Rs.)	%	(Rs.)	%	(Rs.)	%	(Rs.)	%
Balance Sheet												
Total Equity and minority interest	6,263	57.21	5,392	53.77	4,872	68.24	4,144	72.37	3,461	69.55	2,916	62.30
Total non-current liabilities	1,897	17.33	829	8.27	422	5.90	403	7.04	409	8.21	415	8.87
Total current liabilities	2,788	25.46	3,807	37.96	1,846	25.86	1,179	20.59	1,107	22.24	1,349	28.83
Total Equity and Liabilities	10,948	100.00	10,028	100.00	7,139	100.00	5,726	100.00	4,976	100.00	4,681	100.00
Total non-current assets	7,235	66.09	6,447	64.29	3,984	55.80	2,934	51.25	2,788	56.03	2,344	50.08
Total current assets	3,713	33.91	3,581	35.71	3,155	44.20	2,791	48.75	2,188	43.97	2,336	49.92
Total Assets	10,948	100.00	10,028	100.00	7,139	100.00	5,726	100.00	4,976	100.00	4,681	100.00
Profit and Loss Account												
Net Sales	10,362	100.00	8,620	100.00	6,869	100.00	6,534	100.00	5,192	100.00	4,033	100.00
Cost of Sales	-8,032	(77.52)	-6,621	(76.81)	-4,868	(70.86)	-4,645	(71.09)	-3,666	(70.61)	-2,789	(69.15)
Gross Profit	2,330	22.48	1,999	23.19	2,001	29.14	1,889	28.91	1,526	29.39	1,244	30.85
General and Administration Expenses	-275	(3)	-300	(3.48)	-216	(3.15)	-187	(2.86)	-152	(2.93)	-117	(2.90)
Selling and Distribution Expenses	-653	(6)	-400	(4.64)	-331	(4.82)	-292	(4.47)	-234	(4.51)	-281	(6.97)
Other operating Expenses	-79	(1)	-89	(1.03)	-95	(1.38)	-79	(1.20)	-76	(1.46)	-60	(1.48)
Gain on sale of investment	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Other operating income	40	0	38	0.44	69	1.00	37	0.57	79	1.52	92	2.29
	-967	(9.34)	-751	(8.71)	-574	(8.35)	-520	(7.96)	-383	(7.38)	-366	(9.06)
Operating Profit	1,362	13.14	1,248	14.48	1,428	20.78	1,369	20.95	1,143	22.02	879	21.79
Finance Cost	-336	(3.24)	-80	(0.93)	-41	(0.59)	-61	(0.93)	-93	(1.79)	-71	(1.76)
Share of loss of associate	41	0.40	27	0.32	-18	(0.26)	-30	(0.46)	-57	(1.09)	0	0.00
Impairment loss on property, plant & Equipment	-	0.00	-	0.00	-21	0.00	0	0.00	0	0.00	0	0.00
	-295	(2.84)	-52	(0.61)	-79	(1.15)	-91	(1.39)	-150	(2.88)	-71	(1.76)
Profit before taxation	1,067	10.30	1,196	13.88	1,349	19.64	1,278	19.56	993	19.13	808	20.03
Taxation	-197	(1.90)	-35	(0.41)	-378	(5.51)	-331	(5.06)	-281	(5.40)	-269	(6.66)
Profit after taxation	871	8.40	1,161	13.47	971	14.13	947	14.50	713	13.73	539	13.36

Statement of Compliance

with the Code of Corporate Governance for the Year Ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in 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 CCG in the following manner:

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

Independent Directors*	---
Executive Directors	Mr. Imtiaz Ahmad Khan
	Mr. Anwaar Ahmad Khan
	Mr. Aftab Ahmad Khan
	Mr. Junaid Ghani
	Mr. Jubair Ghani
Non - Executive Directors	Mr. Aitzaz Ahmad Khan
	Mrs. Ayesha Aftab
	Hafiz Farooq Ahmad
	Mr. Zaid Ghani
	Mr. Shamim Ahmed
	Mr. Ali Jehangir Siddiqui
	Syed Hasan Akbar Kazmi (<i>Alternate Director</i>)

2. The directors have confirmed that none of them is serving as a director on 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. Mr. Mohammad Iqbal Khan has resigned and Mr. Shamim Ahmed has been appointed in his place on February 26, 2013. Mr. Zaid Ghani has been appointed as director on September 13, 2012 in place of Hafiz Avais Ghani.
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.

Statement of Compliance

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 meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As per criteria specified in clause xi of CCG, majority of the directors of the Company are exempted from the requirement of Directors' training program. However, one of the Board members has attended Corporate Governance Leadership Skills – Director Education Program (*formerly Board Development Series*) at Pakistan Institute of Corporate Governance during the year.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year ended June 30, 2013.
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 of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board 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 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.

Statement of Compliance

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 18, 2013

* The conditions of revised Code of Corporate Governance shall be applicable on next election of directors

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 for the year ended June 30, 2013 prepared by the Board of Directors of **Ghani Glass Limited ("the Company")** to comply with the Listing Regulations No. 35 of Karachi and Lahore Stock Exchanges where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, the Listing Regulations of Karachi and Lahore Stock Exchanges require 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 or not.

We report that;

- a) as per the requirements of the Code of Corporate Governance, any casual vacancy on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. During the year, Mr. Zaid Ghani was appointed after 93 days (3 days later than the allowed time limit) to fill the casual vacancy created because of resignation of Hafiz Avais Ghani.
- b) as per the requirements of the Code of Corporate Governance 2002 (requirements of Code of Corporate Governance 2012 in respect of composition of audit committee will be applicable after next election of directors) , the majority of the members of the audit committee shall be from among the non-executive directors. As of 30 June 2013, two out of three members of the audit committee are from among the executive directors, which is not in compliance with requirements of the Code. However, subsequent to the year end, the Board of Directors has reconstituted the audit committee (comprising of two non-executive directors and one executive director).

Based on our review, except for the matters as described above, 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 2013.

Lahore: September 18, 2013

KPMG Taseer Hadi & Co
Chartered Accountants
(Bilal Ali)

Auditors' Report

to the Members

We have audited the annexed balance sheet of **Ghani Glass Limited** ("the Company") as at 30 June 2013 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 2013 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 18, 2013

KPMG Taseer Hadi & Co
Chartered Accountants
(Bilal Ali)

