Ghani Gases Limited Annual Report 2014 A Company of Ghani Global Group

Annual Report 2014

Faith
Experience
Innovation
Growth

A Company of Ghani Global Group

Ghani Gases Limited

Manufacturer of Industrial & Medical Gases

CONTENTS

VISION and Philosophy

To be successful in this World and hereafter by utilizing the resources and commandments of ALLAH (ST) and ways / teachings of MUHAMMAD (PBUH), We eventually through our efforts become model for other companies and satisfaction of stake holders.

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2014

Mission Statement

To achieve and maintain high standard of quality product and customers' satisfaction in a manner that is superior to any one by a wide-margin and to become the leader amongst gases manufacturers.

Corporate Information

Board of Directors
Masroor Ahmad Khan
Atique Ahmad Khan, CEO
Hafiz Farooq Ahmad
Ayesha Masroor
Rabia Atique
Saira Farooq
Farzand Ali

Audit Committee
Masroor Ahmad Khan, Chairman
Hafiz Farooq Ahmad
Rabia Atique

HR & R Committee
Hafiz Farooq Ahmad, Chairman
Atique Ahmad Khan
Saira Farooq
Farzand Ali

Company Secretary
Farzand Ali, FCS

Chief Financial Officer
Asim Mahmud, FCA

Legal Advisor
DSK Law

Auditors
Rizwan & Company
Chartered Accountants
Member Firm of DFK International

Share Registrar
THK Associates (Pvt) Limited
2nd Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road,
Karachi-75530.
UAN: + 92 (021) 111-000-322
Fax: +92 (021) 35655595

GGL - I
52 km, Multan Road, Phool Nagar
Distt. Kasur
Ph: (049) 4510349-549
Fax: (049) 4510749
E-mail: ggl1plant@ghaniglobal.com

GGL - II
53-A, Chemical Area, Eastern
Industrial Zone, Port Qasim, Karachi
Ph: (021) 34740540-41
Fax: (021) 34740542
E-mail: ggl2plant@ghaniglobal.com

Corporate / Registered Office
82-N, Model Town (Ext.),
Lahore-54000, Pakistan
UAN: (042) 111 Ghani1 (442-641)
Ph: (042) 35161424-25
Fax: +92 (042) 35160393
E-mail: info@ghaniglobal.com
Website: www.ghaniglobal.com

Site Office
Main G.T. Road, Tarnol, Islamabad.
Email: sales.west@ghaniglobal.com

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

Core Values

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Our corporate values are to build and sustain high performance culture, with a continuous improvement through effective implementation of Vision, Mission, and Corporate objectives. The intrinsic values, which are the corner stones of our corporate behavior, are:-

Sharia Compliance

All Business transactions and financial needs at GGL shall be ensured in accordance with the SHARIA compliance.

Customer satisfaction

We understand that our commitment to satisfy customer's need must be fulfilled within a professional and ethical framework, thereby creating and ongoing relationship of trust and confidence in all their dealings with GGL. We will equip and train our team of professionals to provide the most efficient and personalized service to our customers.

Excellence

We are committed to achieve excellence to build and sustain high performance culture, with a continuous improvement through effective implementation of vision, mission, and corporate objectives.

SHEQ

Our core value is to develop safety, health, environment and quality oriented culture and emphasis to maintain related standards.

Professionalism

Ghani Gases is committed to exercise high level of professionalism in their work, use most appropriate skills and competencies to deal with customers and all stake holders.

Integrity

Ghani Gases are driven by commitment to protect and promote reputation as an honest and transparent organization. We refuse to tolerate in unethical behavior or fraudulent practices and make fair and transparent business to achieve our goals.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is undertaking the rule of "Corporate Citizen". It ensures that business values and policies are align in such a way to balance between improving and developing the wealth of business and contributing for betterment of society in an effective manner.

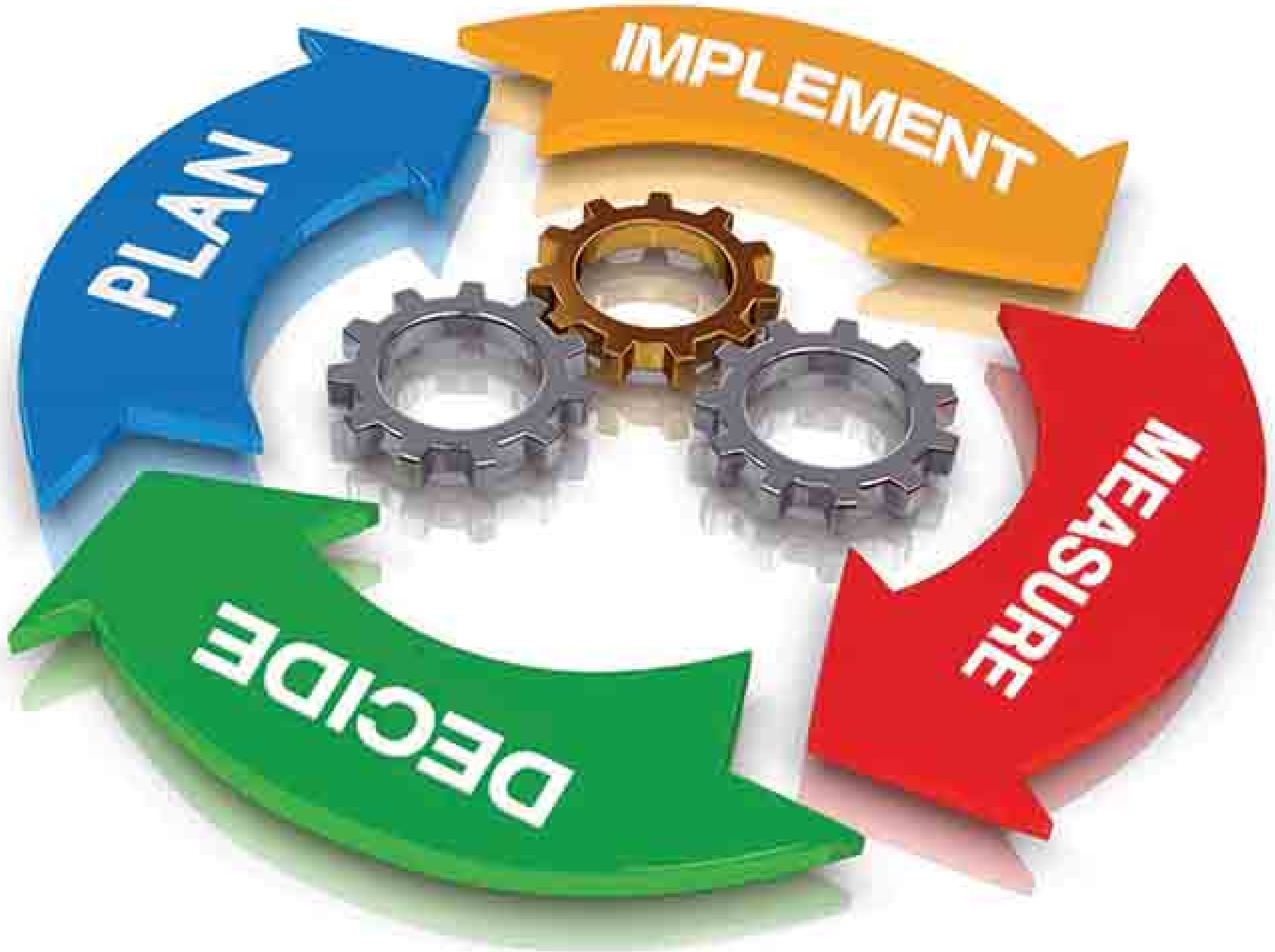
With the growth of our business, we have assumed an even greater responsibility of our society and stakeholders, including employees, their families and our business partner etc.

GGL is committed to both sustainable business practices and its responsibilities as a corporate citizen. We believe that Corporate Social Responsibility is primarily about conduction our business in a transparent and ethical way that enhances value for all of our stakeholders but also be giving support to events that enhance the wellbeing of the community.

Corporate Social Responsibilities and guidelines for corporate governance are steps in positive directions. Customer relation management is strategic business philosophy and processes are rooted through ethical practices. GGL support a clean environment and motivate its customers for this cause.

GGL also try its level best that business activities of customer must be environment friendly and should not hazardous to that Society.

Quality Management System



We are committed to ensur that Ghani Gases will be the industry leader in quality for every product and service we provide in all segments that we serve.

We have created an environment in which every employee is committed to provide the highest standard of personal quality.

We are carrying out our activities in a manner which:

→ Uses the ISO 9001 quality management system to verify the quality and continuous improvement of our policies, procedures, work instructions and system, and

→ Ensure that our products and services satisfy the highest standards through the application of best practices.

ISO - 9001 - 2008 Certified

Environment Management System

Ghani Gases!
commits to minimize any adverse
effect of its operation on the environment

"Do more, feel better, live longer"

Working on ISO 14001

Safety Health Environment Quality

Ghani Gases cares for the employee, customers and general public and is committed to provide a safe and injury free workplace.

Ghani Gases endeavors to carry out activities in a manner which:

- → Complies strictly with all SHEQ legislation and regulations,
- → Involves all personnel in a system of shared responsibility for safe operation,
- → Looks for continuous improvement in the workplace through the application of best safety & quality practices,
- → Contributes to the permanent improvement of operational efficienty and customers' satisfaction through a risk management program to protect our people, assets and business viability.

We endeavor to achieve our objective of zero accidents."

Safety First
Performance of the Year

Safety First

Number of Incident	0	1	2	3	4
Loss Work Days	0	1	2	3	4
Injury to Staff			YES	NO	

Safety on Site

Milage Without Accident	2,629,360 KM	
Vehicle Accident	YES	NO
Injury to Drive	YES	NO
Causality	YES	NO

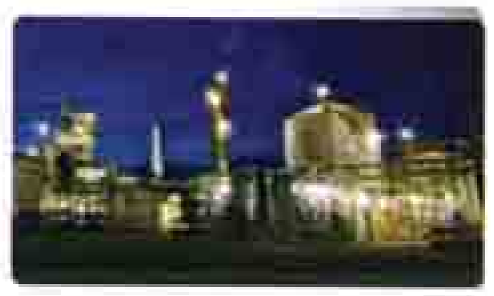
Safety on Site

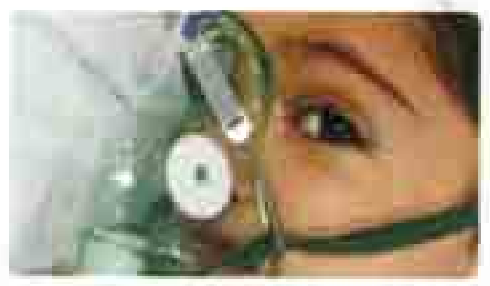
Incident at Industries	0	1	2	3	4
Incident at Compressing Stations	0	1	2	3	4

Training

Customer Segments

- → Oil & Gas
- → Chemical & Fertilizer
- → Ship Breaking & Scrap Cutting
- → Pharmaceutical
- → Health Care
- → Food & Beverage
- → Steel & Iron Mills
- → Light & Medium Engineering Works
- → Live Stock
- → Merchant Market




Ghai Gases! A Good solution for every situation...

Customers Satisfaction

- [x] Excellent
- [ ] Very Good
- [ ] Good
- [ ] Average
- [ ] Poor

High quality customer service is an integral part of GGI's philosophy. It is our constant endeavor to provide exclusive service with wider accessibility.

Besides "Safety", our corporate slogan is "Customer First". We always emphasis to provide best quality service to our customers. We continuously develop and improve customer - service oriented culture within GGL.

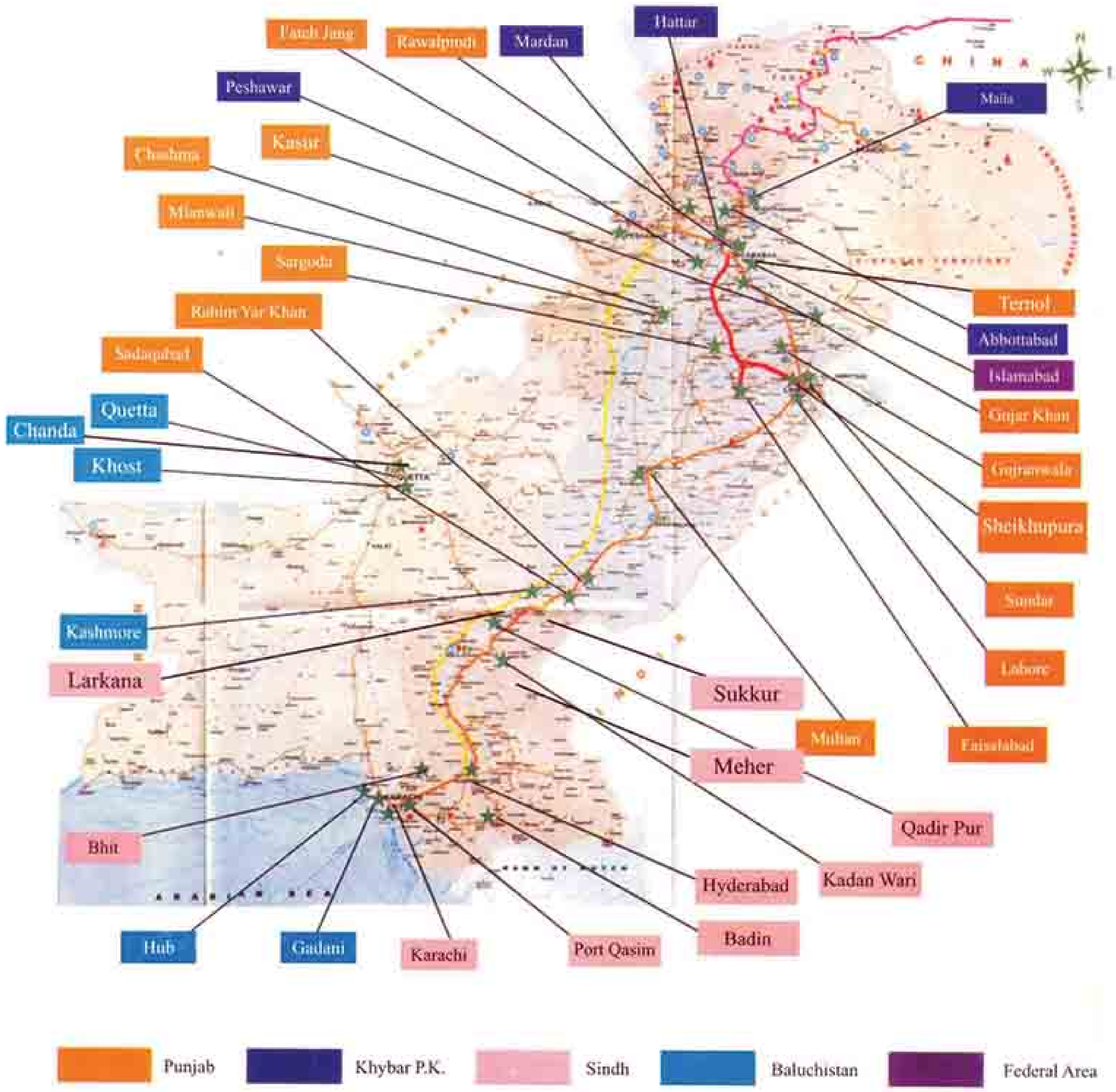
Knowing our customers and their need is the key to our business success. Our team of professionals are well equipped and well trained to provide the most efficient and personalized service to our customers.

