CONTENTS

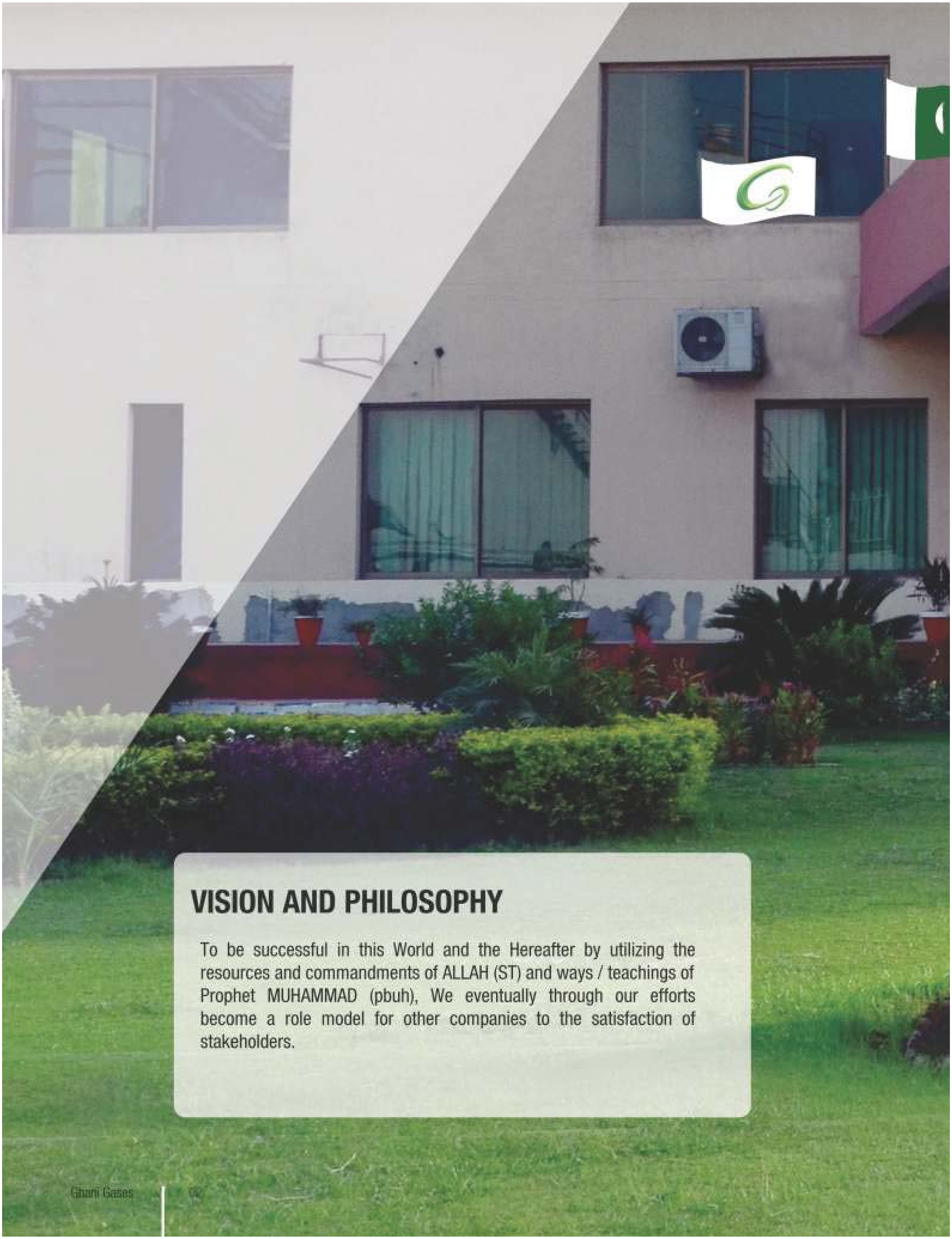
COMPANY OVERVIEW

CORPORATE GOVERNANCE

STAKEHOLDER'S INFORMATION

ANNUAL AUDITED FINANCIAL STATEMENTS

PATTERN OF SHAREHOLDING, NOTICE & FORMS



VISION AND PHILOSOPHY

To be successful in this World and the Hereafter by utilizing the resources and commandments of ALLAH (ST) and ways / teachings of Prophet MUHAMMAD (pbuh), We eventually through our efforts become a role model for other companies to the satisfaction of stakeholders.

MISSION STATEMENT

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

CORE VALUES


Sharia compliance
Customer satisfaction
Integrity
Ghani Gases
Excellence
Professionalism
SHEQ

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

Sharia Compliance

All business transactions and financial deeds at GGL are in accordance with the SHARIA.

Customer Satisfaction

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

Excellence

We are committed to achieve excellence to build and sustain high performance culture, with a continuous improvement through an effective implementation of Vision, Mission, and Corporate objectives.

SHEQ

Our core value is to develop Safety, Health, Environment and Quality oriented culture and lay emphasis upon maintaining the related standards.

Professionalism

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

Integrity

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Masroor Ahmad Khan	Chairman
Atique Ahmad Khan	Chief Executive Officer
Hafiz Farooq Ahmad	Director
Mian Zahid Said	Director
Ayesha Masroor	Director
Rabia Atique	Director
Saira Farooq	Director
Farzand Ali	Director

AUDIT COMMITTEE

Mian Zahid Said - Chairman
Masroor Ahmad Khan
Rabia Atique
Farzand Ali

HR & R COMMITTEE

Mian Zahid Said - Chairman
Atique Ahmad Khan
Ayesha Masroor
Farzand Ali

COMPANY SECRETARY

Farzand Ali, FCS

CHIEF FINANCIAL OFFICER

Asim Mahmud, FCA

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 Rd, Karachi-75530,
UAN: +92(021) 111-000-322

GGL-I Plant
52-K.M. Lahore Multan Road,
Phool Nagar Distt. Kasur
Ph: (042) 37006353-54, Fax: (042) 37006356
E-mail: ggl1plant@ghaniglobal.com

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

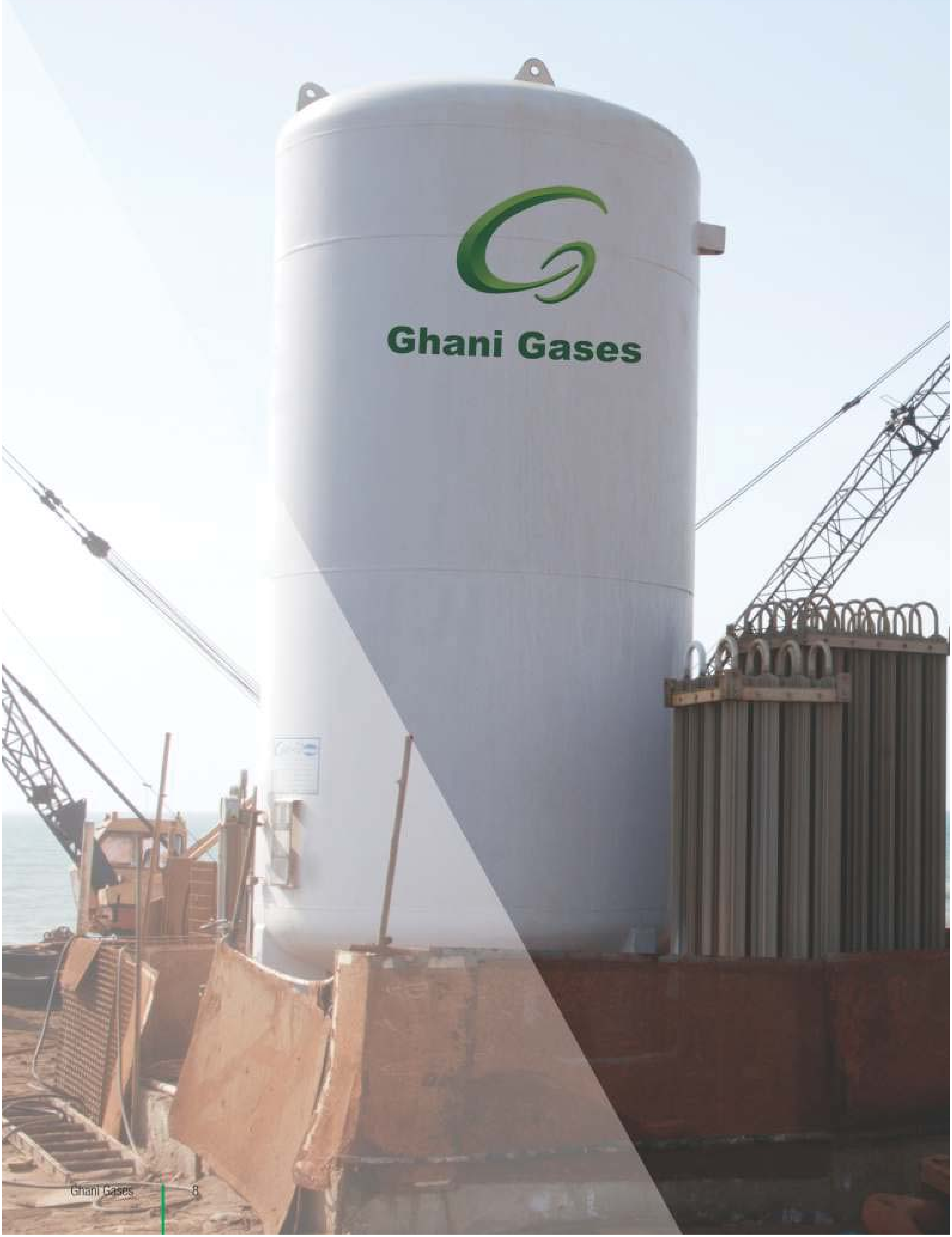
GGL - III
Main G.T. Road, Tarnol, Islamabad
Email: sales.west@ghaniglobal.com

REGIONAL MARKETING OFFICE
301-302, 3rd Floor Yousaf Chamber,
KCHSU, Block 7/8, Near MCB Bank,
Shara-e-Faisal, Karachi.
Phone: 021-34330595
Email: sales.south@ghaniglobal.com

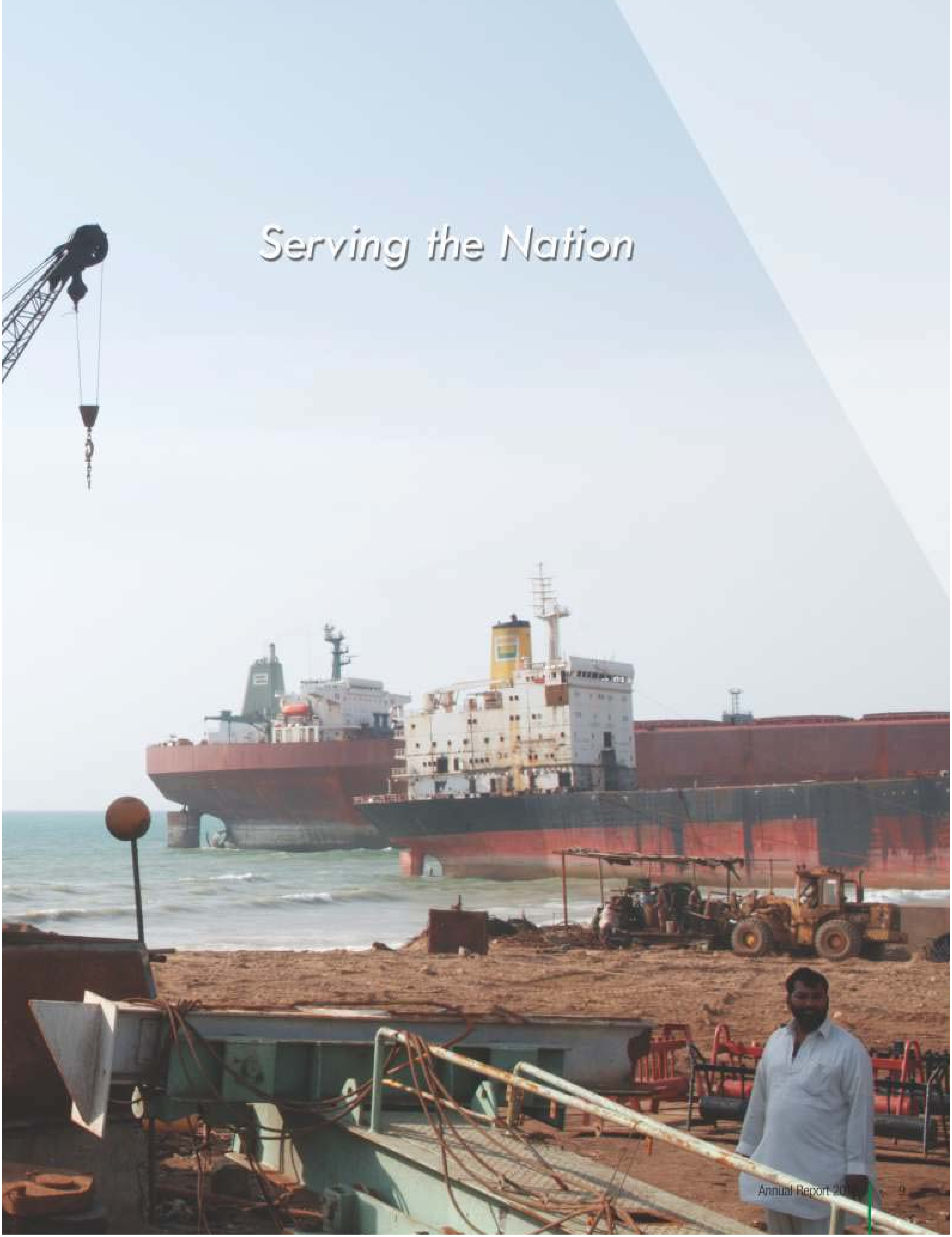
LEGAL ADVISOR
DSK Law, Lahore

BANKERS
Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank
Summit Bank Limited
The Bank of Punjab
The Bank of Khayber
United Bank Limited

REGISTERED / CORPORATE OFFICE
10-N, Model Town Ext. Lahore-54000, Pakistan
UAN: (042)111-ghani1(442-641)
Phone: 042-35161424-5, Fax: 042-35160393
Email: info@ghaniglobal.com
Website: www.ghaniglobal.com
www.ghanigases.com


Ghani Gases

Serving the Nation



CORPORATE SOCIAL RESPONSIBILITY

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

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

GGL is committed to both the sustainable business practices and its responsibilities as a corporate citizen. We believe that the Corporate Social Responsibility is primarily about conducting business in a transparent and ethical way that not only enhances value for all of our stakeholders but also supports the events that enhance the wellbeing of the community.

The Corporate Social Responsibilities and guidelines for corporate governance are steps in the right direction. The customer relation management is a strategic business philosophy and processes are rooted through ethical practices.

GGL supports a clean environment and motivates its customers for this cause.

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

QUALITY MANAGEMENT SYSTEM

We are committed to ensure that the Ghani Gases become the industry leader in quality for every product and service it renders to all segments that it serves.

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

We are carrying out our activities in a manner which:

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

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

ENVIRONMENT MANAGEMENT SYSTEM

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

"Do more, feel better, live longer"

ISO 14001: 2004 Certified

SAFETY HEALTH QUALITY

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

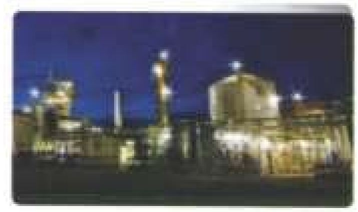
Ghani Gases endeavors to carry out activities in a manner which:

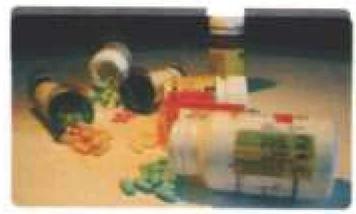
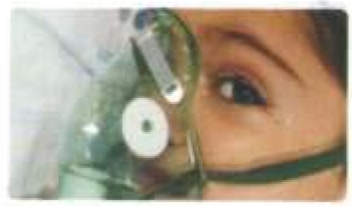
→ Complies strictly with all the SHEQ legislations and regulations,
→ Involves all personnel in a system of shared responsibility for safe operation,
→ Looks for continuous improvement in the workplace through the application of best safety & quality practices,
→ Contributes to the permanent improvement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

"We endeavor to achieve our objective of zero accidents."

CUSTOMER SEGMENTS

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




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

CUSTOMERS' SATISFACTION

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

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

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

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

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

Customer First


Ghani Gases
OXYGEN
1073
2RE
SAFETY
QUALITY
OUR TOP
PRIORITIE

SAFETY FIRST

PERFORMANCE OF THE YEAR

Safety First

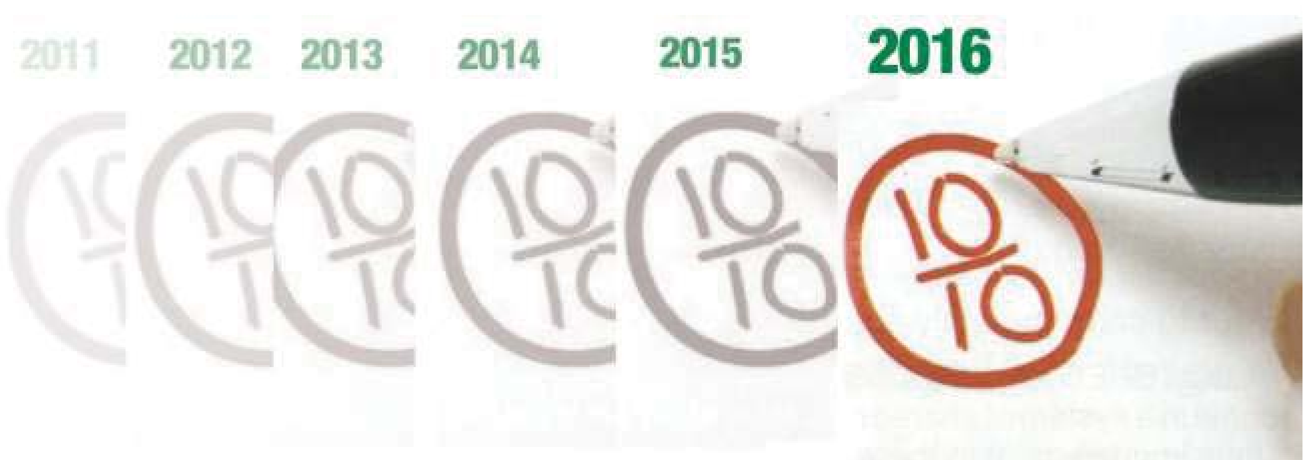
Number of Incidents	0	1	2	3	4
Loss Work Days	0	1	2	3	4
Injury to Staff			YES	NO	

Safety on Site

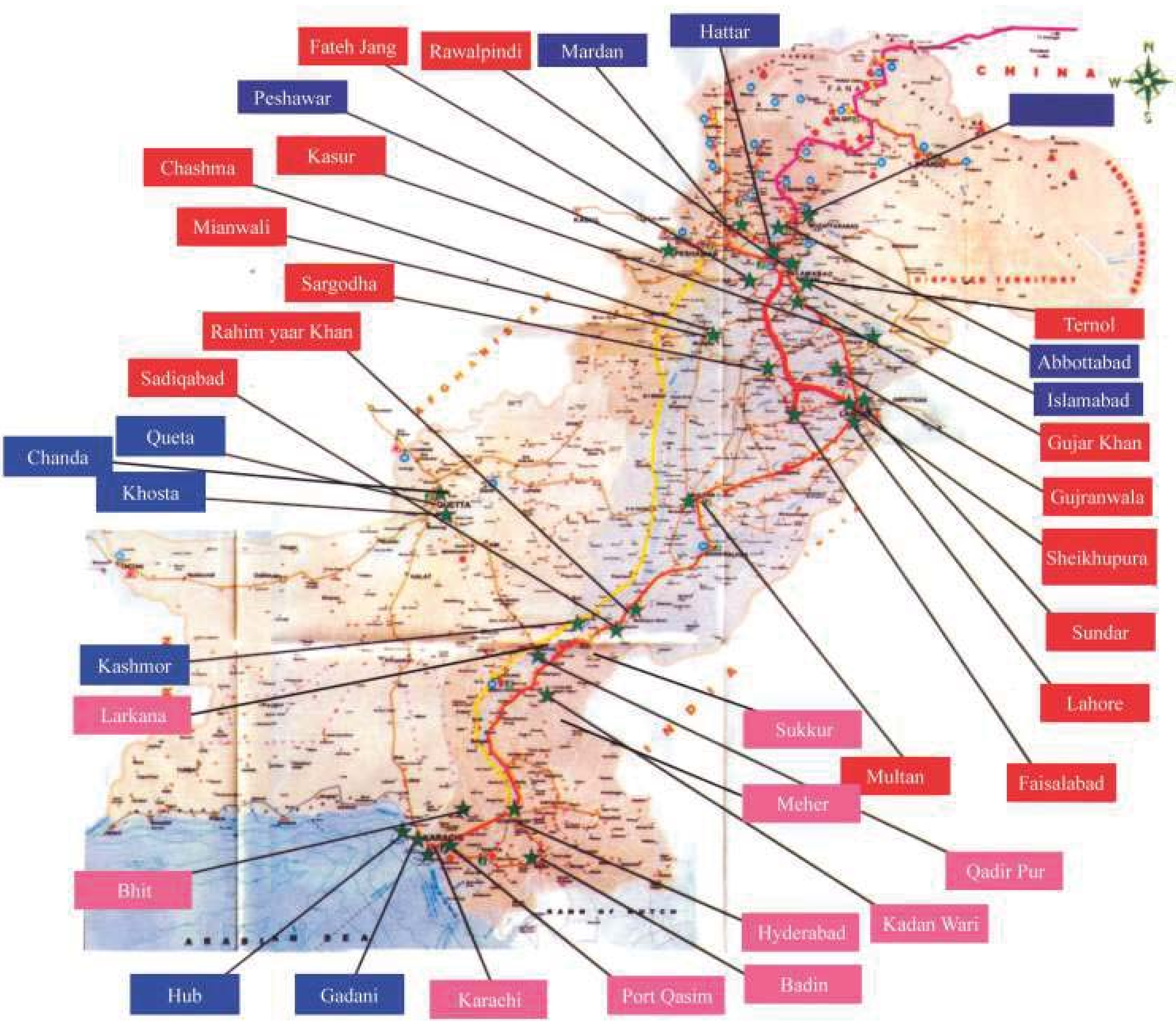
Mileage Without Accident	5,680,027 KM	
Vehicle Accident	YES	NO
Injury to Drivers	YES	NO
Casuality	YES	NO

Safety on Site

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



KEY LOCATIONS AROUND PAKISTAN

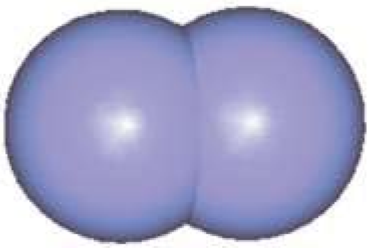


Punjab | Khyber P.K | Sindh | Baluchistan | Federal Area

We are where our customers are

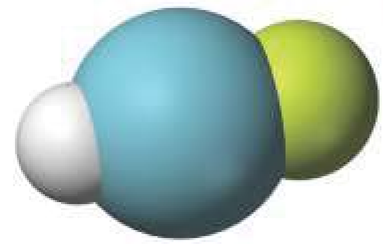
PRODUCTS & SERVICES

Industrial Gases

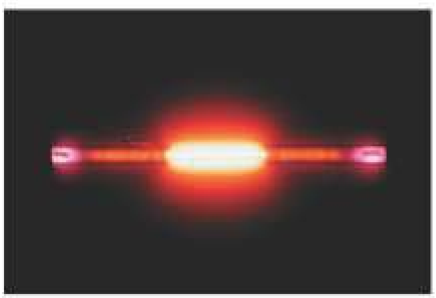


Liquid Oxygen

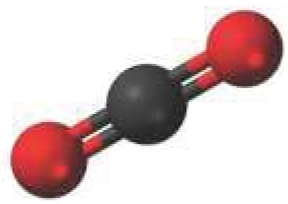
Liquid Nitrogen



Liquid Argon



Liquid Helium



Liquid CO_2

Dissolve Acetylene

Industrial Gases Pipeline

Industrial Cryogenic / Gases Cylinders

Calcium Carbide

PRODUCTS & SERVICES

Health Care

Compressed Medical Oxygen

Liquid Medical Oxygen

Nitrous Oxide

Pain Relief Mixture

Liquid Medical Cryogenic / Gases Cylinders

Helium

Oxygen Therapy Equipment

Medical Gas Pipeline

Gas Handling Equipment

Gas Outlet Points

Gas Manifold

PRODUCTS & SERVICES

Compressed Industrial Gases


Aviation Oxygen


Compressed Air


Compressed Argon


Compressed Acetylene


Compressed Nitrogen


Compressed Oxygen

Specialty Gases


CO_2 Mixture


High Purity Gases


Lab Mixture Gas


Lamp Mixture Gas


Argon Mixture Gas

DIRECTORS' REPORT

National Economy

Pakistan's economy maintained its growth momentum during FY16, despite suffering from heavy losses in the crop sector within agriculture. The growth in the industrial sector, in particular, accelerated on the back of better energy supply and improvement in security situation. This growth, in turn, had significant spillover to the services sector.Other key macro-economic indicators also improved during FY16. Average inflation also declined as compared to level in the corresponding period of last year. Fiscal deficit was contained at lower level than the last year; exchange rate remained stable in general; and foreign exchange reserves continued to increase. Some of these developments were due to subdued commodity prices (particularly oil) in the global market.