Balance Sheet

As at 30 June 2013


	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
Capital and reserves			
Authorised share capital			
142,500,000 (2012: 142,500,000) ordinary shares of Rs. 10 each		1,425,000,000	1,425,000,000
Issued, subscribed and paid up capital	4	1,173,514,350	1,066,831,227
Reserves	5	5,089,402,712	4,325,507,111
		6,262,917,062	5,392,338,338
Non-Current liabilities			
Long term finances	6	1,148,556,546	78,052,350
Security deposits	7	217,789,904	359,450,949
Deferred taxation	8	530,812,573	391,716,122
		1,897,159,023	829,219,421
Current liabilities			
Current portion of non current liabilities	9	305,016,763	52,034,900
Short term finances	10	1,294,163,227	1,953,142,772
Trade and other payables	11	1,169,833,435	1,655,525,680
Loan from sponsors	12	-	65,145,650
Lease rental payable-ljarah finances	13	-	3,123,823
Markup accrued		18,521,793	77,853,614
		2,787,535,218	3,806,826,439
Contingencies and commitments			
	14		
		10,947,611,303	10,028,384,198
ASSETS			
Non-Current assets			
Property, plant and equipment	15	6,775,683,377	6,001,503,217
Investment in associate	16	393,777,749	352,733,710
Long term deposits and prepayments	17	65,886,590	92,988,330
		7,234,947,716	6,447,205,257
Current assets			
Current maturity of long term deposits and prepayments	17	-	2,112,000
Stores, spares and other consumables	18	850,414,171	995,013,545
Stock in trade	19	1,301,612,245	1,281,601,776
Trade debtors	20	678,206,928	528,975,663
Advances, deposits and prepayments	21	255,626,769	337,159,826
Income tax recoverable		286,884,469	231,666,338
Other receivables	22	19,113,449	12,301,505
Cash and bank balances	23	320,805,556	192,348,288
		3,712,663,587	3,581,178,941

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore



Chief Executive



Director

Profit and Loss Account

For the year ended 30 June 2013

		2013	2012
	Note	Rupees	Rupees
Sales - net	24	10,361,879,035	8,619,601,728
Cost of sales	25	(8,032,349,105)	(6,620,565,149)
Gross profit		2,329,529,930	1,999,036,579
General and administrative expenses	26	(275,362,037)	(300,287,754)
Selling and distribution expenses	27	(652,768,593)	(399,547,977)
Other operating expenses	28	(79,098,971)	(88,638,109)
Other income	29	39,754,266	37,889,353
		(967,475,335)	(750,584,487)
Operating profit		1,362,054,595	1,248,452,092
Finance cost	30	(335,835,715)	(79,818,857)
Share of profit of associate	16	41,044,039	27,338,933
Profit before taxation		1,067,262,919	1,195,972,168
Taxation	31	(196,684,195)	(35,205,530)
Profit after taxation		870,578,724	1,160,766,638
			Restated
Earnings per share - basic and diluted	32	7.42	9.89

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore



Chief Executive



Director

Statement of Comprehensive Income

For the year ended 30 June 2013

		2013	2012
		Rupees	Rupees
Profit for the year		870,578,724	1,160,766,638
Other comprehensive income		-	-
Total comprehensive income for the year		870,578,724	1,160,766,638

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore



Chief Executive



Director

Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Capital reserve		Revenue reserve	Total
		Merger reserve	Share premium	Unappropriated profit	
----- Rupees -----					
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
Bonus shares issued @ 10% for the year ended 30 June 2013	106,683,123	-	-	(106,683,123)	-
Total comprehensive income for the year	-	-	-	870,578,724	870,578,724
Balance as at 30 June 2013	1,173,514,350	427,419,290	75,000,000	4,586,983,422	6,262,917,062

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore



Chief Executive



Director

Cash Flow Statement

For the year ended 30 June 2013

		2013	2012
	Note	Rupees	Rupees
Cash flows from operating activities			
Cash generated from operations	37	2,105,606,103	1,241,790,751
Finance cost paid		(395,167,536)	(13,102,630)
Workers' profit participation fund paid		(72,144,255)	(69,180,041)
Workers' welfare fund paid		-	(19,410,584)
Income taxes paid		(99,722,066)	(357,551,064)
		(567,033,857)	(459,244,319)
Net cash generated from operating activities		1,538,572,246	782,546,432
Cash flows from investing activities			
Fixed capital expenditure		(1,367,017,638)	(2,541,274,563)
Purchase of investment in associate		-	(136,077,638)
Proceeds from sale of fixed assets		5,085,000	3,255,000
Long term deposits		29,493,740	(75,642,400)
Net cash used in investing activities		(1,332,438,898)	(2,749,739,601)
Cash flow from financing activities			
Loan from sponsors - net		(65,145,650)	65,145,650
Short term finances - net		(658,979,545)	1,436,642,817
Short term morabaha finances against bills		-	(93,830,705)
Diminishing musharaka- net		(48,327,125)	130,087,250
Certificates of leasing- net		1,371,813,184	-
Dividend paid		(535,375,899)	(104,226,681)
Security deposits		(141,661,045)	358,143,449
Net cash (used in) / generated from financing activities		(77,676,080)	1,791,961,780
Net increase / (decrease) in cash and cash equivalents		128,457,268	(175,231,389)
Cash and cash equivalents at the beginning of the year		192,348,288	367,579,677
Cash and cash equivalents at the end of the year	23	320,805,556	192,348,288

The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive



Director

Lahore

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 40 - 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 2013:

- 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 recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize 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 recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. 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.

Notes to the financial statements

- 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 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. The amendments have no impact on financial statements of the Company.
- 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. The amendments have no impact on financial statements of the Company.
- 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.
- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

Notes to the financial statements

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

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 15.1.

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.

Notes to the financial statements

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

Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

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.

Notes to the financial statements

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, salam 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.

Notes to the financial statements

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 Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that 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. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.17 Borrowing costs

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

3.19 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the company that makes strategic decisions.

Notes to the financial statements

	Note	2013 Rupees	2012 Rupees
4 Issued, subscribed and paid up capital			
14,950,000 (2012: 14,950,000) Ordinary shares of Rs.10 each fully paid in cash		149,500,000	149,500,000
66,159,300 (2012: 55,490,987) Ordinary shares of Rs.10 each issued as fully paid bonus shares		661,593,000	554,909,877
36,242,135 (2012: 36,242,135) Ordinary shares of Rs.10 each issued under the scheme of amalgamation	4.1	362,421,350	362,421,350
		<u>1,173,514,350</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 Musaf'fa (Private) Limited and 32,258,071 ordinary shares of Rs. 10 each to the shareholders of the former Ghani Float Glass Limited in accordance with the scheme of amalgamation.

4.2 Reconciliation of ordinary shares

Opening balance of ordinary shares of Rs. 10 each
 Bonus shares issued during the year
 Closing balance of ordinary shares of Rs. 10 each

Number of shares	
2013	2012
106,683,123	106,683,123
10,668,312	-
<u>117,351,435</u>	<u>106,683,123</u>

4.3 8,924,908 (2012: 8,737,644) ordinary shares of the Company are held by JS Bank Limited, 11,821 (2012: 101,656) ordinary shares of the Company are held by Ghani Mines (Private) Limited and 121,875 (2012: 110,796) ordinary shares of the Company are held by Jamia Tul Ghani UI Islam, associated undertakings.

Notes to the financial statements

	Note	2013 Rupees	2012 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		4,586,983,422	3,823,087,821
		5,089,402,712	4,325,507,111

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.

