

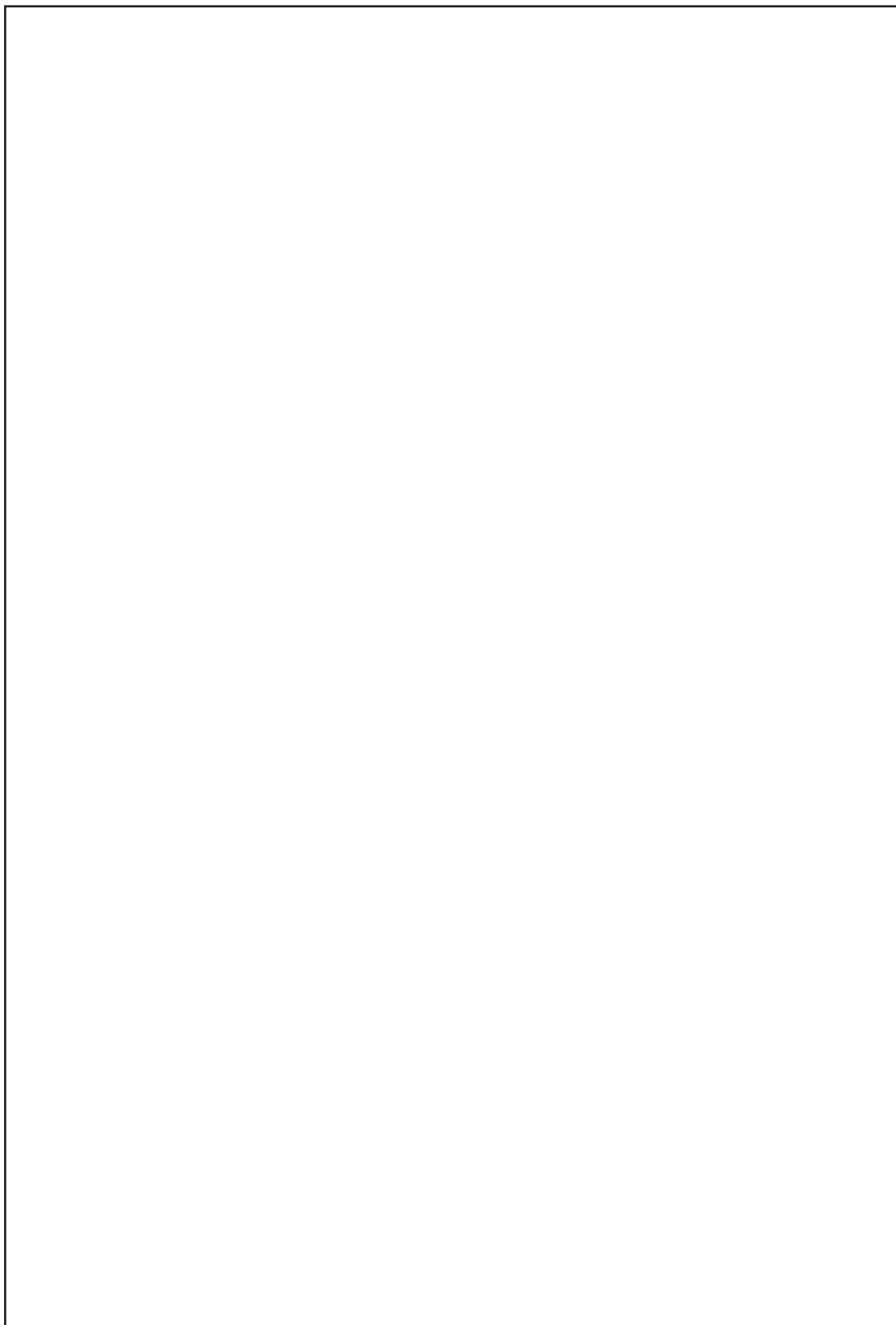


BAWANYAIR
PRODUCTS LIMITED

QUARTERLY ACCOUNTS
SEPTEMBER 30, 2015
(UNAUDITED)

