GHANI GASES LIMITED
Manufacturers of Industrial & Medical Gases
Ghani Global Group

GGL/Corp/PSX

July 9, 2019

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

SUBJECT: DISCLOSURE OF MATERIAL INFORMATION

Dear Sir,

In accordance with the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to convey the following information:

> "Please refer our letter dated March 12, 2019 whereby we have sent the Court Order regarding approval of Scheme of Compromises, arrangement and Reconstruction between Ghani Gases Limited, Ghani Chemical Industries Limited and Ghani Global Glass Limited (the 'Scheme'). In compliance with the Court Order, the Company has been allotted 100,000,000 ordinary shares by Ghani Chemical Industries Limited (wholly owned subsidiary) in consideration for the transfer of the Manufacturing Undertaking by Ghani Gases Limited. The Company has also prepared standalone and consolidated financial statements of the Company on the effective date of the Scheme i.e., 01 July 2018 which has been approved by the Board of Directors of the Company. The same are attached herewith ."

A disclosure form is attached herewith.

You may please inform the TRE Certificate Holders of the Exchange, accordingly.

For Ghani Gases Limited

FARZAND ALI
Company Secretary

Encl: As stated above

CC: The Directors, Surveillance, Supervision and Enforcement, SMD, SECP, Islamabad.

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July 09, 2019

GHANI GASES LIMITED
DISCLOSURE FORM
(SECURITIES ACT, 2015)

Name of the Company	Ghani Gases Limited
Date of Report (Date of earliest event reported if applicable)	March 12, 2019
Exact Name of the Company as specified in its Memorandum	Ghani Gases Limited
Registered address of the Company	10-N, Model Town Ext. Lahore.
Contact Information	Mr. Farzand Ali Company Secretary Tel: 042-35161424-25 Fax: 042-35160393
Disclosure of Inside Information in terms of the Securities Act 2015 Rule Book of Pakistan Stock Exchange Limited	"Please refer our letter dated March 12, 2019 whereby we have sent the Court Order regarding approval of Scheme of Compromises, arrangement and Reconstruction between Ghani Gases Limited, Ghani Chemical Industries Limited and Ghani Global Glass Limited (the 'Scheme'). In compliance with the Court Order, the Company has been allotted 100,000,000 ordinary shares by Ghani Chemical Industries Limited (wholly owned subsidiary) in consideration for the transfer of the Manufacturing Undertaking by Ghani Gases Limited. The Company has also prepared standalone and consolidated financial statements of the Company on the effective date of the Scheme i.e., 01 July 2018 which has been approved by the Board of Directors of the Company. The same are attached herewith."

Farzand Ali
Company Secretary

Dedication
Excellence
Precision

GHANI GASES LIMITED

SPECIAL PURPOSE FINANCIAL INFORMATION

Rizwan & Company
CHARTERED ACCOUNTANTS

DFK INTERNATIONAL
An Independent Member Firm of DFK International

Rizwan & Company
CHARTERED ACCOUNTANTS

DFK INTERNATIONAL
An Independent Member Firm of DFK International

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INDEPENDENT AUDITOR'S REPORT

To the directors of Ghani Gases Limited

We have audited the annexed special purpose financial information of Ghani Gases Limited (the Company), which comprise the segregated statement of financial position as of July 01, 2018, and related statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by the management to ensure compliance of the Scheme of Compromises, Arrangement and Reconstruction as approved by Honorable Lahore High Court on February 06, 2019.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the general financial reporting framework and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ghani Gases Limited (Segregated between Manufacturing Undertaking and Retained Undertaking) as at July 01, 2018, and its financial performance and its cash flows for the period then ended in accordance with the Article 16 of the Scheme of Compromises, Arrangement and Reconstruction as approved Honorable Lahore High Court.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Ghani Gases

Limited to comply with the requirements of Scheme of Compromises, Arrangement and Reconstruction as approved by Honorable Lahore High Court, Lahore on February 06, 2019. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The Company has prepared a separate set of financial statements for the year ended June 30, 2018 in accordance with International Financial Reporting Standards as applicable in Pakistan on which we have issued a separate auditor's report to the shareholders of Ghani Gases Limited on September 01, 2018.

Rizwan & Co.

RIZWAN & COMPANY
CHARTERED ACCOUNTANTS

Lahore:

Date: 08 JUL 2019

GHANI GASES LIMITED
STATEMENT OF FINANCIAL POSITION
SPECIAL PURPOSE FINANCIAL INFORMATION

	Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking (Rupees '000) 1-Jul-18	Retained Undertaking 1-Jul-18
ASSETS				
Non-current assets				
Property, plant and equipment	6	3,044,313	3,044,313	-
Intangible assets	7	14,631	14,561	70
Long term investments	8	593,000	-	2,651,194
Long term deposits	9	68,257	68,257	-
		3,720,201	3,127,131	2,651,264
Current assets				
Stores, spares and loose tools	10	201,566	201,566	-
Stock in trade	11	94,343	94,343	-
Trade debts	12	468,959	468,959	-
Loans and advances	13	195,853	195,000	853
Trade deposits and prepayments	14	47,420	47,420	-
Other receivables	15	864	864	-
Tax refunds due from government	16	47,503	47,503	-
Advance income tax - net		376,706	376,706	-
Cash and bank balances	17	173,762	173,762	-
		1,606,976	1,606,123	853
TOTAL ASSETS		5,327,177	4,733,254	2,652,117
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
200,000,000 ordinary shares of Rs. 10 each		2,000,000		2,000,000
Issued, subscribed and paid up share capital	18	1,322,682	-	1,322,682
Shares to be issued of GCIL under scheme of arrangment to Retained Undertaking		-	1,000,000	-
Shares to be issued against scheme of arrangement		-	-	144,243
Share premium	19	460,198	-	460,198
Share premium under scheme of arrangment on issue of shares to Retained Undertaking		-	913,951	-
Unappropriated profit		724,141	-	724,141
Loan from sponsors	20	231,450	231,450	-
		2,738,471	2,145,401	2,651,264
Non-current liabilities				
Long term financing	21	33,857	33,857	-
Redeemable capital - Sukuk	22	812,499	812,499	-
Long term security deposits	23	33,025	33,025	-
Deferred taxation	24	282,834	282,834	-
		1,162,215	1,162,215	-
Current liabilities				
Trade and other payables	25	199,937	199,937	-
Unclaimed dividend		853	-	853
Accrued profit on financing	26	23,957	23,957	-
Short term borrowings	27	955,986	955,986	-
Current portion of long term liabilities	28	242,280	242,280	-
Provision for taxation		3,478	3,478	-
		1,426,491	1,425,638	853
Total liabilities		2,588,706	2,587,853	853
TOTAL EQUITY AND LIABILITIES		5,327,177	4,733,254	2,652,117
CONTINGENCIES AND COMMITMENTS	29	-	-	-

