

3rd Quarter

March 2011

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



A Company of Ghani Global Group

Ghani Gases Limited

Manufacturer of Industrial & Medical Gases



CORPORATE INFORMATION

■ Board of Directors

Masroor Ahmad Khan, Chairman
Atiq Ahmad Khan, Chief Executive Officer
Hafiz Farooq Ahmad, Managing Director
Tahira Naheed
Ayesh Masroor
Rabia Atiq
Saira Farooq

■ Audit Committee

Hafiz Farooq Ahmad, Chairman
Aysha Masroor
Rabia Atiq

■ Company Secretary

Farzand Ali, FICS

■ 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

■ Bankers

Al-baraka Islamic Bank
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dawood Islamic Bank Limited
Habib Metropolitan Bank Ltd.
Meezan Bank Limited
MCB Bank Ltd.
National Bank of Pakistan
UBL Ameen

■ Corporate/Registered Office

82-N, Model Town (Ext),
Lahore-54000, Pakistan
UAN: +92 (042) 111 Ghani1
Phones: +92 (042) 35161424-25
Fax: +92 (042) 35160393
E-mail: gases@ghaniglobal.com
Website: www.ghaniglobal.com

■ Gases Plant

52-K.M. Lahore Multan Road,
Phool Nagar, Distt. Kasur
Ph. (042) 7006353-54, Fax: (042) 7006356
E-mail: ggplant@ghaniglobal.com



DIRECTORS' REPORT

Dear Members,

Assala-Mo-Alaikum Wa Rehmatullah-a- Wa Barakatohu

The Directors of your Company are pleased to present third quarterly Financial Statements of the Company for the period ended March 31, 2011.

This period also did not portray a better picture of Economic indicators with some exceptions. The economic impact of the massive flooding is quite extensive and estimates suggest that economic costs could be quite significant. Notwithstanding the economic fall-out of the floods, exports have grown strongly and have witnessed a substantial increase in workers remittances. Total exports are expected to exceed US\$ 23 billion – a substantial increase over previous periods. Workers remittances are assumed to touch US\$ 10 billion in the current year. Total foreign exchange reserves crossed US\$ 17 billion mark.

Inflation, fueled mainly by food inflation and increase in the price of oil, continues to be a real worry. CPI in recent months is moving around 13% with food running near 20%. In an effort to control money supply, the State Bank of Pakistan (SBP) is maintaining a tight monetary stance.

The stock markets continued to perform well during the period under review and attracted foreign investment as well.

Power outages along with non availability of natural gas, affected industrial sector adversely. Frequent increase in oil prices, coupled with rise in electricity cost is making cost of doing business higher.

Despite these adverse factors and difficulties, Alhamdulillah Ghani Gases has achieved an impressive and remarkable performance in terms of volumes and profitability, by the grace of ALMIGHTY ALLAH.

Your Directors are pleased to report that sales during the quarter under review were Rs. 143.303 million, which registered a growth of 156% over the same period of last year. Accumulated sales for nine months ended March 31, 2011 stood at Rs. 358.125 million which shows an increase of 86% over corresponding period of last year. Gross profit during the quarter under review amounted to Rs. 48.059 million increased by 473% over the same period of last year. Alhamdulillah during the quarter under review, your Company has succeeded to earn profit after taxation from its core business and it is a great achievement by the grace of Almighty ALLAH SUBHANA HU WA TA'ALAH. These achievements are attributed purely on the blessings of ALMIGHTY ALLAH. Whereas acquisition of new orders, strengthening of sales prices, penetration in Oil and Gas Exploration and fertilizers sectors have very positive impact on the performance of your Company.

Focusing on our mission, we endeavor to win the hearts of our valuable customers through timely delivery of quality product, to cater their needs. Short term, medium term and long term strategies are devised to meet the objective of the Company. Detailed market survey is carried out to identify potential buyers. Product range has also been diversified in order to attain better place in the market. Optimum utilization of idle resources is made to add to the profitability of the Company.

We are pleased to inform you that contract for the purchase of standby compressor from foreign supplier has been finalized ALHAMDULILLAH. This shall IN SHAA ALLAH ensure continuous supply of product and improved reliability for gaining customer's confidence. As regards future plans, feasibility study has been carried out for compressed and specialty gases business.

Finally we wish to place on record marvelous support extended by Islamic Financial Institutions/ Islamic windows. Similarly, dedication and untiring efforts of our staff member is also really appreciable. In the end, we pray to ALLAH to help us in accomplishing our vision and philosophy.