We understand that our commitment to satisfy customer's need must be fulfilled within a professional and ethical framework, thereby creating and ongoing relationship of trust and confidence in all their dealings with GGL.

Besides, we also feel Safety First is the numbers one objective of GGL. It is incumbent upon the company and the management to ensure safe delivery of product to customers and that all the employees, customers and visitors coming to the site, go back to their families in safe condition. All the safety programmes, in-house and at customer's premises, have been installed, to ensure continuity in installed, to ensure continuity in programmes, a team of safety engineers is on board who ensures that all the safety aspects including human, machines, buildings, vehicles tankers and storage are met and taken care of.

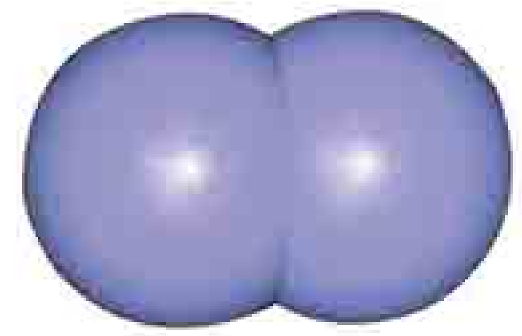
Customer First

Key Locations Around Pakistan



We are where our customers are

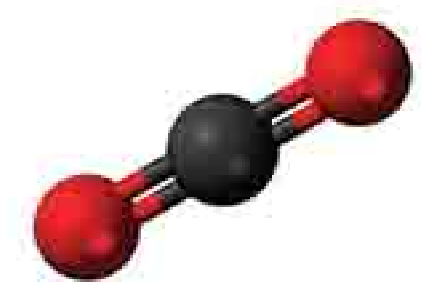
Product Range

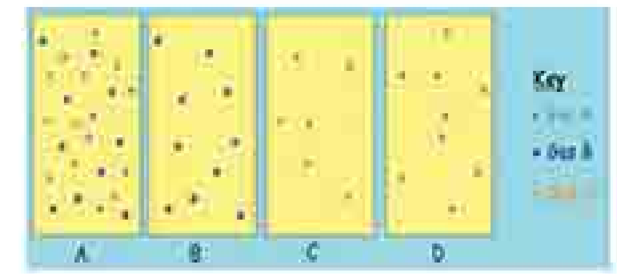

Oxygen


Nitrogrn


Argon


Dissolve Acetylene


CO^2


Mixture Gases


Medical Gas Piping System
(HTM 2022)

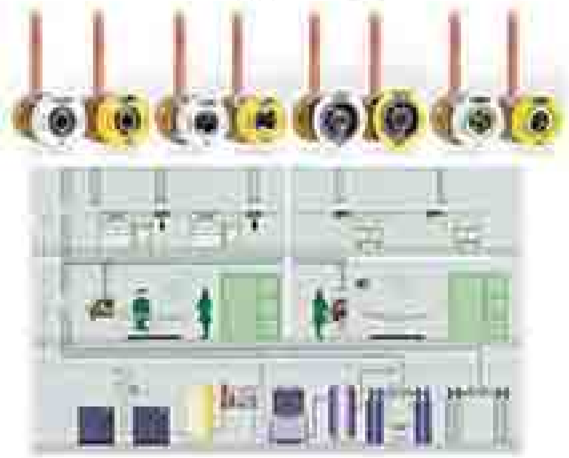

Calcium Carbide


Dura Containers

Cylinder Filling

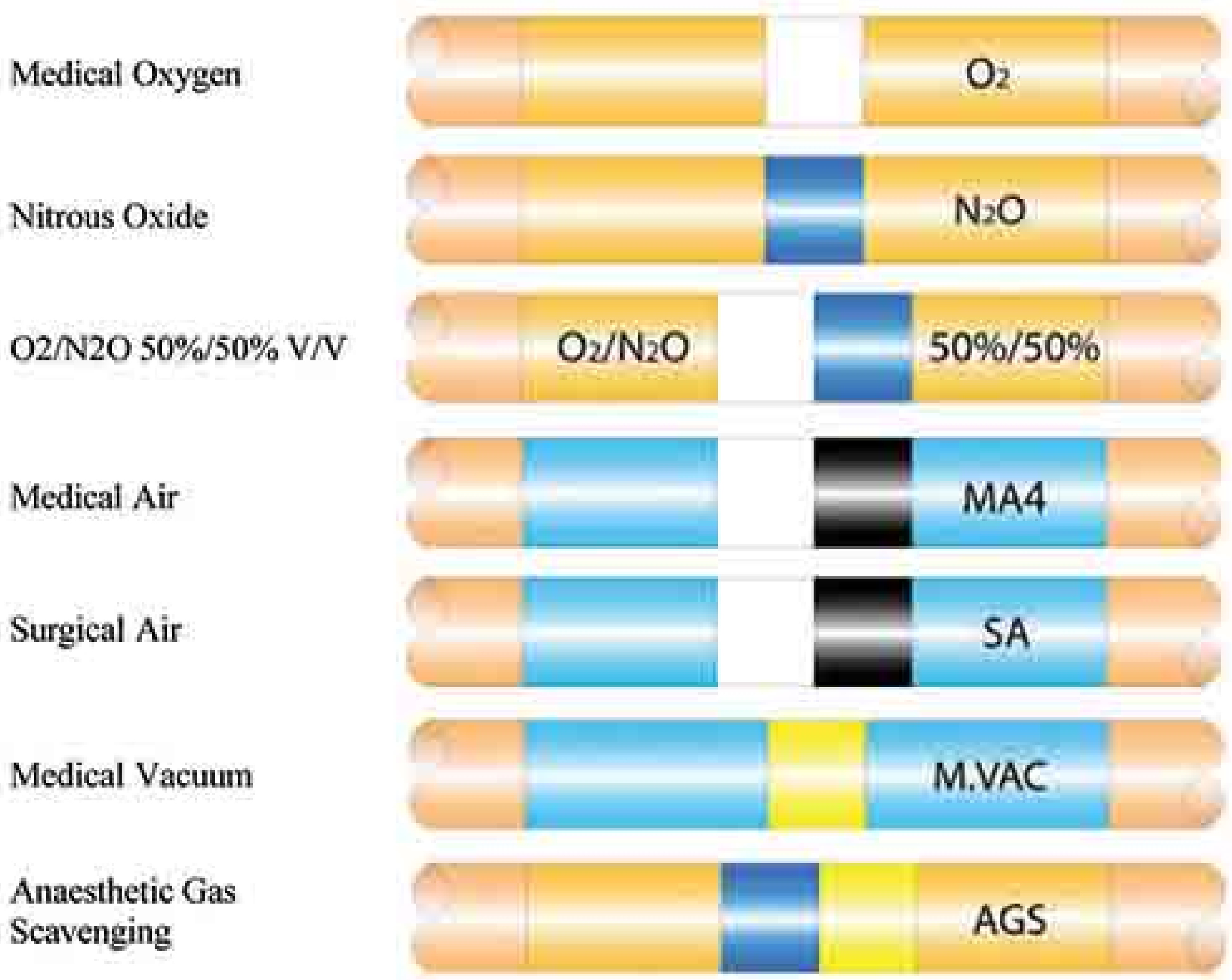
Ghani Gases offers a full-line of hospital pipeline services (HTM2022) including maintenance of the pipeline system, remote monitoring, training of hospital staff, audit and risk analysis, and all other services related thereto. Our experienced team of professionals is ready to help, install, optimize, and maintain hospital pipeline around the clock.

The service of Auditory Medical Gases offers a periodic analisys of the Medicinal gases distributed on the pipeline system. The analysis is done in different points of the hospital from source supplies (gas room) to the last terminal unit of the most critical area.



MEDICAL GAS PIPES

Identification of Medical Gas Pipelines



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 7th Annual General Meeting of the shareholders of Ghani Gases Limited (the company) will be held on Friday, October 31, 2014 at 04:00 p.m. at Park Plaza Hotel, M. M. Alam Road, Gulberg III, Lahore for transacting the following business:

1. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2014 together with the directors' and auditors' reports thereon.

2. To approve the distribution of 2.5% bonus shares (equal to two and half shares against every hundred shares) already paid during November 2013 as final dividend.

3. To appoint auditors and to fix their remuneration. Present auditors M/s. Rizwan & Company, Chartered Accountants being eligible offer themselves for reappointment.

4. To elect eight (08) directors as fixed by the board under the provisions of the Companies Ordinance, 1984 for three years. The names of retiring directors are:
   1. Mr. Masroor Ahmad Khan
   2. Mr. Atique Ahmad Khan
   3. Hafiz Farooq Ahmad
   4. Mrs. Ayesha Masroor
   5. Mrs. Rabia Atique
   6. Mrs. Saira Farooq
   7. Mr. Farzand Ali

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Farzand Ali
Company Secretary

Lahore
October 03, 2014

NOTE:-

1) The Share Transfer Books of the Company will remain closed from Tuesday October 21, 2014 to Tuesday October 28, 2014 (both days inclusive).

2) Any person seeking to contest the election to the office of Director must file with the Company Secretary his/her intention to offer himself/herself for election as director not later than 14 days before the date of AGM u/s 178(3) of the Companies Ordinance, 1984 along with detailed profile and consent to act as Director on Form-28 and declarations under the Code of Corporate Governance.

3) A member entitled to attend and vote at the meeting may appoint another member as his proxy to attend and vote on his/her behalf. The proxies, in order to be effective, must be received at the registered office of the Company duly stamped and signed not less than 48 hours before time of the meeting. A proxy must be a member of the Company.

4) CDC account holders will have to follow the following guidelines for attending the meeting:

I. In case of individuals, the account holders, sub account holders and the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing original CNIC or passport (in case of foreign national) at the time of attending the meeting. The shareholders registered in CDC are also requested to bring their participant I.D. numbers and account number in CDC.

II. in case of Corporate entity, the board of director's resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification purpose.

5) The Securities and Exchange Commission of Pakistan has facilitated the companies to circulate annual financial statements to its members through e-mail. The members who intend to receive the annual accounts through email are requisted to kindly send their written consent along with their e-mail addresses to Company Secretary or the Share Registrar of the company. Standard Request Form has been placed at company's website: www.ghaniglobal.com

6) The company has placed it's Annual Report for the financial year ended June 30, 2014 at company's website: www.ghaniglobal.com

7) Shareholders are requested to communicate any change in their addresses immediately to our Share Registrar.

DIRECTORS' REPORT

Dear Members,

Assala-Mo-Aliakum Wa Rehmatullah-a-Wa Barakatohu

The directors of your company are pleased to present the 7th annual report of Ghani Gases Limited for the year ended June 30, 2014.

National economy

Pakistan succeeded in attaining 4.14 percent growth in the outgoing fiscal year which is the highest level achievement since 2008-09. The economy has taken a turnaround on account of following serious economic agenda and striving sincerely to implement it. Early positive results, particularly stabilizing foreign exchange reserves, appreciation of exchange rate, exceptional increases in remittances, historical heights of Karachi Stock Exchange, shift in market based (T-Bills and PIB), public debt toward medium to long term, successful launching of Euro Bond and auction of 3G/4G licenses reinforced this view. The international financial institutions also acknowledged and appreciated the positive improvement in national economy.

A comprehensive agenda of reforms is highly focused on inclusive growth and to reinvigorate the economy, spur growth, maintain price stability, provide jobs to the youth and rebuild the key infrastructure of the economy through somehow efforts for removal of bottlenecks like, long term planning to overcome energy crises, privatization of bleeding PSEs, circular debt along with creating conductive investment climate to boost exports and tax revenues, and bridge fiscal and current account deficits. Government has shown commitment to develop vibrant and competitive market in order to accelerate and sustain economic growth through productivity, competitiveness, innovation and entrepreneurship.

The growth momentum is broad based, as it is recorded that all the three major sectors namely agriculture, industry and services have provided support to improve economic growth.

Pakistan's Stock Market has achieved enormous growth during the current fiscal year as demonstrated by sharp and impressive rise in KSE-100 index as compared to Global Stock Markets including China, India, Tokyo, Hong Kong, UK and USA. The KSE 100 index which was at the level of 21,005.69 at the end of last financial year crossed first the barrier of 25,000 level market at the end of December, 2013 and was closed 29,652.53 level by the end of June, 2014.

