



BAWANYAIR
PRODUCTS LIMITED

QUARTERLY ACCOUNTS
MARCH 31, 2016
(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 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. 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. 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, 2016. 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 is almost the same as it was in March 2015. The bottom line loss is slightly over Rs. 14 million. The positive indicator is that we are still earning a gross margin of more than 5%. Although it is not enough to cover-up the selling, distribution and administrative expenses but it gives hope and shows the dedication of your management to survive and operate in these difficult moments.

The key financial performance analysis indicators for the nine months period ended March 31, 2016 as compared to the corresponding nine months period of March 31, 2015 are as follows:

Description	Nine months March 31, 2016	Nine months March 31, 2015
Sales	63,517,845	69,564,631
Gross profit	3,376,691	3,661,434
Loss before taxation	13,817,506	13,961,218

Many plans are under discussion within the Board including fresh injection of equity, issuance of shares for consideration other than cash, etc. All these plans are directed towards arranging ample funds for necessary repairs and overhauling of plant and machinery. Management is carefully monitoring the gas price and is accordingly assessing the best and most viable option for arranging funds and improving the financial health of the Company.

Overhauling of our compressor has been finalized. Which will we done by the Italian firm RivAir S.P.A. of Milan. Hopefully starting in June 2016 or July 2016.

Our national economy is also showing positive signs. With China Pakistan Economic Corridor projects in full swing, better relations with Iran and Afghanistan, armed forces moving towards final stage of operation zarb-e-azab, the country is moving in right direction as far as law and order, economic and diplomatic relations are concerned. However, the political chaos still remains as one of the biggest challenge for the present government.

On behalf of the Board



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

Karachi.
Dated: April 21, 2016

CONDENSED INTERIM BALANCE SHEET

		Unaudited March 31, 2016	Audited June 30, 2015
Note	-----	Rupees -----	
ASSETS			
Non Current Assets			
Property, plant and equipment	4	165,668,945	171,467,821
Long-term deposits		3,221,358	3,215,467
Current Assets			
Stores and spares		1,060,800	1,239,081
Stock-in-trade		1,185,419	1,305,658
Trade debts		6,575,983	3,426,603
Loans and advances		1,674,736	2,956,037
Trade deposits and other receivables		4,383,088	3,662,641
Other financial assets		27,590	174,406
Income tax refundable		3,940,715	3,940,715
Cash and bank balances		588,715	645,842
		19,437,046	17,350,983
Total Assets		188,327,349	192,034,271

AS AT MARCH 31, 2016

	Unaudited March 31, 2016	Audited June 30, 2015
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 (Loss)	(18,108,952)	(3,865,745)
	56,916,152	71,159,359
Surplus on revaluation of property, plant and equipment - net	5 16,069,437	16,278,914
Non Current Liabilities		
Long-term financing	1,922,896	3,932,817
Long-term deposits	37,403,362	40,878,139
Current Liabilities		
Trade and other payables	32,938,925	20,561,768
Interest / mark-up accrued	259,510	375,888
Short-term borrowings	39,365,819	35,248,510
Provision for taxation	-	395,513
Current portion of long-term financing	3,451,248	3,203,363
	76,015,502	59,785,042
Total Equity and Liabilities	188,327,349	192,034,271

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, 2016**

	Nine months ended		Three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	63,517,845	69,564,631	26,073,680	23,816,582
Cost of sales	6 (60,141,154)	(65,903,197)	(24,322,213)	(24,029,717)
Gross profit / (loss)	3,376,691	3,661,434	1,751,467	(213,135)
Other operating income	808,975	415,068	180,327	492
Unrealized gain on revaluation of other financial assets	(12,259)	12,509	-	-
	4,173,407	4,089,011	1,931,794	(212,643)
Distribution cost	(3,227,658)	(3,043,272)	(1,151,040)	(970,348)
Administrative expenses	(9,636,939)	(9,313,149)	(3,203,418)	(2,870,226)
Other operating expenses	(3,264,864)	(3,412,855)	(1,074,014)	(1,108,918)
Finance cost - net	(1,861,452)	(2,280,953)	(571,984)	(858,238)
Loss before taxation	(13,817,506)	(13,961,218)	(4,068,662)	(6,020,373)
Provision for taxation - current	7 (635,178)	(695,918)	(260,736)	(198,438)
Loss for the period	(14,452,684)	(14,657,136)	(4,329,398)	(6,218,811)
Other comprehensive income	-	-	-	-
Total comprehensive income	(14,452,684)	(14,657,136)	(4,329,398)	(6,218,811)
Earnings per share - basic and diluted	(1.93)	(1.95)	(0.58)	(0.83)

