

Ghani

Pakistan's No. 1 Glass Brand



THIRD QUARTER
FINANCIAL STATEMENTS

2014

GHANI GLASS LIMITED

Corporate Information

Board of Directors

Mr. Aitzaz Ahmad Khan
Mr. Imtiaz Ahmad Khan
Mr. Anwaar Ahmad Khan
Mr. Aftab Ahmad Khan
Mrs. Ayesha Aftab
Hafiz Farooq Ahmad
Mr. Zaid Ghani
Mr. Junaid Ghani
Mr. Jubair Ghani
Mr. Shamim Ahmed
Mr. Ali Jehangir Siddiqui
Syed Hasan Akbar Kazmi *(Alternate Director)*

Chairman
Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer

Audit Committee

Mr. Aftab Ahmad Khan
Mrs. Ayesha Aftab
Mr. Zaid Ghani

Chairman
Member
Member

HR & R Committee

Mr. Anwaar Ahmad Khan
Mrs. Ayesha Aftab
Mr. Zaid Ghani

Chairman
Member
Member

Chief Financial Officer

Mr. Umer Farooq Khan

Company Secretary

Hafiz Mohammad Imran Sabir

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Ally Law Associates

Corporate Consultants

- Muhammad Siddique Chaudhry
- Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Share Registrar

Corplink (Pvt) Ltd
Wings Arcade, 1-K Commercial Area
Model Town, Lahore, Pakistan
Phones : (042) 35916714, 35916719
Fax : (042) 35869037

Bankers

Albaraka Islamic Bank
Bank Alfalah Limited, IBD
Burj Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited, IBD
Meezan Bank Limited
MCB Bank Limited, IBD
Soneri Bank Limited, IBD
Standard Chartered Bank Limited, IBD
Bank Islami Pakistan Limited
Faysal Bank Limited, IBD
United Bank Limited

Head Office & Registered Office

40-L Model Town
Lahore, Pakistan
UAN : (042) 111 949 949
Fax : (042) 35172263
E-mail : info@ghaniglass.com
<http://www.ghaniglass.com>

Marketing Office

12 D/5, Chandni Chowk
KDA Scheme No. 7-8
Karachi - 74000
UAN : (021) 111 949 949
Fax : (021) 34926349
E-mail : marketing@ghaniglass.com

GGL Plant-1 & Regional Marketing Office-North

22 km Haripur Taxila Road, (From Haripur)
Thesil & District Haripur (KPK)
Phones : (0995) 639236-40 & (0995) 539063-65
Fax : (0995) 639067

GGL Plant-2

H- 15, Landhi Industrial Area
Karachi-74000
Phone : (021) 35020761-63
Fax : (021) 35020280

GGL Plant-3

29-km Lahore Sheikhpura Road,
District Sheikhpura
Phones : (056) 3406810-11
Fax : (056) 3406795
Email : ghanifloat@ghaniglass.com

Directors' Report

Dear Shareholders,

Assalam-o-AlaikumwaRahmatullahwaBarakatoHu.

The Board of Directors is pleased to present the unaudited Financial Statements of Ghani Glass Limited for the third quarter and nine months ended March 31, 2014.

FINANCIAL HIGHLIGHTS

	March 31, 2014	March 31, 2013
	(Rupees in million)	
Net Sales	7,177	7,802
Gross Profit	1,544	1,695
Profit from Operations	828	1,006
Profit before Tax	641	807
Profit after Tax	463	597
Earning per Share	3.76	4.84

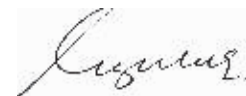
During the nine months ended March 31, 2014, the management has succeeded in reducing the cost of sales by initiating several cost controlling measures. The net revenue of the Company, with a nominal decline, has been recorded as Rupees 7.2 billion as compared to Rupees 7.8 billion for the corresponding period of the last year. However, quarter to quarter comparison with the same period of the last year showed that net revenue and net profit has increased by 11% and 13% respectively. The management has been continuously endeavoring to further restrain the operational costs by applying different cost cutting programmes.