CORPORATE INFORMATION

| | | |
|--|---|---|
| BOARD OF DIRECTORS | <p>Mr. Mohammad Ashraf</p> <p>Mr. M. Hanif Y. Bawany</p> <p>Mrs. Momiza Hanif Bawany</p> <p>Mr. Vali Mohammad M. Yahya</p> <p>Mr. Wazir Ahmed Jomezai</p> <p>Mr. Zakaria A. Ghaffar</p> <p>Mr. Siraj A. Kadir</p> | <p>Chairman-Non Executive Director</p> <p>Chief Executive Officer</p> <p>Executive Director</p> <p>Non Executive Director</p> <p>Non Executive Director</p> <p>Non Executive Director</p> <p>Independent Director</p> |
| AUDIT & HR COMMITTEE | <p>Mr. Siraj A. Kadir</p> <p>Mr. Mohammad Ashraf</p> <p>Mr. Zakaria A. Ghaffar</p> <p>Mr. Muhammad Munir</p> | <p>Chairman</p> <p>Member</p> <p>Member</p> <p>Secretary to Audit Committee</p> |
| HEAD OF INTERNAL AUDIT | Mr. Muhammad Munir | |
| CHIEF FINANCIAL OFFICER & COMPANY SECRETARY | Mr. Abdul Rauf | |
| 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 along with the un-audited financial statements of your Company for the first quarter ended September 30, 2015.

The results of first quarter for the year 2015-16 are positively different from comparative period of last year i.e. first quarter for the year 2014-15. Last year we started the first quarter with revenue of Rs. 18 million and had a gross loss of Rs. 225,321. However, contrary to this, the current year has started with revenue of Rs. 23 million plus a gross profit of Rs. 1.5 million. This is a great achievement of your Company's management that despite the operational problems, we have managed to earn reasonable gross profit. The financial performance for this quarter would have been even better but the business slowed down owing to Eid holidays in the month of September 2015. Still we thank Almighty ALLAH to have a relatively better performance from last year's first quarter.

Operating costs like Administrative expenses, Distribution costs, Other charges and even the Finance costs have all been reduced to the minimum level and in order to further reduce the burden of salary and other benefits expense, the top management (i.e. the executive directors including your CEO) have intentionally foregone the annual increment for the past 3 years for themselves and instead of 2 cars (as per entitlement), the CEO has opted for 1 car and the additional car has been sold during the period.

The price of liquid oxygen is getting stable gradually. We are making efforts and hope for a better year ahead. We understand that making the liquid oxygen plant to resume full operations; has become inevitable for the Company and for this, the deals with relevant vendors / contractors are being negotiated. The management has planned to sell some damaged components and old spares so that necessary finance could be arranged for the required repairs and maintenance cost of imported plant.

Country's economy started to stabilize in 2015. The present government has also realized that they are more than half way through their elected term and immediate and aggressive measures have to be taken, without any further delay, to strengthen the economic situation of the Country. However, the power shortage, disputes between the finance ministry and the business community regarding withholding taxes, political uncertainty and terrorism are the dark clouds that are still mounting over the entire nations growth but the military and political leadership are all aligned to take our Country out of this turmoil and entire nation has high hopes that the progress and development phase will speed up this year on-wards IN SHA ALLAH.

On behalf of the Board



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

Karachi.
Dated: October 27, 2015

CONDENSED INTERIM BALANCE SHEET

| | Note | Unaudited September 30, 2015 | Audited June 30, 2015 |
|--------------------------------------|------|------------------------------------|-----------------------------|
| | | ----- Rupees ----- | |
| ASSETS | | | |
| Non Current Assets | | | |
| Property, plant and equipment | 4 | 168,671,630 | 171,467,821 |
| Long-term deposits | | 3,215,467 | 3,215,467 |
| Current Assets | | | |
| Stores and spares | | 1,069,857 | 1,239,081 |
| Stock-in-trade | | 1,583,155 | 1,305,658 |
| Trade debts | | 2,825,235 | 3,426,603 |
| Loans and advances | | 1,991,649 | 2,956,037 |
| Trade deposits and other receivables | | 3,341,104 | 3,662,641 |
| Other financial assets | | 153,655 | 174,406 |
| Income tax refundable | | 3,940,715 | 3,940,715 |
| Cash and bank balances | | 1,137,508 | 645,842 |
| | | 16,042,878 | 17,350,983 |
| Total Assets | | 187,929,975 | 192,034,271 |

