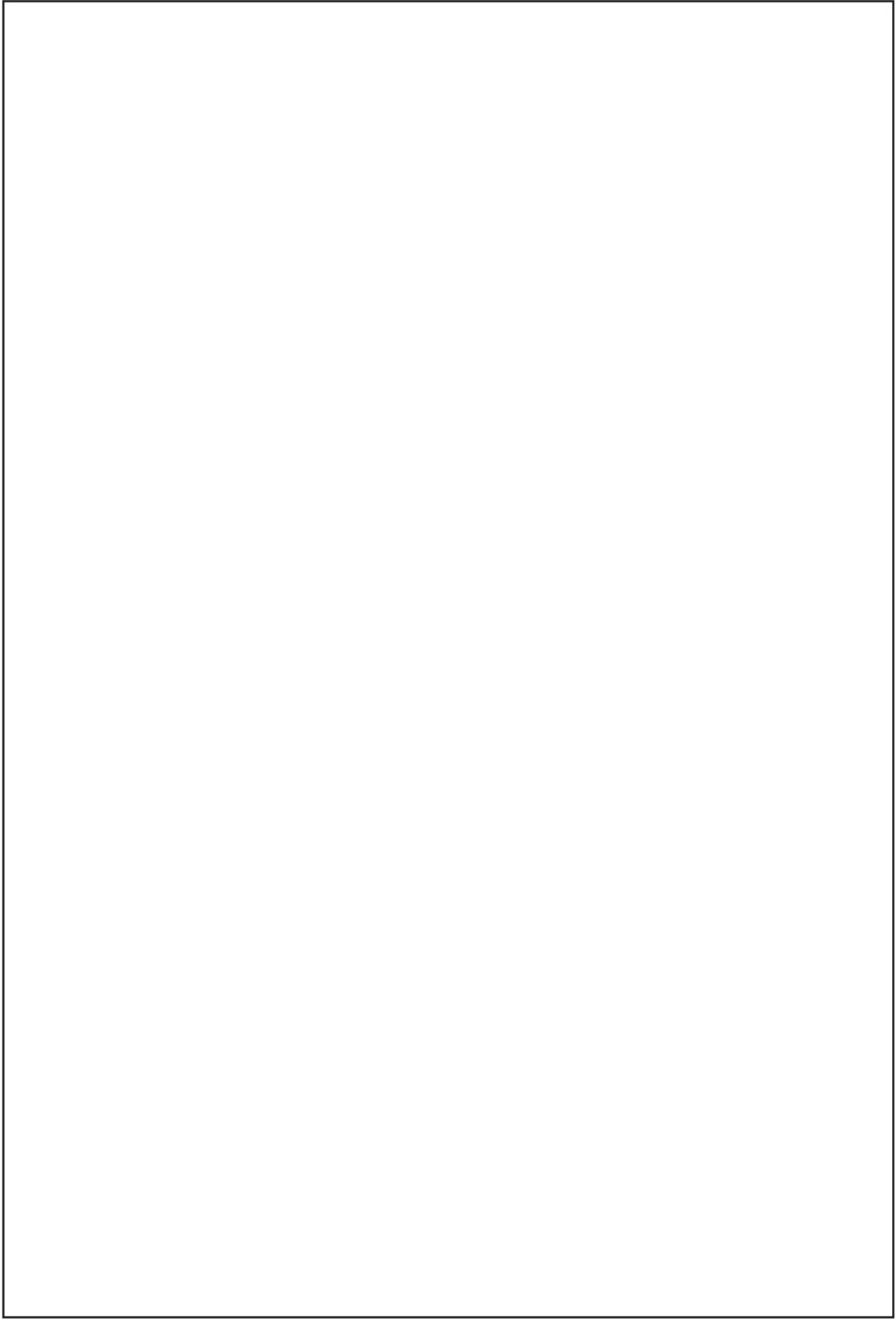




BAWANYAIR
PRODUCTS LIMITED

QUARTERLY ACCOUNTS
MARCH 31, 2015
(UNAUDITED)





CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Mohammad Ashraf Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Vali Mohammad M. Yahya Mr. Wazir Ahmed Jogezai 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
AUDIT & HR COMMITTEE	Mr. Siraj A. Kadir Mr. Mohammad Ashraf Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
HEAD OF INTERNAL AUDIT	Mr. Muhammad Munir	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Abdul Rauf Panja	
AUDITORS	Parker Randall-A.J.S. Chartered Accountants	
BANKERS	Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan	
SHARE REGISTRAR	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Tel: 35687839-35685930	
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 : 3240-0440 Fax : 3241-1986	



QUARTERLY REVIEW

ASSALAM-O-ALAIKUM

On behalf of the Board of Directors, I am pleased to present the Directors' Review on the nine months period ended March 31, 2015. The un-audited financial statements of your Company for the period then ended are also being presented for your perusal.

The performance of our Company is gradually restoring as the revenue is improving and the loss before tax is lower as compared to last quarters. The key financial performance analysis indicators for the nine months period ended March 31, 2015 as compared to the corresponding nine months period of March 31, 2014 are as follows:

Description	Nine months March 31, 2015	Nine months March 31, 2014
Sales	69,564,631	100,542,887
Gross profit / (loss)	3,661,434	(730,617)
Loss before taxation	(13,961,218)	(19,209,594)
Current ratio	0.53	0.42
Net equity	75,723,754	97,950,002

You must have noticed that despite lower sales in these 9 months of 2015 (as compared to nine months of 2014), we have still managed to earn healthy gross profit and the loss before taxation has also decreased from last nine months period. This is only due to strict monitoring of administration and operating expenses as well as optimization of operational performance in the field of sales and marketing. The top management is directly supervising the business dealings. Another important factor is the improvement in economic conditions of the industry where the volatility in the sales price has decreased to some extent. In-fact the price of liquid oxygen is gradually and slowly increasing but it is still well below the desired range of Rs.60 per cubic meter.

We have been regularly monitoring the current ratio and cash flows of the Company and it is evident in these financial statements that current ratio has improved from 0.42 to 0.53. There is no significant variance in the current asset base but the current liabilities are reducing over the period. MashaAllah the management has also successfully negotiated re-payment terms with respect to remaining long term loan liability and is also in process converting running capital into long term financing.

Commenting on the national economy, mega projects worth tens of billions of dollars are waiting in the wings, east, west and north of Pakistan. China is eager to invest in what is called a trade corridor to get a transport outlet. Afghanistan and India want a passage through Pakistan as the latter wants to mine iron ore in Afghanistan. These projects will prove a boon for our economy and will enrich and increase the size of our middle class. So one can be optimistic that foreign as well as local investment opportunities are knocking at our door, it's just that we have to completely eradicate the terrorism from grass root level.

On behalf of the Board

Karachi.

Dated: April 20, 2015

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



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

	Note	Nine months ended		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		Rupees		Rupees	
Sales - net		69,564,631	100,542,887	23,816,582	23,189,403
Cost of sales	6	(65,903,197)	(101,273,504)	(24,029,717)	(25,995,445)
Gross profit / (loss)		3,661,434	(730,617)	(213,135)	(2,806,042)
Other operating income		415,068	2,705,926	492	(85,869)
Unrealized gain on revaluation of other financial assets		12,509	26,538	-	-
		4,089,011	2,001,847	(212,643)	(2,891,911)
Distribution cost		(3,043,272)	(3,620,335)	(970,348)	(1,174,492)
Administrative expenses		(9,313,149)	(11,191,835)	(2,870,226)	(3,811,540)
Other operating expenses		(3,412,855)	(3,549,794)	(1,108,918)	(1,227,428)
Finance cost - net		(2,280,953)	(2,849,477)	(858,238)	(1,017,069)
Loss before taxation		(13,961,218)	(19,209,594)	(6,020,373)	(10,122,440)
Provision for taxation					
- current	7	(695,918)	(1,006,479)	(198,438)	(232,266)
- deferred		-	6,868,132	-	3,531,225
Loss for the period		(14,657,136)	(13,347,941)	(6,218,811)	(6,823,481)
Other comprehensive income		-	-	-	-
Total comprehensive income		(14,657,136)	(13,347,941)	(6,218,811)	(6,823,481)
Earnings per share - basic and diluted		(1.95)	(1.78)	(0.83)	(0.91)

