



**QUARTERLY ACCOUNTS
FOR THE 1ST QUARTER
ENDED SEPTEMBER 2011
(UNAUDITED)**



**BAWANYAIR
PRODUCTS LIMITED**



BAWANYAIR
PRODUCTS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Hanif Y. Bawany
Ms. Momiza Kapadia
Mr. Vali Mohammad M. Yahya
Mr. Muhammad Ashraf
Mr. Wazir Ahmed Jogeza
Mr. Zakaria A. Ghaffar
Mr. Siraj A. Kadir

AUDIT COMMITTEE

Mr. Zakaria A. Ghaffar - Chairman
Mr. Mohammad Ashraf - Member
Mr. Siraj A. Kadir - Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Sohail Razzak

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants

BANKERS

Faysal Bank Limited
United Bank Limited
MCB Bank Limited

REGISTERED OFFICE

Khasra No. 52/53 R.C.D. Highway,
Mouza Pathra, Tehsil Hub,
Lasbella District, Balochistan.
Tel : 0853 - 363287-8, 0853 - 363289
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CITY OFFICE

16-C, 2nd Floor, Nadir House,
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Karachi.
Tel : 3240-0440 Fax : 3241-1986



BAWANYAIR
PRODUCTS LIMITED

QUARTERLY REVIEW

Assalam - O - Alaikum

The directors have pleasure in presenting the un-audited financial statements for the first quarter ended September 30, 2011.

During the review period, your Company achieved net sales target of Rs. 45 million which shows an increase of 16 % as compared to Rs. 39 million sales in first quarter of the last year. The quantity sold during this quarter was lower as compared to last quarter i.e. 959 thousand cubic meter in current period and 1,065 thousand cubic meter in last period. This resulted in a negative quantity variance of 500 thousand cubic meter which was well compensated by a favorable price variance of Rs. 11 million owing to increase in average selling price per unit. The drop in sale was not unusual as the holy month of Ramzan effects the sale due to reduced working hours

This shows the commitment of your Company to sustain its profitability, that despite of slump in business, the revenues have shown an upward rising trend.

On the other hand, the gross profit ratio has deteriorated mainly due to drastic increase in power and fuel charges. There have been constant revisions in electricity charges and on an overall basis, the power, fuel and water charges have increased by approximately 39% as compared to last period. This lower gross profit is the main reason that your Company could not achieve sufficient profits to absorb the tax charge. Therefore, there was a profit before tax of Rs. 37 thousand only and with a net tax charge of Rs. 386 thousand, the loss for the period amounted to Rs. 349 thousand.

Another tough task for the management team is to maintain regular cash flows. With positive operating cash flows, Rs. 4.9 million cash was generated from operations in this quarter as compared to utilisation of Rs. 0.489 million in comparable quarter. Loans are being repaid on regular basis with Rs. 4.7 million out-flow in the current quarter.

The market is expected to recover partially in the next quarter and looking forward for rest of the year, it is expected that the upcoming quarters would be favorable for business provided that the law and order situation of the country remains intact and our flood affected people from rural areas are relieved.

The directors of your Company are pleased to place on record their appreciation of the members of the management team and workers at plant site for their efforts and hard work.

On behalf of the board of directors

Karachi: October 18, 2011

M.Hanif Y. Bawany
Managing Director / Chief Executive Officer



BAWANYAIR
PRODUCTS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2011 (UNAUDITED)**

	Note	September 30, 2011 Rupees	September 30, 2010 Rupees
Sales - net		45,128,709	38,951,735
Cost of sales	7	<u>(38,772,945)</u>	<u>(32,293,468)</u>
Gross profit		6,355,764	6,658,267
Profit from trading activities - gases		24,418	-
Other operating income		13,674	-
Unrealized gain on revaluation of financial assets		<u>2,075</u>	<u>-</u>
		6,395,931	6,658,267
Distribution cost		<u>(1,547,357)</u>	<u>(1,204,582)</u>
Administrative expenses		<u>(2,755,175)</u>	<u>(2,971,725)</u>
Finance cost		<u>(2,056,435)</u>	<u>(1,856,687)</u>
Profit before taxation		36,964	625,273
Taxation			
- current	8	<u>(451,797)</u>	<u>(389,517)</u>
- deferred		65,520	-
(Loss) / profit for the period		<u>(349,313)</u>	<u>235,756</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u><u>(349,313)</u></u>	<u><u>235,756</u></u>
Earnings per share - basic and diluted		<u><u>(0.05)</u></u>	<u><u>0.03</u></u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

