

Annual Report *2018*



BIAFO INDUSTRIES LIMITED

Manufacturers of Tovex[®] Explosives & Blasting Accessories



CONTENTS

•	Corporate Information	01
•	Notice of Annual General Meeting	02
•	Chairmans' Review	07
•	Directors' Report	09
•	Stakeholders Information	21
•	Statement of Compliance	23
•	Independent Auditors' Review Report	26
•	Independent Auditors' Report	27
•	Statement of Financial Position	31
•	Statement of Profit or Loss	32
•	Statement of Comprehensive Income	33
•	Statement of Cash Flows	34
•	Statement of Changes in Equity	35
•	Notes to the Financial Statements	36
•	Pattern of Shareholding	77
•	Proxy Form	79
•	E-Dividend Mandate Form	81



CORPORATE INFORMATION

Board of Directors

Executive Directors

M. Afzal Khan
Khawaja Amanullah Askari
Maj. Gen. (Ret'd.) S. Z. M. Askree
Ms. Shirin Safdar

Deputy Chairman
Managing Director & Chief Executive Officer
Director
Director

Non Executive Directors

Dr. M. Humayun Khan
M. Zafar Khan
Adnan Aurangzeb
Ms. Ayesha Humayun Khan

Chairman
Director
Director
Director

Independent Directors

Khawaja Ahmad Hosain
Muhammad Yaqoob
Ehsan Mani
Ms. Mehreen Hosain
Ms. Syeda Shahbano Abbas

Director
Director
Director
Director
Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit & Risk Management Committee

Ehsan Mani	Chairman
Adnan Aurangzeb	Member
Muhammad Yaqoob	Member
Ms. Ayesha Humayun Khan	Member
Khawaja Ahmad Hosain	Member
Dr. M. Humayun Khan	Member

HR & Remuneration Committee

Khawaja Ahmad Hosain	Chairman
Dr. M. Humayun Khan	Member
Ms. Mehreen Hosain	Member
Khawaja Amanullah Askari	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member
Ms. Shirin Safdar	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim
Mian Imran Law Associates

Bankers

Allied Bank Limited	Bank Alfalah Limited
National Bank of Pakistan	United Bank Limited
Bank of Khyber	Faysal Bank Limited
Askari Bank Limited	MCB Bank Limited

Registered Office

Biafo Industries Limited

1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan.
Tel: +92 51 2353450-53, 2353455-57, Fax: +92 51 2353458
Website: www.biafo.com, E-mail: management@biafo.com

Factory

Biafo Industries Limited

Plot No: 70, Phase III, Hattar Industrial Estate, Hattar, Khyber Pakhtunkhwa. Pakistan.
Tel: +92 995 617830 Fax: +92 995 617497
Website: www.biafo.com, Email: plant@biafo.com

Shares Registrar

Riasat Ishtiaq Consulting (Pvt) Ltd.

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad.
Tel: +92 51 2344223-4 Fax: +92 51 2605658



NOTICE OF 30TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 30th Annual General Meeting of Biafo Industries Limited will be held on October 24, 2018 at 11:30 a.m. at 1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on 17 July 2018.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2018 together with Auditors' report and Directors' report thereon.
3. To approve the payment of final cash dividend of Rs 5.00 per share (50%) and also the interim cash dividends of Rs 2.50 per share (25%) declared on October 25, 2017, Rs. 6.50 per share (65%) declared on February 09, 2018 and Rs 7.00 per share (70%) declared on April 24, 2018 making a total of Rs 21.00 per share (210%) cash dividend and 20% bonus shares for the year ended June 30, 2018.
4. To appoint Auditors for the year 2018-19 and to fix their remuneration. Retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible offer themselves for reappointment for the year 2018-19.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By order of the Board

Khawaja Shaiq Tanveer
Company Secretary

Islamabad
18 September 2018

NOTES:

1. Share Transfer Books of the Company will remain closed from October 16, 2018 to October 24, 2018 both days inclusive.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her and proxy to attend, demand or join in demanding a poll, speak and vote instead of his/her and a proxy so appointed shall have such rights, as attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the registered office of the company not later than 48 hours before the meeting duly stamped, signed and witnessed. A proxy need not be a member of the Company.



3. CDC Shareholders or their proxies are required to bring with them their original National Identity cards or Passports along with the Participant's ID numbers and their Account Numbers at the time of attending the Annual General Meeting in order to authenticate their usual documents required for such purposes.

For CNIC & Zakat

4. Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividend warrants may be withheld.
5. Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their IBAN details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s Riasat Ishtiaq Consulting (Pvt) Ltd. E-Dividend mandate form is enclosed.

Please note that after October 31, 2017 all cash dividends, declared by the Company, are only to be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

FILER AND NON FILER STATUS

- i) The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
 - a) For filers of income tax returns 15%
 - b) For non-filers of income tax returns 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL on or before the date of approval of cash dividend at the Annual General Meeting on October 24, 2018 otherwise tax on their cash dividend will be deducted @ 20% instead of @ 15%.

- ii) For any query / problem / information, the investors may contact the Company or the Share Registrar at the following addresses, phone numbers, email addresses:



Biafo Industries Limited

1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan.

Tel: +92 51 2353450-53, 2353455-57, Fax: +92 51 2353458

Website: www.biafo.com, E-mail: management@biafo.com

Riasat Ishtiaq Consulting (Pvt) Limited

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan

Tel: +92 51 2344223-4, Fax: +92 51 2605658

- iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members having physical shares should send a copy of their NTN certificate to the company or its Share Registrar i.e. M/s Riasat Ishtiaq Consulting (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.