The recent protest marches, besides holding the capital of Pakistan hostage for weeks has made the already severely battered economy of the country suffer mammoth financial losses. The political uncertainty naturally having negative impact on foreign investment in the country and heads of states of certain countries postponed their visits to the country.

On the other hand recent unexpected heavy rains and floods wreaked widespread destruction across vast swathes of central and southern Punjab and some parts of Sindh.

Operations & performance

Alhamdulillah the company has completed another successful year of operations. During the year the plant performance remained satisfactory as the plant was operated highly qualified, dedicated and experienced team of engineers which resulted into achieving the targeted plant loading. To gain the customer's confidence and having a high level of reliability the existing plant is equipped with one million liters oxygen and half a million liters of nitrogen storage in the liquid farm. The specific power remained close to design which has resulted into economical cost of production.

Increase in electricity tariffs, continuous load shedding, curtailment/ load management in sui gas supply, the highest ever prices of diesel and petrol have put a negative momentum on overall manufacturing and industrial sector and high costs of production and transportations. Scheduled and un-scheduled load-sheding result in frequent startups, your company managed to achieve production targets. To ensure continuous supply to customers, your company managed the production through high cost alternate energy system to ensure plant operation during crises seasons.

Financial performance

Your directors are pleased to report a good performance by your company. The company continued its efforts to further secure itself as a strong player in the industry whilst functioning in an external environment thwart with challenges. Despite continuous of various challenges to the country including debilitating power cuts, security situation and present scenario of overall economics, by the Grace of Allah Almighty, the company achieved a growth of 11% in turnover. Alhamdulillah turnover touched the height of Rs. 1,559 million mark against Rs. 1,401 million as compared with last year. Gross profit for the year was Rs. 327 million against corresponding figure of Rs. 391 million posting decline over last year. Gross profit rate declined, due to exorbitant increase in electricity prices (about 53% during August 2013), a major component of manufacturing cost which could not passed on customers due to price competition. In the result operating profit has also decreased to Rs. 155.40 million against profit of Rs. 213.41 million as compared to last year. This year profit before taxation is amounting to Rs. 103.54 million as compared to last year amounting to Rs. 158.00 million. Profit after tax has decreased to Rs. 73.14 million from Rs. 151.91 million and provision of deferred tax amounting to Rs. 12.54 million has also accounted for decreasing the net profits of the company.

Distribution cost decreased in absolute terms and in term of percentage to net sales. Similarly, administrative and financial expenses also remained controlled.

Accordingly we achieved earnings per share (EPS) Rs. 0.98 against Rs. 2.05 if compared with the last year on account of aforementioned factors.

A comparison of the key financial results of your company for the year ended June 30, 2014 with the same period of last year is as under:

Particulars	Rupees in '000'	
	June 2014	June 2013
Sales	1,558,692	1,401,534
Net Sales	1,347,426	1,217,455
Gross Profit	327,317	390,608
- As %age of net sales	24.29%	32.08%
Distribution cost	105,471	110,490
- As %age of net sales	7.83%	9.08%
Administrative expenses	62,186	60,062
- As %age of net sales	4.62%	4.93%
Operating profit	155,396	213,413
- As %age of net sales	11.53%	17.53%
Profit before taxation	103,536	158,003
Net Profit	73,138	151,906

Sales & Marketing

Alhamdulillah your company continued to set track record of growth over the last five years in utilizing its world-class production and distribution facilities throughout Pakistan to become the largest supplier in the on-site as well as a leader in the bulk supply markets. Product is distributed to customers using its modern fleet of the cryogenic tankers to provide reliable supplies of gases such as Oxygen, Nitrogen and Argon, to major corporations in the steel, stainless steel, chemical, petrochemical, pharmaceutical, ship breaking industries, Oil & Gas, engineering industries and hospital care. In addition to gases your company has achieved the confidence in chemical business in southern and central parts of the country. We have also explored new markets and succeeded to increase our share of business.

In addition to industrial and medical gases, your company has significantly improved the trading business of chemicals and has been entered in other sale segments of this sector.

Ghani Gases endeavors to continue its growth trend and market leadership in providing Pakistan industry with the best gas quality as well as the safest and most reliable supplier.

Our Quality Management System (ISO 9001) listing is a foundation upon which our process of continuous improvement makes us a world-class gas supplier to add value to our customers, products and services.

How is 2015 looking?

Alhamdulillah your company has successfully commissioned another state of the art ASU plant at Port Qasim. By this addition the production capacity has been doubled without increase in shareholders' equity.

We are seeing a continued recovery in core business in south and west regions. After formal entry in south we are seeing handsome growth in sale and also expecting price competition. We are proving to be the most reliable supplier in the market without compromising on quality and safety. Our teams are more committed than ever to our ambition of becoming the recognized Pakistan leader in our industry.

The country has been experiencing continuous energy and political crises which have slow down the economic activities. This situation seems to be continued during coming quarters. To overcome energy crises GGL has been utilizing multi resources to ensure the availability of products.

Overall economy is somehow is in the state of standstill due to political impasse. Government's concentration on economical reforms is seemingly highly disturbed on account of political protests. Moreover, active competition especially in southern part of the country is dragging the prices down, in turn and squeezing the margins. With the blessings of ALMIGHTY ALLAH and prayers of all of you, the directors and management of your company are focusing on the clear strategy to meet the objectives and goals of the company.

As announced earlier, your company has planned to set up two 06 MW coal fired thermal power plants to meet the energy requirements of both the units. First plant shall be commissioned IN SHAA ALLAH at GGL 1 site, due to extreme load shedding in Punjab. This power plant shall not only ensure continuous production with economic energy resource and enhanced production of high value product- Argon.

The directors of your company always endeavors to foresee challenges of future. In this context, planning to setup a plant in western region of the country is in pipeline.

Pay out to the shareholders

The management of your Company strongly believes to pass on return of investment to their shareholders. Keeping in view the expansion program by way of 100% increase in production capacity by setup of an ASU plant in Port Qasim, the board of directors of your company has not recommended any cash dividend. However the company has already distributed 2.5% bonus shares (equal to two and half shares against every hundred shares) during November 2013 as interim dividend.

Investment in associated company

Shareholders of your company in their meeting held on October 30, 2013 has approved the investment of Rs. 45 million in shape of equity in Ghani Global Glass Limited

(GGG) an associated undertaking and to provide corporate guarantee for Rs.650 million by the company to above associated company.

Accordingly your company has provided corporate guarantee for Rs.600 million during January 2014 and has also invested Rs.45 million during June 2014 in shape of equity in the shares of Ghani Global Glass Limited.

Riba-Free business

Alhamdulillah at GGL all business transactions and financial needs are ensured in accordance with the SHARIA compliance.

The name of GGL has been included in the list of Shariah-compliant stocks on KSE website.

Safety, health, environment & quality (SHEQ)

Safety first is the number one objective of Ghani Gases. It is incumbent upon the company and the management to ensure that all the employees, customers and visitors coming to the site, go back to their families in safe condition. All the safety programs, in-house and at customer's premises, have been installed. To ensure continuity in the safety programs, a full time safety engineer is on board who ensures that all the safety aspects including human, machines, buildings, vehicles, tankers and storage are met and taken care off.

Since commissioning of our first plant during May 2009 and by the grace of Almighty Allah GGL-I site has completed 1871 days without any loss of time or incident Alhamdulillah.

Ghani Gases is environmentally alive and is ensuring zero air, water and ground pollution. The company is maintaining gardens and plants at the site to make the work place attractive and give comfortable environment to the employees and customers.

In addition to safety, health and environment, Ghani Gases is highly focused on quality standards. Your company has adopted the world's best quality management system ISO-9001:2008. Certification of the system has been obtained from world's known "UKAS". Annual surveillance audit is conducted by the certification agency to ensure the compliance of the quality management system. Recently re-assessment audit for new certification cycle against ISO 9001:2008 has successfully been conducted. In addition to above the company has commenced the working on ISO-14000 the environment management system.

Human resources

Development of Human Resources is one of the priority areas in Ghani Gases as the management considers human capital as the most precious asset of your Company.

Alhamdulillah Ghani Gases has hired highly qualified, experienced and all areas such as marketing, plant operations, customer engineering services, finance and corporate.

Ghani Gases' employees' commitment, professionalism and focus on quality and customers' care have helped us to gain a reasonable market share in a short period.

Training and development

To ensure the high standard of performance, the GGL hires fresh engineer and train them on site to take the plant operations responsibilities. The on-job and regular class room training sessions, covering operation and maintenance of plants / equipments and managing the distribution fleet, are conducted on regular basis.

Product delivery system

GGL is having the country's latest and efficient distribution fleet.

To get the best performance competent teams are on the job on 24 hours basis to maintain the fleet and ensure that no customer gets dry at any given time.

Customer satisfaction

Alhamdulillah Ghani Gases has a large customer network throughout the country and the customers' satisfaction is the top priority of your Company. Teams of dedicated and competent engineers and technicians are deployed to maintain the equipments at customer premises and to attend customer complaints round the

clock. This strength of the Ghani Gases has gained confidence in the market place.

Ghani Gases is highly focused on quality, environmental and safety standards. Your company has been meeting the oxygen requirements of different hospitals as a life saving tool in Lahore, Rawalpindi, Islamabad and Karachi. The needs of critical industries, including pharmaceutical, chemical, steel, ship-breaking and food are met timely and best services are provided. Apart from reputable industrial segments and hospitals, Ghani Gases has setup a nation-wide strong dealership network in all the major cities to meet the merchant market/ retailers need. Recently we have entered into an agreement for supply of liquid as well as gasious oxygen with a large scale governement organization.

In addition to manufacturing as well as product storage facilities at Lahore and Port Qasim, the GGL has developed product storage facility at Hub near Gadani Ship Breaking and Tarnol, Islamabad (on main Peshawar Road).

Contribution to national exchequer

During the year under review Ghani Gases contributed Rs.587 million in shape of taxes, duties and levies paid to central, provincial governments and local authorities.

Statutory auditors of the company

The present auditors M/s. Rizwan & Company, Chartered Accountants retire and offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the year ending June 30, 2015.

Staff retirement benefit

Ghani Gases operates a funded contributory Provident Fund Scheme for its employees and contributions based on salaries of the employees are made to the Fund on monthly basis.

Share price trend

Share price of Rs. 10 each of GGL at one stage rose as high as Rs.33.48, lowered as low as Rs. 22.75 and closed at Rs. 24.75 as on June 30, 2014.

Compliance with the code of corporate governance

Ghani Gases has adopted the requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2014 and have been duly complied with.

Statement of Compliance with the best practices of code of corporate governance

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

Code of conduct

The board of Ghani Gases has adopted a code of conduct. All employees are informed of this code and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

Audit committee

An audit committee of the Board has been in existence in accordance with the Code of Corporate Governance, which comprises of

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two executive and one non executive directors. Uptil February 2014 composition of committee was one executive and two non executive directors. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations. Four meetings of the audit committee were held during the year ended June 30, 2014. The audit committee comprises the following members:

Masroor Ahmad Khan, Chairman
Hafiz Farooq Ahmad
Rabia Atique

The attendance of the committee members' is as follows:

Masroor Ahmad Khan	01
Hafiz Farooq Ahmad	04
Rabia Atique	04

Relations with stakeholders

Ghani Gases is committed to establish mutually beneficial relations with all suppliers, customers, bankers, employees, stock exchange, SECP and other business partners of the Company. Alhamdulillah during the period under review relations with all stakeholders remained cordial.

Corporate social responsibility

GGL is committed to both sustainable business practices and its responsibilities as a corporate citizen. We believe that Corporate Social Responsibility is primarily about conducting our business in a transparent and ethical way that enhances value of all of our stakeholders but also by giving support to events that enhance the well-being of the community.

Corporate Social Responsibility and guidelines for corporate governance are steps in positive directions. Customer relation management is strategic business philosophy and processes are rooted through ethical practice.

With the growth of our business, we have assumed an even greater responsibility of our society and stakeholders, including employees, their families and our business partner etc.

GGL also supports a clean environment and motivates its customers for this cause. GGL also trys its level best that business activities of customers must be environmental friendly and should not hazardous to the society.

For the last five years, we have been sending every year one employee of the company for performing Hajj (with pay on company's expense) selected through balloting.

Ghani Gases endeavors to be a trusted corporate entity and fulfills the responsibility towards the environment and society in general.

Board of directors

The Board of Directors, which consist of seven members, have responsibility to independently and transparently monitor the performance of the company and take strategic decisions to achieve sustainable growth in the company value.

Mrs. Tahira Naheed, one of the directors of the company resigned during March 2014. To fill the casual vacancy Mr. Farzand Ali, Secretary of the company was appointed as director of the company.

A written notice of the board meeting along with working papers was sent to the members seven days before meetings. A total of six meetings of the Board of Directors were held during the year ended June 30, 2014.

The attendance of the board memers' is as follows:

Name of the Director	No. of meeting attended
Mr. Masroor Ahmad Khan	06
Mr. Atique Ahmad Khan	05
Hafiz Farooq Ahmad	05
* Mrs. Tahira Naheed	04
Mrs. Ayesha Masroor	06
Mrs. Rabia Atique	06
Mrs. Saira Farooq	06
**Mr. Farzand Ali	02

* Resigned on 18-02-2014
** Appointed on 01-03-2014 to fill the casual vacancy

Leave of absence was granted to directors who could not attend some board meetings.

The present board of directors will complete their terms of office on October 31, 2014. The election of directors under section 178 of the companies Ordinance 1984, for a further period of three years will be held in the Annual General Meeting of the shareholders being held on October 31, 2014.

