

Annual Report 2010

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



A Company of Ghani Global Group

Ghani Gases Limited
Manufacturer of Industrial & Medical Gases



**IN THE NAME
OF
ALLAH SUBHANA HU WA' TAALA**



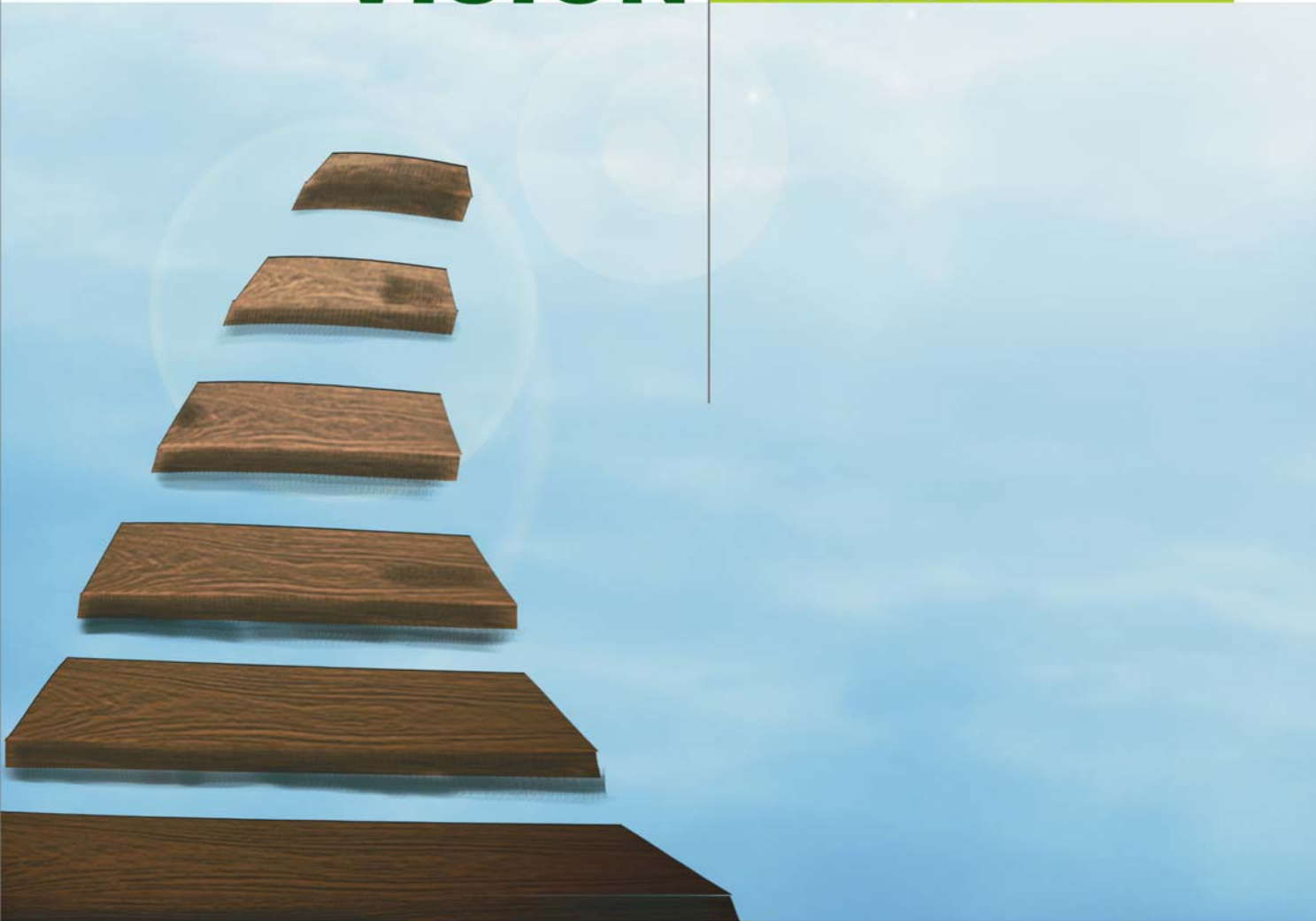


CONTENTS

→ Vision & Philosophy	2
→ Mission Statement	3
→ Executive Committee	4
→ Corporate Information	5
→ Core Values	6
→ The Plant	11
→ Team of Engineers	12
→ Notice of Annual General Meeting	14
→ Directors' Report	16
→ Statement of Ethics & Business Practices	24
→ Pattern of Holding of Share	26
→ Statement of Compliance	30
→ Review Report by the Auditors	32
→ Marketing Team	34
→ Strategic Partners	35
→ Key Locations Around Pakistan	36
→ Customers Segments	37
→ Quotable Quotes	40
→ Ghani Gases in Media	42
→ Ghani Gases in Calcium Carbide Business	44
→ Auditors Report to the Members	47
→ Balance Sheet	48
→ Profit & Loss Account	49
→ Statements of Comprehensive Income	50
→ Cash Flow Statement	51
→ Statement of Changes in Equity	52
→ Notes to the Financial Statements	53
→ Form of Proxy	



VISION & PHILOSOPHY



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



MISSION STATEMENT



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



EXECUTIVE COMMITTEE



Masroor Ahmad Khan
Chairman



Atiq Ahmad Khan
Chief Executive Officer



Hafiz Farooq Ahmad
Managing Director



Toheed Iqbal Baig
Country Marketing Head



Nazeer Ahmed
G.M. Operation



Farzand Ali
G.M. Corporate



Asim Mahmud
Chief Financial Officer



CORPORATE

■ Board of Directors

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

■ Audit Committee

Hafiz Farooq Ahmad, Chairman
Aysha Masroor
Rabia Atiq

■ Company Secretary

Farzand Ali

■ Chief Financial Officer

Asim Mahmud, FCA

■ Legal Advisor

DSK Law, Lahore

■ Auditors

Rizwan & Company
Chartered Accountants
Member firm of DFK International

■ Share Registrar

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

■ Bankers

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

INFORMATION



■ Corporate/Registered Office

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

■ Gases Plant

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



CORE VALUES





QUALITY MANAGEMENT SYSTEM



Ghani Gases commits to understand and fulfill the customers' requirements and expectations.

We are carrying out our activities in a manner which:

- Uses the ISO 9001 Quality Standard to verify the quality and continuous improvement of our policies, procedures, work instructions and management systems, and
- Ensures that our products and services satisfy the highest standards, through the application of best practices.



CORPORATE SOCIAL RESPONSIBILITY





ENVIRONMENT ALIVE



Ghani Gases commits to minimize any adverse affect of its operation on the environment.

"Do more, feel better, live longer"





SAFETY,

HEALTH, ENVIRONMENT, QUALITY (SHEQ)



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

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

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

“We endeavour to achieve our objective of zero accidents.”

THE PLANT



Feather In The Crown

- State of the art brand new manufacturing plant.
- Specific Power Consumption far less than competitors.
- One Million Liter Oxygen and 0.5 Million Liter Nitrogen storage capacity being the largest storage capacity in Pakistan.



TEAM OF ENGINEERS



Nazeer Ahmed
G.M. Operation
Mechanical Engineer



Tariq Bhatti
Plant Manager
Chemical Engineer



Hafiz Imtiaz Ahmad
Manager Engineering
Mechanical Engineer



Abdul Rauf
Manager E&I
DAE, Electrical



Shahid Rasheed
Production In-charge
Chemical Engineer



Nasir Ali Sohail
Safety In-charge
Chemical Engineer



Syed Muneeb Ahmad
Shift Engineer
Chemical Engineer



Muhammad Aslam
Shift Engineer
Chemical Engineer



Khizer Aziz
Shift Engineer
Chemical Engineer



Waqar-ul-Hassan
Shift Engineer
Chemical Engineer



Asif Elahi
Maintenance Engineer
DAE, Mechanical



Mahmood Shad
CES Engineer
DAE, Mechanical



LISTING



Mr. Atiq Ahmad Khan, CEO at Opening Bell Ceremony of Ghani Gases Listing at floor of Karachi Stock Exchange





NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that 3rd Annual General Meeting of shareholders of Ghani Gases Limited will be held on Saturday October 30, 2010 at 11.00 AM at Hotel Sunfort, Liberty Market, Gulberg, Lahore for transacting of the following business:

Ordinary business

1. To confirm the minutes of 2nd Annual General Meeting held on October 31, 2009.
2. To receive and adopt annual audited accounts of the Company together with auditors and directors report for the year ended June 30, 2010.
3. To appoint auditors and fix their remuneration. Present auditors M/s DFK Rizwan & Company, Chartered Accountants being eligible offer themselves for reappointment.

Special business

4. To consider and if thought fit to pass the following resolutions with or without modification as special resolution:

RESOLVED that consent of the Company be and is hereby accorded to invest up to Rs. 150 million in equity in gases manufacturing plant being setup at Port Qasim, Karachi by M/s Ghani Southern Gases (Pvt) Limited an associated company.

FURTHER RESOLVED that Mr. Masroor Ahmad Khan Chairman/ Director and / or Mr. Atiq Ahmad Khan, Chief Executive Officer/ Director of the Company be and is/are hereby authorized to do or cause to be done on behalf of the Company, all acts, deeds and things as may be necessary for above investment.

5. To obtain consent of the shareholders to place quarterly accounts of the Company on website of the Company in accordance with circular No. 9 of 2004 of the Securities and Exchange Commission of Pakistan instead of sending the same by post to the members.
6. Any other business with permission of the Chair.

By order of the Board

Lahore
October 08, 2010

Farzand Ali
Company Secretary



Notes:

The share transfer books of the Company will remain closed from Saturday October 23, 2010 to Saturday October 30, 2010 (both days inclusive)

A member entitled to attend and vote at the meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

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

- i) In case of individuals the account holders, sub account holders and the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing original I.D. cards or passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their participation I.D. members and account number in CDC.
- ii) In case of corporate entity, Board of Directors resolution / power of attorney with specimen signature of nominee shall be produced (unless provided earlier) at the time of meeting.

Shareholders are requested to notify the change of their addresses, if any to the shares registrar i.e. M/s THK Associates (Pvt) Limited, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi-75530, UAN: +92 (021) 111-000-322, Fax: +92 (021) 35655595

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

The statement sets out the material facts about the special business to be transacted at the annual general meeting of the shareholders of Ghani Gases Limited to be held on October 30, 2010.

Investment in Ghani Southern Gases (Pvt) Limited

Ghani Southern Gases (Pvt) Limited an associated company is setting up an industrial and medical gases manufacturing plant at Port Qasim, Karachi. Total project cost is estimated at Rs. 1,100 million with debt equity ratio of 55:45. This project will capture industrial and medical gases market of southern region of the country.

The proposed investment by the Company in Ghani Southern Gases (Pvt) Limited will be in shape of equity by allotment of shares at par value of Rs.10 per share. The Company will manage the funds for investment in associated company through its own sources by way of operation activities. After start of commercial production by the plant of associated company, high returns are expected from this investment. The investment in this Company is in the best interest of the shareholders and the Company.

Placement of Quarterly Accounts on Website

Sending of quarterly accounts to all the shareholders by mail is a costly and cumbersome exercise. Keeping this fact the Securities and Exchange Commission of Pakistan vide its Circular No. 9 of 2004 dated April 15, 2004 has been decided that a listed company may place its quarterly accounts on its website which will be treated compliance of Section 245 of the Companies Ordinance, 1984 subject to the fulfillment of certain conditions. To comply with the conditions of the said circular of the SECP, consent of the shareholders of the Company are being obtained.

All the directors of Ghani Gases Limited are interested in above stated special businesses to the extent of shares held by them.

The directors have no other interest in the special businesses and/or resolutions except as specified above.



DIRECTORS' REPORT

Dear Members,

Assala-Mo-Aliakum Wa Rehmatullah

The Directors of your Company are pleased to present the 3rd Annual Report of the Company for the year ending June 30, 2010.

This is the first annual report of Ghani Gases after start of production during May 2009 and thereafter listing at Karachi Stock Exchange during January 2010 being published for presentation to the members.

