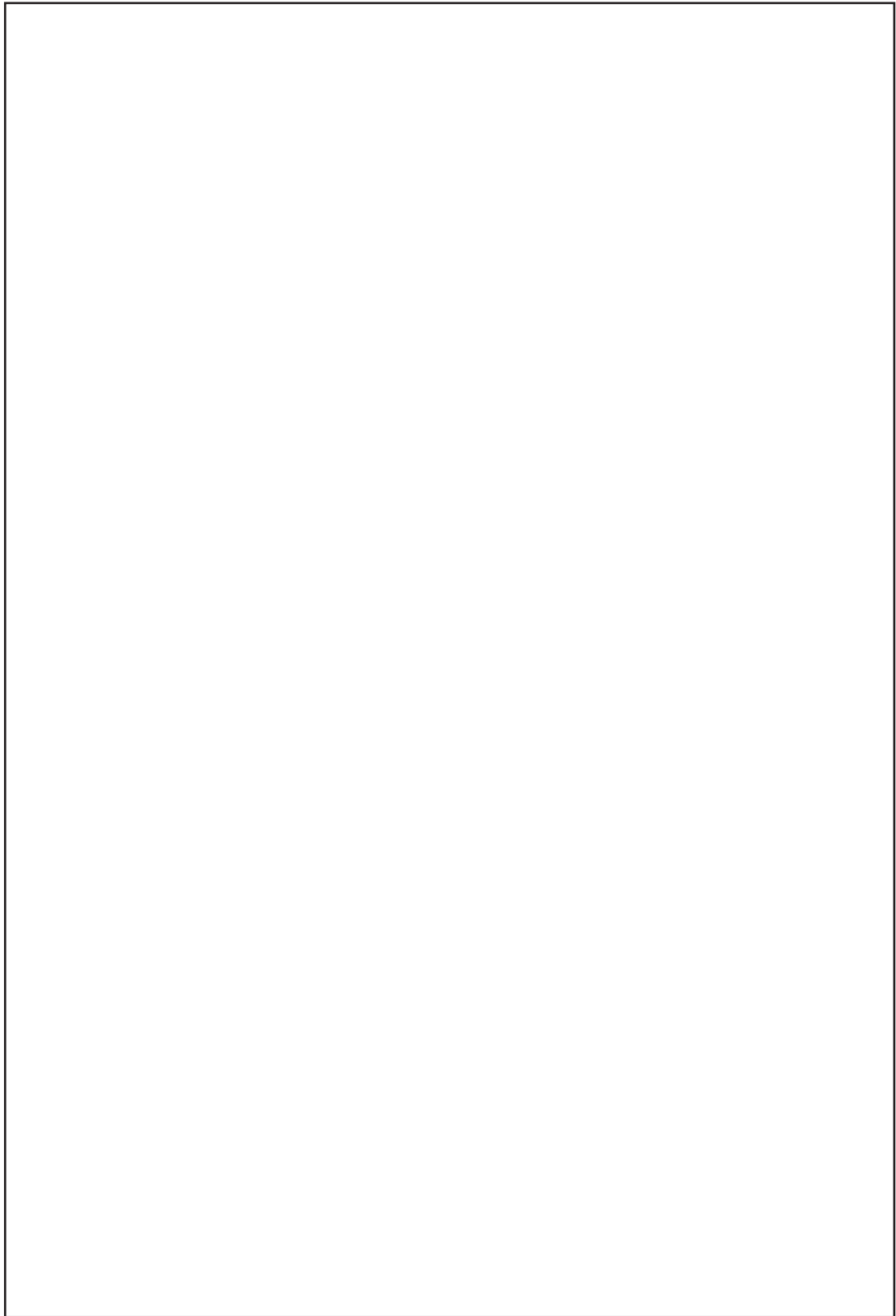




BAWANYAIR
PRODUCTS LIMITED

QUARTERLY ACCOUNTS
SEPTEMBER 30, 2016
(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 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. 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	
BANKERS	<p>Faysal Bank Limited</p> <p>United Bank Limited</p> <p>MCB Bank Limited</p> <p>National Bank of Pakistan</p>	
SHARE REGISTRAR	<p>C&K Management Associates (Pvt) Ltd.</p> <p>404, Trade Tower,</p> <p>Abdullah Haroon Road, Karachi</p> <p>Tel: 35687839-35685930</p>	
REGISTERED OFFICE	<p>Khasra No. 52/53 R.C.D. Highway,</p> <p>Mouza Pathra, Tehsil Hub,</p> <p>Lasbella District, Balochistan.</p> <p>Tel : 0853 - 363287-8, 0853 - 363289</p> <p>Fax: 0853 - 363290</p>	
CITY OFFICE	<p>16-C, 2nd Floor, Nadir House,</p> <p>I.I. Chundrigar Road,</p> <p>Karachi.</p> <p>Tel : 3240-0440 Fax : 3241-1986</p>	

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, 2016.

There is no significant variation or change in the first quarter of the year 2016-17. The statistics are slightly better from the last year's 1st quarter as the bottom line loss for 3 months has reduced. This continues to prove that the desired performance / results require adequate funding for which management is actively pursuing all the available options. As communicated in the June 2016 report the management of the Company has appointed a team of financial consultants namely "Core Advisors" who are assisted by other experts namely, "Tamkeen Capital". These organizations have been engaged to act as the financial consultants of the Company in order to arrange the project financing / restructuring. They have carried out their feasibility / assessment and have concluded that the requisite funding can be arranged in a few months.

In addition to this, as at June 30, 2016 the directors have shown their complete support to the Company. They have opted to convert their outstanding balance of loan into equity which will take place in near future. One of our sister concern has also shown willingness to convert their short term loan into equity.

On the other hand, the arrangements with the vendors for necessary repairs and maintenance of compressors and related items are all at final stages which will be executed subject to availability of funds.

