



**BAWANYAIR**  
PRODUCTS LIMITED

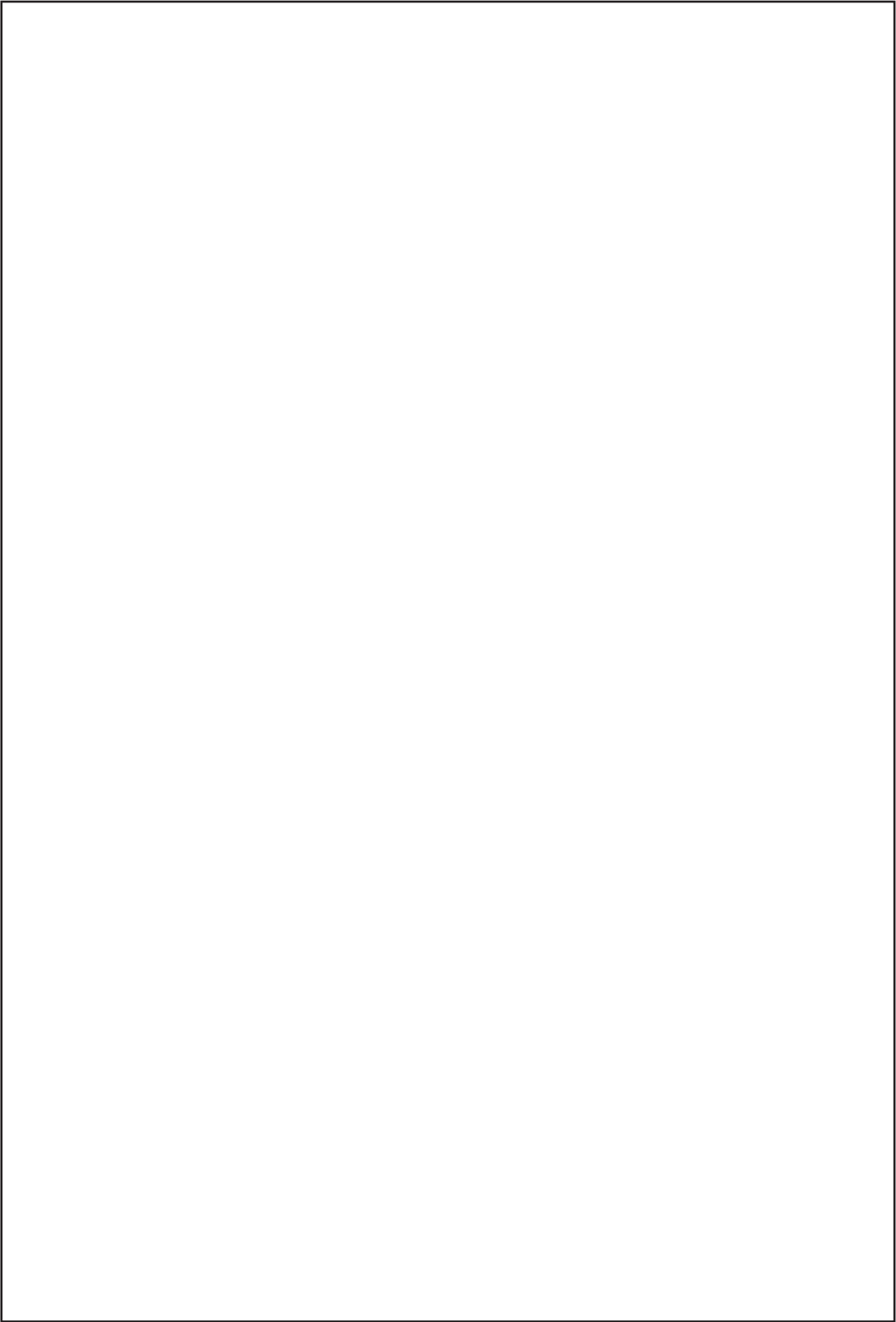
**QUARTERLY ACCOUNTS**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**