National economy

Pakistan economy remained to be challenging during 2009-10 despite disciplined implementation of macroeconomic stabilization programme and tightening of monetary policy.

Interruptions in energy supplies and upward adjustments and increase in the prices of electricity & other utilities lowered the productivity and raised the cost of production in domestic industry.

There are signs that inflation would increase further, accompanied by a drop in economic growth, both the trade balance and fiscal accounts would be under stress and the banking system might witness pressure because of an increase in non performing loans of the private sector and borrowings of the government. Production in large scale manufacturing saw a broad-based decline of 4.7% during Jul-Dec FY09 as against 5.2 percent rise during the same period of last year.

The worst floods may knock down economic growth for fiscal year 2010-11 to between zero and two percent. The estimate is based on the economic impact of the damage caused to key crops and livestock, adding an estimated 25 percent of the cotton crop has been affected. The textile industry, which accounts for more than 50 percent of total exports, depends on the cotton crop. Reconstruction is likely to cost billions of dollars, burdening an economy that was already fragile before the waters raged from the northwest to the south, destroying villages and key infrastructure and making more than 4 million homeless. However when reconstruction will start in November or December and people go back to their lands and restart farming, hopefully there will be a positive impact and economic activities in different sectors will improve.

Operations & performance

Ghani Gases entered in industrial and medical gases business when all core indicators like political situation, country's economy, stock exchanges, liquidity of financial institutions/ banks, industrial growth, country wide power supply, rupee value and inflation etc were reflecting as negative. In addition to above we faced a strong competition of gases players ruling from decades.

Despite above all difficulties, Alhamdulillah your Company have achieved an impressive performance. Strong background with a vision of the management, history behind honour the



commitments, introduction of global quality products with competitive prices, better services, aggressive marketing strategy, quick and in-time investment decisions, better cash flow management, coordination and team work of our professionals have helped us to achieve this milestone.

Ghani Gases has introduced a state of the art brand new ASU plant in comparison with others having as old as minimum one decade. To build the confidence of customers, Ghani Gases have developed one million liter Oxygen and 0.5 million liter Nitrogen storage capacity(s) being the largest storage capacity first time introduced in the history of Pakistan.

Because of the brand new plant, the lowest specific power of electricity (being the only raw material of gases industry) and cost reduction strategy also favoured your Company to compete with others and in the result we captured a reasonable market share from all segments in the shortest possible period.

Ghani Gases plant is equipped with the world's best technology machines and has been maintaining according to the international standards which resulted into smooth operation throughout this period. To ensure smooth performance a European company is on board for maintenance of the plant.

Financial performance

Ghani Gases achieved an impressive performance with turnover touching to Rs.315 million mark, this level of sales is pretty good for any company in its first full year of operation. Alhamdulillah despite overall economic slow down, surging electricity & fuel prices and all other unfavourable conditions, Ghani Gases quarter after quarter performance has been improving. The facts can be witnessed from the figures for the quarter ended June 30, 2010 showing a tremendous growth in sales, gross profit and earning of net profit instead of loss if compared with last three quarters of the year under review, detail is as under:

Particulars	Year ended June 30, 2010	Quarter ended June 30, 2010	(Rupees in '000)
			Nine months March 31, 2010
Sales	314,936	122,881	192,054
Gross profit	25,508	23,238	2,270
Operating profit/ (loss)	(80,808)	4,808	(73,723)
Profit/ (loss) before taxation	(62,558)	10,544	(73,102)
Profit/ (loss) after taxation	(64,204)	9,956	(74,160)
Earning per share (Rs.)	(0.89)	0.13	(1.02)

Alhamdulillah Company has started to reverse its accumulated losses. Another sign of recovery is that Earning Per Share (EPS) for the quarter ended June 30, 2010 has improved by Rs. 0.13 as compared to nine months ended capping overall loss per share to Rs. 0.89.

Additionally your Company's Current Ratio has improved tremendously, this year the ratio is 1.03:1 as compared to last year's 0.89:1, and this has resulted from better working capital management by the grace of ALMIGHTY ALLAH.

Ghani Gases is in the phase of implementation of ERP. This solution will enable the management in exercising better control, the efficiency and effectiveness of the business operation and processes will also improve.



Marketing

The year 2009-10 has been a year of significant change in transforming the industrial and medical gases market of the country. Keeping in view the competition with existing players ruling from decades, it was for us a year of rigorous self-examination, making the things challenging and immediate decisions and implements them without delay –yet without damaging our ability to trade as normal. In fact, despite facing some of the toughest market and economic conditions, Alhamdulillah Ghani Gases has made remarkable achievements and mainly focused on portfolio, developing clear regional strategies, enhancing the skills of our professional teams, sharpening technology and proving to be a future leader Company to honour the commitments.

Ghani Gases has developed a revolution in the country's Gases Industry by capturing substantial size of market in a short period. Because of the aggressive marketing strategy and increase in demand of Industrial Gases, the Company succeeded to develop a clientage in a diverse industrial base and a reasonable share of merchant market.

Ghani Gases is striving to provide utmost satisfaction by manufacturing international quality standard products and exclusive services to the customers. Alhamdulillah customers have also been loudly appreciating your Company. As a result by passage of time, our clientage list is increasing.

During first year of operation, Ghani Gases has developed customer base around Pakistan from Punjab to Khyber PK, Baluchistan and Sindh provinces. In addition to entering in Oil & Gas, Chemical & Fertilizer, Pharmaceutical, Healthcare, Food & Beverage and Steel & Iron industries as well as Live Stock and merchant market. Ghani Gases has also succeeded to develop a customer base at Gadani being one of the largest ship breaking industries of the region. Ghani Gases has now been playing a vital role for revival of Gadani ship breaking industry.

Future prospects

In a sense, we have created Ghani Gases, one that's in a far better position to compete in the local markets of the future and produce worthwhile returns for our investors in what is an increasing competitive environment.

Ghani Gases strongly believe, Pakistan gases market has a tremendous potential need to explore. Ghani Gases has been exploiting the opportunities by application of gases in different industrial segments as fuel alternate and other applications being already successfully experienced in different countries.

Ghani Gases has entered in long term supply contract with different customers. Our first preference is to serve industrial customers. Recently the largest steel industry (under construction) in Port Qasim has signed exclusive supply contract for supply of industrial gases. Negotiations are in progress with other industries as long term business partners.

To meet the customer need Ghani Gases is planning to enter in mixture and CO₂ gases. In addition to core business, Ghani Gases has recently entered in Calcium Carbide business which will open up new avenues to generate revenues.

Ghani Gases has recently successfully installed boosting system to improve the operational



efficiencies and better utilization of plant facilities. After installation of this system, production of highly priced Argon gas will also be enhanced.

Ghani Gases has also been focusing to enhance the existing transportation capacity. We have recently inducted two 33,000 liter each mobile tankers in our fleet. In addition to above, we have been importing more mobile tankers to meet the increased demand in the country.

Development of customer's confidence is prime objective of Ghani Gases. We have already invested huge amount and have developed largest storage capacity at plant site, first time in the history of Pakistan. To ensure the availability of product in the country, Ghani Gases has planned to develop large scale storage at different locations and delivery of the same through local transport arrangement. Hopefully after start of delivery from these points customer's confidence will further improve.

Ghani Gases have been developing a position as one of the most diverse and reliable gases businesses Company. At the same time, management took care to understand any weaknesses in our approach, We needed to change this. As a unified local company we have developed common systems and procedures to speed things up, reduce overheads and share ideas and information more effectively –critical if we are to stay at the leading edge. Customer visits at plant and their ideas to improve existing systems and approach are always welcome.

Ghani Gases' another priority is to identify ways of becoming a permanently lower-cost and more efficient organization while maintaining all safety and "SHEQ" standards, necessary to improve both our ability to compete and achieve higher returns for our investors.

Ghani Gases has also planned for equity investment up to Rs. 150 million in an associated company which is setting up an industrial and medical gases plant in Port Qasim, Karachi. The proposed investment is in the best interest of the shareholders and the Company.

Management is seeing a bright future Ghani Gases in the period to come. They are preparing a broad mind vision based organization, having commitment to grow and play a role to serve the customers and will achieve the goals set by ourselves. INSHAALLAH

Sharia compliance

Public participation is the first priority of Ghani Gases management. Initially we planned this project by public offering but due to un-favourable stock market conditions idea delayed and directors completed the project by injecting further equity and Islamic mode of financing from banks.

At Ghani Gases all business transactions and financial needs are ensured in accordance with the SHARIA compliance. Efforts are underway to put your Company in the list of Sharia Compliant Companies at Karachi Stock Exchange.

Safety, health, environment & quality (SHEQ)

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



storage are met and taken care off. The plant was commissioned during May 2009 and by the grace of Almighty Allah site has completed 472 days without any loss of time or incident, both at factory and/or on road.

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

In addition to safety, health and environment Ghani Gases is highly focused on quality standards. Your Company has adopted the world's best quality management system ISO-9001:2008. Certification of the system has been obtained from world's known "UKAS".

Human resources

Development of Human Resource is one of the priority areas in Ghani Gases as the Directors consider human capital as the most precious asset of your Company. Alhamdulillah Ghani Gases has hired highly qualified, experienced and competent teams of professionals in all areas such as marketing, plant operations, customer engineering services, finance and corporate.

Ghani Gases has developed performance based healthy competition among the employees. Employee's commitment, professionalism and focus on quality and customer care have helped us to gain a reasonable market share in a short period.

Training and development

Ghani Gases has hired the services of a team of qualified / graduate engineers to ensure the high standard of performance. Ghani Gases plant is operated by these highly competent persons and for the development of people and to ensure smooth and uninterrupted supplies to the customers, on job and class room training sessions, covering operation and maintenance of plants / equipments and managing the distribution fleet are conducted on regular basis.

Product delivery system

Ghani Gases is holding the country's largest and efficient distribution fleet which has enabled the Company to move 180,000 liters of liquid oxygen / nitrogen at one time.

To get the best performance a competent engineering team is always ready to serve on 24 hours basis to maintain the fleet and ensure that no customer gets dry at any given time.

Ghani Gases is importing further mobile tankers in order to enhance the existing transportation capacity and to meet the demand of the customers.

Customer satisfaction

Customer satisfaction is the top priority of Ghani Gases. To win the customer's confidence and satisfaction, Ghani Gases has hired the services of highly qualified, experienced & competent marketing, operation and distribution teams. The competent marketing team, dealing in gases for decades, is providing solutions to the customers for the gases applications.



Alhamdulillah in a short period, Ghani Gases has succeeded to gain the confidence of a large number of customers spread over through out the country. A team of dedicated and competent engineers and technicians is deployed to maintain the equipments at customer premises and to attend customer complaints round the clock. This strength has helped to gain confidence in the market place.

Ghani Gases is highly focused on quality, environmental and safety standards. Your Company has been meeting the oxygen requirements of different hospitals as a life saving tool. The needs of critical industries, including pharmaceutical, chemical, steel, ship-breaking and food are met timely and best services are provided. Apart from reputable industrial segments and hospitals Ghani Gases has setup a nation wide strong dealership network in all the major cities to meet the merchant market/retailers need.

Contribution to national exchequer

During the year under review newly born Ghani Gases contributed Rs.66.555 million in shape of taxes, duties and levies paid to central and provincial governments and local authorities.

Statutory auditors

The present auditors M/s DFK Rizwan & Company, Chartered Accountants retire and offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2011, at a mutually agreed fee in accordance with ICAP rules.

Staff retirement benefit

Ghani Gases is equal opportunity employer. In addition to other benefits, Ghani Gases operates a funded contributory Provident Fund Scheme for its employees and contributions based on salaries of the employees are made to the Fund on monthly basis.

