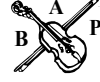


BAWANYAIR
PRODUCTS LIMITED

QUARTERLY REPORT
September 30, 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 Jomezai 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	Parker Randall - A.J.S. Chartered Accountants	
BANKERS	Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan	
SHARE REGISTRAR	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Te: 35687839-35685930	
REGISTERED OFFICE	Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan Tel: 0853 - 363289 Fax: 0853 - 363290	
CITY OFFICE	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi Tel: 021-32400440 Fax: 021-32411986	



BAWANYAIR
PRODUCTS LIMITED

QUARTERLY REVIEW

ASSALAM-O-ALAIKUM


On behalf of the Board of Directors, I am pleased to present the Directors' Review on the three months period ended September 30, 2018. The un-audited financial statements of your Company for the period then ended are also being presented for your perusal.

The financial performance of our Company in the first quarter of year 2018-19 was relatively at a slower pace as compared to same period of last year. The revenues dropped from Rs. 24 million to Rs. 14 million mainly on account of lower volumes sold during this quarter. However, the Company managed to curtail the costs and expenses to the minimum possible level and that is the main reason that bottom line loss for 1st quarter of 2018-19 is significantly lower than 1st quarter loss of last year. The business activity in the first 2 months i.e. July and August were down however, it picked up very well in September 2018 and we hope the up-ward trend continues in future as well. Due to higher sales in last month i.e. September 2018, the balance of trade debtors are on a higher side.

Cash flows of the Company are very sensitive and every spending is being strictly monitored so as to avoid any un-necessary financial burden over the Company.

On behalf of the Board, we thank you for your support and trust on the management of the Company.

On behalf of the Board


M. Hanif Y. Bawany
Managing Director / Chief Executive Officer

Karachi
Dated: October 25, 2018

السلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے میں تختہ سہ ماہی مدت 30 ستمبر 2018 کے لئے ڈائریکٹران کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔ اس مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے بھی آپ کے پیش خدمت ہیں۔

سال 2018-19 کی پہلی سہ ماہی میں کمپنی کی مالیاتی کارکردگی گزشتہ سال کی بہ نسبت قدرے سست رہی۔ محصولات 24 ملین سے کم ہو کر 14 ملین روپے رہ گئے جس کی بنیادی وجہ فروخت کے حجم میں کمی تھی۔ تاہم کمپنی ممکنہ حد تک لاگتوں اور اخراجات کی سطح کو قابو میں رکھنے کے قابل ہو گئی اور یہی بنیادی وجہ تھی جس کے نتیجے میں گزشتہ سال کی پہلی سہ ماہی کی بہ نسبت 2018-19 کی پہلی سہ ماہی میں چلنے کا خسارہ کم رہا۔ پہلے دو ماہ یعنی جولائی اور اگست میں کاروباری کارکردگی سست روی کا شکار رہی لیکن ستمبر میں بہت بہتر ہو گئی اور ہمیں امید ہے کہ مستقبل میں اسی طرح جاری رہے گی۔ آخری مہینے یعنی ستمبر 2018 میں بلند فروخت کی وجہ سے تجارتی مقروضوں سے واجب الوصولیاں بھی بلند رہیں۔

کمپنی میں نقدی کے بہاؤ کے معاملے بہت حساس ہے اور ہر خرچے کی سختی سے نگرانی کی جاتی ہے تاکہ کمپنی پر غیر ضروری مالی بوجھ سے بچا جاسکے۔

بورڈ کی جانب سے میں کمپنی کی انتظامیہ کے ساتھ آپ کے تعاون اور بھروسے پر شکریہ ادا کرتا ہوں۔

منجانب



ایم حنیف ایم باوانی
مینجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر
کراچی

