



BAWANYAIR
PRODUCTS LIMITED

HALF YEARLY REPORT
DECEMBER 31, 2018
(UNAUDITED)



CORPORATE INFORMATION

BOARD OF DIRECTORS	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	Chairman-Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
AUDIT & HR COMMITTEE	Mr. Siraj A. Kadir Mr. Vali Mohammad M. Yahya Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
HEAD OF INTERNAL AUDIT	Mr. Muhammad Munir	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Muhammad Hashim	
AUDITORS	F.R. Merchant & Co. 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	

HALF YEARLY REVIEW

ASSALAM-O-ALAIKUM

On behalf of the Board of Directors, I am pleased to present the Directors' review report on performance of our Company for the half year ended December 31, 2018.

These financial statements of the Company were subject to limited scope review by the external auditors, as required by the Code of Corporate Governance for Listed Companies. This review was successfully conducted and the report from auditors is also attached.

Your Company had to go through stiff competition and adverse business conditions in the first half of the year 2018-19. Our volumes dropped significantly as there were comparatively less ships at Gaddani and that is also the reason that price of liquid oxygen also dropped. Overall, there was a decrease in revenue and gross profits.

An analysis of the six months performance of the current period as compared with prior period is as follows:

Description	Six months	Six months
	Dec 31, 2018	Dec 31, 2017
Sales	29,946,747	49,311,077
Gross profit	1,562,387	2,643,264
Loss before taxation	(6,704,110)	(8,011,370)

As evident from above, the sales dropped and so did our gross profit. However, the management has been monitoring the monthly revenues and expenses very closely and therefore, the expenses were controlled which led to decrease in overall loss at 2018 as compared to 2017.

The cash flows of the Company are again very challenging. We had negative cash flows of Rs. 2.62 million from operating activities. The Company had to suffer Rs. 346,527 on account of income tax deductions from the payments received against sales, despite the fact that there is a refundable income tax of Rs. 5.48 million at the reporting date. These refunds are stuck at FBR level and if released, this could easily give a support to the working capital requirements of the Company. During the period, the Company also arranged funds from financing activities to the extent of Rs. 2.65 million.

The political situation in the country has become relatively stable but the economic indicators (especially the Rupee devaluation against USD) are not supporting the business community. This is affecting all businesses especially the ship breaking industry since it gets directly affected by any change in PKR to USD parity. The nation is hopeful, and so are we, that the present government will be able to take the country out of the current economic crisis.

The management has strong faith in Almighty ALLAH and is hopeful for a turnaround in near future, courtesy to its efforts and your prayers in running the business and locating an equity partner. All the management and Directors appreciate your patience, support and trust that you have shown towards us.

On behalf of the Board



M. HANIF Y. BAWANY
Chief Executive Officer

Karachi.

Dated: February 26, 2018

ششماہی رپورٹ

السلام علیکم

ششماہی رپورٹ پورڈ آف ڈائریکٹرز کی جانب سے آپ کی کمپنی کی کارکردگی برائے ششماہی تختہ 31 دسمبر 2018 پر ڈائریکٹرز کی جائزہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

کمپنی کے مالیاتی گوشوارے جو کہ بیرونی آڈیٹرز کے محدود دائرے میں آتے ہیں اور جس کا انہوں نے کوڈ آف کارپوریٹ گورنس کی درج فہرست کمپنیوں کے نگران ضابطوں کے تحت جائزہ لیا ہے اور اس جائزے کو کامیابی سے منصفہ کیا گیا تھا اور آڈیٹرز کی رپورٹ بھی منسلک ہے۔

آپ کی کمپنی کو سال 2018-2019 کے پہلے چھ ماہ میں سخت مقابلے اور منفی کاروباری حالات کا سامنا رہا ہمارا کاروبار قائم نمایاں طور پر کم ہوا اس کی ایک وجہ گندنی پرجہاز کی کم آمد اور دوسرا مالج آکسیجن کے دام میں کمی کی وجہ سے آمدنی اور مجموعی نفع میں کمی ہوئی۔

موجودہ مدت کی پہلی ششماہی کی کارکردگی کا گزشتہ مدت ششماہی کے ساتھ تقابلی جائزہ درج ذیل ہے۔

