

1st Quarter
September 2012

Faith.....Experience.....Innovation.....Growth



A Company of Ghani Global Group

Ghani Gases Limited
Manufacturer of Industrial & Medical Gases



CORPORATE

■ Board of Directors

Masroor Ahmad Khan, Chairman
Atique Ahmad Khan, Chief Executive Officer
Hafiz Farooq Ahmad
Tahira Naheed
Ayesha Masroor
Rabia Atique
Saira Farooq

■ Audit Committee

Hafiz Farooq Ahmad, Chairman
Ayesha Masroor
Rabia Atique

■ HR & R Committee

Hafiz Farooq Ahmad, Chairman
Tahira Naheed
Saira Farooq

■ Company Secretary

Farzand Ali, FCS

■ Chief Financial Officer

Asim Mahmud, FCA

■ Legal Advisor

DSK Law, Lahore

■ Auditors

Rizwan & Company
Chartered Accountants
Member firm of DFK International

■ Share Registrar

THK Associates (Pvt) Limited
Ground Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road,
Karachi-75530,
UAN: +92 (021) 111-000-322
Fax: +92 (021) 35655595

INFORMATION



■ Bankers

MCB Bank Limited
National Bank of Pakistan
United Bank Limited
Allied Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Bank Islami Pakistan Limited
Meezan Bank Limited
Burj Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
The Bank of Khyber
Askari Bank Limited
Soneri Bank Limited
Habib Bank Limited
KASB Bank Limited
Standard Chartered Bank (Pakistan) Limited



DIRECTORS' REPORT

Dear members

Asalam-o-Alaikum Wa Rehmatullah-a-Wabarakatohu

On behalf of the Board of Directors of Ghani Gases Limited, I am pleased to present the condensed interim financial statements for the quarter ended September 30, 2012, in compliance with the requirements of Companies Ordinance, 1984. The company continues its growth trajectory; delivering a double volume growth despite the challenging economic backdrop, energy and political crises.

Operations Financial Results

Financial Highlights	September 2012	September 2011	Variance	
	Rupees in '000'	Rupees in '000'	Rupees in '000'	%
Sales	331,008	165,301	165,707	100
Net Sales	287,833	143,850	143,983	100
Gross Profit	105,562	57,754	47,808	83
- As %age of net sales	36.67%	40.15%		
Distribution Cost	26,268	20,322	5,946	29
- As %age of net sales	9.13%	14.13%		
Administrative Expenses	15,357	13,565	1,792	13
- As %age of net sales	5.34%	9.43%		
Finance Cost	15,924	18,179	(2,255)	-12
- As %age of net sales	5.53%	12.64%		
Profit before taxation	45,361	20,089	25,272	126
Net Profit	43,919	18,492	25,427	138
Earnings per share	0.61	0.26	0.35	135

Your Company's sales during the period under review has increased to Rs. 331.008 million against Rs. 165.301 million for the same period of last year depicting growth of 100%. Gross profit has increased to Rs. 105.562 million against the gross profit of Rs. 57.754 million if compared with the same period of last year. Distribution cost and administrative expense have decreased as percentage to net sales, from 14% & 9% to 9% & 5% respectively. The period under review, profit after taxation is amounting to Rs. 43.919 million and earnings per share (EPS) Rs. 0.61 against the profit of Rs. 18.492 million and EPS of 0.26 if compared with the same period of last year. During the period under review, Company enhanced its profitability from core business in contrast with corresponding period, ALHAMDULILLAH.

Future Prospects:

I am very pleased with the direction and momentum of our Company with clear strategic alignment backed by operational excellence. The overall business environment remains challenging due to prevailing political uncertainty, energy crises and economic situation. The competition has been more active and is expected for the year ahead. The Board is ALHAMDULILLAH confident that your Company is fully geared to meet all future challenges and committed to maintain growth trend in future by implementing permanent solutions including pursuing initiatives such as technological advancements and reduction in operating costs which would confidently improve the profitability of the Company with the ultimate objective of increasing shareholders' share value in long term, INSHAALLAH.

Acknowledgments:

The Board also wish to thank our valuable shareholders, financial institutions, customers and suppliers for their trust and faith in the Company and their valuable support, cooperation and patronage that enabled Company to achieve better results. We also take the opportunity to thank our executives and staff members and workers for their consistent support, hard working and commitment for delivering remarkable results and wish for their long life relationship with the Company.

