

BAWANY AIR PRODUCTS LIMITED

**HALF YEARLY REPORT
DECEMBER 31, 2020
(UN-AUDITED)**

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Vali Mohammad M. Yahha Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Mikhail Bawany Mr. Wazir Ahmed Jomezai Mr. Zakaria A. Ghaffar Mr. Muhammad Danish	Chairman - Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
AUDIT & HR COMMITTEE	Mr. Muhammad Danish Mr. Vali Mohammad M. Yahha 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. Abdul Rauf	
AUDITORS	S. M. SUHAIL & 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 Te: 35687839-35685930	
REGISTERED OFFICE	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, 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	

DIRECTORS' REPORT TO THE MEMBERS

ASSALAM-O-ALAIKUM

Directors' Review

Your directors are pleased to present the Condensed Interim Financial Statements and Auditors Review Report on performance of your Company for the half year ended December 31, 2020.

These financial statements of the Company were subject to limited scope review by the external auditors, as required by the Companies Act 2017 and the Code of Corporate Governance for Listed Companies. This review was successfully conducted and the report from auditors is also attached. The auditors have issued an adverse review report and the Management is confident that all issues shall be resolved before the new management will complete the takeover process.

INDUSTRY OVERVIEW

The year 2020 was badly affected by COVID-19 for all the businesses, which caused a slump in worldwide economies and all the businesses and industries.

PERFORMANCE OF THE COMPANY

Our business got affected so much that there was gross loss of Rs. 2.194 million. The reason behind the loss due to closure of business activities during the period under review.

FINANCIAL HIGHLIGHTS

An analysis of the half year performance of the Company with prior period, is as follows:

Description	Half Year Ended on Dec 31, 2020	Half Year Ended on Dec 31, 2019
Sales	-	10,584,144
Gross loss	(2,194,377)	(1,028,859)
Loss before taxation	(9,372,845)	(9,385,959)

There was no revenue generation in the half year due to closure of ship breaking industry at Gaddani during most part of this period and lack of funds for working capital. Cost of sales comprises of salaries of limited employees at factory and certain fixed overheads. Similarly, the administration and other expenses are all at minimum level which cumulatively resulted in a loss before tax for the half year ended amounting to Rs. 9.373 million.

FUTURE OUTLOOK AND GOING CONCERN ASSUMPTION

During the year 2020, the Company received an intimation from Fossil Energy (Private) Limited for acquiring control of the Company and more than 50% of the shareholding into the Company which was lapsed / withdrawn on September 14, 2020, after extension of further 90 days. The public intention has been published again on September 22, 2020 to revive the Company after completion of acquisition process.

Accordingly, Company has entered into sale agreement for disposal of land & building and plant and machinery with the highest bidder at the sale price of Rs. 145.000 million out of which Rs. 39.800 million was received till the half year ended December 31, 2020. Resultantly, Company has settled following obligations:

- Short term loans of Faysal Bank Limited and ORIX Leasing Pakistan Limited were successfully settled during the half year ended. NOC and settlement letter from both financial institutions were provided to the Company.
- The liability of staff provident fund together with markup due thereon have been completely settled through full payment. Moreover, Company has also settled other liabilities during the period in this regard.

- Company has also started to refund security deposits of customers and making efforts to refund whole amount as soon as possible, which has reduced the liability of security deposits to Rs. 46.200 million as of December 31, 2020 as compared to Rs. 50.060 million as at June 30, 2020. Moreover, subsequent to the half year end, the Company has refunded further amount in this regard.
- Subsequent to the half year ended December 31, 2020, liability pertaining to Employees Old Age Benefits was also partially settled and paid off. And payment of remaining amount is also under process.

