



**QUARTERLY ACCOUNTS
FOR THE 3RD QUARTER
ENDED MARCH 31, 2012
(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 Jomezai
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
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

We are pleased to present the un-audited financial statements of the Company for the third quarter ended March 31, 2012 along with our review of the Company's performance throughout these nine months.

Financial and operational highlights

The overall performance of the Company is quite strong keeping in mind the economic growth barriers prevailing in the country now-a-days. The third quarter went very well in terms of revenue, profitability and cost curtailment. A brief overview of the statistical performance of the Company is enumerated below:

	3rd Quarter 2012	3rd Quarter 2011	Nine months cumulative 2012	Nine months cumulative 2011
	----- Rupees -----			
Net sales	57,372,555	52,381,232	152,359,940	142,511,541
Gross profit	16,062,773	16,551,400	36,127,540	37,329,465
Profit after tax	4,106,929	7,576,103	5,389,091	11,203,147
Earnings per share	0.55	1.01	0.72	1.49

The above numbers show healthy performance but if compared to prior year, there is only decline in profit after tax and earnings per share. The main reason is the impact of deferred tax that has decreased the profit. Owing to taxable income in the current period, the accumulated tax losses are being absorbed, consequently the deferred tax asset is reducing and there is a charge to profit and loss account in respect of deferred tax.

As far as operations of the Company are concerned, we are quite hopeful to exceed the sales target of Rs. 200 million on a full year basis as already the sales have surpassed Rs. 152 million. The business growth of the Company is in line with business prospects in Gaddani. Presently, the Gaddani Ship Breaking Industry is in full swing as many ships have lined up for wreckage. The two factors that hamper our business is the high electricity cost and the law and order situation. During the current quarter, the electricity rates were again revised and the frequency of electricity failure / jerks in the load was also on a higher side that results in un-necessary outages. Similarly, worsening law and order situation in the province of Balochistan is another very crucial factor that is restricting the business.



The balance sheet of the Company is also strengthening. The current ratio has improved from 37% to 47% as at March 2012 as compared from June 2011. Similarly, the long term borrowings have been repaid to the extent of Rs. 10 million approximately in the current period. The cash flow concerns are still there but the management is carefully monitoring the overall liquidity position of the Company and is trying the level best to manage the working capital requirements. The future seems bright as far as business prospects are concerned but we need to be very careful and watchful with the law and order situation and the increased cost of goods sold.

The Directors of your company are pleased to place on record their appreciation of the members of the staff and workers for their efforts and hard work.

On behalf of the board of directors

Karachi: April 19, 2012

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



BAWANYAIR
PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET

	Note	Unaudited March 31, 2012	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		20,218,064	14,137,981
		95,243,168	89,163,085
Surplus on revaluation of property, plant and equipment - net	4	19,619,078	20,310,071
Non Current Liabilities			
Deferred tax liability	6	1,317,176	-
Long-term financing		24,524,734	33,911,585
Long-term deposits		30,705,416	32,826,665
Current Liabilities			
Trade and other payables		23,865,523	17,334,140
Interest / mark-up accrued		267,928	4,402,125
Short-term borrowings		9,946,221	7,580,046
Current portion of long-term financing		20,123,674	20,728,086
		54,203,346	50,044,397
Total Equity and Liabilities		<u>225,612,918</u>	<u>226,255,803</u>



AS AT MARCH 31, 2012

	Note	Unaudited March 31, 2012	Audited June 30, 2011
-----Rupees-----			
ASSETS			
Non Current Assets			
Property, plant and equipment	5	196,866,117	201,919,202
Long-term deposits		3,215,467	3,215,467
Deferred tax asset	6	-	2,566,397
Current Assets			
Stores and spares		1,324,961	1,196,125
Stock-in-trade		2,752,303	2,780,518
Trade debts		15,802,127	9,081,798
Loans and advances		272,500	911,782
Advance tax		3,329,527	1,277,511
Trade deposits and prepayments		1,230,981	2,526,768
Other financial assets		86,881	84,807
Income tax refundable		437,121	437,121
Cash and bank balances		294,933	258,307
		25,531,334	18,554,737
Total Assets		<u>225,612,918</u>	<u>226,255,803</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
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2012**

