HALF YEAR
December 2018

Ghani Global Group

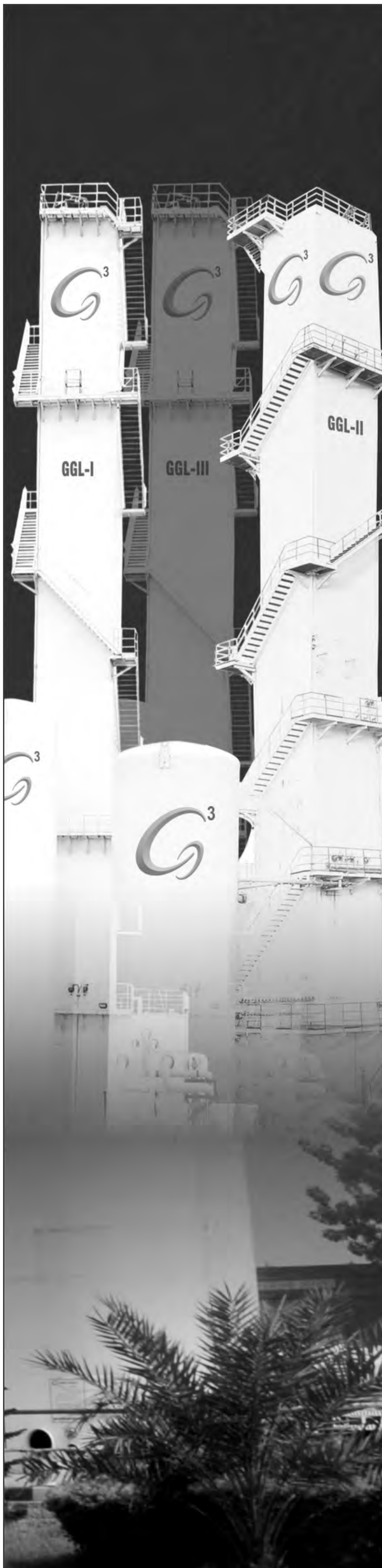
Faith

Experience

Innovation

Growth

Ghani Gases Limited
Manufacturer of Industrial & Medical Gases



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DIRECTORS' REPORT

Dear Shareholders

Assalam-o-Alaikum Wa RehmatUllah Wa Barakatoh

The Directors of your Company (Ghani Gases Limited) are pleased to present the unconsolidated unaudited condensed interim financial statements of the Company for the half year ended December 31, 2018, along with review report of the auditors thereon, in compliance with the requirements of Companies Acts, 2017

OVERVIEW OF THE ECONOMY

Pakistan's growth is facing impediments amid widening of macroeconomic imbalances. Macroeconomic stability is a major concern for the near-term economic outlook. Inflation has been inching up and core inflation rose sharply as a result of depreciation and demand-side pressures.

The balance of payments is under stress due to relatively high current account deficit (CAD). Exports, after contracting for three consecutive fiscal years, grew by 12.6 percent in FY18, but relatively stronger import growth (14.7 percent) has resulted in a higher trade deficit during FY 18. Government imposed regulatory duties on a large number of imports to slowdown import growth and the exchange rate has depreciated by a cumulative around 33% percent in last fifteen months' time. The policy interest rate was raised sharply as high as 10.50% to ease demand pressures. Despite this, official international reserves have declined to around US$14 billion. To support declining reserves, government has been tapping international markets issuing bonds and commercial and official loans.

The fiscal deficit further deteriorated during last six months posing another challenge for the policy makers. The main reasons for the fiscal slippage was a large increase in recurrent spending together with low revenue growth.

FINANCIAL PERFORMANCE

Your Company's sales during the half year ended increased to Rs. 1,300 million against Rs. 1,042 million as compared to last period depicting dip increase of 25%, Alhamdulillah. Gross profit decreased to Rs. 366 million against the gross profit of Rs. 377 million as compared to last period depicting decreased from 41% to 32% mainly on account of increase in input cost without corresponding increase in selling prices. Distribution cost decreased and administrative expenses increased and in terms of percentage of net sales distribution cost decreased from 12% to 9% and administrative cost decreased from 7% to 6%. This period operating profit has decreased to Rs. 194 million against profit of Rs. 203 million as compared to last period. During the period under reference, profit before taxation stands at Rs. 100 million as compared to last period's figure of Rs. 144 million. Profit after tax has increased to Rs. 77.00 million from Rs. 74 million.

A comparison of the key financial results of your Company for the half year ended December 31, 2018 with the same period of last year is as under:

Particulars	Rupees in '000' except EPS			
	December 2018	December 2017	Variance	%
Sales	1,299,945	1,041,947	257,998	24.76
Net Sales	1,140,409	918,253	222,156	24.19
Gross Profit	365,946	376,592	(10,646)	(2.83)
- As %age of net sales	32.09%	41.01%		
Distribution cost	105,121	108,276	(3,155)	(2.91)
- As %age of net sales	9.22%	11.79%		
Administrative expenses	72,411	59,792	12,619	21.10
- As %age of net sales	6.35%	6.51%		
Operating profit	193,509	202,695	(9,186)	(4.53)
- As %age of net sales	16.97%	22.07%		
Profit before taxation	100,111	144,029	(43,918)	(30.49)
Profit after taxation	76,804	74,008	2,796	3.78

EARNINGS PER SHARE

Earnings per share increased from Rs. 0.53 to Rs. 0.55 if compared with the last year.

FUTURE PROSPECTS

By the grace of Almighty Allah we are looking a continued recovery in business during the years to come. Expansion plan for setup of 3rd 110 TPD is under way. ASU plant has arrived at destination and under process of erection and installation. This plan is expected to be commenced trial run operation by May 2019.

To meet the challenge of price war and in the same time to improve the profitability of the Company, management of your Company has been taking different timely measures like cost reduction strategy(ies), reduction in product losses by way of technological upgradation and better fund management. Liquefied gases business is interlinked with business, industrial activities and human healthcare. After improvement in power supply situation we are seeing drastic improvement in industrial and other business activities.

Ongoing and planned projects of China-Pakistan Economic Corridor (CPEC), commencement of Gwadar Port operations and setup of planned industrial zones will be the game changer for the country. Your Company is already meeting the requirements of different ongoing projects linked with CPEC. By change of Government we are seeing a bright future of the country as well as of your Company.

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

The shareholders of the Company in their Extra Ordinary General Meeting held on 29 September 2018 has approved the scheme of Compromises, Arrangement and Reconstruction. In terms of the Scheme, inter alia the Manufacturing Undertaking of Ghani Gases Limited shall be demerged from the Company and shall be merged and amalgamated with and into Ghani Chemical Industries Limited. This restructuring will allow Ghani Gases Limited to act as a holding company of Ghani Chemical Industries Limited and Ghani Global Glass Limited. The order of the Honourable Lahore High Court, Lahore is awaited.

ACKNOWLEDGEMENTS

The board of directors wishes to express their gratitude to valued shareholders, banks/financial Institutions, customers and suppliers for their continuous support, cooperation and patronage. We also wish to place on record the dedication, hard work and diligence of executives, staff and workers of the company. Needless to mention, all growth in the business of the company is not possible without will and blessings of ALMIGHTY ALLAH.

