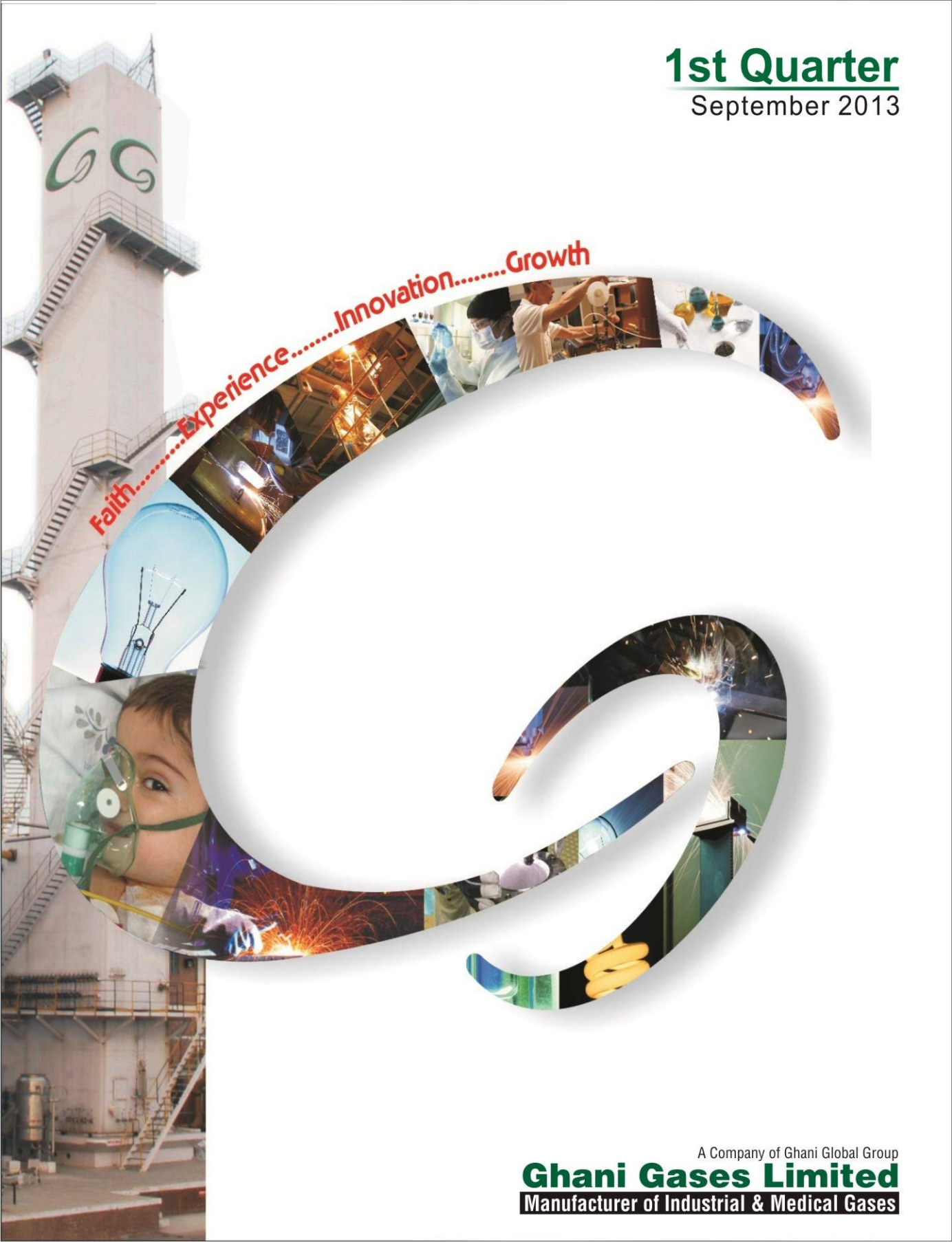


1st Quarter

September 2013



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,
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INFORMATION