	Note	2013 Rupees	2012 Rupees
6 Long term finances			
Diminishing musharika			
Bank Islami Limited	6.1	78,052,350	130,087,250
First Habib Modaraba	6.2	3,707,775	-
		81,760,125	130,087,250
Certificates of leasing	6.3	1,384,103,227	-
Less: Unamortized transaction cost			
Additions during the year		14,351,900	-
Amortization for the year		(2,061,857)	-
		12,290,043	-
		1,371,813,184	-
Total		1,453,573,309	130,087,250
Less: Current portion			
Diminishing musharika	9	(53,682,800)	(52,034,900)
Certificates of leasing	9	(251,333,963)	-
		1,148,556,546	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 6 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. Under the agreement, the Company holds certain assets amounting to Rs. 240,189,010 with joint ownership with the bank.

6.2 This represents diminishing musharika facility from First Habib Modaraba for purchase of vehicles. The term of the agreement is 3 years. The balance is repayable in 9 equal quarterly installments ending on 6 August 2015. It carries markup at the rate of 6 months KIBOR plus 0.9%. It is secured against hypothecate charge over assets acquired by the Company. Under the agreement, the Company holds certain assets amounting to Rs. 6,243,000 with joint ownership with the bank.

Notes to the financial statements

6.3 During the period, the Company entered into a financing arrangement with Meezan Bank Limited (acting as lead arranger) to issue Certificates of Leasing amounting to Rs. 1,500 million by executing a Declaration of Trust in compliance with the requirements of section 120 of the Companies Ordinance, 1984 (issuance of securities and redeemable capital not based on interest). Under the arrangement the underlying assets were surrendered to Meezan Bank Limited and through a lease agreement signed between the Company and Meezan Bank Limited, the Company retains the right to use the assets. Additionally, an asset purchase agreement has also been signed between the parties which obligates the Company to purchase the assets and, also, the Bank to sell the assets to the Company upon maturity of certificates. Being a structured finance transaction involving a series of interlinked transactions, the arrangement has been accounted for as long term finance. The balance is repayable in 18 quarterly installments ending on 27 December 2017. These carry mark up at the rate of 3 months KIBOR plus 1.75% and are secured against first pari passu charge on present and future fixed assets of the Company's Sheikhpura Plant.

	Note	2013 Rupees	2012 Rupees
7 Security deposits			
Long term security deposits	7.1	3,107,500	1,507,500
Long term security deposits from customers	7.2	214,682,404	357,943,449
		217,789,904	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 adjustable/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.

	Note	2013 Rupees	2012 Rupees
8 Deferred taxation			
Deferred tax liability comprises of the following:			
Deferred tax liability arising in respect of tax depreciation allowances		1,095,326,785	1,070,224,156
Deferred tax asset arising on provision for doubtful debts		(2,401,434)	(1,690,096)
Deferred tax asset arising on unused current tax losses & tax credits		(558,498,505)	(668,630,833)
Others		(3,614,273)	(8,187,105)
		530,812,573	391,716,122

9 Current portion of non current liabilities

Diminishing musharika	6	53,682,800	52,034,900
Certificates of leasing	6	251,333,963	-
		305,016,763	52,034,900

10 Short term finances

Morabaha finances - secured	10.1	536,192,778	1,019,694,426
Salam finances - secured	10.2	711,809,197	933,448,346
Financing against export bills - secured	10.3	46,161,252	-
		1,294,163,227	1,953,142,772

Notes to the financial statements

10.1 Morabaha finances - secured		2013	2012
	Profit rate	Rupees	Rupees
Habib Metropolitan Bank Limited	Respective KIBOR plus 1 %	34,081,022	339,701,017
Albaraka Islamic Bank	Respective KIBOR plus 1 %	-	55,759,760
Habib Metropolitan Bank Limited	5%	-	4,500,048
MCB Bank Limited	One month KIBOR plus 12.49%	-	100,000,000
Meezan Bank Limited	Respective KIBOR plus 0.8%-1.5%	385,364,892	303,134,247
Habib Bank Limited	Respective KIBOR plus 0.75%	115,043,255	149,546,554
Burj Bank Limited	1% over deposit rate	-	67,052,800
Faysal Bank Limited	Respective KIBOR plus 0.7%	1,703,609	-
		536,192,778	1,019,694,426
10.2 Salam finances - secured		2013	2012
	Profit rate	Rupees	Rupees
Bank Alfalah Limited	Respective KIBOR plus 0.75%	205,401,687	82,000,000
Soneri Bank Limited	Six month KIBOR plus 0.75%	153,185,010	399,946,959
Bank Islami Limited	Respective KIBOR plus 0.70%	353,222,500	451,501,387
		711,809,197	933,448,346
10.3 Financing against export bills - secured		2013	2012
	Profit rate	Rupees	Rupees
Meezan Bank Limited	As per treasury quotes	46,161,252	-
10.4	Total Morabaha and Salam finance facilities available amount to Rs. 3,975 million (2012: Rs. 2,591 million). Short term finance 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.		
10.5	Total finance facility available against export bills amount to Rs. 70 million (2012: Rs. Nil). The financing availed during the year is secured against lien over export document bills collection and pari passu charge over current assets and fixed assets of the Company.		
11 Trade and other payables		2013	2012
	<i>Note</i>	Rupees	Rupees
Creditors for goods and services	11.1	255,231,997	217,004,470
Bills payable		279,929,429	62,456,903
Advances from customers	11.2	128,716,439	252,594,597
Accrued expenses		350,715,368	405,061,356
Income tax deducted at source		30,893,970	17,810,161
Security deposits	11.3	394,500	294,500
Retention money		7,960,009	18,348,302
Workers' profit participation fund	11.4	60,369,183	75,195,343
Workers' welfare fund		46,188,471	24,407,595
Unclaimed dividend		2,929,617	4,889,902
Dividend payable		-	533,415,614
Provident fund payable		6,504,452	44,046,937
		1,169,833,435	1,655,525,680

Notes to the financial statements

11.1 Creditors include an amount of Rs.9.28 million (2012: Rs. 2.64 million) and Rs. Nil (2012: Rs. 14.06 million) payable to Ghani Value Glass Limited and Ahmad Brothers and Company - related parties, respectively.

11.2 This include an amount of Rs.0.94 million (2012: Rs. Nil) from Health Tek (Private) Limited, a related party.

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

11.4 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

	2013	2012
	Rupees	Rupees
	75,195,343	80,144,870
	57,318,095	64,230,514
	3,678,581	7,402,384
	(75,822,836)	(76,582,425)
	(14,826,160)	(4,949,527)
	60,369,183	75,195,343

12 Loan from sponsors

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

13 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.

14 Contingencies and commitments

14.1 Contingencies

The tax department had opened reassessment proceedings regarding tax year 2010 and a demand of Rs. 137,628,520 had been raised u/s 122(5A) of the Income Tax Ordinance, 2001. However, the Company filed appeal before CIR (A), who has upheld the action of the Additional Commissioner. Being aggrieved with the treatment meted out by CIR (A), the Company preferred second appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.