For and behalf of Board of Directors

Lahore
February 26, 2019

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

سمجھوتے ، انتظامات اور تعمیر نو کی سکیم

29 دسمبر 2018 کو منعقد ہونے والے غیر معمولی اجلاس عام میں حصص داران نے سمجھوتے ، انتظامات اور تعمیر نو سکیم کی منظوری دی۔ اس منصوبے کی شرائط کے مطابق غنی گیسز لمیٹیڈ کی مینوفیکچرنگ انڈرٹیکنگ کمپنی سے خارج ہو جائے گی اور غنی کیمیکل انڈسٹریز لمیٹیڈ میں شامل ہو جائے گی۔ یہ سکیم تعمیر نو غنی گیسز لمیٹیڈ کو غنی کیمیکل انڈسٹریز اور غنی گلوبل گلاس لمیٹیڈ کی ہولڈنگ کمپنی کے طور پر کام کرے گی۔ اس سلسلے میں معزز لاہور ہائی کورٹ لاہور کے فیصلے کا انتظار ہے۔

اعتراف

ڈائیریکٹرز اپنے معزز کسٹمرز جنھوں نے کمپنی پر اعتماد کیا ان کی تہہ دل سے قدر کرتی ہے۔ ہم اپنے ملازمین کی پیشہ ورانہ فرائض کی ادائیگی پر تہہ دل سے قدر کرتے ہیں اور بینکرز اور گورنمنٹ اداروں کے تعاون پر مشکور ہیں جن کی توجہ سے کمپنی اچھے رزلٹ دینے میں کامیاب ہوئی۔ ہم حصص داران کا شکریہ ادا کرتے ہیں جنھوں نے کمپنی کی انتظامیہ پر اعتماد کیا، اسی طرح ہم ایس ای سی پی ، سٹاک ایکسچینج اور گورنمنٹ کے تمام کارکنان کا بھی شکریہ ادا کرتے ہیں، اللہ تعالیٰ کا شکر ادا کرتے ہوئے اللہ تعالیٰ کے احکامات اور اس کے نبی حضرت محمد (ﷺ) کی سنت مبارکہ سے رہنمائی چاہتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

عتیق احمد خان	حافظ فاروق احمد	لاہور
چیف ایگزیکٹو آفیسر	ڈائریکٹر	26 فروری 2019

زیر جائزہ مدت کے دوران بعد از ٹیکس منافع 77 ملین روپے رہا جبکہ پچھلے عرصے کے دوران یہ منافع 74 ملین روپے تھا۔

اہم مالیاتی نتائج ششماہی اکاؤنٹس کا موازنہ مندرجہ ذیل ہے۔

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فی شیئر آمدنی

اگر پچھلے سال سے موازنہ کیا جائے تو فی شیئر آمدنی 0.53 روپے سے بڑھ کر 0.55 روپے ہوگئی۔

مستقبل کے مسائل

اللہ تعالیٰ کے فضل سے ہم آنے والے سالوں کے دوران کاروبار میں مسلسل بحالی کی تلاش کر رہے ہیں تیسرا 110 ٹی پی ڈی پلانٹ لگانے کے لئے توسیعی منصوبہ جاری ہے۔ ASU پلانٹ منزل پر پہنچ گیا ہے۔ امید ہے کہ یہ منصوبہ مئی 2019 کے دوران آزمائشی پیداوار شروع کر دے گا۔ قیمتوں میں اتار چڑھاؤ کے ساتھ ساتھ اور شرح منافع کو بہتر کرنے کے لئے آپ کی کمپنی بروقت مختلف قسم کے اقدامات کر رہی ہے جس میں جدید ٹیکنالوجی اور بہتر سرمایہ کاری انتظامات کے ذریعے مصنوعات کی لاگت میں کمی، مصنوعات کے نقصانات میں کمی کو بروئے کار لا رہی ہے۔ مائع گیسز کا کاروبار، صنعتی کارگردگی اور انسانی صحت کے ساتھ جڑا ہوا ہے۔ توانائی کی صورتحال کو بہتر کرتے ہوئے ہم صنعتی اور دوسری ترجیحات میں میں بڑے پیمانے پر بہتری دیکھ رہے ہیں۔

سی پیک کے جاری اور متوقع منصوبوں اور گوادر پورٹ کی شروعات اور صنعتی زون کا قیام ملک کی ترقی میں اہم سنگ میل ثابت ہوگا۔ آپ کی کمپنی پہلے ہی سی پیک سے منسلک منصوبوں پر کام کر رہی ہے۔ نئی گورنمنٹ کے آنے سے ہم مستقبل میں ملک اور آپ کی کمپنی کا بہتر مستقبل دیکھ رہے ہیں۔

ڈائیریکٹرز رپورٹ

پیارے شیئر ہولڈرز

اسلام علیکم ورحمتہ اللہ وبرکات

آپکی کمپنی (غنی گیسز لمیٹڈ) کے ڈائیریکٹران کمپنیز ایکٹ 2017ء کی تعمیل میں کمپنی کے تخفیف غیر یکجا اور آڈیٹر سے تنقیدی جائزہ کے ساتھ حسابات بابت 31 دسمبر 2018ء پیش کرنے میں خوشی محسوس کرتے ہیں۔

معیشت کا جائزہ

پاکستان کی ترقی اقتصادی امتیازیات کو بڑھانے کے درمیان خامیوں کا سامنا ہے معاشی استحکام قریب کے معاشی نقطہ نظر کے لئے ایک اہم تشویش ہے۔ افراط زر بڑھ رہا ہے اور بنیادی افراط زر کی قیمتوں میں اضافے اور مطالبہ کی طرف سے دباؤ کے نتیجے میں تیزی سے اضافہ ہوا ہے، نسبتاً زیادہ موجودہ اکاؤنٹ خسارے (سی اے ڈی) کی وجہ سے ادائیگیوں کا توازن کشیدگی میں ہے برآمدات، تین مسلسل مالی سالوں کے لئے معاہدے کے بعد مالی سال 2018 میں 12.6 فیصد اضافہ ہوا لیکن نسبتا مضبوط درآمد کی ترقی 14.7 فیصد کے نتیجے مین مالی سال 2018 کے دوران اعلیٰ تجارتی خسارے میں اضافہ ہوا ہے۔ حکومت نے ریگولیڈ درآمد کی ترقی میں بڑی تعداد میں درآمد پر ریگولیٹری فرائض کو عائد کیا ہے اور تبادلے کی شرح 33 فیصد ماہ کے آخر میں مجموعی طور پر جمع کی گئی ہے۔ پالیسی کے سود کی شرح تیزی سے بڑھتی ہوئی دباؤ کو کم کرنے کے لئے 10.50 کے طور پر بلند کیا گیا تھا۔ اس کے باوجود سرکاری بین الاقوامی ذخائر تقریبا 14 ارب امریکی ڈالر سے کم ہو چکے ہیں۔ کمی کے ذخائر کی حمایت کرنے کے لئے حکومت بین الاقوامی مارکیٹوں جاری پابندیوں اور تجارتی اور سرکاری قرضوں کو ٹیپ کر رہی ہے۔ گذشتہ چھ ماہوں کے دوران مالیاتی خسارے مزید خراب ہوگئیں پالیسی سازوں کے لئے ایک اور چیلنج پیش کے مالی تنصیب کا بنیادی وجوہات کم آمدنی کی ترقی کے ساتھ جلدی خرچ میں بڑی اضافہ تھی۔

مالیاتی کارگردگی

آپ کی کمپنی کی سیل نصف سال کے دوران 1042 ملین روپے سے بڑھ کر 1300 ملین روپے ہوگئی جو پچھلے سال کی نسبت 25 فیصد زیادہ ہے۔ پچھلے عرصے سے اگر موازنہ کیا جائے تو خالص منافع 377 ملین روپے سے کم ہو کر 366 ملین روپے ہو گیا ہے اور اگر خالص منافع کو فیصد سے موازنہ کیا جائے تو یہ 41 فیصد سے کم ہو کر 32 فیصد ہو گیا جسکی بنیادی وجہ پیداواری لاگت میں اضافے کے باوجود سیل کی قیمتیں برقرار رہنا ہے۔ تقسیم کاری کی لاگت اور انتظامی اخراجات میں اضافہ ہوا اور فیصد کے لحاظ سے تقسیم کاری کی لاگت میں 12 فیصد سے 9 فیصد کمی ہوئی اور انتظامی اخراجات میں 7 فیصد سے 6 فیصد کمی ہوئی۔ اس عرصے میں آپریٹنگ منافع 203 ملین روپے سے کم ہو کر 194 ملین روپے ہو گیا۔ اس عرصے کے دوران اگر گزشتہ سال سے موازنہ کیا جائے تو قبل از ٹیکس منافع 144 ملین روپے سے کم ہو کر 100 ملین روپے ہو گیا۔

Rizwan & Company
CHARTERED ACCOUNTANTS

DFK INTERNATIONAL
An Independent Member Firm of DFK International

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ghani Gases Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Ghani Gases Limited** as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the three months period ended December 31, 2018 have not been reviewed by us as we are required to review only cumulative figures for the six months period ended December 31, 2018.