	Note	Quarter ended		Nine months ended	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
		----- Rupees -----		----- Rupees -----	
Sales - net		57,372,555	52,381,232	152,359,940	142,511,541
Cost of sales	7	(41,309,782)	(35,829,832)	(116,232,400)	(105,182,076)
Gross profit		16,062,773	16,551,400	36,127,540	37,329,465
Profit / (loss) from trading activities - gases		40,576	(8,296)	148,152	(12,716)
Other operating income		987,238	-	1,001,021	247,954
Unrealized gain on revaluation of other financial assets		2	-	2,076	-
		17,090,589	16,543,104	37,278,789	37,564,703
Distribution cost		(2,159,402)	(1,425,247)	(5,321,298)	(3,860,849)
Administrative expenses		(3,774,104)	(3,945,260)	(11,667,512)	(12,616,457)
Finance cost - net		(2,065,851)	(2,463,011)	(5,051,185)	(4,880,697)
Other operating expenses		(1,728,576)	(609,671)	(4,440,791)	(1,134,469)
Profit before taxation		7,362,656	8,099,915	10,798,003	15,072,231
Provision for taxation					
- current	8	(574,206)	(523,812)	(1,525,339)	(1,425,115)
- deferred		(2,681,521)	-	(3,883,573)	(2,443,969)
Profit for the period		4,106,929	7,576,103	5,389,091	11,203,147
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		4,106,929	7,576,103	5,389,091	11,203,147
Earnings per share - basic and diluted		0.55	1.01	0.72	1.49

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
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2012**

	March 31, 2012	March 31, 2011
----- Rupees -----		
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,798,003	15,072,231
Adjustments for:		
Depreciation	5,696,553	5,983,048
Dividend income	-	(4,325)
Gain on disposal of property, plant and equipment	(1,054,950)	(217,529)
Waiver of mark-up	(1,539,345)	(2,690,783)
Unrealized gain on revaluation of other financial assets	(2,074)	(26,100)
Finance cost	6,590,530	7,571,480
	20,488,717	25,688,022
Working capital changes		
Stores and spares	(128,836)	(59,930)
Stock-in-trade	28,215	(1,285,754)
Trade debts	(6,720,329)	3,464,252
Loans and advances	639,282	(706,018)
Trade deposits and prepayments	1,295,787	485,985
Trade and other payables	6,531,383	(7,110,178)
	1,645,502	(5,211,643)
Net cash from operations	22,134,219	20,476,379
Finance cost paid	(9,185,382)	(5,989,377)
Income tax (paid) / refund-net	(3,577,355)	72,847
Net cash from operating activities	9,371,482	14,559,849
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(960,554)	(970,483)
Dividend income	-	4,325
Proceeds from disposal of property, plant and equipment	1,372,035	260,000
Net cash from / (used in) investing activities	411,481	(706,158)



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**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2012**

	March 31, 2012	March 31, 2011
	----- Rupees -----	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - liabilities	(2,121,249)	84,676
Issue of right shares	-	6,820,464
Repayment of long-term finance	(9,991,263)	(11,656,487)
Dividend paid	-	(2,595,580)
Increase/(decrease) in short-term borrowings	2,366,175	(6,115,696)
Net cash used in financing activities	<u>(9,746,337)</u>	<u>(13,462,623)</u>
Net increase in cash and cash equivalents (A+B+C)	36,626	391,068
Cash and cash equivalents at July 1	258,307	191,958
Cash and cash equivalents at March 31	<u>294,933</u>	<u>583,026</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
Director



BAWANYAIR
PRODUCTS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2012**

	Issued subscribed and paid up capital	Unappropriated profit	Total
	-----	Rupees -----	-----
Balance as at July 1, 2010 - as restated	68,204,640	4,578,472	72,783,112
Transfer from surplus on revaluation of property, plant 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 owners 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, plant and equipment - net of deferred tax	-	690,992	690,992
Total comprehensive income for the nine months ended March 31, 2012	-	5,389,091	5,389,091
Balance as at March 31, 2012	75,025,104	20,218,064	95,243,168