ACKNOWLEDGMENT

The Board and the management would like to thank senior executives of Pharmaceutical, Food and Beverage industries for their continuous support and confidence on our quality products. Thanks are also due to our dealers and customers of float glass for their trust reposed on our quality products. The Board also appreciates the cooperation of our suppliers, contractors and bankers.

The Board acknowledges and puts on record its sincere appreciation for all employees of the Company for their hard work, commitment and loyalty.

On behalf of the Board of Directors



Imtiaz Ahmad Khan
Chief Executive Officer

Lahore:
April 30, 2014

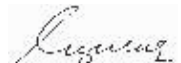
Condensed Interim Balance Sheet

As at 31 March 2014 (Un-audited)

	Note	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	7,094,179,700	6,775,583,377
Investment in associate	6	479,666,836	393,777,749
Long term deposits and prepayments		27,657,590	65,586,590
		7,601,504,126	7,234,947,716
Current assets			
Stores, spares and other consumables		835,864,833	850,414,171
Stock in trade		1,850,856,914	1,301,612,245
Trade debts		1,045,221,095	678,206,928
Advances, deposits and prepayments		361,861,703	255,626,769
Income tax recoverable		398,850,159	286,884,469
Other receivables		20,263,710	19,113,449
Cash and bank balances		72,588,389	320,805,556
		4,585,506,803	3,712,663,587
		12,187,010,929	10,947,611,303
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
142,500,000 ordinary shares of Rs. 10 each		1,425,000,000	1,425,000,000
Issued, subscribed and paid up capital			
123,219,006 (30 June 2013: 117,351,435) ordinary shares of Rs. 10 each	7	1,232,190,060	1,173,514,350
Reserves		5,493,593,855	5,089,402,712
		6,725,783,915	6,262,917,062
Non-current liabilities			
Long term finances	8	1,427,900,081	1,148,556,546
Security deposits		237,729,904	217,789,904
Deferred taxation		708,660,525	530,812,573
		2,374,290,510	1,897,159,023
Current liabilities			
Current portion of long term financing		280,195,702	305,016,763
Short term murabaha finances	9	1,722,664,768	1,294,163,227
Trade and other payables		1,047,977,507	1,169,833,435
Accrued markup		36,098,527	18,521,793
		3,086,936,504	2,787,535,218
Contingencies and commitments	10	12,187,010,929	10,947,611,303

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore


Chief Executive Officer


Director

Condensed Interim Profit and Loss Account (Un-audited)

For the period ended 31 March 2014

	Note	Quarter ended		Nine months ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
-----Rupees-----					
Sales	11	2,783,417,377	2,505,275,536	7,177,045,782	7,801,695,907
Cost of sales	12	(2,218,843,626)	(1,898,840,261)	(5,632,631,863)	(6,106,760,505)
Gross profit		564,573,751	606,435,275	1,544,413,919	1,694,935,402
General and administrative expenses		(69,033,708)	(61,175,566)	(252,681,175)	(218,146,707)
Selling and distribution expenses		(201,429,635)	(205,717,354)	(488,658,387)	(456,312,328)
Other expenses		(14,320,834)	(19,034,343)	(47,485,844)	(59,805,758)
Other income		23,523,619	14,608,289	72,691,616	45,725,053
		(261,260,558)	(271,318,974)	(716,133,790)	(688,539,740)
Operating profit		303,313,193	335,116,301	828,280,129	1,006,395,662
Share of profit of associate		30,501,030	16,039,504	85,889,087	48,115,195
Finance cost		(94,794,825)	(94,330,098)	(273,454,411)	(247,566,487)
Profit before taxation		239,019,398	256,825,707	640,714,805	806,944,370
Provision for taxation		(47,394,167)	(87,417,943)	(177,847,952)	(210,251,072)
Profit after taxation		191,625,231	169,407,764	462,866,853	596,693,298
Earning per share - basic and diluted		1.56	Restated 1.37	3.76	Restated 4.84