تفصیل	چھ ماہ	چھ ماہ
	31 دسمبر 2018	31 دسمبر 2017
فروخت	29,946,747	49,311,077
مجموعی منافع	1,562,387	2,643,264
خسارہ قبل از ٹیکس	(6,704,110)	(8,011,370)

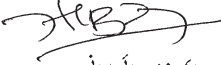
اوپر دیے ہوئے اعداد سے واضح ہے کہ سیل کی کمی کی وجہ سے مجموعی منافع میں کمی آئی ہے کمپنی کی انتظامیہ نے ماہانہ آمدنی اور خرچوں کا مجموعی جائزہ لیتے ہوئے خرچوں کو کنٹرول کیا جس سے 2018 میں مجموعی خسارہ میں 2017 کے مقابلے میں کم ہوا ہے۔

کمپنی کے نقد سہماؤ مشکل حالات سے دوچار ہیں ہمیں فعال سرگرمی سے 2.62 ملین روپے کے منفی نقدی بہاؤ کا سامنا ہیکمپنی کو 346,527 کی رقم انکم ٹیکس ٹوٹی کی مدت میں جو کہ بلڈ کی رقم وصول ہوتی تھی کرنا پڑی یہ بھی حقیقت ہے اس مدت میں انکم ٹیکس 5.48 ریفرنڈ بھی موجود ہے یہ ریفرنڈ FBR کی سطح پر کے ہوئے ہیں جیسے ہی یہ ریفرنڈ جاری ہوتے ہیں یہ کمپنی کو چلانے کے لئے فائدہ مند ہوگا اس مدت کے دوران کمپنی نے مالیاتی کارکردگی کے لئے 2.65 ملین کے سرمایہ کا انتظام کیا ہے۔

ملک کی سیاسی صورت حال نسبت بہتر رہی لیکن معاشی حالات روپے کی قدر ڈالنے کے مقابلے میں کمی کی وجہ سے کاروباری برادری کا تعاون حاصل نہیں رہا جس سے کاروبار تنزیلی کا شکار رہا خاص طور پر شپ بریکنگ کی صنعت جو روپے اور ڈالر کی تبدیلی کی وجہ سے متاثر ہوئی قوم کے ساتھ ہم بھی پرامید ہے موجودہ گورنمنٹ ملک کو اس معاشی بحران کے نکالنے میں کامیاب ہو جائے گی۔

انتظامیہ کا اللہ رب العزت پر کامل بھروسہ اور امید ہے مستقبل قریب میں بہتری کی طرف جائیں گے کاروبار ہماری کاوشوں اور آپ کی دعاؤں سے بہتری کی طرف گامزن ہو جائے گے ہماری ساری انتظامیہ اور ڈائریکٹرز ان آپ کے پرزور تعاون اور اعتماد جو آپ نے ہم پر کیا اس کی بھرپور تائید کرتے ہیں۔

برائے و مخائب



ایم حنیف وائی باوانی

منیجنگ ڈائریکٹر ایچ ایف ایگزیکٹو آفیسر

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Bawany Air Products Limited Report on
review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bawany Air Products Limited as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statement in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Basis of Adverse Opinion

As explained in note 1.2 of the condensed interim financial statement, the Company has prepared the annexed financial statements on the going concern assumption. However, for the period ended December 31, 2018 the Company incurred net loss of Rs.7.078 million and as at that reporting date, its losses have accumulated to Rs.59.242 million and its current liabilities exceed its current assets by Rs. 65.518 million. Mainly for the reason that, the operations of the Company have suffered due to breakdown of its plant, which has resulted in stoppage of production of liquid oxygen.

The running finance facility obtained by the Company from Fasyal Bank Limited expired on October 14, 2016 with the principal outstanding liability of Rs. 8.836 million against which the bank has filed recovery suit of Rs. 13.078 million in June 2017. The Company filed a case in banking court and according has not charged mark-up on the outstanding principal balance after June 30, 2017.

The long-term finance obtained by the Company from Orix Leasing Pakistan Limited matured in September 2017, however, the installments amounting to Rs. 3.171 million and mark-up amounting to Rs.0.252 million is still outstanding and no mark-up or period mark-up / late payment surcharge is charge on the overdue installments.

In order to meet its working capital requirements, the Company restored to different short term measures such as withholding payment to Staff Provident Fund of Rs.6.855million, mark-up on Staff Provident fund of Rs.1.849 million and borrowing from Staff Provident fund of Rs.0.2265 million which are in violation of Section 218 of the Companies Act, 2017.

