

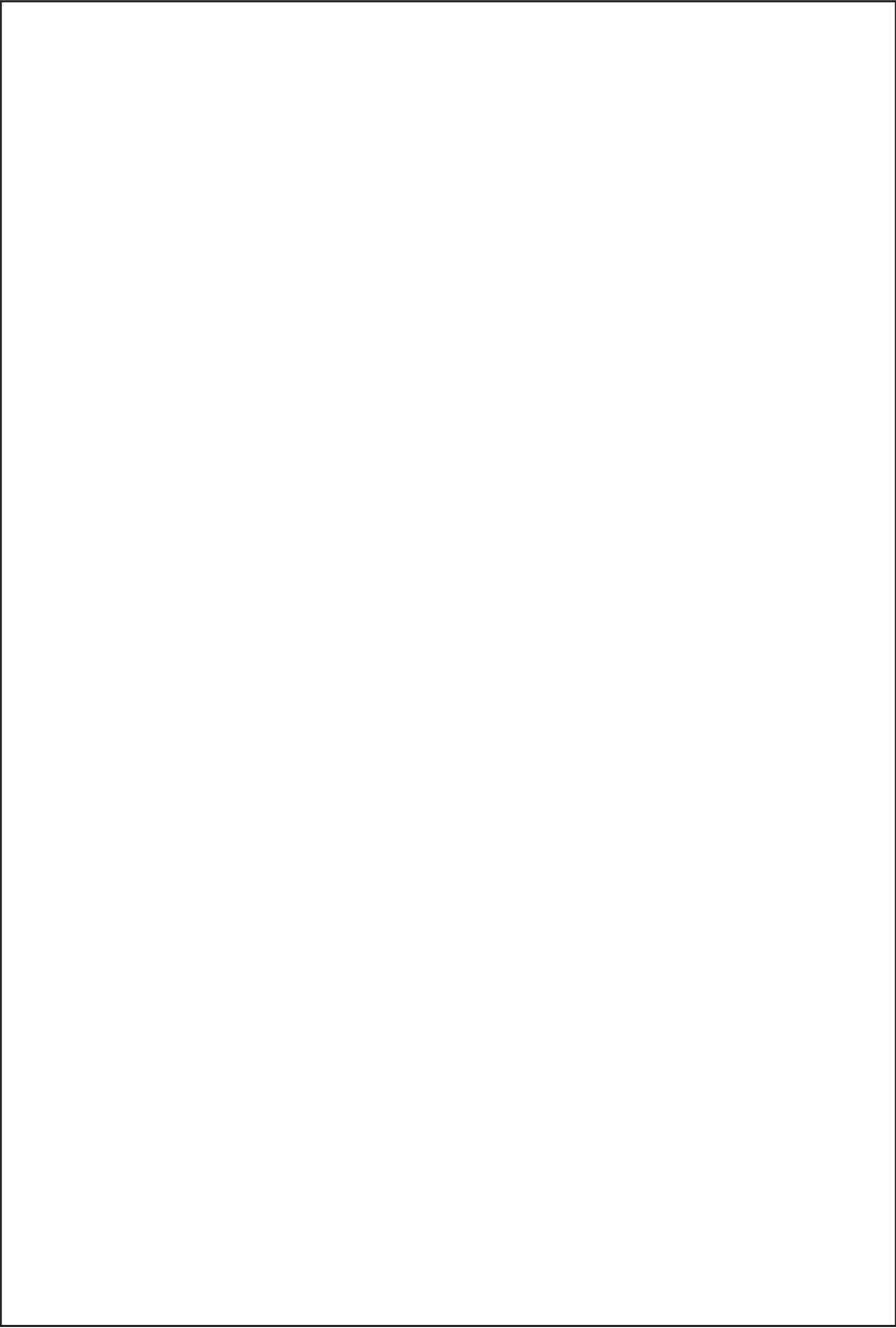


BAWANYAIR
PRODUCTS LIMITED

QUARTERLY ACCOUNTS
MARCH 31, 2017
(UNAUDITED)

CORPORATE INFORMATION

BOARD OF DIRECTORS	<p>Mr. Vali Mohammad M. Yahya</p> <p>Mr. M. Hanif Y. Bawany</p> <p>Mrs. Momiza Hanif Bawany</p> <p>Mr. Mikhail Bawany</p> <p>Mr. Wazir Ahmed Jogezeai</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. Vali Mohammad M. Yahya</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. Muhammad Hashim	
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, 2017. The un-audited financial statements of your Company for the period then ended are also being presented for your perusal.