Policy support also played a key role in improving macro fundamentals: expansionary monetary policy for the last one and half year, and development focus of fiscal spending (particularly on infrastructure project which also encouraged construction and related activities). Beside introduction sector specific policy initiatives, the government also ensured better energy management; for instance, LNG imports allowed adequate gas availability for fertilizer and other industries. Finally, the initiative under China-Pakistan Economic Corridor (CPEC) not only attracted foreign direct investment (FDI), but also helped in reviving the confidence of local businesses.

Some challenges still exist for the economy. Investment rate continues to remain low, whereas the non-CPEC FDI has not picked up the pace. The tax base stays narrow, despite stop-gap measure by the government to increase tax revenues. Furthermore, low commodity prices (and continued slowdown in the global economy) have also had an adverse impact on some sectors of the economy.

Despite global economic slowdown, GDP growth in Pakistan maintained its modest pace, reaching an eight-year high of 4.7 percent in FY16, from 4.0 percent in the previous year. A strong performance from the industry and services sector led this growth in GDP. Agriculture, on the other hand, suffered particularly from significant losses to the cotton crop, which recorded a massive 27.8 percent decline over the last year.

In this backdrop, acceleration in the industrial growth from 4.8 percent last year to 6.8 percent in FY16 is a positive sign. More encouragingly, this growth was achieved despite sluggish external demand as evident from a persistent decline in exports since May 2015. Another positive for the economy was the considerable ease in overall inflationary pressure during FY 16.

Another positive indicator during the FY 16 was sharp and impressive rise in PSX-100 index which was at the level of 34,398 at the end of last financial year and crossed 37,000 level by the end of June 2106.

In current FY it is expected that Industrial growth would gain from better energy supply, robust demand of consumer durables, and investment under CPEC. While cement manufactures would be the immediate beneficiaries of infrastructure development, the steel industry would continue to face competition from cheap Chines products. At the same time, low external demand (due to uncertainties in EU recovery and continued slowdown in Chinese economy) would hinder growth in export-oriented industries.

Similarly, while the government aims to complete several energy-related fast track projects under CPEC in the current fiscal year, the existing gaps in the supporting infrastructure to handle import of coal and its transportation to power plants needs to be addressed at the earliest. Finally, besides attracting FDI, there is a need to pace-up the restricting and privatization process of loss making PSEs.

China-Pakistan Economic Corridor (CPEC) is an opportunity of bringing Pakistan into global economic mainstream for which formulation of Industrial Policy is need of the hour. Without proper industrial policy and system reforms

Pakistan will only play role of trading hub for Chinese products. Business community wanted early completion of game changer project of the CPEC so that Pakistan could enjoy the fruit of massive Chinese investment. Business community was poised to offer all out cooperation to the Chinese companies involved in the CPEC projects.

Operations & Performance

Alhamdulillah the company has completed another successful year of operations. During the year under review both the plants of your company performed satisfactorily. European and Chinese teams of experts remained on board to support the local team of professionals.

Storage was maintained at upper limit to meet the customer's need at any given time. The specific power remained close to design which has resulted into economical cost of production.

Management of your company is highly focused on the need of the customers and putting-in all out efforts for improvements and modifications of the existing facilities to ensure best services and product availability to all the hospitals, industries and merchant market on 24/7 basis.

Ghani Gases has continuously focused on BMR based on experience, research and updating of technology. Company has invested on technological up gradation and improvement in manufacturing process. To make the product available to the customers, company installed three 250,000 liters each capacity vacuum insulated industrial storage tanks in December 2015 and two numbers in April 2016 with the forced liquid injection system at GGL-I and one of the same capacity at GGL-II. This investment has improved the product storage and reliability of the company.

Management of your company also taken a bold decision to improve the air supply to ASU plant at GGl-I and GGL-II and technological upgraded air compressors of both the plants. This improvement has enhanced the production of oxygen, nitrogen and argon and reduction in power consumption and strengthened standing of the company in competitive environment.

Continuity of quality water with cheap price is main issue at Karachi as well as Port Qasim. To overcome this situation, the company has obtained bulk water supply connection from KW&SB to meet the water requirements at GGL-II. From connection point to GGL-II site, company has successfully laid 14.5 kilometer exclusive underground water pipeline. Alhamdulillah this challenging project has been completed under the supervision of our team of engineers.

Supply of quality products and exclusive services to the customers remained basic strategy of company's business. In the result year by year we have continuously been breaking our own production and sale records.

Financial Performance

Your Company's sales during the year have increased to Rs. 2,013 million against Rs. 1,967 million as compared to last year depicting growth of 2.32% ALHAMDULILLAH. Gross profit has increased to Rs. 575.64 million against the gross profit of Rs. 569.92 million in relation to corresponding year. Distribution cost increased in absolute terms as well as in term of percentage of net sales from 6.95% to 7.78% and administrative expenses increased in absolute term and in terms of percentage of net sales from 4.82% to 6.12%. During the year profit before taxation stands at Rs. 276.61 million as compared to last year profit of Rs. 249.24 million. Profit after tax has also increased to Rs. 161.98 million from Rs. 158.50 million, and earnings per share (EPS) decreased from 2.04 to 1.90 if compared with the last year mainly due to dilution effect of shares on account of right shares issue.

A comparison of the key financial results of your Company for the year ended June 30, 2016 with the last year is as under:

Particulars	Rupees in '000' except EPS			
	June 2016	June 2015	Variance	%
Sales	2,013,015	1,967,317	45,698	2.32
Net Sales	1,766,743	1,720,131	46,612	2.71
Gross Profit	575,635	569,924	5,711	1.00
- As %age of net sales	32.58%	33.13%		
Distribution cost	137,463	119,625	17,838	14.91
- As %age of net sales	7.78%	6.95%		
Administrative expenses	108,153	82,830	25,323	30.57
- As %age of net sales	6.12%	4.82%		
Profit before taxation	276,612	249,239	27,373	10.98
Net Profit	161,981	158,496	3,485	2.20
Earnings per share	1.90	2.04	(0.14)	(6.86)

Expansion Plans

To capture the projected increase in demand of industrial and medical gases in southern market, the Board of Directors of your company has decided to setup another 110 tons per day ASU plant at Port Qasim, Karachi (GGL-II) by way of expansion plan. Total estimated cost of this expansion is PKR 900 million. Work on this plan is in progress.

In addition to above your company has also decided to setup a calcium carbide manufacturing plant under the umbrella of a subsidiary of your company. It shall be an import substitute product and your company has already captured handsome market share (of this product) in the country. In addition to calcium carbide, the project will produce CO2. Your company has already formed the subsidiary in the name of Ghani Chemical Industries (Pvt) Limited. Estimated cost of this project is PKR 1,000 million. Land for this project has acquired near GGL-I plant of your company at Phool Nagar, District Kasur.

To meet the financial requirements (from company's side as equity) of above expansion plans, the company has raised the funds PKR 1,010 million by way of 68% right shares at price of PKR 20 per share (which includes a premium of PKR 10 per share). Debit arrangement from banks are in progress to close the financial needs of above plans.

How is looking 2017 and onward

By the grace of Almighty Allah we are looking a continued recovery in business during the years to come. Keeping the projected increase in demand of industrial and medical gases your company has already announced the expansion plan in southern region. On the other hand, we are expecting the continuity in price war with competitor(s).

However, to meet the challenge of price war and in the same time to improve the profitability of the company, we have been taking different in time measures like cost reduction strategy(s), investment in technological upgradation and better fund management.

Power supply situation to the industry has improved from last few months. Liquefied gases business is interlinked with business and industrial activities and human healthcare. It is expected that after completion of ongoing power generation projects of the government(s) and overcoming the power supply shortages, the business as well as industrial activities will drastically improve.

Ongoing and planned projects of China-Pakistan Economic Corridor (CPEC), commencement of Gwadar Port operations and setup of planned industrial zones will be the game changer for the country. Your company is already meeting the requirements of different ongoing projects linked with CPEC. However, to meet the challenging requirements of industrial and medical gases of changing scenario of CPEC we have started planning for setup of ASU plant in Gawadar. So we are seeing a bright future of the country as well as of your company.

Work on setup of another ASU plant at Port Qasim is in progress in accordance with the planned targets. On the other hand, subsidiary of your company (Ghani Chemical Industries (Pvt) Limited) is setting up calcium carbide manufacturing plant. For this purpose, land has been acquired and prerequisites for setup of a chemical project are under process. After completion of these ventures sales as well as profitability of your company are expected to be improve.

Overall economy seems to be on right path after the improvement of law and order situation in the wake of the military and rangers' operations. Government's concentration on economic reforms, startup of Pak-China Economic Corridor project and improvement in energy crisis will help improve the business activities.

Pay out to the Shareholders

The management of your company strongly believes to pass on return of investment to their shareholders. However in view of the on-going expansion plan(s), the board of directors of your company has not recommended any pay out to the shareholders for the year ended June 30, 2016.

Status of investment in Associated Company

After obtaining shareholders' approval as required under the law, your company invested Rs. 45.000 million during June 2014 in shape of equity in Ghani Global Glass Limited (GGGL) an associated company. Accordingly, 4,500,000 shares of GGGL at par value of Rs. 10 per share were allotted to the company. During August 2015 these shares have been sold through stock market. Gain on disinvestment Rs. 59.950 million is included under the head other income in profit and loss of the company for the year ended June 30, 2016.

In addition to above, the company has provided corporate guarantee for Rs. 650 million to bank(s) for GGGL and has been charging commission @ 0.10% per quarter from the associated company. Commission charged by the company on corporate guarantee Rs. 2.600 million (2015: Rs. 2.600 million) is included under the head other income in profit and loss of the company for the year ended June 30, 2016.

Riba-Free Business

Alhamdulillah at the GGL all the business transactions and financial deeds are ensured in accordance with the SHARIA. The name of GGL has been included in the list of Shariah-compliant stocks on KSE website.

Safety, Health, Environment & Quality (SHEQ)

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

Since commissioning of our first plant during May 2009 and by the grace of Almighty Allah all sites of Ghani Gases have completed 3181 days without any loss of time or incident Alhamdulillah.

Environmental Quality Management System

Ghani Gases is environmentally alive and is ensuring zero air, water and ground pollution. The company is maintaining gardens and plants at the sites to make the work places attractive and give comfortable environment to the employees as well as customers. Recently your company has been certified by "UKAS" for adoption of Environment Management System ISO 14001:2004.

Quality Management System

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

Human Resource

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

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

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

Training and Development

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

Product Delivery System

GGL is equipped with the country's state-of-the-art and efficient distribution fleet consisting of 20 VIT's having capacity to deliver on more than 266,000 cubic meters at a time. To get the best performance, a competent team is employed to maintain the fleet and ensure that no customer gets high and dry at any given time.

Staff Retirement Benefit

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

Share Price Trend

The share price of Rs. 10 each of your company at one stage rose as high as Rs.39.9 during August 2015, lowered as low as Rs. 18.75 during June 2016 and closed at Rs. 19.59 as on June 30, 2016.

Listing at Stock Exchange

Keeping in view the marger of all stock exchanges, your company has been listed at Pakistan Stock Exchange Limited.

Compliance with the Code of Corporate Governance

Ghani Gases has adopted the requirements of the code of Corporate Governance set out by the Pakistan Stock Exchange in their Rule Book, relevant for the year ended June 30, 2016 and have been duly complied with.

Statement of Compliance

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

Code of Conduct

The board of Ghani Gases has adopted code of conduct for its Board of Directors and the employees. All concerns are informed of these codes and are required to observe the rules of conduct in relation to customers, suppliers and regulations.

Contribution to National Exchequer

During the year under review Ghani Gases has contributed Rs. 794.823 million (2015: Rs. 778.444 million) in shape of taxes, duties and levies paid to central, provincial government and local authorities.

Audit Committee

The board has formed an Audit Committee. It comprises four members, of whom one is independent, two are non-executive and one is executive director.

Four meetings of the audit committee were held during the year ended June 30, 2016 . The names of audit committeet members and their attendance is as follow:

Name	Designation	Attendance
Mian Zahid Said	Chairman	04
Masroor Ahmad Khan	member	03
Rabia Atique	member	04
Farzand Ali	member	04

Relations with Stakeholders

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

Corporate social Responsibility

GGL is committed to both sustainable business practices and its responsibilities as a corporate citizen. We believe that the Corporate Social Responsibility is primarily about conducting business in a transparent and ethical way that not only enhances value of all of our stakeholders but also gives support to the events that enhance the well-being of the community.

The Corporate Social Responsibility and guidelines for corporate governance are steps in the right direction. Customer Relation Management is a strategic business philosophy and processes are rooted through ethical practice. With the growth of our business, we have assumed an even greater responsibility towards our society and stakeholders, including employees, their families and our business partner etc.

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

During the last seven years, we have been sending every year one employee of the company, selected through balloting, to perform Hajj (with pay on company's expense) .

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

Board of Directors

The present board of directors has been elected under section 178 of the Companies Ordinance, 1984 in the annual general meeting held on October 31, 2014 for a term of three years commencing from October 31, 2014.

Composition of the board of directors is as under:

Independent director	01
Non-Executive directors	04
Executive directors	03
Total	08

The Chairman board of directors is among the non-executive directors.

The Board of Directors 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 paper was sent to the members seven days before meetings. A total of seven meetings of the Board of Directors were held during the year ended June 30, 2016. The attendance of the board members' is as follows:

Name of the Director	No. of meetings attended
Masroor Ahmad Khan	05
Atique Ahmad Khan	06
Hafiz Farooq Ahmad	06
Mian Zahid Said	07
Rabia Atique	07
Saira Farooq	06
Farzand Ali	07

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

Remunerations to the CEO and Executive Directors

The board of directors has revised the monthly remuneration of the CEO and two other executive directors:

Name	Designation	Remuneration before revision	Revised remuneration	Effective date of revision
Atique Ahmad Khan	Chief Executive Officer	708,000/-	800,000/-	01-09-2015
Hafiz Farooq Ahmad	Director	708,000/-	800,000/-	01-09-2015
Farzand Ali	Director & Company Secretary	190,000/-	210,000/-	15-02-2015

Corporate and Financial Framework

In compliance with the code of Corporate Governance, we give statement 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 result 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.

- 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 growing 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. 38.644 million (2015 Rs. 37.372 million).

Pattern of Shareholding Under Code of Corporate Governance

A statement of the pattern of shareholding of certain class of shareholders as on June 30, 2016, whose disclosure is required under the reporting framework, is included in the annexed shareholder's information.

Post balance Sheet Events

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

Acknowledgement

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

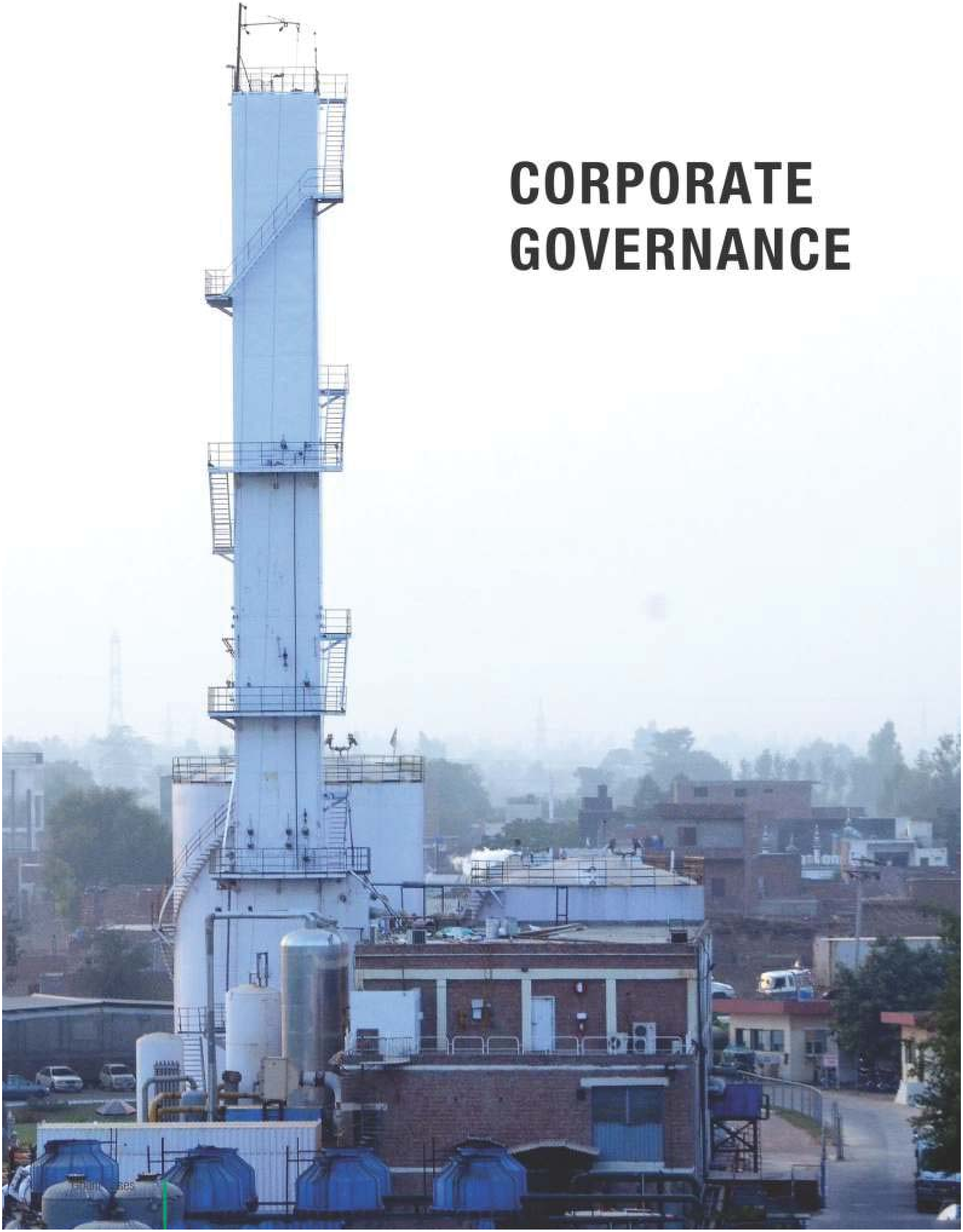
We thank our shareholders who reposed their confidence on management of the company, the officials of the SECP, the Karachi Stock Exchange and all government functionaries as well as the commandments of Allah Subhanatallah and Sunnah of our Prophet Muhammad (peace be upon him).

For and on behalf of the Board of Directors

Atique Ahmad Khan
Chief Executive Officer

Lahore
October 08, 2016

CORPORATE GOVERNANCE



CODE OF CONDUCT

Ghani Gases Limited (the Company) is engaged in the manufacturing of industrial and medical gases, trading of chemicals and other allied products with the objective to achieve sustainable productivity, profitability and high standards of safety, occupational health and environmental care. This entails human resource development, enhancing value addition, implementing conservation measures and growth by up-graduation and addition of newer generation technologies.

The Company requires all its Board Members and Employees to act within the authority conferred upon them and in the best interests of the Company and observe all the Company's policies and procedures as well as relevant laws and regulations, as are applicable in individual capacity or otherwise, but not limited to the corporate value, business principles and the acceptable and unacceptable behavior (hereinafter called the Company's Code of Conduct) embodied in this document.