The annexed notes from 1 to 40 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

GHANI GASES LIMITED
STATEMENT OF PROFIT OR LOSS
SPECIAL PURPOSE FINANCIAL INFORMATION

	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
Gross sales	-	-
Less: Sales tax	-	-
Net sales	-	-
Cost of sales	-	-
Gross profit	-	-
Distribution costs	-	-
Administrative expenses	-	-
Other operating expenses	-	-
	-	-
	-	-
Other income	-	-
Profit from operations	-	-
Finance costs	-	-
Profit before taxation	-	-
Taxation	-	-
Profit after taxation	-	-
Earnings per share - basic and diluted (Rupee)	-	-

The annexed notes from 1 to 40 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

GHANI GASES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
SPECIAL PURPOSE FINANCIAL INFORMATION

	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
Profit after taxation	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

The annexed notes from 1 to 40 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

GHANI GASES LIMITED
STATEMENT OF CHANGES IN EQUITY (RETAINED UNDERTAKING)
SPECIAL PURPOSE FINANCIAL INFORMATION

	Share capital	Shares to be issued against scheme	Capital reserve - Share premium	Revenue Reserve - Unappropriated profit	Loan from sponsors	Total
	(Rupees '000')					
Balance as at July 01, 2017	1,247,813	-	535,067	566,436	638,500	2,987,816
Profit for the year	-	-	-	157,705	-	157,705
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	157,705	-	157,705
Issuance of bonus shares	74,869	-	(74,869)	-	-	-
Transactions with owners/sponsors						
Loan repaid to sponsors - net	-	-	-	-	(407,050)	(407,050)
Balance as at June 30, 2018	**1,322,682**	**-**	**460,198**	**724,141**	**231,450**	**2,738,471**
Transfer under scheme of arrangement	-	-	-	-	**(231,450)**	**(231,450)**
Shares to be issued under scheme of arrangement	-	144,243	-	-	-	144,243
Balance as at July 01, 2018	**1,322,682**	**144,243**	**460,198**	**724,141**	**-**	**2,651,264**

The annexed notes from 1 to 40 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

GHANI GASES LIMITED
STATEMENT OF CASH FLOWS
SPECIAL PURPOSE FINANCIAL INFORMATION

	Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
			(Rupees '000')	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operating activities	30	302,194	-	-
Finance costs paid		(116,062)	-	-
Income tax paid		(111,370)	-	-
		(227,432)	-	-
Net cash (used in) / generated from operating activities		74,762	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions in operating fixed assets		(31,453)	-	-
Additions in capital work in progress		(187,993)	-	-
Additions in intangible assets		(14,808)	-	-
Proceeds from disposal of operating fixed assets		8,744	-	-
Long term deposits - net		(10,501)	-	-
Net cash used in investing activities		(236,011)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds / (repayments) of long term financing		35,186	-	-
(Repayments) / proceeds of redeemable capital - Sukuk		(216,667)	-	-
(Repayments) / proceeds of loan from sponsors - net		(407,050)	-	-
Short term borrowings		682,986	-	-
Dividend paid		(5)	-	-
Proceeds from long term deposits		6,405	-	-
Net cash generated from financing activities		100,855	-	-
Net (decrease) / increase in cash and cash equivalents		(60,394)	-	-
Cash and cash equivalents at the beginning of the period		234,156	-	-
Cash and cash equivalents transferred as per Scheme of Arrangment		-	173,762	-
Cash and cash equivalents at the end of the period	17	173,762	173,762	-

The annexed notes from 1 to 40 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

GHANI GASES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SPECIAL PURPOSE FINANCIAL INFORMATION

1 THE COMPANY AND ITS OPERATIONS

GHANI GASES LIMITED ("the Company") was incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017) on November 19, 2007, converted into public limited Company on February 12, 2008 and became listed on Pakistan Stock Exchange on January 05, 2010. The registered office of the Company is situated at 10-N Model Town Extension, Lahore. The Company is principally engaged in the manufacturing, sale and trading of medical & industrial gases and chemicals. Manufacturing facilities of the Company are located at Phool Nagar Bypass, District Kasur and Port Qasim, Karachi.

2 SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

In accordance with the scheme of arrangement, separating / demerging Ghani Gases Limited's manufacturing undertaking and to transfer the same to Ghani Chemical Industries Limited, retention of all remaining assets and liabilities, change of name of the Ghani Gases Limited to Ghani Global Holdings Limited, transfer of shares of Ghani Global Glass Limited held by sponsors to Ghani Gases Limited against issue of shares by Ghani Gases Limited. The Honorable Lahore High Court, Lahore has approved the scheme vide order number 221137 of 2018 dated February 06, 2019.