The Sindh High Court (the Court) in the case of 'Kasim textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a company has assessed losses on which no tax is payable, the company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2012 of Rs. 81.01 million as a result of assessed tax losses in this year and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly no adjustment has been made in the financial statements in this respect.

14.2 Commitments

14.2.1 Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounted to Rs. 702 million (2012: Rs. 641 million).

14.2.2 Letters of credit for import of materials and stores outstanding as at balance sheet date amounted to Rs. 766 million (2012: Rs. 1,212 million) out of which Rs. 361 million relate to capital commitments.

14.2.3 Commitments for Ijarah rentals for Ijarah financing from various financial institutions amounting to Rs. 117,181,939 (2012: 389,180,148).

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

-----**(Rupees)**-----
107,529,957
9,651,982
117,181,939

15 Property, plant and equipment

	Note	2013 Rupees	2012 Rupees
Operating assets	15.1	6,063,072,435	6,001,503,217
Capital work in progress	15.5	712,510,942	-
		<u>6,775,583,377</u>	<u>6,001,503,217</u>

15.1 Operating assets

	Cost		Disposals during the year	As at 30 June 2013	Rate %	Depreciation and impairment loss			Net book value as at 30 June 2013
	As at 1 July 2012	Additions during the year				As at 1 July 2012	For the year	On disposals	
Owned									
Freehold land	116,949,822	15,635,000	-	132,584,822	-	-	-	-	132,584,822
Building on freehold land	473,460,660	68,082,228	-	541,542,888	10	196,997,352	30,995,357	-	313,550,179
Plant and machinery	4,564,058,814	430,932,536	-	4,994,991,350	10	1,214,362,858	347,868,766	-	3,432,759,726
Furnace	2,662,559,484	112,463,911	-	2,775,023,395	5 - 33.33	485,631,769	196,807,101	-	2,092,584,525
Tools and office equipment	16,575,272	135,680	-	16,710,952	10	7,469,210	910,742	-	8,331,000
Electrical equipment	10,463,852	3,768,840	-	14,232,692	10	4,858,023	744,624	-	8,630,045
Furniture and fixtures	12,002,209	588,380	-	12,590,589	10	5,938,939	636,902	-	6,014,748
Vehicles	135,942,376	22,900,121	(7,013,700)	151,828,797	20	75,251,121	13,746,802	(5,786,516)	68,617,390
2013	7,992,012,489	654,506,696	(7,013,700)	8,639,505,485		1,990,509,272	591,710,294	(5,786,516)	6,063,072,435

15.2 During the year, the Company has settled advance given to Ahmad Brothers and Company for the purchase of assets by acquiring possession of land amounting to Rs. 10,600,000 and building amounting to Rs. 3,600,000. As at year end, the transfer of title of ownership of land and building is in the process of execution in Government Revenue record.

Notes to the financial statements

	Cost			Rate %	Depreciation and impairment loss			Net book value as at 30 June 2012
	As at 1 July 2011	Additions during the year	Disposals during the year		As at 1 July 2011	For the year	On disposals	
	Rupees			Rupees				
Operating assets								
Owned								
Freehold land	106,788,134	10,161,688	-	-	-	-	-	116,949,822
Building on freehold land	356,090,556	117,370,104	-	10	178,169,596	18,827,756	-	276,463,308
Plant and machinery	2,645,425,909	1,918,632,905	-	10	1,035,795,228	178,567,630	-	3,349,695,956
Furnace	1,035,023,560	1,627,535,924	-	5 - 33.33	381,493,484	104,138,285	-	2,176,927,715
Tools and office equipment	16,068,466	506,806	-	10	6,449,719	1,019,491	-	9,106,062
Electrical equipment	8,737,402	1,726,450	-	10	4,488,825	369,198	-	5,605,829
Furniture and fixtures	11,866,871	135,338	-	10	5,276,811	662,128	-	6,063,270
Vehicles	119,136,368	20,374,433	(3,568,425)	20	65,329,882	12,451,926	(2,530,687)	60,691,255
2012	4,299,137,266	3,696,443,648	(3,568,425)		1,677,003,545	316,036,414	(2,530,687)	6,001,503,217

Notes to the financial statements

	Note	2013 Rupees	2012 Rupees
15.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	25	588,168,602	292,248,353
General and administrative expenses	26	3,160,713	21,247,128
Selling and distribution expenses	27	380,979	2,540,933
		<u>591,710,294</u>	<u>316,036,414</u>

15.4 Disposal of property, plant and equipment

Particulars	Rupees					Mode of disposal	Particulars of buyer
	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit		
Vehicles							
Suzuki Cultus AJA-553	600,000	558,803	41,197	365,000	323,803	Negotiation	Mr. Naseer Ahmad
Suzuki Mehran LEA-07-6249	390,000	296,071	93,929	360,000	266,071	Negotiation	Mr. Shahbaz Iqbal
Honda Civic LRP-249	990,000	872,442	117,558	450,000	332,442	Negotiation	Mr. Mohammad Maqsood
Suzuki Mehran LWP-9672	390,000	306,507	83,493	350,000	266,507	Negotiation	Mr. Mohammad Ayub
Bolan Van CK-7841	299,000	283,898	15,102	270,000	254,898	Negotiation	Mr. Shoukat
Suzuki Mehran AKR-382	395,000	313,255	81,745	350,000	268,255	Negotiation	Mr. Mohammad Ayub
Honda Civic AEF-549	1,037,500	841,301	196,199	480,000	283,801	Negotiation	Mr. Arshad
Suzuki Mehran LEA-8960	315,000	241,944	73,056	380,000	306,944	Negotiation	Mr. Ijaz Hussain
Suzuki Khyber LXL-2949	439,600	418,630	20,970	250,000	229,030	Negotiation	Mr. Mohammad Ayub
Toyota Hiace L XK-8138	710,000	578,267	131,733	750,000	618,267	Negotiation	Mr. Sohail
Suzuki Khyber LXM-9549	439,600	418,630	20,970	280,000	259,030	Negotiation	Mr. Muhammad Riaz
Honda City LEF-08-4049	1,008,000	656,768	351,232	800,000	448,768	Negotiation	Mr. Farooq Arshad
2013	7,013,700	5,786,516	1,227,184	5,085,000	3,857,816		
Vehicles							
Ambulance L XK-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		

	2013 Rupees	2012 Rupees
15.5 Capital work in progress		
Expansion project		
Plant and machinery	227,934,744	-
Civil works	18,129,509	-
Others	246,064,253	-
Stores held for capital expenditure	466,446,689	-
	<u>712,510,942</u>	<u>-</u>

Notes to the financial statements

	Note	2013 Rupees	2012 Rupees
16 Investment in associate			
Rak Ghani Glass LLC			
16,456 (2012: 16,456 fully paid ordinary shares of AED 1,000 each)	16.1	393,777,749	352,733,710
16.1 Movement in equity interest of associated company is as follows:			
Balance as at 01 July		429,920,484	293,842,846
Purchase of equity investment		-	136,077,638
		429,920,484	429,920,484
Cumulative share of post acquisition losses		(36,142,735)	(77,186,774)
Balance as at 30 June		393,777,749	352,733,710