The financial performance of our Company in the third quarter of year 2016-17 was greatly affected by yet another incident at Gadani in the month of January where work had been temporarily stalled at the ship-breaking yard once again for at least 7 days after five laborers were burnt to death by a fire that erupted in an LPG tanker. Neither the ship breakers nor the responsible government authorities learned from the previous incident which also claimed many lives.

Being the gas manufacturer, the ultimate end to suffer from this disaster is our Company and the families of the daily wages laborers. The business conditions that showed some improvement were again halted in January for 7 days and the results are evident from our financial statements. The key statistics are as follows:

Description	Nine months March 31, 2017	Nine months March 31, 2016
Sales	58,306,618	63,517,845
Gross profit	928,279	3,376,691
Loss before taxation	(14,788,313)	(13,817,506)

Our volumes had a nose dive despite the fact that there was slight improvement in price of oxygen as compared to last year. Sales dropped to Rs. 58 million in nine months of 2017 whereas it was over Rs. 63 million in last year.

Cash flows have also been very weak for the Company especially in this third quarter of year 2016-17 however, we have managed to control our expenses/payments in this difficult time. Moreover, since the income tax withholding exemption was not available to the Company (despite having legitimate tax refunds of millions of rupees), the Company also had to suffer a deduction of Rs. 1.4 million in these 9 months.

Our financial advisors COREPEA is still trying their best to find some investors for us.

On behalf of the Board



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

Karachi.
Dated: July 7, 2017



CONDENSED INTERIM BALANCE SHEET

Unaudited Audited
March 31, June 30,
2017 2016
 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
Loan from directors		4,225,000	4,225,000
Accumulated loss		(36,343,739)	(21,247,216)
		42,906,365	58,002,888
Surplus on revaluation of plant and equipment - net	4	21,020,823	21,295,679

Non Current Liabilities

Long-term financing		-	706,927
Long-term deposits		50,401,090	47,514,295

Current Liabilities

Trade and other payables		31,701,095	22,626,100
Interest / mark-up accrued		556,868	183,440
Short-term borrowings		37,285,819	37,220,819
Current portion of long-term financing		3,070,852	3,718,317
		72,614,634	63,748,676

Total Equity and Liabilities

		186,942,912	191,268,465
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AS AT MARCH 31, 2017

		Unaudited March 31, 2017	Audited June 30, 2016
Note	----- Rupees -----		
ASSETS			
Non Current Assets			
Property, plant and equipment	5	165,699,512	170,228,692
Long-term deposits		3,221,358	3,221,357
Current Assets			
Stores and spares		1,037,632	1,053,370
Stock-in-trade		531,290	896,412
Trade debts		3,347,265	3,665,142
Loans and advances		3,923,866	2,683,134
Trade deposits and other receivables		3,911,208	4,622,924
Other financial assets		57,909	39,493
Income tax refundable		5,134,232	4,257,682
Cash and bank balances		78,640	600,259
		18,022,042	17,818,416
Total Assets		186,942,912	191,268,465