Counting of physical inventories of stock in trade and stores & spares as at June 30, 2018 were not carried out by us and we were unable to satisfy ourselves by alternative means concerning the opening inventory of stock in trade and stores & spares held as at July 01, 2018 which are stated in the statement of financial position at net value of Rs. 2.312 million.

Trade debts amounting to Rs. 1.431 million are stagnant for more than 365 days, against which only Rs.0.300 million provision has been accounted for as at December 31, 2018. Since these trade debts are doubtful of recovery therefore, the provision should have been created against these.

Based on the evidence obtained, we believe that the Company will not be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, we do not agree with management's preparation and presentation of the financial statement on a going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our review report, the accompanying condensed interim financial information do not present fairly the financial position of the Company as at December 31, 2018, its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Other Matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2018, and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

The Proprietor on the review resulting in this independent auditor's review report is Ahmer Zafar Siddiqui.

Date: February 26, 2019
Place: Karachi



F.R. MERCHANT & CO.
Chartered Accountants.



CONDENSED INTERIM STATEMENT OF FINANCIAL

		Unaudited	Audited
		December 31,	June 30,
		2018	2018
Note	-----	Rupees	-----
ASSETS			
Non Current Assets			
Property, plant and equipment	4	174,563,985	177,559,562
Long-term deposits		3,130,358	3,161,358
		177,694,343	180,720,920
Current Assets			
Stores and spares		1,004,497	1,017,199
Stock-in-trade		1,163,987	1,295,325
Trade debts		3,713,052	3,603,996
Advances and other receivables		2,740,989	4,485,976
Other financial assets		46,584	57,064
Taxation - net		5,480,516	5,452,708
Cash and bank balances		73,153	311,062
		14,222,777	16,223,330
Total Assets		191,917,120	196,944,250

POSITION AS AT DECEMBER 31, 2018

	Unaudited December 31, 2018	Audited June 30, 2018
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Note ----- Rupees -----

EQUITY & LIABILITIES

SHARE CAPITAL & RESERVES

Authorized Share Capital

15,000,000/- Ordinary Shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
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Share capital

Issued, subscribed and paid-up capital	75,025,100	75,025,100
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Capital reserve

Surplus on revaluation of property, plant & equipment-net	5 35,501,810	35,884,752
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Accumulated loss

	(59,242,749)	(52,547,247)
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Director's subordinated loan

	<u>4,225,000</u>	<u>4,225,000</u>
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	<u>55,509,161</u>	<u>62,587,607</u>
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NON CURRENT LIABILITIES

Long term deposits	56,666,202	54,695,351
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CURRENT LIABILITITES

Trade and other payables	34,008,334	35,062,274
Unclaimed dividend	717,420	717,420
Accrued mark-up	2,728,572	2,304,434
Short term Advances	30,054,260	28,420,495
Short term financing	12,233,171	13,156,671
	79,741,757	79,661,294

Contingencies and commitments	6 -	-
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TOTAL EQUITY AND LIABILITIES

	<u>191,917,120</u>	<u>196,944,250</u>
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The annexed notes form an integral part of these financial statements.



M. HANIF Y. BAWANY
Chief Executive Officer



MUHAMMAD HASHIM
Chief Financial Officer




MIKHAIL BAWANY
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

NOTE	Six months period ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rupees-----			
Sales - net	29,946,748	49,311,077	15,380,602	24,554,067
Cost of Sales	7 (28,384,361)	(46,667,813)	(14,809,064)	(23,101,682)
Gross Profit	1,562,387	2,643,264	571,538	1,452,385
Distribution cost	1,474,131	1,906,244	743,256	947,238
Administrative expenses	4,337,165	6,289,022	2,189,831	3,087,980
Other operating expenses	8 2,014,968	2,050,007	980,015	1,025,287
	(7,826,264)	(10,245,273)	(3,913,102)	(5,060,505)
	(6,263,877)	(7,602,009)	(3,341,564)	(3,608,120)
Other operating income	-	9,232	-	2,932
Unrealized gain / (loss) on revaluation of other financial assets	(10,481)	(9,354)	(10,481)	(9,354)
	(10,481)	(122)	(10,481)	(6,422)
Operating loss	(6,274,358)	(7,602,131)	(3,352,045)	(3,614,542)
Financial charges	9 (429,752)	(409,239)	(221,921)	(202,973)
Loss before taxation	(6,704,110)	(8,011,370)	(3,573,966)	(3,817,515)
Provision for taxation				
-Current tax	10 (374,334)	(616,388)	(192,258)	(306,926)
Loss for the period	(7,078,444)	(8,627,758)	(3,766,224)	(4,124,441)
Loss per share- basic and diluted	(0.94)	(1.15)	(0.50)	(0.55)

The annexed notes form an integral part of these financial statements.