For and on behalf of the Board

Lahore
April 29, 2011

Masroor Ahmad Khan
Chairman



INTERIM CONDENSED BALANCE SHEET

AS AT 31 MARCH 2011

	NOTE	UN-AUDITED 31 MARCH 2011 Rupees	AUDITED 30 June 2010 Rupees		NOTE	UN-AUDITED 31 MARCH 2011 Rupees	AUDITED 30 June 2010 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVE S				NON-CURRENT ASSETS			
Authorized share capital 72 500 000 (30 June 2010: 72 500 000) ordinary shares of Rupees 10 each				Property, plant and equipment Operating fixed assets			
		725,000,000	725,000,000		8	797,311,547	812,911,775
Issued, subscribed and paid up share capital				Assets subject to ijarah financing			
	5	724,500,000	724,500,000			48,800,741	10,166,622
Capital reserve - Share Premium				Capital work in progress			
		30,000,000	30,000,000			319,494,824	265,233,709
Unappropriated Profit/(Loss)				Long term deposits & prepayments			
		(44,422,868)	(108,932,855)			41,667,089	17,384,270
Total equity							
		710,077,132	645,567,145			1,207,274,201	1,105,696,376
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing				Stores, spare parts and loose tools			
	6	276,916,667	331,821,380			27,821,200	2,565,530
Loan from sponsors				Stock-in-trade			
		171,937,030	100,772,030			21,827,176	19,034,784
Liabilities against assets subject to ijarah financing				Trade debts			
		33,714,437	4,994,436			49,805,991	19,603,725
Long term security deposits				Loans and advances			
		29,800,000	28,100,000			40,761,127	26,331,645
				Trade deposits and prepayments			
		512,368,134	465,687,846			4,097,918	2,416,256
CURRENT LIABILITIES				Balance with statutory authorities			
Trade and other payables				Other receivables			
		70,282,880	88,180,911			1,565,745	242,596
Accrued profit on financing				Advance tax			
		14,646,634	7,631,685			28,250,496	22,539,648
Short term borrowings				Cash and bank balances			
		23,793,975	24,978,794			24,043,964	85,604,562
Current portion of non current liabilities							
		90,947,469	50,447,161			218,806,792	178,414,351
Provision for taxation							
		3,964,769	1,617,185				
		203,635,727	172,855,736				
TOTAL LIABILITIES				TOTAL ASSETS			
		716,003,861	638,543,582			1,426,080,993	1,284,110,727
CONTINGENCIES AND COMMITMENTS							
	7	-	-				
TOTAL EQUITY AND LIABILITY S							
		1,426,080,993	1,284,110,727				

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

Atiq Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



INTERIM CONDENSED PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED 31 MARCH 2011 (UN-AUDITED)

	NOTE	Nine Months Ended		Quarter Ended	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
		Rupees	Rupees (Restated)	Rupees	Rupees (Restated)
GROSS SALES - LOCAL		358,124,673	192,054,040	143,303,242	55,938,823
LESS:					
SALES TAX		(49,412,471)	(25,550,924)	(19,643,071)	(7,383,591)
SPECIAL EXCISE DUTY		(3,034,705)	(1,609,181)	(1,323,418)	(466,268)
		(52,447,176)	(27,160,105)	(20,966,489)	(7,849,859)
NET SALES		305,677,497	164,893,935	122,336,753	48,088,964
COST OF SALES	9	(209,350,125)	(162,623,796)	(74,277,275)	(39,701,497)
GROSS PROFIT		96,327,372	2,270,139	48,059,478	8,387,467
DISTRIBUTION COST		(43,635,857)	(35,999,046)	(16,972,314)	(10,928,696)
ADMINISTRATIVE EXPENSES		(34,084,255)	(39,256,741)	(11,167,549)	(12,335,181)
OTHER OPERATING INCOME		91,121,003	40,928,171	19,236,707	15,738,716
OTHER OPERATING EXPENSES		(428,198)	(737,812)	(79,999)	(116,146)
		12,972,693	(35,065,428)	(8,983,155)	(7,641,307)
		109,300,065	(32,795,289)	39,076,323	746,160
FINANCE COST		(40,825,309)	(28,139,912)	(14,325,659)	(7,945,947)
PROFIT/(LOSS) BEFORE TAXATION		68,474,756	(60,935,201)	24,750,664	(7,199,787)
TAXATION		(3,964,769)	(1,057,604)	(1,414,825)	(347,632)
PROFIT/(LOSS) AFTER TAXATION		64,509,987	(61,992,805)	23,335,839	(7,547,419)
EARNING/(LOSS) PER SHARE - BASIC AND DILUTED	10	0.89	(0.86)	0.32	(0.10)

