

BAWANY AIR PRODUCTS LIMITED

**HALF YEARLY REPORT
DECEMBER 31, 2021
(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, 2021.

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 review report of auditors is also attached. The auditors have issued an adverse opinion and the Management is working on these points.

INDUSTRY OVERVIEW

The overall conditions of the business were showing some sign of improvement but the recent covid wave has again hampered the growth. The management is searching for opportunities of fresh investment that could be injected in the Company and resume its operations.

PERFORMANCE OF THE COMPANY

Like last year, there was no revenue and only minimum possible expenses were incurred to keep the Company running. The bottom-line loss amounted to Rs. 4.9 million for the six months 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, 2021	Half Year Ended on Dec 31, 2020
Sales	-	-
Administrative expenses	(4,648,474)	(5,257,619)
Other operating expenses	(1,721,185)	(704,397)
Net loss for the period	(4,901,598)	(9,987,076)

The administration expenses mainly comprise of salary of limited number of employees, fees, rent and auditors' remuneration. Other operating expenses include the salary of factory employees which are not charged to Cost of Goods Sold as there is no manufacturing / trading activity. These are all classified as part of other expenses now.

FUTURE OUTLOOK AND GOING CONCERN ASSUMPTION

The sale transaction for disposal of land & building and certain machinery items could not be completed as the counter party has defaulted the terms of sale agreement.

A baseless lawsuit was filed against the Company and ad-interim stay order was obtained by the counter party from Honorable Court of District Judge Lasbella at Hub in September 2021 without giving any opportunity of hearing to the Company. Moreover, the stay granted by the Honorable Court is "ad-interim" which is without hearing. The fact of the matter is that the management had rented out a small part of its warehouse on nominal rent back in April 2021 for limited term(s). This was done so that the Company can recover cost of some administration and operating expenses. Against this lawsuit, the

Company has filed a case against the counter party for defaulting on the terms of sale agreement. The matter is pending adjudication before the Court.

The counterparty has also written letters to the Pakistan Stock Exchange Limited and Securities & Exchange Commission of Pakistan about this matter and management has clarified the facts to these regulatory authorities. The Chief Executive is personally looking into this matter with due consideration and the Board of Directors strongly believe that the stance of management is right and lawfully supported and there would be no adverse financial impact on the Company.

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 2022

ڈائریکٹرز رپورٹ برائے ممبران

السلام علیکم

ڈائریکٹران کا جائزہ

آپ کے ڈائریکٹران آپ کی کمپنی کے اختصاری عبوری مالیاتی گوشوارے اور کمپنی کی کارکردگی پر آڈیٹرز کی جائزہ رپورٹ برائے ششماہی مدت 31 دسمبر 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی کے یہ مالیاتی گوشوارے کوڈ آف کارپوریٹ گورننس فار سڈ کمپنیز اوپنیز ایکٹ 2017 کے تحت بیرونی آڈیٹرز کے محدود جائزہ کے دائرے میں آتے ہیں۔ یہ جائزہ کامیابی سے مکمل کیا گیا اور آڈیٹرز کی جائزہ رپورٹ بھی منسلک کی گئی ہے۔ آڈیٹرز نے ایک ناموافق رائے کا اظہار کیا ہے اور انتظامیہ ان نکات پر کام کر رہی ہے۔

صنعتی جائزہ

کاروباری کی مجموعی صورتحال بہتری کا اشارہ کر رہی ہے لیکن حالیہ COVID کی لہر نے دوبارہ نمومیں رکاوٹ پیدا کر دی ہے۔ انتظامیہ نئی سرمایہ کاریوں کو تلاش کر رہی ہے جو کہ کمپنی میں کی جاسکتی ہیں اور وہ اپنے کاروبار افعال شروع کر سکتی ہے۔

کمپنی کی کارکردگی

گزشتہ سال کی طرح کوئی آمدنی نہیں ہوئی اور کمپنی کو چلانے کے لئے صرف کم از کم ممکنہ اخراجات کئے گئے۔ زیر جائزہ ششماہی مدت کا خالص خسارہ 4.9 ملین روپے رہا۔

مالیاتی جھلکیاں

سابقہ مدت کے ساتھ کمپنی کی ششماہی کارکردگی کا موازنہ درج ذیل ہے:

تفصیل	سال ختمہ 31 دسمبر 2021	سال ختمہ 31 دسمبر 2020
فروخت	-	-
انتظامی اخراجات	(4,648,474)	(5,257,619)
دیگر کاروباری اخراجات	(1,721,185)	(704,397)
مدت کا خالص خسارہ	(4,901,598)	(9,987,076)

انتظامی اخراجات میں بنیادی طور پر محدود تعداد میں ملازمین کی تنخواہیں، فیس، کرایہ اور آڈیٹرز کا معاوضہ شامل ہے۔ دیگر کاروباری اخراجات میں ٹیکسری کے ملازمین کی تنخواہیں شامل ہیں جنہیں لاگت فروخت میں شامل نہیں کیا گیا ہے کیونکہ کوئی پیداواری/تجارتی سرگرمی نہیں ہوئی۔ انہیں اب دیگر اخراجات کی مد میں شامل کیا گیا ہے۔

مستقبل کی پیش بینی اور چلتے ہوئے ادارہ کا مقررہ

زمین و بلڈنگ اور مخصوص مشینری اشیاء کی فروخت کا سودا پایہ تکمیل کو نہیں پہنچ سکا کیونکہ مخالف فریق معاہدہ فروخت سے منحرف ہو گیا ہے۔ ایک بے بنیاد قانونی مقدمہ کمپنی کے خلاف دائر کر دیا گیا ہے اور ایک عبوری اسٹے آرڈر فریق مخالف نے کمپنی کو سماعت کا موقع دیے بغیر ڈسٹرکٹ جج لیبیلہ جب کی معزز عدالت سے ستمبر 2021 میں حاصل کر لیا ہے۔ مزید برآں معزز عدالت نے ”عبوری“ اسٹے منظور کیا ہے جو کہ سماعت کے بغیر ہے۔ معاملہ کے حقائق یہ ہیں کہ انتظامیہ نے ویز ہاؤس کے کچھ حصے کو معمولی کرایہ پر اپریل 2021 میں محدود مدت کے لئے دیا تھا۔ یہ اس لئے کیا گیا تھا کہ کچھ انتظامی اور کاروباری اخراجات کی لاگت نکالی جاسکے۔ اس مقدمے کے خلاف کمپنی نے ایک کیس فریق مخالف کے خلاف معاہدہ فروخت سے منحرف ہونے پر دائر کیا ہے۔ یہ معاملہ عدالت کے روبرو زیر التواء ہے۔

فریق مخالف نے کچھ تحریری خطوط پاکستان اسٹاک ایکسچینج لیٹیڈ اور سیکورٹیز اینڈ ایکسچینج آف پاکستان کو اس معاملہ پر بھیجے ہیں اور انتظامیہ نے انضباطی اداروں کے سامنے حقائق کو واضح کیا ہے۔ چیف ایگزیکٹو ڈیٹا طور پر معاملہ کی باضابطہ گمرانی کر رہے ہیں اور بورڈ آف ڈائریکٹرز کو یقین ہے کہ انتظامیہ کا موقف درست ہے اور قانونی طور مضبوط ہے اور اس کے کمپنی پر کوئی ناموافق مالیاتی اثرات مرتب نہیں ہوئے۔

اعتراض

انتظامیہ اللہ رب العزت پر مکمل یقین رکھتی ہے اور امید کرتی ہے کہ مستقبل قریب میں تبدیلی آئے گی، اس کی کوششوں اور آپ کی دعاؤں سے کاروبار چل رہا ہے، انشاء اللہ۔ انتظامیہ اور ڈائریکٹران آپ کے صبر، تعاون اور اعتماد کا اعتراف کرتے ہیں جس کا مظاہرہ انہوں نے ہمارے لئے کیا ہے۔

مومیزہ حنیف بادانی
ڈائریکٹر

ایم حنیف دانی بادانی
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 24 فروری 2022



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, 2021 and the related condensed interim statement of profit or loss and other 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, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

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 of amounting Rs. 4.902 million (December 2020: Rs. 9.987 million) which has resulted in accumulated losses of Rs. 82.843 million as at the end of reporting period, which had been affected liquidity position of the Company of Rs. 88.157 million, as mentioned in Note 1.1. The operations of the Company are adversely affected by the breakdown of major component of its plant since 2013 which has not yet been 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. 3.234 million. It has also utilized the sums received as deposits of Rs. 46.083 million from its customers against tanks and cylinders into its business operations.