The annexed notes from 1 to 10 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 BALANCE SHEET

		Unaudited March 31, 2015	Audited June 30, 2014
	Note	----- Rupees -----	----- Rupees -----
ASSETS			
Non Current Assets			
Property, plant and equipment	4	173,242,451	178,168,918
Long-term deposits		3,215,467	3,215,467
Current Assets			
Stores and spares		1,249,837	1,282,090
Stock-in-trade		1,871,811	1,846,789
Trade debts		4,073,756	4,454,590
Loans and advances		1,449,282	1,614,062
Trade deposits and other receivables		4,124,838	3,676,263
Other financial assets		152,701	140,192
Income tax refundable		3,940,715	7,477,715
Cash and bank balances		1,037,197	501,661
		17,900,137	20,993,362
Total Assets		194,358,055	202,377,747



AS AT MARCH 31, 2015

Unaudited Audited
March 31, June 30,
2015 2014

Note ----- 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

698,650

15,136,264

75,723,754

90,161,368

Surplus on revaluation of property,
plant and equipment - net

5

16,356,523

16,576,045

Non Current Liabilities

Long-term financing

28,460,908

2,620,983

Long-term deposits

40,015,914

30,532,254

Current Liabilities

Trade and other payables

19,763,072

23,641,860

Interest / mark-up accrued

218,136

942,211

Short-term borrowings

10,515,285

29,028,052

Provision for taxation

626,996

595,681

Current portion of
long-term financing

2,677,467

8,279,293

33,800,956

62,487,097

Total Equity and Liabilities

194,358,055

202,377,747

The annexed notes from 1 to 10 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 NINE MONTHS PERIOD ENDED MARCH 31, 2015**

	March 31, 2015	March 31, 2014
Note	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(13,961,218)	(19,509,594)
Adjustments for:		
Depreciation	4,960,967	5,334,011
Gain on disposal of property, plant and equipment	(1,500)	(2,601,780)
Unrealized gain on revaluation of other financial assets	(12,509)	-
Finance cost	2,280,953	2,849,477
Operating cash flows before working capital changes	<u>(6,733,307)</u>	<u>(13,627,886)</u>
Working capital changes	8	
Net cash used in operations	<u>(10,507,825)</u>	<u>(1,648,408)</u>
Finance cost paid	(3,005,028)	(4,569,637)
Income tax refund / (paid)	2,872,397	(345,231)
Net cash used in operating activities	<u>(10,640,456)</u>	<u>(6,563,276)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(65,000)	-
Proceeds from disposal of other financial assets - net	-	(9,728)
Proceeds from disposal of property, plant and equipment	32,000	4,005,626
Net cash (used in)/generated from investing activities	<u>(33,000)</u>	<u>3,995,898</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - liabilities - net	9,483,660	-
Long-term finance - net	(3,555,901)	(7,664,228)
Short-term borrowings - net	5,281,233	10,291,847
Net cash generated from financing activities	<u>11,208,992</u>	<u>2,627,619</u>
Net increase in cash and cash equivalents (A+B+C)	535,536	60,241
Cash and cash equivalents at beginning of the period	<u>501,661</u>	<u>828,299</u>
Cash and cash equivalents at end of the period	<u>1,037,197</u>	<u>888,540</u>

The annexed notes from 1 to 10 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 STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

	Issued, subscribed and paid-up capital	Un-appropriated profit	Total
	Rupees -----		
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	-	219,522	219,522
Total comprehensive income for the nine months period ended March 31, 2015	-	(14,657,136)	(14,657,136)
Balance as at March 31, 2015	<u>75,025,104</u>	<u>698,650</u>	<u>75,723,754</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

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

SIRAJ A. KADIR
Director



**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

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.