The Company believes that the credibility, goodwill and repute earned over the year can be maintained through continued conviction in our corporate values of honesty, justice, integrity and respect for people. The Company strongly promotes trust, openness, teamwork and professionalism in its entire business activities.

- The business principles are derived from the above stated corporate values and are applied to all facets of business through well-established procedures. These procedures define behavior expected from each employee in the discharge of his/her responsibility.

- Ghani Gases recognizes following obligations, which need to be discharged with best efforts, commitment and efficiency:

    - Safeguarding of shareholders' interest and a suitable return on equity.
    - Service customers by providing product, which offer value in terms of price, quality, safety and environment impact.
    - Respect human rights, provide congenial working environment, offer competitive terms of employment, develop human resource and be an equal opportunity employer.

    - Seek mutually beneficial business relationship with contractors, suppliers and investment partners.

- The Company believes that profit is essential for business survival. It is a measure of efficiency and the value that the customer places on products and services produced by the Company.

- The Company requires honesty and fairness in all aspects of its business and in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and accepting of bribe in any form is undesirable.

- The Company is fully committed to reliability and accuracy of financial statement and transparency of transactions in accordance with established procedures and practices.

- The Company does not support any political party or contribute funds to groups having political interests.

The Company will however, promote its legitimate business interests through trade associations.

- The Company, consistent with its commitments to sustainable development, has a systematic approach to the management of health, safety and environment.

- The Company is committed to observe laws of Pakistan and is fully aware of its social responsibility. It would assist the community in activities such as education, sports, environment preservation, training programs, skill development and employment within the parameters of its commercial objectives.

- The Company supports free market system. It seeks to compete fairly and ethically within the framework of applicable competition laws in the country. The Company will not stop others from competing freely with it.

- In view of the critical importance of its business and impact on national economy, the Company provides all relevant information about its activities to legitimate interested parties, subject to any overriding constraints of confidentiality and cost.

- The company requires all its board members and employees to essentially avoid conflict of interest between private financial and/or other activities and their professional role in the conduct of company business.

- No board member or employee shall in any manner disclose to any person or cause disclosure of any information or documents, official or otherwise, relating to the company, except those published, and unless he/she is authorized by the management.

- All papers, books, drawings, sketches, photographs, documents and similar papers containing analysis, formulas, notes or information relating to the company's business affairs or operations shall always be treated as the company property, whether prepared by the employee or otherwise and no employee shall be permitted to carry any of these outside business premises unless specifically authorized to do so by the management.

- The company's property, funds facilities and services must be used only for authorized purposes.

- The board members or employees of the company specifically those coming in direct contact with the vendors doing or seeking to do business with the Company shall not receive favours or incur obligations. In case any contractor/supplier to have business relations with the company happen to be a relative of an official who is entrusted the responsibility of opening/evaluation/award of supply/contract job or with execution or certification of material/.services, he/she shall immediately bring the fact to the notice of Chief Executive Officer who may entrust the responsibility to another.

- Each employee shall devote his full time and energy exclusively to the business and interests of the Company. In particular, no employee (including those on leave) unless otherwise permitted by the Company, shall directly or indirectly engage in any other profession or business or enter the services of or be employed in any capacity for any purpose whatsoever and for any part of his time by any other person, government department, firm or company and /or shall not have any private financial dealing with any other persons or firms having business relations with the company for sale or purchase of any material or equipments or supply of labour or for any other purpose. Every employee shall hold himself in readiness to perform any duties required of him by his/her superiors to the best of his/her ability.

- No board member or employee of the Company shall, directly or indirectly, deal in the shares of the Company in any manner during the closed period, as determined and informed by the Company.

- No board member or employee of the Company shall practice insider trading.

Without prejudice to any penel action defined in any statute, as applicable, against any kind of non-compliance/violations, non compliance with The Company's Code of Conduct may expose the person involved to disciplinary actions as Company's rules and/or as determined by the management or the Board of Directors, as the case may be, on case to case basis.

On behalf of the Board of Directors

Atique Ahmad Khan
Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED ON 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulations No. 5.19.23 of Pakistan Stock Exchange Rule Book 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 CCG in the following manner:

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

Category	Names
Independent Director	Mian Zahid Said
Executive Directors	Atique Ahmad Khan Hafiz Farooq Ahmad Farzand Ali
Non-Executive Directors	Masroor Ahmad Khan Ayesha Masroor Rabia Atique Saira Farooq

The independent director meets the criteria of independence as contained in the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy on the board is filled up by the directors within 90 days.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

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 paper, 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 well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. The Board arranged training program for one of its director.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises four members, of whom one is independent, two are non-executive, and one is executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises four members of whom two directors are executive and one each is non executive and independent director.

18. The board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The company has complied with the requirements relating to maintenance of register of persons having asscess to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

On behalf of the Board of Directors

(ATIQUE AHMAD KHAN)
Chief Executive Officer

Lahore
October 08, 2016.

DFK INTERNATIONAL
RIZWAN & COMPANY
Chartered Accountants

REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended **30 June 2016** prepared by the Board of Directors of **GHANI GASES LIMITED** (the Company) comply with the regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Listing Regulations of Pakistan Stock Exchange requires the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance requirement to the extent of approval of related party transactions by the Board Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended on **30 June 2016.**

Rizwan & Company
Chartered Accountants

Lahore: 0 8 OCT 2016

Rizwan & Company is an independent member firm of DFK International- A worldwide association of independent accounting firms and business advisors
Address: 204-205-206, 2nd Floor, Al-Qadir Heights, 1- Babar Block, New Garden Town, Lahore, Pakistan.
Tel: + 92 42 35 84 66 44 - 5, Fax: +92 42 35 84 66 46, email: rcolhr@cyber.net.pk ; info@dfk.pk; web: www.dfk.pk

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board has constituted a fully functional Audit Committee. The features of the terms of reference of the Committee in accordance with the Code of Corporate Governance are as follows:

a) Determination of appropriate measures to safeguard the company's assets;

b) Review of preliminary announcements of results prior to publication;

c) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions

d) Facilitating the external audit and discussion with the external auditors of major observations arising from the interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and managements response thereto;

f) Ensuring coordination between the internal and external auditors;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed;

h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;

j) Review of company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;

n) Consideration of any other issue or matter as may be assigned by the Board of Directors; and

o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements.

TERMS OF REFERENCE OF HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

The Board adopted the responsibilities contained in clause (xxv) of the Code 2012 from (i) to (iv) as the Terms of Reference (TOR) of the HR&R Committee.

The committee shall be responsible for:

i) recommending human resource management policies to the board;

ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the board the selection, evaluation, compensation (including retirement benefits) of Chief Executive Officer, Working Director(s), Company Secretary, and Head of Internal Audit; and

iv) consideration and approval on recommendations of CEO on such matters for key management positions who report to the CEO or MD.

www.jamapunji.pk

An investor education initiative of the SECP

jamapunji.pk @jamapunji_pk

Jama Punji

سرمایہ کاری سمجھداری کے ساتھ

To protect your assets, we advise you to follow the guidelines below:

- You cannot trade unless you have a Central Depository Company (CDC) Account
- Use Central Depository Company (CDC), free-of-cost eAlert, eStatement and SMS "Alert" services. Make sure that your correct mobile number and email address is entered in Central Depository System to ensure receipt of alert every time you move your securities from your account
- Ensure the correctness of securities balances and their status appearing in the statement received from the broker by comparing it with a statement directly obtained from CDC (Physical or eStatement)
- Please make sure that updated contact details are appearing in Central Depository System (contact details include: mailing address, email address and phone / mobile number); You can ensure this by obtaining registration details from CDC Web Access or Physical reports from any CDC office

CENTRAL DEPOSITORY COMPANY

For more information or to get registered in Investor Awarness Programs contact us on **800-2375 (CDCPL)** or Email us at **info@cdcpak.com**

SECP

Securities & Exchange Commission of Pakistan

www.secp.gov.pk

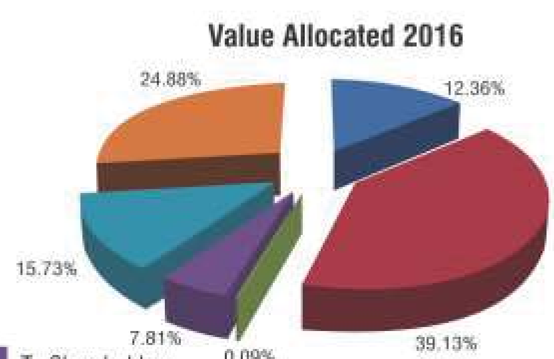
Visit SECP's educational webportal **jamapunji.pk** for secure investments

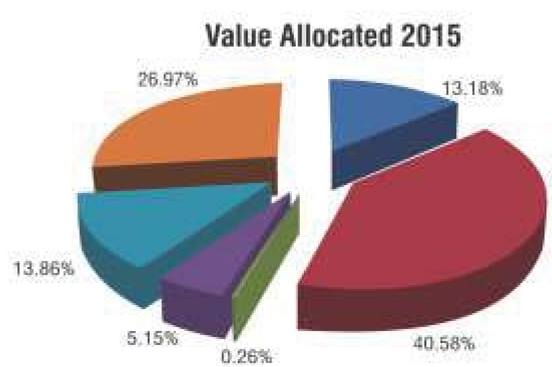
UAN: 051 111 11 7327

STAKE HOLDER INFORMATION

VALUE ADDED STATEMENT

	2016 (Rupee in '000)	(%)	2015 (Rupee in '000)	(%)
Wealth Generated / Value added:				
Turnover (including sales tax)	2,013,015		1,967,318	
Less: Purchased materials and services	(1,139,942)		(1,112,379)	
Valued added	873,073		854,939	
Other income	78,426		10,057	
Wealth Created	**951,499**	**100**	**864,996**	**100**
Wealth Distribution				
To employees				
Salaries, benefits and other costs	149,682	15.73	119,894	13.86
To Government				
Income tax, sales tax, WPPF	372,306	39.13	351,040	40.58
To society and development initiatives				
Donations to education, health and environment	850	0.09	2,207	0.26
To providers of capital				
Dividend to shareholders	74,275	7.81	44,565	5.15
Profit on borrowed funds	117,597	12.36	114,012	13.18
To company				
Depreciation, amortization and Retained profit	236,789	24.88	233,278	26.97
	951,499	**100**	**864,996**	**100**





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

SIX YEARS AT A GLANCE

Rs. (in 000)

	2016	2015	2014	2013	2012	2011
Operating Results						
Sales (gross)	2,013,015	1,967,317	1,558,692	1,401,534	849,749	520,773
Gross profit	575,635	569,924	327,306	390,607	275,302	145,531
Profit/(Loss) before tax	276,612	249,239	103,536	158,003	94,392	85,013
Financial data						
Fixed assets	2,682,306	2,525,060	2,334,225	1,398,107	1,322,416	1,222,849
Capital work in progress	79,409	41,612	14,030	171,827	96 913	12,102
Intangible assets	70	70	350	630	910	11,20
Long term deposits	68,909	68,151	64,162	79,169	65,865	42,153
Long term assets	500	45,133	45,000	-	-	-
Current assets	2,070,629	963,017	679,629	898,157	404,189	254,612
Current liabilities	1,534,421	821,671	676,662	462,651	355,658	252,257
Financed by:	**3,367,402**	**2,821,372**	**2,460,734**	**2,085,239**	**1,534,638**	**1,280,579**
Ordinary capital	1,247,813	742,746	742,746	724,630	724,630	724,500
Reserves	535,067	30,000	30,000	30,000	30,000	30,000
Un appropriated profit/(Loss)	429,333	341,627	227,696	172,674	57,000	(29,489)
Shareholder's equity	**2,212,213**	**1,114,373**	**1,000,442**	**927,304**	**811,630**	**725,011**
Loan from sponsors (interest fee)	501,200	1,027,969	1,004,104	611,381	437,433	250,137
Banks and others	653,989	679,030	456,188	546,554	285,575	305,431
Finances and deposits		**1,706,999**	1,460,292	1,157,935	723,008	555,568
Funds invested	**3,367,402**	**2,821,372**	**2,460,734**	**2,085,239**	**1,534,638**	**1,280,579**
Earning per-share (Rs.)	1.90	2.13	0.98	2.05	1.19	1.10
Break-up-value (Rs.)	17.73	15.00	13.47	12.80	11.20	10.01
Cash Dividend %	-	16	5	-	-	-
Bonus Share %	-	-	5	-	-	-
Right Share % (at premium of Rs 10)	68	-	-	-	-	-

ANNUAL AUDITED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GHANI GASES LIMITED** as at **30 JUNE 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief,were necessary for the purposes of our audit.

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

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

(a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) In our opinion ——

(i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

(ii) The expenditure incurred during the year was for the purpose of the company's business; and

(iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at **30 June 2016** and of the profit, comprehensive profit, its cash flows and charges in equity for the year then ended; and

(d) In our opinion Zakat deductible at source under the Zakat and Ushr ordinance, 1980 (XVII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Rizwan & Company
Chartered Accountants
Engagement Partner : Rizwan Bashir

Lahore: 0 8 OCT 2016

Rizwan & Company is an independent member firm of DFK international- A worldwide association of independent accounting firms and business advisors
Address: 204-205-206, 2nd Floor, Al-Qadir Heights, 1- Babar Block, New Garden Town, Lahore, Pakistan.
Tel: + 92 42 35 84 66 44 - 5, Fax: +92 42 35 84 66 46, Email: rcolhr@cyber.net.pk; info@dfk.pk; web: www.dfk.pk

BALANCE SHEET

AS AT 30 JUNE 2016

	Note	2016	2015
ASSETS	**Note**	**(Rupees '000)**	
Non-current assets			
Property, plant and equipment			
Operating fixed assets	5	2,529,455	2,293,837
Assets subject to ijarah financing	6	152,851	231,223
Capital work in progress	7	79,409	41,612
		2,761,715	2,566,672
Intangible assets- Goodwill	8	70	70
Long term investment	9	500	45,133
Long term deposits and prepayments	10	68,909	68,151
		2,831,194	2,680,026
Current assets			
Stores, spare parts and loose tools	11	103,532	70,765
Stock in trade	12	26,282	36,206
Trade debts	13	406,397	294,870
Loans and advances	14	150,296	139,002
Trade deposits and short term prepayments	15	48,053	43,843
Balance with statutory authorities	16	24,076	7,419
Other receivables	17	1,759	78
Advance tax		220,593	144,095
Cash and bank balances	18	1,089,641	226,739
		2,070,629	963,017
TOTAL ASSETS		4,901,823	3,643,043
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
125,000,000 (2015: 125,000,000) ordinary shares of Rs. 10 each		1,250,000	1,250,000
Issued, subscribed and paid up share capital	19	1,247,813	742,746
Capital reserve - share premium	20	535,067	30,000
Unappropriated profit		429,333	341,627
Loan from sponsors	2.5	501,200	1,027,969
		2,713,413	2,142,342
Non-current liabilities			
Long term financing	21	399,408	494,111
Liabilities against assets subject to ijarah financing	22	40,554	81,153
Long term security deposits	23	19,800	19,450
Deferred taxation	24	194,227	84,316
		653,989	679,030
Current liabilities			
Trade and other payables	25	296,823	139,271
Accrued profit on financing	26	24,733	12,712
Short term borrowings	27	431,034	420,689
Current portion of long term liabilities	28	734,807	206,695
Provision for taxation	36.1	47,024	42,304
		1,534,421	821,671
Contingencies and commitments	29	-	-
Total liabilities		2,188,410	1,500,701
TOTAL EQUITY AND LIABILITIES		4,901,823	3,643,043

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

PROFIT AND LOSS ACCOUNT
FOR YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees '000)	
Gross sales - Local		**2,013,015**	1,967,317
Less:			
Sales tax		**(246,272)**	(247,186)
Net sales		**1,766,743**	1,720,131
Cost of sales	**30**	**(1,191,108)**	(1,150,207)
Gross profit		**575,635**	569,924
Distribution cost	**31**	**(137,463)**	(119,625)
Administrative expenses	**32**	**(108,153)**	(82,830)
Other operating expenses	**33**	**(14,236)**	(14,407)
		(259,852)	(216,862)
		315,783	353,062
Other income	**34**	**78,426**	10,057
		394,209	363,119
Finance cost	**35**	**(117,597)**	(114,013)
Share of profit of associated companies	**9**	**-**	133
Profit before taxation		**276,612**	249,239
Taxation	**36**	**(114,631)**	(90,743)
Profit after taxation		**161,981**	158,496
Earnings per share			
- basic and diluted	**37**	**1.90**	2.04

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

Hafiz Farooq

HAFIZ FAROOQ AHMAD
(DIRECTOR)

STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	(Rupees '000)	
Net profit for the year	**161,981**	158,496
Other comprehensive income	**-**	-
Total comprehensive income for the year	**161,981**	158,496

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016

	Share capital	Capital reserve - share premium	Unappropriated profit	Loan from sponsors	Total
	(Rupees '000)				
Balance as at 30 June 2014	742,746	30,000	227,696	1,004,104	2,004,546
Total comprehensive income	-	-	158,496	-	158,496
Loan received during the year	-	-	-	23,865	23,865
Transactions with owners:					
Interim dividend @ Rs. 0.6 per share	-	-	(44,565)	-	(44,565)
Balance as at 30 June 2015	742,746	30,000	341,627	1,027,969	2,142,342
Total comprehensive income	**-**	**-**	**161,981**	**-**	**161,981**
Shares issued during the year	**505,067**	**505,067**	**-**	**-**	**1,010,134**
Loan paid during the year	**-**	**-**	**-**	**(526,769)**	**(526,769)**
Transactions with owners:					
Final dividend @ Rs. 1.0 per share	**-**	**-**	**(74,275)**	**-**	**(74,275)**
Balance as at 30 June 2016	**1,247,813**	**535,067**	**429,333**	**501,200**	**2,713,413**

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	38	481,343	191,607
Finance cost paid		(105,575)	(115,377)
Income tax paid		(76,498)	(56,127)
		(182,073)	(171,504)
Net cash from operating activities		299,270	20,103
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,290)	(158,925)
Addition in capital work in progress		(262,711)	(153,572)
Proceeds from disposal of property, plant and equipment		5,832	25,789
Long term investments		44,633	-
Long term deposits paid		(758)	(3,989)
Net cash used in investing activities		(224,294)	(290,697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		505,067	-
Share premium		505,067	-
Long term financing - net		454,002	164,298
Loan from sponsors - net		(526,769)	23,865
Short term borrowings - net		10,345	44,106
Dividend paid		(98,944)	(19,110)
Long term security deposit payable		350	(2,100)
Liabilities against assets subject to ijarah financing - net		(61,192)	51,785
Net cash generated from financing activities		787,926	262,844
Net increase / (decrease) in cash and cash equivalents		862,902	(7,750)
Cash and cash equivalents at the beginning of the year		226,739	234,489
Cash and cash equivalents at the end of the year		1,089,641	226,739

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on November 19, 2007, converted into public limited company on February 12, 2008 and became listed on Pakistan Stock Exchange on January 05, 2010. The registered office of the company is situated at 10-N Model Town Extension, Lahore. The Company is engaged in the manufacturing, sale and trading of medical and industrial gases and chemicals.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

2.2.1 New / revised accounting standards, amendments to published accounting standards, and interpretations 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)
IFRS 2	–Share - based Payments – Classification and Measurement of Share-based Payments Transactions	01 January 2018
IFRS 7	–Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IFRS 10	–Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10	–Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	–Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016

IAS 1	–Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 12	–Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16	–Property, Plant and Equipment – Clarification of Acceptable Method of Depreciation (Amendment)	01 January 2016
IAS 16	–Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27	–Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. 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.

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

	Standard or Interpretation	**IASB Effective date (accounting periods beginning on or after)**
IFRS 9	–Financial Instruments - Classification and Measurement	01 January 2018
IFRS 14	–Regulatory Deferral Accounts	01 January 2016
IFRS 15	–Revenue from Contracts with Customers	01 January 2018
IFRS 16	–Leases	01 January 2019

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

2.4 ACCOUNTING STANDARDS, IFRS AND INTERPRETATIONS TO EXISTING STANDARDS THAT BECOME EFFECTIVE

The Company has adopted the following amendments to IFRSs which became effective during the year:

IFRS 10 –Consolidated Financial Statements (Amendment)

IFRS 12 –Disclosure of Interests in Other Entities (Amendment)

IAS 28 –Investment in Associates (Amendment) – Investment Entities: Applying the Consolidation Exception

IFRS 11 –Joint Arrangements (Amendment) – Accounting for Acquisition of Interest in Joint Operation

IAS 1 –Presentation of Financial Statements (Amendment) – Disclosure Initiative (Amendment)

IAS 16 –Property, Plant and Equipment – (Amendment)

IAS 38 –Intangible assets (Amendment)
– Clarification of Acceptable Method of Depreciation and Amortization

IAS 16 –Property, Plant and Equipment – (Amendment)

IAS 41 –Agriculture (Amendment) – Bearer Plants

IAS 27 –Separate Financial Statements (Amendment)
– Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 –Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 –Financial Instruments: Disclosures – Servicing contracts

IFRS 7 –Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 –Employee Benefits – Discount rate: regional market issue

IAS 34 –Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.5 CHANGE IN ACCOUNTING POLICY

The company has applied the accounting TR - 32 issued by ICAP for accounting of Director's loan for classification of 'Loans from sponsors' as an equity instrument. Previously, the Company has been classifying it as a long terem liability of the Company as a financial instrument. The Company has choosen the early adoption of TR - 32 and applied the policy retrospectively in accordance with IAS - 8. There is no retrospective impact on early adoption of TR - 32.

3 BASIS OF PREPARATION

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

3.2 Significant accounting judgments and critical accounting estimates / assumptions

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

a) Income taxes

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

b) Useful lives, patterns of economic benefits and impairments

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

c) Provision for doubtful debts

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

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 is based on taxable income at current rates after taking into account tax rebates and credits available, if any or minimum tax on turnover or alternate corporate tax on accounting profit and tax paid under final tax regime under relevant provisions of Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from orders under Income Tax Ordinance, 2001 passed during the year of any previous year(s).

Deferred

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

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

4.2 Trade and other payables

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

4.3 Provisions

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

4.4 Property, plant and equipment

Owned

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

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

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

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

Ijarah assets

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

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

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

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

Capital work in progress

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

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

Impairment

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

4.5 Stores, spare parts and loose tools

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

4.6 Stock in trade

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

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

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

4.7 Trade debts

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

4.8 Other receivables

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

4.9 Cash and bank balance

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

4.10 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognized initially at cost, which is the fair value of the consideration given or received as appropriate, plus any directly attributable transaction costs. These financial assets and liabilities are subsequently measured at fair value or amortized cost using the effective rate of interest method, as the case may be.