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E-mail: ggl1plant@ghaniglobal.com

■ GGL-II

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■ Corporate / Registered Office

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Website: www.ghaniglobal.com



DIRECTORS' REPORT

Dear members

Asalam-o-Alaikum Wa Rehmatullah-a-Wabarakatohu

The Directors of your Company are pleased to present the unaudited condensed interim financial statements of the Company for the quarter ended September 30, 2013, in compliance with the requirements of Companies Ordinance, 1984

Transitional phase of Government passed smoothly and new elected Government giving his consideration to aggravated problems resulting in take off economic development. But still the problems are there. The current account posted a deficit of UDS 575 million for the period July-Aug 2013 as compared to a surplus of USD 582 million in the same period last year. This decline is permissible due to a higher base given that July included the Holy month of Ramdan which led up to Eid in the first ten days of August. Foreign Reserves held by State Bank dropped to alarming levels of USD 9.9 billion towards the end of September down 9.94% from USD 11.0 billion at the beginning of the quarter. PKR depreciated by 6.33% against the USD during the quarter ended September 2013. This devaluation of the country currency is due to tensions in Syria which inflated oil prices, the SBP buying the USD to increase its foreign reserves and investors speculating short term gain by investing in the USD. The economy and general public are currently mired by a slap of inflation triggered by the new government policies. Depreciation of PKR against USD coupled with unexpected increase of 50bps in the policy rate issued by State Bank of Pakistan in September supplemented the existing investor dissatisfaction.

Financial performance of your company for the quarter under review is enumerated as under.

Particulars	Rupees in '000' except EPS			%
	September 2013	September 2012	Variance	
Sales	287,065	331,008	(43,943)	-13.28
Net Sales	247,490	287,833	(40,343)	-14.02
Gross Profit	66,156	105,562	(39,406)	-37.33
- As %age of net sales	26.73%	36.67%		
Distribution Cost	24,381	26,268	(1,887)	-7.18
- As %age of net sales	9.85%	9.13%		
Administrative Expenses	11,353	15,357	(4,004)	-26.07
- As %age of net sales	4.59%	5.34%		
Operating profit	29,855	61,285	(31,430)	-51.28
- As %age of net sales	12.06%	21.29%		
Profit before taxation	19,377	45,361	(25,984)	-57.28
Net Profit	16,898	43,919	(27,021)	-61.52
Earning per share	0.23	0.61		



Due to overall economic situation in the country there is decline in the business of the industry under consideration. Further heavy increase in prices of fuel and power which is the main input of this industry also affected the industry adversely. In the same way your Company's sales during the period under review has decreased to Rs. 287.065 million against Rs. 331.008 million as compared with the same period of last year depicting decline of 13%. Gross profit has decreased to Rs. 66.15 million against the gross profit of Rs. 105.56 million if compared with the same period of last year posting a decrease in gross profit rate to 26.73% from 36.67%. Distribution cost and administrative expense have decreased in absolute terms. This period operating profit has decreased to Rs. 29.85 million against profit of Rs. 61.28 million as compared to the same period of last year. The period under review profit after taxation is amounted to Rs. 16.89 million and earnings per share (EPS) Rs. 0.23 against the profit of Rs. 43.92 million and EPS of 0.61 if compared with the same period of last year.

The overall business environment remains challenging. The competition has been more active in recent times and is expected for the year ahead. Directors of your company are pleased with the direction and momentum of your Company with clear strategic alignment backed by operational excellence. However despite all adverse factors we are committed to achieve the targets set by ourself in the line with our short term and long term strategies.

Alhamdulillah erection work on second state of the art ASU plant of your company in Port Qasim is actively in progress in accordance with the targets.

The shareholders in their meeting held on 30 October 2013 have approved the increase in authorized capital of the company from Rs. 730 million to Rs. 1,250 million and also approved the investment of Rs. 45 million in shape of equity and Rs. 650 million in shape of corporate guarantee in Ghani Global Glass Limited an associated company . Hopefully above decisions will be beneficial for the company as well shareholders of the company.