The engagement partner on the audit resulting in this independent auditor's report is Imran Bashir

Rizwan & Co.

RIZWAN & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner Imran Bashir

Lahore:

Date: February 26, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	UN-AUDITED December 31, 2018	AUDITED June 30, 2018
		(Rupees '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**3,122,722**	3,044,313
Intangible assets		**13,150**	14,631
Long term investments	6	**593,000**	593,000
Long term deposits		**68,257**	68,257
		3,797,129	3,720,201
Current assets			
Stores, spares and loose tools		**218,086**	201,566
Stock in trade		**59,476**	94,343
Trade debts		**571,723**	468,959
Loans and advances		**177,267**	195,853
Trade deposits and prepayments		**50,251**	47,420
Other receivables		**41**	864
Tax refunds due from government		**9,988**	47,503
Advance income tax		**408,381**	376,706
Cash and bank balances		**160,503**	173,762
		1,655,716	1,606,976
TOTAL ASSETS		**5,452,845**	5,327,177
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 2018: 200,000,000) ordinary shares of Rs. 10 each		**2,000,000**	2,000,000
Issued, subscribed and paid up share capital	7	**1,388,816**	1,322,682
Capital reserve - share premium	7.1	**394,064**	460,198
Loan from sponsors		**231,450**	231,450
Unappropriated profit		**800,945**	724,141
		2,815,275	2,738,471
Non-current liabilities			
Long term financing	8	**58,258**	33,857
Redeemable capital - Sukuk	9	**704,166**	812,499
Long term security deposits		**34,165**	33,025
Deferred taxation		**301,080**	282,834
		1,097,669	1,162,215
Current liabilities			
Trade and other payables		**273,264**	199,937
Unclaimed dividend		**853**	853
Accrued profit on financing		**33,735**	23,957
Short term borrowings	10	**971,000**	955,986
Current portion of long term liabilities		**255,988**	242,280
Provision for taxation		**5,061**	3,478
		1,539,901	1,426,491
Total liabilities		**2,637,570**	2,588,706
TOTAL EQUITY AND LIABILITIES		**5,452,845**	5,327,177
CONTINGENCIES AND COMMITMENTS	11	-	-

The annexed notes from 1 to 19 form an integral part of these financial statements.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

		HALF YEAR ENDED		QUARTER ENDED	
		December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
	Note	**(Rupees '000)**		**(Rupees '000)**	
Gross sales		**1,299,945**	1,041,947	**685,370**	553,484
Less: Sales tax		**(159,536)**	(123,694)	**(84,008)**	(64,823)
Net sales		**1,140,409**	918,253	**601,362**	488,661
Cost of sales	**12**	**(774,463)**	(541,661)	**(402,609)**	(295,323)
Gross profit		**365,946**	376,592	**198,753**	193,338
Distribution costs		**(105,121)**	(108,276)	**(56,346)**	(56,034)
Administrative expenses		**(72,411)**	(59,792)	**(43,756)**	(33,399)
Other operating expenses		**(6,543)**	(14,412)	**(1,482)**	(10,191)
		(184,075)	(182,480)	**(101,584)**	(99,624)
		181,871	194,112	**97,169**	93,714
Other income		**11,638**	8,583	**4,274**	4,112
		193,509	202,695	**101,443**	97,826
Finance costs		**(93,398)**	(58,666)	**(49,445)**	(30,942)
Profit before taxation		**100,111**	144,029	**51,998**	66,884
Taxation		**(23,307)**	(70,021)	**(12,670)**	(28,320)
Profit after taxation		**76,804**	74,008	**39,328**	38,564
Earnings per share	**13**	**0.55**	0.53	**0.28**	0.28

The annexed notes from 1 to 19 form an integral part of these financial statements.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
	(Rupees '000)		**(Rupees '000)**	
Net profit for the period	**76,804**	74,008	**39,328**	38,564
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the period	**76,804**	74,008	**39,328**	38,564

The annexed notes from 1 to 19 form an integral part of these financial statements.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

ASIM MAHMUD
(CHIEF FINANCIAL OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Share capital	Capital reserve - Share premium	Loan from sponsors	Unappropriated profit	Total
			(Rupees '000)		
Balance as at June 30, 2017 (audited)	1,247,813	535,067	638,500	566,436	2,987,816
Profit for the period	-	-	-	74,008	74,008
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	74,008	74,008
Issuance of bonus shares	74,869	(74,869)	-	-	-
Transactions with sponsors					
Loan received/(repaid) from sponsors	-	-	(187,900)	-	(187,900)
Balance as at December 31, 2017 (un-audited)	1,322,682	460,198	450,600	640,444	2,873,924
Profit for the period	-	-	-	83,697	83,697
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	83,697	83,697
Transactions with sponsors					
Loan received/(repaid) from sponsors	-	-	(219,150)	-	(219,150)
Balance as at June 30, 2018 (audited)	1,322,682	460,198	231,450	724,141	2,738,471
Profit for the period	**-**	**-**	**-**	**76,804**	**76,804**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**76,804**	**76,804**
Issuance of bonus shares	**66,134**	**(66,134)**	**-**	**-**	**-**
Balance as at December 31, 2018 (un-audited)	**1,388,816**	**394,064**	**231,450**	**800,945**	**2,815,275**

The annexed notes from 1 to 19 form an integral part of these financial statements.

ATIQUE AHMAD KHAN	ASIM MAHMUD	HAFIZ FAROOQ AHMAD
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Note	HALF YEAR ENDED December 31, 2018	December 31, 2017
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	298,611	168,643
Finance costs paid		(83,620)	(57,264)
Income tax paid		(35,153)	(24,769)
		(118,773)	(82,033)
Net cash generated from operating activities		179,838	86,610
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(155,227)	(74,354)
Proceeds from disposal of property, plant and equipment		16,200	500
Long term investments		-	(18,500)
Long term deposits		-	91
Net cash used in investing activities		(139,027)	(92,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		38,109	34,330
Repayment of redeemable capital - Sukuk		(108,333)	(108,333)
Repayment of loan from sponsors - net		-	(187,900)
Short term borrowings		15,014	226,500
Proceeds from long term security deposits		1,140	6,585
Net cash used in financing activities		(54,070)	(28,818)
Net decrease in cash and cash equivalents		(13,259)	(34,471)
Cash and cash equivalents at the beginning of the period		173,762	234,156
Cash and cash equivalents at the end of the period		160,503	199,685

The annexed notes from 1 to 19 form an integral part of these financial statements.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

1. LEGAL STATUS AND OPERATIONS

Ghani Gases Limited ("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 Pakistan Stock Exchange formerly known as Karachi Stock Exchange on January 05, 2010. The registered office of the Company is situated at 10-N Model Town Extension, Lahore. The Company is engaged in the manufacturing, sale and trading of medical and industrial gases and chemicals.

2. SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

The Board of Directors of Ghani Gases Limited in its meeting held on June 14, 2018 approved the Scheme of Compromises, Arrangement and Reconstruction pertaining to the corporate restructuring of certain Ghani Global Group companies i.e. Ghani Gases Limited, Ghani Global Glass Limited and Ghani Chemical Industries Limited.