ACKNOWLEDGEMENT

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, In Sha Allah. 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



Momiza Hanif Bawany
Director

Karachi

Dated: 24th February 2021

ڈائریکٹرز رپورٹ برائے ممبران

السلام علیکم

ڈائریکٹران کا جائزہ

آپ کے ڈائریکٹران کمپنی کے اختصاری عبوری مالیاتی گوشوارے برائے ششماہی مدت مختتمہ 31 دسمبر 2020 اور ان پر آڈیٹرز کی جائزہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی کے مالیاتی گوشواروں پر محدود دائرہ میں نظر ثانی بیرونی آڈیٹرز نے کی ہے جو کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس فار لسٹڈ کمپنیز کے تقاضوں کے مطابق ہے۔ یہ نظر ثانی کامیابی سے انجام دی گئی اور آڈیٹرز کی رپورٹ بھی منسلک کی گئی ہے۔ آڈیٹرز نے ناموافق نظر ثانی رپورٹ پیش کی ہے اور انتظامیہ پر اعتماد ہے کہ نئی انتظامیہ کے انتظام سنبھالنے کا عمل مکمل ہونے سے قبل تمام مسائل حل ہو جائیں گے۔

صنعتی جائزہ

سال 2020 میں COVID-19 نے ہر قسم کے کاروبار کو بری طرح متاثر کیا جس کے نتیجے میں دنیا بھر کی معیشتوں اور کاروبار و صنعتوں میں سست روی آئی۔

کمپنی کی کارکردگی

ہمارا کاروبار بھی اس صورتحال سے بہت زیادہ متاثر ہوا جس کی وجہ سے خام خسارہ 2.194 ملین روپے رہا۔ اس کی وجہ جائزہ مدت کے دوران کاروباری سرگرمیوں کی بندش تھی۔

مالیاتی جھلکیاں

گزشتہ مدت کے مقابلے موجودہ ششماہی مدت میں کمپنی کی کارکردگی کا ایک تجزیہ درج ذیل ہے:

تفصیلات	ششماہی مدت مختتمہ 31 دسمبر 2020	ششماہی مدت مختتمہ 31 دسمبر 2019
فروخت	-	10,584,144
خام خسارہ	(2,194,377)	(1,028,859)
خسارہ قبل از ٹیکس	(9,372.84s)	(9,385,959)

مدت کے زیادہ تر حصے میں گڈانی پر شپ بریکنگ انڈسٹری کی بندش کی وجہ سے کوئی آمدنی نہیں ہوئی اور جاری سرمائے کا فقدان رہا۔ لاگت فروخت میں فیکٹری کے محدود ملازمین کی تنخواہیں اور کچھ جامد بالائی مصارف شامل ہیں۔ اسی طرح انتظامی اور دیگر تمام اخراجات کی سطح کم سے کم رہی جس کے نتیجے میں مجموعی طور پر ششماہی مدت کا قبل از ٹیکس خسارہ 9.373 ملین روپے رہا۔

مستقبل کی پیش بینی اور چلتے ہوئے ادارہ کا مفروضہ

سال 2020 کے دوران کمپنی کو فوسل انرجی (پرائیویٹ) لمیٹڈ سے کمپنی کا کنٹرول حاصل کرنے کی اطلاع موصول ہوئی اور کمپنی میں مزید 50 فیصد حصص داری 90 دن کی توسیعی مدت کے بعد واپس ختم ہو گئی۔ ادغامی عمل کی تکمیل کے بعد کمپنی کے احیاء کے لئے اخبار میں عوامی اشتہار دوبارہ 22 ستمبر 2020 کو شائع کروایا گیا۔

لہذا کمپنی نے بلند ترین بولی دہندہ کے ساتھ 145.00 ملین روپے میں زمین و بلڈنگ اور پلانٹ و مشینری کی فروخت کے لئے معاہدہ فروخت تشکیل دیا جس میں سے 39.800 ملین روپے ششماہی مدت مختتمہ 31 دسمبر 2020 تک موصول ہو چکے ہیں۔ جس کے نتیجے میں کمپنی نے مندرجہ ذیل واجبات کا تصفیہ کیا:

ششماہی مدت مختتمہ میں فیصل بینک لمیٹڈ اور کس لیزنگ پاکستان لمیٹڈ کے قلیل مدتی قرضوں کا کامیابی سے تصفیہ کیا۔ دونوں مالیاتی اداروں نے کمپنی کو تصفیہ نامہ اور NOC جاری کر دیئے ہیں۔

اسٹاف پروویڈنٹ فنڈ کے واجبات کے ساتھ ان پر مارک اپ کی مکمل ادائیگی کے ساتھ مکمل تصفیہ کر دیا گیا ہے۔ مزید برآں، مدت کے دوران کمپنی نے اس سلسلے میں دیگر واجبات کا بھی تصفیہ کر دیا۔

کمپنی نے گاہکوں کی جمع شدہ ذریعہ کی رقوم واپس کرنا شروع کر دی ہیں اور کوششیں کی جا رہی ہیں کہ جتنا جلد ممکن ہو سکے کل رقوم واپس کر دی جائیں، جس سے جمع شدہ ذریعہ کے واجبات 31 دسمبر 2020 کو کم ہو کر 46.200 ملین روپے رہ گئے ہیں جو کہ 30 جون 2020 کو 50.060 ملین روپے تھے۔ مزید برآں، ششماہی مدت کے بعد کمپنی نے مزید رقوم واپس کی ہیں۔

ششماہی مدت مختتمہ 31 دسمبر 2020 کے بعد ایمپلائز اولڈ ایج پیفٹس سے متعلق واجبات کا جزوی تصفیہ اور ادائیگی کر دی گئی ہے اور بقایا رقم کی ادائیگی کا عمل جاری ہے۔

اعتراف

انتظامیہ اللہ رب العزت پر مکمل یقین رکھتی ہے اور اپنی کوششوں اور آپ کی دعاؤں سے مستقبل قریب میں بہتری کی امید رکھتی ہے، انشاء اللہ۔ تمام انتظامیہ اور ڈائریکٹران آپ کے صبر و استقامت، مدد اور اعتماد کا اعتراف کرتے ہیں۔

برائے و مخانب

Mowiza

مومیزہ حنیف باوانی
ڈائریکٹر

HPB

ایم وائی باوانی
چیف ایگزیکٹو ڈائریکٹر

کراچی

مورخہ: 24 فروری 2021



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF BAWANY AIR PRODUCTS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bawany Air Products Limited** ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). Management of the entity is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed 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.

Basis for Adverse Conclusion

- 1- The Company is suffering recurring losses and, the loss after taxation for the current period under review, is of Rs. 9.987 million (2019: Rs. 9.518 million) which has resulted in accumulated losses of Rs. 168.797 million as at the end of reporting period, which had been affected liquidity position of the Company, as mentioned in Note 1.1. The operations of the Company adversely affected by the breakdown of major component of its plant in financial year 2013 which has not yet repaired, and the Company has initiated realization process of land & building, plant and machinery. Further, the Company is unable to pay its statutory liabilities towards withholding of taxes, under the employees old age and social security amounting to Rs. 3.749 million. It has also utilized the sums received as deposits of Rs. 46.212 million from its customers against tanks and cylinders into its business operations.



S.M. SUHAIL & CO.

Chartered Accountants

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- 2- These conditions and rare chances of core business revival have caused us to believe that the Company shall not be able to continue as a going concern. The going concern assumption used by the management as mentioned in Note 1.1 and 2, for preparation of the annexed financial statements is inappropriate as it cannot predict future plan of the new management.
- 3- The Company's securities had been placed on the defaulter segment of the Pakistan Stock Exchange on February 07, 2019 and it has received notices from Pakistan Stock Exchange (PSX), under Regulation 5.11.1(i) of the PSX Rule Book, for suspension of trading in shares of the Company and other actions under Regulation 5.11.2 of the PSX Rule Book, if auditor's report continue to contain adverse opinion or qualified opinion on going concern assumption.
- 4- The Company does not have complete records of parties who have deposited securities, the aggregate amount of Rs. 46.212 million (June 20: 50.063 million) to the Company against cylinders and tanks. In the absence of complete record, these deposits are remained unverified.

