



BAWANYAIR
PRODUCTS LIMITED

**QUARTERLY REPORT
SEPTEMBER 30, 2017
(UNAUDITED)**

CORPORATE INFORMATION

BOARD OF DIRECTORS	<p>Mr. Vali Mohammad M. Yahya Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Mikhail Bawany Mr. Wazir Ahmed Jogezeai Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir</p>	<p>Chairman - Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director</p>
AUDIT & HR COMMITTEE	<p>Mr. Siraj A. Kadir Mr. Vali Mohammad M. Yahya Mr. Zakaria A. Ghaffar Mr. Muhammad Munir</p>	<p>Chairman Member Member 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 Te: 35687839-35685930	
REGISTERED OFFICE	Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan Tel: 0853 - 363289 Fax: 0853 - 363290	
CITY OFFICE	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi Tel: 021-32400440 Fax: 021-32411986	

QUARTERLY REVIEW

ASSALAM-O-ALAIKUM

On behalf of the Board of Directors, I am pleased to present the Directors' Review for the first quarter ended September 30, 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 your company in the first quarter of the year ended September 30, 2017 has improved in comparison to that of the first quarter ended September 30, 2016. The sales during the 1st quarter have increased to Rs.24.76 million as compared to the sales in 1st quarter of 2016 which was Rs.20.83 million. The gross profit during the first quarter shows signs of improvement as compared to 1st quarter of 2016 where the gross profit has increased to Rs.1.19 million as compared to the last year which was Rs.0.44 million

The company is still passing through very rough times as the main production unit of the company still remains shut. All out efforts are being made by the management to raise funds so that the production facility of the company could be revived, for these purpose financial advisors (Core Advisors) who had been appointed previously are still working hand in hand with the management to find some equity partner or financiers.

Going forward the management is very hopeful that things will turn out to be positive for the company. We also wish to thank all those including our share holders who have been supportive during these times of difficulty.

On behalf of the Board



M. Hanif Y. Bawany
Chief Executive Officer

Karachi:

Dated: November 15, 2017

سہ ماہی رپورٹ

السلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے میں پہلی سہ ماہی 30 ستمبر 2017 کے اختتام پر ڈائریکٹرز رپورٹ پیش کر رہا ہوں۔ آپ کی کمپنی کے اس سہ ماہی کے غیر آڈٹ شدہ مالی بیانات آپ کے معائنے کے لیے پیش کیے جا رہے ہیں۔

آپ کی کمپنی کی پہلی سہ ماہی 30 ستمبر 2017ء کی کارکردگی پچھلی سہ ماہی 30 ستمبر 2016ء سے بہتر ہے۔ اس پہلی سہ ماہی کی فروخت شدہ مالیت بڑھ کر 24.76 ملین ہے جو کہ پچھلی سہ ماہی 2016ء میں 20.83 ملین تھی۔ مجموعی منافع اس سال کی پہلی سہ ماہی کے مقابلے پچھلی سال کی پہلی سہ ماہی بہتری کی طرف اشارہ ہے جو کہ مجموعی منافع بڑھ کر 1.19 ملین بل مقابل سہ ماہی جو کہ 0.44 ملین تھا۔

آپ کی کمپنی اس وقت بہت مشکل حالات سے گزر رہی ہے کیونکہ اب تک کمپنی کا مرکزی پیداوار یونٹ بند ہے۔ انتظامیہ کی طرف سے کمپنی کی پیداوار کی سہولت کو بحال کرنے کے لیے ہر ممکن کوشش کی جا رہی ہے۔ اس لیے کمپنی نے مالی مشیر (کوراڈ وائزر) کو پہلے ہی منتخب کیا ہوا ہے۔ انتظامیہ اور مالی مشیر مل کر مساوات کے ساتھ یا سرمایہ کار کی تلاش میں مصروف ہیں۔

انتظامیہ بہت پر امید ہے کہ مستقبل میں کمپنی کے حالات مثبت ثابت ہوں گے۔ ہم ان سب لوگوں کے بشمول شیئرز ہولڈرز کے شکرگزار ہیں جو کہ ان مشکل حالات کے دوران کمپنی کے ساتھ ہیں۔

بورڈ کی جانب سے



ایم حنیف وائی باوانی

چیف ایگزیکٹو آفیسر

کراچی:

مورخہ: نومبر 15، 2017

CONDENSED INTERIM BALANCE SHEET

Unaudited Audited
September 30, June 30,
2017 2017
 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	
Un-appropriated profit	(41,143,354)	(36,903,396)	
	38,106,750	42,346,708	
Surplus on revaluation of plant and equipment - net	4 36,500,664	36,702,131	
Non Current Liabilities			
Long-term deposits	52,610,675	52,238,007	
Current Liabilities			
Trade and other payables	35,761,219	30,052,094	
Interest / mark-up accrued	735,588	759,678	
Short-term borrowings	37,280,819	37,275,819	
Current portion of long-term financing	2,810,488	3,170,852	
	76,588,114	71,258,443	
Total Equity and Liabilities	203,806,203	202,545,289	

AS AT SEPTEMBER 30, 2017

		Unaudited September 30, 2017	Audited June 30, 2017
	Note	----- Rupees -----	
ASSETS			
Non Current Assets			
Property, plant and equipment	5	182,244,098	183,889,558
Long-term deposits		3,221,358	3,221,357
Deferred tax asset	6	-	-
Current Assets			
Stores and spares		1,030,999	1,026,292
Stock-in-trade		461,564	705,291
Trade debts		5,072,705	4,237,910
Loans and advances		4,931,016	2,080,474
Taxation - net		5,302,051	5,167,657
Other receivables		1,337,020	1,555,084
Other financial assets		58,288	58,288
Cash and bank balances		147,104	603,378
		18,340,747	15,434,374
Total Assets		<u>203,806,203</u>	<u>202,545,289</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

M. HANIF Y. BAWANY
 Chief Executive Officer

MOHAMMD HASHIM
 Chief Financial Officer

ZAKARIA A. GHAFAR
 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
 FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

		Three months ended	
		September 30, 2017	September 30, 2016
		-----Rupees-----	
	Note		
Sales - net		24,757,010	20,834,936
Cost of sales	7	(23,566,131)	(20,395,325)
		<hr/>	<hr/>
Gross profit		1,190,879	439,611
Other operating income		6,300	672,861
		<hr/>	<hr/>
		1,197,179	1,112,472
Distribution cost		(959,006)	(1,067,412)
Administrative expenses		(3,201,042)	(3,080,687)
Other operating expenses		(1,024,720)	(1,064,882)
Finance cost - net		(206,266)	(515,339)
		<hr/>	<hr/>
Loss before taxation		(4,193,855)	(4,615,848)
Provision for taxation - current	8	(247,570)	(208,349)
		<hr/>	<hr/>
Loss for the period		(4,441,425)	(4,824,197)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income		(4,441,425)	(4,824,197)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share - basic and diluted		(0.59)	(0.64)

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFAR
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	September 30, 2017	September 30, 2016
Note	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,193,855)	(4,615,848)
Adjustments for:		
Depreciation	1,645,460	1,486,252
Gain on disposal of property, plant and equipment	-	(629,745)
Finance cost	206,266	515,339
Operating cash flows before working capital changes	<u>(2,342,129)</u>	<u>(3,244,002)</u>
Working capital changes	9	12,582,245
Net cash generated from operations	138,743	9,338,243
Finance cost paid	(230,356)	(409,474)
Income tax paid	<u>(381,964)</u>	<u>(675,066)</u>
Net cash (used in) /generated from operating activities	<u>(473,577)</u>	<u>8,253,703</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	651,012
Net cash generated from investing activities	<u>-</u>	<u>651,012</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - net	372,667	(9,123,720)
Repayment of long-term finance	(360,364)	(492,427)
Short-term borrowings - net	5,000	170,000
Net cash generated from / (used in) financing activities	<u>17,303</u>	<u>(9,446,147)</u>
Net decrease in cash and cash equivalents (A+B+C)	(456,274)	(541,432)
Cash and cash equivalents at beginning of the period	<u>(8,232,441)</u>	<u>(8,260,560)</u>
Cash and cash equivalents at end of the period	10	<u>(8,688,715)</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial

M. HANIF Y. BAWANY
 Chief Executive Officer

MOHAMMD HASHIM
 Chief Financial Officer

ZAKARIA A. GHAFAR
 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

	Issued, subscribed and paid-up capital	Loans from Directors	Un-appropriated profit	Total profit
	----- Rupees -----			
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	-	-	372,446	372,446
Total comprehensive income for the year ended June 30, 2017	-	-	(16,028,626)	(16,028,626)
Balance as at June 30, 2017	<u>75,025,104</u>	<u>4,225,000</u>	<u>(36,903,396)</u>	<u>42,346,708</u>
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	201,467	201,467
Total comprehensive income for the three months period ended September 30, 2017	-	-	(4,441,425)	(4,441,425)
Balance as at September 30, 2017	<u>75,025,104</u>	<u>4,225,000</u>	<u>(41,143,354)</u>	<u>38,106,750</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFFAR
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE PERIOD ENDED SEPTEMBER 30, 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 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, 2017.