With your well wishes and trust in management, we are very confident of a turnaround in near future.

On behalf of the Board



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

Karachi.
Date: October 31, 2016

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	Note	Three months ended	
		September 30, 2016	September 30, 2015
		----- Rupees -----	
Sales - net		20,834,936	23,388,507
Cost of sales	6	(20,395,325)	(21,814,413)
Gross profit		439,611	1,574,094
Gain on sales of other financial assets		-	113,806
Other operating income		672,861	441,864
		1,112,472	2,129,764
Distribution cost		(1,067,412)	(1,096,091)
Administrative expenses		(3,080,687)	(3,342,479)
Other operating expenses		(1,064,882)	(1,094,300)
Finance cost - net		(515,339)	(672,367)
Loss before taxation		(4,615,848)	(4,075,473)
Provision for taxation - current	7	(208,349)	(233,885)
Loss for the period		(4,824,197)	(4,309,358)
Other comprehensive income		-	-
Total comprehensive income		(4,824,197)	(4,309,358)
Earnings per share - basic and diluted		(0.64)	(0.57)

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 September 30, 2016	Audited June 30, 2016
	Note -----	Rupees -----
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised 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
Loan from directors	4,225,000	4,225,000
Accumulated loss	(25,979,794)	(21,247,216)
	53,270,310	58,002,888
Surplus on revaluation of plant and equipment - net	4 21,204,060	21,295,679
Non Current Liabilities		
Long-term financing	-	706,927
Long-term deposits	38,390,575	47,514,295
Current Liabilities		
Trade and other payables	34,965,762	22,626,100
Interest / mark-up accrued	289,305	183,440
Short-term borrowings	37,390,819	37,220,819
Current portion of long-term financing	3,932,817	3,718,317
	76,578,703	63,748,676
Total Equity and Liabilities	<u>189,443,648</u>	<u>191,268,465</u>

AS AT SEPTEMBER 30, 2016

	Unaudited September 30, 2016	Audited June 30, 2016
	Note	Rupees
ASSETS		
Non Current Assets		
Property, plant and equipment	5	170,228,692
Long-term deposits		3,221,357
Current Assets		
Stores and spares		1,053,370
Stock-in-trade		896,412
Trade debts		3,665,142
Loans and advances		2,683,134
Trade deposits and other receivables		4,622,924
Other financial assets		39,493
Income tax refundable		4,257,682
Cash and bank balances		600,259
		17,818,416
Total Assets		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

