

3rd Quarter

March 2013

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

■ Audit Committee

Hafiz Farooq Ahmad, Chairman
Ayesha Mansoor
Rabia Atique

■ Company Secretary

Farzand Ali, FCS

■ Chief Financial Officer

Asim Mahmud, FCA

■ Legal Advisor

DSK Law, Lahore

■ Auditors:

Rizwan & Company
Chartered Accountants
Member of DFK International

■ Share Registrars:

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

■ 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: info@ghaniglobal.com
Website: www.ghaniglobal.com

■ GGL-1

52-K.M. Lahore Multan Road,
Phool Nagar, Distt. Kasur
Ph: (049) 4510349-549, Fax: (0942) 4510749

■ GGL-II

A-53, Chemical Area,
Eastern Industrial Zone, Port Qasim, Karachi.
Ph: (021) 34016142, Fax: (021) 34016142
E-mail: ggl2plant@ghaniglobal.com

■ Bankers:

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metro Bank Limited
KASB Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Khyber
UBL Ameen



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 March 31, 2013, in compliance with the requirements of Companies Ordinance, 1984.

Overall Economy

With the conclusion of elected political regime, Pakistan's economy seems to be left hanging in the air. Political instability, poor foresight has greatly influenced financial decisions many of which have caused adverse reactions. State-owned enterprises have seen little improvement. Corruption, bureaucratic red tape and mismanagement continue to hamper any positive development. Domestic and foreign investments have snagged even more due to rising inflation, fiscal debt, insecurity and poor infrastructure facilities especially energy shortages. High costs have caused Pakistani manufactured products to lose competitiveness in the international market. National debt has escalated to Rs. 14.8 trillion and continues to remain a persistent problem for the country. GDP growth is expected to stagnate around 3% while inflation is expected to continue in double digits. Budgetary deficit is estimated to reach around 7% this year as compared to the government's target of 4.7%. Due to internal security issues foreign direct investment is experiencing an all-time low, and external inflows are narrowing down drastically. While industrial activity had picked up in the previous quarter to 6.5% higher than a year earlier, inadequate electricity and gas supplies continue to stagger this positive trend in the industrial sector.

Despite all above mentioned adverse factors, our beloved country Pakistan has been blessed by Almighty Allah so many potential to grow. After witnessing economic depression, turnaround causing economic boom is expected to emerge by the grace of Almighty Allah. We wish and pray that transitional phase of Government passes smoothly and new elected Government gives due weightage to aggravated problems resulting in economic development take off.

Financial Performance:

The company continues its growth trajectory; delivering a double volume growth despite the challenging economic backdrop, energy and political crises.

Particulars	Rupees in '000' except EPS			
	March 2013	March 2012	Variance	%
Sales	955,978	543,172	412,806	76.00
Net Sales	831,200	473,494	357,706	75.55
Gross Profit	314,126	160,067	154,059	96.25
— As %age of net sales	37.79%	33.81%		
Distribution Cost	78,656	56,550	22,106	39.09
— As %age of net sales	9.46%	11.94%		
Administrative Expenses	51,918	43,222	8,696	20.12
— As %age of net sales	6.25%	9.13%		
Profit before other income	176,388	57,274	119,114	207.97
— As %age of net sales	21.22%	12.10%		
Profit before taxation	137,430	43,165	94,265	218.38
Net Profit	133,265	38,019	95,246	250.52
Earning per share	1.84	0.52	1.32	253.84

Your Company's sales during the period under review has increased to Rs. 955.98 million against Rs. 543.17 million as compared with the same period of last year depicting growth of 76%. Gross profit has increased to Rs. 314.13 million against the gross profit of Rs. 160.07 million if compared with the same period of last year posting an increase in gross profit rate to 37.79% from 33.81%. Distribution cost and administrative expense have increased in absolute terms; however it is noteworthy that in term of percentage to net sales, these expenses have decreased from 11.94% & 9.13% to 9.46% & 6.25% respectively. This period profit excluding other income has increased to Rs. 176.39 million against profit of Rs. 57.27 million as compared to the same period of last year. The period under review profit after taxation is amounted to Rs. 133.26 million and earnings per share (EPS) Rs. 1.84 against the profit of Rs. 38.02 million and EPS of 0.52, showing increase of three and half times if compared with the same period of last year.