Remuneration to the CEO and working directors

The board of directors of your company has revised the remuneration of the CEO and two working directors with effect from1st day of March 2014 from Rs. 500,000/- per month each to Rs. 590,000/- per month each, names are as under:
-Mr.Atique Ahmad Khan, CEO
-Mr.Masroor Ahmad Khan, Director
-Hafiz Farooq Ahmad, Director

Before appointment, as director of the company (from March 01, 2014), Mr. Farzand Ali Secretary of the company was being paid Rs.174,059/- as monthly remuneration along with company maintained car and other benefits as per company's policy. After appointment as director of the company, there has been no change in remuneration or any other benefit of this gentleman.

Corporate and financial reporting framework

In compliance with the Code of Corporate Governance, we give statements of Corporate and financial reporting framework;

• The financial statements together with the notes thereon have been drawn up by the management in conformity with the companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

• Proper books of account have been maintained by the company.

• Appropriate accounting policies have consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

• International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

• The system of internal control is sound in design and has been effectively implemented and monitored.

• There are no significant doubts upon the company's ability to continue as a going concern.

• There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

• There has been no departure from the best practices of transfer pricing.

• Information about taxes and levies is given in the notes of accounts.

• The value of investments and bank balances in respect of staff retirement benefits:

Provident Fund Rs. 22.956 million (2013 Rs. 23.477 million).

Pattern of shareholding under code of corporate governance

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2014, whose disclosure is required under the reporting framework, is included in the annexed shareholder's information.

Post balance sheet events

No material changes or commitments affecting the financial position of the company have occurred between the end of financial year of the company and date of this report.

Acknowledgement

The directors express their deep appreciation to our valued customers who placed their confidence on your company. We would like to express sincere appreciation to the dedication of company's employees to their professional obligations and cooperation by the bankers, government agencies, which have enabled the company to display good performance both in operational and financial fields.

We thank our shareholders who reposed their confidence on management of the company, the officials of the SECP, the Karachi Stock Exchange and all government and other institutions which have direct or indirect relations with the company.

We thanks Allah Subhanatallah for blessing your Company and all of us and we all should obey the commandments of Allah Subhanatallah and Sunnah of our Prophet "Muhammad" (peace be upon him).

For and on behalf of the
Board of Directors

Atique Ahmad Khan
Chief Executive Officer

Lahore
September 25, 2014

Audit Committee

In line with best practice, the Board of Directors has established the audit committee. The terms reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board. These include:

i. To recommend to the Board of Directors the appointment of external auditors by the company's share holders and consider any question of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the company in addition to audit of its financial statement;

ii. To review the quarterly, half yearly and annual financial statements of the company, prior to approval by the Board of Directors.

iii. To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;

iv.To review the management letter issued by external auditors and management's response thereto.

v.To ensure coordination between the internal and external auditors of the company;

vi.To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and appropriately placed within the company;

vii. To consider the major findings of internal investigation and management's response thereto;

viii. To ascertain that the internal control system including financial and operational control, accounting system and reporting structure are adequate and effective;

ix. To determine compliance with relevant statutory requirements; and

x.To monitor compliance with the best practices of corporate governance and identification of significant violation thereof;

The committee comprises of the following members:

Masroor Ahmad Khan
Executive (Chairman)

Hafiz Farooq Ahmad
Executive (Member)

Rabia Atique
Non-Executive (Member)

Lahore.
September 25, 2014

Key Operating & Financial Data

Six Years At A Glance

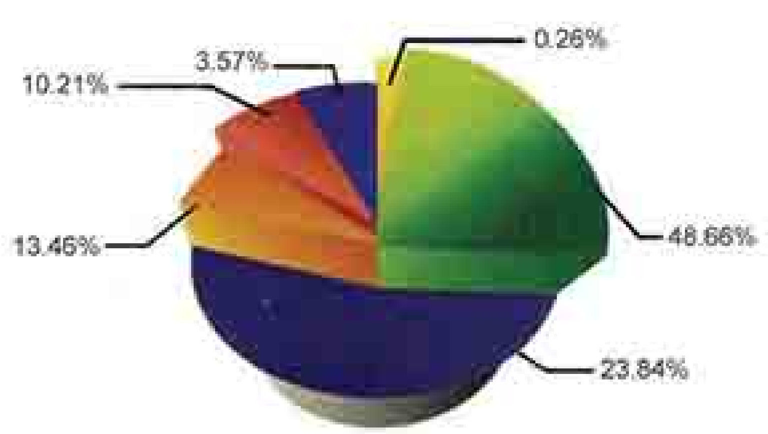
Rs. (in '000)

	2014	2013	2012	2011	2010	2009
Operating Results						
Sales (gross)	1,558,692	1,401,534	849,749	520,773	314,935	25,651
Gross profit	327,306	390,607	275,302	145,531	25,509	1,909
Profit/(Loss) before tax	103,536	158,003	94,392	85,013	(62,558)	(38,367)
Financial data						
Fixed assets	2,334,225	1,398,107	1,322,419	1,222,849	823,078	860,921
Capital work in progress	14,030	171,827	96 913	12,102	265,233	196,607
Intangibles assets	350	630	910	11,20		
Long term deposits	64,162	79,169	65,865	42,153	17,384	13,983
Long term assets	45,000	-	-	-	-	-
Current assets	679,629	898,157	404,189	254,612	178,414	57,785
Current liabilities	676,662	462,651	355,658	252,257	172,856	64,706
Financed by:	**2,460,734**	**2,085,239**	**1,534,638**	**1,280,579**	**1,111,255**	**1,064,590**
Ordinary capital	742,746	724,630	724,630	724,500	724,500	724,500
Reserves	30,000	30,000	30,000	30,000	30,000	30,000
Un appropriated profit/(loss)	227,696	172,674	57,000	(29,489)	(108,933)	(44,729)
Shareholder's equity	**1,000,442**	**927,304**	**811,630**	**725,011**	**645,567**	**709,770**
Loan from sponsors (interest fee)	1,004,104	611,381	437,433	250,137	100,772	-
Banks and others	456,188	546,554	285,575	305,431	364,916	354,819
Finances and deposits	**1,460,292**	**1,157,935**	**723,008**	**555,568**	**465,688**	**354,819**
Funds invested	**2,460,734**	**2,085,239**	**1534,638**	**1280,579**	**1,111,255**	**1,064,590**
Earning per-share (Rs.)	0.98	2.05	1.19	1.10	(0.89)	(0.79)
Break-up-value (Rs.)	13.47	12.80	11.20	10.01	8.91	9.80
Cash Dividend %	-	5	-	-	-	-
Bonus Share % Interim	5	-	-	-	-	-

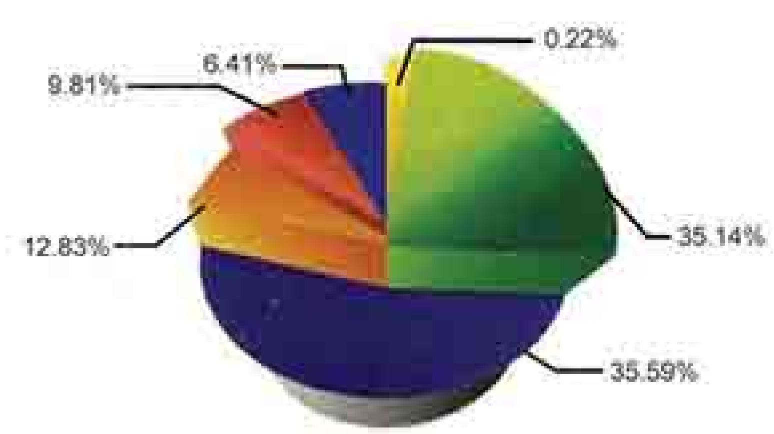
VALUE ADDED STATEMENT

	2014 (Rupee in '000)	(%)	2013 (Rupee in '000)	(%)
Wealth Generated / Value added:				
Turnover (including sales tax)	1,558,692		1,401,534	
Less: Purchased materials and services	(1,054,305)		(839,470)	
Valued added	504,387		562,064	
Other income	3,401		2,824	
Wealth Created	**507,788**	**100**	**564,888**	**100.00**
Wealth Distribution				
To employees				
Salaries, benefits and other costs	68,367	13.46	72,454	12,83
To Government				
Income tax, sales tax, WPPF	247,113	48.66	198,491	35.14
To society and development initiatives				
Donations to education, health and environment	1,295	0.26	1,247	0.22
To providers of capital				
Dividend to share holders	18,116	3.57	36,231	6.41
Profit on borrowed funds	51,860	10.21	55,410	9.81
To company				
Depreciation, amortization and Retained profit	121,037	23.84	201,055	35.59
	507,788	**100**	**564,888**	**100.00**

Value Allocated 2014



Value Allocated 2013



To Shareholders
To company | To government | To employees | To providers of capital | To society and development initiatives

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Visit by Sprint Oilfield QHSE Advisor

Visit by Sheikh Zayed Hospital Lahore team

Visit by Children Hospital Lahore team

PATTERN OF HOLDING OF SHARES

HELD BY THE SHAREHOLDERS AS AT 30TH JUNE 2014

Incorporation Number: 0063479

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
211	1	100	3535
156	101	500	60778
480	501	1000	320378
502	1001	5000	1340160
158	5001	10000	1233431
60	10001	15000	757562
48	15001	20000	856362
21	20001	25000	491162
20	25001	30000	557381
9	30001	35000	295362
11	35001	40000	431625
7	40001	45000	296812
17	45001	50000	849882
6	50001	55000	315094
3	55001	60000	176000
4	60001	65000	250975
2	65001	70000	140000
6	70001	75000	439158
6	75001	80000	473682
1	80001	85000	83000
3	85001	90000	262475
2	90001	95000	183134
13	95001	100000	1300000
2	100001	105000	203500
1	110001	115000	115000
3	115001	120000	360000
1	120001	125000	125000
1	125001	130000	130000
1	140001	145000	144850
2	145001	150000	300000
2	150001	155000	304400
1	160001	165000	160500
1	170001	175000	175000
1	185001	190000	189000
1	190001	195000	195000
2	195001	200000	397500
1	235001	240000	238000
1	275001	280000	277500
1	295001	300000	300000
1	300001	305000	300500
1	320001	325000	322875
1	345001	350000	350000
1	350001	355000	352500
1	430001	435000	430100
1	495001	500000	500000
1	620001	625000	622500
1	740001	745000	741375
1	1345001	1350000	1350000
1	1370001	1375000	1375000
1	1420001	1425000	1425000
1	1435001	1440000	1435612
1	2490001	2495000	2494000
1	2825001	2830000	2829912
1	3080001	3085000	3081970
1	3090001	3095000	3092220
1	3295001	3300000	3300000
1	3895001	3900000	3895922
1	4025001	4030000	4027405
1	8695001	8700000	8699687
1	9410001	9415000	9411307
1	9500001	9505000	9503492
1,790			74,274,575

Categories of Shareholders	Shares Held	Percentage
Directors, chief executive officer their spouse and minor children	42,657,123	57.43
Banks, DFI & NBFI	238,000	0.32
Modarabas and mutual funds	232,072	0.31
*Shareholders' holding 5% or more	40,357,663	54.34
General public		
- Local	25,516,715	34.36
- Foreign	608,726	0.82
Others		
Joint stock companies	5,021,939	6.76
	74,274,575	**100.00**

* Total number of shares held and percentage is included in categories of shareholders of directors, chief executive and general public.

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DETAIL OF PATTERN OF SHAREHOLDING
AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

DIRECTORS, CEO THEIR SPOUSES AND MINOR CHILDREN

			Holding
1.	Mr. Masoor Ahmad Khan	Director	12,803,492
2.	Mr. Atique Ahmad Khan	Chief Executive Officer	10,074,687
3.	Hafiz Farooq Ahmad	Director	9,556,157
4.	Mrs. Ayesha Masroor	Director	3,243,870
5.	Mrs. Rabia Atique	Director	3,895,922
6.	Mrs. Saira Farooq	Director	3,081,970
7.	Mr. Farzand Ali	Director	1,025
			42,657,123

PUBLIC SECTOR COMPANIES AND CORPORATIONS

1. United Trading & Manufacturing (Pvt.) Limited	24,000
2. Moosani Securities (Pvt.) Limited	8,062
3. M/s. Rang Commodities (Pvt.) Limited	277,500
4. NH Securities (Pvt.) Limited	1,025
5. Investforum (SMC-Pvt.) Limited	512
6. Capital Vision Securities (Pvt.) Limited	3,522
7. S. Z. Securities (Pvt.) Limited	10,000
8. Fawad Yusuf Securities (Pvt.) Limited	1,425,000
9. Rafi Securities (Private) Limited	5,000
10. Multiline Securities (Pvt.) Limited	78,183
11. Bawani Air Product Limited	512
12. FDM Capital Securities (Pvt.) Limited	40,250
13. S. Z. Securities (Private) Limited	19,500
14. Sherman Securities (Private) Limited	2,829,912
15. HH Misbah Securities (Private) Limited	10,250
16. Unified Junctions Services (Pvt.) Limited	25,000
17. Stock Master Securities (Private) Limited	1,537
18. Shafi Foods (Private) Limited	20,000
19. Darson Securities (Pvt.) Limited	34,575
20. Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Limited	55,000
21. Baba Equities (Pvt.) Limited	2,000
22. Muhammad Bashir Kasmani Securities (Pvt.) Limited	2,000
23. GMI Capital Securities (Pvt.) Limited	20,000
24. Horizon Securities Limited	512
25. Siddiq Leather Works (Pvt.) Limited	6,087
26. Pak Asian Fund Limited	2,500
27. Hamza Farhad Securities (Pvt.) Limited	77,500
28. JS Global Capital Limited	27,500
29. Asda Securities (Pvt.) Limited	10,000
30. Standard Capital Securities (Pvt.) Limited	4,500
	5,021,939

MODARABAS AND MUTUAL FUNDS

1. Golden Arrow Selected Stocks Fund Limited	7,072
2. MCBFSL- Trustee Pak Oman Advantage Asset Allocation Fund	100,000
3. MCBFSL- Trustee Pak Oman Islamic Asset Allocation Fund	125,000
	232,072

BANKS, DFI & NBFI

1. Pair Investment Company Limited	238,000

SHARES HELD BY THE GENERAL PUBLIC — **26,125,441**

SHAREHOLDERS' HOLDING 5% OR MORE OF TOTAL CAPITAL

*1. Mr. Masroor Ahmad Khan	12,803,492
*2. Mr. Atique Ahmad Khan	10,074,687
*3. Hafiz Farooq Ahmad	9,556,157
*4. Mrs. Rabia Atique	3,895,922
5. Mrs. Farnaz Fayyaz	4,027,405

*These are also directors of the company

TRADING BY DIRECTOR CEO, CFO, CS AND THEIR SPOUSES AND MINOR CHILDREN

	Purchase	Sale	Description
Hafiz Farooq Ahmad, Director	-	287,500	Through stock broker
Mr. Farzand Ali, Director	1025	-	From open market

STATEMENT OF COMPLAINCE WITH CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. XI 35 of listing regulation of the Karachi Stock Exchange for the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr.Mansoor Ahmad Khan
	Mr. Atique Ahmad Khan
	Hafiz Farooq Ahmad
	Mr. Farzand Ali
Non-Executive Directors	Mrs. Ayesha Masroor
	Mrs. Rabia Atique
	Mrs. Saira Farooq

2. The directors have confirmed that none of them is serving as a director on more than seven listen companies, including this company.

