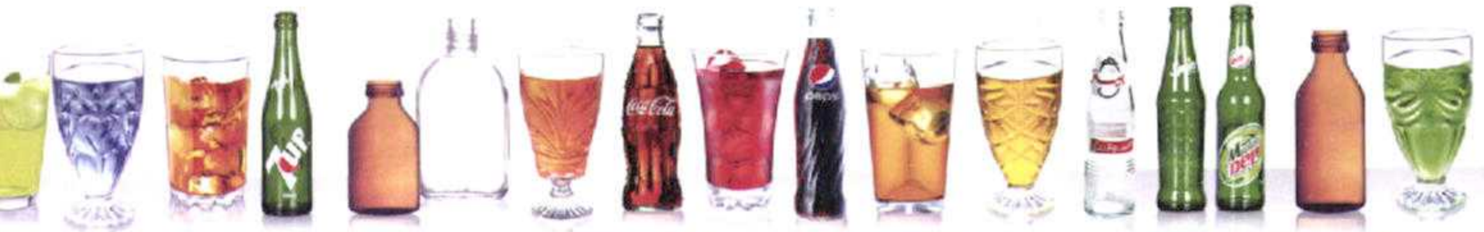
2015 ANNUAL REPORT



BALOCHISTAN GLASS LIMITED

An ISO 9001:2008 Certified Company

Statement of Compliance with best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchange 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 non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Muhammad Shamim Anwar
Executive Director	Mr. Muhammad Tousif Peracha Mr. Tariq Siddiq Paracha Mr. Nasir Malik
Non-Executive Director	Mr. Mian Nazir Ahmed Paracha Mr. Mustafa Tousif Ahmed Paracha Mr. Jawaid Aziz Paracha

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy on the Board was occurred.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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

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

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. The Board arranged two in house training programs for its directors during the year.

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

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.

15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a Non-Executive director.

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 CCG. 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 Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

18. The Board has set up an effective internal audit function.

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 ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

21. The '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 enshrined in the CCG have been complied except as required under provisions of clause i(a) to some extent, i(d) & vi and these shall take effect when the Board is reconstituted on expiry of its current term.

For and on behalf of Board of Directors

Muhammad Tousif Paracha
Chairman & CEO

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Balochistan Glass Limited ('the Company') for the year ended June 30, 2015 to comply with the relevant requirements of Listing Regulations of the Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approvals its 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 and recording proper justifications for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

Further, we highlight the matter in relation to the requirement of the Code in respect of appointment of the Chairman and the Chief Executive Officer (CEO), being the same person.

Lahore: October 09, 2015

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Nouman Razaq Khan

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2015 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 June 30, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our report, we draw attention of the members towards note 2 of the financial statements, which indicates that the Company incurred net loss amounting to Rs. 459.487 million during the year ended June 30, 2015 and as of that date its accumulated loss of Rs. 3,926.504 million have resulted in net capital deficiency of Rs.2,725.304 millionand its current liabilities exceeded its current assets by Rs.1,088.258 million.These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

We also draw attention of the members towards note 8.3 of the financial statements regarding non compliance with the requirements of International Accounting Standard 39 in respect of measurement of interest free subordinated loan amounting to Rs. 482.080 (2014:Rs. 482.080) million at amortized cost due to non determinability of its repayment period.

Lahore: October 09, 2015

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Nouman Razaq Khan

Balance Sheet
as at June 30, 2015

	Notes	2015	2014
		(Rupees in thousands)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	4	1,766,000	1,766,000
Issued, subscribed and paid-up capital	5	1,716,000	1,716,000
Discount on shares	6	(514,800)	(514,800)
Accumulated loss		(3,926,504)	(3,474,195)
		(2,725,304)	(2,272,995)
Surplus on revaluation of property, plant and equipment	7	307,141	247,096
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured	8	482,080	482,080
Long term loans	9	1,101,947	1,179,852
Liabilities against assets subject to finance lease	10	-	-
Deferred liabilities	11	1,196,200	1,001,162
		2,780,227	2,663,094
CURRENT LIABILITIES			
Trade and other payables	12	837,024	869,574
Markup accrued	13	180,193	157,930
Short term borrowings	14	388,868	250,250
Current maturity of non current liabilities	15	231,017	190,404
		1,637,102	1,468,158
CONTINGENCIES AND COMMITMENTS	16		
		1,999,166	**2,105,353**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,450,322	1,456,893
CURRENT ASSETS			
Stores, spares and loose tools	18	243,774	224,217
Stock in trade	19	65,003	140,467
Trade debts	20	80,467	82,607
Loans and advances	21	50,301	49,955
Trade deposits, prepayments and other receivable	22	55,516	77,468
Taxes recoverable	23	43,068	24,470
Cash and bank balances	24	10,715	49,276
		548,844	648,460
		1,999,166	**2,105,353**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

	Notes	2015	2014
		(Rupees in thousand)	
Sales - Net	25	1,605,793	2,203,968
Cost of sales	26	1,747,667	2,445,151
Gross loss		(141,874)	(241,183)
Administrative and selling expenses	27	57,455	70,400
Other expenses	28	9,954	16,076
		67,409	86,476
Other incomes	29	118	2,337
Operating loss		(209,165)	(325,322)
Financial charges	30	252,432	246,191
Loss before taxation		(461,597)	(571,513)
Taxation	31	(2,110)	(2,980)
Loss after taxation		**(459,487)**	**(568,533)**
Loss per share - Basic and diluted (Rupees)	32	(2.68)	(3.31)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Statement of Comprehensive Income

For The Year Ended June 30, 2015

	2015	2014
	(Rupees in thousand)	
Loss for the year	(459,487)	(568,533)
Other comprehensive income:		
Items that will not be reclassified to profit and loss account:		
Actuarial gain on gratuity re-measurement	594	-
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	8,721	9,939
Related deferred tax	(2,878)	(3,379)
	5,843	6,560
	(453,050)	(561,973)
Total comprehensive loss for the year	(453,050)	(561,973)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement
For The Year Ended June 30, 2015

		2015	2014
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(461,597)	(571,513)
Adjustments for non-cash charges and other items:			
Depreciation		131,159	138,755
Provisions for store and spares		4,258	-
Provisions for doubtful balances		5,694	16,076
Gain on settlement of liabilities		-	(287)
Loss / (Gain) on sale of fixed assets		2	(212)
Financial charges		252,432	246,191
Provision for gratuity		9,156	9,187
Operating loss before working capital changes		(58,896)	(161,803)
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		(23,815)	14,095
Stock in trade		75,464	53,689
Trade debts		2,140	148,559
Loans and advances		(6,040)	(17,340)
Trade deposits, prepayments and other receivables		21,952	(3,318)
Increase/(Decrease) in current liabilities			
Trade and other payables		(45,798)	(77,242)
		23,903	118,443
Cash used in operations		(34,993)	(43,360)
Payments for:			
Financial charges		(20,695)	(60,576)
Taxes		(21,396)	(16,604)
Gratuity		(6,598)	(2,358)
Net cash outflow from operating activities	A	(83,682)	(122,898)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(45,593)	(62,080)
Proceeds from disposal of fixed assets		20	800
Net cash outflow from investing activities	B	(45,573)	(61,280)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans - Net		(88,251)	287,178
Lease rentals		-	(16,343)
Short term borrowings - Net		178,946	(59,633)
Net cash outflow from financing activities	C	90,695	211,202
Net increase/(decrease) in cash and cash equivalents	A+B+C	(38,560)	27,024
Cash and cash equivalents as at 1st July		49,276	22,252
Cash and cash equivalents as at 30th June		10,715	49,276

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity

For The Year Ended June 30, 2015

	Issued, subscribed and paid-up capital	Discount on issuance of shares	Accumulated Loss	Total
	(Rupees in thousand)			
Balance as on July 01, 2013	1,716,000	(514,800)	(2,912,222)	(1,711,022)
Total comprehensive income/(loss) for the year				
Loss after taxation	-	-	(568,533)	(568,533)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	6,560	6,560
Total comprehensive income for the year	-	-	(561,973)	(561,973)
Balance as on June 30, 2014	1,716,000	(514,800)	(3,474,195)	(2,272,995)
Total comprehensive income/(loss) for the year				
Loss after taxation	-	-	(459,487)	(459,487)
Other comprehensive income:				
Actuarial gain on gratuity remeasurement	-	-	594	594
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	6,584	6,584
Total comprehensive loss for the year	-	-	(452,309)	(452,309)
Balance as on June 30, 2015	**1,716,000**	**(514,800)**	**(3,926,504)**	**(2,725,304)**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 **STATUS AND NATURE OF BUSINESS**

The Company was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at Kot Abdul Malik, Lahore.

2 **GOING CONCERN ASSUMPTION**

The financial statements for the year ended June 30, 2015 are showing loss after taxation amounting to Rs. 459.487 million (2014: Rs. 568.533 million) and has accumulated loss of Rs. 3,926.504 million (2014: Rs. 3,474.195 million) at the year-end which resulted in negative equity of Rs. 2,725.304 million (2014: Rs. 2,272.995 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 1,088.258 million (June 2014: Rs. 819.698 million).
As the above conditions are prevailing from last few years, thus raising significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in normal course of business.

Sales revenue is decreased as compare to last year due to closure of Unit-II on account of non-availability of gas supply. Production at Unit-III has also suffered very badly due to non-availability of gas supply as the Company has to curtail its production capacity utilization. In order to keep the plant operational, Company has to use furnace oil and LPG which has resulted in increased cost of production and also adversely effected production efficiencies. Company suffered due to severe natural gas curtailment on account of load management as well as due to low gas pressure at Unit -II & III, whereas SNGPL provided gas to other glass manufacturing companies located in same vicinity. Management is in continuous negotiations with government departments for provision of required gas supply at both plants. Once the issue is resolved, the Company will yield better results. The management has also decided to increase production of tableware products which have performed remarkably well over the past few years. During the month of June, 2015, Unit II of the BGL has started its production and management is confident to have better capacity utilization during the next financial year which will surely be resulting into increased revenues and better financial results. Management is also continuously focusing on streamlining the operations of all the units and enhancing their production efficiencies keeping in view the positive market factors of lower petroleum prices, steady product sales prices and potential market.