For and on behalf of Board of Directors

Atique Ahmad Khan
Chief Executive Officer

Lahore
October 25, 2012



INTERIM CONDENSED BALANCE SHEET

AS AT 30 SEPTEMBER 2012

		UN-AUDITED SEPTEMBER 2012	AUDITED June 2012			UN-AUDITED SEPTEMBER 2012	AUDITED June 2012
		(Rupees in 000)				(Rupees in 000)	
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment			
73,000,000 (30 June 2012: 73,000,000) ordinary shares of Rupees 10 each				Operating fixed assets 8			
		730,000	730,000			1,127,807	1,125,140
						189,362	197,511
						97,213	96,913
						1,414,382	1,419,564
Issued, subscribed and paid up share capital	5	724,630	724,630			840	910
						66,107	65,865
Capital reserve -Share Premium		30,000	30,000			1,481,329	1,486,339
Unappropriated Profit/(Loss)		101,151	57,232				
Total equity		855,781	811,862				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
						45,201	35,036
Long term financing	6	105,417	129,000			15,640	11,182
Loan from sponsors		388,676	437,433			50,166	31,264
Liabilities against assets subject to ijarah financing		126,676	132,375			22,858	32,609
Long term security deposits		26,850	24,200			6,451	8,270
		647,619	723,008			138	168
						23,748	26,189
CURRENT LIABILITIES						161,896	259,471
Trade and other payables		68,577	100,606			326,098	404,189
Accrued profit on financing		11,786	9,156				
Short term borrowings		75,000	91,058				
Current portion of long term liabilities		147,222	146,934				
Provision for taxation		1,442	7,904				
		304,027	355,658				
TOTAL LIABILITIES		951,646	1,078,666				
CONTINGENCIES AND COMMITMENTS	7	-	-				
TOTAL EQUITY AND LIABILITIES		1,807,427	1,890,528	TOTAL ASSET S		1,807,427	1,890,528

The annexed notes form an integral part of this interim condensed financial information.

Atique Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



INTERIM CONDENSED PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012 (UN-AUDITED)

	NOTE	30 SEPTEMBER 2012	30 SEPTEMBER 2011
			(Rupees in 000)
GROSS SALES - LOCAL		331,008	165,301
LESS:			
SALES TAX		(43,175)	(21,451)
NET SALES		<u>287,833</u>	<u>143,850</u>
COST OF SALES	9	<u>(182,271)</u>	<u>(86,096)</u>
GROSS PROFIT		105,562	57,754
DISTRIBUTION COST		(26,268)	(20,322)
ADMINISTRATIVE EXPENSES		(15,357)	(13,565)
OTHER OPERATING INCOME		773	15,872
OTHER OPERATING EXPENSES		(3,425)	(1,471)
		<u>(44,277)</u>	<u>(19,486)</u>
		61,285	38,268
FINANCE COST		(15,924)	(18,179)
PROFIT BEFORE TAXATION		<u>45,361</u>	<u>20,089</u>
TAXATION		(1,442)	(1,597)
PROFIT AFTER TAXATION		<u>43,919</u>	<u>18,492</u>
EARNING PER SHARE - BASIC AND DILUTED	10	<u>0.61</u>	<u>0.26</u>

The annexed notes form an integral part of this interim condensed financial information.

Atique Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012 (UN-AUDITED)

	SHARE CAPITAL	Capital Reserve- Share premium	Un- appropriated profit / (Loss)	TOTAL
------(Rupees in 000)-----				
Balance as at 01 July 2011 - (audited)	724,500	30,000	(29,489)	725,011
Share issued during the period	-	-	-	-
Other comprehensive income for the quarter ended 30 September 2011			18,492	18,492
	-	-	18,492	18,492
Balance as at 30 September 2011 - (Un-audited)	<u>724,500</u>	<u>30,000</u>	<u>(10,997)</u>	<u>743,503</u>
Balance as at 01 July 2012 - (audited)	724,630	30,000	(57,232)	811,862
Other comprehensive income for the quarter ended 30 September 2012	-	-	43,919	43,919
	-	-	43,919	43,919
Balance as at 30 September 2012 - (Un-audited)	<u>724,630</u>	<u>30,000</u>	<u>101,151</u>	<u>855,781</u>

The annexed notes form an integral part of these condensed interim financial information.