3. All the 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. A casual vacancy occurred on the board is filled up by the directors within 90 days.

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 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 executive and non-executive directors have been taken by the board.

8. The meetings of the board were presided over by the chairman and, in his absence, by a director of 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 (07) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged training program for one of its directors.

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. 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 as disclosed in the pattern of shareholding

14. The company has complied with all the corporate and financial reporting requirements of CCG.

15. The Board has formed an audit committee. It comprises three members, one of them is non-executive and two executive directors out of one which is the chairman.

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 committee have been formed and advised to the committee for compliance.

17. The board has formed a Human Resources and Remuneration Committee. It comprises three members, of home two are non-executive directors and the chairman of the committee is an executive director.

18. The board has set-up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. Statutory auditors of the company have confirmed that they have been given a satisfactory 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 of ethics as adopted by the ICAP.

20. Statutory auditors or the persons associated with them have not been appointed to provide services except in accordance with the listing regulations and the auditors have confirmed 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.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Atique Ahmad Khan
Chief Executive Officer

Lahore
25 September 2014

DFK INTERNATIONAL
RIZWAN & COMPANY
Chartered Accountants

REVIEW REPORT TO THE MEMBERS

ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2014 prepared by the Board of Directors of **GHANI GASES LIMITED** (the Company) comply with the regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of Company. Our responsibility is to review, to extent where such compliance can objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the code.

As part of our audit of financial statements we are required to obtain an understanding the accounting and internal control systems sufficient to plan the audit and develop an effective's audit approach. We have not carried out any special review of the internal control systems to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval, 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance requirement to the extent of approval of related party transactions by the Board Directors and placement of such transactions before 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 30 June 2014.

Lahore: 25 SEP 2014

Rizwan & Company
Chartered Accountants

Rizwan & Company is an independent member firm of DFK International- A worldwide association of independent accounting firms and business advisors
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Financial Statements

DFK INTERNATIONAL
RIZWAN & COMPANY
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of GHANI GASES LIMITED as at 30 JUNE 2014 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 accounts 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 accounts 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 30 June 2014 and of the profit, comprehensive profit, its cash flows and changes in equity for the year then ended; and

(d) In our opinion no Zakat deductible at source under the Zakat and Ushr ordinance, 1980 (XVIII of 1980).

Lahore: 25 SEP 2014

Rizwan & Company
Chartered Accountants
Engagement Partner : Usman Sheikh

Rizwan & Company is an independent member firm of DFK International- A worldwide association of independent accounting firms and business advisors
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BALANCE SHEET
AS AT 30 JUNE 2014

	Note	2014	2013
ASSETS		(Rupees '000)	
Non-current assets			
Property, plant and equipment			
Operating fixed assets	5	2,182,343	1,191,106
Assets subject to ijarah financing	6	151,882	207,001
Capital work in progress	7	14,030	171,827
		2,348,255	1,569,934
Intangible assets	8	350	630
Long term investments	9	45,000	-
Long term deposits and prepayments	10	64,162	79,169
		2,457,767	1,649,733
Current assets			
Stores, spare parts and loose tools	11	68,865	49,797
Stock in trade	12	23,225	13,752
Trade debts	13	157,264	144,349
Loans and advances	14	94,960	383,320
Trade deposits and short term prepayments	15	17,620	18,914
Other receivables	16	972	93
Advance tax		82,234	45,108
Cash and bank balances	17	234,489	242,824
		679,629	898,157
TOTAL ASSETS		3,137,396	2,547,890
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
125,000,000 (2013: 73,000,000) ordinary shares of Rs. 10 each		1,250,000	730,000
Issued, subscribed and paid up share capital	18	742,746	724,630
Capital reserve - Share premium	19	30,000	30,000
Unappropriated profit		227,696	172,674
Total equity		1,000,442	927,304
Non-current liabilities			
Long term financing	20	373,088	408,146
Loan from sponsors	21	1,004,104	611,381
Liabilities against assets subject to ijarah financing	22	49,007	114,058
Long term security deposits	23	21,550	24,350
Deferred taxation	24	12,543	-
		1,460,292	1,157,935
Current liabilities			
Trade and other payables	25	124,621	132,413
Accrued profit on financing	26	14,076	10,363
Short term borrowings	27	376,583	117,618
Current portion of long term liabilities	28	143,781	196,160
Provision for taxation		17,601	6,097
		676,662	462,651
Total liabilities		2,136,954	1,620,586
TOTAL EQUITY AND LIABILITIES		3,137,396	2,547,890
CONTINGENCIES AND COMMITMENTS	29	-	-

The annexed notes from 1 to 47 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

MASROOR AHMAD KHAN
(DIRECTOR)

PROFIT AND LOSS ACCOUNT
FOR YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		(Rupees '000)	
Gross Sales - Local		1,558,692	1,401,534
Less:			
Sales tax		211,266	184,079
Net sales		1,347,426	1,217,455
Cost of sales	30	1,020,109	826,848
Gross Profit		327,317	390,607
Distribution cost	31	105,471	110,492
Administrative expenses	32	62,186	60,060
Other operating expenses	33	7,665	9,467
		175,322	180,019
		151,995	210,588
Other income	34	3,401	2,824
		155,396	213,412
Finance cost	35	51,860	55,409
Profit before taxation		103,536	158,003
Taxation	36	30,398	6,097
Profit after taxation		73,138	151,906
Earnings per share			
- basic and diluted	37	0.98	2.05

The annexed notes from 1 to 47 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

MASROOR AHMAD KHAN
(DIRECTOR)

STATEMENT OF COMPREHESIVE INCOME
FOR YEAR ENDED 30 JUNE 2014

	2014	2013
	(Rupees '000)	
Net profit for the year	73,138	151,906
Other comprehensive income	-	-
Total comprehensive income for the year	73,138	151,906

The annexed notes from 1 to 47 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

MASROOR AHMAD KHAN
(DIRECTOR)

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2014

	Share capital	Capital reserve - Share premium	Unappropriated profit	Total
	(Rupees '000)			
Balance as at 30 June 2012	724,630	30,000	57,000	811,630
Net profit for the year	-	-	151,906	151,906
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	151,906	151,906
Transactions with owners:				
Interim dividend @ Rupees 0.5 per share	-	-	(36,232)	(36,232)
Total transactions with owners	-	-	(36,232)	(36,232)
Balance as at 30 June 2013	**724,630**	**30,000**	**172,674**	**927,304**
Net profit for the year	-	-	**73,138**	**73,138**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	**73,138**	**73,138**
Transactions with owners:				
Issue of bonus shares @ 2.5%	**18,116**	-	**(18,116)**	-
Total transactions with owners	**18,116**	-	**(18,116)**	-
Balance as at 30 June 2014	**742,746**	**30,000**	**227,696**	**1,000,442**

The annexed notes from 1 to 47 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

MASROOR AHMAD KHAN
(DIRECTOR)

CASH FLOW STATMENT
FOR YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operating activities	38	**443,469**	(201,376)
Finance cost paid		**(48,147)**	(54,202)
Income tax paid		**(43,478)**	(26,823)
		(91,625)	(81,025)
Net cash from / (used in) operating activities		**351,844**	(282,401)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(74,537)**	(54,653)
Addition in capital work in progress		**(771,021)**	(174,565)
Proceeds from disposal of property, plant and equipment		**20,926**	31,678
Long term investments		**(45,000)**	-
Long term deposits received / (paid)		**15,007**	(13,304)
Net cash used in investing activities		**(854,625)**	(210,844)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		**(36,500)**	270,584
Loan from sponsors - net		**342,723**	223,948
Short term borrowings - net		**258,965**	26,560
Dividend paid		**(1,954)**	(34,115)
Long term security deposit payable		**(2,800)**	150
Liabilities against assets subject to ijarah financing - net		**(65,988)**	(10,529)
Net cash generated from financing activities		**494,446**	476,598
Net increase / (decrease) in cash and cash equivalents		**(8,335)**	(16,647)
Cash and cash equivalents at the beginning of the year		**242,824**	259,471
Cash and cash equivalents at the end of the year		**234,489**	242,824

The annexed notes from 1 to 47 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

MASROOR AHMAD KHAN
(DIRECTOR)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 Share-based Payments	01 July 2014
Amendments to IFRS 3 Business Combinations	01 July 2014
Amendments to IFRS 8 Operating Segments	01 July 2014
Amendments to IAS 16 Property, Plant and Equipment	01 July 2014 and 01 January 2016
Amendments to IAS 19 Employee Benefits	01 July 2014
Amendments to IAS 24 Related Party Disclosures	01 July 2014
Amendments to IAS 32 Financial Instruments - Presentation	01 January 2014
Amendments to IAS 36 Impairment of Assets	01 January 2014
Amendments to IAS 39 Financial Instruments: Recognition and measurement	01 January 2014
Amendments to IAS 40 Investment Property	01 July 2014
Amendments to IAS 41 Agriculture	01 January 2016
IFRIC 21 - Levies	01 January 2014

The management believes that these accounting standards and interpretations do not have any impact on the present transactions of the Company, except for the following. The Company would comply with these standards, interpretations and amendments when applicable.

2.3 ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT HAVE NOT BEEN NOTIFIED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The following International Financial Reporting Standards and Interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified upto 30 June 2014 by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan:

	Effective date (accounting periods beginning on or after)
IFRS 1 First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 9 Financial Instruments - Classification and Measurement	01 January 2015
IFRS 10 Consolidated Financial Statements	01 January 2013
IFRS 11 Joint Arrangements	01 January 2013
IFRS 12 Disclosure of Interest in Other Entities	01 January 2013
IFRS 13 Fair Value Measurement	01 January 2013
IFRS 10, 12, IAS 27 and IAS 28 - Investment Entities (Amendments)	01 January 2014

2.4 ACCOUNTING STANDARDS, IFRS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE EFFECTIVE AND NOT APPLICABLE TO THE COMPANY

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that have become effective during the year and are mandatory for accounting periods 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 these financial statements.

3 BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values.

3.2 Significant accounting judgments and critical accounting estimates / assumptions

The Company's main accounting policies affecting its result of operations and financial conditions are set out in note 4. Judgments and assumptions have been used by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes.

b) Useful lives, patterns of economic benefits and impairments

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these 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 loss.

c) Provision for doubtful debts

An estimate is made for doubtful receivables based on review of outstanding amounts at the period end, if any. Provisions are made against that are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

d) Provision for slow moving /obsolete items

Provision is made for slow moving and obsolete items, based on review by the technical head at each balance sheet date.

3.3 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Taxation

Current

Provision for taxation on income from local sales and other income is based on taxable income at current rates after taking into account tax rebates and credits available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year of such years.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated based on the rates that have been enacted or substantively enacted up to the balance sheet date and are expected to apply to the period when the difference arises.

4.2 Trade and other payables

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.

4.3 Provisions

A provision is recognized in 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 obligations and a reliable estimate can be made of the amount of obligation.

4.4 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment, if any, except freehold land which is stated at cost. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditure pertaining to the acquisition, construction, erection and installation of these assets.

Depreciation is charged to profit and loss account using the reducing balance method except for plant and machinery on which depreciation is charged on production hours basis and leasehold land on which depreciation is charged on straight line basis so as to write off the cost over the expected useful life of assets at rates, which are disclosed in notes to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed of.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Normal repairs and maintenance costs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of property, plant and equipment are taken to profit and loss account.

Ijarah assets

Ijarah assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as Ijarah assets. Ijarah assets are stated at an amount equal to the lower of its fair value and the present value of minimum Ijarah payments at the inception of Ijarah, less accumulated depreciation and any identified impairment loss.

Each Ijarah payment is allocated between the liability and profit so as to achieve a constant rate on the balance outstanding. Profit element of the rental is charged to profit and loss account.

Depreciation on assets subject to ijarah financing is recognized in the same manner as for owned assets on the rates specified in note to the financial statements.

Any excess of sales proceeds over the carrying amount of ijarah assets resulting from sale and ijarah back transactions, is deferred and amortized over the ijarah term, whereas, any loss is recognized immediately in profit or loss account.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss.

Impairment

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

4.5 Stores, spare parts and loose tools

These are valued at moving average cost less provision for slow moving and obsolete items except for items in transit, which are valued at cost comprising invoice value, plus other charges paid thereon. Provision is made for slow moving and obsolete items.