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

ZAKARIA A. GHAFFAR
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Un-audited Nine months ended		Un-audited Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Note	Rupees		Rupees	
Sales - net	58,306,618	63,517,845	23,194,198	26,073,680
Cost of sales	(57,378,339)	(60,141,154)	(22,748,963)	(24,322,213)
Gross profit	928,279	3,376,691	445,235	1,751,467
Other operating income	978,028	808,975	170	180,327
Unrealized gain on revaluation of other financial assets	18,417	(12,259)	-	-
	1,924,724	4,173,407	445,405	1,931,794
Distribution cost	(3,222,472)	(3,227,658)	(1,101,953)	(1,151,040)
Administrative expenses	(8,828,971)	(9,636,939)	(2,821,061)	(3,203,418)
Other operating expenses	(3,173,642)	(3,264,864)	(1,038,879)	(1,074,014)
Finance cost - net	(1,487,952)	(1,861,452)	(470,945)	(571,984)
Loss before taxation	(14,788,313)	(13,817,506)	(4,987,433)	(4,068,662)
Provision for taxation				
- current	(583,066)	(635,178)	(231,942)	(260,736)
- deferred	-	-	-	-
Loss for the period	(15,371,379)	(14,452,684)	(5,219,375)	(4,329,398)
Other comprehensive income	-	-	-	-
Total comprehensive income	(15,371,379)	(14,452,684)	(5,219,375)	(4,329,398)
Earnings per share - basic and diluted	(2.05)	(1.93)	(0.70)	(0.58)

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

ZAKARIA A. GHAFFAR
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

		March 31, 2017	March 31, 2016
	Note	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(14,788,313)	(13,817,506)
Adjustments for:			
Depreciation		4,412,836	4,531,666
Gain on revaluation of other financial assets		(18,416)	12,259
Gain on disposal of assets		(934,667)	(706,567)
Finance cost		1,487,952	1,861,452
Operating cash flows before working capital changes		<u>(9,840,608)</u>	<u>(8,118,696)</u>
Working capital changes	8	<u>9,244,715</u>	<u>10,087,151</u>
Net cash (used in) / generated from operations		<u>(595,893)</u>	<u>1,968,455</u>
Finance cost paid		(1,114,524)	(1,977,830)
Income tax paid		<u>(1,459,616)</u>	<u>(1,030,691)</u>
Net cash used in operating activities		<u>(3,170,033)</u>	<u>(1,040,066)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of assets		1,051,011	2,112,000
Proceeds from disposal of financial assets		-	134,557
Purchase of property, plant and equipment		-	<u>(138,223)</u>
Net cash generated from investing activities		<u>1,051,011</u>	<u>2,108,334</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities - net		2,886,795	(3,474,777)
Long-term deposits - assets - net		-	(5,891)
Repayment of long-term finance		(1,354,392)	(1,762,036)
Short-term borrowings - net		65,000	4,117,309
Net cash generated from / (used in) financing activities		<u>1,597,403</u>	<u>(1,125,395)</u>
Net decrease in cash and cash equivalents (A+B+C)		<u>(521,619)</u>	<u>(57,127)</u>
Cash and cash equivalents at beginning of the period		600,259	645,842
Cash and cash equivalents at end of the period		<u><u>78,640</u></u>	<u><u>588,715</u></u>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Issued, subscribed and paid-up capital	Loans from directors	Accumulated loss	Total
	----- Rupees -----			
Balance as at July 1, 2015	75,025,104	-	(3,865,745)	71,159,359
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax			209,477	209,477
Total comprehensive income for the nine months period ended March 31, 2016			(14,452,684)	(14,452,684)
Balance as at March 31, 2016	75,025,104	-	(18,108,952)	56,916,152
Balance as at July 1, 2016	75,025,104	4,225,000	(21,247,216)	58,002,888
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	274,856	274,856
Total comprehensive income for the nine months period ended March 31, 2017	-	-	(15,371,379)	(15,371,379)
Balance as at March 31, 2017	75,025,104	4,225,000	(36,343,739)	42,906,365

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

ZAKARIA A. GHAFAR
Director

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

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 Pakistan Stock Exchange Limited. 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, 2016.

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, 2016.