SIRAJ A. KADIR
DIRECTOR

LAST PROOF 21-10-11



CONDENSED INTERIM BALANCE SHEET

	Note	Un-audited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 15,000,000 ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital		75,025,104	75,025,104
Un-appropriated profit		13,934,140	14,137,981
		88,959,244	89,163,085
Surplus on revaluation of property, plant and equipment - net	4	20,164,599	20,310,071
Non Current Liabilities			
Long-term financing		30,104,710	33,911,585
Long-term deposits		32,976,729	32,826,665
Current Liabilities			
Trade and other payables		21,416,652	17,334,140
Interest / mark-up accrued		4,387,074	4,402,125
Short-term borrowings		10,982,320	7,580,046
Current portion of long-term financing		19,818,064	20,728,086
		56,604,110	50,044,397
Total Equity and Liabilities		228,809,392	226,255,803



AS AT SEPTEMBER 30, 2011

	Note	Un-audited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	5	201,026,922	201,919,202
Long-term deposits		3,215,467	3,215,467
Deferred tax asset	6	2,631,917	2,566,397
Current Assets			
Stores and spares		1,278,418	1,196,125
Stock-in-trade		3,437,717	2,780,518
Trade debts		10,158,802	9,081,798
Loans and advances		676,550	911,782
Advance income tax		2,762,276	1,277,511
Trade deposits		2,855,954	2,526,768
Other financial assets		86,882	84,807
Income tax refundable		437,121	437,121
Cash and bank balances		241,366	258,307
		21,935,086	18,554,737
Total Assets		<u>228,809,392</u>	<u>226,255,803</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

SIRAJ A. KADIR
DIRECTOR



BAWANYAIR
PRODUCTS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2011 (UNAUDITED)**

	September 30, 2011 Rupees	September 30, 2010 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	36,964	625,273
Adjustments:		
Depreciation of property, plant and equipment	705,956	1,911,215
Finance cost	2,056,435	1,856,687
Unrealized gain on revaluation of other financial assets	(2,075)	-
Operating cash flows before movements in working capital	2,797,280	4,393,175
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(82,293)	137,352
Stock-in-trade	(657,199)	(2,437,409)
Trade debtors	(1,077,004)	2,348,181
Loans and advances	235,232	(340,374)
Trade deposits	(329,186)	-
	(1,910,450)	(292,250)
Increase / (decrease) in current liabilities		
Trade and other payables	4,082,512	(4,590,327)
Net cash generated from / (used in) operations	4,969,342	(489,402)
Finance cost paid	(2,071,486)	(354,091)
Income tax paid	(1,936,562)	(990,586)
Net cash from / (used in) operating activities	961,294	(1,834,079)

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CONDENSED INTERIM CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2011 (UNAUDITED)

	September 30, 2011 Rupees	September 30, 2010 Rupees
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(60,000)	(97,351)
Proceeds from disposal of property, plant and equipment	246,324	-
Net cash from / (used in) investing activities	<u>186,324</u>	<u>(97,351)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(4,716,897)	(5,072,329)
Long-term deposits	150,064	2,138,635
Short-term borrowings - net	3,402,274	5,000,000
Net cash (used in) / from financing activities	<u>(1,164,559)</u>	<u>2,066,306</u>
Net (decrease) / increase in cash and cash equivalents	(16,941)	134,876
Cash and cash equivalents at the beginning of the period	258,307	191,958
Cash and cash equivalents at the end of the period	<u><u>241,366</u></u>	<u><u>326,834</u></u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

SIRAJ A. KADIR
DIRECTOR

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2011 (UNAUDITED)

	Issued subscribed and paid up capital	Un- appropriated profit Rupees	Total
Balance as at June 30, 2010 - as restated	68,204,640	4,578,472	72,783,112
Transfer from surplus on revaluation of property and equipment - net of deferred tax	-	581,887	581,887
Total comprehensive income for the year ended June 30, 2011	-	12,387,854	12,387,854
Transaction with owner in their capacity as owners			
Final dividend for the year ended June 30, 2010 @ Rs. 0.5 per share	-	(3,410,232)	(3,410,232)
Issue of 1 right share for every 10 shares held	6,820,464	-	6,820,464
	6,820,464	(3,410,232)	3,410,232
Balance as at June 30, 2011	75,025,104	14,137,981	89,163,085
Transfer from surplus on revaluation of property and equipment - net of deferred tax	-	145,472	145,472
Total comprehensive income for the period ended September 30, 2011	-	(349,313)	(349,313)
Balance as at September 30, 2011	75,025,104	13,934,140	88,959,244