Listing via book building

Ghani Gases is the first Company in Pakistan which got status of listing during January 2010 through Book Building Mechanism. This was the first ever transaction for offer for sale of shares under book building rules introduced by the SECP during April 2008. Despite unfavourable stock market conditions both the stages of offering i.e. book building and general public was oversubscribed reflecting the confidence of general public on management of the Company. M/s AKD Securities Limited was the Lead Manager and Book Runner for the transaction. On listing share price of Rs. 10 each at one stage rose as high as Rs. 23.70 and closed at Rs. 09.68 as on June 30, 2010.

Compliance with the code of corporate governance

Ghani Gases has adopted the requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2010 and have been duly complied with.

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



Statement of ethics and business practices

The board of Ghani Gases has adopted the statement of Ethics and Business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

Audit committee

An audit committee of the Board has been in existence in accordance with the Code of Corporate Governance, which comprises of one executive and two non executive directors. During the year two meetings of the Audit Committee were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

Relations with stakeholders

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

Corporate social responsibility

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

Board of directors

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

A written notice of the Board meeting along with working papers are being sent to the members seven days before meetings. A total of five meetings of the Board of Directors were held during the year ended June 30, 2010. The attendance of the Board members as follows:

Name of the Director	No. of meeting attended
Mr. Masroor Ahmad Khan	05
Mr. Atiq Ahmad Khan	05
Hafiz Farooq Ahmad	04
Mrs. Tahira Naheed	03
Mrs. Ayesha Masroor	04
Mrs. Rabia Atiq	05
Mrs. Saira Farooq	05

Leave of absence was granted to Directors who could not attend some of the Board meetings.

Corporate and financial reporting framework

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

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



- Appropriate accounting policies have consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.
- Information about taxes and levies is given in the notes of accounts.
- The value of investments and bank balances in respect of staff retirement benefits:
- Provident Fund Rs. 2.727 million

Pattern of shareholding under code of corporate governance

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2010, whose disclosure is required under the reporting framework, is included in the annexed shareholder's information.

Post balance sheet events

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

Acknowledgment

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

We thank our shareholders who reposed their confidence on management of the Company and participated as equity partners. We are thankful to the institutional investors and high net-worth individuals who despite unfavourable market conditions participated in first Book Building Mechanism in Pakistan. We take this opportunity to thank Mr. Farid Alam, CEO of AKD Securities and his team, CEO of M/s Progressive Securities, the officials of SECP and the Karachi Stock Exchange who made Offer for Sale of Shares successful and as a result your Company obtained the status of listing.

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

For and on behalf of the Board of Directors

Lahore
October 08, 2010

Masroor Ahmad Khan
Chairman

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Ghani Gases Limited has laid down the following business ethics and principles, the observance of which is compulsory for all the directors and staff members of the Company in the conduct of Company's business in order to protect and safeguard the reputation and integrity of the Company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff and workers are fully aware of these standards and principles.

Obey of commandments

It is the management's expectation that all staff members shall obey the commandments of Allah Subhanatallh and Sunnah of our Prophet "Muhammad" (peace be upon him). Staff members are also expected for service of prayers at their times and to preach of Goodness for discharge of their religious liability.

Conflict of interest

All staff members and workers are expected not to engage in any activity, which can cause conflict between their personal interests and Company's interests, such as:

- a. In effecting the purchases for Company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the Company or buying its products.
- b. Transfer pricing of related party transactions should not be other than the listing regulations issued by the stock exchange.
- c. Staff members should not engage in any outside business while serving the Company.
- d. Staff members are not permitted to conduct personal business in Company's premises or use Company's facilities for the same.
- e. If a staff member has direct or indirect relationship with an outside organization dealing with the Company, he must disclose the same to the management.

Confidentiality

All staff members are required not to divulge any secrets / information of the Company to any outsider even after leaving the service of the Company. During the course of service in the Company, staff members should not disseminate any information relating to business secrets of the Company without the consent of the management.





Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kickbacks from any organization or individual dealing with the Company. In case if such favour is considered, in the interest of the Company, the same should be disclosed clearly to the management.

Proper books of accounts

All funds, receipts and disbursements should be properly recorded in the books of accounts of the Company. No false or fictitious entries should be made or misleading statement pertaining to the Company or its operations should be issued. All agreements with suppliers, customers, agents, dealers and consultants should be made in writing supported with required evidence.

Relationship with Government officials, suppliers, customers, agents etc.

The dealings of the Company with Government officials, suppliers, buyers, agents and consultants of the Company should always be such that the integrity of the Company and reputation is not damaged. Members having queries in connection with how to deal with these factions should consult the management.

Healths and safety

Every staff member is required to take care of his health and safety and of those working with him.

Environment

To preserve and protect the environment all staff members are required to operate the Company's facilities and processes so as to ensure maximum safety of men, material, machinery, surroundings and all adjoining communities and strive continuously to improve environmental awareness and protection.

Alcohol, drugs and smoking

All types of gambling and betting at the Company's premises are strictly forbidden. Also taking of any alcohols and drugs inside the Company's premises is not allowed. Smoking within plant premises, offices, work places, workshops, stores, laboratories and warehouses is not allowed. Members of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

Coordination among staff members to maintain discipline

All staff members will work in close coordination with their co-workers, supervisors and colleagues. Every member will cooperate with other members so that the Company's work is carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict action will be taken against those staff members who violate the rules and regulations of the Company.

Workplace harassment

All members of the staff will provide an environment that is free from harassment in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment, which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.





PATTERN OF HOLDING OF SHARES

HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2010

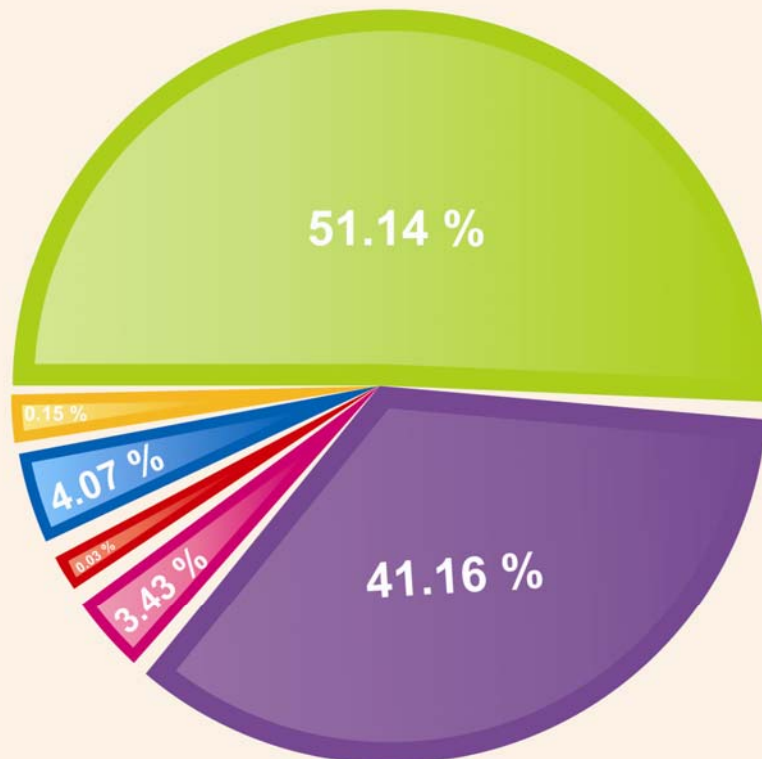
Incorporation Number: 0063479

Number of Shareholders	From	Shareholding To	Total Shares held
84	1	100	4,526
705	101	500	330,508
292	501	1000	280,076
405	1001	5000	1,117,164
129	5001	10000	1,062,998
27	10001	15000	337,544
23	15001	20000	430,282
19	20001	25000	445,068
17	25001	30000	490,244
8	30001	35000	257,322
8	35001	40000	307,108
2	40001	45000	86,000
13	45001	50000	641,762
3	50001	55000	155,382
1	55001	60000	60,000
2	60001	65000	122,097
2	65001	70000	138,237
2	70001	75000	146,506
1	75001	80000	80,000
1	80001	85000	84,944
1	85001	90000	85,500
1	90001	95000	92,000
2	95001	100000	200,000
1	100001	115000	112,500
1	115001	120000	117,817
1	135001	140000	140,000
1	145001	150000	150,000
1	170001	175000	172,500
2	180001	185000	362,250
1	195001	200000	200,000
1	200001	205000	202,500
1	210001	215000	210,812
1	235001	240000	240,000
1	240001	245000	241,500
1	295001	300000	300,000
1	310001	315000	315,000
1	395001	400000	400,000
1	445001	450000	450,000
1	570001	575000	575,000
2	995001	1000000	2,000,000
2	1245001	1250000	2,500,000
1	1395001	1400000	1,400,000
1	2095001	2100000	2,100,000
1	2480001	2485000	2,485,000
1	2890001	2895000	2,891,900
1	3005001	3010000	3,006,300
1	3015001	3020000	3,016,300
1	3545001	3550000	3,550,000
1	3615001	3620000	3,617,200
1	3800001	3805000	3,800,400
1	4005001	4010000	4,008,200
1	8480001	8485000	8,483,700
1	9175001	9180000	9,177,963
1	9265001	9270000	9,267,800
1782			72,450,000



Categories of Shareholders	Share Held	Percentage
Directors, Chief Executive Officer and their spouses and minor children.	37,052,463	51.14
Banks DFI & NBF	2,485,000	3.44
Modarabas and Mutual Funds	110,370	0.15
* Shareholders holding 10% or more	26,929,463	37.16
General public		
A. Local	29,823,447	41.16
B. Foreign	28,400	0.04
Others		
Joint Stock Companies	2,950,320	4.07
	72,450,000	100.00

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





DETAIL OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

		Holding
Banks / DFI & NBF		
1.	National Bank of Pakistan	<u>2,485,000</u>
Directors, CEO their spouse and minor children		
1.	Mr. Masroor Ahmad Khan Chairman	9,267,800
2.	Mr. Atiq Ahmad Khan Director / Chief Executive	8,483,700
3.	Hafiz Farooq Ahmad Managing Director	9,177,963
4.	Mrs. Tahira Naheed Director	300,000
5.	Mrs. Ayesha Masroor Director	3,016,300
6.	Mrs. Rabia Atiq Director	3,800,400
7.	Mrs. Saira Farooq Director	3,006,300
		<u>37,052,463</u>
Public Sector Companies & Corporations		
1.	Rahim Iqbal Rafiq & Company Employees	10,000
2.	Sinaco Engineeres (Pvt) Limited	241,500
3.	Rahim Iqbal Rafiq & Company Provident Fund	7,000
4.	Capital Vision Securities (Pvt) Ltd.	5,000
5.	Beaming Invest & Securities (Pvt) Limited	500
6.	Money Line Securities (Pvt) Limited	10,000
7.	Invest Forum (SMC-Pvt) Limited	9,000
8.	Moosani Securities (Pvt) Limited	18,000
9.	Y.S. Securities (Pvt) Limited	21,866
10.	Darson Securities (Pvt) Limited	2,500
11.	Investforum (SMC-Pvt) Limited	2,000
12.	Highlink Capital (Pvt) Limited	117,817
13.	Pasha Securities (Pvt) Limited	285
14.	Fawad Yousuf Securities (Pvt) Ltd	20,000
15.	N.H. Securities (Pvt) Ltd.	1,000
16.	Money Line Securities (Pvt) Limited	61,642
17.	FDM Capital Securities (Pvt) Limited	50,000
18.	FDM Capital Securities (Pvt) Limited	50,000
19.	FDM Capital Securities (Pvt) Limited	36,425
20.	Dosslani's Securities (Pvt) Limited	25,000
21.	Sherman Securities (Pvt) Limited	2,100,000
22.	Live Securities Limited	4,000
23.	Excel Securities Limited	1,000
24.	Time Securities (Pvt) Limited	10,000
25.	HM Misbah Securities (Pvt) Limited	10,000
26.	Stock Master Securities (Pvt) Limited	600
27.	HUM Securities Limited	2,000
28.	United Capital Securities (Pvt) Limited	1,309
29.	Darson Securities (Pvt) Limited	33,151



30. Stock Street (Pvt) Limited	13,719
31. Safe Securities (Pvt) limited	1,000
32. Amer Securities (Pvt) Limited	8,500
33. Progressive Investment Management (Pvt) Limited	21,000
34. Maan Securities (pvt) Limited	5,000
35. Stock Master Securities (Pvt) Limited	1,000
36. AWJ Securities (Pvt) Limited	1,000
37. Maha Securities (Pvt) Limited	28,700
38. ZHV Securities (Pvt) Limited	801
39. M.R. Securities (SMC-Pvt)	5,000
40. Value Stock Securities (Pvt) Limited	3,500
41. Stock Master Securities (Pvt) Limited	2,000
42. S.Z. Securities (Pvt) Limited	1,000
43. Moosa Noor Mohammad Shahzada & Co. (Pvt) Limited	2,500
44. Durvesh Securities (Pvt) Limited	5
45. Shaffi Securities (Pvt) Limited	1,500
46. Fair Deal Securities (Pvt) Limited	2,500
	<u>2,950,320</u>

Modarabas & Mutual Funds

1. B.R.R. Guardian Modaraba	25,000
2. MC FSL Trustee Alfalah GHP Principal Protected Fund	35,685
3. MC FSL Trustee Alfalah GHP Principal Protected Fund.II	49,685
	<u>110,370</u>

Shares held by the General Public

29,851,847

* Shareholders holding 10% or more of total Capital

1. Mr. Masroor Ahmad Khan	9,267,800
2. Mr. Atiq Ahmad Khan	8,483,700
3. Hafiz Farooq Ahmad	9,177,963
	<u>26,929,463</u>

Trading by Directors, CEO, CFO, CS and their Spouses and Minor Children

Nil

* These are also the directors of the Company.