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## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Mohammad Ashraf Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Vali Mohammad M. Yahya Mr. Wazir Ahmed Jogezeai Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir	Chairman-Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
<b>AUDIT &amp; HR COMMITTEE</b>	Mr. Siraj A. Kadir Mr. Mohammad Ashraf Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Muhammad Munir	
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Muhammad Hashim	
<b>AUDITORS</b>	Parker Randall-A.J.S. Chartered Accountants	
<b>BANKERS</b>	Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan	
<b>SHARE REGISTRAR</b>	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Tel: 35687839-35685930	
<b>REGISTERED OFFICE</b>	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan. Tel : 0853 - 363287-8, 0853 - 363289 Fax: 0853 - 363290	
<b>CITY OFFICE</b>	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi. Tel : 3240-0440 Fax : 3241-1986	





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## QUARTERLY REVIEW

ASSALAM-O-ALAIKUM

On behalf of the Board of Directors, I am pleased to present the Directors' Review along with the un-audited financial statements of your Company for the first quarter ended September 30, 2014.

Pakistan's economy is yet to be on a stable track. With power crisis at its peak, political turmoil that seems beyond the control of government and its writ being challenged in federal capital, continuous violations of line of control by neighboring country, army engaged in operation "Zarb e Azb", etc. all these factors have hampered the economical growth of our nation. The business community has directly suffered from these issues and has emphasized this to the government at many forums that serious and immediate steps are required to tackle these problems.

Your Company is also going through a difficult phase in its history. You must have noticed that the revenue of this first quarter of year 2014-15 is almost half from first quarter of year 2013-14. It is down from Rs. 36 million to Rs. 18 million. Here, one of the main reasons behind this decrease is price variance. In last year, we had an average selling price of around Rs. 57 per cubic meter and it even went up to Rs. 60 per cubic meter as well but in the current period, the price has dropped to Rs. 35 per cubic meter. This drop in price is not due to the market customs and demand supply theory, rather its mainly due to the intrusion of a supplier who alone enjoys the benefit of power generation through Gas. Power is the main cost of production that constitutes around 80% of the total manufacturing overheads and with current prevailing selling price in the market, except for one, all the industrial gas manufacturers are having a hard time to survive. We have still managed to sell adequate quantity in the first quarter and your management is determined to remain an active player in the industry.

We have written to relevant government departments to allow gas connection to all the manufacturers of the industry so that a level playing field is available for every one and price of gas is set by market forces rather than being monopolized by any one manufacturer. However, to date, we have not yet received any positive response and therefore, we have approached other gas manufacturers to jointly raise this concern with government authorities so that this problem gets resolved as soon as possible.

The future performance of this industry heavily depends upon the government's strategy and its policies. If the concerns raised above are addressed on time, we are very hopeful that things will turn positively and the financial results will improve.

On behalf of the Board

Karachi.  
Dated: October 23, 2014

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



**CONDENSED INTERIM BALANCE SHEET**

	Note	Unaudited September 30, 2014	Audited June 30, 2014
<b>ASSETS</b>		----- Rupees -----	
<b>Non Current Assets</b>			
Property, plant and equipment	4	176,492,068	178,168,918
Long-term deposits		3,215,467	3,215,467
Deferred tax asset	5	1,930,000	-
<b>Current Assets</b>			
Stores and spares		1,283,686	1,282,090
Stock-in-trade		2,785,211	1,846,789
Trade debts		4,420,145	4,454,590
Loans and advances		1,501,351	1,614,062
Trade deposits and other receivables		4,117,274	3,676,263
Other financial assets		140,192	140,192
Income tax refundable		3,940,715	7,477,715
Cash and bank balances		324,207	501,661
		<b>18,512,781</b>	<b>20,993,362</b>
<b>Total Assets</b>		<b>200,150,316</b>	<b>202,377,747</b>



**AS AT SEPTEMBER 30, 2014**

	Unaudited September 30, 2014	Audited June 30, 2014
Note	Rupees	
<b>EQUITY AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
Authorised capital 15,000,000 Ordinary shares of Rs.10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	<b>75,025,104</b>	75,025,104
Un-appropriated profit	<b>10,578,817</b>	15,136,264
Surplus on revaluation of plant and equipment - net	<b>85,603,921</b>	90,161,368
	<b>6</b>	<b>16,502,871</b>
	<b>16,502,871</b>	16,576,045
<b>Non Current Liabilities</b>		
Long-term financing	<b>672,899</b>	2,620,983
Long-term deposits	<b>30,457,254</b>	30,532,254
<b>Current Liabilities</b>		
Trade and other payables	<b>23,919,990</b>	23,641,860
Interest / mark-up accrued	<b>1,325,240</b>	942,211
Short-term borrowings	<b>31,812,867</b>	29,028,052
Provision for taxation	<b>497,693</b>	595,681
Current portion of long-term financing	<b>9,357,581</b>	8,279,293
	<b>66,913,371</b>	62,487,097
<b>Total Equity and Liabilities</b>	<u><b>200,150,316</b></u>	<u>202,377,747</u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