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
Director



**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED MARCH 31, 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, 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 March 31, 2012	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	10,364,868	11,055,861
		19,619,078	20,310,071



BAWANYAIR
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	Unaudited March 31, 2012	Audited June 30, 2011
-----Rupees-----		
4.1 Movement of surplus on building on freehold land		
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	(690,993)	(581,887)
Related deferred tax liability of incremental depreciation charged during the period	(372,073)	(313,324)
Revaluation surplus as at March 31/June 30	15,945,950	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/year, transferred to profit and loss account	372,073	313,324
	<u>(5,581,082)</u>	<u>(5,953,155)</u>
	<u>10,364,868</u>	<u>11,055,861</u>
5. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	<u>196,866,117</u>	<u>201,919,202</u>
5.1 Additions to property, plant and equipment during the period were Rs. 960,554 (June 30, 2011: Rs. 1,256,453) and disposals there from at net book value were Rs. 317,085 (June 30, 2011: Rs. 42,471).		
6. DEFERRED TAX (LIABILITY) / ASSET		
Deferred debits arising due to:		
- provision for bad debts	706,853	706,853
- accelerated depreciation on property, plant and equipment	33,928	-
- carried forward tax losses	3,523,125	8,658,748
	<u>4,263,906</u>	<u>9,365,601</u>
Deferred credits arising due to:		
- accelerated depreciation on property, plant and equipment	-	(846,049)
- surplus on revaluation of property, plant and equipment	(5,581,082)	(5,953,155)
	<u>(5,581,082)</u>	<u>(6,799,204)</u>
	<u>(1,317,176)</u>	<u>2,566,397</u>



BAWANYAIR
PRODUCTS LIMITED

	<u>Three Months Unaudited</u>		<u>Nine Months Unaudited</u>	
	<u>March 31,</u> <u>2012</u>	<u>March 31,</u> <u>2011</u>	<u>March 31,</u> <u>2012</u>	<u>March 31,</u> <u>2011</u>
	----- Rupees -----			
7. COST OF SALES				
Raw material consumed	15,842,772	15,254,124	48,073,432	47,852,266
Salaries, wages and benefits	4,225,499	2,969,975	11,838,771	9,570,828
Power, fuel and water	14,827,562	15,206,196	43,418,979	36,459,259
Stores and spares	1,124,350	1,331,235	2,828,149	3,177,349
Repairs, maintenance and handling	2,153,845	2,188,182	6,451,892	5,520,794
Insurance	573,849	410,359	1,373,438	1,224,823
Vehicles running and maintenance	120,762	137,881	347,883	366,100
Depreciation	540,151	563,941	1,656,121	1,710,977
Others	621,317	532,001	1,492,112	1,458,846
Maintenance and other charges recovered	(120,145)	(17,123)	(1,070,536)	(516,214)
	<u>39,909,962</u>	<u>38,576,771</u>	<u>116,410,241</u>	<u>106,825,028</u>
Finished goods				
Opening stock	3,487,966	1,374,941	1,910,305	2,478,928
Closing stock	(2,088,146)	(4,121,880)	(2,088,146)	(4,121,880)
	<u>1,399,820</u>	<u>(2,746,939)</u>	<u>(177,841)</u>	<u>(1,642,952)</u>
	<u>41,309,782</u>	<u>35,829,832</u>	<u>116,232,400</u>	<u>105,182,076</u>

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

Associated undertakings

Organization charges paid	273,051	80,019
Short-term loan repaid to associated undertaking	-	500,000
Long-term loan repaid to associated undertaking	500,000	4,600,000

Transactions with key management personnel

Salaries, benefits and other allowances	2,325,782	2,141,357
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10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 19, 2012 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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If undelivered please return to:

BAWANYAIR

PRODUCTS LIMITED

16-C, 2nd Floor, Nadir House,

I. I. Chundrigar Road,

Karachi.