Based on continuing support from directors, active negotiation with banks & financial institutions for restructuring of credit facilities, future prospects of industry, and other steps taken by management, Board of Directors' feels that company will have adequate resources to operate its business on a sustainable basis for foreseeable future, therefore, these financial statements have been prepared on going concern basis.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 **Statement of compliance**

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

3.1.1 **New standards, amendments or interpretations which became effective during the year:**

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

3.1.2 **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except that certain properties are stated at revalued amounts and certain staff benefits are carried at present value. The Company's significant accounting policies are stated in note 3.3.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.2.1 Staff retirements benefits

Certain actuarial assumptions have been adopted as disclosed in note 11.3 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect actuarial gains and losses in those years.

3.2.2 Income taxes

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment and appellate stages and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2.3 Property, plant and equipment

The Company reviews the appropriateness of rate of depreciation, useful lives and residual value of property, plant and equipment on regular basis. The estimates of revalued amount of land and buildings are based on valuation carried out by a professional valuer. Further where applicable, an estimate of recoverable amount of an asset is made for possible impairment on annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2.4 Provision for doubtful receivables

The Company reviews its doubtful trade debts and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3.2.5 Stores, Spares and Loose Tools

The Company reviews the Net Realizable Value (NRV) and impairment of stores, spares and loose tools to assess any diminution in the respective carrying values and wherever required provision for NRV/impairment is made. The calculation of the provision involves the use of estimates with regard to future estimated use and respective fair value of stores, spares and loose tools.

3.3 SIGNIFICANT ACCOUNTING POLICIES

3.3.1 Staff retirement benefits

The Company operates unfunded gratuity scheme covering all employees eligible to the benefit. Provisions are based on actuarial recommendations. Actuarial valuations are carried out using the projected unit credit method as required by International Accounting Standard 19 "Employee Benefits".

3.3.2 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is recognized on all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

3.3.3 Property, plant and equipment and depreciation

Owned

These are stated at cost less accumulated depreciation except for freehold land & building which is stated at revalued amount less accumulated depreciation. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress at cost. These are transferred to specific assets as and when these assets are available for use.

Increase in the carrying amount arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. Decrease that offset previous increase of the same assets is charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit/accumulated loss.

Leased

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreements and the fair value of leased assets. The related obligation under the lease less financial charges allocated to future period are shown as a liability. These financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation charge is based on the reducing balance method at the rates specified in note 17 to the financial statements.

Depreciation on additions is charged from the month in which the asset is available for use and on disposals no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

3.3.4 Stores and spares

These are valued at lower of average cost and net realizable value except for those in transit, which are valued at cost. Provision is made for slow moving and obsolete stores and spares.

3.3.5 Stock in trade

These are stated at the lower of cost and net realizable value. The cost is determined as follows:

Raw and packing materials	Average cost
Work in process	Average material cost only. Conversion costs are not included as these are not significant.
Finished goods	Average cost which includes prime cost and appropriate portion of production overheads.
Items in transit	Cost comprising invoice values plus other charges incurred 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.

3.3.6 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at the year end. A provision for doubtful debt is created when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivable. The provision is recognised in the profit and loss account. When trade debt is un collectable, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to profit and loss account.

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This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchange 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 non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Muhammad Shamim Anwar
Executive Director	Mr. Muhammad Tousif Peracha Mr. Tariq Siddiq Paracha Mr. Nasir Malik
Non-Executive Director	Mr. Mian Nazir Ahmed Paracha Mr. Mustafa Tousif Ahmed Paracha Mr. Jawaid Aziz Paracha

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

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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.

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15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a Non-Executive director.

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 CCG. 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 Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

18. The Board has set up an effective internal audit function.

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 ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

21. The '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 enshrined in the CCG have been complied except as required under provisions of clause i(a) to some extent, i(d) & vi and these shall take effect when the Board is reconstituted on expiry of its current term.

For and on behalf of Board of Directors

Muhammad Tousif Paracha
Chairman & CEO

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Balochistan Glass Limited ('the Company') for the year ended June 30, 2015 to comply with the relevant requirements of Listing Regulations of the Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approvals its 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 and recording proper justifications for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

Further, we highlight the matter in relation to the requirement of the Code in respect of appointment of the Chairman and the Chief Executive Officer (CEO), being the same person.

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Nouman Razaq Khan

Lahore: October 09, 2015

We have audited the annexed balance sheet of Balochistan Glass Limited as at June 30, 2015 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 June 30, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our report, we draw attention of the members towards note 2 of the financial statements, which indicates that the Company incurred net loss amounting to Rs. 459.487 million during the year ended June 30, 2015 and as of that date its accumulated loss of Rs. 3,926.504 million have resulted in net capital deficiency of Rs.2,725.304 millionand its current liabilities exceeded its current assets by Rs.1,088.258 million.These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

We also draw attention of the members towards note 8.3 of the financial statements regarding non compliance with the requirements of International Accounting Standard 39 in respect of measurement of interest free subordinated loan amounting to Rs. 482.080 (2014:Rs. 482.080) million at amortized cost due to non determinability of its repayment period.

F.R.A.N.T.S. & Co.
Chartered Accountants
Engagement Partner: Nouman Razaq Khan

Lahore: October 09, 2015

Balance Sheet
as at June 30, 2015

	Notes	2015	2014
EQUITY AND LIABILITIES		(Rupees in thousands)	
SHARE CAPITAL AND RESERVES			
Authorized capital	4	1,766,000	1,766,000
Issued, subscribed and paid-up capital	5	1,716,000	1,716,000
Discount on shares	6	(514,800)	(514,800)
Accumulated loss		(3,926,504)	(3,474,195)
		(2,725,304)	(2,272,995)
Surplus on revaluation of property, plant and equipment	7	307,141	247,096
NON-CURRENT LIABILITIES			
Subordinated loan - Unsecured	8	482,080	482,080
Long term loans	9	1,101,947	1,179,852
Liabilities against assets subject to finance lease	10	-	-
Deferred liabilities	11	1,196,200	1,001,162
		2,780,227	2,663,094
CURRENT LIABILITIES			
Trade and other payables	12	837,024	869,574
Markup accrued	13	180,193	157,930
Short term borrowings	14	388,868	250,250
Current maturity of non current liabilities	15	231,017	190,404
		1,637,102	1,468,158
CONTINGENCIES AND COMMITMENTS	16		
		1,999,166	**2,105,353**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,450,322	1,456,893
CURRENT ASSETS			
Stores, spares and loose tools	18	243,774	224,217
Stock in trade	19	65,003	140,467
Trade debts	20	80,467	82,607
Loans and advances	21	50,301	49,955
Trade deposits, prepayments and other receivable	22	55,516	77,468
Taxes recoverable	23	43,068	24,470
Cash and bank balances	24	10,715	49,276
		548,844	648,460
		1,999,166	**2,105,353**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Profit & Loss Account
For The Year Ended June 30, 2015

	Notes	2015	2014
		(Rupees in thousand)	
Sales - Net	25	1,605,793	2,203,968
Cost of sales	26	1,747,667	2,445,151
Gross loss		(141,874)	(241,183)
Administrative and selling expenses	27	57,455	70,400
Other expenses	28	9,954	16,076
		67,409	86,476
Other incomes	29	118	2,337
Operating loss		(209,165)	(325,322)
Financial charges	30	252,432	246,191
Loss before taxation		(461,597)	(571,513)
Taxation	31	(2,110)	(2,980)
Loss after taxation		**(459,487)**	**(568,533)**
Loss per share - Basic and diluted (Rupees)	32	(2.68)	(3.31)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Comprehensive Income

For The Year Ended June 30, 2015

	2015	2014
	(Rupees in thousand)	
Loss for the year	(459,487)	(568,533)
Other comprehensive income:		
Items that will not be reclassified to profit and loss account:		
Actuarial gain on gratuity re-measurement	594	-
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	8,721	9,939
Related deferred tax	(2,878)	(3,379)
	5,843	6,560
	(453,050)	(561,973)
Total comprehensive loss for the year	(453,050)	(561,973)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

		2015	2014
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(461,597)	(571,513)
Adjustments for non-cash charges and other items:			
Depreciation		131,159	138,755
Provisions for store and spares		4,258	-
Provisions for doubtful balances		5,694	16,076
Gain on settlement of liabilities		-	(287)
Loss / (Gain) on sale of fixed assets		2	(212)
Financial charges		252,432	246,191
Provision for gratuity		9,156	9,187
Operating loss before working capital changes		(58,896)	(161,803)
Working capital changes			
(Increase)/Decrease in current assets			
Stores, spares and loose tools		(23,815)	14,095
Stock in trade		75,464	53,689
Trade debts		2,140	148,559
Loans and advances		(6,040)	(17,340)
Trade deposits, prepayments and other receivables		21,952	(3,318)
Increase/(Decrease) in current liabilities			
Trade and other payables		(45,798)	(77,242)
		23,903	118,443
Cash used in operations		(34,993)	(43,360)
Payments for:			
Financial charges		(20,695)	(60,576)
Taxes		(21,396)	(16,604)
Gratuity		(6,598)	(2,358)
Net cash outflow from operating activities	A	(83,682)	(122,898)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(45,593)	(62,080)
Proceeds from disposal of fixed assets		20	800
Net cash outflow from investing activities	B	(45,573)	(61,280)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans - Net		(88,251)	287,178
Lease rentals		-	(16,343)
Short term borrowings - Net		178,946	(59,633)
Net cash outflow from financing activities	C	90,695	211,202
Net increase/(decrease) in cash and cash equivalents	A+B+C	(38,560)	27,024
Cash and cash equivalents as at 1st July		49,276	22,252
Cash and cash equivalents as at 30th June		10,715	49,276

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

	Issued, subscribed and paid-up capital	Discount on issuance of shares	Accumulated Loss	Total
	(Rupees in thousand)			
Balance as on July 01, 2013	1,716,000	(514,800)	(2,912,222)	(1,711,022)
Total comprehensive income/(loss) for the year				
Loss after taxation	-	-	(568,533)	(568,533)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	6,560	6,560
Total comprehensive income for the year	-	-	(561,973)	(561,973)
Balance as on June 30, 2014	1,716,000	(514,800)	(3,474,195)	(2,272,995)
Total comprehensive income/(loss) for the year				
Loss after taxation	-	-	(459,487)	(459,487)
Other comprehensive income:				
Actuarial gain on gratuity remeasurement	-	-	594	594
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	6,584	6,584
Total comprehensive loss for the year	-	-	(452,309)	(452,309)
Balance as on June 30, 2015	**1,716,000**	**(514,800)**	**(3,926,504)**	**(2,725,304)**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at Kot Abdul Malik, Lahore.