- 2- Above conditions and rare chances of 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 for preparation of the annexed financial statements is inappropriate as it cannot predict future plan of the management with which we do not concur.
- 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 Note 7 to the financial statements reflects about the liability against non-current assets held for sale amounting to Rs. 40,000 million. However, the deal of aforesaid sale is not concluded till the reporting date due to a litigation as the counterparty has defaulted the term of the agreement and filed a lawsuit before the Honorable Court of District Judge Lasbela at Hub, against the Company. The case is in progress and the Company is confident that the decision of the case will be in favor of the Company.

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, 2021 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.

SD/-

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

Our Ref: SMS-A-4652022
Date: 24 February 2022

UDIN: RR20211019795siOoX2S

BAWANY AIR PRODUCTS LIMITED**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)****AS AT DECEMBER 31, 2021**

	Note	December 31, 2021 Un-Audited	June 30, 2021 Audited
----- Rupees -----			
ASSETS			
Non-current Assets			
Property, plant and equipment	4	980,813	1,034,950
Long-term deposits		2,342,084	2,342,084
		3,322,897	3,377,034
Current Assets			
Advances and other receivables		1,682,769	2,077,141
Sales tax refundable		824,547	824,547
Investments		45,885	45,458
Taxation - net		6,027,386	5,999,431
Cash and bank balances	5	16,757	74,177
		8,597,344	9,020,754
Non-current assets held for sale	6	123,100,268	123,100,268
		135,020,509	135,498,056
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
15,000,000 (June, 2021: 15,000,000) Ordinary Shares of Rs.10/- each		150,000,000	150,000,000
Share capital			
Issued, subscribed and paid-up capital		75,025,100	75,025,100
Capital reserve			
Accumulated loss		(82,842,518)	(77,940,920)
		(7,817,418)	(2,915,820)
Non-current Liabilities			
Long-term deposits		46,083,410	45,166,660
Current Liabilities			
Trade and other payables		3,916,010	3,883,021
Accrued liabilities		22,539,071	21,308,011
Unclaimed dividend		717,420	717,420
Payable to provident fund		96,470	-
Provisions K-Electric		62,675	2,303,902
Due to related parties		29,422,871	28,606,062
Liability against non-current assets for sale	7	40,000,000	36,428,800
		96,754,517	93,247,216
Total Equity and Liabilities		135,020,509	135,498,056
Contingencies and commitments	8		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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
AND OTHER COMPREHENSIVE INCOME (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rupees	Rupees	Rupees	Rupees
Sales - net		-	-	-	-
Cost of sales	9	-	(2,194,377)	-	(1,300,362)
Gross loss		-	(2,194,377)	-	(1,300,362)
Administrative expenses	10	(4,648,474)	(5,257,619)	(2,219,907)	(2,228,717)
Other operating expenses	11	(1,721,185)	(704,397)	(791,701)	16,481
		(6,369,659)	(5,962,016)	(3,011,608)	(2,212,236)
Other income		1,471,345	30,000	450,134	30,000
Unrealized gain on revaluation of investments		426	1,146	426	1,146
		(4,897,888)	(5,930,870)	(2,561,048)	(2,181,090)
Finance cost	12	(3,710)	(1,247,598)	(2,365)	(1,474,086)
Loss before taxation		(4,901,598)	(9,372,845)	(2,563,413)	(4,955,538)
Provision for taxation - current	13	-	-	-	-
Loss after taxation		(4,901,598)	(9,372,845)	(2,563,413)	(4,955,538)
Remeasurement of non-current assets held for sale					
Loss on remeasurement		-	(614,231)	-	(614,231)
Net loss for the period		(4,901,598)	(9,987,076)	(2,563,413)	(5,569,769)
COMPREHENSIVE INCOME					
Loss for the period		(4,901,598)	(9,987,076)	(2,563,413)	(5,569,769)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(4,901,598)	(9,987,076)	(2,563,413)	(5,569,769)
Loss per share - basic and diluted		(0.65)	(1.33)	(0.34)	(0.74)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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 DECEMBER 31, 2021