شیئر ہولڈرز کے 30 واں سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا اطلاع دی جاتی ہے کہ بائیو انڈسٹری لمیٹڈ کا 30 واں سالانہ اجلاس عام بتاریخ 24 اکتوبر 2018 بوقت 11:30 دن فرسٹ فلور، بائیو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40، آئی اینڈ ٹی سینٹر G-10/4، اسلام آباد میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور

- ۱۔ 17 جولائی 2018 کو منعقد ہونے والے غیر معمولی اجلاس میں طے کردہ امور کی توثیق کرنا۔
- ۲۔ 30 جون 2018 کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کوڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ وصول اور منظور کرنا۔
- ۳۔ حتمی نقد منافع منقسمہ بحساب 5.00 روپے فی شیئر (50 فیصد) اور 25 اکتوبر 2017 کو اعلان کردہ عبوری نقد منافع منقسمہ 2.50 روپے فی شیئر (25 فیصد)، 9 فروری 2018 کو اعلان کردہ بحساب 6.50 روپے فی شیئر (65 فیصد) اور 24 اپریل 2018 کو اعلان کردہ بحساب 7.00 روپے فی شیئر (70 فیصد) جو 30 جون 2018 کو ختم ہونے والے سال کیلئے مجموعی طور پر 21.00 روپے فی شیئر (210 فیصد) نقد منافع منقسمہ اور 20 فیصد بونس شیئرز کی ادائیگی کی منظوری دینا۔
- ۴۔ سال 2018-19 کیلئے آڈیٹرز کی تقرری اور ان کا مشاہرہ مقرر کرنا۔ سبکدوش ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر حادی اینڈ کمپنی نے اہل ہونے کی بناء پر سال 2018-19 کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
- ۵۔ ایسے دیگر امور جو چیئرمین کی اجازت سے اجلاس کے سامنے رو برو رکھے جائیں۔

بحکم بورڈ
خواجہ شائق تنویر
کمپنی سیکرٹری

اسلام آباد: 18 ستمبر 2018

نوٹ:

- ۱۔ کمپنی کی شیئر منتقلی کتب 16 اکتوبر 2018 تا 24 اکتوبر 2018 بشمول دونوں ایام بند رہیں گی۔
- ۲۔ کوئی بھی رکن جو اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے وہ اجلاس میں شرکت کرنے، انتخاب کا مطالبہ کرنے یا اس میں شامل ہونے، اظہار رائے کرنے اور ووٹ دینے کیلئے کسی دوسرے شخص کو اپنی جگہ بطور اپنا مختار نمائندہ (پراکسی) مقرر کر سکتا ہے۔ اس طرح تقرر کردہ مختار نمائندہ (پراکسی) کو اجلاس میں رکن کو دستیاب حقوق جیسے اجلاس میں شریک ہونا، اظہار رائے کرنا اور ووٹ ڈالنے کے حقوق بھی حاصل ہوں گے۔ نمائندگی مختار نامہ موثر ہونے کیلئے درخواست، باضابطہ طور پر مہر شدہ، دستخط شدہ اور تصدیق کے اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونے کی صورت میں موثر سمجھا جائے گا۔ مختار نمائندہ کا کمپنی کا رکن ہونا ضروری نہیں۔
- ۳۔ سی ڈی سی شیئر ہولڈرز (حصص یافتگان) یا ان کے مختار نمائندے (پراکسیز) سالانہ اجلاس عام میں شرکت کے وقت اپنے ہمراہ کمپیوٹرائزڈ شناختی (CNIC) پاسپورٹ بمعہ پارٹیشنس (شرکاء)، آئی ڈی نمبر اور اکاؤنٹ نمبر لائیں تاکہ مذکورہ اغراض کیلئے درکار ان کے عمومی دستاویزات کی تصدیق ہو سکے۔

کمپیوٹرائزڈ شناختی کارڈ اور زکوٰۃ

- ۴۔ تمام اراکین سے استدعا ہے کہ ہمارے ریکارڈ کو آپ ڈیٹ کرنے کیلئے وہ اپنے کمپیوٹرائزڈ شناختی کارڈ کی نقل فراہم کریں۔ کمپیوٹرائزڈ شناختی کارڈ کی نقل کی عدم فراہمی کی صورت میں، آئندہ کے تمام منافع منقسمہ کے اجراء کو روک لیا جائے گا۔
- ۵۔ تمام اراکین سے درخواست کی جاتی ہے کہ وہ زکوٰۃ و عشر آئینس مجریہ 1980 کے مطابق زکوٰۃ سے استثنیٰ کیلئے اپنا بیان جمع کرائیں اور پتے میں ہونے والی تبدیلی، اگر کوئی ہو، کی اطلاع کریں۔



برقی منافع منقسمہ (ای ڈیوڈنڈ)

کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق پبلک لسٹڈ کمپنی کی صورت میں، کسی بھی قابل ادائیگی نقد منافع منقسمہ (کیش ڈیوڈنڈز) کی رقم صرف بذریعہ برقی طریقہ کار کہ حقدار شیئر ہولڈرز کے مقرر کردہ بینک اکاؤنٹس میں براہ راست ادا کئے جائیں گے۔ لہذا، اس نوٹس کے ذریعے، تمام شیئر ہولڈرز (حصص یافتگان) سے درخواست کی جاتی ہے کہ وہ متعلقہ پارٹیشنس (شرکاء) کے ذریعے مرکزی ڈیپازٹری سسٹم میں اپنے آئی بی اے این کی تفصیلات آپ ڈیٹ کروائیں۔ فزیکل شیئرز کی صورت میں، ہمارے شیئر رجسٹرار، میسرز ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ کو بینک اکاؤنٹ تفصیلات فراہم کریں۔ برقی منافع منقسمہ (ای ڈیوڈنڈ) مینڈیٹ فارم منسلک ہے۔

برائے مہربانی اس امر کو ذہن نشین رکھیں کہ 31 اکتوبر 2017 کے بعد کمپنی کی طرف سے اعلان کردہ تمام نقد منافع منقسمہ (ڈیوڈنڈ) کی رقم صرف مقررہ بینک اکاؤنٹس کے ذریعے ہوگی اور اس کے برعکس ادائیگی نہیں کی جائے گی، لہذا براہ کرم مستقبل میں کسی بھی قسم کی زحمت سے بچنے کیلئے اپنی تفصیلات کو جلد از جلد اپ ڈیٹ کروائیں۔

فائل کروان فائلر

(اول) حکومت پاکستان نے فنانس ایکٹ 2017 کے ذریعے انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 میں بعض ترامیم کی ہیں جس کی رو سے کمپنیوں کی جانب سے ادا کردہ منافع منقسمہ (ڈیوڈنڈ) کی رقم پروڈھولڈنگ ٹیکس کی کٹوتی کیلئے مختلف ریٹس مقرر کئے گئے ہیں۔ یہ ریٹس حسب ذیل ہیں:

(الف) انکم ٹیکس کے فائلر کیلئے 15 فیصد

(ب) انکم ٹیکس کے نان فائلر کیلئے 20 فیصد

کمپنی کو نقد منافع منقسمہ (کیش ڈیوڈنڈ) کی رقم سے 20 فیصد کی بجائے 15 فیصد کے حساب سے ٹیکس کی کٹوتی کا اختیار دینے کیلئے تمام ایسے شیئر ہولڈرز (حصص یافتگان) جن کے نام ایف بی آر کی ویب سائٹ پر فراہم کردہ فعال ٹیکس دہندگان فہرست (ایکٹیو جیز لسٹ ATL) میں شامل نہیں، اس حقیقت کے باوجود کہ وہ فائلر ہیں ان کو ہدایت کی جاتی ہے کہ وہ 24 اکتوبر 2018 کو سالانہ اجلاس عام میں نقد منافع منقسمہ (کیش ڈیوڈنڈ) کی منظوری کی تاریخ پر یا اس سے قبل اپنے نام اے ٹی ایل (ATL) میں اندراج کے امر کو یقینی بنائیں بصورت دیگر ان کے نقد منافع منقسمہ (کیش ڈیوڈنڈ) سے 15 فیصد کی بجائے 20 فیصد کے حساب سے ٹیکس کی کٹوتی کی جائے گی۔ کسی استفسار / مسئلہ / معلومات کیلئے سرمایہ کار (انویسٹر) حضرات درج ذیل پتہ، فون نمبر، ای میل ایڈریس پر کمپنی یا شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

بانیو انڈسٹریز لمیٹڈ

فرسٹ فلور، بانیو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40، آئی اینڈ ٹی سینٹر، جی ٹین فور، اسلام آباد، پاکستان

فون نمبر: 2353455-57 - 2353450-53 +92 51

فیکس نمبر: 2353458 +92 51

ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ

آفس نمبر 19-20، سیکنڈ فلور، بل ویو پلازہ، جناح ایونیو، بلیو ایریا، اسلام آباد پاکستان

فون نمبر 2344223 +92 51، فیکس نمبر 2605658 +92 51

(سوم) سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیئر ہولڈرز (حصص یافتگان) اپنے قومی ٹیکس نمبر (این ٹی این) کو اپنے متعلقہ پارٹیشنس کے پاس آپ ڈیٹ کروائیں۔ جبکہ فزیکل شیئرز کے حامل کارپوریٹ ممبران اپنے این ٹی این سرٹیفکیٹس کی ایک کاپی کمپنی کو یا اس کے شیئر رجسٹرار یعنی میسرز ریاست اشتیاق کنسلٹنگ (پرائیویٹ) لمیٹڈ کو ارسال کریں۔ شیئر ہولڈرز (حصص یافتگان) این ٹی این یا این ٹی این سرٹیفکیٹس جیسی بھی صورت ہو، ارسال کرتے وقت لازمی طور پر کمپنی کا نام اور اپنے متعلقہ فلیو نمبرز درج کریں۔

CHAIRMANS' REVIEW

I am pleased to present the 30th Annual Report of the Company for the year ended 30 June 2018.

I would like to extend my appreciation to the management and all the staff for reporting higher turnover during the year. The Company has reported a net turnover of Rs. 1,678.54 M during the period under review compared to Rs. 1,199.63 M during last year and registered an increase of 39.92%. Furthermore, the gross profit for the year increased by 49.89% to Rs. 836.83 M while the profit after tax increased by 66.14% to Rs. 532.61 M resulting in EPS of Rs. 24.21. The Directors' Report will further highlight the past year of operations and achievements.

Your Company is continuing to invest in resources for improvement in production efficiency, human capital development and safe practices to enhance the confidence of its customers, workforce and other stakeholders.

Over the years, the Company has record of paying high dividends based on the performance of the Company. Keeping this in view the Board has approved Rs.5.00 per share (50%) and bonus shares at the rate of 20% i.e. 2 bonus share for 10 shares held for the last quarter making a total dividend of Rs. 21.00 per share (210%) and bonus shares at the rate of 20% i.e. 2 bonus share for 10 shares held for the financial year ended 30th June, 2018.

The Board received comprehensive agendas and supporting papers in a timely manner for its meetings and was fully involved in the strategic planning process and in developing the vision of the Company.

The Company has taken necessary measures to comply with the provisions of the Code of Corporate Governance as incorporated in listing regulations of the Pakistan Stock Exchange.

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

All Directors, including Independent Directors, fully participated in and made contributions to the decision-making process of the Board.


The Board has in place comprehensive policies for all relevant areas of the Company's operations and these policies are reviewed and updated from time to time.

The Audit & Risk Management Committee and Human Resources & Remuneration Committee of the Board met regularly to strengthen the functions of the Board and overall governance. The system of internal control is sound in design and has been effectively implemented and monitored.

Looking ahead, the Company will continue to strengthen its position in the market to tap the opportunities likely to emerge from the China Pakistan Economic Corridor (CPEC) and allied projects.

In the end, on behalf of the Board I wish to acknowledge the contribution of all our dedicated employees in the success of the Company. I wish to thank our shareholders, customers, suppliers, bankers and other business partners for their confidence and support. I acknowledge the commitment and contribution made by my fellow directors towards the continuing success of the Company.