This scheme shall become binding on the filing date and take effect by operations of law as of the effective date provided that the Board of Directors of Ghani Gases Limited have approved the financial statements of Manufacturing Undertaking and Retained Undertaking as of the effective date of Ghani Gases Limited specifying the net assets of Manufacturing Undertaking as well as residual net assets to be retained within Ghani Gases Limited as prepared by the Management of Ghani Gases Limited and audited by the external auditors of the Ghani Gases Limited in accordance with accounting principles Generally accepted in Pakistan and Board of Directors of Ghani Chemical Industries Limited has confirmed and approved issuance of number of shares to Ghani Gases Limited for transfer of Manufacturing Undertaking to Ghani Chemical Industries Limited in terms of this scheme.

MANUFACTURING UNDERTAKING

Manufacturing Undertaking means all the Assets (with all existing Encumbrances thereon, if any), Liabilities, Rights and Obligation of Ghani Gases Limited, excluding those forming part of the Retained Undertaking immediately preceding the Effective Date.

RETAINED UNDERTAKING

Retained Undertaking means all Assets (with all existing Encumbrances thereon, if any) and Liabilities of Ghani Gases Limited immediate preceding the Effective Date that shall not be transferred to or vest in Ghani Chemical Industries Limited pursuant to the Scheme and accordingly do not form part of the Manufacturing Undertaking.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan to comply with the requirement of Article 16 of the scheme of compromises, arrangement and reconstruction approved by Honourable Lahore High Court, Lahore.The approved accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act).

3.2 INITIAL APPICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

3.2.1 New standards, amendments to approved accounting standards and interpretations

Initial application of standards, amendments or an interpretation to existing standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective in current year.

The following amendment to published standards is mandatory for the financial year which began on July 1, 2017 and is relevant.

- Amendment to IAS 7 'Statement of cash flows': This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required and the information can be provided in other ways. In the first year of adoption, comparative information is not required to be provided.

- Amendment to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealized losses. These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. Currently, there are no debt instruments measured at fair value.

- IFRS 12, 'Disclosure of interest in other entities'. These amendments clarify the scope of IFRS 12 by specifying that the disclosure requirements, except for those summarized financial information for subsidiaries, joint ventures and associates, apply to an Company's interests which are classified as held for sale, as held for distribution to owners in their capacity as owners or as a discontinued operations in accordance with IFRS 5. The amendments does not impact these financial statements.

The other amendments to published standards and interpretations that are mandatory for the financial year which began on July 1, 2017 are considered not to be relevant or to have any significant impact on the financial reporting and operations and are therefore not disclosed in these financial statements.

b) New accounting standards, amendments and IFRIC interpretations that are not yet effective.

The following standards, amendments and interpretations of approved accounting standards that will be effective for the periods beginning on or after January 1, 2018, that may have an impact on the financial statements.

- IFRS 9 'Financial instruments' (effective for annual periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through profit and loss. The basis of classification depends on the Company's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit and loss with the irrevocable option at inception to present changes in fair value in OCI and not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit and loss.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. Management is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. Management is in the process of assessing the impact of adoption of this standard on the financial statements. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

- IFRS 16 'Leases' (effective for annual periods beginning on or after January 1, 2019). This standard is also yet to be notified by the SECP. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees, in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. However, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Management is yet to assess the full impact of this standard.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the Company shall determine a date of the transaction for each payment or receipt of advance consideration.

- Amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018) clarifies that an Company shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment Company that has an interest in an associate or joint venture that is an investment Company, when applying the equity method, to retain the fair value measurement applied by that investment Company associate or joint venture to the investment Company associate's or joint venture's interests in subsidiaries. This election is made separately for each investment Company associate or joint venture.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- Amendments to IAS 23 Borrowing Costs (effective for annual periods beginning on or after January 1, 2019) clarify that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non – qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an Company adopts the amendments.

- IAS 12 Income taxes (effective for annual periods beginning on or after January 1, 2019) - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity.

The above new standards, amendments and interpretations are not likely to have an impact on these financial statements. There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant and therefore, have not been presented here.

3.3 Functional and presentation currency

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

4 BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention.

4.2 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with the approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which estimate is revised and in any future periods affected. The areas where various assumptions and estimates are significant to these financial statements or where judgments were exercised in application of accounting policies are as follows:

a) ***Taxation***

Management takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Management's view differs from the view taken by the income tax department at the assessment and appellate stages and where the Management considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent

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***

Management reviews its doubtful trade debts and other receivables at each reporting date to assess whether provision should be recorded in the statement of profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

d) ***Provision for slow moving / obsolete items***

Management reviews the carrying values and impairment of stores, spares and loose tools to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of the provision involves the use of estimates with regard to future estimated use and respective fair value of stores, spares and loose tools.

e) ***Recoverable amount of assets / cash generating units and impairment***

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount, if there is any such indication. In making estimates of future cash flows from investments in subsidiary and associate, the management considers future dividend stream and an estimate of the terminal value of these investments, which are subject to change.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these financial statements.

5.1 Taxation

Current

Provision for taxation is based on taxable income at current rates after taking into account tax rebates, exemption and credits available, if any or minimum tax on turnover or alternate corporate tax on accounting profit and tax paid under final tax regime under relevant provisions of Income Tax Ordinance, 2001. The charge for current tax also includes adjustments to tax payable, where considered necessary, in respect of previous years. The amount of unpaid income tax in respect of annual or prior periods is recognized as liability and any excess paid over what is due in respect of current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

5.2 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transactions costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in statement of profit or loss over the period of borrowings on effective profit rate.

5.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.4 Provisions and contingencies

A provision is recognized in financial statements 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. Provision is recognized at an amount that is the best estimate of an expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where reliable estimate of the amount of obligation cannot be made. A contingent liability is disclosed, unless the possibility of outflow is remote.