Adverse Conclusion

Our review indicates that, because of the significance of the matters described in the preceding section of *basis for adverse conclusion*, the accompanying interim condensed financial statements do not present fairly, in all material respect, the financial position of the Company as on December 31, 2020 and of its financial performance, and cash flows for the half year then ended in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. S. M. Suhail, FCA.

S. M. Suhail FCA

S.M. Suhail & Co.
Chartered Accountants
Karachi.

Date: 24 February 2021



Network
Member

- Karachi
- Lahore
- Islamabad
- UAE
- Canada
- Australia

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BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)
AS AT DECEMBER 31, 2020

	Note	December 31, 2020 Un-Audited	June 30, 2020 Audited
----- Rupees -----			
ASSETS			
Non-current Assets			
Property, plant and equipment	6	1,095,764	147,491,688
Long-term deposits		<u>2,351,494</u>	<u>3,001,494</u>
		3,447,258	150,493,182
Current Assets			
Stores and spares		996,322	996,322
Stock-in-trade		50,179	50,179
Trade debts		56,205	106,520
Advances and other receivables		1,630,410	1,630,970
Sales tax refundable		824,547	824,547
Investments		39,423	38,276
Taxation - net		5,244,520	5,237,860
Cash and bank balances	7	1,025,482	45,413
Non-current assets held for sale	8	<u>145,000,000</u>	<u>-</u>
		154,867,088	8,930,087
Total Assets		<u>158,314,346</u>	<u>159,423,269</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
15,000,000 (June, 2020: 15,000,000) Ordinary Shares of Rs.10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Share capital			
Issued, subscribed and paid-up capital		75,025,100	75,025,100
Capital reserve			
Surplus on revaluation of non-current assets held for sale	9	99,007,532	99,007,532
Accumulated (loss)		<u>(168,797,357)</u>	<u>(158,810,281)</u>
		5,235,275	15,222,351
Non-Current Liabilities			
Long-term deposits		46,212,463	50,063,663
Current Liabilities			
Trade and other payables		4,115,731	6,678,567
Accrued liabilities		20,300,264	21,089,123
Unclaimed dividend		717,420	717,420
Provisions		2,303,902	2,303,902
Payable to provident fund	10	-	6,858,961
Accrued mark-up		-	878,585
Due to related parties		39,629,291	43,604,026
Short-term financing		-	12,006,671
Liability against non-current assets held for sale		<u>39,800,000</u>	<u>-</u>
		106,866,608	94,137,255
Contingencies and commitments	11		
Total Equity and Liabilities		<u>158,314,346</u>	<u>159,423,269</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer



ABDUL RAUF
 Chief Financial Officer



MOMIZA HANIF BAWANY
 Director

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited)
FOR THE HALF YEAR ENDED ON DECEMBER 31, 2020

	Note	Six months ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2020	2019	2020	2019
		Rupees		Rupees	
Sales - net		-	10,584,144	-	5,193,847
Cost of sales	12	(2,194,377)	(11,613,003)	(1,300,362)	(5,956,453)
Gross (loss) / profit		(2,194,377)	(1,028,859)	(1,300,362)	(762,606)
Distribution cost		-	(838,990)	-	(466,361)
Administrative expenses	13	(5,257,619)	(5,487,091)	(2,228,717)	(3,080,090)
Other operating expenses	14	(704,397)	(2,844,329)	16,481	(1,422,165)
		(5,962,016)	(9,170,410)	(2,212,236)	(4,968,616)
Other income		30,000	1,135,528	30,000	969,316
Unrealized gain / (loss) on revaluation of investments		1,146	17,000	1,146	17,000
		(5,930,870)	(8,017,882)	(2,181,090)	(3,982,300)
Finance cost	15	(1,247,598)	(339,218)	(1,474,086)	(165,465)
Loss before taxation		(9,372,845)	(9,385,959)	(4,955,538)	(4,910,371)
Provision for taxation - current	16	-	(132,302)	-	(64,923)
Net results for the period from operations		(9,372,845)	(9,518,261)	(4,955,538)	(4,975,294)
Remeasurement of non-current assets held for sale					
Loss on remeasurement - other assets	2.2	(614,231)	-	(614,231)	-
Net loss for the period		(9,987,076)	(9,518,261)	(5,569,769)	(4,975,294)
Earnings per share - basic and diluted		(1.33)	(1.27)	(0.74)	(0.66)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer



ABDUL RAUF
 Chief Financial Officer



MOMIZA HANIF BAWANY
 Director

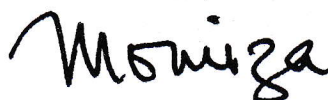
BAWANY AIR PRODUCTS LIMITED**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-Audited)
FOR THE HALF YEAR ENDED ON DECEMBER 31, 2020**

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----		----- Rupees -----	
Loss for the period	(9,987,076)	(9,518,261)	(5,569,769)	(4,975,294)
Total comprehensive loss for the period	<u>(9,987,076)</u>	<u>(9,518,261)</u>	<u>(5,569,769)</u>	<u>(4,975,294)</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
Chief Executive Officer


ABDUL RAUF
Chief Financial Officer



MOMIZA HANIF BAWANY
Director

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE HALF YEAR ENDED ON DECEMBER 31, 2020

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Total
	Rupees			
Balance as at July 1, 2019	75,025,100	35,118,869	(72,247,617)	37,896,352
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax		(359,965)	359,965	-
Total comprehensive income for the six months period ended December 31, 2019			(9,518,261)	(9,518,261)
Balance as at December 31, 2019	75,025,100	34,758,904	(81,405,913)	28,378,091
Balance as at July 1, 2020	75,025,100	99,007,533	(158,810,281)	15,222,352
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2020	-	-	(9,987,076)	(9,987,076)
Balance as at December 31, 2020	75,025,100	99,007,533	(168,797,357)	5,235,276

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer

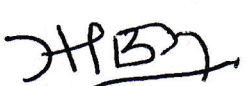

ABDUL RAUF
 Chief Financial Officer



MOMIZA HANIF BAWANY
 Director

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-Audited)
FOR THE HALF YEAR ENDED ON DECEMBER 31, 2020

		December 31, 2020	December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees	
Loss before taxation		(9,372,845)	(9,385,959)
Adjustments for:			
Depreciation		781,692	3,563,608
(Gain)/ Loss on revaluation of other financial assets		(1,146)	(17,000)
Gain on disposal of assets		-	(1,135,499)
Finance cost		1,247,598	337,288
Operating cash flows before working capital changes		(7,344,701)	(6,637,562)
Working capital changes	17	(10,159,781)	208,987
Net cash used in from operations		(17,504,482)	(6,428,575)
Finance cost paid		(1,247,598)	(337,288)
Income tax paid		(6,660)	(6,333)
Net cash used in operating activities		(18,758,740)	(6,772,196)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance against sale of land, building and plant		39,800,000	-
Proceeds from disposal of assets		-	1,400,000
Net cash generated from investing activities		39,800,000	1,400,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities - net		(3,851,200)	-
Long-term deposits - assets - net		650,000	-
Short-term financing		(16,859,991)	6,618,597
Net cash (used) in / generated from financing activities		(20,061,191)	6,618,597
Net decrease in cash and cash equivalents		980,069	1,246,401
Cash and cash equivalents at beginning of the period		45,413	600,865
Cash and cash equivalents at end of the period		1,025,482	1,847,266

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer


ABDUL RAUF
 Chief Financial Officer


MOMIZA HANIF BAWANY
 Director

BAWANY AIR PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited) FOR THE HALF YEAR ENDED ON DECEMBER 31, 2020

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 Baluchistan. The registered office of the Company is situated at Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Baluchistan.