SIRAJ A. KADIR
Director



BAWANYAIR
PRODUCTS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016**

	September 30, 2016	September 30, 2015
Note	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,615,848)	(4,075,473)
Adjustments for:		
Depreciation	1,486,252	1,521,054
Gain on disposal of property, plant and equipment	(629,745)	(441,864)
Gain on sale of other financial assets	-	(113,806)
Finance cost	515,339	672,367
Operating cash flows before working capital changes	(3,244,002)	(2,437,722)
Working capital changes	8	12,582,245
Net cash generated from operations	9,338,243	421,544
Finance cost paid	(409,474)	(611,406)
Income tax paid	(675,066)	(431,826)
Net cash generated / (used in) operating activities	8,253,703	(621,688)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets	-	134,557
Proceeds from disposal of property, plant and equipment	651,012	1,717,001
Net cash generated from investing activities	651,012	1,851,558
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - liabilities - net	(9,123,720)	(1,787,952)
Repayment of long-term finance	(492,427)	(640,332)
Short-term borrowings - net	170,000	1,690,080
Net cash used in financing activities	(9,446,147)	(738,204)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(541,432)	491,666
Cash and cash equivalents at beginning of the period	600,259	645,842
Cash and cash equivalents at end of the period	58,827	1,137,508

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, 2016**

	Issued, subscribed and paid-up capital	Loan from directors	Un-appropriated profit	Total
	-----Rupees-----			
Balance as at June 30, 2015	75,025,104	-	(3,865,745)	71,159,359
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	283,471	283,471
Transfer from short term borrowings	-	4,225,000	-	4,225,000
Total comprehensive income for the year ended June 30, 2016	-	-	(17,664,942)	(17,664,942)
Balance as at June 30, 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	-	-	91,619	91,619
Total comprehensive income for the three months period ended September 30, 2016	-	-	(4,824,197)	(4,824,197)
Balance as at September 30, 2016	75,025,104	4,225,000	(25,979,794)	53,270,310

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 STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 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 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 Pakistan Stock Exchange. This condensed interim financial statement 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 statement 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 September 30, 2016	Audited June 30, 2016
	Note	----- Rupees -----	
4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net			
Surplus on freehold land	4.1	14,054,210	14,054,210
Surplus on building on freehold land	4.2	7,149,850	7,241,469
		<u>21,204,060</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 September 30, 2016	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
	10,778,675	11,278,918
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(91,619)	(283,471)
Restatement of opening liability due to change in tax rate	(107,787)	(83,374)
Related deferred tax liability of incremental depreciation charged during the period	(43,115)	(133,398)
Revaluation surplus	10,536,154	10,778,675
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	107,787	83,374
- incremental depreciation charged during the period, transferred to profit and loss account	43,115	133,398
	(3,386,304)	(3,537,206)
	7,149,850	7,241,469
5 PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	168,721,173	170,228,692
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.21,266 (June 30, 2016: Rs.1,515,980)		

	Unaudited	
	Three Months Ended	
	September 30,	September 30,
	2016	2015
6 COST OF SALES		
Raw material consumed	17,283,665	18,604,206
Salaries, wages and benefits	1,041,483	1,353,680
Power, fuel and water	218,139	453,907
Stores and spares	104,236	188,714
Repairs, maintenance and handling	622,508	503,835
Insurance	232,437	281,373
Vehicles running and maintenance	61,904	85,749
Depreciation	366,646	347,667
Others	395,043	369,778
Maintenance and other charges recovered	(97,955)	(99,895)
	20,228,106	22,089,034
Finished goods		
Opening stock	545,312	954,558
Closing stock	(378,093)	(1,229,179)
	167,219	(274,61)
	20,395,325	21,814,413
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.		
8 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores and spares	(1,618)	169,224
Stock-in-trade	175,073	(277,497)
Trade debts	(359,330)	601,368
Loans and advances	9,626	964,388
Trade deposits and other receivables	418,832	321,537
Increase in current liabilities		
Trade and other payables	12,339,662	1,080,246
	12,582,245	2,859,266