5.5 Property, plant and equipment

5.5.1 *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.

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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance costs are charged to statement of profit or loss as and when incurred.

Depreciation

Depreciation is charged to statement of profit or loss 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 available for use, while no depreciation is charged for the month in which the asset is disposed of.

De-recognition
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in statement of profit or loss.

5.5.2 *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 statement of profit or loss.

5.6 Stores, spares and loose tools

These are stated at lower of cost or net realizable value. Cost is determined by using the weighted average method. Items in transit are valued at cost comprising invoice value, plus other charges paid thereon. Provision is also made for slow moving and obsolete items.

5.7 Stock in trade

These are stated at the lower of cost and net realizable value. The cost is determined as follows:

Raw and packing materials	At weighted average cost
Work in process	At weighted average manufacturing cost
Finished goods	At weighted average manufacturing cost
Items in transit	Cost comprising invoice values plus other charges incurred thereon.

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

5.8 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 balances that are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

5.9 Other receivables

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

5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of change in value.

5.11 Loans, advances, trade deposits and prepayments

These are initially recognized at cost, which is the fair value of consideration given. Subsequent to the initial recognition assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment losses recognized for the difference between the recoverable amount and the carrying value.

5.12 Financial instruments

Recognition and de-recognition
Financial instruments carried on the statement of financial position include deposits, trade debts, loans and advances, trade deposits, other receivables, cash and bank balances, long-term financing, long term deposits payable, trade and other payables, accrued profit on financing and short term borrowings etc. 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. Financial assets and liabilities are recognized initially at cost, which is the fair value of the consideration given or received as appropriate, plus any directly attributable transaction costs. These financial assets and liabilities are subsequently measured at fair value or amortized cost using the effective rate of interest method, as the case may be.

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 statement of profit or loss.

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.

5.13 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 statement of profit or loss.

5.14 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 Manufacturing Undertaking and revenue can

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

iii) Dividend income is recognized when the Company's right to receive the dividend is established; and

iv) Rental income is recognized on accrual basis when the amount is being receivable by the Company as per relevant assessment.

v) Any profit on loans and advances is recognized on time proportion basis using effective rate of return.

5.15 Employees' benefits

Defined contribution plan
Manufacturing Undertaking 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 Manufacturing Undertaking and employees to the fund.

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

5.16 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 statement of profit or loss whenever incurred. Finance cost is accounted for on accrual basis.

5.17 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 in Retained Undertaking. Goodwill is stated at cost less any identified impairment loss.

Software is stated at cost less accumulated amortization and any identified impairment loss in Manufacturing Undertaking. 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

Software is amortized using straight line method at the rates given in notes to the financial statements. Amortization is charged to statement of profit or loss 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 statement of profit or loss immediately.

Software is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

5.18 Investments in subsidiary and associate

In Retained Undertaking, Investments in subsidiary and associates are measured at cost. As per requirement of IAS 27 in separate financial statements at subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense in statement of profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in statement of profit or loss.

The profits and loss of the subsidiary and the associate is carried forward in respective financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiary and the associate which are recognized in other income. Gain and losses on disposal of such investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

5.19 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.

5.20 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved by the Board of Directors or Company's shareholders as the case maybe.

5.21 Share capital

Incremental cost directly attributable to issue of ordinary shares are recognized as deduction from equity.

5.22 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit attributable to ordinary shares of the Company by the weighted average number of shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post tax effect of changes in profit and loan attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6 PROPERTY, PLANT AND EQUIPMENT

	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
	(Rupees '000')	
6.1 Operating fixed assets	3,039,513	-
6.2 Capital work in progress	4,800	-
	3,044,313	-

6.1 Operating fixed assets

DESCRIPTION	2018 BALANCE AS AT JUNE 30, 2018 Cost	Accumulated Depreciation / Amortization	Net Book Value	FOR THE PERIOD Transfer under Scheme of Arrangement (Cost)	Accumulated Depreciation	Depreciation / Amortization for the period	BALANCE AS AT JULY 01, 2018 Cost	Accumulated Depreciation / Amortization	Net Book Value
	(Rupees '000')								
Land - Freehold	62,477	-	62,477	(62,477)	-	-	-	-	-
Land- Leasehold	25,826	3,394	22,432	(25,826)	3,394	-	-	-	-
Building	303,981	122,730	181,251	(303,981)	122,730	-	-	-	-
Plant and machinery	3,085,719	379,787	2,705,932	(3,085,719)	379,787	-	-	-	-
Furniture and fittings	29,906	13,171	16,735	(29,906)	13,171	-	-	-	-
Office equipment	4,351	1,584	2,767	(4,351)	1,584	-	-	-	-
Computers	10,458	6,767	3,691	(10,458)	6,767	-	-	-	-
Vehicles	78,285	34,057	44,228	(78,285)	34,057	-	-	-	-
	3,601,003	561,490	3,039,513	(3,601,003)	561,490	-	-	-	-

6.2 CAPITAL WORK IN PROGRESS	Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
			(Rupees '000')	
At cost				
Civil works		4,800	4,800	-

7 INTANGIBLE ASSETS

	Note			
Software - Net book value		14,561	14,561	-
Goodwill	7.1	70	-	70
		14,631	14,561	70

7.1 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 Southern Gases (Private) Limited with and into Ghani Gases Limited.

7.2 The Company assessed the recoverable amount at June 30, 2018 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 years financial business plan which assumes cash inflows from investing and financing activities.