مورخہ: 25 اکتوبر 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

	Unaudited September 30, 2018	Audited June 30, 2018		Unaudited September 30, 2018	Audited June 30, 2018
EQUITY AND LIABILITIES	Note	Rupees	ASSETS	Note	Rupees
Share Capital and Reserves			Non Current Assets		
Authorised capital			Property, plant and equipment	6	176,067,213
15,000,000 Ordinary shares of Rs.10/- each		150,000,000			177,559,562
Issued, subscribed and paid-up capital		75,025,104			
Loan from directors		4,225,000			
Accumulated loss		(55,674,797)	Long-term deposits	3,161,357	3,161,358
		23,575,307			
Surplus on revaluation of property, plant and equipment - net	4	35,693,281	Current Assets		
		35,884,752	Stores and spares	1,004,497	1,017,199
Non Current Liabilities			Stock-in-trade	1,273,884	1,295,325
Long-term deposits		55,934,715	Trade debts	5,776,901	3,603,996
			Advances and other receivables	4,271,673	4,485,976
Current Liabilities					
Trade and other payables		36,284,955	Other financial assets	57,064	57,064
Interest / mark-up accrued		2,515,794	Taxation - net	5,457,109	5,452,708
Short-term borrowings		43,227,166	Cash and bank balances	161,520	311,062
		82,027,915		18,002,648	16,223,330
Contingencies and Commitments	5				
Total Equity and Liabilities		197,231,218	Total Assets		197,231,218
		196,944,250			196,944,250

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFAR
Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		Un-audited September 30, 2018	Un-audited September 30, 2017
	Note	Rupees	
Sales - net		14,566,145	24,757,010
Cost of sales	7	(13,575,297)	(23,566,131)
Gross profit		990,848	1,190,879
Other operating income		-	6,300
		990,848	1,197,179
Distribution cost		(730,875)	(959,006)
Administrative expenses		(2,147,334)	(3,201,042)
Other operating expenses		(1,034,953)	(1,024,720)
Finance cost - net		(214,630)	(206,266)
Loss before taxation		(3,136,944)	(4,193,855)
Provision for taxation - current	8	(182,077)	(247,570)
Loss for the period		(3,319,021)	(4,441,425)
Earnings per share - basic and diluted		(0.44)	(0.59)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

M. HANIF Y. BAWANY
 Chief Executive Officer

MOHAMMD HASHIM
 Chief Financial Officer

ZAKARIA A. GHAFAR
 Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		Un-audited September 30, 2018	Un-audited September 30, 2017
	Note	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(3,136,944)	(4,193,855)
Adjustments for:			
Depreciation		1,492,351	1,645,460
Finance cost		214,630	206,266
Operating cash flows before working capital changes		(1,429,963)	(2,342,129)
Working capital changes	9	(1,419,198)	2,480,872
Net cash (used in) / generated from operations		(2,849,161)	138,743
Finance cost paid		(3,270)	(230,356)
Income tax paid		(186,475)	(381,964)
Net cash used in operating activities		(3,038,906)	(473,577)
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities - net		1,239,364	372,667
Repayment of long-term finance		-	(360,364)
Short-term borrowings - net		1,650,000	5,000
Net cash generated from financing activities		2,889,364	17,303
Net decrease in cash and cash equivalents (A+B+C)		(149,542)	(456,274)
Cash and cash equivalents at beginning of the period		(8,524,757)	(8,232,441)
Cash and cash equivalents at end of the period	10	(8,674,299)	(8,688,715)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

M. HANIF Y. BAWANY
 Chief Executive Officer

MOHAMMD HASHIM
 Chief Financial Officer

ZAKARIA A. GHAFAR
 Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Directors' subordinated loan	Total
	----- Rupees -----				
Balance as at July 1, 2017	75,025,104	36,702,131	(36,903,396)	4,225,000	79,048,839
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(817,379)	817,379	-	-
Net Loss for the year ended June 30, 2018	-	-	(16,461,230)	-	(16,461,230)
Balance as at June 30, 2018	75,025,104	35,884,752	(52,547,247)	4,225,000	62,587,609
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(191,471)	191,471	-	-
Net Loss for the year period ended September 30, 2018	-	-	(3,319,021)	-	(3,319,021)
Balance as at September 30, 2018	75,025,104	35,693,281	(55,674,797)	4,225,000	59,268,588

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFAR
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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 Limited. The principal activities of the Company are production and trading of oxygen gas, dissolved acetylene and nitrogen gas. The manufacturing facilities are located at Hub Industrial Estate, Tehsil Hub in the province of Balochistan. The registered office of the Company is situated at Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan.