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:

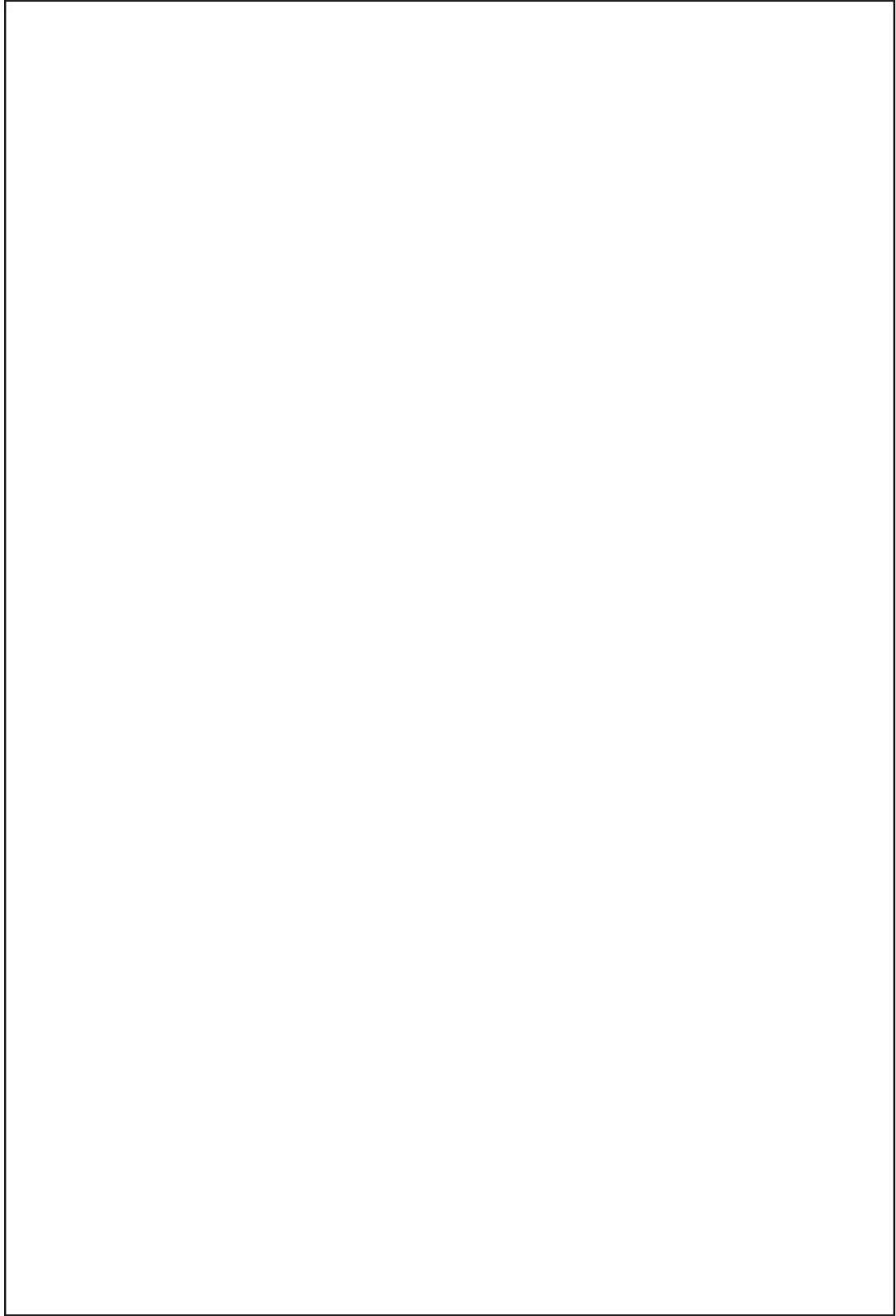
	Unaudited	
	----- Three Months Ended -----	
	September 30,	September 30,
	2016	2015
	----- Rupees -----	
Associated undertakings		
Organization charges paid	-	85,176
Long-term loan taken from associated undertaking	100,000	30,000
Transactions with key management personnel		
Salaries, benefits and other allowances	1,384,761	1,290,786
Other related parties		
Contribution made by the Company to retirement benefit plan	171,825	183,611