		Unaudited	Audited
		March 31,	June 30,
		2017	2016
		----- Rupees -----	
4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net	Note		
Surplus on freehold land	4.1	14,054,210	14,054,210
Surplus on building on freehold land	4.2	6,966,613	7,241,469
		<u>21,020,823</u>	<u>21,295,679</u>
4.1 Movement of surplus on freehold land during the period			
Revaluation surplus as at July 01		14,054,210	10,754,210
Surplus arising on revaluation carried out during the year		-	3,300,000
		<u>14,054,210</u>	<u>14,054,210</u>

	Unaudited March 31, 2017	Audited June 30, 2016
Note	----- Rupees -----	
4.2 Movement of surplus on building on freehold land during the period		
Revaluation surplus as at July 01	10,778,675	8,337,395
Surplus arising on revaluation carried out during the year	-	2,941,523
	<u>10,778,675</u>	<u>11,278,918</u>
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(274,856)	(283,471)
Restatement of opening liability due to change in tax rate	-	(83,374)
Related deferred tax liability of incremental depreciation charged during the period	(129,344)	(133,398)
Revaluation surplus	<u>10,374,475</u>	<u>10,778,675</u>
Less: Related deferred tax liability on:		
- revaluation as at July 1	(3,537,206)	(2,812,691)
- surplus arising on revaluation carried out during the year		(941,287)
- restatement of opening liability due to change in tax rate	-	83,374
- incremental depreciation charged during the period, transferred to profit and loss account	129,344	133,398
	<u>(3,407,862)</u>	<u>(3,537,206)</u>
	<u>6,966,613</u>	<u>7,241,469</u>
5 PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	<u>165,699,512</u>	<u>170,228,692</u>

5.1 Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2016: Rs.138,224) and disposals there from at net book value were Rs. 116,344 (June 30, 2016: Rs. 3,782,523).

	Nine Months Ended		Three Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
6 COST OF SALES				
Raw material consumed	48,682,330	50,352,239	19,593,209	20,859,534
Salaries, wages and benefits	3,186,302	3,622,318	1,129,310	1,178,816
Power, fuel and water	541,617	1,339,149	156,384	436,531
Stores and spares	170,292	357,821	58,426	61,716
Repairs, maintenance and handling	1,495,790	1,508,691	534,276	604,008
Insurance	709,010	700,923	235,361	232,953
Vehicles running and maintenance	180,215	255,905	64,442	65,707
Depreciation	1,081,224	1,036,539	352,686	337,958
Others	1,280,166	1,160,042	457,430	381,828
Maintenance and other charges recovered	(305,875)	(312,712)	(91,499)	(109,393)
	<u>57,021,071</u>	<u>60,020,915</u>	<u>22,490,025</u>	<u>24,049,658</u>
Finished goods				
Opening stock	545,312	954,558	446,982	1,106,874
Closing stock	(188,044)	(834,319)	(188,044)	(834,319)
	<u>357,268</u>	<u>120,239</u>	<u>258,938</u>	<u>272,555</u>
	<u>57,378,339</u>	<u>60,141,154</u>	<u>22,748,963</u>	<u>24,322,213</u>

7 TAXATION

Charge for the current taxation represents higher of taxable income charged to tax at the rate of 32% or turnover tax @ 1% under section 113 of the Income Tax Ordinance, 2001.

	Unaudited	
	---- Three Months Ended ----	
	March 31, 2017	March 31, 2016
	----- Rupees -----	
8 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores and spares	15,737	178,281
Stock-in-trade	365,122	120,239
Trade debts	317,877	(3,149,380)
Loans and advances	(1,240,732)	1,281,301
Trade deposits and other receivables	711,716	(720,447)
Increase in current liabilities		
Trade and other payables	9,074,995	12,377,157
	<u>9,244,715</u>	<u>10,087,151</u>

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:

Associated undertakings

Organization charges paid	144,333	255,528
Long-term loan taken from associated undertaking	700,000	3,000,000

Transactions with key management personnel

Salaries, benefits and other allowances	1,989,000	1,881,000
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Other related parties

Contribution made by the Company to retirement benefit plan	537,876	530,187
Mark-up accrued on loan from retirement benefits plan	77,694	89,440

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on July 07, 2017 B18 by the Board of Directors of the Company.

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

ZAKARIA A. GHAFFAR
Director



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