2 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2015 are showing loss after taxation amounting to Rs. 459.487 million (2014: Rs. 568.533 million) and has accumulated loss of Rs. 3,926.504 million (2014: Rs. 3,474.195 million) at the year-end which resulted in negative equity of Rs. 2,725.304 million (2014: Rs. 2,272.995 million). In addition, the Company's current liabilities exceeded its current assets by Rs. 1,088.258 million (June 2014: Rs. 819.698 million).
As the above conditions are prevailing from last few years, thus raising significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in normal course of business.

Sales revenue is decreased as compare to last year due to closure of Unit-II on account of non-availability of gas supply. Production at Unit-III has also suffered very badly due to non-availability of gas supply as the Company has to curtail its production capacity utilization. In order to keep the plant operational, Company has to use furnace oil and LPG which has resulted in increased cost of production and also adversely effected production efficiencies. Company suffered due to severe natural gas curtailment on account of load management as well as due to low gas pressure at Unit -II & III, whereas SNGPL provided gas to other glass manufacturing companies located in same vicinity. Management is in continuous negotiations with government departments for provision of required gas supply at both plants. Once the issue is resolved, the Company will yield better results. The management has also decided to increase production of tableware products which have performed remarkably well over the past few years. During the month of June, 2015, Unit II of the BGL has started its production and management is confident to have better capacity utilization during the next financial year which will surely be resulting into increased revenues and better financial results. Management is also continuously focusing on streamlining the operations of all the units and enhancing their production efficiencies keeping in view the positive market factors of lower petroleum prices, steady product sales prices and potential market.

Based on continuing support from directors, active negotiation with banks & financial institutions for restructuring of credit facilities, future prospects of industry, and other steps taken by management, Board of Directors' feels that company will have adequate resources to operate its business on a sustainable basis for foreseeable future, therefore, these financial statements have been prepared on going concern basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.1.1 New standards, amendments or interpretations which became effective during the year:

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

3.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except that certain properties are stated at revalued amounts and certain staff benefits are carried at present value. The Company's significant accounting policies are stated in note 3.3.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.2.1 Staff retirements benefits

Certain actuarial assumptions have been adopted as disclosed in note 11.3 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect actuarial gains and losses in those years.

3.2.2 Income taxes

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment and appellate stages and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2.3 Property, plant and equipment

The Company reviews the appropriateness of rate of depreciation, useful lives and residual value of property, plant and equipment on regular basis. The estimates of revalued amount of land and buildings are based on valuation carried out by a professional valuer. Further where applicable, an estimate of recoverable amount of an asset is made for possible impairment on annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2.4 Provision for doubtful receivables

The Company reviews its doubtful trade debts and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3.2.5 Stores, Spares and Loose Tools

The Company reviews the Net Realizable Value (NRV) and impairment of stores, spares and loose tools to assess any diminution in the respective carrying values and wherever required provision for NRV/impairment is made. The calculation of the provision involves the use of estimates with regard to future estimated use and respective fair value of stores, spares and loose tools.

3.3 SIGNIFICANT ACCOUNTING POLICIES

3.3.1 Staff retirement benefits

The Company operates unfunded gratuity scheme covering all employees eligible to the benefit. Provisions are based on actuarial recommendations. Actuarial valuations are carried out using the projected unit credit method as required by International Accounting Standard 19 "Employee Benefits".

3.3.2 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is recognized on all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

3.3.3 **Property, plant and equipment and depreciation**

Owned

These are stated at cost less accumulated depreciation except for freehold land & building which is stated at revalued amount less accumulated depreciation. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress at cost. These are transferred to specific assets as and when these assets are available for use.

Increase in the carrying amount arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. Decrease that offset previous increase of the same assets is charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit/accumulated loss.

Leased

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreements and the fair value of leased assets. The related obligation under the lease less financial charges allocated to future period are shown as a liability. These financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation charge is based on the reducing balance method at the rates specified in note 17 to the financial statements.

Depreciation on additions is charged from the month in which the asset is available for use and on disposals no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

3.3.4 **Stores and spares**

These are valued at lower of average cost and net realizable value except for those in transit, which are valued at cost. Provision is made for slow moving and obsolete stores and spares.

3.3.5 **Stock in trade**

These are stated at the lower of cost and net realizable value. The cost is determined as follows:

Raw and packing materials	Average cost
Work in process	Average material cost only. Conversion costs are not included as these are not significant.
Finished goods	Average cost which includes prime cost and appropriate portion of production overheads
Items in transit	Cost comprising invoice values plus other charges incurred 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.

3.3.6 **Trade debts and other receivables**

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at the year end. A provision for doubtful debt is created when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivable. The provision is recognised in the profit and loss account. When trade debt is un collectable, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to profit and loss account.

3.3.7 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchanges ruling at the date of transaction.

Assets and liabilities in foreign currencies are translated into Rupees at exchanges rates approximating those prevailing at the balance sheet date except where forward exchange contracts have been entered into, in which case the rates contracted for are used.

All other exchanges differences are taken into profit and loss account.

3.3.8 Transaction with related parties

Transactions with related parties are based on the policy that all the transactions between the Company and related parties are carried out at arm's length. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

3.3.9 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable on the following basis :

Sales are recorded on dispatch of goods to customers. Profits / mark-up on deposits and investments are accounted for when it becomes receivable.

3.3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.3.11 Provisions

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

3.3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company substantially transfers all the risks and rewards of ownership of the financial asset. Financial liabilities are derecognised at the time when the obligation specified in the contract is discharged, cancelled or expired.

3.3.13 Trade and other payables

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

3.3.14 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

3.3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of change in value.

3.3.16 Loans, advances and deposits

These are initially recognised at cost, which is the fair value of consideration given. Subsequent to the initial recognition assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.3.17 Off setting of financial assets and liabilities

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

3.3.18 Segment reporting

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.

3.3.19 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.

4 AUTHORIZED CAPITAL

	2015	2014
	(Rupees in thousand)	
171,600,000 (June 30, 2014: 171,600,000) Ordinary shares of Rs. 10 each	1,716,000	1,716,000
5,000,000 (June 30, 2014: 5,000,000) Preference shares of Rs. 10 each	50,000	50,000
	1,766,000	1,766,000

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2015	2014
85,300,000	Ordinary shares of Rs.10 each fully paid in cash (2014: 85,300,000 of Rs.10 each)	853,000	853,000
85,800,000	Ordinary shares of Rs.10 issued on 60% discount each fully paid in cash (2014: 85,800,000)	858,000	858,000
500,000	Ordinary shares of Rs.10 each issued as fully paid Bonus Shares (2014: 500,000 shares of Rs.10 each)	5,000	5,000
171,600,000		1,716,000	1,716,000

5.1 42,235,422 (2014: 42,235,422) ordinary shares of the Company are held by associated company.

6 DISCOUNT ON SHARES

In September 2012, the Company has issued 85.800 million ordinary shares to Mr. Muhammad Tousif Paracha at 60% discount against the outstanding share deposit money of Rs. 343.200 million and recorded Rs. 514.800 million as discount on shares.

			2015	2014
			(Rupees in thousand)	
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Opening Balance - net of deferred tax		247,096	253,656
	Incremental surplus arose during the year on fresh revaluation	17.4	66,629	-
	Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax		(6,584)	(6,560)
	Surplus on revaluation of fixed assets - Closing		307,141	247,096
8	**SUBORDINATED LOAN - Unsecured**			
	From related parties (Directors) - Local currency		82,493	82,493
	From sponsors and shareholders - Foreign currency		399,587	399,587
			482,080	482,080

8.1 The above loans are interest free, unsecured and were repayable in respective currencies. These loans shall be treated as subordinated to the principal amounts of the debts owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

8.2 Keeping in view the heavy losses incurred by the Company in recent years, foreign currency loans have been frozen by the mutual consent of the directors / sponsors of the Company at exchange rates prevailing at June 30, 2007. The loans will be payable in foreign currencies equivalent to the rupee amounts reflected as on June 30, 2007, thereby eliminating the effect of foreign currency translation loss to the Company.

8.3 In the absence of identifiable repayment period due to peculiarity of Company circumstances, these loans cannot be measured at amortized cost using the effective interest rate method as per requirement of IAS 39. Therefore the amounts of the loans are stated at un-discounted value and measured at its fair value as initially recognized.