Islamabad
18 September 2018


Dr. M. Humayun Khan
Chairman



چیرمین کا جائزہ

میں 30 جون 2018 کو ختم ہونے والے سال کیلئے کمپنی کی 30 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

میں دوران سال بہترین منافع حاصل کرنے پر انتظامیہ اور جملہ ملازمین کو تحسین پیش کرنا چاہتا ہوں۔ کمپنی نے زیر جائزہ عرصے کے دوران 1,678.54 ملین روپے کا خالص منافع کمایا جبکہ اس کے مقابلے میں گزشتہ سال کے دوران 1,199.63 ملین روپے کا منافع ہوا تھا اور گزشتہ سال کے مقابلے میں اس میں 39.92 فیصد اضافہ ہوا ہے۔ مزید برآں سال کا مجموعی منافع 49.89 فیصد کے اضافے سے بڑھ کر 836.83 ملین روپے ہو گیا جبکہ ادائیگی ٹیکس کے بعد منافع 66.14 فیصد کے اضافے سے بڑھ کر 532.61 ملین روپے ہو گیا جس کے نتیجے میں فی شیئر منافع (EPS) 24.21 روپے ہو گیا۔ ڈائریکٹرز کی رپورٹ گزشتہ سال کے آپریشنز اور کامیابیوں کا تفصیلی جائزہ فراہم کرے گی۔

آپ کی کمپنی پیداواری استعداد اور انسانی وسائل کی ترقی میں بہتری کیلئے وسائل میں مسلسل سرمایہ کاری کر رہی ہے تاکہ اپنے صارفین، افرادی قوت اور دیگر اسٹیک ہولڈرز کے اعتماد کو بڑھا سکے۔

گزشتہ کئی سالوں سے کمپنی نے کارکردگی کی بناء پر زیادہ منافع منقسمہ (ڈیویڈنڈ) ادا کرنے کی روایت برقرار رکھی ہے۔ بورڈ نے آخری سہ ماہی کیلئے کل منافع منقسمہ 5.00 روپے فی شیئر (50 فیصد) اور بونس شیئرز 20 فیصد کی شرح پر یعنی 10 شیئرز کیلئے 2 بونس شیئرز کی منظور دی ہے، جو 30 جون 2018 کو ختم ہونے والے مالی سال کی بابت کل منافع منقسمہ (ڈیویڈنڈ) 21.00 روپے فی شیئر (210 فیصد) اور بونس شیئر 20 فیصد کی شرح پر 10 شیئرز کیلئے 2 بونس شیئر بنتا ہے۔

بورڈ نے اپنے اجلاسوں کیلئے بروقت انداز میں جامع لائحہ عمل اور معاون کاغذات وصول کئے ہیں اور کلیدی منصوبہ بندی عمل اور کمپنی کے نقطہ نظر کو فروغ دینے میں بورڈ مکمل طور پر شریک تھا۔

کمپنی نے ضابطہ برائے کارپوریٹ نظم و نسق (کوڈ آف کارپوریٹ گورننس) کے احکامات کی تعمیل کرنے کیلئے ضروری اقدامات لیے ہیں جیسا کہ پاکستان اسٹاک ایکسچینج کی فہرستی ضوابط میں شامل ہے۔

کارپوریٹ گورننس کے بہترین طریقوں کی اجزائے ترکیبی سے انحراف نہیں کیا گیا جیسا کہ فہرستی قواعد (سٹنگ ریگولیشنز) میں تفصیل ہے۔

آزاد ڈائریکٹروں سمیت تمام ڈائریکٹروں نے بورڈ کے فیصلہ سازی کے عمل میں مکمل طور پر شرکت کی اور اس میں اپنا کردار ادا کیا۔

بورڈ کے پاس کمپنی آپریشنز کے تمام متعلقہ شعبہ جات کیلئے جامع پالیسیاں ہیں اور ان پالیسیوں کا وقتاً فوقتاً جائزہ لیا ہے اور آپ ڈیٹ کیا جاتا ہے۔

آڈٹ ورسک مینجمنٹ کمیٹی اور انسانی وسائل و معاوضہ جاتی کمیٹی کا باقاعدگی سے اجلاس ہوتا ہے تاکہ بورڈ اور مجموعی انتظام کے افعال کو مضبوط کیا جاسکے۔ اندرونی کنٹرول کا نظام وضع میں ٹھوس ہے اور موثر طریقے سے لاگو کیا گیا اور آگاہی والا ہے۔

مستقبل میں، کمپنی مارکیٹ میں اپنے مقام کو بدستور مستحکم رکھے گی تاکہ چائنا پاکستان اقتصادی راہداری (CPEC) اور متعلقہ منصوبوں سے پیدا ہونے والے مواقعوں کے امکانات سے بھرپور فائدہ اٹھایا جاسکے۔

آخر میں، بورڈ کے حوالے سے میں کمپنی کی کامیابی میں اپنے تمام ملازمین کی لگن اور ان تھک کاوشوں کے لیے ان کے قابل قدر کردار کا اعتراف کرنا چاہوں گا۔ میں اپنے شیئر ہولڈرز، صارفین، سپلائرز، بینکاروں اور دیگر کاروباری شراکت داروں کا ان کے اعتماد اور حمایت کیلئے شکریہ ادا کرنا چاہتا ہوں۔ کمپنی کو مسلسل کامیابی کی جانب گامزن رکھنے پر میں اپنے ساتھی ڈائریکٹروں کا ان کے مخلصانہ عزم اور معاونت کیلئے اظہار تشکر کرتا ہوں۔

ڈاکٹر ایم۔ ہمایوں خان

چیرمین

اسلام آباد
18 ستمبر 2018



DIRECTORS' REPORT

Your Directors are pleased to present the 30th Annual Report of the Company for the year ended 30 June 2018.

BUSINESS OVERVIEW

During the period under review sales increased, in all sectors, barring Oil & Gas sector which saw a decline of 20.85% due to reduced seismic exploration programs. The significant increase in sales was due to major new road construction projects and to large scale mining projects. Supplies to some of the Hydel projects commenced in the period under review which we hope will contribute to the revenues in more significant manner in coming financial year

SALES AND FINANCIAL RESULTS:

Net local Sales value increased by 30.30% to Rs. 1,224.39m, while the value of export sales to (EPZ) increased by 74.70% to Rs. 454.15m, resulting in overall net sales value increase of 39.92% to Rs. 1678.54m in the period under review.

Gross profit margin increased by 3.32% to 49.85% due to the higher volume of sales in the period under review despite lower sales of higher value products to the Oil & Gas Sector.

Operating profit of the Company increased by 64% to Rs. 713.37m. Net profit after taxation increased by 66.14% to Rs. 532.61m resulting in EPS of Rs. 24.21 (2017: EPS Rs. 14.57)

Finance costs decreased due to better cash management, (despite increased borrowing,) by Rs. 2.04m to 22.91m, due to borrowings for cash flow timing differences.