STATEMENT OF COMPLIANCE


WITH CODE OF CORPORATE GOVERNANCE



This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority independent directors on its Board of Directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. If a casual vacancy occurs in board of directors, it is filled up by the directors within 30 days thereof.
5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees up to the level of manager of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, are determined to be taken by the Board.

- 
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
 9. All the directors on the Board are fully conversant with their duties and responsibilities as director of corporate bodies through study of pamphlets issued by the SECP and discussion with corporate advisors. Some of the directors attended orientation courses.
 10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
 11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters require to be disclosed.
 12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
 13. The directors, CEO and any executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
 14. The Company has complied with all the corporate and financial reporting requirements of the Code.
 15. The Board has formed an audit committee. It is comprised of three members, majority of which are non-executive directors.
 16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
 17. The Board has set up an effective internal audit function.
 18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
 19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Hafiz Farooq Ahmad
Director

Lahore
October 08, 2010

Atiq Ahmad Khan
Chief Executive Officer



REVIEW REPORT TO THE MEMBERS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Ghani Gases Limited** ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Date: 08 October, 2010
Lahore

Rizwan & Company
Chartered Accountants
Rizwan Bashir



KEY OPERATING AND FINANCIAL DATA

THREE YEARS AT A GLANCE

	2010	2009 (Rupees in '000)	2008
Operating Results			
Sales (gross)	314,935	25,651	-
Gross profit	25,508	1,909	-
Loss before tax	(62,558)	(38,367)	(6,333)
Financial data			
Fixed assets	823,078	860,921	359,134
Capital work-in-progress	265,233	196,607	-
Long term deposits	17,384	13,983	-
Current assets	178,414	57,785	222,350
Current liabilities	172,856	64,706	175,345
Assets employed	1,111,255	1,064,590	406,139
Financed by:			
Ordinary capital	724,500	724,500	400,000
Reserves	30,000	30,000	12,500
Un appropriated loss	(108,933)	(44,729)	(6,361)
Shareholder's equity	645,567	709,770	406,139
Finances and deposits	465,688	354,819	-
Funds invested	1,111,255	1,064,590	406,139
Earning per-share (Rs.)	(0.89)	(0.79)	(0.16)
Break-up-value (Rs.)	8.91	9.80	10.15
Dividend%	-	-	-

Note:

Key operating and financial data is available for three years as the company was incorporated during November 2007 and plant commenced the production during May, 2009.



MARKETING TEAM



Toheed Iqbal Baig
Country Marketing Head



Sajjad Ali Khan
National Sales Manager



Adnan Butt
Marketing Manager



Shahid Ayub
Assistant Sales Manager



Farhat Javed
Marketing Development Officer



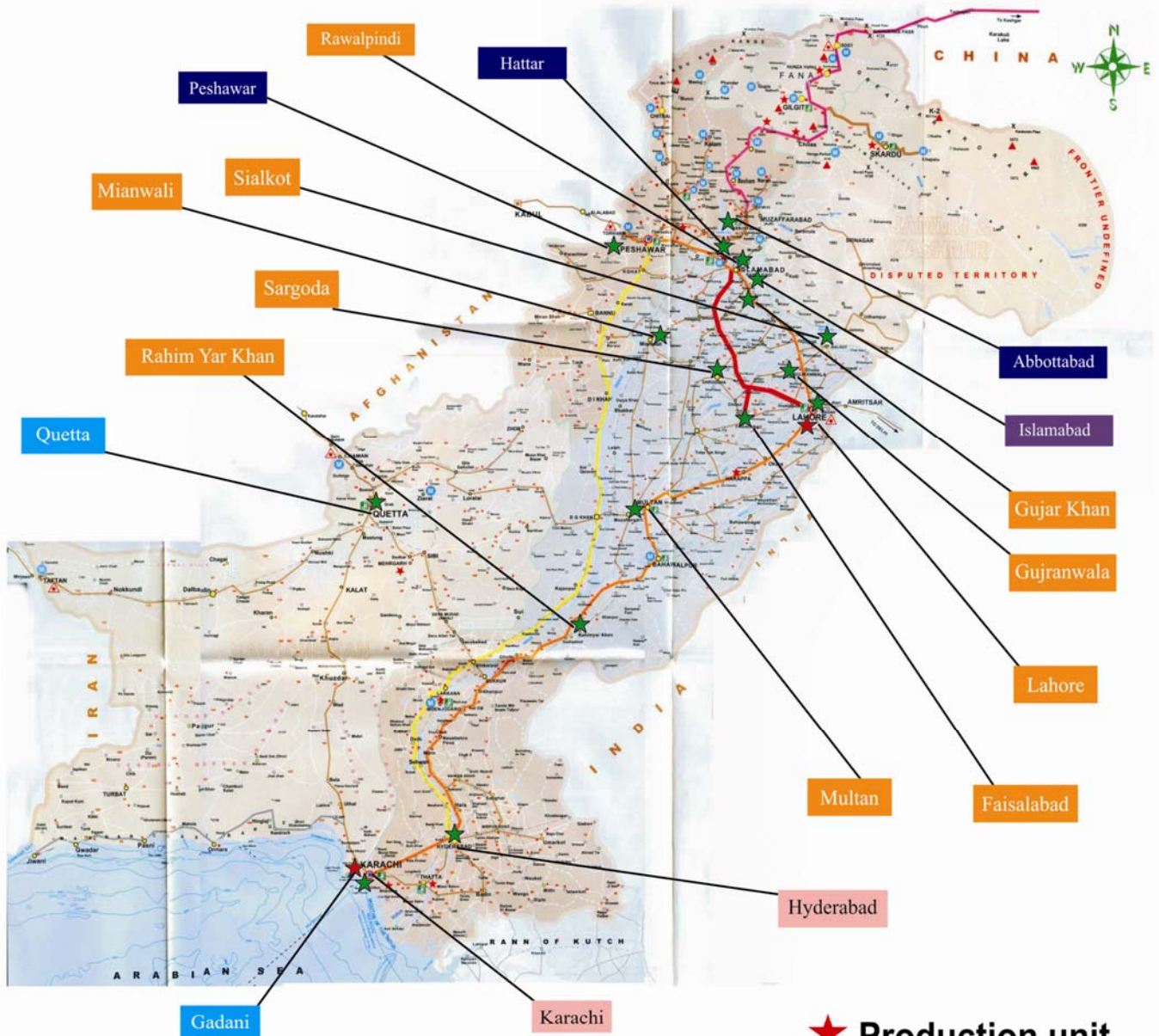
STRATEGIC PARTNERS



Mr. Atiq Ahmad Khan, CEO of Ghani Gases and Mr. M. Tariq Barlas, Dy. Chairman / CEO Al-Tuwairqi Holding Company, Kingdom of Saudi Arabia signing a long term exclusive contract for supply of industrial gases to Tuwairqi Steel, Port Qasim, Karachi.



KEY LOCATIONS AROUND PAKISTAN



★ Production unit

★ Customers

Punjab Khyber P.K. Sindh Baluchistan Federal Area

CUSTOMER SEGMENTS

→ Oil & Gas



→ Chemical & Fertilizer



→ Ship Breaking & Scrap Cutting



→ Pharmaceutical



→ Health Care



→ Food & Beverage



→ Steel & Iron Mills



→ Light & Medium Engineering Works



→ Live Stock



→ Merchant Market



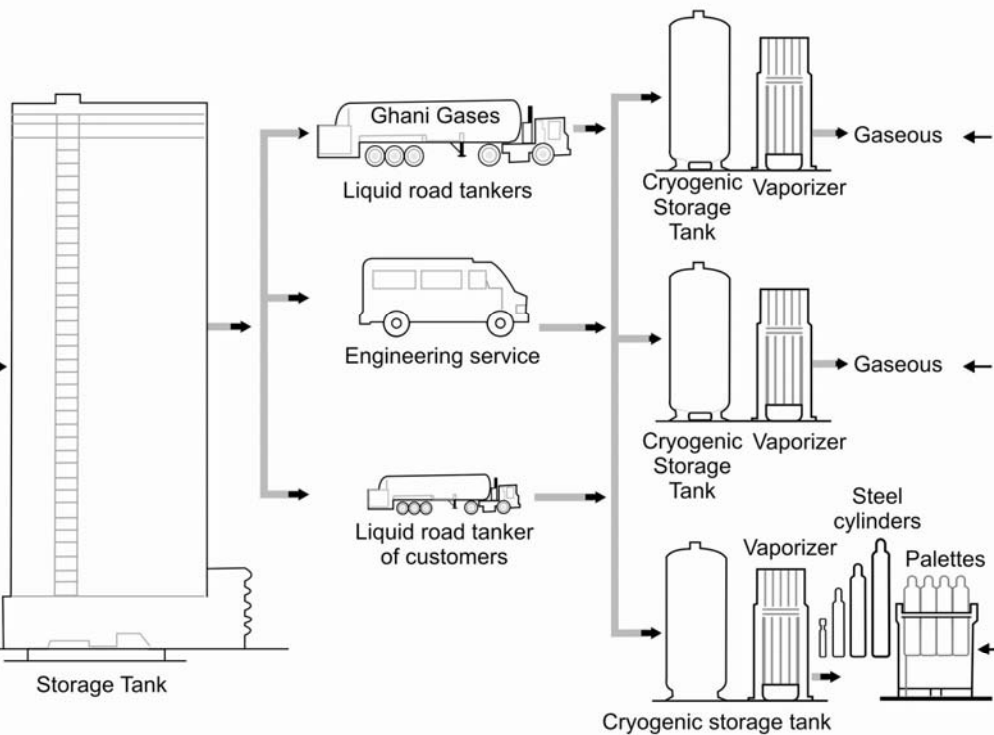
Ghani Gases! A good solution for every situation.....



SUPPLY



ASU Plant



Industrial customers

Healthcare

Merchant market

We are where our customers are



VISITORS AT GHANI GASES





QUOTABLE QUOTES

A proud achievement for Pakistan, Mashaallah

**Nadeem Naqvi,
Advisor, AKD Securities Group**

I am pleased to visit the Company and see the friends. I am representing AKD Securities and proud to be associated with the group since its incorporation and with best of luck both financially and at capital market so as to be their profitable investment.