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore


Chief Executive Officer


Director

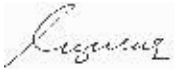
Condensed Interim Cash Flow Statement (Un-audited)

For the period ended 31 March 2014

	Nine months ended	
	31 March 2014 Rupees	31 March 2013 Rupees
Cash flows from operating activities		
Profit before taxation	640,714,805	806,944,370
Adjustments for non cash and other items:		
Depreciation	453,152,648	430,848,789
Gain on sales of fixed assets	(3,452,650)	-
Financial charges	273,454,411	247,566,487
Share of profit of associate	(85,889,087)	(48,115,195)
Provision for doubtful debts	1,906,863	-
Workers' profit participation fund	34,410,032	43,337,506
Workers' welfare fund	13,075,812	16,468,252
	686,658,029	690,105,839
Operating profit before working capital changes	1,327,372,834	1,497,050,209
(Increase)/decrease in current assets:		
Stores and spares	14,549,338	(50,480,772)
Stock in trade	(549,244,669)	(258,744,618)
Trade debtors	(367,014,167)	(209,276,801)
Other receivables	(1,150,261)	-
Advances, deposits and prepayments	(106,234,934)	(122,255)
Increase/(decrease) in current liabilities:		
Trade and other payables	(109,351,305)	29,982,972
Ijarah rental payable	-	143,946,726
	(1,118,445,998)	(344,694,748)
Cash generated from operations	208,926,836	1,152,355,461
Finance cost paid	(255,877,677)	(272,466,700)
Taxes paid	(111,965,690)	(174,815,923)
Worker's welfare fund and Workers' profit participation fund paid	(60,601,127)	(75,520,504)
	(428,444,494)	(522,803,127)
Net cash generated from operating activities	(219,517,658)	629,552,334
Cash flows from investing activities		
Fixed capital expenditure	(773,919,946)	(898,260,256)
Proceed from sales of fixed assets	4,390,000	-
Long term deposits and prepayments	37,929,000	(10,994,261)
Net cash used in investing activities	(731,600,946)	(909,254,517)
Cash flows from financing activities		
Loan from sponsors	-	(65,145,650)
Long term finances	254,522,474	1,405,225,733
Murabaha finances	428,501,541	(272,439,005)
Security deposits	19,940,000	(137,161,045)
Dividend paid	(62,578)	(535,329,943)
	702,901,437	395,150,090
Net cash generated from financing activities	702,901,437	395,150,090
Net increase/(decrease) in cash and cash equivalents during the period	(248,217,167)	115,447,907
Cash and cash equivalents at the beginning of the period	320,805,556	192,348,288
Cash and cash equivalents at the end of the period	72,588,389	307,796,195

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore


Chief Executive Officer


Director

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GHANI GLASS LIMITED

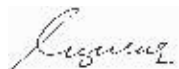
Condensed Interim Statement of Other Comprehensive Income (Un-audited)

For the period ended 31 March 2014 (Un-audited)

	Quarter ended		Nine months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	-----Rupees-----			
Profit for the period	191,625,231	169,407,764	462,866,853	596,693,298
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	191,625,231	169,407,764	462,866,853	596,693,298

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore



Chief Executive Officer



Director

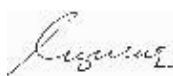
Condensed Interim Statement of Changes in Equity (Un-audited)


For the period ended 31 March 2014

	Share Capital	Capital reserve		Revenue reserve	Total
		Merger Reserve	Share Premium	Accumulated Profit	
-----Rupees-----					
Balance as at 01 July 2012	1,066,831,227	427,419,290	75,000,000	3,823,087,821	5,392,338,338
Total comprehensive income for the period					
Total comprehensive income for the period	-	-	-	870,578,724	870,578,724
Bonus shares issued @ 10% for the year ended 30 June 2012	106,683,123			(106,683,123)	
Balance as at 30 June 2013	<u>1,173,514,350</u>	<u>427,419,290</u>	<u>75,000,000</u>	<u>4,586,983,422</u>	<u>6,262,917,062</u>
Bonus shares issued @ 5% for the year ended 30 June 2013	58,675,710	-	-	(58,675,710)	
Total comprehensive income for the period				462,866,853	462,866,853
Balance as at 31 March 2014	<u>1,232,190,060</u>	<u>427,419,290</u>	<u>75,000,000</u>	<u>4,991,174,549</u>	<u>6,725,783,915</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore


Chief Executive Officer


Director

Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended 31 March 2014 (Un-audited)

1 Status and nature of business

Ghani Glass Limited ("the Company") was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the Company is located at 40-L Model Town, Lahore, Pakistan. The Company is engaged in the business of manufacturing and sale of glass containers and float glass of different types.

2 Basis of preparation

This condensed interim financial information comprises the balance sheet of Ghani Glass Limited ("the Company"), as at 31 March 2014 and the related condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof.

The condensed interim financial information has been prepared in accordance with the requirement of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed nine month financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2013.

3 Estimates

The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2013.

4 Accounting policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2013.

5 Property, plant and equipment

	Note	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
Operating assets	5.1	6,746,662,084	6,063,072,435
Capital work in progress	5.2	347,517,616	712,510,942
		<u>7,094,179,700</u>	<u>6,775,583,377</u>

5.1 Operating assets

Net book value at the beginning of the period / year	6,063,072,435	6,001,503,217
Add: Additions during the period / year	1,138,913,272	654,506,696
Less: Disposals during the period / year (at book value)	(2,170,975)	(1,227,184)
Less: Depreciation charged during the period / year	(453,152,648)	(591,710,294)
	<u>6,746,662,084</u>	<u>6,063,072,435</u>

	Note	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
5.2 Capital work in progress			
Civil works		-	18,129,509
Plant & machinery		-	227,934,744
Others			
Stores held for capital expenditures		347,517,616	466,446,689
		347,517,616	712,510,942
6 Investment in associate			
Rak Ghani Glass LLC			
16,456 (June 2013: 16,456) fully paid ordinary shares of AED 1,000 each	6.1	479,666,836	393,777,749
6.1 Movement in equity instruments of associated company is as follows:			
Opening balance		393,777,749	429,920,484
Purchase of equity investment		-	-
		393,777,749	429,920,484
Share of post acquisition profits/(losses)		85,889,087	(36,142,735)
Closing Balance		479,666,836	393,777,749
7 Issued subscribed and paid up capital			
14,950,000 (2013: 14,950,000 ordinary shares of Rs.10 each fully paid in cash)		149,500,000	149,500,000
72,026,871 (2013: 66,159,300 ordinary shares of Rs.10 each issued as fully paid bonus shares)		720,268,710	661,593,000
36,242,135 (2013: 36,242,135 ordinary shares of Rs.10 each issued under the scheme of amalgamation)		362,421,350	362,421,350
		1,232,190,060	1,173,514,350
8 Long term finances			
Diminishing musharika facility			
Bank Islami Limited		-	78,052,350
First Habib Modaraba		2,076,003	3,707,775
UBL Ameen		520,000,000	-
		522,076,003	81,760,125
Leasing certificates finances		1,195,420,069	1,384,103,227
Less: Unamortized transaction cost		(12,290,043)	(14,351,900)
Amortization during the period		2,889,754	2,061,857
		1,186,019,780	1,371,813,184
		1,708,095,783	1,453,573,309
Less: Current portion			
Diminishing musharika facility		21,875,000	53,682,800
Leasing certificates finances		258,320,702	251,333,963
		280,195,702	305,016,763
		1,427,900,081	1,148,556,546

	Note	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
9 Short term finances			
Morabaha finances - secured	9.1	1,672,954,111	536,192,778
Salam finances - secured		49,710,657	711,809,197
Financing against export bills - secured	9.2		46,161,252
		1,722,664,768	1,294,163,227

9.1 This include Morabaha and Salam finance facilities availed from various commercial banks with total available limit of Rs.4,125 million (2013: Rs.3,975 million). These facilities carry markup within a range of KIBOR + 0.7% to KIBOR + 1.5%. These facilities are secured against first pari passu charge over all present and future current assets, stocks, book debts and fixed assets of the Company.