4.6 Stock in trade

Stock - in - trade is stated at lower of cost and net realizable value. The cost is determined using average cost method, and includes expenditure incurred in acquiring the stocks, conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

4.7 Trade debts

Trade debts are carried at the amounts billed / charged which is fair value of consideration to be received in the future. An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provisions are made against amounts that are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

4.8 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

4.9 Cash and bank balance

Cash in hand and at bank are carried at nominal amount.

4.10 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account.

4.11 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceed recoverable amount, assets are written down to the recoverable amount and the difference is charged to profit and loss account.

4.12 Off setting of financial assets and financial liabilities

A financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has 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.

4.13 Derivative financial instruments

These are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Any resulting gain or loss is recognized in current year profit and loss account. Derivatives with positive market values are included in other receivables and derivatives with negative market values are included in other liabilities in the balance sheet.

4.14 Foreign currency translation

Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at balance sheet date or at the contracted rates while foreign currency transactions are recorded at the rates of exchange prevailing at the transaction date or at the contracted rates. Exchange gains and losses are charged to profit and loss account.

4.15 Revenue recognition

Revenue is measured at the fair value of consideration received and receivable. Revenue is recognized to the extent it is probable that the economic benefits will flow to company and revenue can be measured reliably.

i) Revenue from the sale of goods is measured net of sales tax, returns and trade discounts, and is recognized when significant risk and rewards of ownership are transferred to buyer, that is, when deliveries are made and recovery of consideration is probable.

ii) Rental and other service income is recognized in profit and loss account on accrual basis.

iii) Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

4.16 Employees' benefits

Defined contribution plan

The Company operates a funded employees' provident fund scheme for its permanent eligible employees. Equal monthly contributions at the rate of 8.33 percent of gross pay are made both by the Company and employees to the fund.

Compensated absences

Compensated absences are accounted for employees of the Company on unavailed balance of leave in the period in which the absences are earned.

4.17 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. All other borrowing costs are charged to profit and loss account whenever incurred. Finance cost is accounted for on accrual basis.

4.18 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

4.19 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.20 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved by Company's shareholders.

4.21 Intangible assets

Goodwill

Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any identified impairment loss.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and any identified impairment loss. An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Intangible assets are amortized using straight line method at the rates given in notes to the financial statements. Amortization is charged to profit and loss account from the month in which the asset is available for use.

Amortization on additions is charged on pro-rata basis from the month in which asset is put into use, while for disposals, amortization is charged up to the month of disposal.

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All expenditures are charged to income as and when incurred.

Gain or loss arising on disposal and retirement of intangible asset is determined as a difference between the net disposal proceeds and carrying amount of the asset is recognized as income or expense in the profit and loss account immediately.

4.22 Operating segments

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company's format for segment reporting is based on its products and services.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

4.23 Investment in associated undertakings

Investment in associates and related parties where the Company can exercise significant influence; has intention and ability to hold the investment for more than twelve months of acquisition and are not held for sale are accounted for using the equity method of accounting. Under this method the investments are stated at cost plus the Company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investment.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

Impairment in value, if any, is recognized in profit and loss in the period it arises.

5 OPERATING FIXED ASSETS - TANGIBLE

DESCRIPTION	2014 Balance as at 01 July 2013: Cost	Accumulated Depreciation	Net Book Value	For the year: Additions	Transfer Cost / (Accumulated Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Balance as at 30 June 2014: Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Land - Freehold	49,637	-	49,637	-	-	-	-	49,637	-	49,637	-
Land- Leasehold	25,826	759	25,067	-	-	-	527	25,826	1,286	24,540	-
Buildings	155,875	47,929	107,946	81,343	-	-	11,473	237,218	59,402	177,816	10
Plant and machinery	1,099,869	118,511	981,358	847,475	100,000 (4,714)	(4,334) -	23,968	2,043,010	147,193	1,895,817	-
Furniture and fixtures	17,463	4,733	12,730	3,559	-	-	1,472	21,022	6,205	14,817	10
Office equipment	1,711	457	1,254	652	-	-	162	2,363	619	1,744	10
Computers	3,191	1,646	1,545	632	-	-	551	3,823	2,197	1,626	30
Vehicles	18,830	7,261	11,569	16,574	6,867 (572)	(17,360) 2,356	3,088	24,911	8,565	16,346	20
	1,372,402	181,296	1,191,106	950,235	106,867 (5,286)	(21,694) 2,356	41,241	2,407,810	225,467	2,182,343	

DESCRIPTION	2013 Balance as at 01 July 2012: Cost	Accumulated Depreciation	Net Book Value	For the year: Additions	Transfer Cost / (Accumulated Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Balance as at 30 June 2013: Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Land - Freehold	49,637	-	49,637	-	-	-	-	49,637	-	49,637	-
Land- Leasehold	23,200	232	22,968	2,626	-	-	527	25,826	759	25,067	-
Buildings	155,875	35,935	119,940	-	-		11,994	155,875	47,929	107,946	10
Plant and machinery	1,008,355	93,226	915,129	99,651	10,286 (609)	(18,423) 15	24,691	1,099,869	118,511	981,358	-
Furniture and fixtures	14,124	3,585	10,539	3,339	-		1,148	17,463	4,733	12,730	10
Office equipment	1,526	331	1,195	185	-		126	1,711	457	1,254	10
Computers	2,026	1,211	815	1,165	-		435	3,191	1,646	1,545	30
Vehicles	10,383	5,698	4,685	12,363	11,250 (4,418)	(15,166) 3,826	971	18,830	7,261	11,569	20
	1,265,126	140,218	1,124,908	119,329	21,536 (5,027)	(33,589) 3,841	39,892	1,372,402	181,296	1,191,106	

5.1 Particulars of operating fixed assets disposed of during the year are as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sales proceeds	Mode of disposal	Particulars of purchaser
	(Rupees '000)					
Plant and Machinery						
Cryogenic tanks	(4,334)	-	(4,334)	5,151	Ijarah Financing	First Habib Modaraba
Vehicles						
Toyota Prado	6,694	112	6,582	6,675	Ijarah Financing	First Habib Modaraba
Toyota Camry	3,800	1,672	2,128	2,600	Negotiation	Muhammad Shafiq
Toyota Prado	6,866	572	6,294	6,500	Negotiation	Rubina Aziz
2014	13,026	2,356	10,670	20,926		
2013	33,589	3,841	29,748	31,678		

5.2 Depreciation charge for the year on operating fixed assets has been allocated as follows:

	Note	2014 (Rupees '000)	2013 (Rupees '000)
Cost of sales	30	34,572	35,362
Administrative expenses	32	6,669	4,530
		41,241	39,892

6 ASSETS SUBJECT TO IJARAH FINANCING - tangible

DESCRIPTION	2014 Balance as at 01 July 2013: Cost	Accumulated Depreciation	Net Book Value	For the year: Additions	Transfer (Cost) / Accumulated Depreciation	Disposal Cost / (Accumulated Depreciation)	Depreciation Charge	Balance as at 30 June 2014: Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Plant and machinery	197,402	8,709	188,693	44,971	(100,000) 4,714	-	2,382	142,373	6,377	135,996	
Vehicles	22,783	4,475	18,308	8,149	(6,867) 572	-	4,276	24,065	8,179	15,886	20
	220,185	13,184	207,001	53,120	(106,867) 5,286	- -	6,658	166,438	14,556	151,882	

DESCRIPTION	2013 BALANCE AS AT 01 JULY 2012 Cost	Accumulated Depreciation	Net Book Value	FOR THE YEAR Additions	Transfer (Cost) / Accumulated Depreciation	Disposal Cost / (Accumulated Depreciation)	Depreciation Charge	BALANCE AS AT 30 JUNE 2013 Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES %
	(Rupees '000)										
Plant and machinery	184,700	4,791	179,909	22,988	(10,286) 609	-	4,527	197,402	8,709	188,693	
Vehicles	22,046	4,444	17,602	11,987	(11,250) 4,418	-	4,449	22,783	4,475	18,308	20
	206,746	9,235	197,511	34,975	(21,536) 5,027	- -	8,976	220,185	13,184	207,001	

6.1 Depreciation charge for the year on assets subject to ijarah financing has been allocated as follows:

	Note	2014 (Rupees '000)	2013
Cost of sales	30	2,382	4,527
Administrative expenses	32	4,276	4,449
		6,658	8,976

7 CAPITAL WORK IN PROGRESS

	2014 Balance as at 01 July 2013	Additions during the year	Transfer during the year	Balance as at 30 June 2014	2013 Balance as at 01 July 2012	Additions during the year	Transfer during the year	Balance as at 30 June 2013
	(Rupees '000)							
Building	12,972	68,436	(81,343)	65	12,491	481	-	12,972
Plant and machinery	158,855	702,585	(847,475)	13,965	84,422	174,084	(99,651)	158,855
	171,827	771,021	(928,818)	14,030	96,913	174,565	(99,651)	171,827

7.1 Borrowing cost amounting to Rupees 39.586 million (2013: 5.72 million) has been capitalized during the year. Capitalization rate used for the purpose was 11.31% (2013 : 11.38%).

8 INTANGIBLE ASSETS

DESCRIPTION	2014 BALANCE AS AT 01 JULY 2013 Cost	Accumulated Amortization	Net Book Value	FOR THE YEAR Additions	Amortization Charge	BALANCE AS AT 30 JUNE 2014 Cost	Accumulated Amortization	Net Book Value	RATES %
	(Rupees '000)								
ERP Software	1,400	840	560	-	280	1,400	1,120	280	20
Goodwill	70	-	70	-	-	70	-	70	-
	1,470	840	630	-	280	1,470	1,120	350	

DESCRIPTION	2013 BALANCE AS AT 01 JULY 2012 Cost	Accumulated Amortization	Net Book Value	FOR THE YEAR Additions	Amortization Charge	BALANCE AS AT 30 JUNE 2013 Cost	Accumulated Amortization	Net Book Value	RATES %
	(Rupees '000)								
ERP Software	1,400	560	840	-	280	1,400	840	560	20
Goodwill	70	-	70	-	-	70	-	70	-
	1,470	560	910	-	280	1,470	840	630	

8.1 Amortization charge for the year on intangible assets has been allocated to administrative expenses.

8.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of merger of Ghani Gases Limited with Ghani Southern Gases (Private) Limited.

The Company assessed the recoverable amount at 30 June 2014 and determined that as of this date there is no indication of impairment of goodwill. The recoverable amount was calculated on the basis of five year financial business plan which assumes cash inflows from investing and financing activities.

	Note	2014	2013
		(Rupees '000)	
9 LONG TERM INVESTMENTS			
Beginning balance		-	-
Investment made during the year		45,000	
Share of profit / (loss) of associated companies		-	-
Ending balance		45,000	-

9.1 Share of profit of associated companies is based on audited financial statements for the year ended 30 June 2014 (2013: Nil). The company invested in associated company on 28 June 2014, share of loss of associated companies computes to Rupees 246 (2013: Nil), however, due to rounding off of figures to nearest thousands, no figure appears to be disclosed.

9.2 The company's interest in associated companies is as follows:

	2014	2013
Ghani Global Glass Limited - Unquoted		
4,500,000 (2013: Nil) fully paid ordinary shares of Rupees 10 each		
Country of incorporation: Pakistan		
Cost: Rupees 45 million (2013: Nil)		
Value based on net assets as at 30 June 2014	45,000	-
Carrying value on equity method	45,000	-

9.3 The Company's share in assets, liabilities, revenues and profit of associated company based on most recent available financial statements is as follows:

	Assets	Liabilities	Revenues	Profit / (Loss) after tax	Holding
	(Rupees '000)				(%)
30 June 2014					
Ghani Global Glass Limited	44,729	752	-	-	9.375
30 June 2013					
Ghani Global Glass Limited	-	-	-	-	-

9.4 Although the Company has less than 20% shareholding in Ghani Global Glass Limited, however, this company has been treated as associated company since the Company has representation on its Board of Directors.

	2014	2013
	(Rupees '000)	
10 LONG TERM DEPOSITS AND PREPAYMENTS		
Considered good:		
Security deposits for utilities	47,075	46,430
Security deposits for rented premises	646	-
Deposits against fuel supply	113	113
Deposits against Ijarah facilities	15,972	31,796
Prepayments with National Highway Authority	356	830
	64,162	79,169

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	Note	2014	2013
		(Rupees '000)	
11 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		13,726	4,353
Spare parts		54,730	45,281
Loose tools		409	163
		68,865	49,797
12 STOCK IN TRADE			
Finished goods		23,225	13,752
13 TRADE DEBTS			
Considered good:			
Unsecured	13.1	157,264	144,349

13.1 The age of trade debts at balance sheet date was:

Age of trade debts	2014	2013
Not past due	147,324	139,266
0 - 180 Days	2,150	-
180 - 365 Days	1,585	-
1 - 2 Years	702	5,083
More than two years	5,503	-
	157,264	144,349

	2014	2013
14 LOANS AND ADVANCES		
Unsecured and Considered good:		
Loans to employees	192	265
Advances		
To employees against expenses	1,999	710
To suppliers and contractors	92,769	382,345
	94,768	383,055
	94,960	383,320
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Considered good:		
Security deposits	14,874	9,377
Short term prepayments	1,108	1,428
Bank guarantee margin	1,638	8,109
	17,620	18,914
16 OTHER RECEIVABLES		
Considered good:		
Bank Profit receivables	120	93
Commission receivable	852	-
	972	93

	Note	2014	2013
		(Rupees '000)	
17 CASH AND BANK BALANCES			
Cash in hand		311	37
Balances with banks in:			
Current accounts		55,431	170,416
Deposit accounts	17.1	178,747	72,371
		234,178	242,787
		234,489	242,824

17.1 The rate of return on deposit accounts ranges from 3% to 8% (2013: 2% to 11.8%) per annum.

18 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2014 (No. of Shares)	2013 (No. of Shares)		2014 (Rupees '000)	2013 (Rupees '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
1,811,575	-	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	18,116	-
74,274,575	72,463,000		742,746	724,630

18.1 Movement during the year

2014 (No. of Shares)	2013 (No. of Shares)		2014 (Rupees '000)	2013 (Rupees '000)
72,463,000	72,463,000	Opening balance	724,630	724,630
1,811,575	-	Issued during the year as bonus	18,116	-
74,274,575	72,463,000	Closing balance	742,746	724,630

19 CAPITAL RESERVE - SHARE PREMIUM

This represents premium received on 2,500,000 ordinary shares issued @ Rupees 5 per share and 7,000,000 ordinary shares issued @ Rupees 2.50 per share.