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:

		Rupees			
	Percentage interest held	Assets	Liabilities	Revenue	Profit
2013	37.4%	1,193,273,213	581,786,514	932,304,582	41,044,039
2012	37.4%	1,151,512,183	607,589,732	655,472,272	27,338,932

	Note	2013 Rupees	2012 Rupees
17 Long term deposits and prepayments			
Ijarah deposits	17.1	34,190,000	64,202,000
Long term deposits	17.2	31,396,590	28,766,330
Long term prepayments		-	2,112,000
		65,586,590	95,080,330
Less: Current maturity of long term prepayments		-	2,112,000
		65,586,590	92,968,330

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

17.2 These represent interest free security deposits to different entities.

18 Stores, spares and other consumables

Stores and spares [in transit Rs 144.59 million (2012: Rs 42.67 million)]		750,798,005	876,816,605
Fuel and lubricants		99,616,166	118,196,940
		850,414,171	995,013,545

Notes to the financial statements

19 Stock in trade

	Note	2013 Rupees	2012 Rupees
Raw material [in transit Rs. 51.58 million (2012: Rs 42.89 million)]		417,761,016	588,970,782
Packing materials		69,861,292	63,894,047
Work in process		87,678,269	117,714,991
Finished goods		726,311,668	511,021,956
		1,301,612,245	1,281,601,776

20 Trade debtors

Local			
Secured - considered good		121,312,844	69,996,127
Unsecured			
Considered good	20.1	447,557,167	369,716,190
Considered doubtful		7,748,811	5,438,846
Less: Provision for doubtful debts	20.2	(7,748,811)	(5,438,846)
		447,557,167	369,716,190
		568,870,011	439,712,317
Foreign - secured, considered good	20.3	109,336,917	89,263,346
		678,206,928	528,975,663

20.1 Local debtors include an amount of Rs. 2.86 million (2012: Rs. 6.96 million) and Rs. 1.34 million (2012: Rs. Nil) receivable from Ghani Value Glass Limited and Sami Pharmaceutical (Private) Limited - related parties, respectively.

20.2 Provision for doubtful debts - movement summary

	2013 Rupees	2012 Rupees
Balance as at 01 July	5,438,846	5,438,846
Add: provision for the year	2,309,965	-
Less: written off during the year	-	-
Balance as at 30 June	7,748,811	5,438,846

20.3 Foreign debtors include an amount of Rs. 8.67 million (2012: Rs. 11.76 million) receivable from RAK Ghani Glass LLC - a related party.

20.4 Ageing analysis of the amounts due from related parties is as follows:

	Ghani Value Glass Rupees	Sami Pharmaceutical (Private) Limited Rupees	RAK Ghani Glass LLC Rupees
Not past due	2,856,314	1,337,788	-
Past due 30 days	-	-	-
Past due 60 days	-	-	-
Past due 90 days	-	-	-
Past due 180 days	-	-	-
Past due above one year	-	-	8,668,122
	2,856,314	1,337,788	8,668,122

Notes to the financial statements

	Note	2013 Rupees	2012 Rupees
21 Advances, deposits and prepayments			
Advances			
Employees - unsecured but considered good		35,042,602	49,645,329
Suppliers of goods and services - unsecured		163,597,216	231,397,261
Due from related parties	21.1	12,328,477	12,082,991
Sales tax refundable		44,658,474	44,034,245
		255,626,769	337,159,826
21.1 Due from related parties			
Ghani Automobile Industries Limited		923,434	1,160,004
RAK Ghani Glass LLC		10,637,860	10,637,860
Ghani Gases Limited		767,183	285,127
		12,328,477	12,082,991

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

	Note	2013 Rupees	2012 Rupees
22 Other receivables			
Receivable from RAK Ghani Glass LLC	22.1	19,113,449	12,301,505

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

	Note	2013 Rupees	2012 Rupees
23 Cash and bank balances			
Cash in hand		914,315	657,158
Cash at bank			
- Current accounts		297,743,106	61,733,686
- Saving accounts	23.1	22,148,135	129,957,444
		319,891,241	191,691,130
		320,805,556	192,348,288

23.1 The balances in saving accounts bear mark-up at the rate of 7.81% to 9.8% per annum (2012: 8% to 11.85%).

		2013 Rupees	2012 Rupees
24 Sales - net			
Local sales		11,503,286,941	9,470,464,194
Less: Trade discount		(108,522,246)	(39,167,171)
Sales return and rejections		(66,511,559)	(44,417,357)
Sales tax		(1,560,892,931)	(1,331,734,014)
Commission on sales		(257,979,448)	(114,841,394)
		(1,993,906,184)	(1,530,159,936)
Local sales - net		9,509,380,757	7,940,304,258
Export sales		852,498,278	679,297,470
		10,361,879,035	8,619,601,728

Notes to the financial statements

	Note	2013 Rupees	2012 Rupees
25 Cost of sales			
Raw material consumed	25.1	2,904,374,449	2,269,189,769
Fuel, gas and electricity		2,708,076,372	2,745,875,825
Packing expenses		596,845,256	468,604,272
Stores and spares consumed		309,977,866	203,232,034
Salaries, allowances and other benefits	25.2	810,497,004	642,715,800
Depreciation	15.3	588,168,602	292,248,353
Rent, rates and taxes		26,684,101	12,044,927
Lease rental-ijarah finances		152,176,969	57,748,788
Repair and maintenance		34,945,089	16,732,694
Travelling and motor running expenses		32,874,386	19,870,039
Communication and stationery		3,899,056	3,683,777
Other manufacturing expenses		49,082,945	87,078,683
		8,217,602,095	6,819,024,961
Work in process			
Opening balance		117,714,991	57,576,269
Closing balance		(87,678,269)	(117,714,991)
		30,036,722	(60,138,722)
		8,247,638,817	6,758,886,239
Finished goods			
Opening balance		511,021,956	372,700,866
Closing balance		(726,311,668)	(511,021,956)
		(215,289,712)	(138,321,090)
		8,032,349,105	6,620,565,149
25.1 Raw materials consumed			
Opening balance		546,075,822	525,621,195
Purchases		2,724,479,240	2,289,644,396
Closing balance		(366,180,613)	(546,075,822)
		2,904,374,449	2,269,189,769
25.2 Salaries, allowances and other benefits include Rs. 24.48 million (2012: Rs. 18.66 million) in respect of provident fund.			
26 General and Administration expenses			
	Note	2013 Rupees	2012 Rupees
Salaries, allowances and other benefits	26.1	176,877,447	194,673,511
Communication, stationery and supplies		11,093,857	10,213,047
Utilities		3,937,668	3,748,757
Rent, rates and taxes		8,278,597	6,547,300
Travelling and conveyance		26,394,225	26,095,783
Auditors' remuneration	26.2	1,275,000	1,275,000
Depreciation	15.3	3,160,713	21,247,128
Legal and professional expenses		12,866,134	12,881,153
Charity and donations	26.3	19,802,240	15,818,991
Other expenses		11,676,156	7,787,084
		275,362,037	300,287,754

Notes to the financial statements

26.1 Salaries, allowances and other benefits include Rs.5.80 million (2012: Rs. 5.24 million) in respect of provident fund.