In terms of the Scheme, inter alia the Manufacturing Undertaking of Ghani Gases Ltd shall be demerged from the Company and shall be merged and amalgamated with and into Ghani Chemical Industries Limited on the Effective Date against issue of 100,000,000 ordinary shares of PKR 10 each of Ghani Chemical Industries Limited in favor of the Company at premium based on the valuations / calculations / swap ratio carried out by the professional consultant of the Company. Ghani Chemical Industries Limited is a subsidiary of Ghani Gases Limited with 95.33% interest. Further, the name of the Company shall be changed to Ghani Global Holdings Limited upon consummation of the merger contemplated in terms of the Scheme as may be sanctioned by the honorable Lahore High Court, Lahore. Under this Scheme, there is transfer of shares of Ghani Global Glass Limited held by its Sponsors to Ghani Gases Limited and issuance of shares of Ghani Gases Limited/Ghani Global Holdings Limited there against/loans to the Sponsors.

This restructuring will allow Ghani Gases Limited to act as a holding company. The Order of the Honorable Lahore High Court, Lahore is awaited.

3. BASIS OF PREPARATION

3.1 Separate interim financial statements

These financial statements are separate condensed interim financial statements of the Company. Consolidated condensed interim financial statements of the Company are prepared and presented separately. The Company has following long term investments:

Name of company	Shareholding
Subsidiary	
Ghani Chemical Industries Limited	95.33%
Associate	
Ghani Global Glass Limited	25.00%

3.2 Statement of compliance

This condensed interim financial information of the Company has been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 'Interim

Financial Reporting' as notified under the Companies Act, 2017, Islamic Financial Accounting Standards issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differs with the requirements of IAS 34 or IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017. These condensed interim financial statements do not include the information reported for annual financial statements and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2018.

3.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention and has been prepared following accrual basis of accounting except for cash flow information.

3.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency for the Company.

3.6 This condensed interim financial information does not include the information reported for annual financial statements and should be read in conjunction with the audited annual published financial statements for the year ended June 30, 2018.

3.7 The significant accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information is consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2018.

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

(a) Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or part of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Company's current accounting treatment is already in line with the requirements of this interpretation.

- IFRS 9, 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

- IFRS 15, 'Revenue from contracts with customers': (effective for 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. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company has early adopted this standard for its annual period beginning July 01, 2018. The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

  The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

(c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The followings are new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

- IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard had been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard. Subsequent to reporting date; the SECP vide SRO 229(I)/2019 dated February 14, 2019 has extended effective date for implementation of IFRS on or after June 30, 2019.

- Amendment to IFRS 9, 'Financial Instruments', on prepayment features with negative compensation': (effective for periods beginning on or after January 1, 2019). This amendment confirms that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. Subsequent to reporting date; the SECP vide SRO 229(I)/2019 dated February 14, 2019 has extended effective date for implementation of IFRS on or after June 30, 2019.

- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' 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. The Company is yet to assess the full impact of this standard.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of this interpretation.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements of the Company for the year ended June 30, 2018.

	Note	Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees '000)	
5 PROPERTY, PLANT AND EQUIPEMENT			
Operating assets	5.1	**3,114,700**	3,039,513
Capital work in progress	5.2	**8,022**	4,800
		3,122,722	3,044,313
5.1 Operating fixed assets			
Opening carrying value		**3,039,513**	2,838,962
Additions and transfer during the period / year			
Freehold land		**3,388**	10,640
Building on freehold land		**767**	58,936
Plant and machinery		**119,577**	224,403
Furniture and fixtures		**472**	761
Office equipment		**233**	419
Computers		**43**	811
Vehicles		**27,525**	18,822
		152,005	314,792
Less:			
Book value of disposals during the period / year		**(14,378)**	(8,099)
Depreciation for the period / year		**(62,440)**	(106,142)
		(76,818)	(114,241)
Closing carrying value		**3,114,700**	3,039,513
5.2 Capital work in progress			
Building		**4,800**	4,800
Plant and machinery		**3,222**	-
		8,022	4,800
6 LONG TERM INVESTMENTS - AT COST			
Opening balance-Investment in related parties		**593,000**	593,000
Investment made during the period/year		**-**	-
Closing balance		**593,000**	593,000
In subsidiary company - unquoted			
Ghani Chemical Industries Limited Holding 95.33% (June 30, 2018: 95.33%) 14,300,000 (June 30, 2018: 14,300,000) fully paid ordinary shares Rupees 10 each.		**143,000**	143,000
In associated company - quoted			
Ghani Global Glass Limited Holding 25% (June 30, 2018: 25 %) 25,000,000 fully paid ordinary shares (June 30, 2018: 25,000,000) of Rupees 10 each.		**450,000**	450,000
		593,000	593,000

7 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited December 31, 2018	Audited June 30, 2018		Un-audited December 31, 2018	Audited June 30, 2018
(No. of Shares)			(Rupees '000)	
122,956,711	122,956,711	Ordinary shares of Rupees 10 each fully paid in cash	**1,229,567**	1,229,567
13,000	13,000	Ordinary shares of Rupees 10 each issued for consideration other than cash	**130**	130
15,911,860	9,298,452	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	**159,119**	92,985
138,881,571	132,268,163		**1,388,816**	1,322,682

7.1 During the period, the Company has issued 6,613,408 ordinary shares of Rupees 10 each as fully paid bonus shares against share premium account in accordance with provision of Sub-section (3) of Section 81 of the Companies Act, 2017.

	Un-audited December 31, 2018	Audited June 30, 2018
8 LONG TERM FINANCING	(Rupees '000)	
Diminishing Musharka Facilities		
Beginning balance	**59,470**	24,284
Financing obtained during the period / year	**59,619**	54,456
Repayment made during the period / year	**(21,510)**	(19,270)
Ending balance	**97,579**	59,470
Current portion of long term financing	**(39,321)**	(25,613)
	58,258	33,857
9 REDEEMABLE CAPITAL - SUKUK		
Beginning balance - long term certificate (sukuk)	**1,029,166**	1,245,833
Repayment during the period / year	**(108,333)**	(216,667)
Ending balance	**920,833**	1,029,166
Current portion taken as current liability	**(216,667)**	(216,667)
	704,166	812,499

10 SHORT TERM BORROWINGS

These finances are obtained from Islamic banks / Islamic windows under shariah compliant arrangements and are secured against joint pari passu hypothecation charge on the present and future current assets of the Company and personal guarantees of sponsoring directors of the Company. These form part of total credit funded facilities of Rupees 1,165 million (June 2018: Rupees 1,125 million). The rates of profit ranging from relevant KIBOR plus 0.80% to 1.25% (June 2018: relevant KIBOR plus 0.85% to 1.25%).

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no material changes in contingencies as disclosed in the notes to the financial statements for the year ended June 30, 2018.

11.2 Commitments

a) Commitments in respect of letter of credit amounted to Rupees 708.1 million (June 2018: Rupees 403.92 million).

b) Commitments for construction of building as at reporting date amounted to Rupees 20 million (June 2018: Rupees 30 million).

c) Bank guarantees amounting to Rupees 41.96 million (June 2018: Rupees 38.65 million) provided to various customers/institutions against supplies of products.

d) As of reporting date, aggregate limits (funded facilities) amounting to Rupees 194 million (June 2018: Rupees 169 million) from banks remain unutilized.

e) Commitments for rentals under Ijarah Contracts as at December 31, 2018 are as follows:

	Un-audited December 31, 2018	Audited June 30, 2018
	(Rupees '000)	
Not later than one year	**252**	983
Later than one year but not later than five years	**-**	-
	252	983

12 COST OF SALES	**UN-AUDITED HALF YEAR ENDED December 31, 2018**	December 31, 2017	**UN-AUDITED QUARTER ENDED December 31, 2018**	December 31, 2017
	(Rupees '000)		**(Rupees '000)**	
Fuel and power	**339,230**	344,626	**197,670**	183,564
Consumable spare	**18,879**	15,771	**7,994**	10,061
Salaries, wages and other benefits	**39,515**	32,819	**20,022**	17,851
Communication	**386**	345	**195**	155
Repair and maintenance	**16,534**	17,439	**7,609**	9,994
Travelling, vehicle running and maintenance	**4,022**	2,639	**2,667**	1,800
Insurance	**3,208**	3,066	**1,683**	1,619
Depreciation	**52,551**	47,817	**28,163**	24,146
Staff welfare	**4,182**	4,050	**2,045**	2,110
Transportation	**6,728**	4,540	**3,060**	3,166
Other overheads	**29,647**	25,332	**19,102**	16,364
	514,882	498,444	**290,210**	270,830
Finished goods				
Opening stock	**94,343**	37,740	**66,770**	24,040
Purchases	**224,714**	56,412	**105,105**	51,388
Closing stock	**(59,476)**	(50,935)	**(59,476)**	(50,935)
	259,581	43,217	**112,399**	24,493
	774,463	541,661	**402,609**	295,323

13 EARNINGS PER SHARE

Earnings per share - basic and diluted for the three months and six months period ended December 31, 2017 respectively have been restated taking into consideration the corresponding effect of bonus shares issued during the six months period ended December 31, 2018.