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

Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to 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 Ijarah Rentals

Ujrah payments made under Ijarah contracts are charged to the Profit and Loss Account on a straight-line basis over the Ijarah term.

4.16 Revenue recognition

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

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

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

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

4.17 Employees' benefits

Defined contribution plan

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

Compensated absences

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

4.18 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.

4.19 Related party transactions and transfer pricing

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

4.20 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.

4.21 Dividends

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

4.22 Intangible assets

Goodwill

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

Goodwill is stated at cost less any identified impairment loss.

Other intangible assets

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

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

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

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

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

4.23 Operating segments

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

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

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

4.24 Investment in associated undertakings

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

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

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

4.25 Investment in subsidiary

Investment in subsidiary is stated at cost net of provision for impairment, if any. This investment is classified as long-term investment.

5 OPERATING FIXED ASSETS

2016

DESCRIPTION	BALANCE AS AT 01 JULY 2015 Cost	Accumulated Depreciation	Net Book Value	FOR THE YEAR Additions	Transfer Cost / (Accumulated Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	BALANCE AS AT 30 JUNE 2016 Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Land - Freehold	49,637	-	49,637	2,200	-	-	-	51,837	-	51,837	
Land - Leasehold	25,826	1,813	24,013	-	-	-	527	25,826	2,340	23,486	-
Buildings	237,983	77,236	160,747	6,909	-	-	16,133	244,892	93,369	151,523	
Plant and machinery	2,199,206	190,640	2,008,566	218,005	72,052 (6,617)	- -	40,567	2,489,263	237,824	2,251,439	
Furniture and fixtures	23,280	7,801	15,479	2,740	-	-	1,729	26,020	9,530	16,490	10
Office equipment	2,527	799	1,728	1,331	-	-	209	3,858	1,008	2,850	10
Computers	5,114	2,932	2,182	1,862	-	-	894	6,976	3,826	3,150	30
Vehicles	41,666	10,181	31,485	2,929	10,025 (4,719)	(6,717) 2,567	6,890	47,903	19,223	28,680	20
	2,585,239	291,402	2,293,837	235,976	82,077 (11,336)	(6,717) 2,567	66,949	2,896,575	367,120	2,529,455	

2015

DESCRIPTION	BALANCE AS AT 01 JULY 2014 Cost	Accumulated Depreciation	Net Book Value	FOR THE YEAR Additions	Transfer Cost / (Accumulated Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	BALANCE AS AT 30 JUNE 2015 Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Land - Freehold	49,637		49,637	-	-	-	-	49,637	-	49,637	-
Land - Leasehold	25,826	1,286	24,540	-	-	-	527	25,826	1,813	24,013	-
Buildings	237,218	59,402	177,816	765			17,834	237,983	77,236	160,747	10
Plant and machinery	2,044,010	147,194	1896817	125225	30,971 (2,252)	-	41,245	2,199,206	190,640	2,008,566	-
Furniture and fixtures	21,022	6,205	14817	2258	-	-	1,596	23,280	7,801	15,479	10
Office equipment	2,353	619	1744	174			180	2,527	799	1,728	10
Computers	3,823	2,297	1526	1291	-	-	735	5,114	2,932	2,182	30
Vehicles	24,912	8,565	16346	34450	10,185 (4,908)	(27,886) 9,638	5,346	41,666	10,181	31,485	20
	2,407,810	225,467	2,182,343	164,153	41,154 (7,110)	(27,886) 9,638	67,483	2,585,239	291,402	2,293,837	

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

Description	Cost	Accumulated Depreciation	Net Book Value	Sales proceeds	Mode of disposal	Particulars of purchaser
	----------------------------(Rupees '000)----------------------					
Vehicles						
	1,870	1,108	762	1,450	Negotiation	Mr. Shahzad Nazir
	3,152	517	2,635	2,700	Negotiation	Mr. Shahzad Nazir
	1,695	941	754	1,682	Negotiation	Mr. Arshad Baig
	6,717	2,566	4,151	5,832		

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

	Note	2016	2015
		(Rupees '000)	
Cost of sales	30	54,923	56,744
Administrative expenses	32	12,026	10,719
		66,949	67,463

6 ASSETS SUBJECT TO IJARAH FINANCING

2016											
DESCRIPTION	BALANCE AS AT 01 JULY 2015			FOR THE YEAR				BALANCE AS AT 30 JUNE 2016			DEPRECIATION RATES
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer (Cost) / Accumulated Depreciation	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
	(Rupees '000)										%
Plant and machinery	212,181	7,672	204,509	-	(72,052) 6,617	-	3,047	140,129	4,102	136,027	
Vehicles	33,242	6,528	26,714	228	(10,025) 4,719	-	4,812	23,445	6,621	16,824	20
	245,423	14,200	231,223	228	(82,077) 11,336	- -	7,859	163,574	10,723	152,851	

2015											
DESCRIPTION	BALANCE AS AT 01 JULY 2014			FOR THE YEAR				BALANCE AS AT 30 JUNE 2015			DEPRECIATION RATES
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer (Cost) / Accumulated Depreciation	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
	(Rupees '000)										%
Plant and machinery	142,373	5,077	135,296	100,779	(30,971) 2,202	-	3,497	212,181	7,672	204,509	
Vehicles	24,065	8,179	15,886	19,570	(10,183) 4,908	(613) 279	3,536	33,242	6,528	26,714	20
	166,438	14,556	151,882	120,352	(41,154) 7,110	(613) 279	7,033	245,423	14,200	231,223	

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

	Note	2016	2015
		(Rupees '000)	
Cost of sales	30	3,047	3,497
Administrative expenses	32	4,812	3,536
		7,859	7,033

7	CAPITAL WORK IN PROGRESS	Note	2016	2015
			(Rupees '000)	
	Beginning balance		**41,612**	14,030
	Additions during the year	7.1	**262,711**	153,572
	Transfer during the year	7.2	**(224,914)**	(125,990)
			79,409	41,612
7.1	**Additions during the year**			
	Building		**35,206**	24,027
	Plant and machinery		**227,505**	129,545
			262,711	153,572
7.2	**Transfer during the year**			
	Building		**6,909**	765
	Plant and machinery		**218,005**	125,225
			224,914	125,990

7.3 Borrowing cost amounting to Rupees 8.57 million (2015: Nil) has been capitalized during the year.

8 INTANGIBLE ASSETS-Goodwill

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

8.2 The company assessed the recoverable amount at 30 June 2016 and determined that as of this date there is no indication of impairment of goodwill. The recoverable amount was calculated on the basis of five year financial business plan which assumes cash inflows from investing and financing activities.

9	LONG TERM INVESTMENTS	Note	2016	2015
			(Rupees '000)	
	Beginning balance		**45,133**	45,000
	Investment disposed off during the year	9.1	**(45,133)**	-
	Share of profit of associated companies		**-**	133
	Investment in wholly owned subsidiary	9.5	**500**	-
	Ending balance		**500**	45,133

9.1 Share of profit of associated companies is based on audited financial statements for the year ended 30 June 2016 (2015: audited financial statements for the year ended 30 June 2015). The company disposed off investment in associated company on 21 August 2015, gain on disposal of investment has been disclosed in note 35.

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

	Note	2016	2015
		(Rupees '000)	
Ghani Global Glass Limited - Unquoted			
Nil (2015: 4,500,000 fully paid ordinary shares of Rupees 10 each)		-	45,000
Country of incorporation: Pakistan			
Cost: Nil (2015: 45 million)			
Value based on net assets as at 30 June 2016		-	45,133
Carrying value on equity method		-	45,133

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

	Assets	Liabilities	Revenues	Profit / (Loss) after tax	Holding
			(Rupees '000)		%
30 June 2016					
Ghani Global Glass Limited	-	-	-	-	-
30 June 2015					
Ghani Global Glass Limited	110,800	-	-	133	9.00

9.4 Although the Company has no shareholding in Ghani Global Glass Limited, however, this company has been treated as associated company since the Company has representation on its Board of Directors.

9.5 The Ghani Chemical Industries (Private) Limited was incorporated in Pakistan as a private limited company on November 23, 2015 under Companies Ordinance,1984. This is a wholly owned subsidiary of the company by holding 50,000 shares of Rs. 10 each.

10	LONG TERM DEPOSITS AND PREPAYMENTS	Note	2016	2015
			(Rupees '000)	
	Considered good:			
	Security deposits for utilities		**51,777**	49,075
	Security deposits for rented premises		**846**	846
	Deposits against fuel supply		**5,113**	113
	Deposits against Ijarah facilities		**11,173**	18,117
			68,909	68,151
11	STORES, SPARE PARTS AND LOOSE TOOLS			
	Stores		**31,193**	16,604
	Spare parts		**72,144**	53,848
	Loose tools		**195**	313
			103,532	70,765
12	STOCK IN TRADE			
	Finished goods- industrial gases		**26,248**	34,188
	Finished goods- industrial chemicals		**34**	2,018
			26,282	36,206
13	TRADE DEBTS			
	Considered good:			
	Unsecured	13.1	**406,397**	294,870
13.1	The age of trade debts at balance sheet date was:			
	Not past due		**267,367**	212,324
	0 - 180 Days		**119,413**	54,661
	180 - 365 Days		**9,870**	20,936
	1 - 2 Years		**3,113**	1,416
	More than two years		**6,634**	5,533
			406,397	294,870

14 LOANS AND ADVANCES

	Note	2016	2015
		(Rupees '000)	
Unsecured and Considered good:			
Loans to employees - interest free		**325**	277
Advances			
To employees against expenses		**2,038**	916
To suppliers and contractors		**147,933**	137,809
		149,971	138,725
		150,296	139,002

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2016	2015
Considered good:		
Security deposits	**28,300**	19,984
Short term prepayments	**1,399**	252
Bank guarantee margin	**18,354**	23,607
	48,053	43,843

16 BALANCE WITH STATUTORY AUTHORITIES

	2016	2015
Sales tax refundable	**24,076**	7,419

17 OTHER RECEIVABLES

	2016	2015
Considered good:		
Bank profit receivables	**1,759**	78

18 CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		**163**	844
Balances with banks in:			
Current accounts		**196,892**	135,624
Deposit accounts	**18.1**	**892,586**	90,271
		1,089,478	225,895
		1,089,641	226,739

18.1 The rate of return on deposit accounts ranges from 2% to 6% (2015: 3.2% to 4.9%) per annum.

19 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	Note	2016	2015
		(Rupees '000)	
122,956,711 (2015: 72,450,000) Ordinary shares of Rupees 10 each fully paid in cash		**1,229,567**	724,500
13,000 (2015: 13,000) Ordinary shares of Rupees 10 each issued for consideration other than cash		**130**	130
1,811,575 (2015: 1,811,575) Ordinary shares of Rupees 10 each issued as fully paid bonus shares		**18,116**	18,116
	19.1	**1,247,813**	742,746

19.1 Movement to the issued, subscribed and paid-up share capital of the company is as follows:

2016	2015		2016	2015
(No. of Shares)			(Rupees '000)	
74,274,575	74,274,575	Opening balance	**742,746**	742,746
50,506,711	-	Issued during the year	**505,067**	-
124,781,286	74,274,575	Closing balance	**1,247,813**	742,746

20 CAPITAL RESERVE - SHARE PREMIUM

This represents premium received on 2,500,000 ordinary shares issued at Rupees 5 per share, 7,000,000 ordinary shares issued at Rupees 2.50 per share and 50,506,711 ordinary shares issued at Rupees 10 per share.

21 LONG TERM FINANCING

	Note	2016	2015
		(Rupees '000)	
From banking companies - secured:			
Finance 1	**21.1**	**253,713**	332,088
Finance 2	**21.2**	**102,402**	20,071
Finance 3	**21.3**	**20,852**	39,556
Finance 4	**21.4**	**218,750**	250,000
Finance 5	**21.5**	**250,000**	-
Finance 6	**21.6**	**250,000**	-
		1,095,717	641,715
Less: Current portion taken as current liability	**28**	**696,309**	147,604
		399,408	494,111

21.1 This Islamic finance facility carries profit at the rate of 3 months KIBOR plus 195 BPS (2015: 3 months KIBOR plus 195 BPS). It is secured against the 1st exclusive specific charge over all the present and future fixed assets valued at Rupees 400 million

21.2 This Islamic finance facility carries profit at the rate of 3 months KIBOR plus 150 BPS (2015: 3 months KIBOR plus 150 BPS). This Islamic finance facility is secured against the 1st pari passu charge over all present and future fixed assets of the company

21.3 This Islamic finance facility carries profit ranging from 6 months KIBOR plus 195 BPS to 225 BPS (2015: 6 months KIBOR plus 195 BPS to 225 BPS). This Islamic finance facility is secured against the 1st exclusive specific hypothecation charge over plant an

21.4 This Islamic finance facility carries profit at the rate of 1 year KIBOR plus 175 BPS (2015: 1 year KIBOR plus 175 BPS). This Islamic finance facility is secured against the exclusive hypothecation charge over fixed assets of the company amounting to Rupe

21.5 This term finance facility from banking company carries profit at the rate of 6 months KIBOR plus 100 BPS (2015: Nil). This Islamic finance facility is secured against ranking hypothecation charge to be upgraded to first pari passu charge over plant and m

21.6 This term finance facility carries profit at the rate of 6 months KIBOR plus 100 BPS (2015: Nil). This Islamic finance facility is secured against ranking hypothecation charge to be upgraded to first pari passu charge on over all present and future plant and machinery of the company for Rupees 333 million inclusive of 25% margin and personal guarantees of executive directors of the company. This finance facility is repayable in four consecutive monthly installments including 6 months grace period.

22 LIABILITIES AGAINST ASSETS SUBJECT TO IJARAH FINANCING

The amount of future rentals and periods during which they fall due are as under:	Note	2016	2015
		(Rupees '000)	
Not later than one year		**46,615**	68,641
Later than one year and not later than five year		**38,448**	88,085
		85,063	156,726
Less : Future financial charges		**6,011**	16,482
Present value of minimum Ijarah payments	22.1	**79,052**	140,244
Less : Current portion taken as current liability	28	**38,498**	59,091
		40,554	81,153

22.1 Break up of net Ijarah obligation

	2016	2015
Within one year	**38,498**	59,091
Within two to five years	**40,554**	81,153
	79,052	140,244

22.2 Minimum Ijarah payments have been discounted at an implicit profit rate ranging from 2% to 18% per annum (2015: 8% to 24% per annum). In case of termination of the agreement, the company shall pay entire amount of minimum ijarah payments for un-expired period of ijarah agreement.

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

23 LONG TERM SECURITY DEPOSITS

	Note	2016	2015
		(Rupees '000)	
From customers	23.1	**19,800**	19,450

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

24 DEFERRED TAXATION

This comprises of following	Note	2016	2015
		(Rupees '000)	
Taxable temporary differences			
Accelerated tax depreciation		**468,945**	407,795
Ijarah arrangements		**22,878**	29,113
Deductible temporary differences			
Unused tax losses		**(221,084)**	(252,632)
Unused tax credits		**(76,512)**	(99,960)
		194,227	84,316

25	TRADE AND OTHER PAYABLES	Note	2016	2015
			(Rupees '000)	
	Trade creditors		**205,108**	49,000
	Advances from customers		**39,295**	23,905
	Accrued liabilities		**38,512**	27,233
	Workers' profit participation fund	**25.1**	**11,403**	13,111
	Unclaimed dividend		**950**	25,619
	Withholding tax		**1,555**	403
			296,823	139,271
25.1	**Workers' profit participation fund**			
	Beginning balance		**13,111**	8,412
	Provision for the year		**11,403**	13,111
	Profit on funds utilized in company's business		**492**	245
			25,006	21,768
	Paid during the year		**(13,603)**	(8,657)
			11,403	13,111
26	**ACCRUED PROFIT ON FINANCING**			
	Long term financing		**6,853**	6,686
	Short term borrowings		**17,880**	6,026
			24,733	12,712
27	**SHORT TERM BORROWINGS**			
	From banking companies - secured:			
	Finance 1	**27.1**	**149,500**	50,000
	Finance 2	**27.2**	**36,837**	14,212
	Finance 3	**27.3**	**-**	30,000
	Finance 4	**27.4**	**39,697**	129,977
	Finance 5	**27.5**	**32,000**	100,000
	Finance 6	**27.6**	**11,000**	56,500
	Finance 7	**27.7**	**12,000**	40,000
	Finance 8	**27.8**	**150,000**	-
			431,034	420,689

27.1 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 200 million and carry profit at the rate of respective KIBOR plus 100 BPS (2015: Rupees 50 million and carry profit at the rate of respective KIBOR plus 150 BPS) and secured against first pari passu charge on current assets of the company with 20% margin and personal guarantees of executive directors.

27.2 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 40 million and carry profit at the rate of respective months KIBOR plus 125 BPS (2015: Rupees 35 million and carry profit at the rate of respective months KIBOR plus 150 BPS) and secured against first pari passu charge on present and future current assets of the company with 25% margin and personal guarantees of all male executive directors including CEO of the company.

27.3 This Islamic facility from banking company had been availed against sanctioned limit of Rupees 50 million and carry profit at the rate of respective months KIBOR plus 150 BPS (2015: respective months KIBOR plus 150 BPS) and secured against first pari passu charge on current assets of the company and personal guarantees of executive directors.

27.4 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 136 million and carry profit at the rate of respective months KIBOR plus 100 BPS to 125 BPS (2015: Rupees 136 million and carry profit ranging from respective months KIBOR plus 125 BPS to 150 BPS) and secured against first pari passu charge on current assets of the company.

27.5 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 100 million and carry profit at the rate of 6 months KIBOR plus 150 BPS (2015: matching KIBOR plus 150 BPS) and secured against first pari passu charge on current assets of the company.

27.6 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 60 million and carry profit at the arte of matching KIBOR plus 150 BPS (2015: matching KIBOR plus 150 BPS) and secured against first pari passu charge on all present and future current assets of the company and personal guarantees of male executive directors.

27.7 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 75 million and carry profit at the rate of respective months KIBOR plus 125 BPS (2015: Rupees 40 million and carry profit at the rate of respective months KIBOR plus 125 BPS) and secured against ranking charge over present and future current assets of the company to be upgraded to first pari passu charge and personal guarantees of male executive directors.

27.8 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 200 million and carry profit at the rate of respective months KIBOR plus 150 BPS (2015:Nil) and secured against first pari passu charge on all present and future current assets of the company and personal guarantees of executive directors.

28 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2016	2015
		(Rupees '000)	
Long term financing	21	**696,309**	147,604
Liabilities against assets subject to ijarah financing	22	**38,498**	59,091
		734,807	206,695

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 The company has provided corporate guarantee amounting to Rupees 650 million (2015: Rupees 650 million) to banks against financing facilities on behalf of associated company namely Ghani Global Glass Limited.

29.1.2 The Company has filed two separate constitutional petitions before The Honorable Lahore High Court on the ground that the company was not required to pay any Advance Tax on electricity bills due to huge carried forward tax losses and available refunds. The Honorable Lahore High Court has granted stay orders upon furnishing bank guarantees in favor of LESCO amounting to Rupees 3.14 million (2015: Rupees 3.14 million). The outcome of the cases is pending. The management is hopeful that matter shall be decided in favor of the company.

29.2 Commitments

29.2.1 Commitments in respect of letter of credit amounted to Rupees 140.97 million (2015: Rupees 258.19 million).

29.2.2 Commitments for capital expenditure amounted to Rupees 8 million (2015: Rupees 10 million).

29.2.3 Commitments for rentals under Ijarah contracts as at June 30, 2016 are as follows:

	2016	2015
	(Rupees '000)	
Not later than one year	**1,428**	-
Later than one year and not later than five year	**2,394**	-
	3,822	-

30 COST OF SALES	Note	2016	2015
		(Rupees '000)	
Fuel and power		**482,473**	418,774
Consumable stores		**21,389**	19,320
Salaries, wages and other benefits	**30.1**	**63,987**	55,285
Communication		**930**	749
Repairs and maintenance		**22,895**	22,391
Traveling, vehicle running and conveyance		**5,019**	5,464
Insurance		**4,690**	4,268
Depreciation	**5.2 and 6.1**	**57,970**	60,241
Staff welfare		**6,401**	7,680
Transportation		**4,546**	4,123
Other overheads		**35,131**	46,962
Cost of goods manufactured		**705,431**	645,257
Finished goods			
Opening stock		**36,206**	23,225
Purchases		**475,753**	517,931
Closing stock	**12**	**(26,282)**	(36,206)
		485,677	504,950
		1,191,108	1,150,207

30.1 Salaries, wages and other benefits includes Rupees 2.57 million (2015: Rupees 2.81 million) in respect of retirement benefits.

31 DISTRIBUTION COST	Note	2016	2015
		(Rupees '000)	
Salaries, wages and other benefits	**31.1**	**31,125**	25,711
Transportation charges		**75,949**	68,919
Traveling, boarding, lodging and conveyance		**4,403**	2,046
Communication		**724**	576
Vehicle running and maintenance		**2,834**	2,900
Staff welfare		**2,075**	1,356
Loading and unloading		**1,257**	884
Postage and courier		**152**	194
Repair and maintenance		**1,103**	1,898
Other expenses		**17,841**	15,141
		137,463	119,625

31.1 Salaries, wages and other benefits includes Rupees 1.81 Million (2015: Rupees 1.81 million) in respect of retirement benefits.

32	ADMINISTRATIVE EXPENSES	Note	2016 (Rupees '000)	2015
	Salaries, wages and other benefits	32.1	42,054	38,815
	Rent, rates and taxes		5,171	4,665
	Electricity and other utilities		1,739	1,701
	Traveling and conveyance		3,481	3,224
	Vehicle running and maintenance		1,807	2,367
	Donation and charity	32.2	850	2,207
	Printing and stationery		3,010	1,787
	Communication		1,795	1,459
	Fee and subscription		14,958	895
	Lease rentals		522	-
	Advertisement		2,602	148
	Insurance		2,193	1,181
	Depreciation	5.2 and 6.1	16,838	14,255
	Amortization		-	280
	Staff welfare		4,040	3,982
	Repair and maintenance		3,661	644
	Others		3,432	5,220
			108,153	82,830

32.1 Salaries, wages and other benefits includes Rupees 2.46 million (2015: Rupees 2.26 million) in respect of retirement benefits.