26.2 Auditors' remuneration

	2013 Rupees	2012 Rupees
Statutory audit fee	1,100,000	1,100,000
Half yearly review	125,000	125,000
Out of pocket expenses	50,000	50,000
	1,275,000	1,275,000

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

27 Selling and distribution expenses

	<i>Note</i>	2013 Rupees	2012 Rupees
Salaries, allowances and other benefits	27.1	130,246,677	108,843,841
Communication, stationery and supplies		3,151,843	4,240,824
Utilities		528,690	363,688
Rent, rates and taxes		1,748,230	2,176,205
Travelling and conveyance		16,084,512	11,931,674
Advertisement and sale promotion		296,505,819	82,045,801
Depreciation	15.3	380,979	2,540,933
Provision for bad debts		2,309,965	-
Transportation and handling			
- Local		115,443,239	99,075,957
- Export		81,230,165	85,180,883
Other expenses		5,138,474	3,148,171
		652,768,593	399,547,977

27.1 Salaries, allowances and other benefits include Rs. 4.34 million (2012: Rs. 3.56 million) in respect of provident fund.

28 Other operating expenses

	<i>Note</i>	2013 Rupees	2012 Rupees
Workers' profit participation fund	11.4	57,318,095	64,230,514
Workers' welfare fund		21,780,876	24,407,595
		79,098,971	88,638,109

Notes to the financial statements

29 Other income	Note	2013 Rupees	2012 Rupees
Income from financial assets			
Profit on savings account		3,299,529	1,277,222
Other income		2,059,933	2,004,148
Exchange gain		3,853,261	3,326,025
		9,212,723	6,607,395
Income from non-financial assets			
Gain on sale of fixed assets		3,857,816	2,217,262
Breakage recovery from packing contractors		437,875	3,792,731
Scrap sales		26,245,852	25,271,965
		30,541,543	31,281,958
		39,754,266	37,889,353
30 Finance cost			
Profit on diminishing musharika		15,052,691	1,497,368
Profit on certificates of leasing		84,227,258	-
Profit on short term finances		211,982,271	59,327,662
Amortization of transaction cost of long term finance		2,061,857	-
Interest on workers' profit participation fund	11.4	3,678,581	7,402,384
Bank charges		18,833,057	11,591,443
		335,835,715	79,818,857
31 Taxation			
Income tax			
Current year		56,071,887	84,210,941
Prior year		1,515,857	(20,520,691)
		57,587,744	63,690,250
Deferred tax			
		139,096,451	(28,484,720)
		196,684,195	35,205,530

31.1 No numeric tax rate reconciliation for current year and prior 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.

32 Earnings per share - basic and diluted		2013	2012 Restated
Basic			
Profit after taxation	<i>Rupees</i>	870,578,724	1,160,766,638
Weighted average number of ordinary shares	<i>Number of shares</i>	117,351,435	117,351,435
Earnings per share	<i>Rupees</i>	7.42	9.89

32.1 The earning per share of prior year has been adjusted to reflect the changes of bonus shares issued for the year ended 30 June 2013.

Diluted

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

Notes to the financial statements

33 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	
	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	25,992,672	21,660,564	74,893,172	70,997,808	-	-	50,498,447	27,764,061
Bonus	16,462,031	19,675,019	37,251,961	65,194,112	-	-	26,382,975	4,114,850
Medical expenses	35,068	31,064	1,614,724	1,269,037	-	-	2,039,493	2,006,550
Retirement benefits	2,165,190	1,804,325	6,001,180	5,600,429	-	-	4,206,521	2,312,746
House rent	2,304,000	2,304,000	6,144,000	6,912,000	-	-	-	-
	46,958,961	45,474,972	125,905,037	149,973,386	-	-	83,127,436	36,198,207
Number of persons	1	1	6	5	-	-	31	26

33.1 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.

33.2 The aggregate amount charged in the financial statements in respect of remuneration to key management personnel is Rs. 172.86 million (2012: Rs. 191.16 million) out of which Rs. 8.17 million (2012: Rs 10.83 million) relates to retirement benefits.

34 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 11, 16, 20, 21 and 22 and remuneration to key management personnel are disclosed in note 33.

Related party	Relationship	Basis of relationship	Nature of transactions	2013	2012
				Rupees	Rupees
Ahmad Brothers and Company	Associated undertaking	Partners of firm are directors in the Company	Commercial purchases Purchase of assets	- 14,200,000	39,244,849 -
Ghani Automobile Industries Limited	-do-	Common directorship	Reimbursement of utility expenses	355,130	12,058
Ghani Value Glass Limited	-do-	Common directorship	Sales Purchases Other expenses	393,228,159 4,869,633 4,813,487	348,287,105 1,382,167 2,925,760
Ghani Gases Limited	-do-	Common directorship	Sales	5,917,162	614,283
RAK Ghani Glass LLC	-do-	Common directorship	Investment in associate Purchases Other expenses	- 2,137,191 7,767,340	136,077,638 44,866,662 612,220
Sami Pharmaceutical (Private) Limited *	-do-	Common directorship	Sales	29,000,722	-

* This entity became related party with effect from 26 February 2013 and only transactions entered into with them subsequent to the date when this entity became related party has been disclosed.

Notes to the financial statements

35 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 policies.

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.

35.1 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. 1,259.64 million (2012: Rs. 1,070.07 million) financial assets which are subject to credit risk amount to Rs. 1,258.72 million (2012: Rs. 1,069.42 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 15 to 120 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:

	2013	2012
	Rupees	Rupees
Long term deposits	65,586,590	92,968,330
Trade debts	678,206,928	528,975,663
Advances, deposits and prepayments	175,925,693	243,480,252
Other receivables	19,113,449	12,301,505
Bank balances	319,891,241	191,691,130
	<u>1,258,723,901</u>	<u>1,069,416,880</u>

Notes to the financial statements

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

	2013 Rupees	2012 Rupees
Foreign	109,336,917	89,263,346
Domestic	568,870,011	439,712,317
	678,206,928	528,975,663

The ageing of trade receivables at the reporting date is:

Not past due	475,941,867	428,066,141
Past due 30 days	79,221,549	60,796,521
Past due 60 days	15,004,986	13,321,699
Past due 90 days	59,990,490	20,136,064
Past due 180 days	31,405,294	1,086,295
Past due above one year	16,642,743	5,568,943
	678,206,929	528,975,663

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	A1	A	PACRA
Bank Alfalah Limited	A1+	AA	PACRA
Bank Islami Pakistan Limited	A1	A	PACRA
Barclays Bank Pakistan	A-1	A+	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 Bank Middle East Limited	P-1	A1	Moody's
Habib Bank Limited	A-1+	AA+	JCR-VIS
MCB Bank Limited	A1+	AA+	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
Soneri Bank Limited	A1+	AA -	PACRA
Standard Chartered Bank (Pakistan) 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.

