



**BAWANYAIR**  
PRODUCTS LIMITED

**QUARTERLY ACCOUNTS  
FOR THE 1ST QUARTER  
ENDED SEPTEMBER 30, 2012  
(UNAUDITED)**



**BAWANYAIR**  
PRODUCTS LIMITED

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Mr. M. Hanif Y. Bawany	Chief Executive Officer
Ms. Momiza Kapadia	Executive Director
Mr. Vali Mohammad M. Yahya	Non Executive Director
Mr. Muhammad Ashraf	Non Executive Director
Mr. Wazir Ahmed Jomezai	Non Executive Director
Mr. Zakaria A. Ghaffar	Non Executive Director
Mr. Siraj A. Kadir	Independent Director

### **AUDIT & HR COMMITTEE**

Mr. Siraj A. Kadir	- Chairman
Mr. Mohammad Ashraf	- Member
Mr. Zakaria A. Ghaffar	- 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  
Fax: 0853 - 363290

### **CITY OFFICE**

16-C, 2nd Floor, Nadir House,  
I.I. Chundrigar Road,  
Karachi.  
Tel : 32400440-43 Fax : 3241-1986



**BAWANYAIR**  
PRODUCTS LIMITED

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## QUARTERLY REVIEW

### ASSALAM-O-ALAIKUM

I am pleased to present the Directors' Review together with the un-audited financial statements of your Company for the first quarter ended September 30 2012.

During the period under review, the Company achieved a sales target of Rs. 68.9 million mainly due to two reasons. At first, the Company re-launched imported Argon gas towards which, the market showed a positive response and it is expected that its demand will rise in future as well; and the second factor is that in the current period, one of the major competitors suffered from plant breakdown and the related demand was met by other players in the market, including your Company.

A deteriorating power and gas supply situation not only increased the frequency of plant shutdowns and caused product shortages but also impacted operational efficiencies. Despite these challenges during the quarter the Company was able to achieve the profit after tax and EPS year to date which stood at Rs.6 million and Rs 0.81 respectively compared to the corresponding period last year.

Cash flows of the Company have also strengthened. Net cash flow from operating activities amounted to Rs. 3 million owing to increased profit before tax. However, cash was utilized in investing activities capital work in progress. Liabilities in respect of long term loans are being repaid as per agreed terms and in this regards, Rs. 5.58 million was paid during the period.

Although Pakistan's economy has shown some recovery in terms of GDP growth, key macro indicators still remain weak. During the period under review, the country continued to face severe power & gas crises and a poor law & order situation which has directly impacted economic activity. A robust growth in remittances, better performance in the industrial sector, an improvement in Pak -US ties and the consequent inflow of \$ 1.1 billion under the Coalition Support Fund were also positive developments during the period under review.

Looking forward, we anticipate strong financial performance in the current year.

On behalf of the Board

Date October 15, 2012

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



**BAWANYAIR**  
PRODUCTS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Note	Unaudited Septmeber 30, 2012	Unaudited Septmeber 30, 2011
-----Rupees -----			
Sales - net		68,944,097	45,128,709
Cost of sales	7	(52,601,704)	(38,772,945)
Gross profit		16,342,393	6,355,764
Profit from trading activities - gases		148,997	24,418
Other operating income		108	13,674
Unrealized gain on revaluation of other financial assets		-	2,075
		16,491,498	6,395,931
Distribution cost		(2,431,435)	(1,547,357)
Administrative expenses		(3,770,179)	(2,755,175)
Finance cost - net		(2,447,643)	(2,056,435)
Other operating expenses		(1,158,857)	-
Profit before taxation		6,683,384	36,964
Provision for taxation			
- current	8	(689,441)	(451,797)
- deferred		70,694	65,520
Profit / (loss) for the period		6,064,637	(349,313)
Other comprehensive income		-	-
Total comprehensive income for the period		6,064,637	(349,313)
Earnings per share - basic and diluted		0.81	(0.05)

The annexed notes from 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**  
Independent Director