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

33	OTHER OPERATING EXPENSES	Note	2016 (Rupees '000)	2015
	Legal and professional		2,088	606
	Workers profit participation fund		11,403	13,111
	Auditors' remuneration			
	Statutory audit		605	550
	Half yearly review and other certifications		115	115
	Out of pocket expenses		25	25
			745	690
			14,236	14,407
34	**OTHER INCOME**			
	Income from financial assets	34.1	68,743	3,851
	Income from other than financial assets	34.2	9,683	6,206
			78,426	10,057
34.1	**Income from financial assets:**			
	Profit on bank deposits		6,193	1,251
	Commission on corporate guarantee		2,600	2,600
	Gain on investment		59,950	-
			68,743	3,851

		Note	2016	2015
			(Rupees '000)	
34.2	**Income from other than financial assets:**			
	Rental income		**8,000**	-
	Gain on disposal of assets		**1,683**	6,206
			9,683	6,206
35	**FINANCE COST**			
	Profit on:			
	Long term financing		**65,175**	63,798
	Short term borrowings		**39,968**	38,388
	Liabilities against assets subject to ijarah financing		**8,743**	10,349
	Workers' profit participation fund		**492**	245
			114,378	112,780
	Bank charges and commission		**3,219**	1,233
			117,597	114,013
36	**TAXATION**			
	Charge for the year:			
	Current	**36.1**	**4,720**	18,606
	Prior year		**-**	364
			4,720	18,970
	Deferred		**109,911**	71,773
			114,631	90,743
36.1	Provision for the year		**47,024**	42,304
	Less: Tax credit		**(42,304)**	(23,699)
			4,720	18,606

36.2 Assessment up to tax year 2015 is finalized (deemed assessment) and the available tax losses of the company are Rupees 784.740 million (2014: Rupees 835.416 million)

36.3 Due to current and previous tax losses current period tax is charged on the basis of minimum tax on turnover under section 113 or Alternate Corporate Tax (ACT) on accounting profit under section 113C of Income Tax Ordinance, 2001, whichever is higher. During the year, the Company falls under ACT and provision on accounting profit has been made accordingly net off tax credit under section 65B of the Income Tax Ordinance, 2001. No other provision for current tax was required keeping in view of the taxable business losses. Relationship between income tax expense and accounting profit for current year is not meaningful due to application of ACT.

37	**EARNINGS PER SHARE**		2016	2015
	Profit attributable to ordinary shareholders	*(Rupees '000)*	**161,981**	158,496
	Weighted average number of ordinary shares outstanding during the year	*(Number)*	**85,170,592**	-
	Earnings per share - basic and diluted (in rupees)	*(Rupees)*	**1.90**	2.04

37.1 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 OPERATING ACTIVITIES

	Note	2016	2015
		(Rupees '000)	
Profit before taxation		**878,925**	249,239
Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation on operating fixed assets		**66,949**	67,463
Depreciation on asset against ijarah financing		**7,859**	7,033
Amortization of intangible assets		**-**	280
Profit on financings		**40,151**	114,013
Share of profit of associated companies		**-**	(133)
Gain on disposal of assets		**(1,683)**	(6,206)
		113,276	182,450
Cash flows from operating activities before working capital changes		**992,201**	431,689
Cash flows from working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**(32,767)**	(1,900)
Stock in trade		**9,924**	(12,981)
Trade debts		**(111,527)**	(137,606)
Loans and advances		**(11,294)**	(44,042)
Trade deposits and short term prepayments		**(4,210)**	(26,223)
Balance with statutory authorities		**(16,657)**	(7,419)
Other receivables		**(1,681)**	894
Increase / (decrease) in current liabilities:			
Trade and other payables		**213,922**	(10,805)
Net cash generated from / (used in) working capital changes		**45,710**	(240,082)
Cash generated from operating activities		**1,037,911**	191,607

39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

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

Description	2016			2015		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees '000)			(Rupees '000)		
Managerial remuneration	**8,560**	**11,102**	**26,561**	8,024	12736	18,991
Medical	**856**	**1,007**	**1,365**	385	611	661
Provident fund contribution	**784**	**1,002**	**2,012**	668	1061	1,545
	10,200	**13,111**	**29,938**	9,077	14,408	21,197
No. of persons	**1**	**2**	**18**	1	3	13

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

39.2 The aggregate amount charged in financial statements for the year against fees for four (4) board meetings and four (4) audit committee meetings was Rupees Nil (2015: Nil).

40 TRANSACTIONS WITH RELATED PARTIES

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

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

Name	Nature of Transaction	2016	2015
		(Rupees '000)	
Associated companies / undertakings	Services	**8,000**	-
	Disposal of investment	**(45,133)**	-
	Commission income	**2,600**	2,600
	Sales	**32,836**	117
Subsidiary Company	Investment in shares	**500**	-
Others			
Provident fund trust	Contribution	**14,735**	13,360
Sponsors	Loan received / (repaid)	**(527,969)**	23,865

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

41 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of Ghani Gases Employees' Provident Fund as at 30 June 2016

41.1 Information of Provident Fund	2016	2015
	(Rupees '000)	
Size of the fund (total assets)	**60,505**	46,869
Cost of investments made	**32,351**	34,435
Fair value of investments made	**38,644**	37,373
	(%)	(%)
Percentage of investments made	**53**	73

41.2 Breakup of cost of investments	2016	2015	2016	2015
	(%)		(Rupees '000)	
Investment plus deposit certificates	**85**	70	**27,470**	24,000
Investment in saving accounts with banks	**15**	30	**4,881**	10,435
	100	100	**32,351**	34,435

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

42 FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

(ii) Profit rate risk

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

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

Floating rate instruments	2016	2015
	(Rupees '000)	
Financial assets		
Bank balances	**892,586**	90,271
Financial liabilities		
Long term financing	**1,095,717**	641,715
Liabilities against assets subject to ijarah financing	**79,052**	140,244
Short term borrowings	**431,034**	420,689

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 Interest Rate	Effects on Profit Before Tax (Rupees '000)
Bank Balances - deposit accounts	**2016**	**+1.50**	**13,389**
		-1.50	**(13,389)**
	2015	+1.50	1,354
		-1.50	(1,354)
Long term financing	**2016**	**+2.00**	**(21,914)**
		-2.00	**21,914**
	2015	+2.00	(12,834)
		-2.00	12,834
Liabilities against assets subject to ijarah financing	**2016**	**+2.00**	**(1,581)**
		-2.00	**1,581**
	2015	+2.00	(2,805)
		-2.00	2,805
Short term borrowing	**2016**	**+2.00**	**(8,621)**
		-2.00	**8,621**
	2015	+2.00	(8,414)
		-2.00	8,414

(ii) Other price risk

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

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

(b) Credit risk

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

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

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

Counterparties

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

Trade debts

Exposure to credit risk

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

	Note	2016	2015
		(Rupees '000)	
Long term deposits	10	**68,909**	68,151
Trade debts	13	**406,397**	294,870
Loans to employees	14	**325**	277
Trade deposits	15	**28,300**	19,984
Other receivables	17	**1,759**	78
Bank balances	18	**1,089,478**	225,895
		1,595,168	609,255

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

Provision for trade debts

Based on age analysis, relationship with customers and past experience no provision for doubtful debts is required for the year ended 30 June 2016 and does not expect any party to fail to meet their obligation.

Cash at banks

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

Banks	Rating Agency	Short term	Long term	2016	2015
				(Rupees '000)	
MCB Bank Limited	PACRA	A1+	AAA	**2,500**	477
National Bank of Pakistan	PACRA	A1+	AAA	**115**	360
United Bank Limited	JCR-VIS	A1+	AAA	**1,335**	618
Allied Bank Limited	PACRA	A1+	AA+	**703**	1,994
Faysal Bank Limited	JCR-VIS	A1+	AA	**11,392**	5,379
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**180,366**	67,477
Bank Islami Pakistan Limited	PACRA	A1	A+	**212**	82
Meezan Bank Limited	JCR-VIS	A1+	AA	**36,674**	34,612
Burj Bank Limited	JCR-VIS	A2	BBB+	**1,161**	1,429
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A1	A	**250,479**	34,600
Bank Alfalah Limited	PACRA	A1+	AA	**908**	2,480
The Bank of Khyber	PACRA	A1	A	**2,682**	5,411
Askari Bank Limited	PACRA	A1+	AA+	**5,053**	811
Soneri Bank Limited	PACRA	A1+	AA-	**1,026**	546
Habib Bank Limited	JCR-VIS	A1+	AAA	**2,680**	1,500
Bank Al Habib Limited	PACRA	A1+	AA+	**2,642**	3,165
Dubai Islamic Bank Limited	JCR-VIS	A1	A+	**26**	63
Standard Chartered Bank Limited	PACRA	A1+	AAA	**105,640**	4,674
The Bank of Punjab	PACRA	A1+	AA-	**383,842**	60,217
Summit Bank Limited	JCR-VIS	A1	A-	**100,040**	-
				1,089,476	225,895

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

(c) Liquidity risk

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

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

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

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	(Rupees '000)			
2016				
Long term financing	**1,102,570**	**1,102,570**	**703,162**	**399,408**
Liabilities against assets subject to ijarah financing	**79,052**	**79,052**	**46,615**	**32,437**
Long term security deposits	**19,800**	**19,800**	**-**	**19,800**
Trade and other payables	**296,823**	**296,823**	**296,823**	**-**
Short term borrowings	**448,914**	**448,914**	**448,914**	**-**
	1,947,159	**1,947,159**	**1,495,514**	**451,645**

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	(Rupees '000)			
2015				
Long term financing	648,401	648,401	154,290	494,111
Liabilities against assets subject to ijarah financing	140,244	156,726	68,641	88,085
Long term security deposits	19,450	19,450	-	19,450
Trade and other payables	139,271	139,271	139,271	-
Short term borrowings	426,715	426,715	426,715	-
	1,374,081	1,390,563	788,917	601,646

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

42.2 Fair values of financial assets and liabilities

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

42.3 Financial instruments by categories

Assets as per balance sheet	2016 Loans and advances	2016 Total
	(Rupees '000)	
Long term deposits	68,909	68,909
Trade debts	406,397	406,397
Loans and advances	150,296	150,296
Trade deposits	28,300	28,300
Other receivables	1,759	1,759
Cash and bank balances	1,089,641	1,089,641
	1,745,302	1,745,302

Liabilities as per balance sheet	2016 Financial Liabilities at amortized cost	2016 Total
	(Rupees '000)	
Long term financing	1,095,717	1,095,717
Liabilities against assets subject to ijarah financing	79,052	79,052
Long term security deposits	19,800	19,800
Accrued profit on financings	24,733	24,733
Short term borrowings	431,034	431,034
Trade and other payables	296,823	296,823
	1,947,159	1,947,159

Assets as per balance sheet	2015 Loans and advances	2015 Total
	(Rupees '000)	
Long term deposits	68,151	68,151
Trade debts	294,870	294,870
Loans and advances	139,002	139,002
Trade deposits	19,984	19,984
Other receivables	78	78
Cash and bank balances	226,739	226,739
	748,824	748,824

Liabilities as per balance sheet	2015 Financial Liabilities at amortized cost	2015 Total
	(Rupees '000)	
Long term financing	641,715	641,715
Liabilities against assets subject to ijarah financing	140,244	140,244
Long term security deposits	19,800	19,800
Accrued profit on financings	24,733	24,733
Short term borrowings	431,034	431,034
Trade and other payables	296,823	296,823
	1,554,349	1,554,349

42.4 Capital risk management

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

No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represents long term financing (including current portion) plus liabilities against assets subject to ijarah financing and short term borrowings obtained by the Company as referred to in notes 21, 22 and 28. 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.

The gearing ratio as at year ended 30 June 2016 and 30 June 2015 is as follows:

	Note	2016	2015
		(Rupees '000)	
Debt	21, 22 and 28	**1,174,769**	781,959
Equity		**2,713,413**	2,142,342
Total capital employed		**3,888,182**	2,924,301
Gearing ratio		**30.21%**	26.74%

43 SEGMENT INFORMATION

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

Industrial and Medical Gases

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

Industrial Chemicals

This segment covers business of trading of chemicals.

43.2 Segment results are as follows:

	2016			2015		
	Industrial and Medical Gases	Industrial chemicals	Total	Industrial and Medical Gases	Industrial chemicals	Total
	(Rupees '000)			(Rupees '000)		
Net sales	**1,284,422**	**482,321**	**1,766,743**	1,107,227	612,904	1,720,131
Cost of sales	**(757,921)**	**(433,187)**	**(1,191,108)**	(675,804)	(474,403)	(1,150,207)
Gross profit	**526,501**	**49,134**	**575,635**	431,423	138,501	569,924

	2016			2015		
	Industrial and Medical Gases	Industrial chemicals	Total	Industrial and Medical Gases	Industrial chemicals	Total
	(Rupees '000)			(Rupees '000)		
Distributions cost	**(132,849)**	**(4,614)**	**(137,463)**	(118,357)	(1,268)	(119,625)
Administrative expenses	**(102,745)**	**(5,408)**	**(108,153)**	(81,795)	(1,035)	(82,830)
	(235,594)	**(10,022)**	**(245,616)**	(200,152)	(2,303)	(202,455)
Segment profit	**290,907**	**39,112**	**330,019**	231,271	136,198	367,469
Unallocated corporate expenses						
Other operating expenses			**(14,236)**			(14,407)
Other income			**78,426**			10,057
			394,209			363,119
Finance cost			**(117,597)**			(114,013)
Share of profit of associated companies			**-**			133
Profit before taxation			**276,612**			249,239
Taxation			**(114,631)**			(90,743)
Profit after taxation			**161,981**			158,496

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

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

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

	2016			2015		
	Industrial and Medical Gases	Industrial chemicals	Total	Industrial and Medical Gases	Industrial chemicals	Total
	(Rupees '000)			(Rupees '000)		
Segment assets	**3,606,828**	**203,595**	**3,810,423**	3,218,397	197,829	3,416,226
Unallocated assets			**1,091,400**			226,817
Total assets			**4,901,823**			3,643,043
Segment liabilities	**2,078,699**	**62,687**	**2,141,386**	1,429,602	28,795	1,458,397
Unallocated liabilities			**47,024**			42,304
Total liabilities			**2,188,410**			1,500,701

43.6 All non-current assets of the company as at 30 June 2016 were located within Pakistan.

	2016	2015
44 NUMBER OF EMPLOYEES	(Number)	
Total number of employees at year end	**271**	260
Average number of employees during the year	**270**	254

45 PLANT CAPACITY AND ACTUAL PRODUCTION

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

	2016	2015
Industrial and medical gases	(Cubic Meter)	
Production at normal capacity - gross	**51,240,000**	51,240,000
Production at normal capacity - net of normal losses	**45,750,000**	45,750,000
Actual production - net of normal losses	**29,377,967**	24,887,938

45.1 Reason for low production

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

46 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by Board of Directors of the Company on 0 8 OCT 2016.

47 GENERAL

47.1 Corresponding figures have been re-arranged / re-classified wherever necessary to facilitate comparison. In accordance with the early adoption of TR-32, the Company has reclassified the loan from sponsors from Non-current liabilities to Equity.

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **GHANI GASES LIMITED** (" the Holding Company") and its subsidiary company **GHANI CHEMICAL INDUSTRIES (PRIVATE) LIMITED** as at **30 JUNE 2016** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part there of, for the year then ended. We have also expressed separate opinions on the financial statement of GHANI GASES LIMITED and its subsidiary company namely **GHANI CHEMICAL INDUSTRIES (PRIVATE) LIMITED.** These consolidated financial statement are the responsibility of the Holding Company 's management. Our responsibility is to express and opinion on these consolidated financial statements based on our Audit.

Our Audit was conducted in accordance with the international standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of **GHANI GASES LIMITED** and its subsidiary company as at **30 June, 2016** and the results of their operations for the year then ended.

Rizwan & Company
Chartered Accountants
Engagement Partner : Rizwan Bashir

Lahore: 0 8 OCT 2016

Rizwan & Company is an independent member firm of DFK International- A worldwide association of independent accounting firms and business advisors
Address: 204-205-206, 2nd Floor, Al-Qadir Heights, 1- Babar Block, New Garden Town, Lahore, Pakistan.
Tel: + 92 42 35 84 66 44 - 5, Fax: +92 42 35 84 66 46, Email: rcolhr@cyber.net.pk; info@dfk.pk; web: www.dfk.pk

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

ASSETS	Note	2016 (Rupees '000)	2015 (Rupees '000)
Non-current assets			
Property, plant and equipment			
Operating fixed assets	5	2,529,455	2,293,837
Assets subject to ijarah financing	6	152,851	231,223
Capital work in progress	7	79,409	41,612
		2,761,715	2,566,672
Intangible assets- Goodwill	8	70	70
Long term investment	9	-	45,133
Long term deposits and prepayments	10	68,909	68,151
		2,830,694	2,680,026
Current assets			
Stores, spare parts and loose tools	11	103,532	70,765
Stock in trade	12	26,282	36,206
Trade debts	13	406,397	294,870
Loans and advances	14	150,296	139,002
Trade deposits and short term prepayments	15	48,053	43,843
Balance with statutory authorities	16	24,076	7,419
Other receivables	17	1,759	78
Advance tax		220,593	144,095
Cash and bank balances	18	1,090,018	226,739
		2,071,006	963,017
TOTAL ASSETS		4,901,700	3,643,043
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
125,000,000 (2015: 125,000,000) ordinary shares of Rs. 10 each		1,250,000	1,250,000
Issued, subscribed and paid up share capital	19	1,247,813	742,746
Capital reserve - share premium	20	535,067	30,000
Unappropriated profit		429,180	341,627
Loan from sponsors		501,200	1,027,969
		2,713,260	2,142,342
Non-current liabilities			
Long term financing	21	399,408	494,111
Liabilities against assets subject to ijarah financing	22	40,554	81,153
Long term security deposits	23	19,800	19,450
Deferred taxation	24	194,227	84,316
		653,989	679,030
Current liabilities			
Trade and other payables	25	296,853	139,271
Accrued profit on financing	26	24,733	12,712
Short term borrowings	27	431,034	420,689
Current portion of long term liabilities	28	734,807	206,695
Provision for taxation	36.1	47,024	42,304
		1,534,451	821,671
Contingencies and commitments	29	-	-
Total liabilities		2,188,440	1,500,701
TOTAL EQUITY AND LIABILITIES		4,901,700	3,643,043

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees '000)	
Gross sales - Local		**2,013,015**	1,967,317
Less:			
Sales tax		**(246,272)**	(247,186)
Net sales		**1,766,743**	1,720,131
Cost of sales	**30**	**(1,191,108)**	(1,150,207)
Gross profit		**575,635**	569,924
Distribution cost	**31**	**(137,463)**	(119,625)
Administrative expenses	**32**	**(108,276)**	(82,830)
Other operating expenses	**33**	**(14,266)**	(14,407)
		(260,005)	(216,862)
		315,630	353,062
Other income	**34**	**78,426**	10,057
		394,056	363,119
Finance cost	**35**	**(117,597)**	(114,013)
Share of profit of associated companies	**9**	**-**	133
Profit before taxation		**276,459**	249,239
Taxation	**36**	**(114,631)**	(90,743)
Profit after taxation		**161,828**	158,496
Earnings per share			
- basic and diluted	**37**	**1.90**	2.04

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016

	2016	2015
	(Rupees '000)	
Net profit for the year	**161,828**	158,496
Other comprehensive income	**-**	-
Total comprehensive income for the year	**161,828**	158,496

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2016

	Share capital	Capital reserve - share premium	Unappropriated profit	Loan from sponsors	Total
	(Rupees '000)				
Balance as at 30 June 2014	742,746	30,000	227,696	1,004,104	2,004,546
Total comprehensive income	-	-	158,496	-	158,496
Loan received during the year	-	-	-	23,865	23,865
Transactions with owners:					
Interim dividend @ Rs. 0.6 per share	-	-	(44,565)	-	(44,565)
Balance as at 30 June 2015	742,746	30,000	341,627	1,027,969	2,142,342
Total comprehensive income	**-**	**-**	**161,828**	**-**	**161,828**
Shares issued during the year	**505,067**	**505,067**	**-**	**-**	**1,010,134**
Loan paid during the year	**-**	**-**	**-**	**(526,769)**	**(526,769)**
Transactions with owners:					
Final dividend @ Rs. 1.0 per share	**-**	**-**	**(74,275)**	**-**	**(74,275)**
Balance as at 30 June 2016	**1,247,813**	**535,067**	**429,180**	**501,200**	**2,713,260**

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

CONSOLIDATED CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	38	481,220	191,607
Finance cost paid		(105,575)	(115,377)
Income tax paid		(76,498)	(56,127)
		(182,073)	(171,504)
Net cash from operating activities		299,147	20,103
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,290)	(158,925)
Addition in capital work in progress		(262,711)	(153,572)
Proceeds from disposal of property, plant and equipment		5,832	25,789
Long term investments		45,133	-
Long term deposits paid		(758)	(3,989)
Net cash used in investing activities		(223,794)	(290,697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		505,067	-
Share premium		505,067	-
Long term financing - net		454,002	164,298
Loan from sponsors - net		(526,769)	23,865
Short term borrowings - net		10,345	44,106
Dividend paid		(98,944)	(19,110)
Long term security deposit payable		350	(2,100)
Liabilities against assets subject to ijarah financing - net		(61,192)	51,785
Net cash generated from financing activities		787,926	262,844
Net increase / (decrease) in cash and cash equivalents		863,279	(7,750)
Cash and cash equivalents at the beginning of the year		226,739	234,489
Cash and cash equivalents at the end of the year		1,090,018	226,739

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 THE GROUP AND ITS OPERATIONS

The group consists of:

Holding Company

-Ghani Gases Limited

Subsidiary Company

-Ghani Chemical Industries (Private) Limited

Ghani Gases Limited

The Company was incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on November 19, 2007, converted into public limited company on February 12, 2008 and became listed on Pakistan Stock Exchange on January 05, 2010. The registered office of the company is situated at 10-N Model Town Extension, Lahore. The Company is engaged in the manufacturing, sale and trading of medical and industrial gases and chemicals.

Ghani Chemical Industries (Private) Limited

Ghani Chemical Industries (Private) Limited, wholly owned subsidiary of Ghani Gases Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 23 November 2015. The registered office of Ghani Chemical Industries (Private) Limited is situated at 10-N, Model Town Extension, Lahore. The principal activity of the Company is trading and manufacturing of chemical products and industrial raw materials.