1.1 GOING CONCERN ASSUMPTION

The financial statements for the half year ended December 31, 2020 reflect loss after taxation of Rs. 9.987 (2019: Rs. 9.518) million, and as of that date its accumulated loss stood at Rs. 168.797 (June 2020: Rs. 158.810) million. Its current assets exceed its current liability by Rs. 48.000 (June 2020: Rs. (85.210)) 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 in the year 2013.

All current assets and all moveable fixed assets of the Company were under different charges of different banks also, immovable properties were under mortgage of different banks with either pari passu right or ranking charge. These liabilities have been completely settled and paid off, and the existing registered mortgages and charges are in the process of vocation.

The above conditions indicate the existence of a material uncertainty which cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize 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 public intention to acquire controlling shares of the Company has been published by Fossil Energy (Private) Limited which has enough available capital to revive the Company after completion of acquisition process. This may result in improvement in its adverse liquidity and financial position of the Company.

2 SIGNIFICANT EVENT

2.1 Intimation to Acquire Controlling Shares

During the financial year 2020, the Company has received an intimation from an acquirer for acquiring control of the Company and more than 50% of shareholding into the Company which was subsequently lapsed/ withdrawn on September 14, 2020 after extension of further 90 days. The public intension has been published again and fresh intension on September 22, 2020. For details refer directors report.

2.2 During the period, the Company has entered into a sale agreement for disposal of land & building, plant and machinery having a written down value as on September 30, 2020 of Rs. 145.614 million with the highest bid price of Rs. 145.000 million out of which Rs.39.800 million has been received during the period under review, and the differential amount of Rs 0.614 million represents the written down value of gas cylinders and electric installation have been charged to statement of profit or loss, as loss on remeasurement.

2.3 During the period under review, short term loan of Faysal bank amounting to Rs. 9.100 million and ORIX leasing amounting to Rs 3.170 million was successfully settled and both of them have provided NOC to the Company in this regard.

2.4 The liability of staff provident fund together with mark-up due thereon have been completely settled through full payment. This also resulted in compliance with provisions of section 218 of the Companies Act, 2017 and reduction in persistent finance cost.

3 FINANCIAL AND OPERATIONAL IMPACT DUE TO COVID 19

During the last financial year, global pandemic COVID-19 was outbreak. It was first surfaced in China and then spread all over the world. World Health Organization declared this outbreak as pandemic in mid of March, 2020. Government of Pakistan has declared complete lockdown of social and business activities from March, 2020 to control the spread of the pandemic. Currently the potential impact of COVID-19 is uncertain on the overall financial position of the business sector. Business activities were allowed in the month of June, 2020 to some extent with some measures and situation is being monitored by the governing bodies closely. The management of the Company is also monitoring the situation however as operations of the Company has already been very limited therefore no significant impact is expected due to the COVID 19. Management does not expect any significant adverse financial impact on financial position, performance and cash flows of the Company due to COVID 19 outbreak.

4 BASIS OF PREPARATION

The condensed interim financial information has been prepared for the six months period ended December 31, 2020 in accordance with the requirement of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 are being prevailed.

These condensed interim financial information are unaudited and are being circulated to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and Section 237 of the Companies Act, 2017.

The condensed interim financial information does not include all the information and disclosures as required for preparation of annual financial statements therefore, it should be read in conjunction with the annual audited financial statement for the year ended June 30, 2020.

5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

5.1 The preparation of 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. Actual results may differ from these estimate.

5.2 The accounting policies, estimates, judgments and methods of computation adopted for the preparation of the 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, 2020.