9.2 This represents finance facility availed against export bills amounting to Rs.100 million (2013: Rs.70). It is secured against lien over export document bills collection and pari passu charge over current assets and fixed assets of the Company.

10 Contingencies and commitments

10.1 Contingencies

There is no change in contingencies during the period.

10.2 Commitments

10.2.1 Aggregate amount of bank guarantees issued by banks outstanding as at balance sheet date amounting to PKR 839 million (30 June 2013: PKR 702 million).

10.2.2 Letter of credits for import of materials and stores outstanding as at balance sheet date amounting to PKR 315 million (30 June 2013: PKR 766 million).

10.2.3 Commitments for ijarah rentals for ijarah financing from various financial institutions amounting to PKR 17,506,538 (30 June 2013: PKR 117,181,939)

	Quarter ended		Nine Months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	-----Rupees-----			
11 Sales				
Local sales	3,215,232,956	2,741,697,243	8,002,973,894	8,379,758,773
Export sales	156,058,134	193,708,961	594,845,797	779,086,693
Gross sales	3,371,291,090	2,935,406,204	8,597,819,691	9,158,845,466
Less: Trade discounts	(111,127,782)	(49,978,435)	(247,826,075)	(204,371,524)
Sales tax	(476,745,931)	(380,152,233)	(1,172,947,834)	(1,152,778,035)
	(587,873,713)	(430,130,668)	(1,420,773,909)	(1,357,149,559)
	2,783,417,377	2,505,275,536	7,177,045,782	7,801,695,907

	Un-audited 31 March 2014 Rupees	Un-audited 31 March 2013 Rupees
12 Cost of good sold		
Raw material consumed	2,093,532,754	2,291,720,730
Fuel, gas and electricity	2,008,449,195	2,238,601,479
Stores and spares consumed	260,040,741	221,127,762
Salaries, allowances and other benefits	635,446,685	558,246,257
Packing expenses	465,316,659	468,662,744
Depreciation	444,089,595	396,380,886
Rent, rates and taxes	22,946,239	20,601,346
Ijara rental expenses	34,089,385	114,028,896
Repair and maintenance	14,917,902	30,385,286
Travelling and motor running	18,509,247	17,800,842
Communication and stationery	3,639,861	2,841,067
Other manufacturing expenses	32,690,547	32,249,215
	6,033,668,810	6,392,646,510
Work in process		
Opening balance	87,678,269	117,714,991
Closing balance	(91,089,384)	(114,587,862)
	(3,411,115)	3,127,129
	6,030,257,695	6,395,773,639
Finished goods		
Opening balance	726,311,668	511,021,956
Closing balance	(1,123,937,500)	(800,035,090)
	(397,625,832)	(289,013,134)
	5,632,631,863	6,106,760,505

13 Transactions with related parties

Name	Nature of Transaction	Un-audited 31 March 2014 Rupees	Un-audited 31 March 2013 Rupees
Associates			
Ghani Value Glass Limited	Sales	271,187,413	311,821,349
	Purchases	5,899,681	-
	Other expenses	4,918,131	1,944,620
Ghani Automobiles Industries Limited	Reimbursement of utility bills	-	21,490
Ghani Gasses Limited	Sales	544,078	3,879,691
Rak Ghani Glass LLC	Sales	-	-
	Other expenses	628,786	1,278,030

All transactions with related parties have been carried out on commercial terms and conditions.

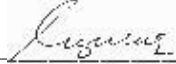
14 Date of authorization

This unaudited condensed interim financial information for the nine months period ended 31 March 2014 was authorized for issue by the Board of Directors on April 30, 2014.

15 General

Figures have been rounded off to nearest rupee.

Lahore


Chief Executive Officer


Director

Ghani
GHANI GLASS LIMITED

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Fax: + 92-42-35172263
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