**Muhammad Farid Alam
CEO, AKD Securities Ltd**

Absolutely impressed by the quality of plant, which is of the highest standards by all means. Ghani Gases is in fact a land work in Pakistan in this sector of an important and critical process ingredient for Pharma Industry, in specific wish Ghani Gases every good luck in future Endeavour's.

**Dr. Amjad Aqeel
Site Director, GSK-Lahore**

Our second visit of the facility. Nice to see the plant fully operational. Much impressed with plant automation, housekeeping and commitment of the people towards business, quality and environment.

**Babar Hayee
Commercial Manager, Pharmagen Ltd**

A wonderful experience. Ghani is a pro people organization. Very organized, highly deep lined, a lot of core for the upkeep & cleanliness and above all a vision with a brilliant & dynamic leadership for diversification and further value addition. Truly impressive

**Zaigham Adil Rizvi,
Director Projects, Tuwairqi Steel Mills, Port Qasim**

Mashallah, Excellent facility being operated by a dedicated and experienced team. It is prayed that Allah (SWT) may bless this Company.

**Ijaz Farooq, Group Head
Bank Alfalah, Islamic Banking**



The plant visit was an enlightenment experience. We are grateful to GGL management for the trip.

**Muhammad Sajid
Partner, JSPE**

The visit to the project site was quite an interesting and learning experience. The project is no doubt being managed by professionals and we wish them all the success in all their endeavors.

**Qaiser Shahzad/ Yousaf Khan
Habib Metropolitan Bank**

I ma delighted to see the set up of Ghani Gases. The high quality standards reflects the close commitment of the Ghani Global Group team. I on behalf of Albaraka Islamic Bank wishes them every success and assure them of our support. May Allah Bless you.

**Amjad Ali, SEVP / Regional Manager
Albaraka Islamic Bank**

This is to certify that Ghani Gases Limited has been our suppliers for provision of Liquid Nitrogen Gas, required for oil Wells intervention purposes. The operational support provided keeping in view the quality of the product and adherence to timings has been excellent. As a dependable service provider, Sprint Oil & Gas Services would always prefer conducting business with Ghani Gases Limited.

**Col ® Syed Yousaf, Manager Admn/Marketing
Sprint Oil and Gas Services**

This is to certify that Ghani Gases Limited is supplying liquid nitrogen to our plant since May, 2009 satisfactorily.

**Khalid Mukhtar, Manager Contract & Admin
Engro Polymer & Chemicals Ltd.**

This is to certify that M/s. Ghani Gases Ltd. is supplying quality product (Liquid Oxygen / Liquid Nitrogen) to our factory since April 2010, timely and to the entire satisfaction of this organization.

**G.M. (Procurement)
Peoples Steel Mills Ltd.**

This is to certify that M/s. Ghani Gases Ltd. is supplying Quality products (Liquid Oxygen) at our plot no. 64-Gadani since February 2010. The performance in terms of Supplies is timely and to the entire satisfaction of this Organization.

**SALAM'S International
Ship Breakers & Importers**

This is to certify that M/s. Ghani Gases Ltd. is supplying Quality products (Liquid Oxygen) at our plot no. 111-112-Gadani since February 2010. The performance in terms of Supplies is timely and to the entire satisfaction of this Organization.

**USMAN Ship Breakers
Gadani**





GHANI GASES IN MEDIA



Daily Times

Ghani group starts air separation plant

LAHORE: The Ghani Global Group (GGG) has started operations of its state of the art air separation plant near Lahore by the name of Ghani Gases Limited at a cost of over Rs one billion. In the first phase, the plant is manufacturing liquid Oxygen, Nitrogen and Argon gases, which are being supplied to hospitals, steel mills, oil/gas companies, pharmaceutical companies and other industrial units. The company has set up a distribution network throughout the country and has appointed experienced agents. The machinery at the plant has been imported from Europe, America and China. GGB has the largest storage capacity of 1.6 million liters and has hired qualified and experienced production and marketing teams. The management consists of present and ex-directors of Ghani Glass Limited, a renowned name in glass industry of Pakistan. GGB has planned to set up another state of the art gas manufacturing plant in Karachi that will start production next year. ■

DAWN

Lahore, SUNDAY, NOVEMBER 1, 2009

First book building transaction concludes

By Our Equities Correspondent

KARACHI, Oct 31: Pakistan Stock market's first ever offer for sale of shares via Book Building process was successfully concluded on Thursday by the book runner, AKD Securities Limited, a statement by the company said. It stated that the book

which listing is being achieved.

In a book building transaction, certain portion of the total offering is offered by the sponsor to institutional investors/high networth individuals. The financial advisor/arranger conducts road shows where

is determined, the statement said and added that in this case the final prices stood at Rs14.00 per share. Investors bidding at or above the strike price would be offered shares at the strike price and the additional amount if any is refunded to them.

SPORTS

DAILY NAWA-I-WAQF LAHORE

روزنامہ نوائے وقت

لاہور

28 جمادی الاول 1430 - 24 اکتوبر 2009ء (11 صفحے)

پاکستان کے جدید ترین انڈسٹریل ویڈیو ٹیکسٹ کیسز پلانٹ نے پیداوار کا آغاز کر دیا ہے۔

لاہور (پ ر) جمعی گلوبل گروپ نے جمعی گیسز لمیٹڈ کے نام سے تقریباً سو ارب روپے کی لاگت سے لاہور کے نزدیک جھائی پھیرو کے پاس ملک کا سب سے بڑا اور جدید ترین انڈسٹریل پلانٹ لگا دیا ہے۔ اس پلانٹ نے اس وقت الحمد للہ پیداوار کا آغاز کر دیا ہے۔ اس پلانٹ نے مزید چھ ماہوں میں اس پلانٹ پر آئینہ کار اور آئینہ کار گیسز بنانی جاری ہیں۔ جس کی سپلائی ہسپتالوں، مشینوں، ملوں، آئس ویٹس کمپنیوں، دواساز اداروں اور دوسرے مختلف صنعتی اداروں میں شروع ہو چکی ہے۔

Daily KHABRAIN

روزنامہ خبریں

29 اکتوبر 2009ء

BUSINESS RECORDER

Lahore, Tuesday 26 May 2009, 1 Jamadi-us-Sani 1430

DAILY EXPRESS

اکسپریس

24 نومبر 2009ء

Ghani Group to set up gases manufacturing plant in Karachi

LAHORE: Ghani Global Group has set up a state of the art air separation plant near Lahore in the name of Ghani Gases Limited at a cost of over Rs 1 billion. During this week plant has started the production.

On the 1st phase the plant is manufacturing liquid oxygen, nitrogen and argon gases which are being supplied to the hospitals, steel mills, oil and gas companies, pharmaceutical companies and other industrial units. Company has set up a distribution network through out the country and has appointed experienced agents. Machinery of the

plant has imported from Europe, America and China.

Company has the largest storage capacity of 1.6 million liters and hired qualified and experienced production and marketing team. Management of Ghani Global Group consists of present and ex-directors of Ghani Glass Limited a known name in glass industry of the country.

Ghani Global Group has planned to set up another state of the art gas manufacturing plant in Karachi. The product of Ghani Gases will be used in employment of Phool Nagar and other areas.—PR

پاکستان

روزنامہ پاکستان

24 نومبر 2009ء

آواز

روزنامہ آواز

24 نومبر 2009ء

جہان

روزنامہ جہان

24 نومبر 2009ء

24 نومبر 2009

نوائے وقت لاہور کراچی

ADVICE FOR GENERAL PUBLIC

ABRIDGED OFFER FOR SALE DOCUMENT FOR OFFER FOR SALE OF SHARES

LEAD MANAGER & BOOK RUNNER

GHANI GASES LIMITED

BUSINESS RECORDER LAHORE / KARACHI TUESDAY 20 NOVEMBER, 2009

ADVICE FOR GENERAL PUBLIC

ABRIDGED OFFER FOR SALE DOCUMENT FOR OFFER FOR SALE OF SHARES

LEAD MANAGER & BOOK RUNNER

GHANI GASES LIMITED

Shares through Book Building Mechanism

LAHORE: Ghani Gases Limited has been offering shares to public through the Book Building Mechanism. After introduction of book building rules by the SECP during April 2008 this would be first transaction through book building process in the history of Pakistan. AKD securities limited has been appointed as the Lead Manager & book Runners for the transaction. A presentation in this regard was given to institution and high net worth individuals at a local hotel in Lahore.

The offer for sale is via the Book Building Process which is a first transaction under the new rules. Out of the 10mm shares on offer 6 mn shares are being offered under the book building mechanism with a floor of Pk Rs 13.50 share to institutions and high net worth individuals. The remaining 4 mn shares will be offered to the general public at the strike price determined after the book building process.



GHANI GASES

IN CALCIUM CARBIDE BUSINESS





FINANCIALS





Mr. Asim Mahmud, CFO with accounts and finance team



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GHANI GASES LIMITED** as at 30 JUNE 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that—

- (a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion—
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as described in note 4.4 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profits and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2010 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 08 October, 2010
Place: Lahore

Rizwan & Company
Chartered Accountants
Rizwan Bashir



BALANCE SHEET

AS AT 30 JUNE 2010

EQUITY AND LIABILITIES	Note	2010	2009
(Rupees)			
Share capital and reserves			
Authorized share capital		725,000,000	725,000,000
72,500,000 (2009: 72,500,000) ordinary shares of Rupees 10/- each			
Issued, subscribed and paid up share capital	5	724,500,000	724,500,000
Capital reserve-share premium	6	30,000,000	30,000,000
Unappropriated Profit/(Loss)		(108,932,855)	(44,729,068)
Total equity		645,567,145	709,770,932
Non-current liabilities			
Long term financings	7	331,821,380	261,692,179
Loan from sponsors	8	100,772,030	-
Liabilities against assets subject to ijarah financing	9	4,994,436	-
Long term bills payable	10	-	76,826,943
Long term security deposits	11	28,100,000	16,300,000
		465,687,846	354,819,122
Current liabilities			
Trade and other payables	12	88,180,911	34,037,499
Accrued profit on financings	13	7,631,685	12,194,446
Short term borrowings	14	24,978,794	-
Current portion of long term liabilities	15	50,447,161	18,474,482
Provision for taxation		1,617,185	-
		172,855,736	64,706,427
Total liabilities		638,543,582	419,525,549
TOTAL EQUITY AND LIABILITIES		1,284,110,727	1,129,296,481
CONTINGENCIES AND COMMITMENTS	16	-	-
ASSETS			
Non-current assets			
Property, plant and equipment			
Operating fixed assets	17	812,911,775	860,921,266
Assets subject to ijarah financing	18	10,166,622	-
Capital work in progress	19	265,233,709	196,606,829
		1,088,312,106	1,057,528,095
Long term deposits & prepayments	20	17,384,270	13,983,000
		1,105,696,376	1,071,511,095
Current assets			
Stores, spare parts and loose tools	21	2,565,530	1,055,300
Stock-in-trade	22	19,034,784	6,734,694
Trade debts	23	19,603,725	9,640,239
Loans and advances	24	26,331,645	14,183,726
Trade deposits and short term prepayments	25	2,416,256	2,098,826
Balances with statutory authorities	26	242,596	8,194,853
Other receivables	27	75,605	67,164
Advance tax	28	22,539,648	7,500,168
Cash and bank balances	29	85,604,562	8,310,416
		178,414,351	57,785,386
TOTAL ASSETS		1,284,110,727	1,129,296,481

The annexed noted from 1 to 45 form an integral part of these financial statements.