Atique Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



CASH FLOW STATEMENT

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012 (UN-AUDITED)

	Note	30 SEPTEMBER 2012	30 SEPTEMBER 2011
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	11	18,470	10,080
Finance cost paid		(13,293)	(11,838)
Income tax paid		(5,463)	(4,792)
		(18,756)	(16,630)
Net cash from/(used in) operating activities		(286)	(6,550)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Property, plant and equipment purchased		(7,338)	(121,072)
Proceeds from disposal of operating assets		1,450	100,000
Long term deposits paid		(242)	(21,528)
Net cash used in investing activities		(6,130)	(42,600)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Long term financing - net		(23,583)	(12,500)
Loan from sponsor - net		(48,757)	(56,700)
Short term borrowings - net		(16,058)	39,102
Long term security deposits		2,649	(2,100)
Liabilities against assets subject to Ijarah financing - net		(5,410)	110,355
Net cash from/(used in) financing activities		(91,159)	78,157
Net increase/(decrease) in cash and cash equivalents		(97,575)	29,007
Cash and cash equivalents at the beginning of the period		259,471	104,030
Cash and cash equivalents at the end of the period		161,896	133,037

The annexed notes form an integral part of this interim condensed financial information.

Atique Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012 (UN-AUDITED)

	30 SEPTEMBER 2012		30 SEPTEMBER 2011
		(Rupees in 000)	
Net Profit for the period	43,919		18,492
Other comprehensive income / (loss)	-		-
Total comprehensive income for the period	<u>43,919</u>		<u>18,492</u>

The annexed notes form an integral part of these condensed interim financial information.

Atique Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on November 19, 2007 and converted into public limited company on February 12, 2008 and became listed on Karachi Stock exchange on January 05, 2010. The registered office of the company is situated at 82-N, Model Town Extension, Lahore. The Company is engaged in the manufacturing, sale and trading of medical & industrial gases and chemicals.

2 BASIS OF PREPARATION

2.1 *Statement of compliance*

The condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP) and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

This condensed interim financial information do not include the information reported for annual financial statements and should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2012.

2.2 *Functional and presentation currency*

These financial statements are presented in Pak Rupees which is the functional and presentation currency for the Company.

2.3 *Changes in standards, interpretations and amendments to published approved accounting standards and IFRS*

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in this condensed interim financial information.

2.4 *Standards, interpretations and amendments to published approved accounting standards and IFRS that are not yet effective*

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant effect on company's operations and are, therefore, not detailed in this interim condensed financial information.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this interim condensed financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2012.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this interim condensed financial information in conformity with the approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgement 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.

During preparation of this interim condensed financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended 30 June 2012.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

30 SEPTEMBER 2012 (NUMBER OF SHARES)	30 JUNE 2012 (NUMBER OF SHARES)		Un-audited 30 SEPTEMBER 2012 (Rupees in 000)	audited 30 June 2012 (Rupees in 000)
72,463,000	72,463,000	Ordinary shares of Rupees 10 each fully paid in cash	724,630	724,630
<u>72,463,000</u>	<u>72,463,000</u>		<u>724,630</u>	<u>724,630</u>

6. LONG TERM FINANCING

Opening balance		243,333	335,500
Add: Addition/ (Payments) during period / year		(23,583)	(92,167)
Closing balance		<u>219,750</u>	<u>243,333</u>
Less: Current portion shown under current liabilities		<u>114,333</u>	<u>114,333</u>
		<u>105,417</u>	<u>129,000</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There are no material changes in contingencies as disclosed in the note to the financial statements for the year ended 30 June, 2012.

7.2 Commitments

7.2.1 Commitment in respect of letter of credit amounted to Rupees 69.99 million (June 2012: Rupees 40.96 million).

7.2.2 Commitment for construction of building as at balance sheet date amounted to Rupees 50 million (June 2012: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	Note		
Opening book value		1,125,140	1,174,845
Additions during the period/year	8.1	13,114	92,491
Deletions during the period/year	8.2	(905)	(102,039)
		<u>1,137,349</u>	<u>1,165,297</u>
Less:			
Depreciation charged for the period/year		9,542	40,157
		<u>1,127,807</u>	<u>1,125,140</u>



	Un-audited 30 September 2012	Audited 30 June 2012
	(Rupees in 000)	
8.1 Additions during the period/year		
Land - lease hold	-	23,200
Plant and machinery	12,967	66,516
Furniture and fixtures	41	1,866
Office equipments	9	516
Computers	97	256
Vehicles	-	137
	13,114	92,491
8.2 Deletions during the period/year		
Plant and machinery	-	100,305
Vehicles	905	1,734
	905	102,039