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

M. HANIF Y. BAWANY
Managing Director / Chief Executive Officer

SIRAJ A. KADIR
Director



**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2011 (UNAUDITED)**

1. THE COMPANY AND ITS OPERATIONS

Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978. The Company is currently listed on the Karachi Stock Exchange. The principal activities of the Company are production and trading of oxygen gas, dissolved acetylene and nitrogen gas. The manufacturing facilities are located at Hub Industrial Estate, Tehsil Hub in the province of Balochistan. The registered office of the Company is situated at Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2011.

	Note	Unaudited September 30, 2011	Audited June 30, 2011
		----- Rupees -----	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net			
Surplus on freehold land		9,254,210	9,254,210
Surplus on building on freehold land	4.1	10,910,389	11,055,861
		<u>20,164,599</u>	<u>20,310,071</u>



	Unaudited September 30, 2011	Audited June 30, 2011
	----- Rupees -----	
4.1 Movement of surplus on building on freehold land during the three months period		
Revaluation surplus as at July 01	17,009,016	17,904,227
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(145,472)	(581,887)
Related deferred tax liability of incremental depreciation charged during the period	(78,331)	(313,324)
Revaluation surplus as at September 30	16,785,213	17,009,016
Less: Related deferred tax liability on:		
- revaluation as at July 1	(5,953,155)	(6,266,479)
- incremental depreciation charged during the period, transferred to profit and loss account	78,331	313,324
	(5,874,824)	(5,953,155)
	<u>10,910,389</u>	<u>11,055,861</u>
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	<u>199,808,150</u>	<u>201,919,202</u>
5.1 Additions to property, plant and equipment during the period were Rs. 60,000 (June 30, 2011: Rs. 1,256,453) and disposals there from at net book value were Rs. 246,324 (June 30, 2011: Rs. 98,420).		
6. DEFERRED TAX ASSET		
Deferred debits arising due to:		
- provision for bad debts	706,853	706,853
- carried forward tax losses	8,645,937	8,658,748
	9,352,790	9,365,601
Deferred credits arising due to:		
- accelerated depreciation on property, plant and equipment	(846,049)	(846,049)
- surplus on revaluation of property, plant and equipment	(5,874,824)	(5,953,155)
	(6,720,873)	(6,799,204)
	<u>2,631,917</u>	<u>2,566,397</u>

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	Unaudited September 30, 2011	Unaudited September 30, 2010
	----- Rupees -----	
7. COST OF SALES		
Raw material consumed	16,869,113	15,625,209
Salaries, wages and benefits	3,143,396	3,069,304
Power, fuel and water	14,762,030	10,585,540
Stores and spares	752,333	845,711
Repairs, maintenance and handling	2,379,271	2,158,813
Insurance	392,357	407,232
Vehicles running and maintenance	111,587	146,798
Depreciation	554,231	1,764,389
Others	476,813	446,899
Maintenance and other charges recovered	(345,963)	(327,532)
	39,095,168	34,722,363
Finished goods		
Opening stock	1,910,315	2,475,278
Closing stock	(2,232,538)	(4,904,173)
	(322,223)	(2,428,895)
	38,772,945	32,293,468

8. TAXATION

Charge for the current taxation represents turnover tax @ 1% under section 113 of the Income Tax Ordinance, 2001.

9. TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. The transactions with related parties are as follows:

	-----Three months ----- Un-audited	
	September 30, 2011	September 30, 2010
	----- Rupees -----	
Associated undertakings		
Organization charges paid	26,673	21,780
Short-term loan repaid to associated undertaking	-	1,000,000
Long-term loan repaid to associated undertaking	500,000	1,000,000
Transactions with key management personnel		
Salaries, benefits and other allowances	634,050	156,318
Other related parties		
Short term loan obtained from sister concern	1,350,000	-
Loan obtained from Director	-	-



10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 18,2011 by the Board of Directors of the Company.

M. HANIF Y. BAWANY
Managing Director / Chief Executive Officer

SIRAJ A. KADIR
Director

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