Atiq Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
			(Rupees)
Gross Sales-Local		314,935,087	29,967,536
Less:			
Sales tax		41,654,643	4,061,738
Excise duty		2,663,877	255,165
		<u>44,318,520</u>	<u>4,316,903</u>
Net Sales		270,616,567	25,650,633
Cost of sales	30	<u>245,108,290</u>	<u>23,740,993</u>
Gross profit		25,508,277	1,909,640
Distribution cost	31	52,334,840	10,843,855
Administrative expenses	32	51,165,979	25,915,842
Other operating expenses	33	2,815,014	2,920,134
		<u>106,315,833</u>	<u>39,679,831</u>
		(80,807,556)	(37,770,191)
Other income	34	<u>52,820,526</u>	<u>1,403,985</u>
		(27,987,030)	(36,366,206)
Finance cost	35	<u>34,571,079</u>	<u>2,001,381</u>
Profit/(Loss) before taxation		(62,558,109)	(38,367,587)
Taxation	36	<u>1,645,678</u>	<u>-</u>
Net Profit/(Loss) for the year		<u>(64,203,787)</u>	<u>(38,367,587)</u>
Earnings per share - basic and diluted (rupees)	37	<u>(0.89)</u>	<u>(0.79)</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Atiq Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
		(Rupees)
Net Profit/(Loss) for the year	(64,203,787)	(38,367,587)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss) for the year	<u>(64,203,787)</u>	<u>(38,367,587)</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Atiq Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
(Rupees)			
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	38	75,592,659	(189,015,487)
Finance cost paid		(60,438,178)	(15,656,447)
Income tax paid		(15,067,973)	(6,389,939)
		<u>(75,506,151)</u>	<u>(22,046,386)</u>
Net cash from/(used in) operating activities		86,508	(211,061,873)
CASH FLOWS FROM/(USED) INVESTING ACTIVITIES			
Property, plant and equipment		(87,211,289)	(688,079,580)
(Increase) / decrease in long term deposits - net		(3,401,270)	(13,870,000)
Net cash from/(used in) investing activities		(90,612,559)	(701,949,580)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Issue of shares		-	324,500,000
Share premium		-	17,500,000
Long term financing-net		102,101,880	280,166,661
Loan from sponsor		100,772,030	-
Increase in short term borrowings		24,978,794	-
Long term bills payables		(76,826,943)	76,826,943
Long term security deposits payables		11,800,000	16,300,000
Ijarah financing liabilities (repaid)/acquired		4,994,436	-
Net cash from/(used in) financing activities		<u>167,820,197</u>	<u>715,293,604</u>
Net increase/(decrease) in cash and cash equivalents		77,294,146	(197,717,849)
Cash and cash equivalents at the beginning of the year		8,310,416	206,028,265
Cash and cash equivalents at the end of the year	29	<u>85,604,562</u>	<u>8,310,416</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Atiq Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Share capital	Capital Reserve - Premium on issue of shares	Unappropriated loss	Total
				(Rupees)
Balance as at 01 July 2008	400,000,000	12,500,000	(6,361,481)	406,138,519
Shares issued during the year	324,500,000	17,500,000		342,000,000
Net loss for the year ended 30 June 2009	-	-	(38,367,587)	(38,367,587)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(38,367,587)	(38,367,587)
Balance as at 30 June 2009	724,500,000	30,000,000	(44,729,068)	709,770,932
Net loss for the year ended 30 June 2010	-	-	(64,203,787)	(64,203,787)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(64,203,787)	(64,203,787)
Balance as at 30 June 2010	724,500,000	30,000,000	(108,932,855)	645,567,145

The annexed notes from 1 to 45 form an integral part of these financial statements.

Atiq Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on November 19, 2007 and converted into public limited company on February 12, 2008. The company was listed on Karachi Stock exchange on January 05, 2010. The registered office of the company is situated at 82-N Model Town extension, Lahore. The Company is principally engaged in the manufacturing, sale and trading of medical and industrial gases.

The company started its production on May 16, 2009. Therefore, corresponding figures of profit & loss account, statement of comprehensive income and cash flow statement are not comparable.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Changes in accounting policies and disclosures as a result of adoption of new and amended accounting standards

During the current year, the Company has adopted the following new and amended IFRSs as of 01 January 2009, which have resulted in extended presentation and disclosure changes as described below:

IAS 1 - Presentation of Financial Statements (Revised)
IFRS 8 – Operating Segments

IAS 1 - "Presentation of Financial Statements"

The revised IAS 1 was issued in September 2007 and became effective for financial years beginning on or after 01 January 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard has introduced the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. Accordingly, the Company has added a separate statement of comprehensive income in these financial statements. Comparative information has also been represented to bring it in conformity with the revised standard.

The revised IAS 1 also requires that when the Company applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, it should present a restated financial position (balance sheet) as at beginning of comparative period in addition to the current requirement of presenting the balance sheet as at the end of the current and the comparative period.

IFRS 8 - "Operating Segments: Disclosures"

IFRS 8 requires extensive disclosures about the operating segments of the Company. It requires the Company to disclose the results and performance of their operating segments separately on the basis of its segments. At present company is involved in production of industrial & medical gases therefore, no segment reporting is required till now.



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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (accounting periods beginning on or after)
IAS 32	Financial Instruments: Presentation - Classification of Right Issues (Amendments)	1-Feb-10
IAS 24	Related Party Disclosures (Revised)	1-Jan-11
IFRS 2	Share- based payment - Amendments relating to Group Cash-settled Share-based Payment Transactions	1-Jan-10
IFRIC 14	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	1-Jan-11
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1-Jul-10

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application or later periods.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its Annual Improvement Project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3. BASIS OF PREPARATION

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

3.2 Significant accounting judgments and critical accounting estimates / assumptions

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

a) Income taxes

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

b) Useful lives, patterns of economic benefits and impairments

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment loss.



c) Provision for doubtful debts

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

d) Provision for slow moving /obsolete items

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Taxation

Current

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

Deferred

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

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

4.2 Trade and other payables

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

4.3 Provisions

A provision is recognized in balance sheet when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

4.4 Property, plant and equipment

Owned:

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

During the year depreciation method of plant & machinery has been changed from reducing balance method to production hours basis w.e.f January 01, 2010. This change has been accounted for prospectively as a change in accounting estimate. The effect of this change on second half of the year resulted in decrease in depreciation expense and increase in carrying amount of plant and machinery by Rs. 27.4 Million.



Depreciation is charged to profit and loss account using the reducing balance method except for plant and machinery on which depreciation is charged on production hours basis so as to write off the cost over the expected useful life of assets at rates, which are disclosed in note 17. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed of.

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

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

Ijarah assets:

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

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

Depreciation on assets subject to finance Ijarah is recognized in the same manner as for owned assets.

Capital work in progress:

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

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

Impairment

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

4.5 Stores, spare parts and loose tools

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

4.6 Stock in trade

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

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

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

4.7 Trade debts

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

4.8 Other receivables

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

4.9 Cash and bank balance

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

4.10 Financial instruments

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

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

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

4.11 Impairment of financial assets

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

4.12 Off setting of financial assets and financial liabilities

A financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.13 Derivative financial instruments

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

4.14 Foreign currency translation

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



4.15 Revenue recognition

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

- 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.
- Rental and other service income is recognized in profit and loss account on accrual basis.
- Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

4.16 Employees' benefits

Defined contribution plan

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

Compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred. Finance cost is accounted for on accrual basis.

4.18 Related party transactions and transfer pricing

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

4.19 Cash and cash equivalents

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

4.20 Dividends

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

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2010 (No. of Shares)	2009		2010 (Rupees)	2009
72,450,000	72,450,000	Ordinary shares of Rupees	724,500,000	724,500,000
		10 each fully paid up in cash		
<u>72,450,000</u>	<u>72,450,000</u>		<u>724,500,000</u>	<u>724,500,000</u>



5.1 Movement during year	Note	2010	2009
		(No. of Shares)	
Opening balance		72,450,000	40,000,000
Issued during year		-	32,450,000
Closing balance		<u>72,450,000</u>	<u>72,450,000</u>
6. CAPITAL RESERVE-SHARE PREMIUM			(Rupees)
Opening balance		30,000,000	12,500,000
Received on certain right shares issued during the year 7,000,000 Share at the @ 2.5/share		-	17,500,000
		<u>30,000,000</u>	<u>30,000,000</u>
7. LONG TERM FINANCING			
From banking companies - secured:			
Finance 1	(7.1)	129,321,380	147,795,863
Finance 2	(7.2)	150,000,000	132,370,798
Finance 3	(7.3)	100,000,000	-
		<u>379,321,380</u>	<u>280,166,661</u>
Less: Current portion taken as current liability	(15)	47,500,000	18,474,482
		<u>331,821,380</u>	<u>261,692,179</u>

7.1 This Islamic finance facility has been obtained from United Bank Limited (UBL Ameen). It carries profit at the rate of 6 months KIBOR plus 350 BPS per annum with a floor of 15% and cap of 30% (2009: 6 months KIBOR plus 350 BPS per annum with floor of a 18% and cap of 30%) and is secured against first pari passu charge over all present and future fixed assets with 25% margin for Rupees 200 million, corporate guarantee of Rupees 150 million by Ghani Global Glass Limited and personal guarantees of all the directors of the company. This finance facility is repayable quarterly in three years including one year grace period.

7.2 This facility represents the Islamic Finance obtained from Dawood Islamic Bank Limited and carry profit at the rate of 3 months KIBOR plus 300 BPS with a floor of 8% and cap of 24% (2009: 3 months KIBOR plus 300 BPS with a floor of 8% and cap of 24%). It is secured against 1st pari pasu hypothecation charge over Plant and machinery for Rupees 304 million with 25% risk margin, mortgage over land and building for Rupees 150 million and personal guarantees of all the directors of the company. This finance facility is repayable quarterly in four years including one year grace period.

7.3 This Islamic finance facility has been obtained from Bank Alfalah Limited Islamic Banking. It carries profit at the rate of 6 months KIBOR plus 2.25% per annum and is secured against 1st exclusive specific hypothecation charge over plant & machinery for Rupees 150 million and 2nd charge over entire remaining fixed assets of company and personal guarantees of all the directors of the company. This finance facility is repayable biannually in 6 years including one year grace period.



8. LOAN FROM SPONSORS-UNSECURED

This loan has been obtained from sponsors of the company, which is unsecured and interest free. There is no fixed tenure or schedule for repayment of this loan. The repayment is at the option of the company. Lender has no intention to demand repayment within twelve months from the reporting date.

	Note	2010 (Rupees)	2009
9. LIABILITIES AGAINST ASSETS SUBJECT TO IJARAH FINANCING			
The amount of future rentals and periods during which they fall due are as under:			
Not later than one year		3,774,622	-
Later than one year and not later than five year		5,339,409	-
		<u>9,114,031</u>	-
Less : Future financial charges		1,172,434	-
Present value of minimum Ijarah payments	(9.1)	7,941,597	-
Less : Current portion taken as current liability	(15)	2,947,161	-
		<u>4,994,436</u>	<u>-</u>
9.1 Break up of net Ijarah obligation			
Within one year		2,947,161	-
Within two to five years		4,994,436	-
		<u>7,941,597</u>	<u>-</u>

9.2 The value of the minimum Ijarah payments has been discounted at an implicit Profit rate of 6 months KIBOR plus 3% per annum with a floor of 12.00% and cap of 22%. The balance rentals are payable in 36 equal monthly installments. In case of termination of the agreement, the Company shall pay entire amount of rentals for un-expired period of Ijarah agreement.

Liabilities are secured against imported equipment of Rs. 10.2 million and security deposit of Rs. 1,249,770 as disclosed in note 20.

10. LONG TERM BILLS PAYABLE

Foreign Suppliers	-	31,963,095
Local contractor	-	44,863,848
	<u>-</u>	<u>76,826,943</u>

11. LONG TERM SECURITY DEPOSITS

From customers	(11.1)	28,100,000	16,300,000
		<u>28,100,000</u>	<u>16,300,000</u>

11.1 Such deposits were received from the customers on installation of certain equipments and can be used in ordinary course of company business.



	Note	2010	2009
12. TRADE AND OTHER PAYABLES			
		(Rupees)	
Trade creditors		15,826,094	12,399,615
Bills payable		33,653,640	-
Advances from customers		5,454,155	2,681,082
Accrued liabilities		33,208,332	18,956,802
With holding tax		38,690	-
		<u>88,180,911</u>	<u>34,037,499</u>
13. ACCRUED PROFIT ON FINANCING			
Long term financing		7,356,837	12,194,446
Short term borrowings		274,848	-
		<u>7,631,685</u>	<u>12,194,446</u>

14. SHORT TERM BORROWINGS

This facility from banking company has been availed against sanctioned limit of Rupees 25 million and carry profit at the rate of 3 months KIBOR plus 2.50% and secured against securities mentioned in note 7.2.

15. CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing	(7)	47,500,000	18,474,482
Liabilities against assets subject to ijarah financing	(9)	2,947,161	-
		<u>50,447,161</u>	<u>18,474,482</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- Bank guarantees issued by the Company's bankers in the ordinary course of business in favour of supplier of Oil and lubricant aggregating to Rupees 1.9 million against supply of petroleum products.
- The Company has filed two separate constitutional petitions before The Hon'able Lahore High Court on the ground that the company was not required to pay any Advance Tax on electricity bills due to huge carried forward tax losses and available refunds. The Hon'able Lahore High Court has granted stay orders upon furnishing bank guarantees in favour of LESCO amounting to Rs. 3,145,315. The outcome of the cases is pending.

16.2 Commitments

Commitment in respect of letter of credit amounted to Rupees 20.37 million (2009: Rupees 10.08 million).

Commitment for construction of building as at balance sheet date amounted to Rupees 20 million (2009: Rupees 3.3 million).

17. OPERATING FIXED ASSETS - tangible

DESCRIPTION	BALANCE AS AT 01 JULY 2009			2010 FOR THE YEAR				BALANCE AS AT 30 JUNE 2010			RATES %	
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer		Disposal	Depreciation Charge	Cost	Accumulated Depreciation		Net Book Value
					Cost / (Accumulated Depreciation)	Cost / (Accumulated Depreciation)						
Land - Freehold	45,143,288	-	45,143,288	-	-	-	-	-	45,143,288	-	45,143,288	-
Building on freehold land	106,450,515	1,774,175	104,676,340	-	-	-	10,467,634	-	106,450,515	12,241,809	94,208,706	10
Plant and machinery	702,805,125	11,713,419	691,091,706	2,687,893	-	-	42,284,812	-	705,493,018	53,998,231	651,494,787	-
Furniture and fixtures	10,052,153	452,416	9,599,737	1,480,834	-	-	1,023,594	-	11,532,987	1,476,010	10,056,977	10
Office equipments	735,856	47,654	688,202	242,088	-	-	78,376	-	977,944	126,030	851,914	10
Computers	692,930	176,312	516,618	803,016	-	-	370,675	-	1,495,946	546,987	948,959	30
Vehicles	11,091,183	1,885,808	9,205,375	3,084,701	-	-	2,082,932	-	14,175,884	3,968,740	10,207,144	20
	876,971,050	16,049,784	860,921,266	8,298,532	-	-	56,308,023	-	885,269,582	72,357,807	812,911,775	

17.1 Borrowing cost amounting to Rupees : Nil (2009: 25,849,512/-) has been capitalised during the year.

DESCRIPTION	BALANCE AS AT 01 JULY 2008			2009 FOR THE YEAR				BALANCE AS AT 30 JUNE 2009			RATES %		
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer		Disposal	Depreciation Charge	Cost	Accumulated Depreciation		Net Book Value	
					Cost / (Accumulated Depreciation)	Cost / (Accumulated Depreciation)							
Land - Freehold	45,143,288	-	45,143,288	-	-	-	-	-	45,143,288	-	45,143,288	-	
Building on freehold land	-	-	-	106,450,515	-	-	-	1,774,175	-	106,450,515	1,774,175	104,676,340	10
Plant and machinery	-	-	-	702,805,125	-	-	-	11,713,419	-	702,805,125	11,713,419	691,091,706	-
Furniture and fixtures	1,960,321	80,570	1,879,751	8,091,832	-	-	371,846	-	10,052,153	452,416	9,599,737	10	
Office equipments	251,692	10,279	241,413	484,164	-	-	37,375	-	735,856	47,654	688,202	10	
Computers	248,990	19,882	229,108	443,940	-	-	156,430	-	692,930	176,312	516,618	30	
Vehicles	5,978,847	404,237	5,574,610	5,112,336	-	-	1,481,571	-	11,091,183	1,885,808	9,205,375	20	
	53,583,138	514,968	53,068,170	823,387,912	-	-	15,534,816	-	876,971,050	16,049,784	860,921,266		

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

	2010 (Rupees)	2009
Cost of sales	51,159,132	13,415,896
Administrative expenses	5,148,891	2,118,920
	56,308,023	15,534,816

18. ASSETS SUBJECT TO IJARAH FINANCING - tangible

DESCRIPTION	BALANCE AS AT 01 JULY 2009			FOR THE YEAR 2010			BALANCE AS AT 30 JUNE 2010			RATE S %
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
					Cost / (Accumulated Depreciation)					
Plant and machinery	-	-	-	10,285,877	-	119,255	10,285,877	119,255	10,166,622	-
	-	-	-	10,285,877	-	119,255	10,285,877	119,255	10,166,622	-

DESCRIPTION	BALANCE AS AT 01 JULY 2008			FOR THE YEAR 2009			BALANCE AS AT 30 JUNE 2009			RATE S %
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
					Cost / (Accumulated Depreciation)					
Plant and machinery	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

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

	2010 (Rupees)	2009
Cost of sales	119,255	-
Administrative expenses	(32.)	-
	<u>119,255</u>	<u>-</u>





	Note	2010	2009
19. CAPITAL WORK IN PROGRESS			(Rupees)
Building	(19.1)	13,972,759	9,900,000
Plant & Machinery	(19.2)(19.3)	251,260,950	186,706,829
		<u>265,233,709</u>	<u>196,606,829</u>
19.1 Building			
Balance as on July 01		9,900,000	60,750,672
Additions during the period		4,072,759	55,599,843
Transfer during the year		-	(106,450,515)
Balance as on June 30		<u>13,972,759</u>	<u>9,900,000</u>
19.2 Plant & machinery			
Balance as on July 01		186,706,829	245,314,977
Additions during the period		77,527,891	644,196,977
Transfer during the year		(12,973,770)	(702,805,125)
Balance as on June 30		<u>251,260,950</u>	<u>186,706,829</u>
19.3	Borrowing cost amounting to Rupees : 21,304,338 (2009: Nil) has been capitalised during the year. Capitalisation rate used for the purpose is 15.75%.		
20. LONG TERM DEPOSITS & PREPAYMENTS			
Considered good:			
Security deposits for utilities		13,770,000	13,870,000
Deposits against fuel supply		113,000	113,000
Ijarah facility		1,249,770	-
Prepayments with National Highway Authority		2,251,500	-
		<u>17,384,270</u>	<u>13,983,000</u>
21. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		1,769,889	350,657
Spare parts		745,088	677,353
Loose tools		50,553	27,290
		<u>2,565,530</u>	<u>1,055,300</u>
22. STOCK-IN-TRADE			
Finished goods		19,034,784	6,734,694
		<u>19,034,784</u>	<u>6,734,694</u>
23. TRADE DEBTS			
Considered good:			
Unsecured		19,603,725	9,640,239
		<u>19,603,725</u>	<u>9,640,239</u>



	Note	2010	2009
		(Rupees)	
23.1 The age of trade debts at balance sheet date was:			
Age of trade debts			
Not past due		19,603,725	9,640,239
		<u>19,603,725</u>	<u>9,640,239</u>
24. LOANS AND ADVANCES			
Loans to employees - considered good		-	243,254
Advances - considered good:			
To employees against expenses		1,124,674	88,114
To suppliers and contractors		25,206,971	13,852,358
		<u>26,331,645</u>	<u>13,940,472</u>
		<u>26,331,645</u>	<u>14,183,726</u>
25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Considered good:			
Security deposits		1,284,500	1,615,500
Short term prepayments		122,693	103,326
Bank guarantee margin		1,009,063	380,000
		<u>2,416,256</u>	<u>2,098,826</u>
26. BALANCES WITH STATUTORY AUTHORITIES			
Sales tax refundable		242,596	8,194,853
		<u>242,596</u>	<u>8,194,853</u>
27. OTHER RECEIVABLES			
Considered good:			
Bank Profit receivables		75,605	67,164
		<u>75,605</u>	<u>67,164</u>
28. ADVANCE TAX			
Advance income tax		22,567,299	7,500,168
Less: prior year tax		(27,651)	-
		<u>22,539,648</u>	<u>7,500,168</u>
29. CASH AND BANK BALANCES			
Cash in hand		128,191	12,949
Balances with banks in:			
Current accounts		25,679,105	2,417,619
Deposit accounts	(29.1)	59,797,266	5,879,848
		<u>85,476,371</u>	<u>8,297,467</u>
		<u>85,604,562</u>	<u>8,310,416</u>

29.1 The rate of return on deposit accounts ranges from 5% to 12% (2009: 5% to 14%) per annum.



30. COST OF SALES	Note	2010	2009 (Rupees)
Fuel and power		173,147,549	13,409,053
Consumable spare		2,230,928	60,586
Salaries, wages and other benefits		18,393,801	2,430,735
Communication		160,308	81,554
Repairs and maintenance		281,058	154,733
Traveling, vehicle running and conveyance		1,070,944	263,129
Insurance		2,486,736	321,187
Depreciation	(17.2 & 18.1)	51,278,387	13,415,896
Other overheads		5,429,798	338,814
Cost of goods manufactured		<u>254,479,509</u>	<u>30,475,687</u>
Finished goods			
Opening stock		6,734,694	-
Purchases		2,928,871	
Closing stock		<u>(19,034,784)</u>	<u>(6,734,694)</u>
		<u>(9,371,219)</u>	<u>(6,734,694)</u>
		<u>245,108,290</u>	<u>23,740,993</u>
31. DISTRIBUTION COST			
Salaries, wages and other benefits		10,961,457	5,676,632
Transportation charges		38,304,639	3,918,156
Traveling, boarding, lodging and conveyance		1,119,123	579,584
Communication		278,510	32,727
Vehicle running and maintenance		846,891	576,734
Other expenses		824,220	60,022
		<u>52,334,840</u>	<u>10,843,855</u>
32. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		22,527,109	11,263,957
Rent, rates and taxes		2,749,931	2,150,292
Electricity and other utilities		880,220	553,462
Traveling and conveyance		2,111,410	648,764
Vehicle running and maintenance		3,000,359	2,448,639
Donation & charity	(32.1)	1,690,863	1,583,855
Printing and stationery		1,314,960	672,667
Communication		1,045,171	791,496
Fee and subscription		644,331	1,774,876
Advertisement		3,174,983	30,500
Insurance		374,832	259,164
Depreciation	(17.2 & 18.1)	5,148,891	2,118,920
Others		6,502,920	1,619,250
		<u>51,165,979</u>	<u>25,915,842</u>

32.1 None of the directors and their spouses had any interest in the donees during the year.



	Note	2010	2009
33. OTHER OPERATING EXPENSES			(Rupees)
Legal and professional		786,978	1,020,000
Auditors' remuneration			
Statutory audit		250,000	187,500
Half yearly review and other certifications		75,000	-
Out of pocket expenses		7,500	-
		332,500	187,500
Exchange loss		1,695,536	1,712,634
		<u>2,815,014</u>	<u>2,920,134</u>
34. OTHER INCOME			
Income from financial assets	(34.1)	623,752	1,403,985
Income from assets other than financial assets	(34.2)	52,196,774	-
		<u>52,820,526</u>	<u>1,403,985</u>
34.1 Income from financial assets:			
Profit on bank deposits		<u>623,752</u>	<u>1,403,985</u>
34.2 Income from assets other than financial assets:			
Rental		<u>52,196,774</u>	<u>-</u>
35. FINANCE COST			
Profit on:			
Long term financing		29,687,157	1,811,093
Short term borrowings		3,703,510	-
Liabilities against assets subject to ijarah financing		1,103,555	-
		34,494,222	1,811,093
Bank charges and commission		76,857	190,288
		<u>34,571,079</u>	<u>2,001,381</u>
36. TAXATION			
Current		1,617,185	-
prior year		28,493	-
		<u>1,645,678</u>	<u>-</u>

36.1 Assessment upto tax year 2009 are finalized (deemed assessed) and the available assessed tax losses of the company are Rs. 494,002,965.