Future Prospects:

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.

As already stated, our Southern Plant at Port Qasim, Karachi is actively in progress. ALHAMDULILLAH first partial shipment of plant & machinery has already arrived and rest is following in coming weeks IN SHAAALLAH. Civil work and related activities are in progress and the plant is expected to be commissioned in accordance with the schedule In shaaAllah.

The Board is confident that your Company is fully geared to meet all future challenges and committed to maintain growth trend by implementing permanent solutions including pursuing initiatives such as technological advances and reduction in operating and distribution costs which would confidently improve the profitability of the Company with the ultimate objective of increasing shareholders' value in long term.

Acknowledgments:

The Board also places on record it 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

Lahore
April 24, 2013

Atique Ahmad Khan
Chief Executive Officer



GGL-II, Port Qasim, Karachi

Civil Work Construction in Progress







BALANCE SHEET AS AT 31 MARCH 2013

EQUITY AND LIABILITIES	NOTE	31 March 2013	30 June 2012	ASSETS	NOTE	31 March 2013	30 June 2012
		(Rupees in 000)				(Rupees in 000)	
Share capital and reserves				Non-current assets			
Authorized share capital 73,000,000 (2012: 73,000,000) ordinary shares of Rupees 10/- each		730,000	730,000	Property, plant and equipment			
				Operating fixed assets	8	1,177,096	1,125,140
				Assets subject to ijarah financing		207,737	197,511
				Capital work in progress	9	127,321	96,913
						1,512,154	1,419,564
Issued, subscribed and paid up share capital	5	724,630	724,630	Intangible assets		700	910
Capital reserve-share premium		30,000	30,000	Long term deposits & prepayments		67,856	65,865
Unappropriated profit		154,265	57,232			1,580,710	1,486,339
Total equity		908,895	811,862	Current assets			
Non-current liabilities				Stores, spare parts and loose tools		30,562	35,036
Long term financing	6	142,968	129,000	Stock-in-trade		27,192	11,182
Loan from sponsors		417,681	437,433	Trade debts		87,145	31,264
Liabilities against assets subject to ijarah financing		121,362	132,375	Loans and advances		168,064	32,609
Long term security deposits		25,850	24,200	Trade deposits and short term prepayments		10,440	8,270
		707,861	723,008	Other receivables		91	168
Current liabilities				Advance tax		32,559	26,189
Trade and other payables		155,903	100,606	Cash and bank balances		104,588	259,471
Accrued profit on financings		9,847	9,156			460,641	404,189
Short term borrowings		125,000	91,058	TOTAL ASSETS			
Current portion of non current liabilities		129,680	146,934			2,041,351	1,890,528
Provision for taxation		4,165	7,904				
		424,595	355,658				
Contingencies and Commitments	7	-	-				
Total liabilities		1,132,456	1,078,666				
TOTAL EQUITY AND LIABILITIES		2,041,351	1,890,528				

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

Atique Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



INTERIM CONDENSED PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED 31 MARCH 2013 (UN-AUDITED)

	NOTE	Nine Months ended		Quarter ended	
		31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012
		(Rupees in 000)		(Rupees in 000)	
Gross sales - local		955,978	543,172	328,662	194,996
Less:					
Sales tax		(124,778)	(69,679)	(43,175)	(24,895)
Net sales		831,200	473,494	285,487	170,101
Cost of sales	10	(517,074)	(313,427)	(187,651)	(119,291)
Gross profit		314,126	160,067	97,836	50,810
Distribution cost		(78,656)	(56,550)	(20,674)	(17,233)
Administrative expenses		(51,918)	(43,222)	(17,537)	(14,334)
Other operating income		2,426	41,614	1,527	9,476
Other operating expenses		(7,164)	(3,021)	(2,084)	(641)
		(135,312)	(61,179)	(38,768)	(22,732)
		178,814	98,888	59,068	28,078
Finance cost		(41,384)	(55,723)	(12,042)	(18,505)
Profit before taxation		137,430	43,165	47,026	9,573
Taxation		(4,165)	(5,146)	(1,434)	(1,794)
Profit after taxation		133,265	38,019	45,592	7,779
Earning per share - basic and diluted	11	1.84	0.52	0.63	0.11