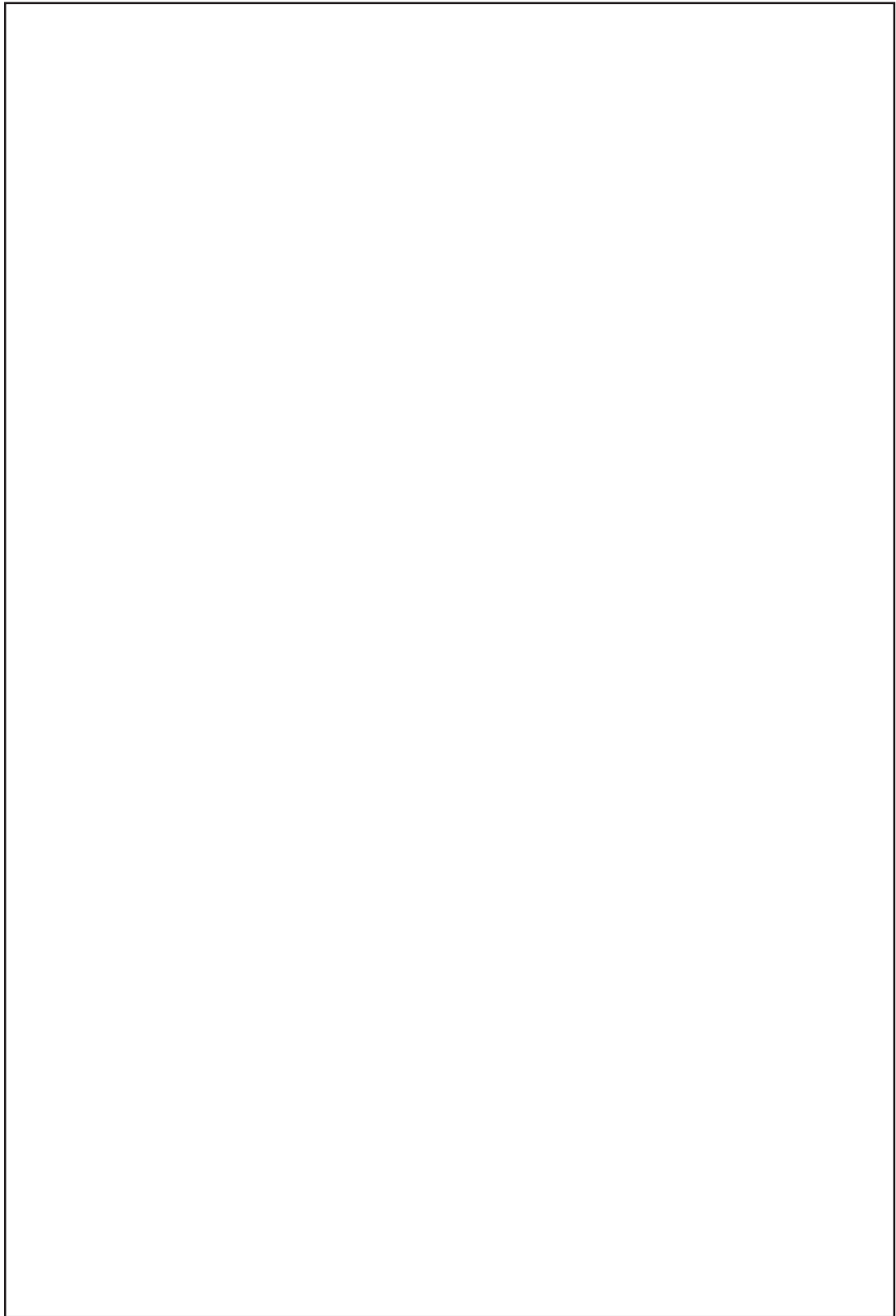
10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 31, 2016 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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