36.2 Due to available assessed and current year tax losses no provision of deferred tax is required.

36.3 Due to current and previous tax losses current year tax is charged on minimum tax basis. No other provision for the current tax was required keeping in view of the taxable business losses. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not meaningful in view of tax losses and application of minimum tax. Provision for tax is made according to Income Tax Ordinance, 2001.



37. EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	Note	2010	2009
			(Rupees)
Profit/(loss) attributable to ordinary shareholders		<u>(64,203,787)</u>	<u>(38,367,587)</u>
			(Number of shares)
Weighted average number of ordinary shares outstanding during the year		<u>72,450,000</u>	<u>48,397,670</u>
Earnings per share - basic and diluted (in rupees)		<u>(0.89)</u>	<u>(0.79)</u>

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

38. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			(Rupees)
Profit/(loss) before taxation		(62,558,109)	(38,367,587)
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation on operating fixed assets	(17)	56,308,023	15,534,816
Depreciation on asset against ijarah financing	(18)	119,255	-
Finance cost		<u>55,875,417</u>	<u>2,001,381</u>
Cash flows from/(used in) operating activities before working capital changes		49,744,586	(20,831,390)
Cash flows from/(used in) working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,510,230)	(1,055,300)
Stock-in-trade		(12,300,090)	(6,734,694)
Trade debts		(9,963,486)	(9,640,239)
Loans and advances		(12,147,919)	(2,657,096)
Trade deposits and short term prepayments		(317,430)	(2,076,826)
Balances with statutory authorities		7,952,257	(6,415,126)
Other receivables		(8,441)	1,703,450
Increase/(decrease) in current liabilities:			
Trade and other payables		<u>54,143,412</u>	<u>(141,308,266)</u>
Net cash from/(used in) working capital changes		25,848,073	(168,184,097)
Cash generated from/(used in) operating activities		<u>75,592,659</u>	<u>(189,015,487)</u>

39. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

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



<u>Description</u>	2010			2009		
	(Rupees)					
	<u>Chief Executive</u>	<u>Directors</u>	<u>Executives</u>	<u>Chief Executive</u>	<u>Directors</u>	<u>Executives</u>
Managerial remuneration	3,384,000	6,768,000	8,282,301	1,128,000	2,256,000	6,144,310
Medical	216,000	432,000	528,662	72,000	144,000	392,190
Provident fund contribution	-	-	429,760	-	-	-
	<u>3,600,000</u>	<u>7,200,000</u>	<u>9,240,723</u>	<u>1,200,000</u>	<u>2,400,000</u>	<u>6,536,500</u>
No. of persons	<u>1</u>	<u>2</u>	<u>7</u>	<u>1</u>	<u>2</u>	<u>7</u>

39.1 Company maintained Vehicles have been provided to the Executives of the company, moreover, vehicles running expenditure of chief executive and Directors have been borne by the company.

39.2 The aggregate amount charged in financial statements for the year against fees for four (4) Board meetings and four audit committee meetings was Rupees Nil (2009: Nil).

40. RELATED PARTY DISCLOSURES

The related parties and associated undertakings comprise associated companies, associates, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

<u>Relationship with the Company</u>	<u>Nature of Transaction</u>	2010	2009
		(Rupees)	
Provident Fund Trust	Amount contributed	2,726,934	-
Directors and key management personnel	Such transactions have been disclosed in Note 39.		

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's financial liabilities comprise long term financing, liabilities against assets subject to ijarah financing, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for company's operations. The Company has trade debts, short term loans and advances, other receivables and cash and short term deposits that arrive directly from its operations. The company also holds available for sale and held for trading investments.

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

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

(a) Market risk

(i) Currency risk

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

The following analysis demonstrates the sensitivity to a reasonably possible change in US\$ exchange rate, with all other variables held constant, of the company's profit before tax.

	2010	2009
Reporting date rate	Rupees per US Dollar 85.60	81.34
	Changes in US \$ Rate	Effects on Profit Before Tax (Rupees)
2010	+10%	3,365,364
	-10%	(3,365,364)
2009	+10%	3,196,310
	-10%	(3,196,310)

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as Company does not hold any investments.

(iii) Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market Profit rates.

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



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

	2010	2009
	(Rupees)	
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	59,797,266	5,879,848
Financial liabilities		
Long term financing	379,321,380	280,166,661
Liabilities against assets subject to ijarah financing	7,941,597	-
Short term borrowings	24,978,794	-

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Changes in Profit Rate	Effects on Profit Before Tax (Rupees)
Bank balances - deposit accounts	+1.50	896,959
	-1.50	(896,959)
	+1.50	88,198
	-1.50	(88,198)
Long term financing	+2.00	(7,586,428)
	-2.00	7,586,428
	+2.00	(5,603,333)
	-2.00	5,603,333
Liabilities against assets subject to ijarah financing	+2.00	(158,832)
	-2.00	158,832
	+2.00	-
	-2.00	-
Short term borrowings	+2.00	(499,576)
	-2.00	499,576
	+2.00	-
	-2.00	-

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2010	2009
	(Rupees)	
Long term deposits	17,384,270	13,983,000
Trade debts	19,603,725	9,640,239
Loans to employees	-	243,254
Trade deposits	1,284,500	1,615,500
Other receivables	75,605	67,164
Bank balances	85,476,371	8,297,467
	<u>123,824,471</u>	<u>8,297,467</u>

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

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

	Rating			2010	2009
	Short Term	Long term	Agency	(Rupees)	
Banks					
MCB Bank Limited	A1+	AA+	PACRA	43,791	637,883
National Bank of Pakistan	A-1+	AAA	JCR - VIS	52,115	30,833
United bank Limited	A-1+	AA+	JCR - VIS	10,020,097	1,675,493
Allied Bank Limited	A1+	AA	PACRA	3,616,524	12,559
Faysal Bank Limited	A1+	AA	JCR - VIS	18,000,000	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	32,305,571	499,582
BankIslami Pakistan Limited	A1	A	PACRA	13,704	10,903
Meezan Bank Limited	A-1	AA -	JCR - VIS	6,122,654	1,278,347
Dawood Islamic Bank Limited	A-3	BBB+	JCR-VIS	258,557	4,085,873
Al-Baraka Islamic Bank	A-1	A	JCR - VIS	10,021,488	56,494
Bank Alfalah Limited	A1+	AA	PACRA	8,495	9,500
The Bank of Khyber	A2	BBB+	PACRA	5,013,375	-
				<u>85,476,371</u>	<u>8,297,467</u>

At 30 June 2010 Company has 1 customer (2009: 2 customers) that owed the Company more than Rs. 3 million each and accounted for approximately 26 % (2009: 78 %) of all receivables owing.

The Company's exposure to credit risk related to trade debts is disclosed in Note 23.

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

(c) Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains flexibility in funding by maintaining availability under control committed credit lines.

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

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
				(Rupees)
30 June 2010				
Long term financing	386,953,065	386,953,065	47,500,000	339,453,065
Liabilities against assets subject to ijarah financing	7,941,597	9,114,031	3,774,622	5,339,409
Loan from sponsor	100,772,030	100,772,030	-	100,772,030
Long term security deposits	28,100,000	28,100,000	-	28,100,000
Trade and other payables	88,180,911	88,180,911	88,180,911	-
Short term borrowings	24,978,794	24,978,794	24,978,794	-
	<u>636,926,397</u>	<u>638,098,831</u>	<u>164,434,327</u>	<u>473,664,504</u>

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
				(Rupees)
30 June 2009				
Long term financing	292,361,107	292,361,107	18,474,482	273,886,625
Trade and other payables	34,037,499	34,037,499	34,037,499	-
Long term bills payables	76,826,943	76,826,943	-	76,826,943
Long term security deposits	16,300,000	16,300,000	-	16,300,000
	<u>419,525,549</u>	<u>419,525,549</u>	<u>52,511,981</u>	<u>367,013,568</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at 30 June. The rates of mark up have been disclosed in respective notes to the financial statements.

41.2 Fair values of financial assets and liabilities

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



41.3 Financial instruments by categories

	2010		Total
	Cash and cash equivalents	Loans and advances	
			(Rupees)
Assets as per balance sheet			
Long term deposits	-	17,384,270	17,384,270
Trade debts	-	19,603,725	19,603,725
Loans and advances	-	26,331,645	26,331,645
Trade deposits	-	1,284,500	1,284,500
Other receivables	-	75,605	75,605
Cash and bank balances	85,604,562	-	85,604,562
	<u>85,604,562</u>	<u>64,679,745</u>	<u>150,284,307</u>

Financial Liabilities at amortized cost (Rupees)

Liabilities as per balance sheet		
Long term financing		379,321,380
Loan from sponsor		100,772,030
liabilities against assets subject to ijarah financing		7,941,597
Long term security deposits		28,100,000
Profit accrued on secured loans		7,631,685
Short term borrowings		50,447,161
Trade and other payables		88,180,911
		<u>662,394,764</u>

	2009		Total
	Cash and cash equivalent	Loans and advances	
			(Rupees)
Assets as per balance sheet			
Long term deposits	-	13,983,000	13,983,000
Trade debts	-	9,640,239	9,640,239
Loans and advances	-	14,183,726	14,183,726
Trade deposits	-	1,615,500	1,615,500
Other receivables	-	67,164	67,164
Cash and bank balances	8,310,416	-	8,310,416
	<u>8,310,416</u>	<u>39,489,629</u>	<u>47,800,045</u>

Financial Liabilities at amortized cost (Rupees)

Liabilities as per balance sheet		
Long term financing		280,166,661
Long term bills payables		76,826,943
Long term security deposits		16,300,000
Profit accrued on secured loans		12,194,446
Trade and other payables		34,037,499
		<u>419,525,549</u>



41.4 Capital risk management

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

No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represent long-term financing (including current portion) plus liabilities against assets subject to ijarah financing and short term borrowings obtained by the Company as referred to in note 7, note 9 and note 14. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Company's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of capital.

	Note	2010	2009
(Rupees)			
The gearing ratio as at year ended 30 June 2010 and 30 June 2009 is as follows.			
Total Borrowings	(7) & (9) & (14)	412,241,771	280,166,661
Equity		645,567,145	709,770,932
Total capital employed		<u>1,057,808,916</u>	<u>989,937,593</u>
Gearing ratio		<u>38.97%</u>	<u>28.30%</u>

42. PLANT CAPACITY AND ACTUAL PRODUCTION

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

	Cubic meter	
Liquid Oxygen / Nitrogen /Argon:		
Production at normal capacity	25,620,000	25,620,000
Actual production	14,527,490	1,812,291

42.1 Reason for low production

Under utilization of available capacity is due to normal repair and maintenance of plant and machinery and load shedding.

43. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by Board of Directors of the Company on October 08, 2010.

44. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purposes of comparison, however no significant rearrangement / reclassification have been made.

45. GENERAL

Figures have been rounded off to the nearest rupees.

Atiq Ahmad Khan
(Chief Executive Officer)

Hafiz Farooq Ahmad
(Director)



FORM OF PROXY

Folio No. _____

No. of Shares _____

I/We _____

of _____

being a member of **GHANI GASES LIMITED** _____

hereby appoint Mr. _____

of _____

failing him Mr. _____ of _____

(being a member of the Company) as my / our proxy to attend, act and vote for me/us on my/our behalf at 3rd Annual General Meeting of the members of the Company to be held at Lahore on Saturday October 30, 2010 at 11:00 AM and at every adjournment thereof.

As witnesses my/our hand(s) this _____ day of October, 2010.

**Signature and
Revenue stamp**

Witnesses:

1

2

Signature: _____

Name: _____

CNIC #: _____

Address: _____



Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 82-N, Model Town Ext, Lahore not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

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

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with proxy form.
- (iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (iv) in case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.