Your Company continues its efforts to seek new competitive sources, to reduce raw material costs. Devaluation of the rupee and rising cost of raw materials utilized and taxation will affect costs in the coming period.

PRODUCTION:

Plant production team continued to perform satisfactorily in meeting the challenges of demand for various products on timely basis to our customers.

Your Company is continuing to invest in resources for improvement in Production efficiency, Human Resource and safe practices to enhance the confidence of its users, workforce and stakeholders.

HEALTH, SAFETY & ENVIRONMENT

The Company has renewed OHSAS (Occupational Health and Safety Advisory Services) 18001: 2007 and ISO 9001: 2015 quality Certifications. The Company is continuing its efforts to ensure that its plant comply with established environment quality standards. The Company does not have any such operations which are harmful for environment.

FUTURE PROSPECTS:

While the Company has commenced supplies to some hydel projects in the period under review, we

DIRECTORS' REPORT

expect increased deliveries in coming financial period. We are hopeful that the new government will maintain the focus & priorities for infrastructure projects in hydel & road construction area which will support business opportunities for the Company in the next few years. The challenges of the country's current account deficits and reprioritization of expenditure will clarify the focus of availability of funds for the infrastructure development sector which your Company is dependent on for its business. Review of CPEC programmes may lead to deferral / extension of time lines of projects. Finalization of projects like Khyal Khwar, Kohala Hydro Power Project, Tarbella 5th Expansion, Munda/Mohmand and Diamer-Bhasha Hydro Power Project are still awaited.

RETURN TO SHAREHOLDERS

Board has approved final cash dividend of Rs 5.00 per share (50%) and bonus shares at the rate of 20% i.e. 2 bonus share for 10 shares held in addition to the interim cash dividends of Rs 2.50 per share (25%) declared on October 25, 2017, Rs. 6.50 per share (65%) declared on February 09, 2018 and Rs 7.00 per share (70%) declared on April 24, 2018 making a total of Rs 21.00 per share (210%) cash dividend and 20% bonus shares i.e. 2 bonus share for 10 shares held for the year ended June 30, 2018.

SIGNIFICANT EVENTS

The Companies Act, 2017 became applicable during the year and under fourth schedule of the Act, new disclosure and presentation requirements applicable on listed companies were adopted in preparation of the financial statements.

Pursuant to joint venture agreement signed with Beijing Auxin Chemicals Technology Limited on 8 June 2017, Auxin Biafo Chemicals (Private) Limited (a private company limited by shares) was incorporated during the year.

Under the JV agreement, the paid up capital of the newly set up entity will be Rs. 50 million and Biafo Industries Limited is committed to subscribe 49% of its share capital. The newly incorporated entity will pursue manufacturing and marketing of emulsion explosives.

RISK MANAGEMENT

Company's Risk Management infrastructure is based upon Enterprise Risk Management methodology. An independent Risk Management Department, under direct reporting to the Audit & Risk Management Committee of the Board, evaluates and oversees the effectiveness of these controls.

CORPORATE SOCIAL RESPONSIBILITY

As a part of Corporate Social Responsibility, your Company gives donations to various organizations, hospitals, charitable institutes in the field of healthcare, education, disaster relief, arts and culture etc having good reputation in their field of work. During the period under review Rs. 500,000 each were given as donation to Shaukat Khanum Memorial Trust for construction of cancer hospital and Frontier Association for Mentally Handicapped for its work for mentally handicapped persons.

DIRECTORS' REPORT

BOARD OF DIRECTORS

The total number of directors are 13 as per the following:

- Male: Nine (9)
- Female: Four (4)

The composition of Board is as follows:

Category	Names
Independent Directors	Khwaja Ahmad Hosain
	Muhammad Yaqoob
	Ehsan Mani
	Ms. Mehreen Hosain
	Ms. Syeda Shahbano Abbas
Other Non-Executive Directors	Dr. M. Humayun Khan
	M. Zafar Khan
	Adnan Aurangzeb
	Ms. Ayesha Humayun Khan
Executive Directors	M. Afzal Khan
	Khawaja Amanullah Askari
	Maj. Gen. (Ret'd.) S. Z. M. Askree
	Ms. Shirin Safdar

As per Company policy, non-executive directors including independent directors are not paid any remuneration and are only paid meeting fees which is approved by the Board of Directors.

The Board has set up formal process of evaluation of performance of the board directly furthermore the Board is in the process of developing the process of evaluation of performance of its Committees as per requirements of Code of Corporate Governance.

CODE OF CORPORATE GOVERNANCE

We are pleased to report that the Company has taken necessary measures to comply with the provision of the Code of Corporate Governance as incorporated in listing regulations of the Stock Exchange.

The Board regularly reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive & are reviewed by the Board. The Board is committed to maintain a high standard of good corporate governance. The Company is in the process of implementing the provisions set out by Securities & Exchange Commission of Pakistan (SECP) and the accordingly amended listing rules by Stock Exchange.

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- Financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flow & changes in equity.

DIRECTORS' REPORT

- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable & prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The system itself is also subject to continuous review for enhancement wherever and whenever necessary.
- There is no significant doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2018 except for those stated in the financial statements.
- Five directors of the Company are exempted from Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. Further four of the directors of the Company have obtained certification under Directors training program as required under clause (xi) of the CCG. None of the Directors had attended any training program during the year.
- The values of investment of various funds, based on their respective accounts as at 30 June 2018 are as under:

DESCRIPTION	AMOUNT
Provident Fund	Rs: 76,248,375/-
Gratuity Fund	Rs: 43,388,176/-

A total of 05 meetings of the Board of Directors were held during year (July 2017 to June 2018). The attendance by each Director is given as follows:

DIRECTORS' REPORT

NAME ATTENDED	DESIGNATION	NO. OF MEETINGS
Dr. M. Humayun Khan	Chairman	5/5
Khawaja Amanullah Askari	MD & CEO	5/5
M. Afzal Khan	Director	5/5
Maj. Gen. (Ret'd.) S. Z. M. Askree	Director	5/5
Adnan Aurangzeb	Director	5/5
Ehsan Mani	Director	5/5
Khwaja Ahmad Hosain	Director	5/5
M. Zafar Khan	Director	5/5
Muhammad Yaqoob	Director	5/5
Ms. Mehreen Hosain	Director	4/5
(Alternate Director: M. Salim Khan)	Director	1
Ms. Shirin Safdar	Director	4/5
Ms. Shandana Humayun Khan*	Director	3/4
(Alternate Director: Ms. Ayesha Humayun Khan)		1
Ms. Syeda Shahbano Abbas	Director	3/4
Ms. Zishan Afzal Khan*	Director	1/2
(Alternate Director: Ms. Syeda Shahbano Abbas)		1
Ms. Ayesha Humayun Khan	Director	1/1

* These directors resigned from the Board during the year.