2 STATEMENT OF COMPLIANCE

2.1 The consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

2.2.1 New / revised accounting standards, amendments to published accounting standards, and interpretations 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)
IFRS 2	–Share-based Payments–Classification and Measurement of Share-based Payments Transactions (Amendment)	01 January 2018
IFRS 7	–Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IFRS 10	–Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10	–Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

IFRS 11	–Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1	–Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 12	–Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16	–Property, Plant and Equipment – Clarification of Acceptable Method of Depreciation (Amendment)	01 January 2016
IAS 16	–Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27	–Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Group’s expects that such improvements to the standards will not have any material impact on the Group’s financial statements in the period of initial application.

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

	Standard or Interpretation	IASB Effective date (accounting periods beginning on or after)
IFRS 9	–Financial Instruments - Classification and Measurement	01 January 2018
IFRS 14	–Regulatory Deferral Accounts	01 January 2016
IFRS 15	–Revenue from Contracts with Customers	01 January 2018
IFRS 16	–Leases	01 January 2019

The Group expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Group’s financial statements in the period of initial application.

2.4 ACCOUNTING STANDARDS, IFRS AND INTERPRETATIONS TO EXISTING STANDARDS THAT BECOME EFFECTIVE

The Group has adopted the following amendments to IFRSs which became effective during the year:

IFRS 10 –Consolidated Financial Statements (Amendment)

IFRS 12 –Disclosure of Interests in Other Entities (Amendment)

IAS 28 –Investment in Associates (Amendment) – Investment Entities: Applying the Consolidation Exception

IFRS 11 –Joint Arrangements (Amendment) – Accounting for Acquisition of Interest in Joint Operation

IAS 1 –Presentation of Financial Statements (Amendment) – Disclosure Initiative (Amendment)

IAS 16 –Property, Plant and Equipment – (Amendment)

IAS 38 –Intangible assets (Amendment)
– Clarification of Acceptable Method of Depreciation and Amortization

IAS 16 –Property, Plant and Equipment – (Amendment)

IAS 41 –Agriculture (Amendment) – Bearer Plants

IAS 27 –Separate Financial Statements (Amendment)
– Equity Method in Separate Financial Statements

Improvements to Accounting Standards Issued by the IASB

IFRS 5 –Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 –Financial Instruments: Disclosures – Servicing contracts

IFRS 7 –Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 –Employee Benefits – Discount rate: regional market issue

IAS 34 –Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements.

2.5 CHANGE IN ACCOUNTING POLICY

The Holding Company has applied the accounting TR-32 issued by ICAP for accounting of Director's loans for classification of 'Loans from sponsors' as an equity instrument. Previously, the Holding Company has been classifying it as a long term liability of the Holding Company as a financial instrument. The Holding Company has chosen the early adoption of TR-32 and applied the policy retrospectively in accordance with IAS-8. There is no retrospective impact on the adoption of TR-32 except for the reclassification as disclosed in note 47.

3 BASIS OF PREPARATION

3.1 These consolidated 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 Group'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 Group'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 Group takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes.

b) Useful lives, patterns of economic benefits and impairments

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

c) Provision for doubtful debts

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

d) Provision for slow moving /obsolete items

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

3.3 Functional and presentation currency

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

4 SUMMARY OF CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

4.1 Consolidation

a) Subsidiary

Subsidiaries are those entities in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting security or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary company are included in consolidated financial statements from the date control commences until the date the control ceases.

Assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Intra-group balances and transactions have been eliminated.

4.2 Taxation

Current
Holding Company:

Provision for taxation is based on taxable income at current rates after taking into account tax rebates and credits available, if any or minimum tax on turnover or alternate corporate tax on accounting profit and tax paid under final tax regime under relevant provisions of Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from orders under Income Tax Ordinance, 2001 passed during the year of any previous year(s).

Subsidiary Company:

During the year, Subsidiary Company has no taxability as it has no significant transactions other than those related to the incorporation and issuance of share capital.

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 Holding Company’s 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.

4.3 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.

4.4 Provisions

A provision is recognized in balance sheet when the Group 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.

4.5 Property, plant and equipment

Owned

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

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

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

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

Ijarah assets

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

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

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

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

Capital work in progress

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

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

Impairment

The Group 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.

4.6 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

4.7 Stock in trade

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

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

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

4.8 Trade debts

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

4.9 Other receivables

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

4.10 Cash and bank balance

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

4.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognized initially at cost, which is the fair value of the consideration given or received as appropriate, plus any directly attributable transaction costs. These financial assets and liabilities are subsequently measured at fair value or amortized cost using the effective rate of interest method, as the case may be.

Financial assets are derecognized when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group 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.

4.12 Impairment of financial assets

The Group 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.

4.13 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 Group 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.

4.14 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.

4.15 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.

4.16 Ijarah Rentals

Ujrah payments made under Ijarah contracts are charged to the Profit and Loss Account on a straight-line basis over the Ijarah term.

4.17 Revenue recognition

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

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

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

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

4.18 Employees' benefits

Defined contribution plan

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

Compensated absences

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

4.19 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.

4.20 Related party transactions and transfer pricing

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

4.21 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.

4.22 Dividends

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

4.23 Intangible assets

Goodwill

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

Goodwill is stated at cost less any identified impairment loss.

Other intangible assets

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

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

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

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

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

4.24 Operating segments

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

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

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

4.24 Investment in associated undertakings

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

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

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

5 OPERATING FIXED ASSETS

2016

DESCRIPTION	BALANCE AS AT 01 JULY 2015			FOR THE YEAR				BALANCE AS AT 30 JUNE 2016			DEPRECIATION RATES
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer Cost / (Accumulated Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
	(Rupees '000)										%
Land - Freehold	49,637	-	49,637	2,200	-	-	-	51,837	-	51,837	
Land - Leasehold	25,826	1,813	24,013	-	-	-	527	25,826	2,340	23,486	-
Buildings	237,983	77,236	160,747	6,909	-	-	16,133	244,892	93,369	151,523	
Plant and machinery	2,199,206	190,640	2,008,566	218,005	72,052 (6,617)	- -	40,567	2,489,263	237,824	2,251,439	-
Furniture and fixtures	23,280	7,801	15,479	2,740	-	-	1,729	26,020	9,530	16,490	10
Office equipment	2,527	799	1,728	1,331	-	-	209	3,858	1,008	2,850	10
Computers	5,114	2,932	2,182	1,862	-	-	894	6,976	3,826	3,150	30
Vehicles	41,666	10,181	31,485	2,929	10,025 (4,719)	(6,717) 2,567	6,890	47,903	19,223	28,680	20
	2,585,239	291,402	2,293,837	235,976	82,077 (11,336)	(6,717) 2,567	66,949	2,896,575	367,120	2,529,455	

2015

DESCRIPTION	BALANCE AS AT 01 JULY 2014			FOR THE YEAR				BALANCE AS AT 30 JUNE 2015			DEPRECIATION RATES
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transfer Cost / (Accumulated Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	
	(Rupees '000)										%
Land - Freehold	49,637	-	49,637					49,637		49,637	
Land - Leasehold	25,826	1,285	24,540	-	-	-	527	25,826	1,813	24,013	-
Buildings	237,218	59,402	177,816	765	-	-	17,834	237,983	77,236	160,747	10
Plant and machinery	2,043,010	147,193	1895817	125225	30,971 (2,252)	-	41,245	2,199,206	190,640	2,008,566	-
Furniture and fixtures	21,022	6,205	14817	2258	-	-	1,596	23,280	7,801	15,479	10
Office equipment	2,363	619	1744	154			180	2,527	799	1,728	10
Computers	3,823	2,197	1626	1291			735	5,114	2,932	2,182	30
Vehicles	24,911	8,565	16346	44480	10,183 (4,908)	(27,888) 3,638	5,546	41,666	10,181	31,485	20
	2,407,810	225,467	2,182,343	164,163	41,154 (7,110)	(27,888) 8,638	67,457	2,585,239	291,402	2,293,837	

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

Description	Cost	Accumulated Depreciation	Net Book Value	Sales proceeds	Mode of disposal	Particulars of purchaser
	-----------------	(Rupees '000)	-----------------			
Vehicles						
	1,870	1,108	762	1,450	Negotiation	Mr. Shahzad Nath
	3,152	517	2,635	2,700	Negotiation	Mr. Shahzad Nath
	1,695	941	754	1,682	Negotiation	Mr. Arshad Baig
	6,717	2,566	4,151	5,832		

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

	Note	2016	2015
		(Rupees '000)	
Cost of sales	30	54,923	56,744
Administrative expenses	32	12,026	10,719
		66,949	67,463

6 ASSETS SUBJECT TO IJARAH FINANCING

2016

DESCRIPTION	BALANCE AS AT 01 JULY 2015 Cost	Accumulated Depreciation	Net Book Value	FOR THE YEAR Additions	Transfer (Cost) / Accumulated Depreciation	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	BALANCE AS AT 30 JUNE 2016 Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Plant and machinery	212,181	7,672	204,509	-	(72,052) 6,617	-	3,047	140,129	4,102	136,027	
Vehicles	33,242	6,528	26,714	228	(10,025) 4,719	-	4,812	23,445	6,621	16,824	20
	245,423	14,200	231,223	228	(82,077) 11,336	- -	7,859	163,574	10,723	152,851	

2015

DESCRIPTION	BALANCE AS AT 01 JULY 2014 Cost	Accumulated Depreciation	Net Book Value	FOR THE YEAR Additions	Transfer (Cost) / Accumulated Depreciation	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	BALANCE AS AT 30 JUNE 2015 Cost	Accumulated Depreciation	Net Book Value	DEPRECIATION RATES
	(Rupees '000)										%
Plant and machinery	142,373	6,377	135,996	100,779	(30,371) 7,202	-	3,497	212,181	7,672	204,509	
Vehicles	24,265	8,179	15,886	19,973	(10,183) 4,308	(513) 279	3,556	33,242	6,528	26,714	20
	166,438	14,556	151,882	120,752	(41,154) 7,110	(513) 279	7,053	245,423	14,200	231,223	

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

	Note	2016	2015
		(Rupees '000)	
Cost of sales	30	3,047	3,497
Administrative expenses	32	4,812	3,536
		7,859	7,033

7 CAPITAL WORK IN PROGRESS

	Note	2016	2015
		(Rupees '000)	
Beginning balance		41,612	14,030
Additions during the year	7.1	262,711	153,572
Transfer during the year	7.2	(224,914)	(125,990)
		79,409	41,612

7.1 Additions during the year

	2016	2015
Building	35,206	24,027
Plant and machinery	227,505	129,545
	262,711	153,572

7.2 Transfer during the year

	2016	2015
Building	6,909	765
Plant and machinery	218,005	125,225
	224,914	125,990

7.3 Borrowing cost amounting to Rupees 8.57 million (2015: Nil) has been capitalized during the year.

8 INTANGIBLE ASSETS-Goodwill

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

8.2 The Holding Company assessed the recoverable amount at 30 June 2016 and determined that as of this date there is no indication of impairment of goodwill. The recoverable amount was calculated on the basis of five year financial business plan which assumes cash inf ows from investing and financing activities.

9 LONG TERM INVESTMENTS

	Note	2016	2015
		(Rupees '000)	
Beginning balance		45,133	45,000
Investment disposed off during the year	9.1	(45,133)	-
Share of profit of associated companies		-	133
Ending balance		-	45,133

9.1 Share of profit of associated companies is based on audited financial statements for the year ended 30 June 2016 (2015: audited financial statements for the year ended 30 June 2015). The Holding company disposed off investment in associated company on 21 August 2015, gain on disposal of investment has been disclosed in note 34.

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

	Note	2016	2015
		(Rupees '000)	
Ghani Global Glass Limited			
Nil (2015: 4,500,000 fully paid ordinary shares of Rupees 10 each)		-	45,000
Country of incorporation: Pakistan			
Cost: Nil (2015: 45 million)			
Value based on net assets as at 30 June 2016		-	45,133
Carrying value on equity method		-	45,133

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

	Assets	Liabilities	Revenues	Profit / (Loss) after tax	Holding
		(Rupees '000)			%
30 June 2016					
Ghani Global Glass Limited	-	-	-	-	-
30 June 2015					
Ghani Global Glass Limited	110,800	-	-	133	9.00

9.4 Although the Holding Company has no shareholding in Ghani Global Glass Limited, however, this company has been treated as associated company since the Holding Company has representation on its Board of Directors.

10 LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2016	2015
		(Rupees '000)	
Considered good:			
Security deposits for utilities		**51,777**	49,075
Security deposits for rented premises		**846**	846
Deposits against fuel supply		**5,113**	113
Deposits against Ijarah facilities		**11,173**	18,117
		68,909	68,151

11 STORES, SPARE PARTS AND LOOSE TOOLS

Stores		**31,193**	16,604
Spare parts		**72,144**	53,848
Loose tools		**195**	313
		103,532	70,765

12 STOCK IN TRADE

Finished goods- industrial gases		**26,248**	34,188
Finished goods- industrial chemicals		**34**	2,018
		26,282	36,206

13 TRADE DEBTS

Considered good:			
Unsecured	**13.1**	**406,397**	294,870

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

Not past due		**267,367**	212,324
0 - 180 Days		**119,413**	54,661
180 - 365 Days		**9,870**	20,936
1 - 2 Years		**3,113**	1,416
More than two years		**6,634**	5,533
		406,397	294,870

14 LOANS AND ADVANCES

	Note	2016	2015
		(Rupees '000)	
Unsecured and Considered good:			
Loans to employees - interest free		**325**	277
Advances			
To employees against expenses		**2,038**	916
To suppliers and contractors		**147,933**	137,809
		149,971	138,725
		150,296	139,002

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Considered good:		
Security deposits	**28,300**	19,984
Short term prepayments	**1,399**	252
Bank guarantee margin	**18,354**	23,607
	48,053	43,843

16 BALANCE WITH STATUTORY AUTHORITIES

Sales tax refundable	**24,076**	7,419

17 OTHER RECEIVABLES

Considered good:		
Bank profit receivables	**1,759**	78

18 CASH AND BANK BALANCES

Cash in hand		**540**	844
Balances with banks in:			
Current accounts		**196,892**	135,624
Deposit accounts	18.1	**892,586**	90,271
		1,089,478	225,895
		1,090,018	226,739

18.1 The rate of return on deposit accounts ranges from 2% to 6% (2015: 3.2% to 4.9%) per annum.

19 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

		2016	2015
		(Rupees '000)	
122,956,711 (2015: 72,450,000) Ordinary shares of Rupees 10 each fully paid in cash		**1,229,567**	724,500
13,000 (2015: 13,000) Ordinary shares of Rupees 10 each issued for consideration other than cash		**130**	130
1,811,575 (2015: 1,811,575) Ordinary shares of Rupees 10 each issued as fully paid bonus shares		**18,116**	18,116
	19.1	**1,247,813**	742,746

19.1 Movement to the issued, subscribed and paid-up share capital of the company is as follows:

2016	2015		2016	2015
(No. of Shares)			(Rupees '000)	
74,274,575	74,274,575	Opening balance	**742,746**	742,746
50,506,711	-	Issued during the year	**505,067**	-
124,781,286	74,274,575	Closing balance	**1,247,813**	742,746

20 CAPITAL RESERVE - SHARE PREMIUM

This represents premium received on 2,500,000 ordinary shares issued at Rupees 5 per share, 7,000,000 ordinary shares issued at Rupees 2.50 per share and 50,506,711 ordinary shares issued at Rupees 10 per share.

21 LONG TERM FINANCING

	Note	2016	2015
		(Rupees '000)	
From banking companies - secured:			
Finance 1	21.1	**253,713**	332,088
Finance 2	21.2	**102,402**	20,071
Finance 3	21.3	**20,852**	39,556
Finance 4	21.4	**218,750**	250,000
Finance 5	21.5	**250,000**	-
Finance 6	21.6	**250,000**	-
		1,095,717	641,715
Less: Current portion taken as current liability	28	**696,309**	147,604
		399,408	494,111

21.1 This Islamic finance facility carries profit at the rate of 3 months KIBOR plus 195 BPS (2015: 3 months KIBOR plus 195 BPS). It is secured against the 1st exclusive specific charge over all the present and future fixed assets valued at Rupees 400 million including 25% margin and present and future current assets valued at Rupees 67 million including 25% margin of the Holding Company's south plant operations, and personal guarantees of all male executive directors including CEO of the Holding Company. This finance facility is repayable quarterly in six years including two years grace period.

21.2 This Islamic finance facility carries profit at the rate of 3 months KIBOR plus 150 BPS (2015: 3 months KIBOR plus 150 BPS). This Islamic finance facility is secured against the 1st pari passu charge over all present and future fixed assets of the Holding Company for Rupees 395 million, and personal guarantees of executive directors of the Holding Company. This finance facility is repayable quarterly in 4 years.

21.3 This Islamic finance facility carries profit ranging from 6 months KIBOR plus 195 BPS to 225 BPS (2015: 6 months KIBOR plus 195 BPS to 225 BPS). This Islamic finance facility is secured against the 1st exclusive specific hypothecation charge over plant and machinery of the Holding Company for Rupees 75 million (2015: Rupees 75 million). This finance facility is repayable monthly.

21.4 This Islamic finance facility carries profit at the rate of 1 year KIBOR plus 175 BPS (2015: 1 year KIBOR plus 175 BPS). This Islamic finance facility is secured against the exclusive hypothecation charge over plant and machinery of the Holding Company amounting to Rupees 300 million (2015: Rupees 300 million) and personal guarantees of all male directors of the Holding Company. This finance facility is repayable monthly in five years including six month grace period.

21.5 This term finance facility from banking company carries profit at the rate of 6 months KIBOR plus 100 BPS (2015: Nil). This Islamic finance facility is secured against ranking hypothecation charge to be upgraded to first pari passu charge over plant and machinery of the Holding Company for Rupees 333 million with 25% margin (2015: Nil) and personal guarantees of executive directors of the Holding Company. This finance facility is repayable in four consecutive monthly installments including 6 months grace period.

21.6 This term finance facility carries profit at the rate of 6 months KIBOR plus 100 BPS (2015: Nil). This Islamic finance facility is secured against ranking hypothecation charge to be upgraded to first pari passu charge on over all present and future plant and machinery of the Holding Company for Rupees 333 million inclusive of 25% margin and personal guarantees of executive directors of the Holding Company. This finance facility is repayable in four consecutive monthly installments including 6 months grace period.

22 LIABILITIES AGAINST ASSETS SUBJECT TO IJARAH FINANCING

The amount of future rentals and periods during which they fall due are as under:	Note	2016	2015
		(Rupees '000)	
Not later than one year		**46,615**	68,641
Later than one year and not later than five year		**38,448**	88,085
		85,063	156,726
Less : Future financial charges		**6,011**	16,482
Present value of minimum Ijarah payments	22.1	**79,052**	140,244
Less : Current portion taken as current liability	28	**38,498**	59,091
		40,554	81,153

	2016	2015
22.1 Break up of net Ijarah obligation		
Within one year	**38,498**	59,091
Within two to five years	**40,554**	81,153
	79,052	140,244

22.2 Minimum Ijarah payments have been discounted at an implicit profit rate ranging from 2% to 18% per annum (2015: 8% to 24% per annum). In case of termination of the agreement, the Holding Company shall pay entire amount of minimum ijarah payments for un-expired period of ijarah agreement.

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

23 LONG TERM SECURITY DEPOSITS

	Note	2016	2015
		(Rupees '000)	
From customers	23.1	**19,800**	19,450

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

24 DEFERRED TAXATION

This comprises of following	Note	2016	2015
		(Rupees '000)	
Taxable temporary differences			
Accelerated tax depreciation		**468,945**	407,795
Ijarah arrangements		**22,878**	29,113
Deductible temporary differences			
Unused tax losses		**(221,084)**	(252,632)
Unused tax credits		**(76,512)**	(99,960)
		194,227	84,316

25 TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees '000)	
Trade creditors		**205,108**	49,000
Advances from customers		**39,295**	23,905
Accrued liabilities		**38,542**	27,233
Workers' profit participation fund	25.1	**11,403**	13,111
Unclaimed dividend		**950**	25,619
Withholding tax		**1,555**	403
		296,853	139,271

25.1 Workers' profit participation fund

	2016	2015
Beginning balance	**13,111**	8,412
Provision for the year	**11,403**	13,111
Profit on funds utilized in Holding Company's business	**492**	245
	25,006	21,768
Paid during the year	**(13,603)**	(8,657)
	11,403	13,111

26 ACCRUED PROFIT ON FINANCING

	2016	2015
Long term financing	**6,853**	6,686
Short term borrowings	**17,880**	6,026
	24,733	12,712

27 SHORT TERM BORROWINGS

	Note	2016	2015
From banking companies - secured:			
Finance 1	27.1	**149,500**	50,000
Finance 2	27.2	**36,837**	14,212
Finance 3	27.3	**-**	30,000
Finance 4	27.4	**39,697**	129,977
Finance 5	27.5	**32,000**	100,000
Finance 6	27.6	**11,000**	56,500
Finance 7	27.7	**12,000**	40,000
Finance 8	27.8	**150,000**	-
		431,034	420,689

27.1 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 200 million and carry profit at the rate of respective KIBOR plus 100 BPS (2015: Rupees 50 million and carry profit at the rate of respective KIBOR plus 150 BPS) and secured against first pari passu charge on current assets of the Holding Company with 20% margin and personal guarantees of executive directors.

27.2 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 40 million and carry profit at the rate of respective months KIBOR plus 125 BPS (2015: Rupees 35 million and carry profit at the rate of respective months KIBOR plus 150 BPS) and secured against first pari passu charge on present and future current assets of the Holding Company with 25% margin and personal guarantees of all male executive directors including CEO of the Holding Company.

27.3 This Islamic facility from banking company had been availed against sanctioned limit of Rupees 50 million and carry profit at the rate of respective months KIBOR plus 150 BPS (2015: respective months KIBOR plus 150 BPS) and secured against first pari passu charge on current assets of the Holding Company and personal guarantees of executive directors.

27.4 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 136 million and carry profit at the rate of respective months KIBOR plus 100 BPS to 125 BPS (2015: Rupees 136 million and carry profit ranging from respective months KIBOR plus 125 BPS to 150 BPS) and secured against first pari passu charge on current assets of the Holding Company.