**SIRAJ A. KADIR**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2014**

	Note	Three months ended	
		September 30, 2014	September 30, 2013
		Rupees -----	
Sales - net		<b>18,532,459</b>	36,748,835
Cost of sales	7	<b>(18,757,780)</b>	(38,005,736)
Gross loss		<b>(225,321)</b>	(1,256,901)
Profit from trading activities - gases		<b>30,464</b>	(50,240)
Other operating income		<b>84,750</b>	584,302
		<b>(110,107)</b>	(722,839)
Distribution cost		<b>(1,059,864)</b>	(1,276,923)
Administrative expenses		<b>(3,279,893)</b>	(3,601,638)
Other operating expenses		<b>(1,195,411)</b>	(1,163,730)
Finance cost - net		<b>(729,645)</b>	(927,369)
Loss before taxation		<b>(6,374,920)</b>	(7,692,499)
Provision for taxation			
- current	8	<b>(185,701)</b>	(184,060)
- deferred		<b>1,930,000</b>	41,281
Loss for the period		<b>(4,630,621)</b>	(7,835,278)
Other comprehensive income		-	-
Total comprehensive income		<b>(4,630,621)</b>	(7,835,278)
Earnings per share - basic and diluted		<b>(0.62)</b>	(1.04)

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

**SIRAJ A. KADIR**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2014**

	September 30, 2014	September 30, 2013
Note	----- Rupees -----	-----
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,374,920)	(7,692,499)
<b>Adjustments for:</b>		
Depreciation	1,676,850	1,816,495
Gain on disposal of property, plant and equipment	-	(508,237)
Finance cost	729,645	927,369
Operating cash flows before working capital changes	(3,968,425)	(5,456,872)
Working capital changes	9 (955,743)	2,552,037
<b>Net cash used in operations</b>	<b>(4,924,168)</b>	<b>(2,904,835)</b>
Finance cost paid	(346,616)	(1,653,857)
Income tax refund / (paid) - net	3,253,311	(447,560)
<b>Net cash used in operating activities</b>	<b>(2,017,473)</b>	<b>(5,006,252)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	1,100,000
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>1,100,000</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term deposits - liabilities - net	(75,000)	-
Repayment of long-term finance	(869,796)	(2,313,034)
Short-term borrowings - net	2,784,815	5,712,311
<b>Net cash generated from financing activities</b>	<b>1,840,019</b>	<b>3,399,277</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(177,454)</b>	<b>(506,975)</b>
Cash and cash equivalents at beginning of the period	501,661	828,299
<b>Cash and cash equivalents at end of the period</b>	<b>324,207</b>	<b>321,324</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.





**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2014**

	<b>Issued, subscribed and paid-up capital</b>	<b>Un-appropriated profit</b>	<b>Total</b>
	<b>----- Rupees -----</b>		
Balance as at June 30, 2013	75,025,104	36,039,305	111,064,409
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	311,379	311,379
Total comprehensive income for the year ended June 30, 2014	-	(21,214,420)	(21,214,420)
Balance as at June 30, 2014	<u>75,025,104</u>	<u>15,136,264</u>	<u>90,161,368</u>
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	73,174	73,174
Total comprehensive income for the three months period ended September 30, 2014	-	(4,630,621)	(4,630,621)
<b>Balance as at September 30, 2014</b>	<b><u>75,025,104</u></b>	<b><u>10,578,817</u></b>	<b><u>85,603,921</u></b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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

**SIRAJ A. KADIR**  
Director

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**SELECTED EXPLANATORY NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2014**

**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**

This interim financial information has been prepared in condensed form in accordance with the requirements of 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 and the listing regulations of the Karachi Stock Exchange. This condensed interim financial information does not include all 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, 2014.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates, judgments and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2014.