M. HANIF Y. BAWANY
Chief Executive Officer


MUHAMMAD HASHIM
Chief Financial Officer


MIKHAIL BAWANY
Director


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	-----Rupees-----			
Loss for the period after taxation	(7,078,444)	(8,627,758)	(3,766,224)	(4,124,441)
<i>Other comprehensive Income</i>	-	-	-	-
Total Comprehensive Loss	<u>(7,078,444)</u>	<u>(8,627,758)</u>	<u>(3,766,224)</u>	<u>(4,124,441)</u>

The annexed notes form an integral part of these financial statements.



M. HANIF Y. BAWANY
Chief Executive Officer



MUHAMMAD HASHIM
Chief Financial Officer




MIKHAIL BAWANY
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(6,704,110)	(8,011,370)
Adjustments for non-cash items:		
Depreciation	2,995,576	3,139,470
(Gain) / Loss on disposal on revaluation of other financial assets	10,481	9,354
Financial charges	429,752	409,239
	3,435,809	3,558,063
Operating cashflow before working capital changes	(3,268,301)	(4,453,307)
Working Capital Changes		
(Increase)/decrease in current assets		
Stores and spares	12,702	1,401
Stock in trade	131,338	75,347
Trade debts	(109,056)	(1,669,155)
Advances and other receivables	1,745,264	(2,858,418)
	1,780,248	(4,450,825)
(Decrease) / Increase in current liabilities		
Trade and other payables	(1,053,940)	6,822,392
Cash used in operations	(2,541,993)	(2,081,740)
Finance cost paid	(429,752)	(393,693)
Income tax paid	346,527	(1,259,264)
	(83,225)	(1,652,957)
Net cash used in operating activities	(2,625,218)	(3,734,697)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	-	-
Cash outflow from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Long term deposits- liabilities	1,970,851	1,483,898
Long term deposits- Asset	(31,000)	-
Short term Advances	1,633,765	-
Short term financing	(923,500)	1,202,565
Net cash generated from financing activities	2,650,116	2,686,463
Net increase / (decrease) in cash and cash equivalents	24,898	(1,048,234)
Cash and cash equivalents at the beginning of the period	48,255	603,378
Cash and cash equivalents at the end of the period	73,153	(444,856)

The annexed notes form an integral part of these financial statements.


M. HANIF Y. BAWANY
Chief Executive Officer


MUHAMMAD HASHIM
Chief Financial Officer



MIKHAIL BAWANY
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated loss	Directors' subordinated loan	TOTAL
	----- Rupees -----				
Balance as at July 1, 2017	75,025,100	36,702,131	(36,903,396)	4,225,000	79,048,835
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(397,177)	397,177	-	-
Total comprehensive income for the six, months period ended December 31, 2017	-	-	(8,627,758)	-	(8,627,758)
Balance as at December 31, 2017	75,025,100	36,304,954	(45,133,977)	4,225,000	70,421,077
Balance as at July 1, 2018	75,025,100	35,884,752	(52,547,247)	4,225,000	62,587,605
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(382,942)	382,942	-	-
Total comprehensive income for the six, months period ended December 31, 2018	-	-	(7,078,444)	-	(7,078,444)
Balance as at December 31, 2018	75,025,100	35,501,810	(59,242,749)	4,225,000	55,509,161

The annexed notes form an integral part of these financial statements.


M. HANIF Y. BAWANY
Chief Executive Officer


MUHAMMAD HASHIM
Chief Financial Officer


MIKHAIL BAWANY
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1** Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978 and registered under the Companies Ordinance, 1984 [Repealed with the enactment of Companies Act, 2017 (the Act)]. The Company is listed on Pakistan Stock Exchange Limited. The principal activities of the Company are production and trading of oxygen gas, dissolved acetylene and nitrogen gas.