The Board also places on record its profound gratitude for its valuable shareholders, Banks/financial institutions, customers and suppliers for their continued support, cooperation and patronage for the progress and prosperity of the Company. We appreciate the Company's staff and workers for their continuous dedication, perseverance and diligence.

For and on behalf of Board of Directors

Masroor Ahmad Khan
Chairman/Director

Lahore
October 31, 2013



BALANCE SHEET

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013 (UN-AUDITED)

	UN-AUDITED 30 September 2013	AUDITED 30 June 2013	UN-AUDITED 30 September 2013	AUDITED 30 June 2013
			(Rupees in 000)	
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital 73,000,000 (30 June 2013: 73,000,000) ordinary shares of Rupees 10/- each	730,000	730,000		
Issued, subscribed and paid up share capital	5 724,630	724,630		
Capital reserve-share premium	30,000	30,000		
Unappropriated Profit	189,572	172,674		
Total equity	944,202	927,304		
Non-current liabilities				
Long term financing	6 415,125	408,146		
Loan from sponsors	577,421	611,381		
Liabilities against assets subject to ijarah financing	51,867	114,058		
Long term security deposits	24,350	24,350		
	1,068,763	1,157,935		
Current liabilities				
Trade and other payables	111,996	132,413		
Accrued profit on financings	20,885	10,363		
Short term borrowings	130,182	117,618		
Current portion of non current liabilities	172,512	196,160		
Provision for taxation	8,576	6,097		
	444,151	462,651		
Total liabilities	1,512,914	1,620,586		
TOTAL EQUITY AND LIABILITIES	2,457,116	2,547,890		
ASSETS				
Non-current assets				
Property, plant and equipment				
Operating fixed assets	8 1,305,159	1,191,106		
Assets subject to ijarah financing	121,851	207,001		
Capital work in progress	203,798	171,827		
	1,630,808	1,569,934		
Intangible assets	560	630		
Long term deposits & prepayments	60,565	79,169		
	1,691,933	1,649,733		
Current assets				
Stores, spare parts and loose tools	52,048	49,797		
Stock-in-trade	42,276	13,752		
Trade debts	94,208	144,349		
Loans and advances	471,729	383,320		
Trade deposits and short term prepayments	18,775	18,914		
Other receivables	49	93		
Advance tax	53,578	45,108		
Cash and bank balances	32,520	242,824		
	765,183	898,157		
TOTAL ASSETS	2,457,116	2,547,890		

CONTINGENCIES AND COMMITMENTS 7

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


ATIQUÉ AHMAD KHAN
(Chief Executive Officer)


HAFIZ FAROOQ AHMAD
(Director)



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013 (UN-AUDITED)

	NOTE	30 SEPTEMBER 2013 (Rupees in 000)	30 SEPTEMBER 2012
Gross sales - local		287,065	331,008
Less:			
Sale tax		(39,575)	(43,175)
Net sale		247,490	287,833
Cost of sale	9	(181,334)	(182,271)
Gross profit		66,156	105,562
Distribution cost		(24,381)	(26,268)
Administrative expenses		(11,353)	(15,357)
Other operating income		600	773
Other operating expenses		(1,167)	(3,425)
		(36,301)	(44,277)
		29,855	61,285
Finance cost		(10,478)	(15,924)
Profit before taxation		19,377	45,361
Taxation		(2,479)	(1,442)
Profit after taxation		16,898	43,919
Earning per share - basic and diluted	10	0.23	0.61

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


ATIQUE AHMAD KHAN
(Chief Executive Officer)


HAFIZ FAROOQ AHMAD
(Director)

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013 (UN-AUDITED)