14 TRANSACTIONS WITH RELATED PARTIES

14.1 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. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Nature of Transaction	UN-AUDITED HALF YEAR ENDED December 31, 2018 (Rupees '000)	December 31, 2017 (Rupees '000)
Associated Company	Sales	**6,763**	9,995
	Purchases	**117**	-
	Guarantee Commission	**1,300**	1,300
	Services	**6,000**	6,000
Subsidiary Company	Investment	**-**	18,500
Provident Fund	Contribution to Fund	**11,066**	9,736
Sponsors	Loan received	**201,200**	66,000
	Loan repaid	**(201,200)**	(253,900)

14.2 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions.

15 CASH GENERATED FROM OPERATIONS

	Note	UN-AUDITED HALF YEAR ENDED December 31, 2018 (Rupees '000)	December 31, 2017 (Rupees '000)
Profit before taxation		**100,111**	144,029
Adjustments for non-cash charges/items:			
Depreciation		**62,440**	54,609
Amortization		**1,481**	-
Finance costs		**93,398**	58,666
Gain on disposal of property, plant and equipment		**(1,822)**	(155)
Operating cash flows before working capital changes		**255,608**	257,149
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		**(16,520)**	(35,879)
Stock in trade		**34,867**	(13,195)
Trade debts		**(102,764)**	25,207
Loans and advances		**18,586**	(90,551)
Short term deposits and prepayments		**(2,831)**	(7,119)
Balances with statutory authorities		**823**	(7,281)
Other receivables		**37,515**	36
Increase / (decrease) in current liabilities:			
Trade and other payables		**73,327**	40,376
		298,611	168,743

16 SEGMENT REPORTING

16.1 The basis of segmentation and reporting segments presented in these condensed interim financial statements are the same which were disclosed in annual financial statements for the year ended June 30, 2018.

16.2 As described in note 1 to this condensed interim financial information the Company markets in industrial and medical gases and industrial chemicals. Segment results are as follows:

	HALF YEAR ENDED December 31, 2018 (Un-audited)			HALF YEAR ENDED December 31, 2017 (Un-audited)		
	Industrial and Medical Gases	**Other segments**	**Total**	Industrial and Medical Gases	Other segments	Total
		(Rupees '000')			(Rupees '000')	
Net sales	**901,312**	**239,097**	**1,140,409**	870,456	47,797	918,253
Cost of sales	**(556,014)**	**(218,449)**	**(774,463)**	(521,820)	(19,841)	(541,661)
Gross profit	**345,298**	**20,648**	**365,946**	348,636	27,956	376,592
Distribution costs	**(101,345)**	**(3,776)**	**(105,121)**	(104,598)	(3,678)	(108,276)
Administrative costs	**(68,791)**	**(3,620)**	**(72,411)**	(56,802)	(2,990)	(59,792)
	(170,136)	**(7,396)**	**(177,532)**	(161,400)	(6,668)	(168,068)
Segment profit	**175,162**	**13,252**	**188,414**	187,236	21,288	208,524
Unallocated corporate expenses						
Other operating expenses			**(6,543)**			(14,412)
Other income			**11,638**			8,583
			193,509			202,695
Finance costs			**(93,398)**			(58,666)
Profit before taxation			**100,111**			144,029
Taxation			**(23,307)**			(70,021)
Profit after taxation			**76,804**			74,008

16.3 Net sales represents revenue from external customers. There were no inter segment transfers during the period.

16.4 There is no single external customer of the Company whose revenue amounts to 10% or more of the Company's total revenue during the six months period ended December 31, 2018.

16.5 Unallocated assets include other receivables and advance income tax whereas unallocated liabilities include provision for taxation. The segment assets and liabilities as at reporting date are as follows:

	December 31, 2018 (Un-audited)			June 30, 2018 (Audited)		
	Industrial and Medical Gases	**Other segments**	**Total**	Industrial and Medical Gases	Other segments	Total
		(Rupees '000')			(Rupees '000')	
Segment assets	**4,950,956**	**93,467**	**5,044,423**	5,016,672	135,879	5,152,551
Unallocated assets			**408,422**			174,626
Total assets			**5,452,845**			5,327,177

	December 31, 2018 (Un-audited)			June 30, 2018 (Audited)		
	Industrial and Medical Gases	**Other segments**	**Total**	Industrial and Medical Gases	Other segments	Total
		(Rupees '000')			(Rupees '000')	
Segment liabilities	**2,632,509**	**-**	**2,632,509**	2,544,393	40,835	2,585,228
Unallocated liabilities			**5,061**			3,478
Total liabilities			**2,637,570**			2,588,706

16.6 All the non-current assets of the Company at reporting date are located in Pakistan.

17 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2018.

17.2 Fair value measurement of financial instruments

The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements are a reasonable approximation of their fair values

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1]
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

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. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements		**(Rupees)**		
Financial assets				
Financial assets at fair value through profit and loss account	**Nil**	**Nil**	**Nil**	**Nil**

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		(Rupees)		
Financial assets				
Financial assets at fair value through profit and loss account	Nil	Nil	Nil	Nil

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

18 DATE OF AUTHORIZATION

This financial information has been authorized for issue by the Board of Directors of the Company on February 26, 2019.

19 CORRESPONDING FIGURES

19.1 The condensed interim statement of financial position has been compared with preceding statement of financial position as at June 30, 2018, whereas the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the corresponding period of the previous year.

19.2 Corresponding figures have been rearranged or reclassified, wherever necessary, for the purposes of comparison. However, no material reclassification has been made in the corresponding figures.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

DIRECTORS' REPORT

Dear Shareholders

Assalam-o-Alaikum Wa RehmatUllah Wa Barakatoh

The directors of your Company (Ghani Gases Limited) are pleased to present the consolidated Half Yearly Financial Statements of the Company for the period ended December 31, 2018 dully reviewed by the auditors of the Company in compliance with Section 228 of the Companies Act, 2017.

The consolidated financial statements have been prepared by consolidated the financial performance, assets and liabilities of Ghani Gases Limited (holding company) and its subsidiary namely Ghani Chemical Industries Limited.

The subsidiary was in the process of setting up a chemical project. Land for this purpose was acquired in Hattar Economic Zone and work for leveling, filling and back filling of land has completed and construction of boundary wall has partially completed. Before financial close for this project, management of holding company forecast extraordinary increase in project cost due to surge in US$ against PKR, uncertainty in political situation, delay in electricity provision at site and change in Government, management has time being freeze the said project. Further activity on the project will commence at some appropriate time. Holding company Ghani Gases Limited has so far invested Rs. 143 million in this subsidiary in shape of equity.

Since the subsidiary has not commenced any operational activities, sales, gross profit and distribution expenses of both the companies (holding and subsidiary) in consolidated accounts remain unchanged as are reported in unconsolidated accounts of Ghani Gases Limited (holding company). The administrative expenses, profit before taxation and profit after tax have been consolidated to Rs. 72.502 million, Rs. 84.517 million and Rs. 61.210 million respectively whereas in unconsolidated financial statements these figures are Rs. 72.411 million, Rs. 100.111 million and Rs. 76.804 million respectively. The decrease in profitability in consolidated financial statements are due to share of loss from associated company (Ghani Global Glass Limited) Rs.15.524 million (2017: Rs. 8.018).