27.5 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 100 million and carry profit at the rate of 6 months KIBOR plus 150 BPS (2015: matching KIBOR plus 150 BPS) and secured against first pari passu charge on current assets of the Holding Company.

27.6 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 60 million and carry profit at the arte of matching KIBOR plus 150 BPS (2015: matching KIBOR plus 150 BPS) and secured against first pari passu charge on all present and future current assets of the Holding Company and personal guarantees of male executive directors.

27.7 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 75 million and carry profit at the rate of respective months KIBOR plus 125 BPS (2015: Rupees 40 million and carry profit at the rate of respective months KIBOR plus 125 BPS) and secured against ranking charge over present and future current assets of the Holding Company to be upgraded to first pari passu charge and personal guarantees of male executive directors.

27.8 This Islamic facility from banking company has been availed against sanctioned limit of Rupees 200 million and carry profit at the rate of respective months KIBOR plus 150 BPS (2015:Nil) and secured against first pari passu charge on all present and future current assets of the Holding Company and personal guarantees of executive directors.

28	CURRENT PORTION OF LONG TERM LIABILITIES	Note	2016	2015
			(Rupees '000)	
	Long term financing	21	**696,309**	147,604
	Liabilities against assets subject to ijarah financing	22	**38,498**	59,091
			734,807	206,695

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 The Holding Company has provided corporate guarantee amounting to Rupees 650 million (2015: Rupees 650 million) to banks against financing facilities on behalf of associated company namely Ghani Global Glass Limited.

29.1.2 The Holding Company has filed two separate constitutional petitions before The Honorable Lahore High Court on the ground that the Holding Company was not required to pay any Advance Tax on electricity bills due to huge carried forward tax losses and available refunds. The Honorable Lahore High Court has granted stay orders upon furnishing bank guarantees in favor of LESCO amounting to Rupees 3.14 million (2015: Rupees 3.14 million). The outcome of the cases is pending. The management is hopeful that matter shall be decided in favor of the Holding Company.

29.2 Commitments

29.2.1 Commitments in respect of letter of credit amounted to Rupees 140.97 million (2015: Rupees 258.19 million).

29.2.2 Commitments for capital expenditure amounted to Rupees 8 million (2015: Rupees 10 million).

29.2.3 Commitments for rentals under Ijarah contracts as at June 30, 2016 are as follows:

	2016	2015
	(Rupees '000)	
Not later than one year	**1,428**	-
Later than one year and not later than five year	**2,394**	-
	3,822	**-**

30 COST OF SALES

	Note	2016	2015
		(Rupees '000)	
Fuel and power		**482,473**	418,774
Consumable stores		**21,389**	19,320
Salaries, wages and other benefits	**30.1**	**63,987**	55,285
Communication		**930**	749
Repairs and maintenance		**22,895**	22,391
Traveling, vehicle running and conveyance		**5,019**	5,464
Insurance		**4,690**	4,268
Depreciation	**5.2 and 6.1**	**57,970**	60,241
Staff welfare		**6,401**	7,680
Transportation		**4,546**	4,123
Other overheads		**35,131**	46,962
Cost of goods manufactured		**705,431**	645,257
Finished goods			
Opening stock		**36,206**	23,225
Purchases		**475,753**	517,931
Closing stock	**12**	**(26,282)**	(36,206)
		485,677	504,950
		1,191,108	1,150,207

30.1 Salaries, wages and other benefits includes Rupees 2.57 million (2015: Rupees 2.81 million) in respect of retirement benefits.

31 DISTRIBUTION COST

	Note	2016	2015
		(Rupees '000)	
Salaries, wages and other benefits	**31.1**	**31,125**	25,711
Transportation charges		**75,949**	68,919
Traveling, boarding, lodging and conveyance		**4,403**	2,046
Communication		**724**	576
Vehicle running and maintenance		**2,834**	2,900
Staff welfare		**2,075**	1,356
Loading and unloading		**1,257**	884
Postage and courier		**152**	194
Repair and maintenance		**1,103**	1,898
Other expenses		**17,841**	15,141
		137,463	119,625

31.1 Salaries, wages and other benefits includes Rupees 1.81 Million (2015: Rupees 1.81 million) in respect of retirement benefits.

32 ADMINISTRATIVE EXPENSES	Note	2016 (Rupees '000)	2015 (Rupees '000)
Salaries, wages and other benefits	32.1	**42,054**	38,815
Rent, rates and taxes		**5,171**	4,665
Electricity and other utilities		**1,739**	1,701
Traveling and conveyance		**3,481**	3,224
Vehicle running and maintenance		**1,807**	2,367
Donation and charity	32.2	**850**	2,207
Printing and stationery		**3,010**	1,787
Communication		**1,795**	1,459
Fee and subscription		**15,081**	895
Lease rentals		**522**	-
Advertisement		**2,602**	148
Insurance		**2,193**	1,181
Depreciation	5.2 and 6.1	**16,838**	14,255
Amortization		**-**	280
Staff welfare		**4,040**	3,982
Repair and maintenance		**3,661**	644
Others		**3,432**	5,220
		108,276	82,830

32.1 Salaries, wages and other benefits includes Rupees 2.46 million (2015: Rupees 2.26 million) in respect of retirement benefits.

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

33 OTHER OPERATING EXPENSES	Note	2016 (Rupees '000)	2015 (Rupees '000)
Legal and professional		**2,088**	606
Workers profit participation fund		**11,403**	13,111
Auditors' remuneration			
Statutory audit		**635**	550
Half yearly review and other certifications		**115**	115
Out of pocket expenses		**25**	25
		775	690
		14,266	14,407

34 OTHER INCOME	Note	2016 (Rupees '000)	2015 (Rupees '000)
Income from financial assets	34.1	**68,743**	3,851
Income from other than financial assets	34.2	**9,683**	6,206
		78,426	10,057

34.1 Income from financial assets:		2016	2015
Profit on bank deposits		**6,193**	1,251
Commission on corporate guarantee		**2,600**	2,600
Gain on investment		**59,950**	-
		68,743	3,851

		Note	2016	2015
			(Rupees '000)	
34.2	**Income from other than financial assets:**			
	Rental income		**8,000**	-
	Gain on disposal of assets		**1,683**	6,206
			9,683	6,206
35	**FINANCE COST**			
	Profit on:			
	Long term financing		**65,175**	63,798
	Short term borrowings		**39,968**	38,388
	Liabilities against assets subject to ijarah financing		**8,743**	10,349
	Workers' profit participation fund		**492**	245
			114,378	112,780
	Bank charges and commission		**3,219**	1,233
			117,597	114,013
36	**TAXATION**			
	Charge for the year:			
	Current	**36.1**	**4,720**	18,606
	Prior year		**-**	364
			4,720	18,970
	Deferred		**109,911**	71,773
			114,631	90,743
36.1	Provision for the year		**47,024**	42,304
	Less: Tax credit		**(42,304)**	(23,699)
			4,720	18,606

36.2 Assessment up to tax year 2015 is finalized (deemed assessment) and the available tax losses of the Holding Company are Rupees 784.740 million (2014: Rupees 835.416 million).

36.3 Due to current and previous tax losses current period tax is charged on the basis of minimum tax on turnover under section 113 or Alternate Corporate Tax (ACT) on accounting profit under section 113C of Income Tax Ordinance, 2001, whichever is higher. During the year, the Holding Company falls under ACT and provision on accounting profit has been made accordingly net off tax credit under section 65B of the Income Tax Ordinance, 2001. No other provision for current tax was required keeping in view of the taxable business losses. Relationship between income tax expense and accounting profit for current year is not meaningful due to application of ACT.

37	**EARNINGS PER SHARE**		**2016**	**2015**
	Profit attributable to ordinary shareholders	*(Rupees '000)*	**161,828**	158,496
	Weighted average number of ordinary shares outstanding during the year	*(Number)*	**85,170,592**	-
	Earnings per share - basic and diluted (in rupees)	*(Rupees)*	**1.90**	2.04

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

38	CASH FLOWS FROM OPERATING ACTIVITIES	Note	2016	2015
			(Rupees '000)	
	Profit before taxation		**276,459**	249,239
	Adjustments to reconcile profit to net cash provided by operating activities			
	Depreciation on operating fixed assets		**66,949**	67,463
	Depreciation on asset against ijarah financing		**7,859**	7,033
	Amortization of intangible assets		**-**	280
	Profit on financings		**117,597**	114,013
	Share of profit of associated companies		**-**	(133)
	Gain on disposal of assets		**(1,683)**	(6,206)
			190,722	182,450
	Cash flows from operating activities before working capital changes		**467,181**	431,689
	Cash flows from working capital changes			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		**(32,767)**	(1,900)
	Stock in trade		**9,924**	(12,981)
	Trade debts		**(111,527)**	(137,606)
	Loans and advances		**(11,294)**	(44,042)
	Trade deposits and short term prepayments		**(4,210)**	(26,223)
	Balance with statutory authorities		**(16,657)**	(7,419)
	Other receivables		**(1,681)**	894
	Increase / (decrease) in current liabilities:			
	Trade and other payables		**182,251**	(10,805)
	Net cash generated from / (used in) working capital changes		**14,039**	(240,082)
	Cash generated from operating activities		**481,220**	191,607

39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

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

	2016			2015		
Description	**Chief Executive Officer**	**Directors**	**Executives**	**Chief Executive Officer**	**Directors**	**Executives**
	(Rupees '000)			(Rupees '000)		
Managerial remuneration	**8,560**	**11,102**	**26,561**	8,024	12736	18,991
Medical	**856**	**1,007**	**1,365**	385	611	661
Provident fund contribution	**784**	**1,002**	**2,012**	668	1061	1,545
	10,200	**13,111**	**29,938**	9,077	14,408	21,197
No. of persons	**1**	**2**	**18**	1	3	13

39.1 Company maintained vehicles have been provided to Chief Executive Officer, all Directors and Executives of the Holding Company.

39.2 The aggregate amount charged in consolidated financial statements for the year against fees for four (4) board meetings and four (4) audit committee meetings was Rupees Nil (2015: Nil).

40 TRANSACTIONS WITH RELATED PARTIES

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

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

Name	Nature of Transaction	2016	2015
		(Rupees '000)	
Associated companies / undertakings	Services	**8,000**	-
	Disposal of investment	**(45,133)**	-
	Commission income	**2,600**	2,600
	Sales	**32,836**	117
Others			
Provident fund trust	Contribution	**14,735**	13,360
Sponsors	Loan received / (repaid)	**(527,969)**	23,865

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

41 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of Ghani Gases Employees' Provident Fund as at 30 June 2016

41.1 Information of Provident Fund

	2016	2015
	(Rupees '000)	
Size of the fund (total assets)	**60,505**	46,869
Cost of investments made	**32,351**	34,435
Fair value of investments made	**38,644**	37,373
	(%)	**(%)**
Percentage of investments made	**53**	73

41.2 Breakup of cost of investments

	2016	2015	2016	2015
	(%)		(Rupees '000)	
Investment plus deposit certificates	**85**	70	**27,470**	24,000
Investment in saving accounts with banks	**15**	30	**4,881**	10,435
	100	100	**32,351**	34,435

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

42 FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

(a) Market risk

(i) Currency risk

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

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

(ii) Profit rate risk

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

At the balance sheet date the profit rate profile of the Group’s profit bearing financial instruments was:

Floating rate instruments	2016	2015
	(Rupees '000)	
Financial assets		
Bank balances	**892,586**	90,271
Financial liabilities		
Long term financing	**1,095,717**	641,715
Liabilities against assets subject to ijarah financing	**79,052**	140,244
Short term borrowings	**431,034**	420,689

Fair value sensitivity analysis for fixed rate instruments

The Group 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 Group.

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 Interest Rate	Effects on Profit Before Tax (Rupees '000)
Bank Balances - deposit accounts	**2016**	**+1.50**	**13,389**
		-1.50	**(13,389)**
	2015	+1.50	1,354
		-1.50	(1,354)
Long term financing	**2016**	**+2.00**	**(21,914)**
		-2.00	**21,914**
	2015	+2.00	(12,834)
		-2.00	12,834
Liabilities against assets subject to ijarah financing	**2016**	**+2.00**	**(1,581)**
		-2.00	**1,581**
	2015	+2.00	(2,805)
		-2.00	2,805
Short term borrowing	**2016**	**+2.00**	**(8,621)**
		-2.00	**8,621**
	2015	+2.00	(8,414)
		-2.00	8,414

(ii) Other price risk

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

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

(b) Credit risk

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

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

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

Counterparties

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

Trade debts

Exposure to credit risk

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

	Note	2016	2015
		(Rupees '000)	
Long term deposits	10	68,909	68,151
Trade debts	13	406,397	294,870
Loans to employees	14	325	277
Trade deposits	15	28,300	19,984
Other receivables	17	1,759	78
Bank balances	18	1,089,478	225,895
		1,595,168	609,255

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

Provision for trade debts

Based on age analysis, relationship with customers and past experience no provision for doubtful debts is required for the year ended 30 June 2016 and does not expect any party to fail to meet their obligation.

Cash at banks

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

	Rating			2016	2015
Banks	Agency	Short term	Long term	(Rupees '000)	
MCB Bank Limited	PACRA	A1+	AAA	2,500	477
National Bank of Pakistan	PACRA	A1+	AAA	115	360
United Bank Limited	JCR-VIS	A1+	AAA	1,335	618
Allied Bank Limited	PACRA	A1+	AA+	703	1,994
Faysal Bank Limited	JCR-VIS	A1+	AA	11,392	5,379
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	180,366	67,477
Bank Islami Pakistan Limited	PACRA	A1	A+	212	82
Meezan Bank Limited	JCR-VIS	A1+	AA	36,674	34,612
Burj Bank Limited	JCR-VIS	A2	BBB+	1,161	1,429
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A1	A	250,479	34,600
Bank Alfalah Limited	PACRA	A1+	AA	908	2,480
The Bank of Khyber	PACRA	A1	A	2,682	5,411
Askari Bank Limited	PACRA	A1+	AA+	5,053	811
Soneri Bank Limited	PACRA	A1+	AA-	1,026	546
Habib Bank Limited	JCR-VIS	A1+	AAA	2,680	1,500
Bank Al Habib Limited	PACRA	A1+	AA+	2,642	3,165
Dubai Islamic Bank Limited	JCR-VIS	A1	A+	26	63
Standard Chartered Bank Limited	PACRA	A1+	AAA	105,640	4,674
The Bank of Punjab	PACRA	A1+	AA-	383,842	60,217
Summit Bank Limited	JCR-VIS	A1	A-	100,040	-
				1,089,476	225,895

Due to the Group's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. 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 Group'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 Group's reputation. Management believes the liquidity risk to be low.

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

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	(Rupees '000)			
2016				
Long term financing	**1,102,570**	**1,102,570**	**703,162**	**399,408**
Liabilities against assets subject to ijarah financing	**79,052**	**79,052**	**46,615**	**32,437**
Long term security deposits	**19,800**	**19,800**	**-**	**19,800**
Trade and other payables	**296,853**	**296,853**	**296,853**	**-**
Short term borrowings	**448,914**	**448,914**	**448,914**	**-**
	1,947,189	**1,947,189**	**1,495,544**	**451,645**

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	(Rupees '000)			
2015				
Long term financing	648,401	648,401	154,290	494,111
Liabilities against assets subject to ijarah financing	140,244	156,726	68,641	88,085
Long term security deposits	19,450	19,450	-	19,450
Trade and other payables	139,271	139,271	139,271	-
Short term borrowings	426,715	426,715	426,715	-
	1,374,081	1,390,563	788,917	601,646

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

42.2 Fair values of financial assets and liabilities

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

42.3 **Financial instruments by categories**

	2016	
	Loans and advances	Total
Assets as per balance sheet	(Rupees '000)	
Long term deposits	**68,909**	**68,909**
Trade debts	**406,397**	**406,397**
Loans and advances	**150,296**	**150,296**
Trade deposits	**28,300**	**28,300**
Other receivables	**1,759**	**1,759**
Cash and bank balances	**1,090,018**	**1,090,018**
	1,745,679	**1,745,679**

	2016	
	Financial Liabilities at amortized cost	Total
Liabilities as per balance sheet	(Rupees '000)	
Long term financing	**1,095,717**	**1,095,717**
Liabilities against assets subject to ijarah financing	**79,052**	**79,052**
Long term security deposits	**19,800**	**19,800**
Accrued profit on financings	**24,733**	**24,733**
Short term borrowings	**431,034**	**431,034**
Trade and other payables	**296,853**	**296,853**
	1,947,189	**1,947,189**

	2015	
	Loans and advances	Total
Assets as per balance sheet	(Rupees '000)	
Long term deposits	68,151	68,151
Trade debts	294,870	294,870
Loans and advances	139,002	139,002
Trade deposits	19,984	19,984
Other receivables	78	78
Cash and bank balances	226,739	226,739
	748,824	748,824

	2015	
	Financial Liabilities at amortized cost	Total
Liabilities as per balance sheet	(Rupees '000)	
Long term financing	641,715	641,715
Liabilities against assets subject to ijarah financing	140,244	140,244
Long term security deposits	19,450	19,450
Accrued profit on financings	12,712	12,712
Short term borrowings	420,689	420,689
Trade and other payables	139,271	139,271
	1,374,081	1,374,081

42.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group 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 Group monitors capital using gearing ratio, which is debt divided by equity plus net debt. Debt represents long term financing (including current portion) plus liabilities against assets subject to ijarah financing obtained by the Group as referred to in notes 21, 22 and 28. Total capital employed includes 'total equity' as shown in the balance sheet plus debt. The Group's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of capital.

The gearing ratio as at year ended 30 June 2016 and 30 June 2015 is as follows:

	Note	2016	2015
		(Rupees '000)	
Debt	**21, 22 and 28**	**1,174,769**	781,959
Equity		**2,713,260**	2,142,342
Total capital employed		**3,888,029**	2,924,301
Gearing ratio		**30.22%**	26.74%

43 SEGMENT INFORMATION

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

Industrial and Medical Gases

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

Industrial Chemicals

This segment covers business of trading of chemicals.

43.2 Segment results are as follows:

	2016			2015		
	Industrial and Medical Gases	Industrial chemicals	Total	Industrial and Medical Gases	Industrial chemicals	Total
	(Rupees '000)			(Rupees '000)		
Net sales	**1,284,422**	**482,321**	**1,766,743**	1,107,227	612,904	1,720,131
Cost of sales	**(757,921)**	**(433,187)**	**(1,191,108)**	(675,804)	(474,403)	(1,150,207)
Gross profit	**526,501**	**49,134**	**575,635**	431,423	138,501	569,924

	2016			2015		
	Industrial and Medical Gases	Industrial chemicals	Total	Industrial and Medical Gases	Industrial chemicals	Total
	(Rupees '000)			(Rupees '000)		
Distributions cost	**(132,849)**	**(4,614)**	**(137,463)**	(118,357)	(1,268)	(119,625)
Administrative expenses	**(102,862)**	**(5,414)**	**(108,276)**	(81,795)	(1,035)	(82,830)
	(235,711)	**(10,028)**	**(245,739)**	(200,152)	(2,303)	(202,455)
Segment profit	**290,790**	**39,106**	**329,896**	231,271	136,198	367,469
Unallocated corporate expenses						
Other operating expenses			**(14,266)**			(14,407)
Other income			**78,426**			10,057
			394,056			363,119
Finance cost			**(117,597)**			(114,013)
Share of profit of associated companies			**-**			133
Profit before taxation			**276,459**			249,239
Taxation			**(114,631)**			(90,743)
Profit after taxation			**161,828**			158,496

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

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

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

	2016			2015		
	Industrial and Medical Gases	Industrial chemicals	Total	Industrial and Medical Gases	Industrial chemicals	Total
	(Rupees '000)			(Rupees '000)		
Segment assets	**3,606,328**	**203,595**	**3,809,923**	3,218,397	197,829	3,416,226
Unallocated assets			**1,091,777**			226,817
Total assets			**4,901,700**			3,643,043
Segment liabilities	**2,078,729**	**62,687**	**2,141,416**	1,429,602	28,795	1,458,397
Unallocated liabilities			**47,024**			42,304
Total liabilities			**2,188,440**			1,500,701

43.6 All non-current assets of the company as at 30 June 2016 were located within Pakistan.

44 NUMBER OF EMPLOYEES

	2016	2015
	(Number)	
Total number of employees at year end	**271**	260
Average number of employees during the year	**270**	254

45 PLANT CAPACITY AND ACTUAL PRODUCTION

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

Industrial and medical gases	2016	2015
	(Cubic Meter)	
Production at normal capacity - gross	**51,240,000**	51,240,000
Production at normal capacity - net of normal losses	**45,750,000**	45,750,000
Actual production - net of normal losses	**29,377,967**	24,887,938

45.1 Reason for low production

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

46 DATE OF AUTHORIZATION

These consolidated financial statements have been authorized for issue by Board of Directors on 0 8 OCT 2016.