	Unaudited	Audited
	March 31,	June 30,
	2015	2014
Note	-----	-----
	Rupees	-----

4 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment	173,242,451	178,168,918
---	--------------------	-------------

4.1 Additions to property, plant and equipment during the period were Rs. 65,000 (June 30, 2014: Rs. Nil) and disposals there from at net book value were Rs. 30,500 (June 30, 2014: Rs. 1,496,311).



	Unaudited	Audited
	March 31,	June 30,
	2015	2014
	----- Rupees -----	
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
Surplus on freehold land	10,754,210	10,754,210
Surplus on building on freehold land	5.1 5,602,313	5,821,835
	16,356,523	16,576,045
5.1 Movement of surplus on building on freehold land during the period:		
Revaluation surplus as at July 01	8,869,570	9,435,713
Deficit arising on revaluation carried out during the year	-	-
	8,869,570	9,435,713
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(219,522)	(311,379)
Restatement of opening liability due to change in tax rate	-	(94,357)
Related deferred tax liability of incremental depreciation charged during the period	(113,087)	(160,407)
Revaluation surplus	8,536,961	8,869,570
Less: Related deferred tax liability on:		
- revaluation as at July 1	(3,047,735)	(3,302,499)
- restatement of opening liability due to change in tax rate	-	94,357
- incremental depreciation charged during the period, transferred to profit and loss account	113,087	160,407
	(2,934,648)	(3,047,735)
	5,602,313	5,821,835



	Nine Months Ended		Three Months Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----				
6 COST OF SALES				
Raw material consumed	55,904,558	79,634,141	21,653,791	17,949,657
Salaries, wages and benefits	3,652,431	7,879,136	1,155,653	2,854,314
Power, fuel and water	1,590,509	5,800,479	395,979	2,428,626
Stores and spares	264,553	487,447	67,587	191,465
Repairs, maintenance and handling	1,483,177	3,842,599	448,772	657,755
Insurance	736,042	1,367,713	284,196	455,905
Vehicles running and maintenance	350,180	234,111	61,363	83,217
Depreciation	1,088,094	1,157,452	358,156	379,610
Others	1,195,360	1,609,971	455,318	473,606
Maintenance and other charges recovered	(450,884)	(719,665)	(131,853)	(206,899)
	65,814,020	101,293,384	24,748,962	25,267,256
Finished goods				
Opening stock	1,187,817	1,256,121	379,395	2,004,190
Closing stock	(1,098,640)	(1,276,001)	(1,098,640)	(1,276,001)
	89,177	(19,880)	(719,245)	728,189
	65,903,197	101,273,504	24,029,717	25,995,445

7 TAXATION

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.

	Unaudited	
	---- Nine Months Ended ----	
	March 31, 2015	March 31, 2014
8 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets	----- Rupees -----	
Stores and spares	32,253	217,088
Stock-in-trade	(25,022)	903,898
Trade debts	380,834	1,508,834
Loans and advances	164,780	(631,943)
Trade deposits and other receivables	(448,575)	51,630
(Decrease) / increase in current liabilities		
Trade and other payables	(3,878,788)	9,929,971
	(3,774,518)	11,979,478



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:

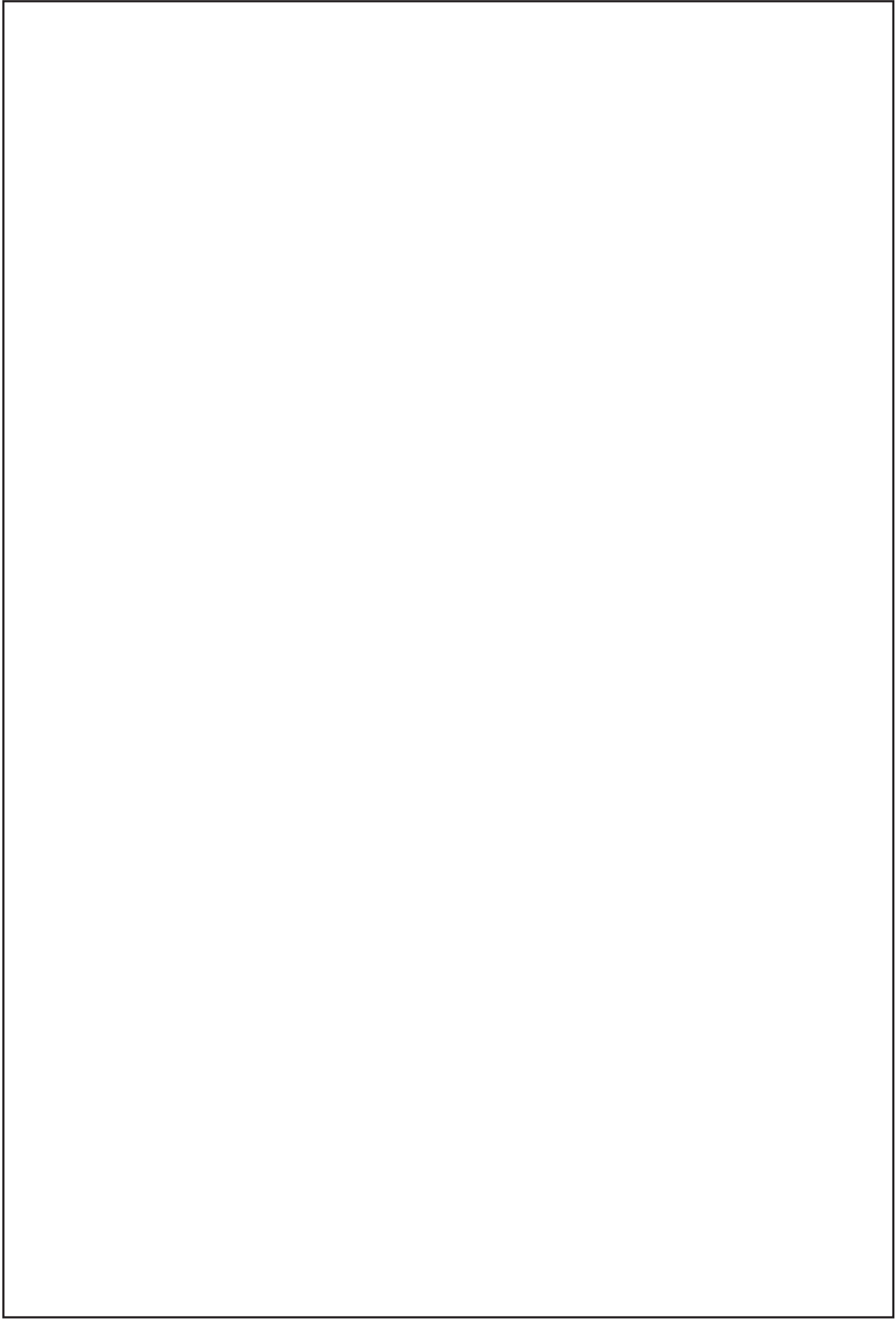
	Unaudited	
	----- Nine Months Ended -----	
	March 31,	March 31,
	2015	2014
	----- Rupees -----	
Associated undertakings		
Organization charges paid	295,520	152,040
Long-term loan repaid to associated undertaking	-	1,800,000
Long-term loan taken from associated undertaking	4,735,000	9,028,000
Transactions with key management personnel		
Salaries, benefits and other allowances	1,737,000	2,640,787
Other related parties		
Contribution made by the Company to retirement benefit plan	488,977	685,116
Mark-up accrued on loan from retirement benefits	26,500	122,958

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 20, 2015 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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