	Note	30 SEPTEMBER 2013 (Rupees in 000)	30 SEPTEMBER 2012
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	11	(36,036)	18,470
Finance cost paid		(9,321)	(13,293)
Income tax paid		(8,470)	(5,463)
		(17,791)	(18,756)
Net cash from/(used in) operating activities		(53,827)	(286)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Property, plant and equipment purchased		(84,188)	(7,338)
Proceeds from disposal of operating assets		11,311	1,450
Long term deposits		18,604	(242)
Net cash used in investing activities		(54,273)	(6,130)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Long term financing - net		(5,521)	(23,583)
Loan from sponsors - net		(33,960)	(48,757)
Short term borrowings - net		12,564	(16,058)
Dividend paid		(1,948)	
Long term security deposits payable		-	2,649
Liabilities against assets subject to ijarah financing - net		(73,339)	(5,410)
Net cash from/(used in) financing activities		(102,204)	(91,159)
Net increase/(decrease) in cash and cash equivalents		(210,304)	(97,575)
Cash and cash equivalents at the beginning of the period		242,824	259,471
Cash and cash equivalents at the end of the period		32,520	161,896

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


ATIQUÉ AHMAD KHAN
 (Chief Executive Officer)


HAFIZ FAROOQ AHMAD
 (Director)



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013 (UN-AUDITED)

	30 SEPTEMBER 2013	30 SEPTEMBER 2012
	(Rupees in 000)	
Net Profit for the period	16,898	43,919
Other comprehensive income / (loss)	-	-
Total comprehensive income for the period	<u>16,898</u>	<u>43,919</u>

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

ATIQUE AHMAD KHAN
(Chief Executive Officer)

HAFIZ FAROOQ AHMAD
(Director)



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013 (UN-AUDITED)

	Share capital	Share premium	Un-appropriated profit / (Loss)	Total
--	---------------	---------------	---------------------------------	-------

(Rupees in 000)

Balance as at 01 July 2012 - (audited)	724,630	30,000	57,000	811,630
Share issued during the period	-	-	-	-
Net profit for the first quarter ended 30 September 2012	-	-	43,919	43,919
Other comprehensive income/(loss) for the quarter ended 30 September 2012	-	-	-	-
	-	-	43,919	43,919
Balance as at 30 September 2012 - (Un - audited)	724,630	30,000	100,919	855,549
Balance as at 01 July 2013 - (audited)	724,630	30,000	172,674	927,304
Net profit for the first quarter ended 30 September 2013	-	-	16,898	16,898
Other comprehensive income/(loss) for the quarter ended 30 September 2013	-	-	-	-
	-	-	16,898	16,898
Balance as at 30 September 2013 - (Un - audited)	724,630	30,000	189,572	944,202

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


ATIQUÉ AHMAD KHAN
(Chief Executive Officer)


HAFIZ FAROOQ AHMAD
(Director)



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (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, 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 2013.

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 2013 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 2013 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 condensed interim 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 2013.

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 2013.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

30 SEPTEMBER 2013 (NUMBER OF SHARES)	30 June 2013		Un-audited 30 SEPTEMBER 2013 (Rupees `000)	Audited 30 June 2013
72,450,000	72,450,000	Ordinary shares of Rupees 10 each fully paid in cash	724,500	724,500
13,000	13,000	Ordinary shares of Rupees 10 each issued for consideration other than cash	130	130
<u>72,463,000</u>	<u>72,463,000</u>		<u>724,630</u>	<u>724,630</u>

6. LONG TERM FINANCING

Opening balance	513,917	243,333
Add: Addition/(Payments) during period / year	(5,521)	270,584
Closing balance	508,396	513,917
Less: Current portion shown under current liabilities	93,271	105,771
	<u>415,125</u>	<u>408,146</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, 2013.