47 GENERAL

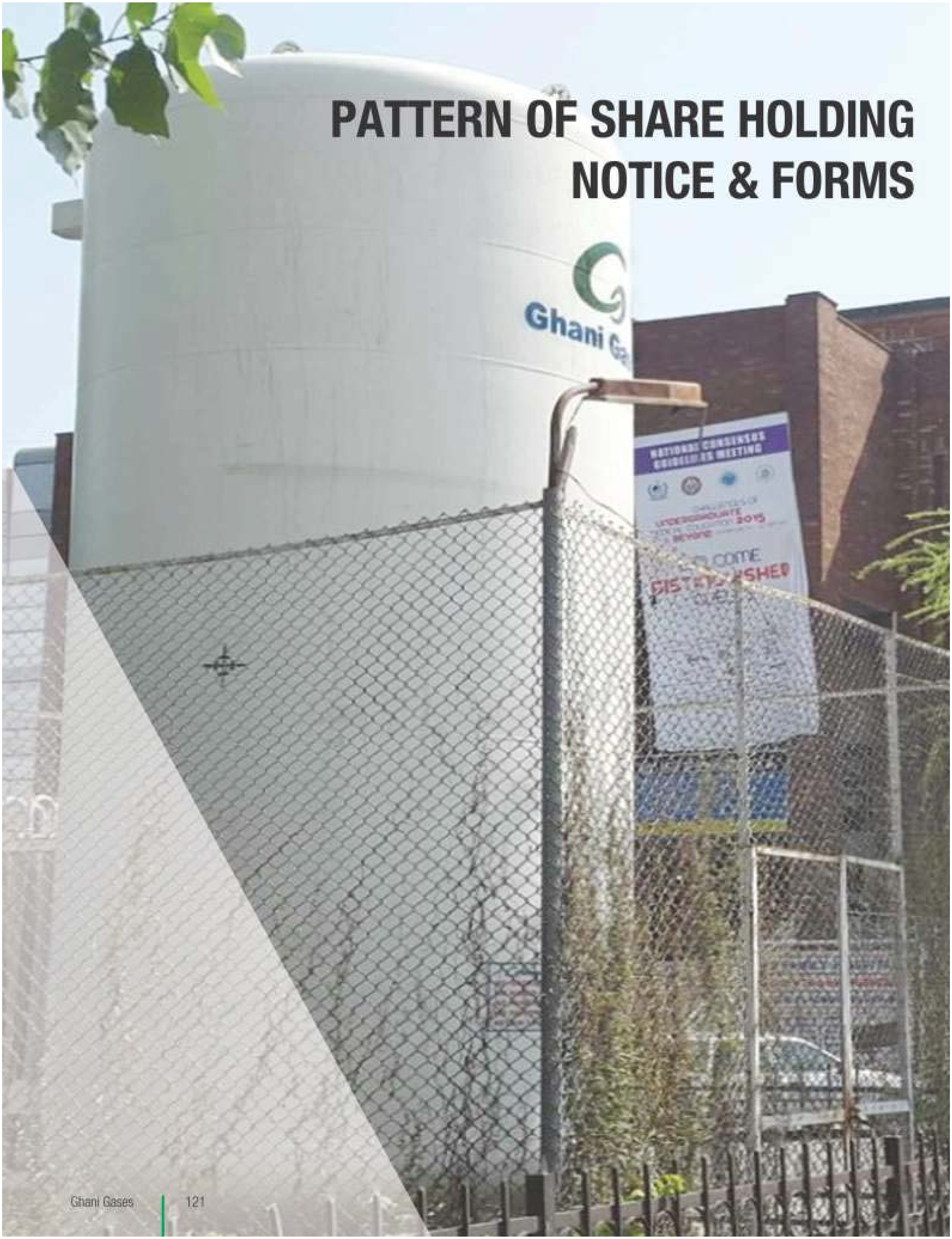
47.1 Corresponding figures have been re-arranged / re-classified wherever necessary to facilitate comparison. In accordance with the early adoption of TR-32, the Holding Company has reclassified the loan from sponsors from Non-current liabilities to Equity.

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

ATIQUE AHMAD KHAN
(CHIEF EXECUTIVE OFFICER)

HAFIZ FAROOQ AHMAD
(DIRECTOR)

PATTERN OF SHARE HOLDING NOTICE & FORMS



PATTERN OF SHARE HOLDING

AS AT JUNE 30, 2016

FORM - 34

NUMBER OF SHARES FROM	TO	NO. OF SHAREHOLDERS	NUMBER OF SHARES HELD	% ON ISSUED
1	100	261	4535	0.0036
101	500	276	120788	0.0968
501	1000	554	451407	0.3618
1001	5000	883	2602594	2.0857
5001	10000	283	2331679	1.8686
10001	15000	103	1343275	1.0765
15001	20000	72	1310612	1.0503
20001	25000	54	1267842	1.0161
25001	30000	32	904942	0.7252
30001	35000	19	630839	0.5056
35001	40000	16	610125	0.4890
40001	45000	6	253812	0.2034
45001	50000	28	1384333	1.1094
50001	55000	11	581605	0.4661
55001	60000	5	296575	0.2377
60001	65000	2	129500	0.1038
65001	70000	9	618000	0.4953
70001	75000	3	220383	0.1766
75001	80000	5	394600	0.3162
80001	85000	2	168860	0.1353
85001	90000	1	86500	0.0693
95001	100000	14	1398416	1.1207
100001	105000	1	101598	0.0814
105001	110000	3	326918	0.2620
110001	115000	1	112000	0.0898
115001	120000	3	355740	0.2851
120001	125000	3	372600	0.2986
125001	130000	3	379500	0.3041
130001	135000	2	266000	0.2132
135001	140000	1	137000	0.1098
140001	150000	4	598000	0.4792
160001	165000	2	328000	0.2629
165001	170000	3	503505	0.4035
190001	195000	1	194000	0.1555
195001	200000	5	995600	0.7979
200001	205000	3	605500	0.4852
215001	220000	1	215880	0.1730
220001	225000	1	225000	0.1803
230001	235000	1	235000	0.1883
260001	265000	1	264500	0.2120

NUMBER OF SHARES FROM	TO	NO. OF SHAREHOLDERS	NUMBER OF SHARES HELD	% ON ISSUED
265001	270000	1	268800	0.2154
270001	275000	1	275000	0.2204
275001	280000	1	280000	0.2244
290001	295000	1	295000	0.2364
300001	305000	1	303120	0.2429
350001	355000	1	354500	0.2841
415001	420000	1	418000	0.3350
455001	460000	1	458000	0.3670
460001	465000	1	462000	0.3702
		2710	124781286	100

CATAGORIES OF SHAREHOLDERS
as at June 30, 2016

Catagories of Shareholders	Number of Shareholders	Number of Shares held	Percentage %
Directors, Chief Executive Officer and their Spouce(s) and minor Children	8	63,312,683	50.739
Banks, DFI & NBFI	3	15,473,320	12.400
Mutual Funds	5	2,239,060	1.794
Modaraba Companies	2	100,001	0.080
Joint Stock Companies	27	4,534,571	3.634
General Public:			
a. Local	2,593	36,688,715	29.402
b. Foreign	71	2,306,936	1.849
Foreign Investor - Other then individuals	1	126,000	0.101
TOTAL	**2,710**	**124,781,286**	**100.00**

INFORMATION REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

	Shares Held	Percentage of Holding
Directors, CEO and their spouse and minor children		
1 Mr. Masroor Ahmad Khan	15,965,866	12.80
2 Mr. Atique Ahmad Khan	14,615,474	11.71
3 Hafiz Farooq Ahmad	15,810,995	12.67
4 Mian Zahid Said	840	0.00
5 Mrs. Ayesha Masroor	5,194,929	4.16
6 Mrs. Rabia Atique	6,545,148	5.25
7 Mrs. Saira Farooq	5,177,709	4.15
8 Mr. Farzand Ali	1,722	0.00
Banks, DFI & NBFI		
1 Meezan Bank Limited	118,000	0.09
2 United Bank Limited - Trading Portfolio	15,235,320	12.21
3 PAIR investment Company Limited	120,000	0.10

Mutual Funds

1	PAK Qatar Individual Family Participant Investment Fund	50,000	0.04
2	Golden Arrow Selected Stocks Funds Limited	120	0.00
3	CDC-Trustee Al Meezan Mutual Fund	264,500	0.21
4	CDC-Trustee Meezan Islamic Fund	853,000	0.68
5	CDC-Trustee Meezan Tahafuz Pension Fund - Equity Sub Fund	1,071,440	0.86

Modaraba and Mutual Funds

1	First Equity Modaraba	1	0.00
2	First Habib Modaraba	100,000	0.08

Joint Stock Companies

1	Capital Vision Securities (Pvt) Ltd	10	0.00
2	Bawany Air Product Ltd. (200)	12	0.00
3	Darson Securities (Pvt) Ltd	104	0.00
4	Nh Securities (Pvt) Ltd	1,722	0.00
5	Sofcom (Pvt) Ltd	2,000	0.00
6	Horizon Securities Limited	2,540	0.00
7	Pearl Securities Limited - MF	4,500	0.00
8	HH Misbah Securities (Pvt) Ltd	10,250	0.01
9	Trustee-Rahim Iqbal Rafiq & Co. Employees Provident Fund	14,000	0.01
10	DJM Securities (Pvt) Ltd	18,000	0.01
11	Arif Habib Limited - MF	25,000	0.02
12	FDM Capital Securities (Pvt) Ltd	25,000	0.02
13	FDM Capital Securities (Pvt) Ltd	25,250	0.02
14	Time Securities (Pvt) Ltd	35,000	0.03
15	M/s Rang Commodities (Pvt) Ltd	36,500	0.03
16	Dawood Family Takaful Limited	38,000	0.03
17	Dawood Family Takaful Limited	38,000	0.03
18	KASB Securities Limited - MF	4,000	0.00
19	Multiline Securities (Pvt) Ltd	53,183	0.04
20	Asian Securities Limited	112,000	0.09
21	JS Global Capital Limited	163,000	0.13
22	R.t. Securities (Pvt) Ltd	225,000	0.18
23	Seven Securities (Pvt) Ltd	235,000	0.19
24	Premier Fashions (Pvt) Ltd	295,000	0.24
25	Trustee off FFC Employees Provident Fund	500,000	0.40
26	Ali Husain Rajabali Ltd	554,000	0.44
27	Fawad Yusuf Securities (Pvt) Ltd	2,117,500	1.70

Shareholders holding 05% or more voting intrerst in the Company

*1	Mr. Masroor Ahmad Khan	15,965,866	12.80
*2	Mr. Atique Ahmad Khan	14,615,474	11.71
*3	Hafiz Farooq Ahmad	15,810,995	12.67
*4	Mrs. Rabia Atique	6,545,148	5.25
5	United Bank Limited - Trading Portfolio	15,235,320	12.21

*These are also directors of the company

Trade in the shares of the company carried out by Directors, CEO, CFO, CS and their Spouces and minor children.	**NIL**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **09th Annual General Meeting** of **Ghani Gases Limited** (the Company) will be held on Monday October 31, 2016 at 11:00 AM at registered office of the Company at 10-N, Model Town Ext., Lahore to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016 together with Directors' and Auditors' Report thereon.

2. To appoint Auditors of the Company for the year ending June 30, 2017 and to fix their remuneration. The retiring auditors' M/S Rizwan & Company, Chartered Accountants, being eligible, have offered themselves for re- appointment.

3. Any other business with permission of the Chair.

SPECIAL BUSINESS

4. To consider and if deemed fit, to pass the following resolutions as special resolutions with or without modification(s), addition(s) or deletion(s) as recommended by the board of directors for increase in authorized share capital and accordingly amendment / alteration in Memorandum and Articles of Association of the Company:

Resolved That authorized share capital of Ghani Gases Limited (the Company) be and is hereby increased from Rs. 1,250 million divided into 125 million ordinary shares of Rs. 10 each to Rs. 2,000 million divided into 200 million ordinary shares of Rs. 10 each by creation of = 75,000,000= additional ordinary shares of Rs. 10/- each of the Company.

Resolved Further That Clause V of the Memorandum of Association of the Company and Clause IV of Articles of Association of the Company be are hereby altered to give the full effect of increased share capital to Rs. 2,000 million divided into 200 million ordinary shares of Rs. 10 each.

Resolved Further That the Chief Executive Officer and Company Secretary of the Company shall be singly authorized to take all actions and to do all things, to complete any or all steps and actions necessary, incidental and ancillary as may be required for the purpose of increase in authorized share capital and amendment/ alteration in Memorandum and Articles of Association of the Company.

5. To consider and if deemed fit, to pass the following resolutions as special resolutions under section 208 of the Companies Ordinance, 1984, with or without modification(s), addition(s) or deletion(s) as recommended by the board of directors:

Resolved that pursuant to the requirements of section 208 of the Companies Ordinance, 1984, Ghani Gases Limited (the company) be and is hereby authorized to make investment upto PKR 200 million (Rupees Two hundred million only) in Ghani Global Glass Limited(“GGGL”) an associated company, by way of advances and loans, as and when required by Ghani Global Glass Limited provided that the return on such advances and loans shall not be less than rate of 3 months KIBOR +150 bps and that such advances and loans shall be repayable within three (3) years period starting from the date of payment of such advances and loans as per other terms and conditions mentioned in the statement under section 160(1) (b) of the Companies Ordinance 1984.

Resolved Further that the above said resolution shall be valid for a period of 3 years and the Chief Executive Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

6. To consider and if deemed fit, to pass the following resolutions as special resolutions for alteration of Articles of Association of the Company:

Resolved that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), the Articles of Association of the Company be and is hereby altered/ amended as follow:

(a) by adding a new Article 39 (a) after existing Article 39:

"The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provision of these Articles and notwithstanding anything contradictory therein."

(b) by altering/re-wording of existing Article 45:

"An instrument appointing a proxy shall be in the form specified in Regulation 39 of the Table 'A' in the First Schedule to the Ordinance or Schedule II of the Companies (E-Voting) Regulations, 2016 or in any other form which the directors may approve."

Further Resolved that the Chief Executive Officer and Company Secretary of the Company shall be singly authorized to take all actions and to do all things, to complete any or all steps and actions necessary, incidental and ancillary as may be required for the purpose of amendment / alteration in Articles of Association of the Company.

7. To consider and if deemed fit pass the following ordinary resolution for getting shareholders' approval for circulation of Annual Report through CD/DVD/USB:

"Resolved that approval be and is hereby granted to allow the Company (Ghani Gases Limited) to transmit the Annual Balance Sheet, Profit and Loss Account. Auditors' Report and Directors' Report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to its members through CD/DVD/USB instead of hard copy at their registered addresses.

8. To consider and if deemed fit pass the following ordinary resolution for getting shareholders' approval for circulation of Annual Reports through e-mail:

"Resolved that approval be and is hereby granted to allow the Company (Ghani Gases Limited) to transmit the Annual Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to its members' e-mail through instead of hard copy at their registered addresses.

By Order of the Board

Place: **Lahore**
Dated: **October 10, 2016**

FARZAND ALI
Director & Company Secretary

Notes:

1. The register of members of the Company will remain closed and no transfer of shares will be accepted, for registration from October 24, 2016 to October 31, 2016 (both days inclusive). Transfer received in order at the office of the share registrar

   M/s THK Associates (Pvt.) Limited, Second Floor, State Life Building No. 3,
   Dr. Ziauddin Ahmed Road, Karachi-75530 Telephone No. 021-111-000-322
   Fax No. 0213-5655595, Email: secretariart@thk.com.pk

   at the close of business on October 22, 2016 will be in time for purpose of determination of entitlement to the transferee.

2. A member entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her.

   Proxies in order to be effective must be duly signed, witnessed and deposited at the Registered Office of the Company, along with the attested copies of National Identity Card (NIC) or Passport, not less than 48 hours before the meeting.

3. Shareholders are requested to promptly notify the office of share registrar of any change in their addresses.

4. CDC Account Holders will have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the SECP for attending meeting.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984 :

These statements set out the material facts concerning the special business, given in agenda item No 4 to 8 of the notice, to be transacted at the annual general meeting of the company to be held on October 31, 2015.

Item No. 4 Increase in Authorized Share Capital

The authorized share capital of the company is proposed to be increased from Rs. 1,250 million divided into 125 million ordinary shares of Rs. 10 each to Rs. 2,000 million divided into 200 million ordinary shares of Rs. 10 each to meet the future requirements in respect of further issue of capital in compliance with the Companies (Issue of Capital) Rules, 1996.

All the directors of Ghani Gases Limited are interested in above stated special business to the extent of shares held by them. The directors have no other interest in the above special business and/ or resolution except as specified above.

Item No. 5 Investment in Ghani Global Glass Limited

The Board of Directors of the company has proposed the investment of Rs. 200 million in Ghani Global Glass Limited (GGGL) an associated undertaking in shape of advances and loans. GGGL has recently during April 2016 commended the commercial operations for production and sale of glass tubing an import substitute. In addition to this, GGGL has been setting up a value addition project for manufacturing of Vials and Ampoules.

The information required under SRO 27(1)/2102 dated 16 January 2012 are as under:

Ref. No.	Requirement	Information
i.	Name of Associated Company	Ghani Global Glass Limited
	Criteria of associated relationship	Common directorship
ii.	Amount of loans and advances	Rs. 200 million
iii.	Purpose	To earn profits on company's funds
iv.	Details of existing loans	None, however the Company (Ghani Gases Limited) has provided non funded corporate guarantee for Rs. 650 million to banks against financing facilities on behalf of the associated company (Ghani Global Glass Limited) and charging commission @ 0.10% per quarter.
v.	Financial position, including main items of balance sheets and profit and loss accounts of the associated company or associated undertaking on the basis of its latest financial statements.	Audited Financial Statements for the year ended June 30, 2016 showed: Balance Sheet: Rs. In Million Operating fixed assets 1,306 Capital work in progress 7 Other non-current assets 24 Current assets 380 **Total Assets 1,717** Issued, subscribed and paid capital 500 Accumulated losses (61) Loan from sponsors 486 Total equity 925 Non- current liabilities 528 Current liabilities 264 **Total Equity and Liabilities 1,717**
vi.	Average borrowing cost of the investing company	7.56%
vii.	Rate of interest, markup, profit, fees or commission etc to be charged	3 months KIBOR + 150 bps
viii.	Source of funds from where loans and advances will be given	Surplus funds of the Company
ix.	Where loans or advances are being granted using borrowed funds; justification for granting loan or advances out of borrowed fund; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	Not applicable

x.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	-Demand Promissory Note of associated company. -Personal guarantees of sponsoring directors of associated company.
xi.	If the loans or advances carry conversion features:	Not applicable
xii.	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of loan will be within three years from the date of payment with payment of profit on quarterly basis.
xiii.	Salient features of all agreement entered or to be entered with its associated company or associated undertaking with regards to proposed investment.	Agreement will be executed before extending the advances and loans in accordance with the terms and conditions as approved by the shareholders.
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives , if any, in the associates company or associated undertaking or the transaction under consideration:	Currently shareholding position of the following directors of the company (Ghani Gases Limited) in associated company is as under: Name / Number of Shares / Holding % Mr. Masroor Ahmad Khan 8,752,600 8.75 Mr. Atique Ahmad Khan 7,172,600 7.17 Hafiz Farooq Ahmad 7,172,800 7.17 Mr. Zahid Said 200 0.00 Mrs. Rabia Atique 1,460,000 1.46 Mrs. Saira Farooq 1,460,000 1.46 Mr. Farzand Ali 4,000 0.00
xv.	Any other important details necessary for the member to understand the transaction.	None
xvi.	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operation date	Not Applicable
	Expected time by which the project shall start paying return on investment.	Not Applicable

In pursuance to Regulation No. 3 (3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 under SRO 27(1)/2012 dated 16 January 2012, the directors of the company have carried out due diligence for the proposed investment in Ghani Global Glass Limited. Undertaking in this respect shall be made available to the members of the company for inspection in the general meeting to be held on October 31, 2016.

All the directors of Ghani Gases Limited are interested in the investment in associated undertaking and the special resolutions to the extent of shares held by them. The directors have no other interest in the above special business and/ or resolution except as specified above.

Item No. 6 Amendments in the Articles of Association of the Company

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended the alteration/amendments in the Articles of Association of the Company by adding new paragraphs in Article 39(a) and re-wording the existing Article 45 which will give members the option to be part of the decision making by appointing both members and no-members as proxy in case of E-voting in the general meeting of the Company through electronic means.

Item No. 7 Transmission of Annual Accounts to shareholders through CDC/DVD/USB.

SECP vide its SRO NO. 470(I)/2016 has allowed the companies to circulate the Annual Balance Sheet, Profit and Loss Account. Auditors' Report and Directors' Report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to its members through CD/DVD/USB instead of hard copy at their registered addresses. The Company shall however, shall place on its website a standard request form for the shareholders to demand hard copies of annual audited accounts. In case, any member request for the hard copy of Audited Financial Statements the same shall be provided free of cost.

Item No. 8 Transmission of Annual Accounts to shareholders through e-mail.

SECP vide its SRO NO. 787(I)/2014 has allowed the companies to circulate the Annual Balance Sheet, Profit and Loss Account. Auditors' Report and Directors' Report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to its members through e-mail instead of hard copy at their registered addresses, a cost effective way of circulation of Audited Financial Statements. The Company shall however, shall place on its website a standard request form for the shareholders that may use to communicate their e-mail address and consent for electronic transmission of Audited Financial Statements and Notice along with postal and e-mail address of Company Secretary/ Share Registrar to whom such request shall be sent. In case, any member request for the hard copy of Audited Financial Statements the same shall be provided free of cost within seven days of receipt of such request.

Note:

All the directors of Ghani Gases Limited are interested in the special business agenda items (4 to 8) to the extent of shares held by them. The directors have no other interest in the special business(s) and/or special/ ordinary resolutions except as specified above.

GHANI GASES LIMITED
Form of Proxy

I/We ____

of ____

being a member of GHANI GASES LIMITED ______________________________

hereby appoint ____

of ____

failing him ____

as my / our Proxy to attend act and vote for me/us on my / our behalf at 9th Annual General Meeting of the members of the Company to be held at Lahore on Monday, October 31, 2016 at 11:00 AM and at any adjournment(s) thereof.

Signed this __________ day of October 2016.

Sign by the said Member

Signed in the presence of:

1. Signature: ____________________
   Name: ____________________
   Address: ____________________
   CNIC/Passport No. ____________________

2. Signature: ____________________
   Name: ____________________
   Address: ____________________
   CNIC/Passport No. ____________________

<table>
<tr><th colspan="2" rowspan="2">Information required</th><th rowspan="2">For Member (Shareholder)</th><th>For Proxy</th><th>For alternate Proxy (*)</th></tr>
<tr><th colspan="2">(If member)</th></tr>
<tr><td colspan="2">Number of shares held</td><td></td><td></td><td></td></tr>
<tr><td colspan="2">Folio No.</td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">CDC Account No.</td><td>Participant I.D.</td><td></td><td></td><td></td></tr>
<tr><td>Account No.</td><td></td><td></td><td></td></tr>
</table>

Affix Revenue Stamp of Rs.5/

(*) Upon failing of appointed Proxy.

Notes:

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy must be a member.

2. This Proxy form, duly completed and signed, together with Board Resolution / Power authorized in writing. If any, under which it is signed or a materially certified copy thereof, should be deposited, with the Registered / Corporate Office of the Company, 10-N, Model Town Ext. Lahore -54000,Telephone No. 042-35161424-5 not later than 48 hours before the time of holding the meeting.

3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity its common seal should be affixed on the instrument.

4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.

5. Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be provided with the proxy form.

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

7. In the case of joint holders the vote of the senior who tender a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holder, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

8. The proxy shall produce his / her original CNIC or passport at the time of the meeting.

AFFIX
CORRECT
POSTAGE

Shares Department
Ghani Gases Limited
10-N, Model Town, Lahore 54000, Pakistan.
UAN: 111 GHANI 1 (442-641)
Tel: 042 35161424-5