8 LONG TERM INVESTMENTS - AT COST

	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
		(Rupees '000')	
Subsidiary			
Ghani Chemical Industries Limited			
Holding 95.33%			
14,300,000 fully paid ordinary shares Rupees 10 each.	143,000	-	143,000
Shares to be issued in pursuance of arrangement	-	-	1,913,951
Associate			
Ghani Global Glass Limited			
Holding 25%			
25,000,000 fully paid ordinary shares of Rupees 10 each.	450,000	-	450,000
Shares to be issued in pursuance of arrangement	-	-	144,243
	593,000	-	2,651,194

8.1 In subsidiary company - unquoted			
Opening carrying value	143,000	-	143,000
Shares to be issued in pursuance of arrangement	-	-	1,913,951
Closing carrying Value	143,000	-	2,056,951

8.1.1 Ghani Chemical Industries Limited was incorporated in Pakistan as a private limited company on November 23, 2015 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into public limited company on April 20, 2017.

8.2 In associated company - quoted	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
		(Rupees '000')	
Opening carrying value	450,000	-	450,000
Shares to be issued in pursuance of arrangement	-	-	144,243
Closing carrying Value	450,000	-	594,243

8.2.1 Ghani Global Glass Limited was incorporated in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company on October 04, 2007 and was subsequently converted into public company and was listed on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of glass tubes, glass-ware, vials and ampules.

9 LONG TERM DEPOSITS	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
		(Rupees '000')	
Considered good:			
Security deposits for utilities	60,370	60,370	-
Security deposits for rented premises	1,188	1,188	-
Deposits against fuel supply	6,113	6,113	-
Deposits against Ijarah facilities	586	586	-
	68,257	68,257	-

9.1 These have been deposited against utilities, rented premises, Ijarah facilities and other suppliers and are refundable on completion or termination of contracts in accordance with terms of contract. Due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.

	Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18 (Rupees '000')	Retained Undertaking 1-Jul-18
10 STORES, SPARES AND LOOSE TOOLS				
Stores		24,404	24,404	-
Spares		176,953	176,953	-
Loose tools		209	209	-
		201,566	201,566	-
11 STOCK IN TRADE				
Finished goods - industrial gases		26,889	26,889	-
Finished goods - industrial chemicals		67,454	67,454	-
		94,343	94,343	-
12 TRADE DEBTS				
Considered good:				
Unsecured	12.1	468,959	468,959	-
				-
Considered doubtful		2,841	2,841	-
Provision for doubtful debts		(2,841)	(2,841)	-
		468,959	468,959	-
12.1 The aging of trade debts at balance sheet date was:				
Not past due		6,659	6,659	-
0 to 180 Days		376,693	376,693	-
181 to 365 Days		36,030	36,030	-
1 to 2 Years		30,940	30,940	-
More than two years		18,637	18,637	-
		468,959	468,959	-
13 LOANS AND ADVANCES				
Unsecured and Considered good:				
Advances to:				
- Employees against expenses		1,837	1,837	-
- Ghani Chemical Industries Limited		-	(853)	853
- Suppliers and contractors		194,016	194,016	-
		195,853	195,000	853

13.1 The carrying values of loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18 (Rupees '000')	Retained Undertaking 1-Jul-18
14 TRADE DEPOSITS AND PREPAYMENTS			
Considered good:			
Security deposits	39,040	39,040	-
Short term prepayments	1,944	1,944	-
Margin against letter of credit	6,436	6,436	-
	47,420	47,420	-
15 OTHER RECEIVABLES			
Considered good:			
Bank profit receivables	55	55	-
Accrued profit on share deposit money	809	809	-
	864	864	-

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		Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18 (Rupees '000')	Retained Undertaking 1-Jul-18
16	**TAX REFUNDS DUE FROM GOVERNMENT**				
	Sales tax refundable		47,503	47,503	-
17	**CASH AND BANK BALANCES**				
	Cash in hand		141	141	-
	Balances with banks in:				
	Current accounts		48,928	48,928	-
	Deposit accounts		124,693	124,693	-
			173,621	173,621	-
			173,762	173,762	-
18	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**				
	122,956,711 Ordinary shares of Rupees 10 each fully paid in cash		1,229,567	-	1,229,567
	13,000 Ordinary shares of Rupees 10 each issued for consideration other than cash under scheme of arrangement for amalgamation	18.1	130	-	130
	9,298,452 Ordinary shares of Rupees 10 each issued as fully paid bonus shares		92,985	-	92,985
			1,322,682	-	1,322,682

18.1 The process for amalgamation of Ghani Southern Gases (Private) Limited with and into the Company as on May 15, 2012 resulted in issuance of shares for consideration other than cash.

19 **CAPITAL RESERVE - SHARE PREMIUM**

This includes share premium received by the Company on 2,500,000 ordinary shares at the rate of Rupees 5 per share, share premium of 7,000,000 ordinary shares issued at Rupees 2.50 per share and share premium on 43,019,834 ordinary shares at the rate of Rupees 10 per share. Share premium may be utilized by the Company only for the purpose specified in Section 81 of the Companies Act, 2017.

20 **LOAN FROM SPONSORS**

Loan from sponsors as of June 30, 2018 has been transferred to manufacturing undertaking.

		Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18 (Rupees '000')	Retained Undertaking 1-Jul-18
21	**LONG TERM FINANCING**				
	From banking companies - secured:				
	Diminishing Musharakah	21.1	1,981	1,981	-
	Diminishing Musharakah	21.2	9,899	9,899	-
	Diminishing Musharakah	21.3	33,634	33,634	-
	Diminishing Musharakah	21.4	13,471	13,471	-
			58,985	58,985	-
	From Islamic Financial Institution - secured				
	Diminishing Musharakah	21.5	485	485	-
			59,470	59,470	-
	Current portion taken as current liability	28	(25,613)	(25,613)	-
			33,857	33,857	-

21.1 This represents diminishing musharakah facility having credit limit of Rupees 10 million (2017: Rupees 10 million) availed from banking company for purchase of vehicles. The term of the agreement is 3 years. The balance is repayable in 36 installments. It carries profit rate of 6 months KIBOR plus 100 BPS. It is secured against ownership of DM assets in favor of the banking company.