Notes to the financial statements

35.2 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	Contractual cash flows	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years
Rupees					
Short term finances	1,294,163,227	1,368,756,829	1,368,756,829	-	-
Diminishing musharika	81,760,125	91,009,357	32,120,281	30,336,452	28,552,624
Certificates of leasing	1,384,103,227	1,767,957,764	195,549,840	195,722,023	1,376,685,901
Trade and other payables	934,559,342	934,559,342	934,559,342	-	-
Markup accrued	18,521,793	18,521,793	18,521,793	-	-
2012-2013	3,713,107,714	4,180,805,085	2,549,508,085	226,058,475	1,405,238,525

	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years
Rupees					
Short term finances	933,448,346	992,370,475	944,774,207	47,596,268	-
Diminishing musharika	130,087,250	153,751,747	34,192,458	32,471,404	87,087,885
Ijarah rental payable	3,123,823	3,123,823	3,123,823	-	-
Trade and other payables	1,303,328,145	1,303,328,145	1,303,328,145	-	-
Markup accrued	77,853,614	77,853,614	77,853,614	-	-
2011-2012	2,447,841,178	2,530,427,804	2,363,272,247	80,067,672	87,087,885

35.3 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 optimizing the return.

35.4 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.

35.5 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:

Notes to the financial statements

	2013	2012	2013	2012
	Effective rate (in Percentage)		Carrying amount (Rupees in 000)	
Short term finances	9.87 to 24.00	12.65 to 15.25	1,294,163,227	1,953,142,772
Diminishing Musharika	10.00 to 13.23	13.19 to 14.23	81,760,125	153,751,747
Certificates of leasing	10.83 to 11.25	-	1,384,103,227	-
Ijarah rental payable	11.01 to 13.58	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 2012.

	100 bps	
	Increase	Decrease
	Rupees	
Effect on profit - 30 June 2013	(25,916,144)	25,916,144
Effect on profit - 30 June 2012	(15,835,696)	15,835,696

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

35.6 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.

35.7 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.

35.8 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.

Notes to the financial statements

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 2013 and at 30 June 2012 were as follows:

	2013 Rupees	2012 Rupees
Total debt	2,747,736,536	2,148,375,672
Total equity and debt	9,010,653,598	7,540,714,010
Debt-to-equity ratio %age	30%	28%

The increase in the debt-to-equity ratio in 2013 resulted primarily from the increase in borrowings during the year. These were mostly availed to pay short term financing, sponsor loan and dividend for the year ended 30 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.

36 Operating segments

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

36.1 Sales from float glass, food and beverages products and pharmaceutical products represent 56.62%, 14.88% and 28.50% (2012: 50.28%, 14.65% and 35.07%) of total revenue of the Company respectively.

36.2 The sales percentage by geographic region is as follows:

	2013 %	2012 %
Pakistan	91.8	92.22
Afghanistan	1.93	3.22
Bangladesh	0.26	0.35
India	3.89	0.39
Nairobi	-	0.99
Nepal	-	0.52
Mozambique	0.17	0.4
Philippines	0.32	0.15
Turkey	-	0.03
Zambia	-	1
Others	1.63	0.73
	100	100

36.3 All non-current assets of the Company as at 30 June 2013 are located in Pakistan.

Notes to the financial statements

37 Cash generated from operations

	2013 Rupees	2012 Rupees
Profit before taxation	1,067,262,919	1,195,972,168
Adjustments for non cash and other items:		
- Depreciation	591,710,294	316,036,414
- Finance cost	335,835,715	79,818,857
- Provision for doubtful trade debts	2,309,965	-
- Provision for workers' profit participation fund	57,318,095	64,230,514
- Provision for workers' welfare fund	21,780,876	24,407,595
- Exchange gain	(3,853,261)	(3,326,025)
- Share of profit of associate	(41,044,039)	(27,338,933)
- Gain on sale of property, plant and equipment	(3,857,816)	(2,217,262)
	960,199,829	451,611,160
Operating profit before working capital changes	2,027,462,748	1,647,583,328
Effect on cash flow due to working capital changes:		
- Decrease / (Increase) in store, spares and other consumable	144,599,374	(297,940,427)
- (Increase) in stock in trade	(20,010,469)	(177,320,741)
- (Increase) / Decrease in trade debts	(147,687,969)	7,388,959
- Decrease in advances, deposits and prepayments	81,533,057	102,392,079
- (Increase) in other receivables	(6,811,944)	(576,907)
- Increase / (Decrease) in trade and other payables	29,645,129	(42,859,363)
- (Decrease) / Increase in lease rental-ijarah finances	(3,123,823)	3,123,823
	78,143,355	(405,792,577)
Cash generated from operations	2,105,606,103	1,241,790,751

38 Provident fund related disclosures

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements of the provident fund for the year ended 30 June 2013:

	2013 Rupees	2012 Rupees
Size of the fund - Total assets	209,726,093	145,372,255
Cost of investments made	111,863,299	58,111,525
Percentage of investments made	53%	40%
Fair value of investments	111,325,368	58,111,525

38.1 The break-up of fair value of investments is:

	2013		2012	
	Rupees	%	Rupees	%
Shares in listed companies	43,000,733	39%	33,597,369	58%
Term deposit receipts	68,324,635	61%	24,514,156	42%
	111,325,368	100%	58,111,525	100%

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Notes to the financial statements

39 Number of employees

The total average number of employees during the year and as at 30 June 2013 and 30 June 2012 are as follows:

	No of employees	
	2013	2012
Average number of employees during the year	1,921	1,817
Number of employees as at 30 June	1,910	1,931

40 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)	
	2013	2012	2013	2012
Float glass	210,850	292,900	177,541	115,319
Hollow glass	131,678	151,475	111,679	120,390
	342,528	444,375	289,220	235,709

40.1 The reduction in production capacity during the year is mainly due to the closure of furnaces. The furnace of Float Glass Line - 1 was stopped for normal repair and one of the furnace in hollow glass plant closed down for rebuilding and enhancing the production capacity.

41 Date of authorization for issue

The financial statements were approved and authorized for issue on September 18, 2013 by the Board of Directors of the Company.

42 Subsequent event

The Board of Directors has proposed a final dividend of Rs Nil per share (2012: Rs. 5 per share) amounting Nil (2012: 533.42 million) and issuance of bonus share@ 5% i.e. 5 bonus shares for every 100 shares held [in addition to interim bonus shares @10% i.e. 10 bonus shares for every 100 shares held for which shares have already been issued/credited] (2012: Nil) for the year ended June 30, 2013 at their meeting held on September 18, 2013 for approval of the members at Annual General Meeting to be held on October 23, 2013. These financial statements do not reflect these appropriations.