5.3 Change in accounting standards, interpretations and amendments to the accounting and reporting standards.

(a) Standards and amendments to accounting and reporting standards which became effective during the half year ended December 31, 2020.

There were certain amendments to accounting and reporting standards which became mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

(b) Standards and amendments to accounting and reporting standards that are not yet effective.

There is a new standard an interpretation and certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

6 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment

Un-audited
December 31,
2020
Rupees

Audited
June 30,
2020

1,095,764 147,491,688

Half year ended

Quarter ended

December 31,
2020

December 31,
2019

December 31,
2020

December 31,
2019

Rupees

Depreciation charged for the period

60,814

3,563,608

30,407

1,781,039

Disposal made during the period

Carrying value

-

264,501

-

30,684

7 CASH AND BANK BALANCES

Cash in hand

Cash at bank

Un-audited
December 31,
2020
Rupees

Audited
June 30,
2020

1,011,790

36,754

13,692

8,659

1,025,482

45,413

8 NON-CURRENT ASSETS HELD FOR SALE

Freehold land

Building on freehold land

Plant and machinery

90,000,000

-

24,061,425

-

30,938,575

-

145,000,000

-

9	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net	Note	Unaudited	Audited
			December 31, 2020	June 30, 2020
			----- Rupees -----	
	Surplus on freehold land	9.1	89,654,210	89,654,210
	Surplus on building on freehold land	9.2	9,353,322	9,353,322
			<u>99,007,532</u>	<u>99,007,532</u>
9.1	Movement of surplus on freehold land during the period			
	Revaluation surplus at beginning of year		89,654,210	20,654,210
	Impairment recognized on revaluation carried out during the year		-	69,000,000
			<u>89,654,210</u>	<u>89,654,210</u>
9.2	Movement of surplus on building on freehold land			
	Revaluation surplus at beginning of year		13,080,663	20,279,728
	Surplus arising on revaluation carried out during the year		-	(6,195,102)
			<u>13,080,663</u>	<u>14,084,626</u>
	Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax		-	(712,814)
	Restatement of opening liability due to change in tax rate		-	-
	Related deferred tax liability of incremental depreciation charged during the period		-	(291,149)
	Revaluation surplus		<u>13,080,663</u>	<u>13,080,663</u>
	Less: Related deferred tax on:			
	- revaluation as at July 1		(3,727,341)	(5,815,069)
	- impairment to the extent of available revaluation surplus		-	1,796,579
	- restatement of opening liability due to change in tax rate		-	-
	- incremental depreciation charged during the period, transferred to profit or loss account		-	291,149
			<u>(3,727,341)</u>	<u>(3,727,341)</u>
			<u>9,353,322</u>	<u>9,353,322</u>

10 PAYABLE TO PROVIDENT FUND

The liability of staff provident fund together with mark-up due thereon have been completely settled through full payment. This also results in compliance with provisions of section 218 of the Companies Act, 2017 and reduction in persistent finance cost.

11 CONTINGENCIES AND COMMITMENTS

There is no contingencies or commitments as at December 31, 2020.

12	COST OF SALES	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		-----Rupees-----			
	Raw material consumed	-	8,020,150	-	3,950,252
	Salaries, wages and benefits	1,368,872	1,497,992	816,054	743,552
	Electricity and water	31,880	-	15,110	(22,240)
	Stores and spares consumed	-	3,725	-	3,725
	Repairs, maintenance and handling	183,380	296,100	162,180	53,035
	Depreciation	-	650,481	-	324,473
	Others	610,245	963,703	307,018	624,444
		<u>2,194,377</u>	<u>11,432,151</u>	<u>1,300,362</u>	<u>5,677,241</u>
	Finished goods				
	Opening stock	-	275,717	-	374,077
	Closing stock	-	(94,865)	-	(94,865)
		-	180,852	-	279,212
		<u>2,194,377</u>	<u>11,613,003</u>	<u>1,300,362</u>	<u>5,956,453</u>