Leave of absence is granted in all cases to the Directors.

A total of 04 meetings of Audit & Risk Management Committee were held during year (July 2017 to June 2018). The attendance by each member is given as follows:

NAME ATTENDED	DESIGNATION	NO. OF MEETINGS
Ehsan Mani	Chairman	4/4
Adnan Aurangzeb	Member	4/4
Dr. M. Humayun Khan	Member	4/4
Khwaja Ahmad Hosain	Member	4/4
Muhammad Yaqoob	Member	4/4
Ms Shandana Humayun Khan*	Member	2/4
Ms. Ayesha Humayun Khan	Member	0/0

* These directors resigned from the Board during the year.

DIRECTORS' REPORT

Leave of absence is granted in all cases to the Members.

A total of 06 meetings of the Human Resource & Remuneration Committee were held during year (July 2017 to June 2018). The attendance by each member is given as follows:

NAME ATTENDED	DESIGNATION	NO. OF MEETINGS
Khwaja Ahmad Hosain	Chairman/Member	6/6
Dr. M. Humayun Khan	Member/Chairman	6/6
Khawaja Amanullah Askari	Member (MD & CEO)	6/6
Adnan Aurangzeb	Member	6/6
Muhammad Yaqoob	Member	6/6
Ms. Mehreen Hosain	Member	5/6
Ms. Shirin Safdar	Member	3/4

Leave of absence is granted in all cases to the Members.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data of last six years is enclosed.

AUDITORS

The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible offer themselves for reappointment. The Audit Committee of the Company having considered the matter, recommend the retiring auditors for reappointment.

ACKNOWLEDGEMENT

Your Board would like to take this opportunity to express its special appreciation to all the employees of the Company without whose continued commitment and hard work the challenges of new opportunities could not be achieved. We also acknowledge the support and cooperation of our major stakeholders, customers, suppliers and our Bankers specially Allied Bank Ltd, United Bank Ltd and Faysal Bank Ltd etc.

PATTERN OF SHARE HOLDING

Pattern of shareholding is enclosed.

By order of the Board



Khawaja Amanullah Askari
Managing Director
&
Chief Executive Officer

Islamabad
18 September 2018



ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز کمپنی کی 30 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کاروباری جائزہ

زیر جائزہ عرصے کے دوران تمام شعبوں میں فروخت کے حجم میں اضافہ دیکھنے میں آیا ماسوائے تیل و گیس شعبے کہ جس میں 20.85 فیصد کمی دیکھنے میں آئی جس کی وجہ سسٹمک ایکسپلوریشن پروگرام میں کمی تھی۔ حجم فروخت میں نمایاں اضافہ اہم شاہراہ کی تعمیر کے منصوبے اور بڑے پیمانے پر کان کنی کے منصوبوں کی وجہ سے ہے۔ زیر جائزہ عرصے میں بعض ہائیڈل منصوبے فعال ہوئے ہیں جن کو سپلائرز (رشد) سے ہم امید کرتے ہیں کہ آنے والے مالی سال میں آمدنی میں مزید نمایاں اضافہ ہوگا۔

فروخت اور مالیاتی جائزہ

خالص ملکی فروخت کی قدر میں 30.30 فیصد یعنی 1,224.39 ملین روپے کا اضافہ ہوا، جبکہ برآمدگی حجم فروخت کی مقدار میں 74.70 فیصد یعنی 454.15 ملین روپے کا اضافہ، جس کے نتیجے میں زیر جائزہ عرصے کے دوران مجموعی طور پر خالص حجم فروخت میں 39.92 فیصد یعنی 678.54 ملین روپے کا اضافہ ہوا۔ اعلیٰ مالیت کی مصنوعات کی فروخت میں کمی کے باوجود زیر جائزہ عرصے کے دوران زیادہ حجم فروخت کی وجہ سے مجموعی نفع کے مارجن میں 3.32 فیصد سے 49.85 تک اضافہ ہوا۔ کمپنی کے آپریٹنگ منافع میں 64 فیصد یعنی 713.37 ملین روپے کا اضافہ ہوا۔ خالص منافع میں ادائیگی ٹیکس کے بعد 66.14 فیصد یعنی 532.61 ملین روپے کا اضافہ ہوا جس کے نتیجے میں فی شیئر منافع 24.21 روپے رہا۔ (2017:EPS Rs.14.57) مختصر مدت کے قرضے میں اضافے کے باوجود بہتر نقدی انتظام کی وجہ سے مالی اخراجات 2.04 ملین روپے کمی سے 22.91 ملین روپے رہے، جس کی وجہ کیش فلو (نقدی بہاؤ) کیلئے قرضے کا وقتی فرق ہے۔ آپ کی کمپنی خام مال کی قیمتوں کو کم کرنے کیلئے نئے مسابقتی ذرائع کو تلاش کرنے کی مسلسل تلاش کر رہی ہے۔ روپے کی قدر میں کمی اور خام مال کے استعمال کی بڑھتی ہوئی لاگت اور ٹیکس میں اضافہ آنے والے عرصے میں اخراجات کو متاثر کرے گا۔

پیداوار

پلانٹ کی پیداواری ٹیم تسلی بخش طور پر اپنے صارفین کو بروقت بنیاد پر مختلف مصنوعات فراہم کرنے کے چیلنجز کو پورا کرنے کیلئے مسلسل کام کر رہی ہے۔ آپ کی کمپنی پیداواری استعداد، انسانی وسائل اور محفوظ پیکٹیسز میں بہتری کیلئے وسائل میں مسلسل سرمایہ کاری کر رہی ہے تاکہ صارفین کو توت اور اسٹیک ہولڈرز کے اعتماد کو فروغ دیا جاسکے۔