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

Atique Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 31 MARCH 2013 (UN-AUDITED)

	Note	31 MARCH 2013	31 MARCH 2012
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Rupees in 000)			
Cash generated from/ (used in) operations	12	27,562	81,451
Finance cost paid		(40,694)	(51,075)
Income tax paid		(14,274)	(12,194)
		(54,968)	(63,269)
Net cash from/(used in) operating activities		(27,406)	18,182
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Property, plant and equipment purchased		(149,624)	(206,600)
Proceeds from disposal of operating assets		22,597	101,685
Long term deposits paid		(1,991)	(23,786)
Net cash used in investing activities		(129,018)	(128,701)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Long term financing - net		(11,032)	(58,583)
Loan from sponsors - net		(19,752)	31,517
Short term borrowings - net		33,942	39,959
Long term security deposits		1,650	(4,600)
Liabilities against assets subject to ijarah financing - net		(3,267)	131,728
Net cash from/(used in) financing activities		1,541	140,021
Net increase/(decrease) in cash and cash equivalents		(154,883)	29,502
Cash and cash equivalents at the beginning of the period		259,471	104,030
Cash and cash equivalents at the end of the period		104,588	133,532

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 NINE MONTHS ENDED 31 MARCH 2013 (UN-AUDITED)

	Nine Months Ended		Quarter ended	
	31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012
	(Rupees in 000)		(Rupees in 000)	
Net Profit for the period	133,265	38,019	45,593	7,778
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the period	133,265	38,019	45,593	7,778

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 (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013 (UN-AUDITED)

	Share capital	Share premium	Un-appropriated profit / (Loss)	Total
	(Rupees in 000)			
Balance as at 01 July 2011	724,500	30,000	(29,489)	725,011
Net profit for the period ended 31 March 2012	-	-	38,019	38,019
Other comprehensive income/(loss) for the period	-	-	38,019	38,019
Balance as at 31 March 2012	724,500	30,000	8,530	763,030
Balance as at 01 July 2012	724,630	30,000	57,232	811,862
Cash dividend @ Rs 0.5 per share for the six months period ended 31 December 2012	-	-	(36,232)	(36,232)
Net profit for the period ended 31 March 2013	-	-	133,265	133,265
Other comprehensive income/(loss) for the period	-	-	97,033	97,033
Balance as at 31 March 2013	724,630	30,000	154,265	908,895

Atique Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director



SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013 (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 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 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

31 MARCH 2013		30 JUNE 2012			Un-audited 31 MARCH 2013	Audited 30 JUNE 2012
(NUMBER OF SHARES)					(Rupees in 000)	
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
72,463,000	72,463,000				724,630	724,630

6. LONG TERM FINANCING

Opening balance	243,333	335,500
Add: Addition/(Payments) during period / year	(11,032)	(92,167)
Closing balance	232,301	243,333
Less: Current portion shown under current liabilities	89,333	114,333
	142,968	129,000

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

Commitment in respect of letter of credit amounted to Rupees 351.3 million (June 2012: Rupees 40.96 million).
Commitment for construction of building as at balance sheet date amounted to Rupees 51.45 million (June 2012: Rupees 46.00 million)



		Un-audited	Audited
		31 MARCH 2013	30 JUNE 2012
		(Rupees in 000)	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
		1,125,140	1,174,845
	Opening book value		
	Additions during the period/year	102,338	92,491
	8.1		
	Deletions during the period/year	(20,822)	(102,039)
	8.2		
	Less:	1,206,656	1,165,297
	Depreciation charged for the period/year	29,560	40,157
		1,177,096	1,125,140
8.1 Additions during the period/year			
	Land - lease hold	2,626	23,200
	Plant and machinery	92,042	66,516
	Furniture and fixtures	1,438	1,866
	Office equipments	117	516
	Computers	1,008	256
	Vehicles	5,107	137
		102,338	92,491
8.2 Deletions during the period/year			
	Plant and machinery	18,408	100,305
	Vehicles	2,414	1,734
		20,822	102,039
9. CAPITAL WORK IN PROGRESS			
	Building	13,168	12,491
	Plant and machinery	114,153	84,422
		127,321	96,913