AS AT SEPTEMBER 30, 2015

| | Unaudited September 30, 2015 | Audited June 30, 2015 |
|---|---|--------------------------------------|
| Note | Rupees | |
| EQUITY AND LIABILITIES | | |
| Share Capital and Reserves | | |
| Authorized 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 | 75,025,104 | 75,025,104 |
| Un-appropriated (loss) | (8,105,277) | (3,865,745) |
| | 66,919,827 | 71,159,359 |
| Surplus on revaluation of property, plant and equipment - net | 5 16,209,088 | 16,278,914 |
| Non Current Liabilities | | |
| Long-term financing | 3,170,851 | 3,932,817 |
| Long-term deposits | 39,090,187 | 40,878,139 |
| Current Liabilities | | |
| Trade and other payables | 21,642,014 | 20,561,768 |
| Interest / mark-up accrued | 436,849 | 375,888 |
| Short-term borrowings | 36,938,590 | 35,248,510 |
| Provision for taxation | 197,572 | 395,513 |
| Current portion of long-term financing | 3,324,997 | 3,203,363 |
| | 62,540,022 | 59,785,042 |
| Total Equity and Liabilities | <u>187,929,975</u> | <u>192,034,271</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 PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015**

| | Note | Three months ended | |
|---|------|-----------------------|-----------------------|
| | | September 30, 2015 | September 30, 2014 |
| | | ----- Rupees ----- | |
| Sales - net | | 23,388,507 | 18,532,459 |
| Cost of sales | 6 | (21,814,413) | (18,757,780) |
| Gross profit / (loss) | | 1,574,094 | (225,321) |
| Profit from trading activities - gases | | - | 30,464 |
| Other operating income | | 441,864 | 84,750 |
| Gain on sale of other financial assets | | 113,806 | - |
| | | 2,129,764 | (110,107) |
| Distribution cost | | (1,096,091) | (1,059,864) |
| Administrative expenses | | (3,342,479) | (3,279,893) |
| Other operating expenses | | (1,094,300) | (1,195,411) |
| Finance cost - net | | (672,367) | (729,645) |
| Loss before taxation | | (4,075,473) | (6,374,920) |
| Provision for taxation | | | |
| - current | 7 | (233,885) | (185,701) |
| - deferred | | - | 1,930,000 |
| Loss for the period | | (4,309,358) | (4,630,621) |
| Other comprehensive income | | - | - |
| Total comprehensive income | | (4,309,358) | (4,630,621) |
| Earnings per share - basic and diluted | | (0.57) | (0.62) |

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015**

| | September 30, 2015 | September 30, 2014 |
|---|-----------------------|-----------------------|
| Note | ----- Rupees ----- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (4,075,473) | (6,374,920) |
| Adjustments for: | | |
| Depreciation | 1,521,054 | 1,676,850 |
| Gain on disposal of property, plant and equipment | (441,864) | - |
| Gain on sale of other financial assets | (113,806) | - |
| Finance cost | 672,367 | 729,645 |
| Operating cash flows before working capital changes | (2,437,722) | (3,968,425) |
| Working capital changes | 8 2,859,266 | (955,743) |
| Net cash generated from / (used in) operations | 421,544 | (4,924,168) |
| Finance cost paid | (611,406) | (346,616) |
| Income tax (paid) / refund | (431,826) | 3,253,311 |
| Net cash used in operating activities | (621,688) | (2,017,473) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of financial assets | 134,557 | - |
| Proceeds from disposal of property, plant and equipment | 1,717,001 | - |
| Net cash generated from investing activities | 1,851,558 | - |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long-term deposits - liabilities - net | (1,787,952) | (75,000) |
| Repayment of long-term finance | (640,332) | (869,796) |
| Short-term borrowings - net | 1,690,080 | 2,784,815 |
| Net cash (used in) / generated from financing activities | (738,204) | 1,840,019 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 491,666 | (177,454) |
| Cash and cash equivalents at beginning of the period | 645,842 | 501,661 |
| Cash and cash equivalents at end of the period | 1,137,508 | 324,207 |

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015**

| | Issued, subscribed and paid-up capital | Un-appropriated profit / (loss) | Total |
|--|---|--|--------------------------|
| | ----- Rupees ----- | | |
| Balance as at June 30, 2014 | 75,025,104 | 15,136,264 | 90,161,368 |
| Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax | - | 297,131 | 297,131 |
| Total comprehensive income for the year ended June 30, 2015 | - | (19,299,140) | (19,299,140) |
| Balance as at June 30, 2015 | <u>75,025,104</u> | <u>(3,865,745)</u> | <u>71,159,359</u> |
| Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax | - | 69,826 | 69,826 |
| Total comprehensive income for the three months period ended September 30, 2015 | - | (4,309,358) | (4,309,358) |
| Balance as at September 30, 2015 | <u>75,025,104</u> | <u>(8,105,277)</u> | <u>66,919,827</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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 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 Pathra, 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, 2015.