			2015	2014
9	**LONG TERM LOANS**			
	Banks and financial institutions	9 A	136,595	214,500
	Related parties - Directors	9 B	965,352	965,352
			1,101,947	**1,179,852**
9 A	**From banks and financial institutions - Secured**			
	Demand finance I	9.1 & 9.3 & 9.4	235,500	303,500
	Demand finance II (Frozen Markup)	9.2 & 9.3 & 9.4	330,918	306,763
	Deferred mark up	9.3	(330,918)	(306,763)
			235,500	303,500
	Demand Finance	9.5	8,303	9,803
	Morabaha	9.6	9,154	19,905
	Demand Finance - Loan	9.7	32,328	-
	- Markup	9.7	10,631	-
			295,916	**333,208**

		2015	2014
Current and overdue portion presented under current liabilities		(Rupees in thousand)	
Demand Finance I	9.1 & 9.3 & 9.4	(105,000)	(74,000)
Demand Finance	9.5	-	(4,201)
Demand Finance - Loan	9.7	(12,000)	-
- Markup		(3,864)	-
Morabaha	9.6	-	(2,844)
Demand finance I - over due	9.1 & 9.3 & 9.4	(21,000)	(15,000)
Demand Finance - over due	9.5	(8,303)	(5,602)
Morabaha - over due	9.6	(9,154)	(17,061)
		(159,321)	**(118,708)**
		136,595	**214,500**

9 B From related parties (directors) - Unsecured

		2015	2014
Muhammad Tousif Paracha		852,086	852,086
Tariq Siddiq Paracha	9.8	94,215	94,215
Javaid Aziz Paracha	9.8	19,051	19,051
		965,352	**965,352**

9.1 The Demand Finance I facility has been obtained from The Bank of Punjab (BOP) initially for the purpose of swap of debts from other banks. During the year 2010, the Bank re-structured / re-scheduled facility for the purpose of conversion of existing outstanding principal amounting to Rs.463.664 Million. However, the Company was unable to ensure scheduled payments in timely manner due to liquidity issues.

During the year 2012, the Company again entered into a settlement agreement with BOP for re-structuring/ rescheduling of loan with an upfront payment of Rs. 63 Million. The loan is payable in 58 monthly step up instalments and carries mark up @ 3 months KIBOR with floor of bank's cost of funds.

9.2 This Demand Finance II facility has been restructured/rescheduled by BOP against unserviceable markup of Rs. 240.444 million as on June 30, 2012. It includes frozen markup on DF-I amounting Rs. 99.087 million which will be waived at the tail end subject to no defaults in repayment agreed under the revised restructuring arrangements. The balance amount of Rs. 141.357 million is payable in 8 monthly step up instalments till October 2018.

9.3 According to the agreement, the principal will be repaid in variable monthly instalments till April 30, 2017 started from July 31, 2012. Markup amounting to Rs. 161.519 million to be accrued till April 30, 2017 is deferred and will be payable in unequal monthly instalments till March 31, 2018 starting from May 31, 2017; and accordingly grouped under deferred markup as mentioned in note 11.

9.4 These facilities are secured against ranking charge of Rs. 833.334 million through equitable and registered mortgages over the present and future fixed assets of the Company and personal guarantee of certain directors.

9.5 The Demand Finance facility has been restructured by KASB Bank Limited. The loan was repayable in 12 monthly instalments starting from October 2013 to September 2014. It carries markup @ 11% p.a. It is secured against 1st pari passu charge upto Rs. 227 million over the Company's fixed assets (Land, Building, Plant and Machinery), charge of Rs. 183 Million over current & movable assets of the Company and against the personal guarantee of director. However, the Company was unable to ensure scheduled payments in timely manner.

9.6 The Company had entered into Morabaha facility with Meezan Bank Limited which is secured by way of first pari passu charge over present and future stocks & book debts of the Company to the tune of Rs. 97 million and additional ranking charge of Rs. 35 million and personal guarantees of directors. The Company had entered into a settlement agreement with Meezan Bank Limited for re-structuring/ rescheduling under which the Morabaha was payable in 24 monthly instalments.

9.7 The Company has entered into an amicable compromised restructuring of its running finance facility alongwith markup with Bank Alfalah Limited. The loan alongwith markup is payable in monthly instalments upto March 31, 2018. It carries markup rate of 8.5 % chargeable on the outstanding value of the finance only. It is secured against 1st pari passu charge for Rs. 94 million over the Company's fixed assets (Land, Building, Plant and Machinery), charge of Rs. 67 million on current assets of the Company and personal guarantees of sponsor directors of the Company.

9.8 These unsecured loans have been obtained from directors and carry mark up @ 16.5% per anum. Payment of Markup is deferred till the time liquidity position of the Company improves and Company is regular in payment of its financial and operational obligations. Mark up accrued till June 30, 2013 will not be paid for three years unless BOD decides otherwise on improvement of Company's financial position.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015		2014	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)		(Rupees in thousand)	
Not later than one year	71,696	71,696	71,696	71,696
Later than one year but not later than five years	-	-	-	-
Total	71,696	71,696	71,696	71,696
Less: Finance charge allocated to future periods	-	-	-	-
Present value of minimum lease payments	71,696	71,696	71,696	71,696
Less: Current portion- under current liabilities	-	-	26,524	26,524
Over due portion-under current liabilities	71,696	71,696	45,172	45,172
	-	-	-	-

10.1 Overdue amount includes Rs 8.256 million which is to be adjusted with related lease deposit money. However, these amounts could not be adjusted as at balance sheet date due to non availability of title/ no-objection certificate from leasing companies.

10.2 The rentals under these lease agreements were payable monthly and quarterly. Mark up rate ranges from 8.50% to 22% per annum (2014: 8.50% to 22% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the Company. The Company intends to exercise its option to purchase the leased assets upon settlement of lease liabilities.

10.3 The Company is in the process of active negotiation with the leasing companies/financial institutions in order to settle/reschedule its outstanding lease liabilities and hopeful to achieve amicable resolution of the issue.

		2015	2014
		(Rupees in thousand)	
11 DEFERRED LIABILITIES			
Deferred taxation	11.1	46,150	36,641
Employees retirements benefits	11.3	45,095	43,131
Deferred mark up (related parties)	9.8	774,037	614,627
Deferred mark up (financial institution)	9.3	330,918	306,763
		1,196,200	1,001,162

			2015	2014
11.1	**Deferred taxation**		(Rupees in thousand)	
	Credit balances arising due to:			
	- Accelerated tax depreciation allowances		142,454	172,891
	- Relating to finance lease		17,658	25,188
	Debit balances arising due to:			
	- Staff gratuity		(12,882)	(14,145)
	- Unused tax losses		(949,486)	(904,259)
	- Available tax credits		(31,930)	(31,930)
	Deferred tax asset		(834,186)	(752,255)
	Deferred tax asset not recognized		834,186	752,255
			-	-
	Deferred tax liability relating to surplus on revaluation			
	of property, plant and equipment - opening balance		36,641	40,020
	of property, plant and equipment - arose during the year		12,385	-
	Incremental depreciation		(2,876)	(3,379)
			46,150	36,641

11.2 Deferred tax asset arising due to tax losses which has not been recognized as the future taxable profits may not be available against which the said losses will be adjusted.

			2015	2014
11.3	**Employees retirements benefits**			
	Staff gratuity:			
	Movement in balance			
	Opening balance		43,131	36,302
	Payments during the year		6,598	2,358
			36,533	33,944
	Charge for the year	11.3.1	9,156	9,187
	Actuarial gain chargeable to OCI during the year		(594)	-
		11.3.2	45,095	43,131
11.3.1	**Charge for the year**			
	Service cost		4,974	5,546
	Interest cost		4,182	3,641
			9,156	9,187
11.3.2	**Balance sheet reconciliation**			
	Present value of defined benefit obligations		45,095	43,131

In accordance with the requirements of IAS-19 " Employee benefits" actuarial valuation was carried out at June 30, 2015 using the 'projected unit credit method'. Provision has been made in the financial statements to cover the obligations in accordance with the actuarial recommendations. Detail of significant assumptions used for valuation and disclosures in respect of above mentioned scheme are given as follows:

11.3.3 Principal actuarial assumption

	2015	2014
Expected rate of increase in salaries	8.5 % p.a.	9.5 % p.a.
Discount factor used	9.5 % p.a.	10.5 % p.a.
Average expected remaining		
working life time of employees	10 years	11 years
duration of liability	9 years	10 years

			2015	2014
			(Rupees in thousand)	
12	**TRADE AND OTHER PAYABLES**			
	Bills payable		102,566	82,719
	Trade creditors	12.1	176,163	198,197
	Accrued expenses	12.2	229,137	277,219
	Advances from customers		68,285	59,748
	Unclaimed dividend		164	164
	Sales tax and excise duty payable		62,795	88,286
	Taxes payable		106,505	73,885
	Others		91,409	89,356
			837,024	869,574

12.1 This includes amount of Rs. 11.263 million (2014: Rs. 11.871 million) payable to M/S Pak Hy Oils Limited (associated company).

12.2 Included herein a sum of Rs. 114.355 million (2014: Rs. 189.920 million) outstanding on account of sui gas bills and Rs. 21.780 million (2014: Rs. 14.520 million) against the rent payable to the CEO.

13	**MARK UP ACCRUED**			
	Markup accrued	13.1	180,193	157,930

13.1 This includes amount of Rs. 79.430 million (2014: 69.151 million) payable to associated persons.

			Limits	2015	2014
14	**SHORT TERM BORROWINGS**		Rs. '000'	(Rupees in thousand)	
	From banks and financial institutions - Secured				
	Short term running finance	14.1	142,412	142,412	182,740
	Forced Finance Trust			43,359	43,359
	From related parties - Unsecured				
	Associated company	14.2		2,519	18,291
	Other associates	14.2		184,498	-
	Others - Unsecured, interest free				
	Temporary bank overdraft			16,080	5,860
				388,868	250,250

14.1 The facilities for running finances under mark-up arrangement available from various banks which carry mark up ranging from three to six months KIBOR plus 225 to 350 bps (2014: three to six months KIBOR plus 225 to 350 bps) payable quarterly in arrears. These facilities are secured by first pari passu hypothecation charge over the Company's present and future fixed assets and ranking charge over current assets and personal guarantees of directors; and are generally for a period of one year renewable at the end of the period. The said facilities also include facility to borrow in foreign currency up to the tune of Rs. 30.000 million (2014: Rs. 30.000 Million) against which an amount of Rs. Nil (2014: Rs. Nil) outstanding at the year end. Total running finance facilities from banks and financial institutions amounting to Rs. 142.412 million have not been renewed for which the active negotiation are under process.