2. BASIS OF PREPARATION

This interim financial information has been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and is being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. This condensed interim financial information does not include all the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

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

	Un-audited September 30, 2018	Audited June 30, 2018
	----- Rupees -----	
4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
Surplus on freehold land	20,654,210	20,654,210
Surplus on building on freehold land	15,039,071	15,230,542
	35,693,281	35,884,752
4.1 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	-	-
	20,654,210	20,654,210
4.2 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	-	-
	21,574,179	23,024,753
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(191,471)	(817,379)
Restatement of opening liability due to change in tax rate	-	(299,336)
Related deferred tax liability of incremental depreciation charged during the period	(78,207)	(333,859)
Revaluation surplus	21,304,501	21,574,179
Less: Related deferred tax liability on:		
- revaluation as at July 1	(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	-	299,336
- incremental depreciation charged during the period, transferred to profit and loss account	78,207	333,859
	(6,265,430)	(6,343,637)
	15,039,071	15,230,542

5. CONTINGENCIES AND COMMITMENTS

Contingencies

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.

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 September 30, 2018 (2018: Nil).

6 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment

Un-audited September 30, 2018	Audited June 30, 2018
----- Rupees -----	
176,067,213	177,559,562

- 6.1 Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2018: Rs.Nil) and disposals were Rs. Nil (June 30, 2018: Rs.1,179,276).

7 COST OF SALES

Raw material consumed
Salaries, wages and benefits
Power, fuel and water
Stores and spares
Repairs, maintenance and handling
Insurance
Vehicles running and maintenance
Depreciation
Others
Maintenance and other charges recovered

Un-audited September 30, 2018	Un-audited September 30, 2017
----- Rupees -----	
11,633,047	20,727,967
824,062	993,937
7,720	7,460
12,702	8,543
251,110	572,194
-	42,504
61,690	50,302
457,398	561,498
374,599	448,420
(68,472)	(90,442)
13,553,856	23,322,383

Finished goods

Opening stock
Closing stock

952,079	362,045
(930,638)	(118,297)
21,441	243,748
13,575,297	23,566,131

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFAR
Director

8 TAXATION

Charge for the current taxation represents higher of taxable income charged to tax at the rate of 29% or turnover tax @ 1.25% under section 113 of the Income Tax Ordinance, 2001.

9 WORKING CAPITAL CHANGES

	Un-audited September 30, 2018	Un-audited September 30, 2017
	Rupees	
(Increase) / decrease in current assets		
Stores and spares	12,702	(4,707)
Stock-in-trade	21,441	243,727
Trade debts	(2,172,905)	(834,795)
Advances and other receivables	214,303	(2,632,478)
Increase in current liabilities		
Trade and other payables	505,261	5,709,125
	(1,419,198)	2,480,872

10 CASH AND CASH EQUIVALENTS

Cash and bank balances	161,520	147,104
Short term borrowings - running finance	(8,835,819)	(8,835,819)
	(8,674,299)	(8,688,715)

11 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies and directors. The transactions with related parties are as follows:

Associated undertakings

Organization charges paid	91,166	-
Long-term loan re-paid to associated undertaking	-	5,000

Other related parties

Contribution made by the Company to retirement benefit plan	125,592	173,447
Interest charged to the Company to retirement benefit plan	211,360	186,313

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on 25 October 2018 by the Board of Directors of the Company.

13 GENERAL

Figures presented in these condensed interim financial information have been rounded off to the nearest rupee.

M. HANIF Y. BAWANY
Chief Executive Officer

MOHAMMD HASHIM
Chief Financial Officer

ZAKARIA A. GHAFAR
Director



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