Half year ended		Quarter ended	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees			

13 ADMINISTRATIVE EXPENSES

Directors' remuneration and meeting fees	1,735,713	1,746,498	843,108	850,585
Salaries and benefits	2,137,315	1,562,133	551,437	786,137
Electricity, gas and water	51,784	89,768	25,689	50,164
Repairs and maintenance	81,025	81,090	40,165	45,330
Rent, rates and taxes	273,498	273,498	136,749	136,749
Traveling and conveyance	71,660	76,870	36,160	41,390
Vehicles running and maintenance	66,806	146,810	79,373	77,051
Entertainment	200	2,705	150	2,085
Communication	65,720	70,603	31,108	40,115
Printing and stationery	38,746	41,931	30,869	35,243
Legal and professional charges	-	358,000	-	350,000
Auditors' remuneration	81,000	75,000	81,000	75,000
Fees, subscription and periodicals	532,225	862,156	282,380	524,226
Advertisement	41,800	24,000	41,800	24,000
Depreciation	60,814	68,798	30,407	34,399
Others	19,313	7,231	18,322	7,616
	<u>5,257,619</u>	<u>5,487,091</u>	<u>2,228,717</u>	<u>3,080,090</u>

14 OTHER OPERATING EXPENSES / (INCOME)

Depreciation on idle plant & related assets	720,878	2,844,329	-	1,422,165
Others	(16,481)	-	(16,481)	-
	<u>704,397</u>	<u>2,844,329</u>	<u>(16,481)</u>	<u>1,422,165</u>

15 FINANCE COST

Short term borrowing from ORIX Leasing	1,427,528	-	1,427,528	-
Short term borrowing from Faysal Bank Ltd.	(362,784)	-	-	-
Short term borrowing from Provident Fund	134,610	337,288	38,314	163,535
Bank charges	48,244	1,930	8,244	1,930
	<u>1,247,598</u>	<u>339,218</u>	<u>1,474,086</u>	<u>165,465</u>

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

16 TAXATION

Charge for the current taxation is based on minimum tax on turnover @ 1.50% under section 113 of the Income Tax Ordinance, 2001.

17 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets

	December 31, 2020	December 31, 2019
Stores and spares	-	3,725
Stock-in-trade	-	180,852
Trade debts	50,315	359,679
Advances and other receivables	560	59,997

Increase in current liabilities

Trade and other payables	(2,562,836)	(896,044)
Accrued liabilities	(788,859)	1,847,668
Payable to provident fund	(6,858,961)	(1,346,890)
	<u>(10,159,781)</u>	<u>208,987</u>

18 TRANSACTIONS WITH RELATED PARTIES

The related parties include associated undertaking, 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:

	Unaudited	
	December 31, 2020	December 31, 2019
	----- Rupees -----	
Associated undertakings		
Organization charges paid	273,498	273,498
Loan refunded to associated undertaking	4,355,645	347,851
Transactions with key management personnel		
Salaries, benefits and other allowances	1,735,713	1,746,498
Other related parties		
Amount paid/received as liability	20,061,191	6,618,597
Contribution made by the Company to retirement benefit plan	93,261	179,411
Payment made to retirement benefit plan	7,185,640	2,043,000

19 FINANCIAL RISK MANAGEMENT

The Company's financial management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2020.


20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 24, 2021 by the Board of Directors of the Company.

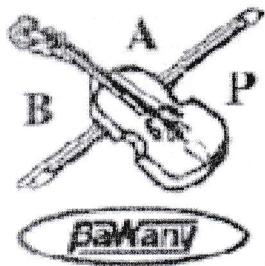
21 GENERAL

Figures presented in these condensed interim financial information have been rounded off to the nearest of a Rupee, unless otherwise stated.


M. HANIF Y. BAWANY
Chief Executive Officer


ABDUL RAUF
Chief Financial Officer


MOMIZA HANIF BAWANY
Director



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