The geographical location and address of the Company's offices and factory are as under:

- The registered office and factory of the Company is situated at Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District in the province of Balochistan.
- The city office is located at 16-C, 2nd floor, Nadir House, I.I Chundrigar Road, Karachi.

1.2 Going Concern Assumption

The Company has incurred a net loss of Rs 7.078 million during half year ended December 31, 2018 and as of that date its accumulated losses amounted to Rs. 59.242 million. Its current liabilities exceed its current assets by Rs. 65.518 million. The operations of the Company have been suffering due to breakdown of its plant that has resulted in stoppage of production of liquid oxygen. The Company is facing adverse liquidity position and is unable to finance repair and replacement of its faulty equipments. The Company has also defaulted with its lender.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its obligations in the ordinary course of its business. However, in view of the management's claim to deal with the above situation, these financial statements have been prepared using the going concern assumption due to the fact that Company is in the process to find investors and exploring various other options which may result in improvement in its adverse liquidity and financial position of the Company.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation on condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses.

The accounting policies, estimates, judgements and methods of computation adopted for the preparation of condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company as at and for the year ended June 30, 2018.



Un-Audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
174,563,985	177,559,562
174,563,985	177,559,562

4 PROPERTY, PLANT & EQUIPMENT

Operating Fixed Assets

4.1

4.1 Operating Fixed Assets

Particulars	Cost / revalued value		Rate	Accumulated depreciation		WDV As at Dec 31, 2018
	As at July 01, 2018	Additions / (Disposal) As at Dec 31, 2018		As at July 01, 2018	Charge for the period	
Freehold land	21,000,000	-	0%	-	-	21,000,000
Building on freehold land	24,279,822	-	5%	1,213,991	576,646	22,489,185
Building on lease hold land	10,622,677	-	2.5%	265,567	129,464	10,227,646
Plant and machinery	225,658,005	-	5%-3.33%	106,234,555	2,084,281	117,339,169
Gas cylinders	5,102,658	-	10%	4,577,525	26,257	498,876
Electric installation	9,382,294	-	10%	7,938,939	72,168	1,371,187
Furniture and fixtures	2,343,158	-	10%	1,563,791	38,968	740,399
Office equipment	2,851,131	-	10%	2,276,348	28,739	546,044
Vehicles	1,331,674	-	20%	941,142	39,053	351,479
As at December 31, 2018	302,571,419	-		125,011,858	2,995,576	174,563,985

4.2 Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2018: Rs. Nil) and disposals there from at net book value were Rs. Nil (June 30, 2018: Rs.51,050).

	Un-Audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
5 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	14,847,600	15,230,542
	<u>35,501,810</u>	<u>35,884,752</u>
5.1 Movement of surplus on freehold land during the period		
Revaluation surplus as at July 01	20,654,210	20,654,210
Surplus arising on revaluation carried out during the year	-	-
	<u>20,654,210</u>	<u>20,654,210</u>
5.2 Movement of surplus on building on freehold land during the period		
Revaluation surplus as at July 01	21,574,179	23,024,753
Surplus arising on revaluation carried out during the year	-	-
	<u>21,574,179</u>	<u>23,024,753</u>
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(382,942)	(817,379)
Restatement of opening liability due to change in tax rate	(215,742)	(299,336)
Related deferred tax liability of incremental depreciation charged during the period	(156,413)	-
Revaluation surplus	-	(333,859)
	<u>20,819,082</u>	<u>21,574,179</u>
Less: Related deferred tax liability on:		
- revaluation as at July 01	(6,343,637)	(6,976,832)
- surplus arising on revaluation carried out during the year	-	-
- restatement of opening liability due to change in tax rate	215,742	299,336
- incremental depreciation charged during the period, transferred to profit and loss account	156,413	333,859
	<u>(5,971,482)</u>	<u>(6,343,637)</u>
	<u>14,847,600</u>	<u>15,230,542</u>

6 CONTINGENCIES AND COMMITMENTS

Contingencies

- 6.1 The Company was selected for income tax audit for the period from July 2011 to June 2012. The assessing officer issued impugned order dated 24.01.2017 wherein the Appellant was ordered to pay income tax amount to Rs.9.999 million along with default surcharge and penalty. Being aggrieved with the order, the Company preferred the instant appeal contesting and that the Deputy Commissioner Inland Revenue passed the order without proper jurisdiction over the appellant's case.