20 LONG TERM FINANCING

From banking companies - secured:

	Note	2014	2013
Finance 1	20.1	30,000	50,000
Finance 2	20.2	350,000	324,703
Finance 3	20.3	53,442	139,214
Finance 4	20.4	43,975	-
		477,417	513,917
Less: Current portion taken as current liability	28	104,329	105,771
		373,088	408,146

20.1 This Islamic finance facility carries profit at the rate of 6 months KIBOR plus 2.25% per annum (2013: 6 months KIBOR plus 2.25% per annum) and is secured against 1st exclusive specific hypothecation charge over plant and machinery for Rupees 150 million and second charge over entire remaining fixed assets of the Company and personal guarantees of directors of the Company. This finance facility is repayable biannually in six years including one year grace period.

20.2 This Islamic finance facility carries profit at the rate of 3 months KIBOR plus 195 BPS (2013:3 months KIBOR plus 195 BPS). It is secured against the 1st exclusive specific charge over all the present & future fixed assets valued at Rupees 400 million and present & future current assets valued at Rupees 67 million of the Company's South Plant operations, and personal guarantees of executive directors of the Company. In addition, the facility is also secured against 1st pari passu charge over all the present & future fixed assets and current assets of Company's North Plant operations for first year post COD. This finance facility is repayable quarterly in six years including two years grace period.

20.3 This Islamic finance facility carries profit ranging from 3 months KIBOR plus 175 to 3 months KIBOR plus 225 BPS (2013: 3 months KIBOR plus 200 to 3 months KIBOR plus 225 BPS). This Islamic finance facility is secured against the 1st pari passu charge over all present and future fixed assets of the Company for Rupees 395 million and present and future current assets of the company for Rupees 135 million, and personal guarantees of executive directors of the Company. This finance facility is repayable quarterly.

20.4 This Islamic finance facility carries profit at the rate of 6 months KIBOR plus 2.25% (2013: Nil). This Islamic finance facility is secured against the 1st exclusive specific hypothecation charge over plant and machinery of the Company for Rupees 60 million. This finance facility is repayable monthly.

21 LOAN FROM SPONSORS - unsecured

This loan has been obtained from sponsors of the Company, which is unsecured and interest free. There is no fixed tenure or schedule for repayment of this loan. The repayment is at the option of the Company. Rupees Nil (2013: Rupees 50 million) has been taken as current portion.

22 LIABILITIES AGAINST ASSETS SUBJECT TO IJARAH FINANCING

The amount of future rentals and periods during which they fall due are as under:

	Note	2014	2013
		(Rupees '000)	
Not later than one year		46,271	53,505
Later than one year and not later than five year		52,348	125,665
		98,619	179,170
Less : Future financial charges		10,160	24,723
Present value of minimum Ijarah payments	22.1	88,459	154,447
Less : Current portion taken as current liability	28	39,452	40,389
		49,007	114,058

22.1 Break up of net Ijarah obligation

	2014	2013
Within one year	39,452	40,389
Within two to five years	49,007	114,058
	88,459	154,447

22.2 Minimum Ijarah payments have been discounted at an implicit profit rate ranging from 3 months KIBOR plus 2% to 6 months KIBOR plus 3% per annum with a floor of 10% and cap of 24% (2013: 3 months KIBOR plus 2% to 6 months KIBOR plus 3% per annum with a floor of 10% and cap of 24%). The balance number of rentals payable are 36 (2013: 48). In case of termination of the agreement, the Company shall pay entire amount of minimum ijarah payments for un-expired period of ijarah agreement.

22.3 The Company intends to exercise its options to purchase the above assets upon completion of the ijarah term.

		Note	2014	2013
			(Rupees '000)	
23	**LONG TERM SECURITY DEPOSITS**			
	From customers	23.1	21,550	24,350

23.1 These represents amounts received from the customers on installation of certain equipment and can be used in ordinary course of company business.

		Note	2014	2013
24	**DEFERRED TAXATION**			
	This comprises of following			
	Taxable temporary differences			
	Accelerated tax depreciation		378,926	-
	Ijarah arrangements		20,930	-
	Deductible temporary differences			
	Unused tax losses		(277,510)	-
	Unused tax credits		(109,803)	-
			12,543	-
25	**TRADE AND OTHER PAYABLES**			
	Trade creditors	25.1	55,437	72,053
	Advances from customers		15,806	11,446
	Accrued liabilities		44,566	38,207
	Workers' Profit Participation Fund	25.2	8,412	8,471
	Unclaimed dividend		164	2,118
	With holding tax		236	118
			124,621	132,413

25.1 This includes amount payable to Ghani Glass Limited (associated company) amounting to Rupees Nil (2013: Rupees 0.714 million).

		2014	2013
25.2	**Workers' Profit Participation Fund**		
	Beginning balance	8,471	4,980
	Provision for the year	5,449	8,316
	Profit on funds utilized in Company's business	442	101
		14,362	13,397
	Paid during the year	(5,950)	(4,926)
		8,412	8,471

		Note	2014	2013
			(Rupees '000)	
26	**ACCRUED PROFIT ON FINANCING**			
	Long term financing		8,507	8,480
	Short term borrowings		5,569	1,883
			14,076	10,363
27	**SHORT TERM BORROWINGS**			
	From banking companies - secured:			
	Finance 1	27.1	127,500	58,500
	Finance 2	27.2	50,000	50,000
	Finance 3	27.3	13,583	9,118
	Finance 4	27.4	50,000	-
	Finance 5	27.5	135,500	-
			376,583	117,618

27.1 This facility has been availed against sanctioned limit of Rupees 150 million and carry profit at the rate of 3 months KIBOR plus 2% (2013: 3 months KIBOR plus 2.25%) and secured against first pari passu charge on fixed assets of the Company.

27.2 This facility has been availed against sanctioned limit of Rupees 50 million and carry profit at the rate of respective months KIBOR plus 1.50% (2013: respective KIBOR plus 1.50%) and secured against first pari passu charge on current assets of the company.

27.3 This facility has been availed against sanctioned limit of Rupees 35 million and carry profit at the rate of respective months KIBOR plus 2.25% (2013: respective months KIBOR plus 2.25%) and secured against first pari passu charge on present and future current assets of the company.

27.4 This facility from banking company has been availed against sanctioned limit of Rupees 100 million and carry profit at the rate of respective months KIBOR plus 1.5% (2013: Nil) and secured against first pari passu charge on current assets of the Company.

27.5 This facility from banking company has been availed against sanctioned limit of Rupees 136 million and carry profit ranging from respective months KIBOR plus 1.5% to 2% (2013: Nil) and secured against first pari passu charge on current assets of the Company.

		Note	2014	2013
			(Rupees '000)	
28	**CURRENT PORTION OF LONG TERM LIABILITIES**			
	Long term financing	20	104,329	105,771
	Loan from sponsors	21	-	50,000
	Liabilities against assets subject to ijarah financing	22	39,452	40,389
			143,781	196,160

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rupees 5 million (2013 : Rupees 5 million) against supply of petroleum products.

29.1.2 The Company has filed two separate constitutional petitions before The Honorable Lahore High Court on the ground that the company was not required to pay any Advance Tax on electricity bills due to huge carried forward tax losses and available refunds. The Honorable Lahore High Court has granted stay orders upon furnishing bank guarantees in favour of LESCO amounting to Rupees 3.14 million (2013: Rupees 3.14 million). The outcome of the cases is pending. The management is hopeful that matter shall be decided in favour of the company.

29.1.3 The company has provided corporate guarantee amounting to Rupees 650 million to banks against financing facilities on behalf of associated company namely Ghani Global Glass Limited.

29.2 Commitments

29.2.1 Commitments in respect of letter of credit amounted to Rupees 129.64 million (2013: Rupees 107.72 million).

29.2.2 Commitments for capital expenditure amounted to Rupees 66 million (2013: Rupees 45 million).

	Note	2014 (Rupees '000)	2013 (Rupees '000)
30 COST OF SALES			
Fuel and power		307,921	246,410
Consumable stores		12,105	8,931
Salaries, wages and other benefits	30.1	28,468	26,959
Communication		513	428
Repairs and maintenance		12,652	15,072
Traveling, vehicle running and conveyance		4,475	4,016
Insurance		2,993	2,031
Depreciation	5.2 & 6.1	36,954	39,889
Staff welfare		4,263	2,842
Transportation		1,788	996
Other overheads		18,730	6,490
Cost of goods manufactured		430,862	354,064
Finished goods			
Opening stock		13,752	11,182
Purchases		598,720	475,354
Closing stock		(23,225)	(13,752)
		589,247	472,784
		1,020,109	826,848

30.1 Salaries, wages and other benefits includes Rupees 1.08 million (2013: Rupees 1.014 million) in respect of retirement benefits.

	Note	2014 (Rupees '000)	2013 (Rupees '000)
31 DISTRIBUTION COST			
Salaries, wages and other benefits	31.1	14,130	14,891
Transportation charges		74,410	82,865
Traveling, boarding, lodging and conveyance		1,970	1,724
Communication		525	381
Vehicle running and maintenance		3,164	2,146
Staff welfare		500	771
Advertisement and business promotion		29	5
Loading and unloading		313	261
Postage and courier		93	79
Repair and maintenance		534	298
Other expenses		9,803	7,071
		105,471	110,492

31.1 Salaries, wages and other benefits includes Rupees 0.65 Million (2013: Rupees 1.88 million) in respect of retirement benefits.

	Note	2014 (Rupees '000)	2013 (Rupees '000)
32 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	32.1	25,769	30,603
Rent, rates and taxes		3,830	2,976
Electricity and other utilities		1,438	1,337
Traveling and conveyance		2,477	506
Vehicle running and maintenance		2,446	1,965
Donation & charity	32.2	1,295	1,247
Printing and stationery		1,691	1,150
Communication		1,183	1,073
Fee and subscription		3,100	736
Advertisement		202	271
Insurance		1,261	928
Depreciation	5.2 & 6.1	10,945	8,979
Amortization	8.1	280	280
Staff welfare		3,831	4,528
Repair and maintenance		717	398
Others		1,721	3,083
		62,186	60,060

32.1 Salaries, wages and other benefits includes Rupees 2.12 million (2013: Rupees 3.733 million) in respect of retirement benefits.

32.2 The directors and their spouses have no interest in the donees.

	Note	2014	2013
		(Rupees '000)	
33 OTHER OPERATING EXPENSES			
Legal and professional		1,576	526
Workers profit participation fund		5,449	8,316
Auditors' remuneration			
Statutory audit		500	500
Half yearly review and other certifications		115	100
Out of pocket expenses		25	25
		640	625
		7,665	9,467
34 OTHER INCOME			
Income from financial assets	34.1	1,814	894
Income from other than financial assets	34.2	1,587	1,930
		3,401	2,824
34.1 Income from financial assets:			
Profit on bank deposits		962	894
Commission on corporate guarantee		852	-
		1,814	894
34.2 Income from other than financial assets:			
Gain on disposal of assets		1,587	1,930
		1,587	1,930
35 FINANCE COST			
Profit on:			
Long term financing		16,854	24,324
Short term borrowings		24,672	12,236
Liabilities against assets subject to ijarah financing		8,876	16,931
Workers' profit participation fund		442	101
		50,844	53,592
Bank charges and commission		1,016	1,817
		51,860	55,409
36 TAXATION			
Charge for the year:			
Current		17,601	6,097
Prior year		254	-
		17,855	6,097
Deferred		12,543	-
		30,398	6,097

36.1 Assessment up to tax year 2013 is finalized (deemed assessment) and the available tax losses of the company are Rupees 556.441 million (2012: Rupees 629.3 million)

36.2 Due to current and previous tax losses current period tax is charged on the basis of minimum tax on turnover under section 113 or Alternate Corporate Tax (ACT) on accounting profit under section 113C of Income Tax Ordinance, 2001, whichever is higher. During the year, the Company falls under ACT and provision on accounting profit has been made accordingly. No other provision for current tax was required keeping in view of the taxable business losses. Relationship between income tax expense and accounting profit for current year is not meaningful due to application of ACT.

		2014	2013
37 EARNINGS PER SHARE			
Profit attributable to ordinary shareholders	*(Rupees '000)*	73,138	151,906
Weighted average number of ordinary shares outstanding during the year	*(Number)*	74,274,575	74,274,575
Earnings per share - basic and diluted (in rupees)	*(Rupees)*	0.98	2.05

37.1 Earning per share previously reported at Rupees 2.10 in the financial statements for the year ended 30 June 2013 has been restated to Rupees 2.05 for 1,811,575 bonus shares issued during the year.

37.2 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	2014	2013
38 CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation on operating fixed assets	41,241	39,892
Depreciation on asset against ijarah financing	6,658	8,976
Amortization of intangible assets	280	280
Profit on financings	51,860	55,409
Gain on disposal of assets	(1,587)	(1,930)
	98,452	102,627
Cash flows from operating activities before working capital changes	201,988	260,630
Cash flows from working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(19,068)	(14,761)
Stock in trade	(9,473)	(2,570)
Trade debts	(12,915)	(113,085)
Loans and advances	288,360	(350,710)
Trade deposits and short term prepayments	1,294	(10,644)
Other receivables	(879)	75
Increase / (decrease) in current liabilities:		
Trade and other payables	(5,838)	29,689
Net cash generated from / (used in) working capital changes	241,481	(462,006)
Cash generated from / (used in) operating activities	443,469	(201,376)

39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Chief Executive Officer, Director and other Executives of the company are as follows:

	2014			2013		
Description	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees '000)			(Rupees '000)		
Managerial remuneration	6,360	13,416	15,874	6,900	13,800	17,992
Medical	306	665	845	288	576	887
Provident fund contribution	598	1,254	1,333	1,499	2,999	1,342
	7,264	15,335	18,052	8,687	17,375	20,221
No. of persons	1	3	9	1	2	11

39.1 Company maintained vehicles have been provided to Chief Executive Officer, all directors and executives of the company.