7.2 Commitments

7.2.1 Commitment in respect of letter of credit amounted to Rupees 51.5 million (June 2013: Rupees 107.72 million).

7.2.2 Commitment for construction of building as at balance sheet date amounted to Rupees 37.5 million (June 2013 : Rupees 45 million)

Operating fixed assets

Opening book value		1,191,106	1,124,908
Additions during the period/year	8.1	135,531	135,838
Deletions during the period/year	8.2	(10,916)	(29,748)
		<u>1,315,721</u>	<u>1,230,998</u>
Less:			
Depreciation charged for the period/year		10,562	39,892
		<u>1,305,159</u>	<u>1,191,106</u>

8.1 Additions during the period/year

Land - lease hold		-	2,626
Plant and machinery		127,004	109,328
Furniture and fixtures		1,334	3,339
Office equipments		227	185
Computers		153	1,165
Vehicles		6,813	19,195
		<u>135,531</u>	<u>135,838</u>

8.2 Deletions during the period/year

Plant and machinery		4,334	18,408
Vehicles		6,582	11,340
		<u>10,916</u>	<u>29,748</u>



9 COST OF SALES

	(Un-Audited)	
	Quarter ended	
	30 SEPTEMBER 2013	30 SEPTEMBER 2012
	(Rupees in 000)	
Stores and spare parts consumed	2,030	1,473
Fuel and power	65,791	60,725
Salaries, wages and other benefits	6,079	5,846
Communication	133	149
Repair and maintenance	2,154	4,467
Travelling, vehicle running and maintenance	1,147	1,531
Insurance	799	562
Depreciation	9,612	9,544
Staff welfare	1,195	616
Transportation	304	145
Other factory overheads	2,874	1,317
Cost of goods manufactured	92,118	86,375
Finished goods:		
Opening stock	13,752	11,182
Purchases	117,740	100,354
Closing stock	(42,276)	(15,640)
	89,216	95,896
	181,334	182,271

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	19,377	45,361
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation	12,397	11,614
Amortization of intangible assets	70	70
Profit on financings	19,844	15,924
(Gain) / Loss on disposal of assets	(395)	(545)
		-
Working capital changes (Note 11.1)	(87,329)	(53,954)
	(36,036)	18,470



12 SEGEMENT INFORMATION

Segment results are as follows:

	30 September 2013			30 September 2012		
	Industrial and Medical Gases	Other Segments	Total	Industrial and Medical Gases	Other Segments	Total
	Rupees `000					
Net Sales	206,029	41,461	247,490	204,839	82,994	287,833
Cost of Sales	(140,424)	(40,908)	(181,334)	(104,102)	(78,169)	(182,271)
GROSS PROFIT	65,605	553	66,156	100,737	4,825	105,562
Distributions Cost	(24,204)	(177)	(24,381)	(26,054)	(214)	(26,268)
Administrative Expenses	(11,211)	(142)	(11,353)	(15,165)	(192)	(15,357)
	(35,415)	(319)	(35,734)	(41,219)	(406)	(41,625)
Segment Profit	30,190	234	30,422	59,518	4,419	63,937
Unallocated corporate expenses						
Other Operating Expenses			(1,167)			(3,425)
Other Income			600			773
			29,855			61,285
Finance Cost			(10,478)			(15,924)
PROFIT BEFORE TAXATION			19,377			45,361
Taxation			(2,479)			(1,442)
PROFIT AFTER TAXATION			16,898			43,919

13 RELATED PARTY TRANSACTIONS

Transaction with related parties and associated undertakings are as follows:

Nature of Relationship	Nature of transaction	(Un-Audited)	
		Quarter ended	
		30 SEPTEMBER 2013	30 SEPTEMBER 2012
		(Rupees in 000)	
Provident fund trust	Contribution	2,761	2,769
Ghani Glass Ltd	Purchases	544	1,094
Shadman Mall	Receivable against services	91	54
Sponsor	Loan received / (repaid)	(33,960)	(48,757)



14. DATE OF AUTHORIZATION FOR ISSUE AND APPROVAL OF BONUS SHARES

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 31 October, 2013.

The Board of Directors has already approved the issuance of bonus shares in proportion to two and half shares against every hundred shares held i.e. 2.5%.

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 2013 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of other comprehensive income and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the first quarter ended 30 September 2012.

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)