14.2 The unsecured loan has been obtained from associated company and other associates for working capital requirement which carries markup @ 17 % p.a. and @ 16.5 % p.a. respectively (2014: 17 % p.a.) payable quarterly in arrears.

			2015	2014
15	CURRENT MATURITY OF NON CURRENT LIABILITIES		(Rupees in thousand)	
	Demand Finance- I	9 A	126,000	89,000
	Demand Finance	9 A	8,303	9,803
	Demand Finance - Loan	9.7	12,000	-
	- Markup	9.7	3,864	-
	Morabaha	9.6	9,154	19,905
	Lease Liabilities	10	71,696	71,696
			231,017	190,404

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees amounting to **Rs. 115.913 million** (2014: Rs. 146.205 million) have been given by various banks on behalf of the Company.

16.1.2 Company is defendant in various legal proceedings initiated by various ex-employees, suppliers and contractors in various labor / civil / high courts. The aggregate of suit amounts is Rs. 25.643 million. The Company expects decisions in its favor based on grounds of cases, therefore, the Company has not made provision of amounts referred above.

16.1.3 Audit proceedings under the Income Tax Ordinance, 2001 against the Company in respect of tax year 2009 and under the Sales Tax Act, 1990 in respect of tax year 2012 are underway. In addition to the above, proceedings under Sections 161/205 of the Income Tax Ordinance, 2001 were also initiated for tax years 2012 & 2013. The Company is currently pleading the aforementioned cases and submitting the required information/submissions as the cases are still not concluded.

Keeping in view the nature of proceedings and availability of tax losses and tax related provisions, management is of considered opinion that Company may not be liable for any major liability in addition to what has already been recorded in the books of account as on June 30, 2015.

16.2 Commitments

Nil (2014: Rs. Nil).

			2015	2014
17	PROPERTY, PLANT AND EQUIPMENT		(Rupees in thousand)	
	Operating fixed assets	17.1	1,447,967	1,414,996
	Capital work in progress	17.5	2,355	41,897
			1,450,322	1,456,893

17.1 Operating Assets - At cost less accumulated depreciation

Particulars	Cost / Revaluation: As at July 01, 2014	Additions / Transfer	Disposal / Transfer	As at June 30, 2015	Depreciation: As at July 01, 2014	For the year ended 30 June 2015	Disposal / Transfer	As at June 30, 2015	Book value: As at June 30, 2015	Rate %
	2015 (Rupees in thousand)									
Freehold land	224,500	20,000	-	244,500	-	-	-	-	244,500	--
Building on freehold land										
Factory	167,933	52,034	-	219,967	81,085	9,734	-	90,819	129,148	10
Non factory	54,781	9,562	-	64,343	18,558	2,132	-	20,690	43,653	5
Plant and machinery										
Owned	2,168,221	78,447	-	2,246,668	1,301,346	98,369	-	1,399,715	846,953	10 & 15
Leased	343,679	-	-	343,679	196,593	14,709	-	211,302	132,377	10
Electric and gas installation	55,359	4,021	-	59,380	16,600	3,910	-	20,510	38,870	10
Furniture and Fixtures	11,809	-	-	11,809	8,709	310	-	9,019	2,790	10
Office equipment	8,177	88	54	8,211	4,898	330	32	5,196	3,015	10
Vehicles										
Owned	17,502	-		17,502	10,592	1,382	-	11,974	5,528	20
Leased	10,845	-	-	10,845	9,429	283	-	9,712	1,133	20
	3,062,806	164,152	54	3,226,904	1,647,810	131,159	32	1,778,937	1,447,967	

Particulars	Cost / Revaluation: As at July 01, 2013	Additions / Transfer	Disposal / Transfer	As at June 30, 2014	Depreciation: As at July 01, 2013	For the year ended 30 June 2014	Disposal / Transfer	As at June 30, 2014	Book value: As at June 30, 2014	Rate %
	2014 (Rupees in thousand)									
Freehold land	224,500		-	224,500		-	-	-	224,500	--
Building on freehold land										
Factory	166,026	1,907	-	167,933	71,544	9,541	-	81,085	86,848	10
Non factory	54,781		-	54,781	16,651	1,907	-	18,558	36,223	5
Plant and machinery										
Owned	2,071,923	98,479	2,181	2,168,221	1,198,487	104,538	1,679	1,301,346	866,875	10 & 15
Leased	343,679		-	343,679	180,250	16,343	-	196,593	147,086	10
Electric and gas installation	47,822	7,537	-	55,359	12,765	3,835	-	16,600	38,759	10
Furniture and fixtures	11,809		-	11,809	8,364	345	-	8,709	3,100	10
Office equipment	8,081	96	-	8,177	4,537	361	-	4,898	3,279	10
Vehicles										
Owned	16,715	1,742	955	17,502	9,930	1,531	869	10,592	6,910	20
Leased	10,845		-	10,845	9,075	354	-	9,429	1,416	20
	2,956,181	109,761	3,136	3,062,806	1,511,603	138,755	2,548	1,647,810	1,414,996	

17.2 The detail of fixed assets disposed off/sold are as follows:

Description	Cost	Acc. Dep.	Net Book Value	Sale Proceed	Mode of Disposal	Particulars of purchaser
	(Rupees in thousand)					
Office Equipment	54	32	22	20	Negotiation	To employee
Total	54	32	22	20		

		2015	2014
		(Rupees in thousand)	
17.3	Depreciation charge for the year has been allocated as follows:		
	Cost of sales	128,822	136,283
	Administrative and selling	2,337	2,472
		131,159	138,755

17.4 During the year, land and building of the Company have been revalued as at June 22, 2015, by an independent valuers not connected with the Company, on the same basis used for previous revaluation. The management of the Company believes that fair values of its land, building as at June 22, 2015 are not materially different from revalued amounts determined by the valuers.

Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets would have been as under:

	Cost as at June 30, 2015	Accumulated Depreciation as at June 30, 2015	Book Value as at June 30, 2015	Book Value as at June 30, 2014
	(Rupees in thousand)			
Freehold land	45,167	-	45,167	45,167
Building on freehold land				
Factory	50,945	39,306	11,639	10,306
Non factory	19,353	12,213	7,140	7,516
	115,465	51,519	63,946	62,989

		Note	2015	2014
17.5	**Capital work in progress - At cost**			
	Opening		41,897	89,578
	Additions		25,783	31,275
	Less: Capitalized		(65,325)	(78,956)
	Closing	17.6	2,355	41,897
17.6	**Capital work in progress - Breakup**			
	Plant and Machinery		2,355	41,897
	Civil work		-	-
			2,355	41,897
18	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		77,164	71,813
	Spares and loose tools *(incl. moulds)*		215,363	196,899
			292,527	268,712
	Provision for slow moving and obsolete items		(48,753)	(44,495)
			243,774	224,217
18.1	**Provision for slow moving and obsolete items**			
	Balance as at July 01		44,495	44,495
	Provision for the year	28	4,258	-
			48,753	44,495
19	**STOCK IN TRADE**			
	Raw and packing materials		26,269	45,168
	Work in process		6,148	3,325
	Finished goods	19.1	32,586	91,974
			65,003	140,467

19.1 Adjustments amounting to Rs. 7.529 million (2014: Rs. 29.104 million) have been made to closing inventory to write down stocks to their net realisable value.

			2015	2014
			(Rupees in thousand)	
20	**TRADE DEBTS**			
	Trade Debts - Unsecured- considered good		80,467	82,607
	Trade Debts - Unsecured and considered doubtful		59,357	59,357
			139,824	141,964
	Less: Provision for doubtful debts	20.1	(59,357)	(59,357)
			80,467	82,607
20.1	**Provision for doubtful debts**			
	Balance as at July 01		59,357	52,330
	Provision for the year	28	-	7,027
			59,357	59,357
21	**LOANS AND ADVANCES**			
	Employees	21.1	3,152	2,546
	Suppliers		94,199	88,564
	Against expenses		12,566	12,767
			109,917	103,877
	Less: provision for doubtful balances			
	Provision for Suppliers		(49,912)	(47,468)
	Provision against advance to employees and expenses		(9,704)	(6,454)
		21.2	(59,616)	(53,922)
			50,301	49,955

21.1 Aggregate amount due from executives of the Company is Rs. 1.362 million (2014: Rs. 0.846 million).

			2015	2014
21.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		53,922	44,925
	Provision for the year (suppliers)	28	2,444	8,997
	Provision for the year (against advances to employees and expenses)	28	3,250	-
			59,616	53,922
22	**TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE**			
	Short term deposits	22.1	68,235	63,702
	Margin deposit on letter of credit		532	27,017
	Other receivable		18,195	18,195
			86,962	108,914
	Less Provision for Short term Deposits		(13,251)	(13,251)
	Provision for Other Receivables		(18,195)	(18,195)
		22.2	(31,446)	(31,446)
			55,516	77,468

22.1 This includes a sum of Rs. 36.842 million (2014: 36.842 million) relating to assets subject to finance lease.

			2015	2014
22.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		31,446	31,394
	Provision for the year (other receivables)	28	-	52
			31,446	31,446
23	**TAXES RECOVERABLE**			
	Taxes recoverable		43,068	24,470

			2015	2014
			(Rupees in thousand)	
24	**CASH AND BANK BALANCES**			
	Cash in hand		740	1,252
	Cash at banks - Current account		9,975	48,024
			10,715	49,276
25	**SALES - Net**			
	Gross Sales			
	Local		1,792,590	2,494,716
	Export		76,764	78,132
			1,869,354	2,572,848
	Less: Sales tax		263,561	368,880
			1,605,793	2,203,968
26	**COST OF SALES**			
	Raw material consumed			
	Opening stock		45,168	60,896
	Purchases		546,896	790,206
			592,064	851,102
	Closing stock		(26,269)	(45,168)
			565,795	805,934
	Power, fuel and water		403,219	725,021
	Salaries, wages and other benefits	26.1	277,420	341,234
	Stores and spares		107,861	112,705
	Oil & lubricants		169,650	247,687
	Repairs and maintenance		10,641	7,159
	Communication		1,078	1,557
	Traveling and conveyance		5,072	7,933
	Legal and professional		12,062	12,159
	Stationery, fees and subscription		739	1,199
	Insurance		3,785	2,862
	Entertainment		1,177	1,332
	Depreciation	17.3	128,822	136,283
	Rent, rates and taxes		1,984	2,345
	Others		1,797	1,780
			1,691,102	2,407,190
	Work In Process-Opening		3,325	7,117
	Work In Process-Closing		(6,148)	(3,325)
	Cost of Goods Manufactured		1,688,279	2,410,982
	Finished Goods - Opening		91,974	126,143
	Finished Goods - Closing		(32,586)	(91,974)
			1,747,667	2,445,151

26.1 Salaries, wages and other benefits include amount of Rs. 6.592 million (2014: Rs. 6.615 million) relating to staff retirement benefits.