39.2 The aggregate amount charged in financial statements for the year against fees for six (6) Board meetings and four (4) audit committee meetings was Rupees Nil (2013: Nil).

40 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary and associated companies, directors of the Company, companies in which directors also hold directorship, related companies, key management personnel and staff retirement benefit funds.

Transactions with related parties other than those disclosed elsewhere are as follows:

Name	Nature of Transaction	2014	2013
		(Rupees '000)	
Associated companies / undertakings			
Shadman Mall	Receivable against services	283	320
Ghani Global Glass Limited	Investment in shares	45,000	-
	Commission Income	852	-
Ghani Glass Limited	Purchases	544	5,367
Others			
Provident fund trust	Contribution	10,694	14,669
Sponsors	Loan received / (repaid)	342,723	223,948
Directors and key management personnel	These transactions have been disclosed in note 39.		

40.1 All transactions with related parties are carried out at an arms length.

41 PROVIDENT FUND RELATED DISCLOSURES

41.1 Information of Provident Fund

	2014	2013
	(Rupees '000)	
Size of the fund (total assets)	38,812	27,577
Cost of investments made	22,220	23,433
Fair value of investments made	22,956	23,477
	(%)	
Percentage of investments made	57	85

41.2 Breakup of cost of investments

	2014	2013	2014	2013
	(%)		(Rupees '000)	
Investment plus deposit certificates	72	21	16,000	5,000
Investment in saving accounts with banks	28	79	6,220	18,433
	100	100	22,220	23,433

41.3 Investments out of provident fund trust have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

42 FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The company's financial liabilities comprise of long term and short term financings, liabilities against assets subject to ijarah financing and trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The company has trade debts, short term loans and advances, other receivables, cash and bank balances and short term deposits that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and profit rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board), Audit Committee and Chief Financial Officer (CFO). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, equity price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk at reporting date.

(ii) Profit rate risk

The Company has no significant long-term profit-bearing assets. The Company's profit rate risk arises from liabilities against assets subject to ijarah financing. Borrowings obtained at variable rates expose the Company to cash flow profit rate risk. Borrowings obtained at fixed rate expose the Company to fair value profit rate risk.

At the balance sheet date the profit rate profile of the Company's profit bearing financial instruments was:

	2014	2013
	(Rupees '000)	
Floating rate instruments		
Financial assets		
Bank balances	178,747	72,371
Financial liabilities		
Long term financing	477,417	513,917
Liabilities against assets subject to ijarah financing	88,459	154,447
Short term borrowings	376,583	117,618

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in profit rates, with all other variables held constant, of the company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

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		Changes in Interest Rate	Effects on Profit Before Tax
		(Rupees '000)	
Bank Balances - deposit accounts			
	2014	**+1.50**	**2,681**
		-1.50	**(2,681)**
	2013	+1.50	1,086
		-1.50	(1,086)
Long term financing			
	2014	**+2.00**	**(9,548)**
		-2.00	**9,548**
	2013	+2.00	(10,278)
		-2.00	10,278
Liabilities against assets subject to ijarah financing			
	2014	**+2.00**	**(1,769)**
		-2.00	**1,769**
	2013	+2.00	(3,089)
		-2.00	3,089
Short term borrowing			
	2014	**+2.00**	**(7,532)**
		-2.00	**7,532**
	2013	+2.00	(2,352)
		-2.00	2,352

(ii) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market prices.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from local customers against sale of industrial and medical gases and chemicals, the Company does not expect these counterparties to fail to meet their obligations. Sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2014	2013
		(Rupees '000)	
Long term deposits	10	64,162	79,169
Trade debts	13	157,264	144,349
Loans to employees	14	192	265
Trade deposits	15	14,874	9,377
Other receivables	16	972	93
Bank balances	17	234,178	242,787
		471,642	476,040

The Company's exposure to credit risk related to trade debts is disclosed in note 13.

Provision for trade debts

Based on age analysis, relationship with customers and past experience no provision for doubtful debts is required for the year ended 30 June 2014 and does not expect any party to fail to meet their obligation.

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Cash at banks

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate. The table below shows the bank balances held with some major counter parties at the balance sheet date:

	Rating			2014	2013
	Agency	Short term	Long term	(Rupees '000)	
Banks					
MCB Bank Limited	PACRA	A1+	AAA	4,359	2,001
National Bank of Pakistan	JCR-VIS	A-1+	AAA	17	50
United Bank Limited	JCR-VIS	A-1+	AA+	372	87
Allied Bank Limited	PACRA	A1+	AA+	29	592
Faysal Bank Limited	PACRA	A1+	AA	10,317	1,478
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	2,589	41,466
BankIslami Pakistan Limited	PACRA	A1	A	165	37
Meezan Bank Limited	JCR-VIS	A-1+	AA	22,783	14,055
Burj Bank Limited	JCR-VIS	A-1	A	1,718	28,638
Al-Baraka Bank (Pakistan) Limited	PACRA	A1	A	143,022	17,423
Bank Alfalah Limited	PACRA	A1+	AA	2,704	24,119
The Bank of Khyber	PACRA	A1	A	20,056	58,886
Askari Bank Limited	PACRA	A1+	AA	20,044	40
Soneri Bank Limited	PACRA	A1+	AA-	1,395	37,142
Habib Bank Limited	JCR-VIS	A-1+	AAA	486	107
KASB Bank Limited	PACRA	A3	BBB	28	28
Bank Al Habib Limited	PACRA	A1+	AA+	2,501	2,530
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	1,552	14,108
Bank of Punjab	PACRA	A1+	AA-	39	-
				234,178	242,787

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management believes the liquidity risk to be low.

The table below analyse the Company's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	(Rupees '000)			
2014				
Long term financing	**485,924**	**485,924**	**112,836**	**373,088**
Liabilities against assets subject to ijarah financing	**88,459**	**98,619**	**46,271**	**52,348**
Loan from sponsors	**1,004,104**	**1,004,104**	**-**	**1,004,104**
Long term security deposits	**21,550**	**21,550**	**-**	**21,550**
Trade and other payables	**124,621**	**124,621**	**124,621**	**-**
Short term borrowings	**382,152**	**382,152**	**382,152**	**-**
	2,106,810	**2,116,970**	**665,880**	**1,451,090**

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	(Rupees '000)			
2013				
Long term financing	522,397	522,397	114,251	408,146
Liabilities against assets subject to ijarah financing	154,447	179,170	53,505	125,665
Loan from sponsors	661,381	661,381	50,000	611,381
Long term security deposits	24,350	24,350	-	24,350
Trade and other payables	132,413	132,413	132,413	-
Short term borrowings	119,501	119,501	119,501	-
	1,614,489	1,639,212	469,670	1,169,542

The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit rates effective as at balance sheet dates. The rates of profit have been disclosed in respective notes to the financial statements.

42.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

42.3 Financial instruments by categories

	2014	
	Loans and advances	Total
	(Rupees '000)	
Assets as per balance sheet		
Long term deposits	**64,162**	**64,162**
Trade debts	**157,264**	**157,264**
Loans and advances	**94,960**	**94,960**
Trade deposits	**14,874**	**14,874**
Other receivables	**972**	**972**
Cash and bank balances	**234,489**	**234,489**
	566,721	**566,721**

	2014
	Financial Liabilities at amortized cost (Rupees '000)
Liabilities as per balance sheet	
Long term financing	**477,417**
Loan from sponsors	**1,004,104**
Liabilities against assets subject to ijarah financing	**88,459**
Long term security deposits	**21,550**
Accrued profit on financings	**14,076**
Short term borrowings	**376,583**
Trade and other payables	**124,621**
	2,106,810

	2013	
	Loans and advances	Total
	(Rupees '000)	
Assets as per balance sheet		
Long term deposits	79,169	79,169
Trade debts	144,349	144,349
Loans and advances	383,320	383,320
Trade deposits	9,377	9,377
Other receivables	93	93
Cash and bank balances	242,824	242,824
	859,132	859,132

	2013
	Financial Liabilities at amortized cost (Rupees '000)
Liabilities as per balance sheet	
Long term financing	513,917
Loan from sponsors	611,381
Liabilities against assets subject to ijarah financing	154,447
Long term security deposits	24,350
Accrued profit on financings	10,363
Short term borrowings	117,618
Trade and other payables	132,413
	1,564,489

42.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholders, return on capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represents long term financing (including current portion) plus liabilities against assets subject to ijarah financing and short term borrowings obtained by the Company as referred to in notes 20, 22 and 27. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Company's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of

The gearing ratio as at year ended 30 June 2014 and 30 June 2013 is as follows:

	Note	2014	2013
		(Rupees '000)	
Debt	20, 22 & 27	942,459	785,982
Equity		1,000,442	927,304
Total capital employed		1,942,901	1,713,286
Gearing ratio		48.51%	45.88%

43 SEGMENT INFORMATION

43.1 The company's reportable segments are based on the following product lines:

Industrial and Medical Gases

This segment covers business with large-scale industrial consumers, typically in the oil, chemical, food and beverage, metal, glass sectors and medical customers in healthcare sectors. Gases and services are supplied as part of customer specific solutions. These range from supply by road tankers in liquefied form. Gases for cutting and welding, hospital, laboratory applications and a variety of medical purposes are also distributed under pressure in cylinders.

Other Segments

This segment covers business of trading of chemicals.

43.2 Segment results are as follows:

	2014			2013		
	Industrial and Medical Gases	Other Segments	Total	Industrial and Medical Gases	Other Segments	Total
	(Rupees '000)			(Rupees '000)		
Net Sales	844,789	502,637	1,347,426	758,718	458,737	1,217,455
Cost of Sales	593,231	426,878	1,020,109	377,849	448,999	826,848
Gross Profit	251,558	75,759	327,317	380,869	9,738	390,607
Distributions Cost	104,694	777	105,471	109,801	691	110,492
Administrative Expenses	61,403	783	62,186	59,309	751	60,060
	166,097	1,560	167,657	169,110	1,442	170,552
Segment Profit / (Loss)	85,461	74,199	159,660	211,759	8,296	220,055
Unallocated corporate expenses						
Other Operating Expenses			7,665			9,467
Other Income			3,401			2,824
			155,396			213,412
Finance Cost			51,860			55,409
Profit before taxation			103,536			158,003
Taxation			30,398			6,097
Profit after taxation			73,138			151,906

43.3 Transfers between business segments are recorded at cost. There were no inter segment transfers during the year.

43.4 The Company's customer base is diverse with no single customer accounting for more than 10% of the net sales.

43.5 The segment assets and liabilities as at balance sheet date and capital expenditure for the year then ended are as follows:

	2014			2013		
	Industrial and Medical Gases	Other Segments	Total	Industrial and Medical Gases	Other Segments	Total
	(Rupees '000)			(Rupees '000)		
Segment assets	2,872,300	29,635	2,901,935	2,195,320	109,653	2,304,973
Unallocated assets			235,461			242,917
Total assets			3,137,396			2,547,890
Segment liabilities	2,087,484	31,869	2,119,353	1,578,250	36,239	1,614,489
Unallocated liabilities			17,601			6,097
Total liabilities			2,136,954			1,620,586

43.6 All non-current assets of the company as at 30 June 2014 were located within Pakistan.

	2014	2013
	(Number)	
44 NUMBER OF EMPLOYEES		
Total number of employees at year end	**260**	201
Average number of employees during the year	**231**	186

45 PLANT CAPACITY AND ACTUAL PRODUCTION

The following normal annual production capacity is worked out in triple shift basis.

	2014	2013
	(Cubic Meter)	
Industrial and medical gases		
Production at normal capacity - gross	**25,620,000**	25,620,000
Production at normal capacity - net of normal losses	**22,875,000**	22,875,000
Actual production - net of normal losses	**14,505,202**	16,443,267

45.1 Reason for low production

Under utilization of available capacity is due to planned shutdown for better utilization of plant facilities and country wide load shedding throughout the year.

46 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by Board of Directors of the Company on 25 SEP 2014

47 GENERAL

47.1 Corresponding figures have been re-arranged / re-classified wherever necessary to facilitate comparison. However, no significant reclassification has been made during the year.

47.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

MASROOR AHMAD KHAN
(DIRECTOR)

Form of Proxy

Folio No. ______________________

No. of Shares ______________________

I/We ....

of ....

being a member of GHANI GASES LIMITED ....

hereby appoint Mr./Mrs. ....

of ....

failing him /her Mr./Mrs. ....

(being a member of the company) as my/our proxy to attend, act and vote for me/us on my/our behalf at Friday 7th Annual Meeting of the member of the Company to be held at Lahore on Friday October 31, 2014 at 04:00 PM and at any adjournment(s) thereof.

As witnesses my/our hand(s) this .... day of October, 2014.

Signature and Revenue stamp

Witnesses:

	1	2
Signature:	____________________	____________________
Name:	____________________	____________________
CNIC#:	____________________	____________________
Address:	____________________	____________________
	____________________	____________________

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 82-N, Model Town Ext, Lahore not less than 48 hours before the time of holding the meeting.

2. No person shall be proxy unless he himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Company, all such instruments shall be rendered invalid.

For CDC Accountholders / Corporate Entities:

In addition to be above, the following requirements have to be met:

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.

(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with proxy form.

(iii) The proxy shall produce his / her original CNIC or orginal passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Ghani Global Group

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