The management and tax advisor of the Company are confident about the favourable outcome of the matter and hence, no provision has been made in these financial statement on this account.

- 6.2 Faysal Bank Limited has filed a law suit in the Banking Court No. IV at Karachi for recovery of their principal balance along-with mark-up on outstanding payments and liquidation damages amounting to Rs. 13,077,725. The Company has challenged these allegations in the banking court on the basis that the amount is exaggerated, misconceived and false claims / pleas taken by the bank. The matter is being heard at the banking court. The management of the Company is confident about the favourable outcome of the matter.

Commitments

There were no commitments as at December 31, 2018 (June 30, 2018: Nil).

	Un-audited		Un-audited	
	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
7 COST OF SALES				
Liquid oxygen purchased	24,275,238	41,537,381	12,642,191	20,809,414
Salaries and other benefits	1,703,181	1,970,742	879,119	976,805
Electricity and water	9,650	15,180	1,930	7,720
Stores and spares consumed	12,702	14,651	-	6,108
Repairs, maintenance and handling	506,460	1,117,856	255,350	545,662
Insurance	-	75,738	-	33,234
Vehicle running and maintenance	132,220	147,202	70,530	96,900
Depreciation	918,847	971,547	461,449	410,049
Others	815,192	923,524	440,593	475,104
	<u>28,373,490</u>	<u>46,773,821</u>	<u>14,751,162</u>	<u>23,360,996</u>
Maintenance & other charges recovered	<u>(125,467)</u>	<u>(181,355)</u>	<u>(56,995)</u>	<u>(90,913)</u>
Cost of goods processed	<u>28,248,023</u>	<u>46,592,466</u>	<u>14,694,167</u>	<u>23,270,083</u>
Processed goods- opening	<u>952,079</u>	<u>362,045</u>	<u>930,638</u>	<u>118,297</u>
Processed goods- closing	<u>(815,741)</u>	<u>(286,698)</u>	<u>(815,741)</u>	<u>(286,698)</u>
	<u>136,338</u>	<u>75,347</u>	<u>114,897</u>	<u>(168,401)</u>
	<u>28,384,361</u>	<u>46,667,813</u>	<u>14,809,064</u>	<u>23,101,682</u>
8 OTHER OPERATING EXPENSES				
Depreciation of idle plant	1,969,968	2,040,007	980,015	1,020,287
Penalties and others	45,000	10,000	-	5,000
	<u>2,014,968</u>	<u>2,050,007</u>	<u>980,015</u>	<u>1,025,287</u>
9 FINANCIAL CHARGES				
Interest / markup on:				
Long term financing	-	15,546	-	-
Short term borrowings:				
-Provident Fund	9.1	424,138	219,577	195,513
		<u>424,138</u>	<u>219,577</u>	<u>195,513</u>
Bank charges		5,614	2,344	7,460
		<u>429,752</u>	<u>221,921</u>	<u>202,973</u>

9.1 This represents interest on loan and contributions payable to the Staff Provident Fund.

10 TAXATION

Charge for the current taxation is based on minimum tax on turnover @ 1.25% under section 113 of the Income Tax Ordinance, 2001.

11 TRANSACTION WITH RELATED PARTIES

The related parties include a subsidiary Company, entities having directors in common with the Company, major shareholders of the Company, directors and other key management personnel and retirement benefit plans. Transaction with related parties, other than those disclosed elsewhere in the financial statements are as under:

	Un-audited December 31, 2018 Rupees	Un-audited December 31, 2017 Rupees
Associated undertakings		
Organization charges paid	227,915	144,517
Long-term loan re-paid to associated undertaking	16,235	7,435
Transactions with key management personnel		
Salaries, benefits and other allowances	444,000	1,302,000
Other related parties		
Contribution made by the Company to retirement benefit plan	250,289	340,181
Mark up accrued on loan from retirement benefits plan	52,174	52,174

12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2018.

13 DATE OF AUTHORIZATION


These condensed interim financial information were authorized for issue on 26th February, 2019 by the board of directors of the Company.

14 GENERAL

Figures presented in these condensed interim financial information have been rounded off to the nearest rupee, unless otherwise re-stated.



M. HANIF Y. BAWANY
Chief Executive Officer



MUHAMMAD HASHIM
Chief Financial Officer



MIKHAIL BAWANY
Director



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