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Total
	----- Rupees -----			
Balance as at July 1, 2020	75,025,100	99,007,533	(158,810,281)	15,222,352
Total comprehensive loss for the 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
Balance as at January 1, 2021	75,025,100	99,007,533	(168,797,357)	5,235,276
Total comprehensive loss for the period ended June 30, 2021	-	-	(8,151,096)	(8,151,096)
Transferred during the year	-	(99,007,533)	99,007,533	-
Balance as at June 30, 2021	75,025,100	-	(77,940,920)	(2,915,820)
Balance as at July 1, 2021	75,025,100	-	(77,940,920)	(2,915,820)
Total comprehensive loss for the period ended December 31, 2021	-	-	(4,901,598)	(4,901,598)
Balance as at December 31, 2021	75,025,100	-	(82,842,518)	(7,817,418)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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 DECEMBER 31, 2021

		December 31, 2021	December 31, 2020
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Loss before taxation		(4,901,598)	(9,372,845)
Adjustments for:			
Depreciation		54,136	781,692
Gain on revaluation of other financial assets		(426)	(1,146)
Finance cost		3,710	1,247,598
Operating cash outflows before working capital changes		(4,844,178)	(7,344,701)
Working capital changes	14	(582,806)	(10,159,781)
Net cash used in operations		(5,426,984)	(17,504,482)
Finance cost paid		(3,710)	(1,247,598)
Income tax paid		(27,955)	(6,660)
Net cash used in operating activities		(5,458,649)	(18,758,740)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance against sale of land, building and plant		3,571,200	39,800,000
Net cash generated from investing activities		3,571,200	39,800,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities - net		916,750	(3,851,200)
Long-term deposits - assets - net		-	650,000
Payable to provident fund		96,470	-
Due to related parties		816,809	-
Short-term financing		-	(16,859,991)
Net cash generated / (used) in financing activities		1,830,029	(20,061,191)
Net (decrease) / increase in cash and cash equivalents		(57,420)	980,069
Cash and cash equivalents at beginning of the period		74,177	45,413
Cash and cash equivalents at end of the period		16,757	1,025,482

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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 Karachi 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.

1.1 GOING CONCERN ASSUMPTION

The financial statements for the half year ended December 31, 2021 reflect loss after taxation of Rs. 4.901 (December 2020: Rs. 9.987) million, and as of that date its accumulated loss stood at Rs. 82.843 (June 2021: 77.941) million. Its current liabilities exceed its current assets by Rs. 88.157 (June 2021: 84.226) 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 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 management is actively searching for an equity investor, which will result in improvement of adverse liquidity and financial position of the Company. Moreover, there are continued supports from the associated Company and the directors of the Company to inject the working capital as and when required.

2 BASIS OF PREPARATION

The condensed interim financial statements has been prepared for the half year ended December 31, 2021 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 statements 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 statements 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, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements 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.

The accounting policies, estimates, judgments and methods of computation adopted for the preparation of the condensed interim financial statements 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, 2021.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Un-audited December 31, 2021	Audited June 30, 2021
	Rupees	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	980,813	1,034,950

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rupees			
Depreciation charged during the period	54,136	60,814	27,068	30,407

	Un-audited December 31, 2021	Audited June 30, 2021
	Rupees	
5 CASH AND BANK BALANCES		
Cash in hand	10,313	66,977
Cash at bank	6,444	7,200
	16,757	74,177

6 NON-CURRENT ASSETS HELD FOR SALES		
Freehold land	90,000,000	90,000,000
Building on freehold land	23,170,000	23,170,000
Plant and machinery	9,930,268	9,930,268
	123,100,268	123,100,268

7 LIABILITY AGAINST NON-CURRENT ASSETS FOR SALE

The Company has received an advance against the non current assets held for sale of Rs. 40.000 million. However, the deal of aforesaid sale is not concluded till the reporting date due to some litigations as the counterparty has defaulted the term of agreement. A baseless lawsuit was filed against the Company and ad-interim stay order has been obtained by the counterparty from Honorable Court of District Judge Lasbella at Hub. The case is in progress and the management is confident that the decision will be in favor of the Company and there would be no adverse impact to the financial statements.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

The Company was selected for the monitoring of withholding income tax under section 161/ 205 of the Income Tax Ordinance, 2001 in respect of tax year 2018 and 2019. The concerned commissioner passed an order for the tax year 2018 and raised a demand of Rs. 48,554 which is payable by the Company. Moreover, the concerned commissioner passed an order for the tax year 2019 and raised a demand of Rs. 1.760 million against which the Company has filed appeal before the concerned commissioner which is pending for hearing. The Company has also obtained stay against the recovery of aforesaid demand. The management is confident that the decision will be in favour of the Company.