صحت، حفاظت اور ماحول

کمپنی نے او ایچ ایس اے ایس (پیشہ ورانہ صحت و تحفظ کی مشاورتی سروسز) 2007:18001 اور آئی ایس او 2015:9001 کو ایٹمی معیارات کی تجدید نو کی ہے۔ کمپنی اس امر کو یقینی بنانے کیلئے مسلسل کاوشیں کر رہی ہے کہ اس کے پلانٹ مقررہ ماحولیاتی کو ایٹمی معیارات کی مطابقت میں ہوں۔ کمپنی کے پاس ایسا کوئی آپریشن نہیں جو ماحول کے لئے نقصان دہ ہو۔

مستقبل کا نقطہ نظر

زیر جائزہ عرصہ میں کمپنی نے بعض ہائیڈرل پروجیکٹس کو سپلائرز (رشد) شروع کر دی ہے، ہمیں آئندہ مالیاتی مدت میں ترسیل میں اضافے کی توقع ہے۔ ہمیں امید ہے کہ نئی حکومت



ہائیڈل اور سڑکوں کی تعمیر کے شعبے میں بنیادی ڈھانچے کے منصوبوں کیلئے توجہ اور ترجیحات برقرار رکھے گی جو اگلے چند سالوں میں کمپنی کو کاروباری مواقعوں کے لئے معاونت دیں گے۔ موجودہ اکاؤنٹ خسارے اور اخراجات کی از سر نو ترجیح کے چیلنجز بنیادی ڈھانچے کی ترقیاتی شعبے کیلئے دستیاب رقوم پر ارتکاز کو واضح کریں گی جس پر آپ کی کمپنی اپنے کاروبار کیلئے انحصار کرتی ہے۔ سی پیک (CPEC) منصوبوں پر نظر ثانی ان منصوبوں کی تکمیل میں تاخیر یا ان کی تکمیل کی مدت میں تاخیر یا ان کی تکمیل کی مدت میں توسیع کا باعث بنے گی۔ خیل خاور، کوہلہ ہائیڈرو پاور پراجیکٹ، تربیلا پائپوئل مہمند اور دیا میر بھاشا ہائیڈرو پاور پراجیکٹ کی حتمی تکمیل کا تاحال انتظار ہے۔

شیئر ہولڈرز کو منافع

بورڈ نے مبلغ 5 روپے فی شیئر (50 فیصد) اور بولس شیئرز کی 20 فیصد کے نرخ سے منظوری دی ہے یعنی 10 شیئرز کیلئے 2 بولس شیئرز جو 25 اکتوبر 2017 کو اعلان کردہ عبوری نقد منافع منقسمہ 2.50 روپے فی شیئر (25 فیصد)، 9 فروری 2018 کو اعلان کردہ بحساب 6.50 روپے فی شیئر (65 فیصد) اور 24 اپریل 2018 کو اعلان کردہ بحساب 7.00 روپے فی شیئر (70 فیصد) جو 30 جون 2018 کو ختم ہونے والے سال کیلئے مجموعی طور پر 21.00 روپے فی شیئر (210 فیصد) نقد منافع منقسمہ اور 20 فیصد بولس شیئرز بنتا ہے۔

اہم واقعات

کمپنیز ایکٹ بحریہ 2017ء اسی سال کے دوران لاگو ہوا ہے اور مذکورہ ایکٹ کے چوتھے شیڈول کے مطابق نئے ذرائع اظہار اور تمثیل نمائی / پریزنٹیشن کے لوازمات جو منظور شدہ کمپنیوں پر لاگو ہیں، دوران تیاری کو شمارہ جات ہائے نفع و نقصان اختیار کئے گئے ہیں۔

مشترکہ کاروبار (جوائنٹ وینچر) کی نسبت طے پانے والے معاہدے کے تناظر میں جو Beijing Auxin کیمیکلز ٹیکنالوجی لمیٹڈ نے مورخہ 8 جون 2017 کو دستخط کیا ہے، کے مطابق Auxin Biaofo کیمیکلز پرائیویٹ لمیٹڈ (جو حصص کے لحاظ سے ایک پرائیویٹ لمیٹڈ / محدود ذمہ داری کی حامل کمپنی ہے) اسی سال کے دوران قائم ہوئی۔

معاہدہ برائے مشترکہ کاروبار (جوائنٹ وینچر ایگریمنٹ) کے مطابق، نئی کمپنی کے لئے بنیادی سرمایہ کاری کا حجم / مالیت 50 ملین روپے ہوگی اور بائیو انڈسٹریز لمیٹڈ نے اسکے قابل شراکت سرمایہ میں 49% سرمایہ کاری کرنے کا عہد کیا ہے۔ نئی قائم شدہ کمپنی دھماکہ خیز مواد کی تیاری اور مارکیٹنگ کے میدان میں کام کرے گی۔

رہسہ منجمنٹ (انصرامی خطرات)

کمپنی کا رہسہ منجمنٹ انفراسٹرکچر (خطراتی انصرامی بنیادی ڈھانچہ) انٹر پرائز رہسہ منجمنٹ اصولیات پر مبنی ہے۔ جو بورڈ کی آڈٹ ورہسہ منجمنٹ کمیٹی کے تابع براہ راست آگاہ کرنے والا، ایک آزاد رہسہ منجمنٹ شعبہ ہے، جو ان کنٹرولز (انضباط) کی موثریت کی تشخیص و نگرانی کرتا ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری کے طور پر، آپ کی کمپنی طبی خدمات، تعلیم، امداد برائے آفات، آرٹس اور ثقافت وغیرہ کے شعبوں میں، اچھی شہرت کے حامل مختلف تنظیموں، ہسپتالوں، خیراتی اداروں کو عطیات فراہم کرتی ہے۔ زیر جائزہ عرصے کے دوران مبلغ -/500,000 روپے شوکت خانم میموریل ٹرسٹ کو کینسر ہسپتال کی تعمیر کیلئے اور اتنی ہی رقم فریڈریک ایسوسی ایشن برائے ذہنی معذوران کو اس کے ذہنی معذور افراد کیلئے کام کرنے کیلئے دیئے گئے۔