9.1 An amount of Rupees 82.36 (2012 : Rupees 66.52 million) has been transferred to operating fixed assets.



10 COST OF SALES	Un-Audited		Un-Audited	
	Nine Months Ended		Quarter Ended	
	31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012
	(Rupees in 000)		(Rupees in 000)	
Stores and spare parts consumed	6,553	3,985	2,713	1,268
Fuel and power	193,383	158,987	77,004	59,281
Salaries, wages and other benefits	20,539	17,696	6,481	6,359
Communication	338	686	93	96
Repair and maintenance	9,182	4,148	1,087	1,096
Travelling and vehicle running	3,059	2,482	349	842
Insurance	1,743	1,719	653	614
Depreciation	29,737	27,516	10,902	8,867
Staff welfare	2,002	1,942	726	615
Transportation	746	1,083	393	663
Other factory overheads	4,231	5,179	1,096	1,661
Cost of goods manufactured	271,513	225,423	101,497	81,362
Finished goods:				
Opening stock	11,182	31,880	18,252	23,565
Purchases	261,569	88,659	95,091	46,899
Closing stock	(27,192)	(32,535)	(27,192)	(32,535)
	245,559	88,004	86,151	37,929
	517,072	313,427	187,648	119,291

11 EARNING PER SHARE - BASIC AND DILUTED

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

12 CASH GENERATED FROM/ (USED IN) OPERATIONS

Profit before taxation	137,430	43,165
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	36,211	33,964
Amortization of intangibles	210	210
Finance cost	41,384	55,723
(Gain) / Loss on disposal of asset	(1,775)	(319)
Working capital changes (Note 12.1)	(185,900)	(51,292)
	27,560	81,451



12.1 Working capital changes

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

(Increase) / decrease in current assets:

Stores, spare parts and loose tools

Stock in trade

Trade debts

Loans and advances

Trade deposits and prepayments

Balance with statutory authorities

Other receivables

Increase/(Decrease) in current liabilities

Trade and other payables

Un-Audited

Quarter Ended

31 MARCH 2013 31 MARCH 2012

(Rupees in 000)

4,474	(10,776)
(16,010)	(655)
(55,881)	(10,916)
(135,455)	(11,387)
(2,170)	(1,460)
-	1,159
77	33,016
(204,965)	(1,019)
19,065	(50,273)
(185,900)	(51,292)

13 SEGEMENT INFORMATION

Segment results are as follows:

Nine Months Ended

	31-Mar-13			31-Mar-12		
	Industrial and Medical Gases	Other Segments	Total	Industrial and Medical Gases	Other Segments	Total
	----- (Rupees in 000) -----					
Net sales	583,060	248,140	831,200	379,213	94,280	473,494
Cost of sales	(272,531)	(244,543)	(517,074)	(224,144)	(89,283)	(313,427)
Gross profit	310,529	3,597	314,126	155,069	4,997	160,067
Distributions cost	(78,135)	(521)	(78,656)	(55,611)	(939)	(56,550)
Administrative expenses	(51,269)	(649)	(51,918)	(42,682)	(540)	(43,222)
	(129,404)	(1,170)	(130,574)	(98,293)	(1,479)	(99,772)
Segment profit	181,125	2,427	183,552	56,776	3,518	60,295
Unallocated corporate expenses:						
Other operating expenses			(7,164)			(3,021)
Other income			2,426			41,614
			178,814			98,888
Finance cost			(41,384)			(55,723)
Profit before taxation			137,430			43,165
Taxation			(4,165)			(5,146)
Profit after taxation			133,265			38,019



14 RELATED PARTY TRANSACTIONS

Transaction with related parties and associated undertakings are as follows:

Nature of Relationship	Nature of transaction	Un-Audited	
		Quarter Ended	
		31 MARCH 2013	31 MARCH 2012
		(Rupees in 000)	
Provident fund trust	Contribution	10,719	3,714
Ghani Glass Ltd	Purchases	3,880	-
Shadman Mall	Sales and services	229	14,108
Sponsor	Loan received / (repaid)	(19,752)	31,517

15 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 24.04.2013

16 GENERAL

16.1 The figures have been rounded off to the nearest thousand of rupees.

16.2 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 nine months ended 31 March 2012.

16.3 Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison.

Atique Ahmad Khan
Chief Executive Officer

Hafiz Farooq Ahmad
Director