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, 2015.

4 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment

| Unaudited | Audited |
|----------------------|----------|
| September 30, | June 30, |
| 2015 | 2015 |
| ----- | ----- |
| Rupees | |

| | |
|---------------------------|--------------------|
| <u>168,671,630</u> | <u>171,467,821</u> |
|---------------------------|--------------------|

- 4.1** Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2015: Rs. 65,000) and disposals there from at net book value were Rs.Nil (June 30, 2015: Rs. 30,500).

| | Unaudited September 30, 2015 | Audited June 30, 2015 |
|---|------------------------------------|-----------------------------|
| Note | ----- 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 | 5,454,878 | 5,524,704 |
| | 16,209,088 | 16,278,914 |
| 5.1 Movement of surplus on building on freehold land during the period | | |
| Revaluation surplus as at July 01 | 8,337,395 | 8,869,570 |
| Deficit arising on revaluation carried out during the year | - | - |
| | 8,337,395 | 8,869,570 |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the period - net of deferred tax | (69,826) | (297,131) |
| Restatement of opening liability due to change in tax rate | (83,374) | (88,696) |
| Related deferred tax liability of incremental depreciation charged during the period | (34,392) | (146,348) |
| Revaluation surplus | 8,149,803 | 8,337,395 |
| Less: Related deferred tax liability on: | | |
| - revaluation as at July 1 | (2,812,691) | (3,047,735) |
| - deficit arising on revaluation carried out during the year | - | - |
| - restatement of opening liability due to change in tax rate | 83,374 | 88,696 |
| - incremental depreciation charged during the period, transferred to profit and loss account | 34,392 | 146,348 |
| | (2,694,925) | (2,812,691) |
| | 5,454,878 | 5,524,704 |

| | Unaudited | |
|---|------------------------------|-----------------------|
| | ---- Three Months Ended ---- | |
| | September 30, 2015 | September 30, 2014 |
| | ----- Rupees ----- | |
| 6 COST OF SALES | | |
| Raw material consumed | 18,604,206 | 15,945,388 |
| Salaries, wages and benefits | 1,353,680 | 1,253,191 |
| Power, fuel and water | 453,927 | 582,817 |
| Stores and spares | 188,714 | 69,572 |
| Repairs, maintenance and handling | 503,835 | 401,397 |
| Insurance | 281,373 | 386,007 |
| Vehicles running and maintenance | 85,749 | 175,460 |
| Depreciation | 347,667 | 367,536 |
| Others | 369,778 | 357,633 |
| Maintenance and other charges recovered | (99,895) | (185,912) |
| | 22,089,034 | 19,353,089 |
| Finished goods | | |
| Opening stock | 954,558 | 1,187,817 |
| Closing stock | (1,229,179) | (1,783,126) |
| | (274,621) | (595,309) |
| | 21,814,413 | 18,757,780 |
| 7 TAXATION | | |
| Charge for the current taxation represents higher of taxable income charged to tax at the rate of 33% or turnover tax @ 1% under section 113 of the Income Tax Ordinance, 2001. | | |
| 8 WORKING CAPITAL CHANGES | | |
| (Increase) / decrease in current assets | | |
| Stores and spares | 169,224 | (1,596) |
| Stock-in-trade | (277,497) | (938,422) |
| Trade debts | 601,368 | 34,445 |
| Loans and advances | 964,388 | 112,711 |
| Trade deposits and other receivables | 321,537 | (441,011) |
| Increase in current liabilities | | |
| Trade and other payables | 1,080,246 | 278,130 |
| | 2,859,266 | (955,743) |

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 | |
|---|------------------------------|---------------|
| | ---- Three Months Ended ---- | |
| | September 30, | September 30, |
| | 2015 | 2014 |
| | ----- Rupees ----- | |
| Associated undertakings | | |
| Organization charges paid | 85,176 | 130,611 |
| Loan taken from associated undertaking | 30,000 | 3,010,000 |
| Transactions with key management personnel | | |
| Salaries, benefits and other allowances | 1,290,786 | 1,275,044 |
| Other related parties | | |
| Contribution made by the Company to retirement benefit plan | 183,611 | 171,737 |

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 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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