<b>Unaudited</b>	Audited
<b>September 30,</b>	June 30,
<b>2014</b>	2014
<b>Rupees</b>	

**4 PROPERTY, PLANT AND EQUIPMENT**

Operating property, plant and equipment	<u><b>176,492,068</b></u>	<u>178,168,918</u>
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**4.1** Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2014: Rs. Nil) and disposals there from at net book value were Rs. Nil (June 30, 2014: Rs. 1,496,311).



	Unaudited September 30, 2014	Audited June 30, 2014
	----- Rupees -----	
<b>5 DEFERRED TAX ASSET</b>		
<b>Deferred debits arising due to:</b>		
- provision for bad debts	102,319	102,319
- provision for liabilities	520,439	520,439
- carried forward tax losses	34,065,819	32,135,819
	<u>34,688,577</u>	<u>32,758,577</u>
<b>Deferred credit arising due to:</b>		
- accelerated depreciation on property, plant and equipment	(29,710,842)	(29,710,842)
- surplus on revaluation of property, plant and equipment	(3,047,735)	(3,047,735)
	<u>1,930,000</u>	<u>-</u>
<b>6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net</b>		
Surplus on freehold land	10,754,210	10,754,210
Surplus on building on freehold land	6.1 5,748,661	5,821,835
	<u>16,502,871</u>	<u>16,576,045</u>
<b>6.1 Movement of surplus on building on freehold land during the period</b>		
Revaluation surplus as at July 01,	8,869,570	9,435,713
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(73,174)	(311,379)
Restatement of opening liability	-	(94,357)
Related deferred tax liability of incremental depreciation charged during the period	(37,696)	(160,407)
<b>Revaluation surplus as at June 30,</b>	<u>8,758,700</u>	<u>8,869,570</u>
<b>Less: Related deferred tax liability on:</b>		
- revaluation as at July 1	(3,047,735)	(3,302,499)
- restatement of opening liability	-	94,357
- incremental depreciation charged during the period, transferred to profit and loss account	37,696	160,407
	<u>(3,010,039)</u>	<u>(3,047,735)</u>
	<u>5,748,661</u>	<u>5,821,835</u>



	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2014</b>	<b>2013</b>
	<b>----- Rupees -----</b>	
<b>7 COST OF SALES</b>		
Raw material consumed	15,945,388	28,190,190
Salaries, wages and benefits	1,253,191	2,851,245
Power, fuel and water	582,817	2,544,745
Stores and spares	69,572	112,931
Repairs, maintenance and handling	401,397	2,335,120
Insurance	386,007	455,904
Vehicles running and maintenance	175,460	74,904
Depreciation	367,536	392,319
Others	357,633	516,604
Maintenance and other charges recovered	(185,912)	(309,034)
	<b>19,353,089</b>	<b>37,164,928</b>
<b>Finished goods</b>		
Opening stock	<b>1,187,817</b>	1,256,121
Closing stock	<b>(1,783,126)</b>	(415,313)
	<b>(595,309)</b>	840,808
	<b>18,757,780</b>	<b>38,005,736</b>
<b>8 TAXATION</b>		
Charge for the current taxation represents higher of taxable income charged to tax at the rate of 34% or turnover tax @ 1% under section 113 of the Income Tax Ordinance, 2001.		
<b>9 WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(1,596)	50,903
Stock-in-trade	(938,422)	1,762,453
Trade debts	34,445	(2,455,587)
Loans and advances	112,711	(3,422,757)
Trade deposits and other receivables	(441,011)	(2,203,419)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	278,130	8,820,444
	<b>(955,743)</b>	<b>2,552,037</b>



**10 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:

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2014</b>	<b>2013</b>
	<b>----- Rupees -----</b>	
<b>Associated undertakings</b>		
Organization charges paid	130,611	37,391
Loan taken from associated undertaking	3,010,000	-
<b>Transactions with key management personnel</b>		
Salaries, benefits and other allowances	1,275,044	1,369,468
<b>Other related parties</b>		
Contribution made by the Company to retirement benefit plan	171,737	212,803

**11 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 23, 2014 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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