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, 2017.

		Unaudited	Audited
		September 30,	June 30,
		2017	2017
	Note	----- Rupees -----	
4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net			
Surplus on freehold land		20,654,210	20,654,210
Surplus on building on freehold land	4.1	15,846,454	16,047,921
		36,500,664	36,702,131
4.1 Movement of surplus on freehold land			
Revaluation surplus as at July 01		20,654,210	14,054,210
Surplus arising on revaluation carried out during the year		-	6,600,000
		20,654,210	20,654,210
4.2 Movement of surplus on building on freehold land			
Revaluation surplus as at July 01		23,024,753	10,778,675
Surplus arising on revaluation carried out during the year		-	13,112,711
		23,024,753	23,891,386

Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(201,467)	(372,446)
Restatement of opening liability	-	(334,567)
Related deferred tax liability of incremental depreciation charged during the period	(86,343)	(159,620)
Revaluation surplus	22,736,943	23,024,753
Less: Related deferred tax on:		
- revaluation as at July 1	(6,976,832)	(3,537,206)
- Surplus arising on revaluation during the year	-	(3,933,813)
- difference arising due to change in rate	-	334,567
- incremental depreciation charged during the period, transferred to profit and loss account	86,343	159,620
	(6,890,489)	(6,976,832)
	15,846,454	16,047,921

Unaudited	Audited
September 30,	June 30,
2017	2017

5 PROPERTY, PLANT AND EQUIPMENT

----- Rupees -----

Operating property, plant and equipment	182,244,098	183,889,558
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5.1 Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2017: Rs. Nil) and disposals there from at net book value were Rs. Nil (June 30, 2017: Rs. 116,345).

6 DEFERRED TAX ASSETS

Deferred debits arising due to:

- provision for bad debts	(90,282)	(90,282)
- provision for liabilities	(230,337)	(230,337)
- carried forward tax losses	(31,598,254)	(35,681,584)
	(31,918,873)	(36,002,203)

Deferred credit arising due to:

- accelerated depreciation on property, plant and equipment	25,097,790	28,843,540
- surplus on revaluation of property, plant and equipment	6,821,083	7,158,663
	-	-

	Unaudited	
	Three Months Ended	
	September 30,	September 30,
	2017	2016
7 COST OF SALES		
Raw material consumed	20,727,967	17,283,665
Salaries, wages and benefits	993,937	1,041,483
Power, fuel and water	7,460	218,139
Stores and spares	8,543	104,236
Repairs, maintenance and handling	572,194	622,508
Insurance	42,504	232,437
Vehicles running and maintenance	50,302	61,904
Depreciation	561,498	366,646
Others	448,420	395,043
Maintenance and other charges recovered	(90,442)	(97,955)
	23,322,383	20,228,106
Finished goods		
Opening stock	362,045	545,312
Closing stock	(118,297)	(378,093)
	243,748	167,219
	23,566,131	20,395,325

8 TAXATION

Charge for the current taxation represents higher of taxable income charged to tax at the rate of 30% or turnover tax @ 1% under section 113 of the Income Tax Ordinance, 2001.

9 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets

Stores and spares	(4,707)	(1,618)
Stock-in-trade	243,727	175,073
Trade debts	(834,795)	(359,330)
Loans and advances	(2,850,542)	9,626
Trade deposits and other receivables	218,064	418,832

Increase in current liabilities

Trade and other payables	5,709,125	12,339,662
	2,480,872	12,582,245

	Unaudited	
	Three Months Ended	
	September 30,	September 30,
	2017	2016
	----- Rupees -----	
10 CASH AND CASH EQUIVALENTS		
Cash and bank balances	147,104	58,827
Short term borrowings - running finance	(8,835,819)	(8,860,819)
	(8,688,715)	(8,801,992)

11 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

Long-term loan repaid to associated undertaking	5,000	-
Long-term loan taken from associated undertaking	-	100,000

Transactions with key management personnel

Salaries, benefits and other allowances	1,311,668	1,384,761
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Other related parties

Contribution made by the Company to retirement benefit plan	173,447	171,825
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12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on November 15, 2017 by the Board of Directors of the Company.

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFAR
Director



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