**BAWANYAIR**  
PRODUCTS LIMITED

## CONDENSED INTERIM BALANCE SHEET

Note	Unaudited September 30, 2012	Audited June 30, 2012
	-----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	<u>75,025,104</u>	<u>75,025,104</u>
Un-appropriated profit	<u>28,726,342</u>	<u>22,530,417</u>
	<b>103,751,446</b>	<b>97,555,521</b>
Surplus on revaluation of property, plant and equipment - net	4 <b>19,625,990</b>	<b>19,757,278</b>
<b>Non Current Liabilities</b>		
Deferred tax liability	5 <b>2,881,939</b>	<b>2,952,633</b>
Long-term financing	<b>15,013,319</b>	<b>18,203,666</b>
Long-term deposits	<b>28,038,579</b>	<b>29,720,579</b>
<b>Current Liabilities</b>		
Trade and other payables	<u>27,367,156</u>	<u>21,978,153</u>
Interest / mark-up accrued	<u>1,571,051</u>	<u>87,235</u>
Short-term borrowings	<u>10,526,020</u>	<u>5,036,712</u>
Current portion of long-term financing	<u>19,466,479</u>	<u>21,857,276</u>
	<b>58,930,706</b>	<b>48,959,376</b>
<b>Total Equity and Liabilities</b>	<u><b>228,241,979</b></u>	<u><b>217,149,053</b></u>



**BAWANYAIR**  
PRODUCTS LIMITED

**AS AT SEPTEMBER 30, 2012**

	Note	Unaudited Septmeber 30, 2012	Audited June 30, 2012
-----Rupees -----			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	6	190,907,843	192,203,274
Capital work in progress		1,148,318	636,225
Long-term deposits		3,215,467	3,215,467
<b>Current Assets</b>			
Stores and spares		1,283,777	1,095,613
Stock-in-trade		5,567,541	1,477,922
Trade debts		14,140,495	8,244,778
Loans and advances		226,460	1,447,695
Advance tax		3,112,323	1,981,860
Trade deposits and other receivables		5,771,899	4,187,870
Other financial assets		86,881	86,881
Income tax refundable		1,714,632	1,714,632
Cash and bank balances		1,066,343	856,836
		32,970,351	21,094,087
<b>Total Assets</b>		<b>228,241,979</b>	<b>217,149,053</b>

The annexed notes from 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**  
Independent Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	September 30, 2012	September 30, 2011
	----- Rupees -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,683,384	36,964
<b>Adjustments for:</b>		
Depreciation	1,808,577	705,956
Unrealized gain on revaluation of other financial assets	-	(2,075)
Finance cost	2,447,643	2,056,435
	<hr/>	<hr/>
Operating cash flows before working capital changes	10,939,604	2,797,280
<b>Working capital changes</b>		
Stores and spares	(188,164)	(82,293)
Stock-in-trade	(4,089,619)	(657,199)
Trade debts	(5,895,717)	(1,077,004)
Loans and advances	1,221,235	235,232
Trade deposits and other receivables	(1,584,029)	(329,186)
Trade and other payables	5,389,003	4,082,512
	<hr/>	<hr/>
<b>Net cash from operations</b>	5,792,313	4,969,342
Finance cost paid	(963,827)	(2,071,486)
Income tax paid	(1,819,904)	(1,936,562)
<b>Net cash from operating activities</b>	<hr/>	<hr/>
	3,008,582	961,294
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(513,146)	(60,000)
Proceeds from disposal of property, plant and equipment	-	246,324
Payment made for capital work in progress	(512,093)	-
	<hr/>	<hr/>
<b>Net cash (used in) from investing activities</b>	(1,025,239)	186,324



**BAWANYAIR**  
PRODUCTS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	September 30, 2012	September 30, 2011
	----- Rupees -----	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term deposits - liabilities	(1,682,000)	(4,716,897)
Repayment of long-term finance	(5,581,144)	150,064
Decrease in short-term borrowings	5,489,308	3,402,274
<b>Net cash (used in) financing activities</b>	<b>(1,773,836)</b>	<b>(1,164,559)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>209,507</b>	<b>(16,941)</b>
Cash and cash equivalents at beginning of the period	856,836	258,307
Cash and cash equivalents at end of the period	<u>1,066,343</u>	<u>241,366</u>