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

Atiq Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 MARCH 2011 (UN-AUDITED)

	Nine Months Ended		Quarter Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	(Rupees)		(Rupees)	
PROFIT/(LOSS) AFTER TAXATION	64,509,987	(Restated) (61,992,805)	23,335,839	(Restated) (7,547,419)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	<u>64,509,987</u>	<u>(61,992,805)</u>	<u>23,335,839</u>	<u>(7,547,419)</u>

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

Atiq Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



INTERIM CONDENSED CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 31 MARCH 2011 (UN-AUDITED)

	NOTE	Nine Months Ended	
		31 March 2011 Rupees	31 March 2010 Rupees (Restated)
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES			
Cash utilized in operations	11	23,659,772	23,149,991
Finance cost paid		(41,162,712)	(42,555,059)
Income tax paid		(7,328,033)	(12,207,760)
Net cash generated from/(used in) operating activities		(24,830,973)	(31,612,828)
CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES			
Fixed capital expenditure		(98,442,583)	(61,538,345)
Long term deposit paid		(24,282,819)	(5,731,593)
Net cash generated from/(used in) investing activities		(122,725,402)	(67,269,938)
CASH FLOWS GENERATED FROM/ (USED IN) FINANCING ACTIVITIES			
Long term financing acquired/(repaid)		(21,321,380)	132,591,659
Proceeds from sponsor's loan		71,165,000	74,051,030
Short term borrowings		(1,184,819)	-
Long term bills payables			(76,826,943)
Long term security deposit payable		1,700,000	11,100,000
Liabilities against assets subject to ijarah financing		35,636,976	-
Net cash generated from/(used in) financing activities		85,995,777	140,915,746
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		(61,560,598)	42,032,980
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		85,604,562	8,310,416
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>24,043,964</u>	<u>50,343,396</u>

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

Atiq Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 MARCH 2011 (UN-AUDITED)

	SHARE CAPITAL	Share Premium	Un-Appropriated Profit / (Loss)	TOTAL EQUITY
	----- (Rupees) -----			
Balance as at 01 July 2009 - (audited)	724,500,000	30,000,000	(44,729,068)	709,770,932
Share issued during the year	-	-	-	-
Other comprehensive profit / (loss) for the nine months ended 31 March 2010 (Restated)			(61,992,805)	(61,992,805)
	-	-	(61,992,805)	(61,992,805)
Balance as at 31 March 2010 - (Un-audited)	724,500,000	30,000,000	(106,721,873)	647,778,127
Share issued during the period	-	-	-	-
Other comprehensive profit / (loss) for the 4th Quarter ended 30 June 2010 (Restated)			(2,210,982)	(2,210,982)
	-	-	(2,210,982)	(2,210,982)
Balance as at 01 July 2010 - (audited)	724,500,000	30,000,000	(108,932,855)	645,567,145
Share issued during the period	-	-	-	-
Other comprehensive Profit/(loss) for the nine months ended 31 March 2011			64,509,987	64,509,987
	-	-	64,509,987	64,509,987
Balance as at 31 March 2011 - (Un-audited)	724,500,000	30,000,000	(44,422,868)	710,077,132

Atiq Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 31 MARCH 2011 (UN-AUDITED)

1. THE COMPANY AND ITS ACTIVITIES

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. The company was 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 and industrial gases and chemicals.

2 BASIS OF PREPARATION

This interim condensed 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).

This interim condensed financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2010.

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

2.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are new standards, amendments to the existing standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2011 but are considered not be relevant or do not have any significant effect on company's operations and are therefore not detailed in these condensed interim financial statements.

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 2010.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this interim condensed financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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.

During preparation of this interim condensed financial information, the significant judgments 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 2010.



5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

31 March 2011 (NUMBER OF SHARES)	30 June 2010 (NUMBER OF SHARES)		Un-audited 31 March 2011 Rupees	Audited 30 June 2010 Rupees
72 450 000	72 450 000	Ordinary shares of Rupees 10 each fully paid in cash	724,500,000	724,500,000
<u>72 450 000</u>	<u>72 450 000</u>		<u>724,500,000</u>	<u>724,500,000</u>

6 LONG TERM FINANCING

Opening balance		379,321,380	280,166,661
Add: Addition/(Payments) during period		(21,321,380)	99,154,719
Closing balance		<u>358,000,000</u>	<u>379,321,380</u>
Less: Current portion shown under current liabilities		81,083,333	47,500,000
		<u>276,916,667</u>	<u>331,821,380</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, 2010 except that further guarantee amounting to Rs 1.2 M given to oil and lubricant company.