Consolidated earnings per share (EPS) has also decreased to Rs. 0.44 if compared with unconsolidated earnings per share Rs. 0.55.

For and behalf of Board of Directors

Lahore
February 26, 2019

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSTION

AS AT DECEMBER 31, 2018

	Note	UN-AUDITED December 31, 2018	AUDITED June 30, 2018
		(Rupees '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,285,478	3,207,069
Intangible assets		13,150	14,631
Long term investments	6	390,602	406,126
Long term deposits		68,257	68,257
		3,757,487	3,696,083
Current assets			
Stores, spares and loose tools		218,086	201,566
Stock in trade		59,476	94,343
Trade debts		571,723	468,959
Loans and advances		181,758	203,100
Trade deposits and prepayments		50,251	47,420
Other receivables		41	55
Tax refunds due from government		9,988	47,802
Advance income tax		410,314	378,637
Cash and bank balances		163,847	177,733
		1,665,484	1,619,615
TOTAL ASSETS		5,422,971	5,315,698
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 2018: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	7	1,388,816	1,322,682
Capital reserve - share premium	7.1	394,064	460,198
Loan from sponsors		256,290	259,050
Unappropriated profit		739,137	677,924
Attributable to the equity holders of the Holding Company		2,778,307	2,719,854
Non - Controlling Interests		6,976	6,979
Total equity		2,785,283	2,726,833
Non-current liabilities			
Long term financing	8	58,258	33,857
Redeemable capital - Sukuk	9	704,166	812,499
Long term security deposits		34,165	33,025
Deferred taxation		301,080	282,834
		1,097,669	1,162,215
Current liabilities			
Trade and other payables		273,382	200,096
Unclaimed dividend		853	853
Accrued profit on financing		33,735	23,957
Short term borrowings	10	971,000	955,986
Current portion of long term liabilities		255,988	242,280
Provision for taxation		5,061	3,478
		1,540,019	1,426,650
Total liabilities		2,637,688	2,588,865
TOTAL EQUITY AND LIABILITIES		5,422,971	5,315,698
CONTINGENCIES AND COMMITMENTS	11	-	-

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

		HALF YEAR ENDED		QUARTER ENDED	
		December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
	Note	**(Rupees '000)**		**(Rupees '000)**	
Gross sales		**1,299,946**	1,041,947	**685,371**	553,484
Less: Sales tax		**(159,536)**	(123,694)	**(84,008)**	(64,823)
Net sales		**1,140,409**	918,253	**601,363**	488,661
Cost of sales	**12**	**(774,463)**	(541,661)	**(402,609)**	(295,323)
Gross profit		**365,946**	376,592	**198,754**	193,338
Distribution cost		**(105,121)**	(108,276)	**(56,346)**	(56,034)
Administrative expenses		**(72,502)**	(59,899)	**(43,821)**	(33,506)
Other operating expenses		**(6,543)**	(14,442)	**(1,482)**	(10,221)
		(184,166)	(182,617)	**(101,649)**	(99,761)
		181,780	193,975	**97,105**	93,577
Other income		**11,659**	8,624	**4,282**	4,153
		193,439	202,599	**101,387**	97,730
Finance costs		**(93,398)**	(58,669)	**(49,445)**	(30,945)
Share of loss from associate		**(15,524)**	(8,018)	**(6,249)**	(1,333)
Profit before taxation		**84,517**	135,912	**45,693**	65,452
Taxation		**(23,307)**	(70,021)	**(12,670)**	(28,320)
Profit after taxation		**61,210**	65,891	**33,023**	37,132
Attributable to:					
Owners of the Holding Company		**61,213**	65,896	**33,026**	37,137
Non - Controlling interest		**(3)**	(5)	**(3)**	(5)
		61,210	65,891	**33,023**	37,132
Earnings per share	**13**	**0.44**	0.47	**0.24**	0.27

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
	(Rupees '000)		**(Rupees '000)**	
Net profit for the period	**61,210**	65,891	**33,023**	37,132
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the period	**61,210**	65,891	**33,023**	37,132
Attributable to:				
Owners of the Holding Company	**61,213**	65,896	**33,026**	37,137
Non - Controlling interest	**(3)**	(5)	**(3)**	(5)
	61,210	65,891	**33,023**	37,132

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

ASIM MAHMUD
(CHIEF FINANCIAL OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Issued, subscribed and paid up share capital	Capital reserve - Share premium	Loan from sponsors	Unappropriated profit	Attributable to the equity holders of the Holding Company	Non-controlling Interest	Total
				(Rupees '000)			
Balance as at June 30, 2017 (audited)	1,247,813	535,067	639,700	552,161	2,974,741	6,999	2,981,740
Profit for the period	-	-	-	65,896	65,896	-	65,896
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	65,896	65,896	-	65,896
Loss attributable to Non-controling interest	-	-	-	-	-	(5)	(5)
Issuance of bonus shares	74,869	(74,869)	-	-	-	-	-
Transactions with sponsors							
Loan received/(repaid) from sponsors	-	-	(189,100)	-	(189,100)	-	(189,100)
Balance as at December 31, 2017 (un-audited)	1,322,682	460,198	450,600	618,057	2,851,537	6,994	2,858,531
Profit for the period	-	-	-	59,867	59,867	-	59,867
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	59,867	59,867	-	59,867
Loss attributable to Non-controling interest	-	-	-	-	-	(15)	(15)
Transactions with sponsors							
Loan received/(repaid) from sponsors	-	-	(191,550)	-	(191,550)	-	(191,550)
Balance as at June 30, 2018 (audited)	1,322,682	460,198	259,050	677,924	2,719,854	6,979	2,726,833
Profit for the period	**-**	**-**	**-**	**61,213**	**61,213**	**-**	**61,213**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**61,213**	**61,213**	**-**	**61,213**
Loss attributable to Non-controling interest	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Issuance of bonus shares	**66,134**	**(66,134)**	**-**	**-**	**-**	**-**	**-**
Transactions with sponsors							
Loan received/(repaid) from sponsors	**-**	**-**	**(2,760)**	**-**	**(2,760)**	**-**	**(2,760)**
Balance as at December 31, 2018 (un-audited)	**1,388,816**	**394,064**	**256,290**	**739,137**	**2,778,307**	**6,976**	**2,785,283**

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

ASIM MAHMUD
(CHIEF FINANCIAL OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

		HALF YEAR ENDED	
		December 31, 2018	December 31, 2017
	Note	**(Rupees '000)**	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**15**	**300,746**	165,878
Finance cost paid		**(83,620)**	(57,267)
Taxes paid		**(35,155)**	(24,788)
		(118,775)	(82,055)
Net cash generated from operating activities		**181,971**	83,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(155,227)**	(117,029)
Proceeds from disposal of property, plant and equipment		**16,200**	500
Long term deposits - net		**-**	91
Net cash used in investing activities		**(139,027)**	(116,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		**38,109**	34,330
Repayment of redeemable capital - Sukuk		**(108,333)**	(108,333)
Repayment of loan from sponsors - net		**(2,760)**	(189,100)
Short term borrowings		**15,014**	226,500
Proceeds from long term security deposits		**1,140**	6,585
Net cash used in financing activities		**(56,830)**	(30,018)
Net decrease in cash and cash equivalents		**(13,886)**	(62,633)
Cash and cash equivalents at the beginning of the period		**177,733**	262,303
Cash and cash equivalents at the end of the period		**163,847**	199,670

The annexed notes from 1 to 19 form an integral part of these condensed interim consolidated financial information.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company - Ghani Gases Limited

Subsidiary Company - Ghani Chemicals Industries Limited

GHANI GASES LIMITED

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 Pakistan Stock Exchange on January 05, 2010. Its registered office is situated at 10-N Model Town Extension, Lahore. The holding company is engaged in the manufacturing, sale and trading of medical & industrial gases and chemicals.