21.2 This represents diminishing musharakah facility having credit limit of Rupees 20 million (2017: Rupees 20 million) availed from banking company for purchase of vehicles and machinery for a period of 3 years. The balance is repayable in quarterly installments. It carries profit rate of 3 months KIBOR plus 90 BPS. The facility is secured against ownership of Diminishing Musharakah assets in favor of the banking company and personal guarantee of three directors of the Company.

21.3 This represents diminishing musharakah facility having credit limit of Rupees 50 million (2017: Nil) availed from banking company for purchase of machinery and equipments for a period of 3 years. The balance is repayable in 36 equal monthly installments. It carries profit rate of 6 months KIBOR plus 100 BPS. The facility is secured against ownership of Diminishing Musharakah assets in favor of the banking company, customer share of at least 10% and personal guarantee of three sponsoring directors of the Company.

21.4 This represents diminishing musharakah facility having credit limit of Rupees 50 million (2017: Nil) availed from banking company to finance machinery and equipments for a period of 3 years. The balance is repayable in 36 equal monthly installments. It carries profit rate of 1 year KIBOR plus 80 BPS. The facility is secured against specific charge on assets and personal guarantee of three sponsoring directors of the Company.

21.5 This Islamic finance facility carries profit ranging from 6 months KIBOR plus 195 BPS to 225 BPS (2017: 6 months KIBOR plus 195 BPS to 225 BPS). This Islamic finance facility having credit limit of Rupees 63 million (2017: Rupees 63 million) is secured against ownership of DM assets in favor of financial institution. This finance facility is repayable in monthly installments.

22 REDEEMABLE CAPITAL - SUKUK	Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
			(Rupees '000')	
Long Term Certificates (Sukuk)	22.1	1,029,166	1,029,166	-
Current portion taken as current liability	28	(216,667)	(216,667)	-
		812,499	812,499	-

22.1 The Manufacturing Undertaking has issued Rated, Privately Placed and Secured Long Term Islamic Certificates (Sukuk) as instrument of redeemable capital under Section 120 of the repealed Companies Ordinance 1984 (Now the Companies Act, 2017) amounting to Rupees 1,300 million divided into 13,000 (2017: 13,000) certificates of Rupees 100,000 (2017: Rupees 100,000) each for a period of 6 years under an agreement dated December 22, 2016 for swapping of long term and short term financing facilities and to meet business requirements. The said certificates are redeemable in 24 consecutive quarterly installments commenced from February 03, 2017 and ending on February 03, 2023. Rental is payable on quarterly basis along with redemption of certificates. It carries profit rate of 3 months KIBOR plus 100 BPS (2017: 3 months KIBOR plus 100 BPS). These certificates are secured against first pari passu charge over present and future fixed assets of the Company to the extent of Rupees 1,625 million.

23 LONG TERM SECURITY DEPOSITS	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
		(Rupees '000')	
Security deposits	33,025	33,025	-

23.1 These represents amounts received from customers on installation/provision of equipment at their premises and can be used in ordinary course of the Manufacturing Undertaking business under provisions of Section 217 of the Companies Act, 2017.

24 DEFERRED TAXATION	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
		(Rupees '000')	
Taxable temporary differences			
Accelerated tax depreciation	482,035	482,035	-
Deductible temporary differences			
Provision for doubtful debts	(710)	(710)	-
Unused tax losses	(195,592)	(195,592)	-
	(196,302)	(196,302)	-
Net taxable temporary differences	285,733	285,733	-
Unused tax credits	(2,899)	(2,899)	-
	282,834	282,834	-
Average rate	25.00%	25.00%	

25 TRADE AND OTHER PAYABLES			
Trade creditors	93,854	93,854	-
Advances from customers	64,967	64,967	-
Accrued liabilities	31,677	31,677	-
Payable to Workers' profit participation fund	8,228	8,228	-
Withholding tax	1,211	1,211	-
	199,937	199,937	-

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		Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
				(Rupees '000')	
26	**ACCRUED PROFIT ON FINANCINGS**				
	Long term financing		320	320	-
	Redeemable capital - Sukuk		12,344	12,344	-
	Short term borrowings		11,293	11,293	-
			23,957	23,957	-

		Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
27	**SHORT TERM BORROWINGS**				
	From banking companies - secured:				
	Short term borrowings	27.1	955,986	955,986	-

27.1 These finances have been obtained from banking companies under profit arrangements and are secured against joint pari passu hypothecation charge on the present and future current assets of the Company and personal guarantees of sponsor directors of the Company. These form part of total credit funded facilities of Rupees 1,125 million (2017: Rupees 860 million). The rates of profit ranging from relevant KIBOR plus 0.85% to 1.25% (2017: relevant KIBOR plus 0.9% to 1.25%). These facilities are expiring on various dates by March 31, 2019 and are renewable.

		Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
				(Rupees '000')	
28	**CURRENT PORTION OF LONG TERM LIABILITIES**				
	Long term financing	21	25,613	25,613	-
	Redeemable capital - Sukuk	22	216,667	216,667	-
			242,280	242,280	-

29 **CONTINGENCIES AND COMMITMENTS**

29.1 **Contingencies**

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

29.1.2 All other contingencies as of June 30, 2018 has been transferred to manufacturing undertaking.

29.2 **Commitments**

29.2.1 All commitments as of June 30, 2018 has been transferred to manufacturing undertaking.

		Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
			(Rupees '000')	
30	**CASH GENERATED FROM OPERATING ACTIVITIES**			
	Profit before taxation	158,785	-	-
	Adjustments for non-cash charges/items:			
	Depreciation / Amortization	106,142	-	-
	Amortization of intangible assets	247	-	-
	Finance costs	123,484	-	-
	Provision for doubtful debts	2,841	-	-
	Translation exchange loss	1,548	-	-
	Gain on disposal of operating fixed assets	(825)	-	-
		233,437	-	-
	Operating cash flows before working capital changes	392,222	-	-
	Effect on cash flows due to working capital changes			
	(Increase) / decrease in current assets:			
	Stores and spares	(94,330)	-	-
	Stock in trade	(56,603)	-	-
	Trade debts	57,900	-	-
	Loans and advances	(61,293)	-	(853)
	Short term deposits and prepayments	(4,649)	-	-
	Balances with statutory authorities	(24,084)	-	-
	Other receivables	(784)	-	-
	Increase / (decrease) in current liabilities:			
	Trade and other payables	96,561	-	-
	Unclaimed dividend	-	-	853
	Payable to Employees' Provident Fund	(2,746)	-	-
	Net cash used in working capital changes	(90,028)	-	-
	Cash generated from operating activities	302,194	-	-

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31 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

During the period, no remuneration was paid to Chief Executive, Directors and Executives.

32 RELATED PARTY TRANSACTIONS

The Company has transferred its net assets relating to manufacturing undertaking to Ghani Chemical Industries Limited against which shares will be issued under the scheme of arrangement.

33 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

33.1 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that refects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

As at reporting date, there is no item to report in these levels.

33.2 Financial instruments not measured at fair value

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

	Note	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
			(Rupees '000')	
Assets as per balance sheet				
Long term deposits	9	68,257	68,257	-
Trade debts	12	468,959	468,959	-
Trade deposits and margin against letter of credit	14	45,476	45,476	-
Other receivables	16	864	864	-
Cash and bank balances	17	173,762	173,762	-
		757,318	757,318	-
Financial liabilities at amortized cost				
Liabilities as per balance sheet				
Long term financing	21	59,470	59,470	-
Redeemable capital - Sukuk	22	1,029,166	1,029,166	-
Long term security deposits	23	33,025	33,025	-
Accrued profit on financings	26	23,957	23,957	-
Short term borrowings	27	955,986	955,986	-
Trade and other payables	25	133,759	133,759	-
Unclaimed dividend		853	-	853
		2,236,216	2,235,363	853

34 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

34.1 Information

Description	Note	Manufacturing Undertaking July 01, 2018		Retained Undertaking July 01, 2018	
		Carried under			
		Non - Sharia arrangements	Sharia arrangements	Non - Sharia arrangements	Sharia arrangements
		(Rupees '000')			
(i) Assets					
Deposits	9 and 14	-	107,297	-	-
Bank balances	17	-	173,621	-	-

Description	Note	Manufacturing Undertaking July 01, 2018 Carried under Non - Sharia arrangements	Manufacturing Undertaking July 01, 2018 Carried under Sharia arrangements	Retained Undertaking July 01, 2018 Carried under Non - Sharia arrangements	Retained Undertaking July 01, 2018 Carried under Sharia arrangements
		(Rupees '000')			
(ii) Liabilities					
Loans and deposits					
Long term financing	21	-	59,470	-	-
Redeemable capital - Sukuk	22	-	1,029,166	-	-
Long term deposits	23	-	33,025	-	-
Short term borrowings	27	-	955,986	-	-

35 FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies and provides principles for overall risk management, as well as policies covering specific areas such as currency risk, equity price risk, 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.

The Company's audit committee monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes reviews of risk management controls and procedures, results of which are reported to audit committee.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(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 exposed to currency risk arising from various currency exposures, primarily with respect to the Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's exposure to currency risk was as follows:

Following is the gross balance sheet exposure classified into separate foreign currencies:

	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
		(EURO)	
Trade and other payables	255,000	255,000	-
Gross balance sheet exposure	255,000	255,000	-

The following significant exchange rates were applied:

	Average rate Ghani Gases Limited June 30, 2018	Average rate Manufacturing Undertaking July 01, 2018	Spot rate Ghani Gases Limited June 30, 2018	Spot rate Manufacturing Undertaking July 01, 2018
	(Rupees)			
PKR per EURO	132.02	132.02	141.57	141.57

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the Euro with all other variables held constant, the impact on profit after taxation for the year ended June 30, 2018 would have been Rupees 1.81 million higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the period end exposure does not reflect the exposure during the period.

(ii) *Profit rate risk*

Profit rate risk represents the risk that fair values of future cash flows of financial instruments which will fluctuate because of change in market profit rates. The Company has no significant long-term profit-bearing financial assets. The Company's profit rate risk arises from financial liabilities. Borrowings obtained at floating 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 profit bearing financial instruments was:

	Note	Ghani Gases Limited June 30, 2018	Manufacturing Undertaking July 01, 2018	Retained Undertaking July 01, 2018
			(Rupees '000')	
Floating rate instruments				
Financial assets				
Bank balances in deposit accounts	17	124,693	124,693	-
Financial liabilities				
Long term financing	21	59,470	59,470	-
Redeemable capital - Sukuk	22	1,029,166	1,029,166	-
Short term borrowings	27	955,986	955,986	-

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 floating 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.

		Changes in Interest Rate	Profit before tax
		(%)	(Rupees'000)
Financial assets			
Bank Balances - deposit accounts			
Manufacturing Undertaking	July 01, 2018	+1.50	1,870
		-1.50	(1,870)
Ghani Gases Limited	June 30, 2018	+1.50	1,870
		-1.50	(1,870)
Financial liabilities			
Long term financing			
Manufacturing Undertaking	July 01, 2018	+2.00	1,189
		-2.00	(1,189)
Ghani Gases Limited	June 30, 2018	+2.00	1,189
		-2.00	(1,189)
Redeemable capital - Sukuk			
Manufacturing Undertaking	July 01, 2018	+2.00	20,583
		-2.00	(20,583)
Ghani Gases Limited	June 30, 2018	+2.00	20,583
		-2.00	(20,583)
Short term borrowing			
Manufacturing Undertaking	July 01, 2018	+2.00	19,120
		-2.00	(19,120)
Ghani Gases Limited	June 30, 2018	+2.00	19,120
		-2.00	(19,120)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and outstanding liabilities at the period end.