			2015	2014
27	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries and other benefits	27.1	9,702	8,438
	Communication		2,378	2,654
	Rent, rates and taxes	27.2	7,260	8,431
	Travelling and conveyance		9,682	10,890
	Legal and professional		4,164	4,273
	Advertisement		290	1,588
	Stationery, fees and subscription		252	273
	Power, fuel and water		258	119
	Entertainment		465	842
	Audit fee	27.3	900	900
	Depreciation	17.3	2,337	2,472
	Repairs and maintenance		19	138
	Freight, handling and forwarding on local sale		15,714	23,383
	Freight, handling and forwarding on export sale		2,924	5,012
	Charity and donation	27.4	482	324
	Miscellaneous		628	663
			57,455	70,400

3.3.7 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchanges ruling at the date of transaction.

Assets and liabilities in foreign currencies are translated into Rupees at exchanges rates approximating those prevailing at the balance sheet date except where forward exchange contracts have been entered into, in which case the rates contracted for are used.

All other exchanges differences are taken into profit and loss account.

3.3.8 Transaction with related parties

Transactions with related parties are based on the policy that all the transactions between the Company and related parties are carried out at arm's length. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

3.3.9 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable on the following basis :

Sales are recorded on dispatch of goods to customers. Profits / mark-up on deposits and investments are accounted for when it becomes receivable.

3.3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.3.11 Provisions

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

3.3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company substantially transfers all the risks and rewards of ownership of the financial asset. Financial liabilities are derecognised at the time when the obligation specified in the contract is discharged, cancelled or expired.

3.3.13 Trade and other payables

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

3.3.14 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

3.3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of change in value.

3.3.16 **Loans, advances and deposits**

These are initially recognised at cost, which is the fair value of consideration given. Subsequent to the initial recognition assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.3.17 **Off setting of financial assets and liabilities**

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

3.3.18 **Segment reporting**

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.

3.3.19 **Functional and presentational currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.

	2015	2014
	(Rupees in thousand)	
4 AUTHORIZED CAPITAL		
171,600,000 (June 30, 2014: 171,600,000) Ordinary shares of Rs. 10 each	1,716,000	1,716,000
5,000,000 (June 30, 2014: 5,000,000) Preference shares of Rs. 10 each	50,000	50,000
	1,766,000	1,766,000

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2015	2014
85,300,000	Ordinary shares of Rs.10 each fully paid in cash (2014: 85,300,000 of Rs.10 each)	853,000	853,000
85,800,000	Ordinary shares of Rs.10 issued on 60% discount each fully paid in cash (2014: 85,800,000)	858,000	858,000
500,000	Ordinary shares of Rs.10 each issued as fully paid Bonus Shares (2014: 500,000 shares of Rs.10 each)	5,000	5,000
171,600,000		1,716,000	1,716,000

5.1 42,235,422 (2014: 42,235,422) ordinary shares of the Company are held by associated company.

6 DISCOUNT ON SHARES

In September 2012, the Company has issued 85.800 million ordinary shares to Mr. Muhammad Tousif Paracha at 60% discount against the outstanding share deposit money of Rs. 343.200 million and recorded Rs. 514.800 million as discount on shares.

			2015	2014
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		(Rupees in thousand)	
	Opening Balance - net of deferred tax		247,096	253,656
	Incremental surplus arose during the year on fresh revaluation	17.4	66,629	-
	Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax		(6,584)	(6,560)
	Surplus on revaluation of fixed assets - Closing		307,141	247,096

		2015	2014
8	**SUBORDINATED LOAN - Unsecured**		
	From related parties (Directors)		
	- Local currency	82,493	82,493
	From sponsors and shareholders		
	- Foreign currency	399,587	399,587
		482,080	482,080

8.1 The above loans are interest free, unsecured and were repayable in respective currencies. These loans shall be treated as subordinated to the principal amounts of the debts owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

8.2 Keeping in view the heavy losses incurred by the Company in recent years, foreign currency loans have been frozen by the mutual consent of the directors / sponsors of the Company at exchange rates prevailing at June 30, 2007. The loans will be payable in foreign currencies equivalent to the rupee amounts reflected as on June 30, 2007, thereby eliminating the effect of foreign currency translation loss to the Company.

8.3 In the absence of identifiable repayment period due to peculiarity of Company circumstances, these loans cannot be measured at amortized cost using the effective interest rate method as per requirement of IAS 39. Therefore the amounts of the loans are stated at un-discounted value and measured at its fair value as initially recognized.

			2015	2014
9	**LONG TERM LOANS**			
	Banks and financial institutions	9 A	136,595	214,500
	Related parties - Directors	9 B	965,352	965,352
			1,101,947	**1,179,852**
9 A	**From banks and financial institutions - Secured**			
	Demand finance I	9.1 & 9.3 & 9.4	235,500	303,500
	Demand finance II (Frozen Markup)	9.2 & 9.3 & 9.4	330,918	306,763
	Deferred mark up	9.3	(330,918)	(306,763)
			235,500	303,500
	Demand Finance	9.5	8,303	9,803
	Morabaha	9.6	9,154	19,905
	Demand Finance - Loan	9.7	32,328	-
	- Markup	9.7	10,631	-
			295,916	**333,208**

		2015	2014
		(Rupees in thousand)	
Current and overdue portion presented under current liabilities			
Demand Finance I	9.1 & 9.3 & 9.4	(105,000)	(74,000)
Demand Finance	9.5	-	(4,201)
Demand Finance - Loan	9.7	(12,000)	-
- Markup		(3,864)	-
Morabaha	9.6	-	(2,844)
Demand finance I - over due	9.1 & 9.3 & 9.4	(21,000)	(15,000)
Demand Finance - over due	9.5	(8,303)	(5,602)
Morabaha - over due	9.6	(9,154)	(17,061)
		(159,321)	**(118,708)**
		136,595	**214,500**

9 B From related parties (directors) - Unsecured

		2015	2014
Muhammad Tousif Paracha		852,086	852,086
Tariq Siddiq Paracha	9.8	94,215	94,215
Javaid Aziz Paracha	9.8	19,051	19,051
		965,352	**965,352**

9.1 The Demand Finance I facility has been obtained from The Bank of Punjab (BOP) initially for the purpose of swap of debts from other banks. During the year 2010, the Bank re-structured / re-scheduled facility for the purpose of conversion of existing outstanding principal amounting to Rs.463.664 Million. However, the Company was unable to ensure scheduled payments in timely manner due to liquidity issues.

During the year 2012, the Company again entered into a settlement agreement with BOP for re-structuring/ rescheduling of loan with an upfront payment of Rs. 63 Million. The loan is payable in 58 monthly step up instalments and carries mark up @ 3 months KIBOR with floor of bank's cost of funds.

9.2 This Demand Finance II facility has been restructured/rescheduled by BOP against unserviceable markup of Rs. 240.444 million as on June 30, 2012. It includes frozen markup on DF-I amounting Rs. 99.087 million which will be waived at the tail end subject to no defaults in repayment agreed under the revised restructuring arrangements. The balance amount of Rs. 141.357 million is payable in 8 monthly step up instalments till October 2018.

9.3 According to the agreement, the principal will be repaid in variable monthly instalments till April 30, 2017 started from July 31, 2012. Markup amounting to Rs. 161.519 million to be accrued till April 30, 2017 is deferred and will be payable in unequal monthly instalments till March 31, 2018 starting from May 31, 2017; and accordingly grouped under deferred markup as mentioned in note 11.

9.4 These facilities are secured against ranking charge of Rs. 833.334 million through equitable and registered mortgages over the present and future fixed assets of the Company and personal guarantee of certain directors.

9.5 The Demand Finance facility has been restructured by KASB Bank Limited. The loan was repayable in 12 monthly instalments starting from October 2013 to September 2014. It carries markup @ 11% p.a. It is secured against 1st pari passu charge upto Rs. 227 million over the Company's fixed assets (Land, Building, Plant and Machinery), charge of Rs. 183 Million over current & movable assets of the Company and against the personal guarantee of director. However, the Company was unable to ensure scheduled payments in timely manner.

9.6 The Company had entered into Morabaha facility with Meezan Bank Limited which is secured by way of first pari passu charge over present and future stocks & book debts of the Company to the tune of Rs. 97 million and additional ranking charge of Rs. 35 million and personal guarantees of directors. The Company had entered into a settlement agreement with Meezan Bank Limited for re-structuring/ rescheduling under which the Morabaha was payable in 24 monthly instalments.