8.2 Commitments

There was no commitments as at December 31, 2021 (June 2021: Nil)

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	-----Rupees-----			
9 COST OF SALES				
Salaries, wages and benefits	-	1,368,872	-	816,054
Electricity and water	-	31,880	-	15,110
Repairs and maintenance	-	183,380	-	162,180
Others	-	610,245	-	307,018
	-	2,194,377	-	1,300,362
10 ADMINISTRATIVE EXPENSES				
Directors' remuneration and meeting fees	1,684,453	1,735,713	838,905	843,108
Salaries and benefits	1,308,724	2,137,315	662,007	551,437
Electricity, gas and water	53,141	51,784	29,019	25,689
Repairs and maintenance	73,995	81,025	34,755	40,165
Rent, rates and taxes	273,498	273,498	136,749	136,749
Traveling and conveyance	72,740	71,660	39,160	36,160
Vehicles running and maintenance	100,728	66,806	55,058	79,373
Entertainment	2,185	200	1,625	150
Communication	74,141	65,720	35,188	31,108
Printing and stationery	44,740	38,746	40,516	30,869
Legal and professional charges	55,550	-	-	-
Auditors' remuneration	175,500	81,000	175,500	81,000
Fees, subscription and periodicals	606,373	532,225	75,787	282,380
Advertisement	41,173	41,800	41,173	41,800
Depreciation	54,136	60,814	27,068	30,407
Others	27,397	19,313	27,397	18,322
	4,648,474	5,257,619	2,219,907	2,228,717
	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	-----Rupees-----			
11 OTHER OPERATING EXPENSES				
Salaries, wages and benefits	998,667	-	400,011	-
Electricity and water	173,740	-	173,740	-
Depreciation on idle plant & related assets	-	720,878	-	-
Others	548,778	(16,481)	217,950	(16,481)
	1,721,185	704,397	791,701	(16,481)
12 FINANCE COST				
Short term borrowing from ORIX Leasing	-	1,427,528	-	1,427,528
Short term borrowing from Faysal Bank Ltd.	-	(362,784)	-	-
Mark-up on due to Provident Fund (Note: 12.1)	2,430	134,610	1,895	38,314
Bank charges	1,280	48,244	470	8,244
	3,710	1,247,598	2,365	1,474,086

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

13 TAXATION

As the Company did not earn any taxable income during the period, therefore, there is no charge for taxation.

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

14 WORKING CAPITAL CHANGES

	Unaudited	
	December 31, 2021	December 31, 2020
	----- Rupees -----	
(Increase) / decrease in current assets		
Trade debts	-	50,315
Advances and other receivables	394,372	560
Increase in current liabilities		
Trade and other payables	32,989	(2,562,836)
Accrued liabilities	1,231,060	(788,859)
Payable to provident fund	-	(6,858,961)
Provisions K-Electric	(2,241,227)	-
	(582,806)	(10,159,781)

15 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, 2021	December 31, 2020
	----- Rupees -----	
Associated undertakings		
Organization charges paid	273,498	273,498
Loan re-paid to associated undertaking	6,535	4,355,645
Transactions with key management personnel		
Salaries, benefits and other allowances	1,684,453	1,735,713
Other related parties		
Amount received / paid as liability	816,809	20,061,191
Contribution made by the Company to retirement benefit plan	70,800	93,261
Payment made to retirement benefit plan	47,560	7,185,640

16 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, 2021.

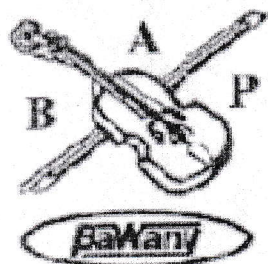
17 GENERAL

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2021, whereas, the 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 have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended December 31, 2020. Corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of comparison and better presentation, the effect of which is not material.

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

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorised for issue on February 24, 2022 by the Board of Directors of the Company.



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