7.2 Commitments

7.2.1 Commitment in respect of letter of credit amounted to Rupees 24.66 million (June 2010: Rupees 20.37 million).

7.2.2 Commitment for construction of building as at balance sheet date amounted to Rupees 12.4 million (June 2010: Rupees 20 million).

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Opening book value		812,911,775	860,921,266
Add:			
Additions during the period/year (Note 8.1)		4,798,274	8,298,532
		<u>817,710,049</u>	<u>869,219,798</u>
Less:			
Depreciation charged for the period/year		20,398,502	56,308,023
		<u>797,311,547</u>	<u>812,911,775</u>



8.1 Additions during the period / year

	Un-audited 31 March 2011 Rupees	Audited 30 June 2010 Rupees
Building on freehold land	1,488,000	-
Plant and machinery	2,702,078	2,687,893
Furniture and fixtures	309,791	1,480,834
Office equipments	32,274	242,088
Computers	266,131	803,016
Vehicles	-	3,084,701
	4,798,274	8,298,532

9 COST OF SALES

	(Un-Audited)			
	Nine Months Ended		Quarter Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	(Rupees)		(Rupees)	
		(Restated)		(Restated)
Stores and spare parts consumed	2,981,192	894,870	1,402,525	542,656
Fuel and power	127,161,984	116,105,570	39,504,984	35,667,909
Salaries, wages and other benefits	14,374,122	11,540,587	4,967,541	4,201,958
Insurance	1,593,382	1,914,608	550,333	1,037,164
Depreciation	17,117,416	44,103,619	5,824,737	5,048,097
Other factory overheads	11,649,678	4,961,788	3,378,404	2,511,808
Cost of goods manufactured	174,877,774	179,521,042	55,628,524	49,009,592
Finished goods:				
Opening stock	19,034,784	6,734,694	20,729,936	15,564,681
Purchases	37,264,743	2,220,691	19,745,991	979,855
Closing stock	(21,827,176)	(25,852,631)	(21,827,176)	(25,852,631)
	34,472,351	(16,897,246)	18,648,751	(9,308,095)
	209,350,125	162,623,796	74,277,275	39,701,497

10 EARNING PER SHARE - BASIC AND DILUTED

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



		(Un-audited)	
		Nine Months Ended	
		31 March 2011	31 March 2010
		Rupees	Rupees (Restated)
11	CASH GENERATED FROM / (USED IN) OPERATIONS		
	Profit/ (Loss) before taxation	68,474,756	(60,935,201)
	Adjustments to reconcile profit to net cash provided by operating activities		
	Depreciation	21,147,577	47,879,695
	Finance cost	48,177,661	40,306,820
	Working capital changes (Note 11.1)	(114,140,222)	(4,101,323)
		23,659,772	23,149,991
11.1	Working capital changes		
	Cash flows generated from/(used in) working capital changes		
	(Increase) / decrease in current assets:		
	Stores and spare parts	(25,255,670)	(4,957,520)
	Stock in trade	(2,792,392)	(19,117,937)
	Trade debts	(30,202,266)	(8,223,613)
	Loans and advances	(14,429,482)	(10,824,357)
	Short term deposits and prepayments	(1,681,662)	235,279
	Balance with statutory authorities	(1,323,149)	3,312,657
	Other receivables	(20,557,570)	29,203
		(96,242,191)	(39,546,288)
	Increase/(Decrease) in trade and other payables	(17,898,031)	35,444,965
		(114,140,222)	(4,101,323)
12	RELATED PARTY TRANSACTIONS		
	Transaction with related parties and associated undertakings are as follows:		
	Nature of Relationship	Nature of transaction	
	Related entities by virtue of common directorship	Income against technical assistance fee	
		30,145,750	-
	Ghani Gases Employees Provident Fund	Contribution	
		3,312,468	1,890,860

13 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 29 April, 2011.



14 GENERAL

- 14.1** The figures have been rounded off to the nearest Rupee.
- 14.2** 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 2010 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 nine months ended 31 March 2010.
- 14.3** Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison. However no significant rearrangement / reclassification have been made, except that corresponding figure amounting to Rs 12.16 million has been re-classified from borrowing cost due to capitalization of the same, in order to make it more meaningful and comparable.

Atiq Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director