GHANI CHEMICALS INDUSTRIES LIMITED

Ghani Chemical Industries Limited was incorporated in Pakistan as a private limited company on November 23, 2015 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), converted into public limited company on April 20, 2017. The principal activity of the Company is trading and manufacturing of chemical products and industrial raw materials. The Company has not started its commercial operations yet. Ghani Gases Limited has 95.33% ownership in Ghani Chemical Industries Limited.

2. SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

2.1 The Board of Directors of Ghani Gases Limited in its meeting held on June 14, 2018 approved the Scheme of Compromises, Arrangement and Reconstruction pertaining to the corporate restructuring of certain Ghani Global Group companies i.e. Ghani Gases Limited, Ghani Global Glass Limited and Ghani Chemical Industries Limited.

In terms of the Scheme, inter alia the Manufacturing Undertaking of Ghani Gases Ltd shall be demerged from the Company and shall be merged and amalgamated with and into Ghani Chemical Industries Limited on the Effective Date against issue of 100,000,000 ordinary shares of PKR 10 each of Ghani Chemical Industries Limited in favor of the Holding Company at premium based on the valuations / calculations / swap ratio carried out by the professional consultant of the Holding Company. Ghani Chemical Industries Limited is a subsidiary of Ghani Gases Limited with 95.33% interest. Further, the name of the Holding Company shall be changed to Ghani Global Holdings Limited upon consummation of the merger contemplated in terms of the Scheme as may be sanctioned by the honorable Lahore High Court, Lahore. Under this Scheme, there is transfer of shares of Ghani Global Glass Limited held by its Sponsors to Ghani Gases Limited and issuance of shares of Ghani Gases Limited/Ghani Global Holdings Limited there against/loans to the Sponsors.

This restructuring will allow Ghani Gases Limited to act as a holding company. The Order of the Honorable Lahore High Court, Lahore is awaited.

3. BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim consolidated financial information of the Group has been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 'Interim Financial Reporting' as notified under the Companies Act, 2017, Islamic Financial Accounting Standards issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differs with the requirements of IAS 34 or IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These condensed interim consolidated financial information have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017.

3.3 Basis of measurement

This condensed interim consolidated financial information has been prepared under the historical cost convention and has been prepared following accrual basis of accounting except for cash flow information.

3.4 Functional and presentation currency

This condensed interim consolidated financial information is presented in Pak Rupees which is the functional and presentation currency for the Group.

3.5 This condensed interim consolidated financial information does not include the information reported for annual consolidated financial statements and should be read in conjunction with the audited annual published consolidated financial statements for the year ended June 30, 2018.

3.6 The significant accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information is consistent with those applied in the preparation of audited annual consolidated financial statements for the year ended June 30, 2018.

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

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

(a) Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2018 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements, except for the following:

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group's current accounting treatment is already in line with the requirements of this interpretation.
- IFRS 9, 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.
- IFRS 15, 'Revenue from contracts with customers': (effective for 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. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company has early adopted this standard for its annual period beginning July 01, 2018. The Company has applied IFRS 15 using the modified retrospective approach for transition.

This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

The changes laid down by these standards do not have any significant impact on these consolidated financial statements of the Group.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Group's financial statements and hence have not been detailed here.

(c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the interim consolidated financial statements of the Group.

- IFRS 9, 'Financial instruments': (effective for 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. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Group is yet to assess the full impact of the standard. Subsequent to reporting date; the SECP vide SRO 229(I)/2019 dated February 14, 2019 has extended effective date for implementation of IFRS on or after June 30, 2019.

- Amendment to IFRS 9, 'Financial Instruments', on prepayment features with negative compensation': (effective for periods beginning on or after January 1, 2019). This amendment confirms that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. Subsequent to reporting date; the SECP vide SRO 229(I)/2019 dated February 14, 2019 has extended effective date for implementation of IFRS on or after June 30, 2019.

- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' 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. The Group is yet to assess the full impact of this standard.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is yet to assess the full impact of this interpretation.

The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim consolidated financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group'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. Actual results may differ from these estimates.

During the preparation of these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual consolidated financial statements of the Group for the year ended June 30, 2018.

		Note	Un-audited December 31, 2018	Audited June 30, 2018
			(Rupees '000)	
5	**PROPERTY, PLANT AND EQUIPEMENT**			
	Operating assets	5.1	**3,249,080**	3,173,893
	Capital work in progress	5.2	**36,398**	33,176
			3,285,478	3,207,069
5.1	**Operating fixed assets**			
	Opening carrying value		**3,173,893**	2,957,732
	Additions and transfer during the period / year			
	Freehold land		**3,388**	26,250
	Building on freehold land		**767**	58,936
	Plant and machinery		**119,577**	224,403
	Furniture and fixtures		**472**	761
	Office equipment		**233**	419
	Computers		**43**	811
	Vehicles		**27,525**	18,822
			152,005	330,402
	Less:			
	Book value of disposals during the period / year		**(14,378)**	(8,099)
	Depreciation for the period / year		**(62,440)**	(106,142)
			(76,818)	(114,241)
	Closing carrying value		**3,249,080**	3,173,893
5.2	**Capital work in progress**			
	Civil works		**27,538**	27,538
	Plant and machinery		**6,840**	3,618
	Capital store		**2,020**	2,020
			36,398	33,176
6	**LONG TERM INVESTMENTS**			
	Investment in Associate - under			
	Opening carrying value		**406,126**	436,859
	Investment made during the period/year		**-**	-
	Share of loss from associate		**(15,524)**	(30,733)
	Closing balance		**390,602**	406,126

7 **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

Un-audited December 31, 2018	Audited June 30, 2018		Un-audited December 31, 2018	Audited June 30, 2018
(No. of Shares)			(Rupees '000)	
122,956,711	122,956,711	Ordinary shares of Rupees 10 each fully paid in cash	**1,229,567**	1,229,567
13,000	13,000	Ordinary shares of Rupees 10 each issued for consideration other than cash	**130**	130
15,911,860	9,298,452	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	**159,119**	92,985
138,881,571	132,268,163		**1,388,816**	1,322,682

7.1 During the period, the Holding Company has issued 6,613,408 ordinary shares of Rupees 10 each as fully paid bonus shares against share premium account in accordance with provision of Sub-section (3) of Section 81 of the Companies Act, 2017.

	Un-audited December 31, 2018	Audited June 30, 2018
8 LONG TERM FINANCING	(Rupees '000)	
Diminishing Musharka Facilities		
Beginning balance	**59,470**	24,284
Finance obtained during the period / year	**59,619**	54,456
Repayment made during the period / year	**(21,510)**	(19,270)
Ending balance	**97,579**	59,470
Current portion of long term financing	**(39,321)**	(25,613)
	58,258	33,857
9 REDEEMABLE CAPITAL - SUKUK		
Beginning balance - long term certificate (sukuk)	**1,029,166**	1,245,833
Repayment during the period / year	**(108,333)**	(216,667)
Ending balance	**920,833**	1,029,166
Current portion taken as current liability	**(216,667)**	(216,667)
	704,166	812,499

10 SHORT TERM BORROWINGS

These finances are 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 Holding Company and personal guarantees of sponsoring directors of the Holding Company. These form part of total credit funded facilities of Rupees 1,165 million (June 2018: Rupees 1,125 million). The rates of profit ranging from relevant KIBOR plus 0.80% to 1.25% (June 2018: relevant KIBOR plus 0.85% to 1.25%).

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no material changes in contingencies as disclosed in the notes to the consolidation financial statements for the year ended June 30, 2018.