The annexed notes from 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**  
Independent Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	<b>Issued subscribed and paid up capital</b>	<b>Unappropriated profit</b>	<b>Total</b>
	-----	-----	-----
	----- Rupees -----		
Balance as at June 30, 2011 as restated	75,025,104	14,311,980	89,337,084
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	552,793	552,793
Total comprehensive income for the year ended June 30, 2012	-	7,665,644	7,665,644
	<hr/>	<hr/>	<hr/>
Balance as at June 30, 2012	75,025,104	22,530,417	97,555,521
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	131,288	131,288
Total comprehensive income for the quarter ended September 30, 2012	-	6,064,637	6,064,637
	<hr/>	<hr/>	<hr/>
<b>Balance as at September 30, 2012</b>	<b><u>75,025,104</u></b>	<b><u>28,726,342</u></b>	<b><u>103,751,446</u></b>

The annexed notes from 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**  
Independent Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

**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, 2012.

**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, 2012.

	Note	Unaudited Septemeber 30, 2012 -----Rupees -----	Audited June 30, 2012
<b>4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net</b>			
Surplus on freehold land		9,254,210	9,254,210
Surplus on building on freehold land	4.1	10,371,780	10,503,068
		<u>19,625,990</u>	<u>19,757,278</u>



**BAWANYAIR  
PRODUCTS LIMITED**

	Unaudited September 30, 2012	Audited June 30, 2012
	-----Rupees -----	
<b>4.1 Movement of surplus on building on freehold land during the three months period</b>		
Revaluation surplus as at July 01	16,158,565	17,009,016
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(131,288)	(552,793)
Related deferred tax liability of incremental depreciation charged during the period	(70,694)	(297,658)
Revaluation surplus as at September 30 / June 30	15,956,583	16,158,565
Less: related deferred tax liability on:		
- revaluation as at July 1	(5,655,497)	(5,953,155)
- incremental depreciation charged during the period / year , transferred to profit and loss account	70,694	297,658
	<u>(5,584,803)</u>	<u>(5,655,497)</u>
	<u>10,371,780</u>	<u>10,503,068</u>
<b>5. DEFERRED TAX LIABILITY</b>		
Deferred debits arising due to:		
- provision for bad debts	706,853	706,853
- carried forward tax losses	1,639,901	1,639,901
- accelerated depreciation on property, plant and equipment	356,110	356,110
	<u>2,702,864</u>	<u>2,702,864</u>
Deferred credits arising due to surplus on revaluation of property, plant and equipment	(5,584,803)	(5,655,497)
	<u>(2,881,939)</u>	<u>(2,952,633)</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating property, plant and equipment	<u>190,907,843</u>	<u>192,203,274</u>

6.1 Additions to property, plant and equipment during the period were Rs. 513,146 (June 30, 2012: Rs. 1,287,054) and disposals there from at net book value were Nil (June 30, 2012: Rs. 650,920).



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	Unaudited September 30, 2012	Unaudited September 30, 2011
	-----Rupees -----	
<b>7. COST OF SALES</b>		
Raw material consumed	22,383,788	16,869,113
Salaries, wages and benefits	5,750,652	3,143,396
Power, fuel and water	21,702,808	14,762,030
Stores and spares	939,374	752,333
Repairs, maintenance and handling	2,458,798	2,379,271
Insurance	369,049	392,357
Vehicles running and maintenance	137,008	111,587
Depreciation	544,844	554,231
Others	1,436,577	476,813
Maintenance and other charges recovered	(383,799)	(345,963)
	<u>55,339,099</u>	<u>39,095,168</u>
<b>Finished goods</b>		
Opening stock	291,753	1,910,315
Closing stock	(3,029,148)	(2,232,538)
	<u>(2,737,395)</u>	<u>(322,223)</u>
	<u>52,601,704</u>	<u>38,772,945</u>
<b>8. TAXATION</b>		

Charge for the current taxation represents turnover tax @ 1% (2011: 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:

<b>Associated undertakings</b>		
Organization charges paid	99,060	26,673
Long-term loan repaid to associated undertaking	900,000	500,000
<b>Transactions with key management personnel</b>		
Salaries, benefits and other allowances	860,022	634,050
<b>Other related parties</b>		
Contribution made by the Company to retirement benefit plan	351,606	184,430
Short term loan obtained from associated concern	-	1,350,000

**10. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on October 15, 2012 by the Board of Directors of the Company.

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

**SIRAJ A. KADIR**  
Independent Director



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