43 General

43.1 Figures have been rounded off to nearest rupee.

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

Lahore



Chief Executive



Director

Pattern of Shareholding

of Shares Held by the Shareholders of Ghani Glass Limited as at June 30, 2013

Shareholding			
No. of Shareholders	From	To	Total Shares Held
310	1	100	8,061
216	101	500	60,910
124	501	1,000	89,957
286	1,001	5,000	591,637
46	5,001	10,000	328,200
19	10,001	15,000	238,301
7	15,001	20,000	126,173
4	20,001	25,000	89,488
9	25,001	30,000	248,892
3	30,001	35,000	95,325
5	35,001	40,000	193,923
1	45,001	50,000	46,912
2	50,001	55,000	106,521
2	60,001	65,000	121,840
1	75,001	80,000	78,892
1	90,001	95,000	90,750
2	105,001	110,000	215,242
1	120,001	125,000	121,875
1	145,001	150,000	147,684
1	195,001	200,000	200,000
1	215,001	220,000	217,530
3	240,001	245,000	727,967
1	325,001	330,000	329,882
1	365,001	370,000	365,306
1	375,001	380,000	379,558
1	510,001	515,000	512,871
1	605,001	610,000	609,000
1	670,001	675,000	671,670
1	740,001	745,000	741,000
1	895,001	900,000	897,000
1	915,001	920,000	917,242
1	920,001	925,000	920,631
1	950,001	955,000	954,024
1	1,060,001	1,065,000	1,063,380
1	1,095,001	1,100,000	1,100,000
1	1,160,001	1,165,000	1,162,000
1	1,195,001	1,200,000	1,199,097
1	1,260,001	1,265,000	1,261,927
2	1,265,001	1,270,000	2,536,712
1	1,270,001	1,275,000	1,272,000
2	1,385,001	1,390,000	2,772,000
1	1,450,001	1,455,000	1,453,288
1	1,475,001	1,480,000	1,476,350
1	1,645,001	1,650,000	1,648,350
1	1,705,001	1,710,000	1,706,000
1	1,755,001	1,760,000	1,757,187
2	1,815,001	1,820,000	3,640,000
1	1,905,001	1,910,000	1,909,943
1	2,025,001	2,030,000	2,029,607
1	2,915,001	2,920,000	2,915,533
2	3,910,001	3,915,000	7,823,428
1	4,505,001	4,510,000	4,505,641
1	5,120,001	5,125,000	5,122,885
1	5,470,001	5,475,000	5,471,635
1	8,920,001	8,925,000	8,924,908
1	9,405,001	9,410,000	9,409,250
1	10,125,001	10,130,000	10,128,622
1	10,560,001	10,565,000	10,562,759
1	13,050,001	13,055,000	13,054,669
1,086			117,351,435

Pattern of Shareholding

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	61,927,255	52.7703%
	6	0.1139%
Associated Companies, undertakings and related parties.	133,69	
NIT and ICP	2,030,831	1.7306%
Banks Development Financial Institutions, Non Banking Financial Institutions.	8,929,904	7.6095%
Insurance Companies	22,705	0.0193%
Modarabas and Mutual Funds	53,381	0.0455%
General Public		
a. Local	24,014,759	20.4644%
b. Foreign	0	0.0000%
Others (to be specified)		
Joint Stock Companies	7,061,620	6.0175%
Other Companies	13,125,763	11.1850%
Pension Funds	51,521	0.0439%

INFORMATION UNDER CLAUSE XVI (J)

of the Code of Corporate Governance as on June 30, 2013

	SHARES HELD
ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:	
JAMIA-TUL-GHANI	121,875
GHANI MINES (PVT) LIMITED - (CDC)	11,821
MUTUAL FUNDS:	
CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	9,685
CDC - TRUSTEE NAFA STOCK FUND (CDC)	2,732
MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND (CDC)	14,300
MCBFSL-TRUSTEE URSF-EQUITY SUB FUND (CDC)	26,664
DIRECTORS AND THEIR SPOUSE(S) & MINOR CHILDREN:	
MR. IMTIAZ AHMAD KHAN	11,075,630
MR. JUNAID GHANI	1,409,611
MR. ANWAAR AHMAD KHAN	11,396,16
MR. AFTAB AHMAD KHAN	14,881,885
MRS. AYESHA AFTAB	4,505,641
MR. AITZAZ AHMED KHAN - (CDC)	1,453,288
MR. SHAMIM AHMAD - (CDC)	1,162,000
MR. FAROOQ AHMAD KHAN (CDC)	379,558
MR JUBAIR GHANI	4,832,345
MR. ZAID GHANI (CDC)	3,911,714
MR. ALI JAHANGIR SIDDIQUI (CDC)	1,909,943
MRS. RUBINA IMTIAZ W/O IMTIAZ AHMAD KHAN	1,757,187
MRS. REEMA ANWAAR W/O ANWAAR AHMAD KHAN	3,245,415
MRS. ZAHIDA AITZAZ W/O AITZAZ AHMED	6,325
SYED HASAN AKBAR KAZMI	550
EXECUTIVES:	
	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS:	
	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS:	
	9,004,130
SHAREHOLDERS HOLDING 5% OR MORES VOTING INTEREST IN THE LISTED COMPANY:	
MR. IMTIAZ AHMAD KHAN	11,075,630
MR. ANWAAR AHMAD KHAN	11,396,163
MR. AFTAB AHMAD KHAN	14,881,885
JS BANK LIMITED (CDC)	8,924,908
EMPLOYEES OLD AGE BENEFITS INSTITUTION (CDC)	13,054,669

Notice of Annual General Meeting

Notice is hereby given that 21st Annual General Meeting of the members of **GHANI GLASS LIMITED** will be held on Wednesday October 23, 2013 at 12:00 noon, at Avari Hotel, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on March 26, 2013.
2. To receive, consider and adopt the audited annual accounts of **GHANI GLASS LIMITED** for the year ended June 30, 2013 together with the Directors' and Auditors' reports thereon.
3. To approve Final Stock Dividend @ 5% i.e. 5 bonus shares for every 100 shares held by the members, as recommended by the Board of Directors (*in addition to interim Stock Dividend @ 10% i.e. 10 bonus shares for every 100 shares held as approved by the Board of Directors and shares for which have already been credited/issued*).
4. To appoint auditors for 2014 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 18, 2013

Hafiz Mohammad Imran Sabir
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 16, 2013 to October 23, 2013 (both days inclusive). Members whose names appear on the register of members as at the close of business on October 15, 2013 will be entitled to the above entitlement.
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'

Notice of Annual General Meeting

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.

Submission of copies of CNIC

The shareholders having physical shares are once again requested to immediately send a copy of their valid computerized national identity card (CNIC) to our registrar's office, M/s. Corplink (Pvt) Ltd, Wings arcade, 1-k, commercial, model town, Lahore for printing/insertion on dividend warrants in future.

Payment of Cash Dividend Electronically (Optional)

The shareholders are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant)/CDC.

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 21st ANNUAL GENERAL MEETING of the members of the Company to be held on Wednesday October 23, 2013 at 12:00 noon at Avari Hotel, Lahore and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2013

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

GHANI GLASS LIMITED

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Fax: + 92-42-35172263
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