11.2 Commitments

a) Commitments in respect of letter of credit amounted to Rupees 708.1 million (June 2018: Rupees 403.92 million).

b) Commitments for construction of building as at balance sheet date amounted to Rupees 20 million (June 2018: Rupees 30 million).

c) Bank guarentees amounting to Rupees 41.96 million (June 2018: Rupees 38.65 million) provided to various customers/institutions against supplies of products.

d) As of balance sheet date, aggregate limits (funded facilities) amounting to Rupees 194 million (June 2018: Rupees 169 million) from commercial bank remain unutilized.

e) Commitments for rentals under Ijarah Contracts as at December 31, 2018 are as follows:

	Un-audited December 31, 2018	Audited June 30, 2018
	(Rupees '000)	
Not later than one year	**252**	983
Later than one year but not later than five years	**-**	-
	252	983

	UN-AUDITED HALF YEAR ENDED		UN-AUDITED QUARTER ENDED	
	December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
12 COST OF SALES	(Rupees '000)		(Rupees '000)	
Fuel and power	**339,230**	344,626	**197,670**	183,564
Consumable spare	**18,879**	15,771	**7,994**	10,061
Salaries, wages and other benefits	**39,515**	32,819	**20,022**	17,851
Communication	**386**	345	**195**	155
Repair and maintenance	**16,534**	17,439	**7,609**	9,994
Travelling, vehicle running and maintenance	**4,022**	2,639	**2,667**	1,800
Insurance	**3,208**	3,066	**1,683**	1,619
Depreciation	**52,551**	47,817	**28,163**	24,146
Staff welfare	**4,182**	4,050	**2,045**	2,110
Transportation	**6,728**	4,540	**3,060**	3,166
Other overheads	**29,647**	25,332	**19,102**	16,364
	514,882	498,444	**290,210**	270,830
Finished goods				
Opening stock	**94,343**	37,740	**66,770**	24,040
Purchases	**224,714**	56,412	**105,105**	51,388
Closing stock	**(59,476)**	(50,935)	**(59,476)**	(50,935)
	259,581	43,217	**112,399**	24,493
	774,463	541,661	**402,609**	295,323

13 EARNINGS PER SHARE

Earnings per share - basic and diluted for the three months and six months period ended December 31, 2017 respectively have been restated taking into consideration the corresponding effect of bonus shares issued during the six months period ended December 31, 2018.

14 TRANSACTIONS WITH RELATED PARTIES

14.1 Related parties comprise of associated companies, directors of the Company, companies in which directors also hold directorship, related companies, key management personnel and staff retirement benefit funds of the Holding Company. The Holding Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Holding Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these condensed interim consolidated financial statements, are as follows:

Name of related party	Nature of Transaction	UN-AUDITED HALF YEAR ENDED December 31, 2018	December 31, 2017
		(Rupees '000)	
Associated Company	Sales	**6,763**	9,995
	Purchases	**117**	-
	Guarantee Commission	**1,300**	1,300
	Services	**6,000**	6,000
Provident Fund	Contribution to Fund	**11,066**	9,736
Sponsors	Loan received	**201,200**	66,000
	Loan repaid	**(203,960)**	(446,650)

14.2 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions.

15 CASH GENERATED FROM OPERATIONS

	Note	UN-AUDITED HALF YEAR ENDED December 31, 2018	December 31, 2017
		(Rupees '000)	
Profit before taxation		**84,517**	135,912
Adjustments for non-cash charges/items:			
Depreciation		**62,440**	54,609
Amortization		**1,481**	-
Finance cost		**93,398**	58,669
Share of loss from associated company		**15,524**	8,018
(Gain) / loss on disposal of property, plant and equipment		**(1,822)**	(155)
Operating cash flows before working capital changes		**255,538**	257,053
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		**(16,520)**	(35,879)
Stock in trade		**34,867**	(13,195)
Trade debts		**(102,764)**	25,107
Loans and advances		**21,342**	(98,170)
Short term deposits and prepayments		**(2,831)**	(7,119)
Balances with statutory authorities		**14**	(7,460)
Other receivables		**37,814**	36
Increase / (decrease) in current liabilities:			
Trade and other payables		**73,286**	45,505
		300,746	165,878

16 SEGMENT REPORTING

16.1 The basis of segmentation and reporting segments presented in these condensed interim financial statements are the same which were disclosed in annual financial statements for the year ended June 30, 2018.

16.2 As described in note 1 to this condensed interim consolidated financial information the Group markets in industrial and medical gases and industrial chemicals. Segment results are as follows:

	HALF YEAR ENDED December 31, 2018 (Un-audited)			HALF YEAR ENDED December 31, 2017 (Un-audited)		
	Industrial and Medical Gases	Other segments	Total	Industrial and Medical Gases	Other segments	Total
	(Rupees '000)			(Rupees '000)		
Net sales	901,312	239,097	1,140,409	870,456	47,797	918,253
Cost of sales	(556,014)	(218,449)	(774,463)	(521,820)	(19,841)	(541,661)
Gross profit	345,298	20,648	365,946	348,636	27,956	376,592
Distribution costs	(101,345)	(3,776)	(105,121)	(104,598)	(3,678)	(108,276)
Administrative costs	(68,882)	(3,620)	(72,502)	(56,909)	(2,990)	(59,899)
	(170,227)	(7,396)	(177,623)	(161,507)	(6,668)	(168,175)
Segment profit	175,071	13,252	188,323	187,129	21,288	208,417
Unallocated corporate expenses						
Share of loss from associated company			(15,524)			(8,018)
Other operating expenses			(6,543)			(14,442)
Other income			11,659			8,624
			177,915			194,581
Finance costs			(93,398)			(58,669)
Profit before taxation			84,517			135,912
Taxation			(23,307)			(70,021)
Profit after taxation			61,210			65,891

16.3 Net sales represents revenue from external customers. There were no inter segment transfers during the period.

16.4 There is no single external customer of the Group whose revenue amounts to 10% or more of the Group's total revenue during the six months period ended December 31, 2018.

16.5 Unallocated assets include other receivables and advance income tax whereas unallocated liabilities include provision for taxation. The segment assets and liabilities as at reporting date are as follows:

	December 31, 2018 (Un-audited)			June 30, 2018 (Audited)		
	Industrial and Medical Gases	Other segments	Total	Industrial and Medical Gases	Other segments	Total
	(Rupees '000)			(Rupees '000)		
Segment assets	5,165,616	93,467	5,259,083	5,002,031	135,879	5,137,910
Unallocated assets			163,888			177,788
Total assets			5,422,971			5,315,698
Segment liabilities	2,632,627	-	2,632,627	2,544,552	40,835	2,585,387
Unallocated liabilities			5,061			3,478
Total liabilities			2,637,688			2,588,865

16.6 All the non-current assets of the Group at reporting date are located in Pakistan.

17 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

The condensed interim consolidation financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual financial statements for the year ended June 30, 2018.

17.2 Fair value measurement of financial instruments

The carrying values of all financial assets and liabilities reflected in the condensed interim consolidated financial statements are a reasonable approximation of their fair values

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1]
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**(Rupees)**			
Financial assets				
Financial assets at fair value through profit and loss account	**Nil**	**Nil**	**Nil**	**Nil**

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	(Rupees)			
Financial assets				
Financial assets at fair value through profit and loss account	Nil	Nil	Nil	Nil

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group’s financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

18 DATE OF AUTHORIZATION

This financial information has been authorized for issue by the Board of Directors of the Group on February 26, 2019.

19 CORRESPONDING FIGURES

19.1 The condensed interim consolidated statement of financial position has been compared with preceding consolidated statement of financial position as at June 30, 2018, whereas the condensed consolidated statement of interim statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows have been compared with the corresponding period of the previous year.

19.2 Corresponding figures have been rearranged or reclassified, wherever necessary, for the purposes of comparison. However, no material reclassification has been made in the corresponding figures.

ATIQUE AHMAD KHAN	**ASIM MAHMUD**	**HAFIZ FAROOQ AHMAD**
(CHIEF EXECUTIVE OFFICER)	(CHIEF FINANCIAL OFFICER)	(DIRECTOR)

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