(iii) *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.

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	Ghani Gases Limited June 30, 2018	Manufacturing Undertaking July 01, 2018	Retained Undertaking July 01, 2018
			(Rupees '000')	
Long term deposits	9	68,257	68,257	-
Trade debts	12	468,959	468,959	-
Trade deposits	14	39,040	39,040	-
Other receivables	15	864	864	-
Bank balances	17	173,621	173,621	-
		750,741	750,741	-

Concentration of credit risk

The company identifies concentrations of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

	Note	Ghani Gases Limited June 30, 2018	Manufacturing Undertaking July 01, 2018	Retained Undertaking July 01, 2018
			(Rupees '000')	
Customers	12	468,959	468,959	-
Banking companies and financial institutions	15 & 17	173,676	173,676	-

Out of the total financial assets credit risk is concentrated in trade debts and deposits with banks as they constitute 85% of the total financial assets. The Company's exposure to credit risk related to trade debts is disclosed in note 12.1.

Provision for doubtful debts

Based on age analysis, relationship with customers and past experiences no further provision for doubtful debts is required for the period end and does not expect any party to fail to meet their obligation.

The credit quality of loans and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. The credit quality of Company's bank balances can be assessed with reference to the external credit ratings follows:

Banks	Rating Agency	Short term	Long term	Ghani Gases Limited June 30, 2018	Manufacturing Undertaking July 01, 2018	Retained Undertaking July 01, 2018
					(Rupees '000')	
MCB Bank Limited	PACRA	A1+	AAA	6,527	6,527	-
MCB Islamic Bank Limited	PACRA	A1	A	21	21	-
National Bank of Pakistan	PACRA	A1+	AAA	600	600	-
United Bank Limited	JCR-VIS	A-1+	AAA	2,614	2,614	-
Allied Bank Limited	PACRA	A1+	AAA	1,889	1,889	-
Faysal Bank Limited	JCR-VIS	A-1+	AA	4,878	4,878	-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	3,650	3,650	-
Bank Islami Pakistan Limited	PACRA	A1	A+	17,247	17,247	-
Meezan Bank Limited	JCR-VIS	A-1+	AA+	72,181	72,181	-
Balance carried down				109,607	109,607	-

Banks	Rating Agency	Short term	Long term	Ghani Gases Limited June 30, 2018	Manufacturing Undertaking July 01, 2018	Retained Undertaking July 01, 2018
					(Rupees '000')	
Balance brought forward				109,607	109,607	-
AlBaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	16,789	16,789	-
Bank Alfalah Limited	PACRA	A1+	AA+	6,832	6,832	-
The Bank of Khyber	PACRA	A1	A	40	40	-
Askari Bank Limited	PACRA	A1+	AA+	8,395	8,395	-
Soneri Bank Limited	PACRA	A1+	AA-	176	176	-
Habib Bank Limited	JCR-VIS	A-1+	AAA	14,313	14,313	-
Bank Al-Habib Limited	PACRA	A1+	AA+	10,024	10,024	-
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-	135	135	-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	246	246	-
The Bank of Punjab	PACRA	A1+	AA	73	73	-
Summit Bank Limited	JCR-VIS	A-1	A-	5,635	5,635	-
Silk Bank Limited	JCR-VIS	A-2	A-	1,356	1,356	-
				173,621	173,621	-

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 Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or any other financial assets, or that such obligations will have to be settled in manners unfavourable to the company.

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 analyzes 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.

	Note	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
			(Rupees '000')		
Manufacturing Undertaking					
July 01, 2018					
Long term financing	21	59,470	59,470	25,613	33,857
Redeemable capital - Sukuk	22	1,029,166	1,029,166	216,667	812,499
Long term security deposits	23	33,025	33,025	-	33,025
Trade and other payables	25	133,759	133,759	133,759	-
Short term borrowings	27	955,986	955,986	955,986	-
		2,211,406	2,211,406	1,332,025	879,381
Retained Undertaking					
July 01, 2018					
Unclaimed dividend		853	853	853	-
		853	853	853	-

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.

35.2 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 to 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 period. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Company's strategy, which was unchanged from last period, was to maintain optimal capital structure in order to minimize cost of capital. Under the scheme of arrangement all debts of the Company has been transferred to Manufacturing Undertaking.

36 NUMBER OF EMPLOYEES

	Factory		Others	
	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
	(Number)			
Total number of employees	181	-	126	-

37 PLANT CAPACITY AND ACTUAL PRODUCTION

	Ghani Gases Limited 30-Jun-18	Manufacturing Undertaking 1-Jul-18	Retained Undertaking 1-Jul-18
	(Cubic Meter)		
Industrial and medical gases			
Production at normal capacity - gross	51,240,000	51,240,000	-
Production at normal capacity - net of normal losses	45,750,000	45,750,000	-

38 GENERAL AND CORRESPONDING FIGURES

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

39 EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Ghani Gases Limited in their meeting held on September 01, 2018 proposed a stock dividend (bonus share) of 5% amounting to Rupees 66.134 million subject to approval of shareholders in the forthcoming annual general meeting. However, this event has been considered as non-adjusting event under IAS 10 'Event after the Reporting Period' and has not been recognized in these financial statements.

40 DATE OF AUTHORIZATION

These financial statements have been approved and authorized for issue in Board of Directors meeting held on 08 JUL 2019

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)