9.7 The Company has entered into an amicable compromised restructuring of its running finance facility alongwith markup with Bank Alfalah Limited. The loan alongwith markup is payable in monthly instalments upto March 31, 2018. It carries markup rate of 8.5 % chargeable on the outstanding value of the finance only. It is secured against 1st pari passu charge for Rs. 94 million over the Company's fixed assets (Land, Building, Plant and Machinery), charge of Rs. 67 million on current assets of the Company and personal guarantees of sponsor directors of the Company.

9.8 These unsecured loans have been obtained from directors and carry mark up @ 16.5% per anum. Payment of Markup is deferred till the time liquidity position of the Company improves and Company is regular in payment of its financial and operational obligations. Mark up accrued till June 30, 2013 will not be paid for three years unless BOD decides otherwise on improvement of Company's financial position.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015		2014	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in thousand)		(Rupees in thousand)	
Not later than one year	71,696	71,696	71,696	71,696
Later than one year but not later than five years	-	-	-	-
Total	71,696	71,696	71,696	71,696
Less: Finance charge allocated to future periods	-	-	-	-
Present value of minimum lease payments	71,696	71,696	71,696	71,696
Less: Current portion- under current liabilities	-	-	26,524	26,524
Over due portion-under current liabilities	71,696	71,696	45,172	45,172
	-	-	-	-

10.1 Overdue amount includes Rs 8.256 million which is to be adjusted with related lease deposit money. However, these amounts could not be adjusted as at balance sheet date due to non availability of title/ no-objection certificate from leasing companies.

10.2 The rentals under these lease agreements were payable monthly and quarterly. Mark up rate ranges from 8.50% to 22% per annum (2014: 8.50% to 22% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the Company. The Company intends to exercise its option to purchase the leased assets upon settlement of lease liabilities.

10.3 The Company is in the process of active negotiation with the leasing companies/financial institutions in order to settle/reschedule its outstanding lease liabilities and hopeful to achieve amicable resolution of the issue.

11 DEFERRED LIABILITIES

	Note	2015	2014
		(Rupees in thousand)	
Deferred taxation	11.1	46,150	36,641
Employees retirements benefits	11.3	45,095	43,131
Deferred mark up (related parties)	9.8	774,037	614,627
Deferred mark up (financial institution)	9.3	330,918	306,763
		1,196,200	1,001,162

11.1 Deferred taxation

		2015	2014
		(Rupees in thousand)	
Credit balances arising due to:			
- Accelerated tax depreciation allowances		142,454	172,891
- Relating to finance lease		17,658	25,188
Debit balances arising due to:			
- Staff gratuity		(12,882)	(14,145)
- Unused tax losses		(949,486)	(904,259)
- Available tax credits		(31,930)	(31,930)
Deferred tax asset		(834,186)	(752,255)
Deferred tax asset not recognized		834,186	752,255
		-	-
Deferred tax liability relating to surplus on revaluation			
of property, plant and equipment - opening balance		36,641	40,020
of property, plant and equipment - arose during the year		12,385	-
Incremental depreciation		(2,876)	(3,379)
		46,150	36,641

11.2 Deferred tax asset arising due to tax losses which has not been recognized as the future taxable profits may not be available against which the said losses will be adjusted.

11.3 Employees retirements benefits

Staff gratuity:

Movement in balance

		2015	2014
Opening balance		43,131	36,302
Payments during the year		6,598	2,358
		36,533	33,944
Charge for the year	11.3.1	9,156	9,187
Actuarial gain chargeable to OCI during the year		(594)	-
	11.3.2	45,095	43,131

11.3.1 Charge for the year

	2015	2014
Service cost	4,974	5,546
Interest cost	4,182	3,641
	9,156	9,187

11.3.2 Balance sheet reconciliation

	2015	2014
Present value of defined benefit obligations	45,095	43,131

In accordance with the requirements of IAS-19 " Employee benefits" actuarial valuation was carried out at June 30, 2015 using the 'projected unit credit method'. Provision has been made in the financial statements to cover the obligations in accordance with the actuarial recommendations. Detail of significant assumptions used for valuation and disclosures in respect of above mentioned scheme are given as follows:

11.3.3 Principal actuarial assumption

	2015	2014
Expected rate of increase in salaries	8.5 % p.a.	9.5 % p.a.
Discount factor used	9.5 % p.a.	10.5 % p.a.
Average expected remaining		
working life time of employees	10 years	11 years
duration of liability	9 years	10 years

			2015	2014
12	TRADE AND OTHER PAYABLES		(Rupees in thousand)	
	Bills payable		102,566	82,719
	Trade creditors	12.1	176,163	198,197
	Accrued expenses	12.2	229,137	277,219
	Advances from customers		68,285	59,748
	Unclaimed dividend		164	164
	Sales tax and excise duty payable		62,795	88,286
	Taxes payable		106,505	73,885
	Others		91,409	89,356
			837,024	869,574

12.1 This includes amount of Rs. 11.263 million (2014: Rs. 11.871 million) payable to M/S Pak Hy Oils Limited (associated company).

12.2 Included herein a sum of Rs. 114.355 million (2014: Rs. 189.920 million) outstanding on account of sui gas bills and Rs. 21.780 million (2014: Rs. 14.520 million) against the rent payable to the CEO.

13 MARK UP ACCRUED

Markup accrued	13.1	180,193	157,930

13.1 This includes amount of Rs. 79.430 million (2014: 69.151 million) payable to associated persons.

			Limits	2015	2014
14	SHORT TERM BORROWINGS		Rs. '000'	(Rupees in thousand)	
	From banks and financial institutions - Secured				
	Short term running finance	14.1	142,412	142,412	182,740
	Forced Finance Trust			43,359	43,359
	From related parties - Unsecured				
	Associated company	14.2		2,519	18,291
	Other associates	14.2		184,498	-
	Others - Unsecured, interest free				
	Temporary bank overdraft			16,080	5,860
				388,868	250,250

14.1 The facilities for running finances under mark-up arrangement available from various banks which carry mark up ranging from three to six months KIBOR plus 225 to 350 bps (2014: three to six months KIBOR plus 225 to 350 bps) payable quarterly in arrears. These facilities are secured by first pari passu hypothecation charge over the Company's present and future fixed assets and ranking charge over current assets and personal guarantees of directors; and are generally for a period of one year renewable at the end of the period. The said facilities also include facility to borrow in foreign currency up to the tune of Rs. 30.000 million (2014: Rs. 30.000 Million) against which an amount of Rs. Nil (2014: Rs. Nil) outstanding at the year end. Total running finance facilities from banks and financial institutions amounting to Rs. 142.412 million have not been renewed for which the active negotiation are under process.

14.2 The unsecured loan has been obtained from associated company and other associates for working capital requirement which carries markup @ 17 % p.a. and @ 16.5 % p.a. respectively (2014: 17 % p.a.) payable quarterly in arrears.

15 CURRENT MATURITY OF NON CURRENT LIABILITIES

		2015	2014
		(Rupees in thousand)	
Demand Finance- I	9 A	126,000	89,000
Demand Finance	9 A	8,303	9,803
Demand Finance - Loan	9.7	12,000	-
- Markup	9.7	3,864	-
Morabaha	9.6	9,154	19,905
Lease Liabilities	10	71,696	71,696
		231,017	190,404

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees amounting to **Rs. 115.913 million** (2014: Rs. 146.205 million) have been given by various banks on behalf of the Company.

16.1.2 Company is defendant in various legal proceedings initiated by various ex-employees, suppliers and contractors in various labor / civil / high courts. The aggregate of suit amounts is Rs. 25.643 million. The Company expects decisions in its favor based on grounds of cases, therefore, the Company has not made provision of amounts referred above.

16.1.3 Audit proceedings under the Income Tax Ordinance, 2001 against the Company in respect of tax year 2009 and under the Sales Tax Act, 1990 in respect of tax year 2012 are underway. In addition to the above, proceedings under Sections 161/205 of the Income Tax Ordinance, 2001 were also initiated for tax years 2012 & 2013. The Company is currently pleading the aforementioned cases and submitting the required information/submissions as the cases are still not concluded.

Keeping in view the nature of proceedings and availability of tax losses and tax related provisions, management is of considered opinion that Company may not be liable for any major liability in addition to what has already been recorded in the books of account as on June 30, 2015.

16.2 Commitments

Nil (2014: Rs. Nil).

17 PROPERTY, PLANT AND EQUIPMENT

		2015	2014
		(Rupees in thousand)	
Operating fixed assets	17.1	1,447,967	1,414,996
Capital work in progress	17.5	2,355	41,897
		1,450,322	1,456,893

17.1 Operating Assets - At cost less accumulated depreciation

Particulars	2015									
	Cost / Revaluation				Depreciation				Book value	Rate %
	As at July 01, 2014	Additions / Transfer	Disposal / Transfer	As at June 30, 2015	As at July 01, 2014	For the year ended 30 June 2015	Disposal / Transfer	As at June 30, 2015	As at June 30, 2015	
	(Rupees in thousand)									
Freehold land	224,500	20,000	-	244,500	-	-	-	-	244,500	--
Building on freehold land										
Factory	167,933	52,034	-	219,967	81,085	9,734	-	90,819	129,148	10
Non factory	54,781	9,562	-	64,343	18,558	2,132	-	20,690	43,653	5
Plant and machinery										
Owned	2,168,221	78,447	-	2,246,668	1,301,346	98,369	-	1,399,715	846,953	10 & 15
Leased	343,679	-	-	343,679	196,593	14,709	-	211,302	132,377	10
Electric and gas installation	55,359	4,021	-	59,380	16,600	3,910	-	20,510	38,870	10
Furniture and fixtures	11,809	-	-	11,809	8,709	310	-	9,019	2,790	10
Office equipment	8,177	88	54	8,211	4,898	330	32	5,196	3,015	10
Vehicles										
Owned	17,502	-		17,502	10,592	1,382	-	11,974	5,528	20
Leased	10,845	-	-	10,845	9,429	283	-	9,712	1,133	20
	3,062,806	164,152	54	3,226,904	1,647,810	131,159	32	1,778,937	1,447,967	