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

	March 31, 2016	March 31, 2015
	Note -----	Rupees -----
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(13,817,506)	(13,961,218)
Adjustments for:		
Depreciation	4,531,666	4,960,967
Gain on disposal of property, plant and equipment	(706,567)	(1,500)
Unrealized gain on revaluation of other financial assets	12,259	(12,509)
Finance cost	1,861,452	2,280,953
Operating cash flows before working capital changes	<u>(8,118,696)</u>	<u>(6,733,307)</u>
Working capital changes	8	10,087,151
Net cash generated from / (used in) operations	1,968,455	(10,507,825)
Finance cost paid	(1,977,830)	(3,005,028)
Income tax (paid) / refund	(1,030,691)	2,872,397
Net cash used in operating activities	(1,040,066)	(10,640,456)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets	134,557	-
Purchase of property, plant and equipment	(138,223)	(65,000)
Proceeds from disposal of property, plant and equipment	2,112,000	32,000
Net cash generated from / (used in) investing activities	2,108,334	(33,000)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - liabilities - net	(3,474,777)	9,483,660
Long-term deposits - assets - net	(5,891)	-
Repayment of long-term finance - net	(1,762,036)	20,238,099
Short-term borrowings - net	4,117,309	(18,512,767)
Net cash (used in) / generated from financing activities	(1,125,395)	11,208,992
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(57,127)	535,536
Cash and cash equivalents at beginning of the period	645,842	501,661
Cash and cash equivalents at end of the period	588,715	1,037,197

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 STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

	Issued, subscribed and paid-up capital	Un-appropriate profit	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	-	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	<u>75,025,104</u>	<u>(18,108,952)</u>	<u>56,916,152</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

ZAKARIA A. GHAFFAR
Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

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 Pakistan 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. 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.

		Unaudited	Audited
		March 31,	June 30,
		2016	2015
		-----	-----
		Rupees	Rupees
		-----	-----
4 PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		<u>182,566,462</u>	<u>186,819,834</u>
4.1 Additions to property, plant and equipment during the period were Rs. 138,223 (June 30, 2015: Rs. 65,000) and disposals there from at net book value were Rs. 22,020 (June 30, 2015: Rs. 30,500).			
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net			
	Note	-----	-----
		Rupees	Rupees
		-----	-----
Surplus on freehold land		10,754,210	10,754,210
Surplus on building on freehold land	5.1	5,315,227	5,524,704
		<u>16,069,437</u>	<u>16,278,914</u>

	Unaudited March 31, 2016	Audited June 30, 2015
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	<u>-</u>	<u>-</u>
	8,337,395	8,869,570
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(209,477)	(297,131)
Restatement of opening liability due to change in tax rate	-	(88,696)
Related deferred tax liability of incremental depreciation charged during the period	(103,175)	(146,348)
Revaluation surplus	8,024,743	8,337,395
Less: Related deferred tax liability on:		
- revaluation as at July 1	(2,812,691)	(3,047,735)
- restatement of opening liability due to change in tax rate	-	88,696
- incremental depreciation charged during the period, transferred to profit and loss account	103,175	146,348
	(2,709,516)	(2,812,691)
	5,315,227	5,524,704

	Nine Months Ended		Three Months Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
6 COST OF SALES				
Raw material consumed	50,352,239	55,904,558	20,859,534	21,653,791
Salaries, wages and benefits	3,622,318	3,652,431	1,178,816	1,155,653
Power, fuel and water	1,339,149	1,590,509	436,531	395,979
Stores and spares	357,821	264,553	61,716	67,587
Repairs, maintenance and handling	1,508,691	1,483,177	604,008	448,772
Insurance	700,923	736,042	232,953	284,196
Vehicles running and maintenance	255,905	350,180	65,707	61,363
Depreciation	1,036,539	1,088,094	337,958	358,156
Others	1,160,042	1,195,360	381,828	455,318
Maintenance and other charges recovered	(312,712)	(450,884)	(109,393)	(131,853)
	60,020,915	65,814,020	24,049,658	24,748,962
Finished goods				
Opening stock	954,558	1,187,817	1,106,874	379,395
Closing stock	(834,319)	(1,098,640)	(834,319)	(1,098,640)
	120,239	89,177	272,555	(719,245)
	60,141,154	65,903,197	24,322,213	24,029,717



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.

	Unaudited	
	----- Nine Months Ended -----	
	March 31, 2016	March 31, 2015
	----- Rupees -----	
8 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores and spares	178,281	32,253
Stock-in-trade	120,239	(25,022)
Trade debts	(3,149,380)	380,834
Loans and advances	1,281,301	164,780
Trade deposits and other receivables	(720,447)	(448,575)
Increase / (decrease) in current liabilities		
Trade and other payables	12,377,157	(3,878,788)
	<u>10,087,151</u>	<u>(3,774,518)</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	255,528	295,520
Long-term loan taken from associated undertaking	3,000,000	4,735,000

Transactions with key management personnel

Salaries, benefits and other allowances	1,881,000	1,737,000
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Other related parties

Contribution made by the Company to retirement benefit plan	530,187	488,977
Mark-up accrued on loan from retirement benefits plan	89,440	26,500

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 21, 2016 by the Board of Directors of the Company.

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

ZAKARIA A. GHAFAR
Director



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