9. COST OF SALES

	(Un-Audited)	
	Quarter ended	
	30 September 2012	30 September 2011
	(Rupees in 000)	
Stores and spare parts consumed	1,473	1,200
Fuel and power	60,725	46,873
Salaries, wages and other benefits	5,846	5,309
Communication	149	325
Repair and maintenance	4,467	1,800
Travelling and vehicle running	1,531	721
Insurance	562	521
Depreciation	9,544	9,282
Staff welfare	616	726
Transportation	145	193
Other factory overheads	1,317	1,718
Cost of goods manufactured	86,375	68,668
Finished goods:		
Opening stock	11,182	31,880
Purchases	100,354	24,074
Closing stock	(15,640)	(38,526)
	95,896	17,428
	182,271	86,096



10. EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

11. CASH GENERATED FROM/ (USED IN) OPERATIONS

Profit before taxation

45,361

20,089

Adjustments to reconcile profit to net cash provided by operating activities

Depreciation

11,614

11,132

Amortization of intangibles

70

70

Finance cost

15,924

18,179

(Gain) / Loss on disposal of asset

(545)

305

Working capital changes (Note 11.1)

(53,954)

39,695

18,470

10,080

(Un-Audited)	
Quarter ended	
30 September 2012	30 September 2011
(Rupees in 000)	
45,361	20,089
Adjustments to reconcile profit to net cash provided by operating activities	
11,614	11,132
70	70
15,924	18,179
(545)	305
(53,954)	39,695
<u>18,470</u>	<u>10,080</u>

11.1 Working capital changes

Cash flows generated from/(used in) working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools

(10,166)

458

Stock in trade

(4,459)

(6,646)

Trade debts

(18,902)

(3,863)

Loans and advances

9,751

(17,961)

Trade deposits and prepayments

1,819

(69)

Balance with statutory authorities

-

1,068

Other receivables

30

(6,803)

(21,927)

(33,816)

Increase/(Decrease) in trade and other payables

(32,027)

(5,879)

(53,954)

(39,695)

(Un-Audited)	
Quarter ended	
30 September 2012	30 September 2011
(Rupees in 000)	
(10,166)	458
(4,459)	(6,646)
(18,902)	(3,863)
9,751	(17,961)
1,819	(69)
-	1,068
30	(6,803)
<u>(21,927)</u>	<u>(33,816)</u>
(32,027)	(5,879)
<u>(53,954)</u>	<u>(39,695)</u>



12. SEGEMENT INFORMATION

Segment results are as follows:

	Quarter Ended					
	30 September 2012			30 September 2011		
	Industrial and Medical Gases	Other Segments	Total	Industrial and Medical Gases	Other Segments	Total
	Rupees					
Net sales	204,839	82,994	287,833	125,765	18,085	143,850
Cost of sales	(104,102)	(78,169)	(182,271)	(68,482)	(17,614)	(86,096)
Gross profit	100,737	4,825	105,562	57,283	471	57,754
Distribution cost	(26,054)	(214)	(26,268)	(20,189)	(133)	(20,322)
Administrative expenses	(15,165)	(192)	(15,357)	(13,395)	(170)	(13,565)
	(41,219)	(406)	(41,625)	(33,584)	(303)	(33,887)
Segment profit	59,518	4,419	63,937	23,699	168	23,867
Unallocated corporate expenses						
Other operating expenses			(3,425)			(1,471)
Other income			773			15,872
			61,285			38,268
Finance cost			(15,924)			(18,179)
Profit before taxation			45,361			20,089
Taxation			(1,442)			(1,597)
Profit after taxation			43,919			18,492

13. RELATED PARTY TRANSACTIONS

Transaction with related parties and associated undertakings are as follows:

Nature of Relationship

Provident fund trust	Contribution	2,769	1,077
Ghani Glass Ltd.	Purchases	1,094	-
Shadman Mall	Sales and services	54	12,913
Sponsors	Loan received / (repaid)	(48,757)	(56,700)

14. DATE OF AUTHORIZATION FOR ISSUE

This interim condensed financial information was approved by the Board of Directors of the Company and authorized for issue on 25 October, 2012

15. GENERAL

- 15.1 The figures have been rounded off to the nearest thousand of Rupees.
- 15.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June 2012 and the corresponding figures in the condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim statement of other comprehensive income and condensed interim cash flow statement comprise of balances of comparable period as per the condensed interim financial information of the Company for the first quarter ended 30 September 2011.
- 15.3 Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison.

Atique Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)