Particulars	2014									
	Cost / Revaluation				Depreciation				Book value	Rate %
	As at July 01, 2013	Additions / Transfer	Disposal / Transfer	As at June 30, 2014	As at July 01, 2013	For the year ended 30 June 2014	Disposal / Transfer	As at June 30, 2014	As at June 30, 2014	
	(Rupees in thousand)									
Freehold land	224,500		-	224,500	-	-	-	-	224,500	--
Building on freehold land										
Factory	166,026	1,907	-	167,933	71,544	9,541	-	81,085	86,848	10
Non factory	54,781		-	54,781	16,651	1,907	-	18,558	36,223	5
Plant and machinery										
Owned	2,071,923	98,479	2,181	2,168,221	1,198,487	104,538	1,679	1,301,346	866,875	10 & 15
Leased	343,679		-	343,679	180,250	16,343	-	196,593	147,086	10
Electric and gas installation	47,822	7,537	-	55,359	12,765	3,835	-	16,600	38,759	10
Furniture and fixtures	11,809		-	11,809	8,364	345	-	8,709	3,100	10
Office equipment	8,081	96	-	8,177	4,537	361	-	4,898	3,279	10
Vehicles										
Owned	16,715	1,742	955	17,502	9,930	1,531	869	10,592	6,910	20
Leased	10,845		-	10,845	9,075	354	-	9,429	1,416	20
	2,956,181	109,761	3,136	3,062,806	1,511,603	138,755	2,548	1,647,810	1,414,996	

17.2 The detail of fixed assets disposed off/sold are as follows:

Description	Cost	Acc. Dep.	Net Book Value	Sale Proceed	Mode of Disposal	Particulars of purchaser
	(Rupees in thousand)					
Office Equipment	54	32	22	20	Negotiation	To employee
Total	54	32	22	20		

		2015	2014
		(Rupees in thousand)	
17.3	Depreciation charge for the year has been allocated as follows:		
	Cost of sales	128,822	136,283
	Administrative and selling	2,337	2,472
		131,159	138,755

17.4 During the year, land and building of the Company have been revalued as at June 22, 2015, by an independent valuers not connected with the Company, on the same basis used for previous revaluation. The management of the Company believes that fair values of its land, building as at June 22, 2015 are not materially different from revalued amounts determined by the valuers.

Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets would have been as under:

	Cost as at June 30, 2015	Accumulated Depreciation as at June 30, 2015	Book Value as at June 30, 2015	Book Value as at June 30, 2014
	(Rupees in thousand)			
Freehold land	45,167	-	45,167	45,167
Building on freehold land				
Factory	50,945	39,306	11,639	10,306
Non factory	19,353	12,213	7,140	7,516
	115,465	51,519	63,946	62,989

		Note	2015	2014
17.5	**Capital work in progress - At cost**			
	Opening		41,897	89,578
	Additions		25,783	31,275
	Less: Capitalized		(65,325)	(78,956)
	Closing	17.6	2,355	41,897
17.6	**Capital work in progress - Breakup**			
	Plant and Machinery		2,355	41,897
	Civil work		-	-
			2,355	41,897

		Note	2015	2014
18	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		77,164	71,813
	Spares and loose tools *(incl. moulds)*		215,363	196,899
			292,527	268,712
	Provision for slow moving and obsolete items		(48,753)	(44,495)
			243,774	224,217
18.1	**Provision for slow moving and obsolete items**			
	Balance as at July 01		44,495	44,495
	Provision for the year	28	4,258	-
			48,753	44,495
19	**STOCK IN TRADE**			
	Raw and packing materials		26,269	45,168
	Work in process		6,148	3,325
	Finished goods	19.1	32,586	91,974
			65,003	140,467

19.1 Adjustments amounting to Rs. 7.529 million (2014: Rs. 29.104 million) have been made to closing inventory to write down stocks to their net realisable value.

			2015	2014
20	**TRADE DEBTS**		**(Rupees in thousand)**	
	Trade Debts - Unsecured- considered good		80,467	82,607
	Trade Debts - Unsecured and considered doubtful		59,357	59,357
			139,824	141,964
	Less: Provision for doubtful debts	20.1	(59,357)	(59,357)
			80,467	82,607
20.1	**Provision for doubtful debts**			
	Balance as at July 01		59,357	52,330
	Provision for the year	28	-	7,027
			59,357	59,357
21	**LOANS AND ADVANCES**			
	Employees	21.1	3,152	2,546
	Suppliers		94,199	88,564
	Against expenses		12,566	12,767
			109,917	103,877
	Less: provision for doubtful balances			
	Provision for Suppliers		(49,912)	(47,468)
	Provision against advance to employees and expenses		(9,704)	(6,454)
		21.2	(59,616)	(53,922)
			50,301	49,955

21.1 Aggregate amount due from executives of the Company is Rs. 1.362 million (2014: Rs. 0.846 million).

			2015	2014
21.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		53,922	44,925
	Provision for the year (suppliers)	28	2,444	8,997
	Provision for the year (against advances to employees and expenses)	28	3,250	-
			59,616	53,922
22	**TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE**			
	Short term deposits	22.1	68,235	63,702
	Margin deposit on letter of credit		532	27,017
	Other receivable		18,195	18,195
			86,962	108,914
	Less Provision for Short term Deposits		(13,251)	(13,251)
	Provision for Other Receivables		(18,195)	(18,195)
		22.2	(31,446)	(31,446)
			55,516	77,468

22.1 This includes a sum of Rs. 36.842 million (2014: 36.842 million) relating to assets subject to finance lease.

			2015	2014
22.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		31,446	31,394
	Provision for the year (other receivables)	28	-	52
			31,446	31,446
23	**TAXES RECOVERABLE**			
	Taxes recoverable		43,068	24,470

			2015	2014
			(Rupees in thousand)	
24	**CASH AND BANK BALANCES**			
	Cash in hand		740	1,252
	Cash at banks - Current account		9,975	48,024
			10,715	49,276
25	**SALES - Net**			
	Gross Sales			
	Local		1,792,590	2,494,716
	Export		76,764	78,132
			1,869,354	2,572,848
	Less: Sales tax		263,561	368,880
			1,605,793	2,203,968
26	**COST OF SALES**			
	Raw material consumed			
	Opening stock		45,168	60,896
	Purchases		546,896	790,206
			592,064	851,102
	Closing stock		(26,269)	(45,168)
			565,795	805,934
	Power, fuel and water		403,219	725,021
	Salaries, wages and other benefits	26.1	277,420	341,234
	Stores and spares		107,861	112,705
	Oil & lubricants		169,650	247,687
	Repairs and maintenance		10,641	7,159
	Communication		1,078	1,557
	Traveling and conveyance		5,072	7,933
	Legal and professional		12,062	12,159
	Stationery, fees and subscription		739	1,199
	Insurance		3,785	2,862
	Entertainment		1,177	1,332
	Depreciation	17.3	128,822	136,283
	Rent, rates and taxes		1,984	2,345
	Others		1,797	1,780
			1,691,102	2,407,190
	Work In Process-Opening		3,325	7,117
	Work In Process-Closing		(6,148)	(3,325)
	Cost of Goods Manufactured		1,688,279	2,410,982
	Finished Goods - Opening		91,974	126,143
	Finished Goods - Closing		(32,586)	(91,974)
			1,747,667	2,445,151

26.1 Salaries, wages and other benefits include amount of Rs. 6.592 million (2014: Rs. 6.615 million) relating to staff retirement benefits.

			2015	2014
27	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries and other benefits	27.1	9,702	8,438
	Communication		2,378	2,654
	Rent, rates and taxes	27.2	7,260	8,431
	Travelling and conveyance		9,682	10,890
	Legal and professional		4,164	4,273
	Advertisement		290	1,588
	Stationery, fees and subscription		252	273
	Power, fuel and water		258	119
	Entertainment		465	842
	Audit fee	27.3	900	900
	Depreciation	17.3	2,337	2,472
	Repairs and maintenance		19	138
	Freight, handling and forwarding on local sale		15,714	23,383
	Freight, handling and forwarding on export sale		2,924	5,012
	Charity and donation	27.4	482	324
	Miscellaneous		628	663
			57,455	70,400

Form of Proxy
35th Annual General Meeting

The Company Secretary
Balochistan Glass Limited
12-Km, Sheikhupura Road,
Kot Abdul Malik, Lahore

Dear Sir,

I/We -- of (full address) -- being a member(s) of Balochistan Glass Limited holding -------------------- Ordinary Shares as per Registered Folio No. / CDC A/c No -------------------------------- hereby appoint Mr./ Mrs./ Miss -- -----of (full address) -- or failing him / her Mr./ Mrs./ Miss ---of (full address) ------------------ --being member of the Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 31st October 2015

Signed this ------------------------------------ day of ---2015

Witnesses:

Signature ______________________ ______________

Name ______________________ ______________

Address ______________________ ______________

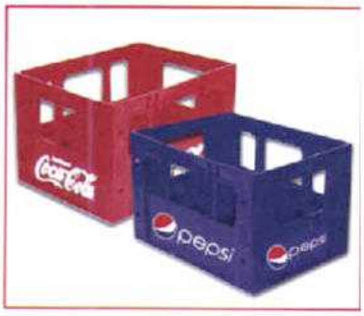
CNIC No./ Passport Number ______________ ______________

Five Rupees
Revenue
Stamp

Signature should be agreed with the Specimen Signatures with the Company

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.**
2. **The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.**
3. **In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:**
   a. **The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.**
   b. **Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.**
   c. **The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.**
   d. **In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with Proxy form to the company.**
4. **The Proxy Form, duly completed, must be deposited with the Company Secretary of Balochistan Galss Limited., 12-Km, Sheikhupura Road, Kot Abdul Malik, Lahore not less than 48 hours before the time for holding the meeting.**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