بورڈ آف ڈائریکٹرز

بورڈ کے کل ڈائریکٹرز کی تعداد 13 ہے جو حسب ذیل ہے۔

الف:	مرد: نو (9)
ب:	خواتین: چار (4)



بورڈ کی تشکیل مندرجہ ذیل ہے

الف: آزاد ڈائریکٹرز

- ۱: خواجہ احمد حسین
- ۲: محمد یعقوب
- ۳: احسان مانی
- ۴: محترمہ مہرین حسین
- ۵: محترمہ سیدہ شبا نوح عباس

ب: دیگر نان ایگزیکٹو ڈائریکٹرز

- ۱: ڈاکٹر ایم ہمایوں خان
- ۲: ایم ظفر خان
- ۳: عدنان اورنگزیب
- ۴: محترمہ عائشہ ہمایوں خان

ج: ایگزیکٹو ڈائریکٹرز

- ۱: ایم افضل خان
- ۲: خواجہ امان اللہ عسکری
- ۳: میجر جنرل (ریٹائرڈ) الیس زیڈ ایم عسکری
- ۴: محترمہ شیریں صفدر

کمپنی کی پالیسی مطابق، نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی معاوضہ ادا نہیں کیا جاتا، اجلاس فیس کی منظوری بورڈ آف ڈائریکٹرز کی جانب سے دی جاتی ہے۔

بورڈ نے براہ راست بورڈ کی کارکردگی کی تشخیص کا رسمی عمل قائم کیا ہے مزید برآں کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق بورڈ اپنی کمیٹیوں کی کارکردگی کی تشخیصی عمل کے ارتقائی مراحل میں ہے۔

ضابطہ برائے کارپوریٹ گورننس

اس امر کا ذکر کرنا ہمارے لئے باعث مسرت ہے کہ کمپنی نے ضابطہ برائے کارپوریٹ گورننس کے احکامات کی پیروی کیلئے ضروری اقدامات کئے ہیں جیسا کہ اسٹاک ایکسچینج کے فہرستی ضوابط میں شامل ہے۔

بورڈ باقاعدگی سے کمپنی کی کلیدی سمت کا جائزہ لیتا ہے۔ چیف ایگزیکٹو کی جانب سے اور اہداف مقرر کئے جاتے ہیں اور بورڈ کی طرف سے ان کا باقاعدگی سے جائزہ لیا جاتا ہے۔ بورڈ اعلیٰ کارپوریٹ گورننس کے اعلیٰ معیارات قائم کرنے کیلئے کاربند ہے۔ کمپنی سیکورٹیز و ایکسچینج کمیشن پاکستان (SECP) کی جانب سے مقرر کردہ احکامات اور اسٹاک ایکسچینج کی جانب سے موزوں طریقے سے ترمیم شدہ فہرستی قواعد کو لاگو کرنے کے عمل میں ہے۔

جیسا کہ ضابطہ کارپوریٹ گورننس کی رو سے مطلوب ہے، آپ کے ڈائریکٹرز آپ کو اس امر سے آگاہ کرنے میں مسرت محسوس کرتے ہیں کہ:

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، منصفانہ طور پر کمپنی کی موجودہ حالت، اس کے آپریشنز کے نتائج، نقدی بہاؤ اور نصفت میں تبدیلیوں کو پیش کرتے ہیں:



- ☆ کمپنی کے اکاؤنٹس کے ریکارڈ کو درست طور پر رکھا گیا۔
- ☆ مالی گوشواروں کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسیوں کا متواتر اطلاق کیا گیا اور اکاؤنٹنگ تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- ☆ مالی گوشواروں کی تیاری میں پاکستان میں لاگو مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی تعمیل کی جاتی ہے اور جہاں کہیں ان سے کوئی بھی انحراف کیا گیا اس کی موزوں طور پر وضاحت دی گئی۔
- ☆ اندرونی کنٹرول کا نظام ساخت میں ٹھوس ہے اور اس کو موثر طور پر لاگو اور نگرانی کی گئی ہے۔ نظام پر بذات خود بہتری کیلئے جب بھی اور جہاں بھی ضروری ہو، مسلسل نظر ثانی کی جاتی ہے۔
- ☆ کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔
- ☆ فہرستی ضوابط میں بی ان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی بھی انحراف نہیں کیا گیا۔
- ☆ ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں جو 30 جون 2018 کو بطور بقایا جات ہوں کوئی بھی قانونی ادائیگی نہیں کرنی ہے ماسوائے ان کے جو مالی گوشواروں میں بیان کی گئی ہیں۔
- ☆ کمپنی کے پانچ ڈائریکٹرز اپنی تعلیمی قابلیت اور وسیع تجربے کی بنیاد پر ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں جیسا کہ ضابطہ کارپوریٹ گورننس کے احکامات میں دیا گیا ہے۔ مزید چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفکیٹس حاصل کر لی ہے جیسا کہ ضابطہ کارپوریٹ گورننس کی شق (11) کے تحت مطلوب ہے۔ دوران سال کسی بھی ڈائریکٹر نے کسی بھی ٹریننگ پروگرام میں شرکت نہیں کی۔
- ☆ 30 جون 2018 کو اپنے متعلقہ اکاؤنٹس کی بنیاد پر مختلف فنڈز کی سرمایہ کاری اہلیت حسب ذیل ہے۔

رقم	قسم
76,248,375 روپے	پراویڈنٹ فنڈ
43,388,176 روپے	گریجویٹ فنڈ

بورڈ آف ڈائریکٹرز کے سال (جولائی 2017 تا جون 2018) کے دوران کل پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی جانب سے حاضری کی تفصیل مندرجہ ذیل میں ہے۔

نام حاضر کنندہ	عہدہ	اجلاس کی تعداد
ڈاکٹر ہمایوں خان	چیئرمین	5/5
خواجہ امان اللہ عسکری	ایم ڈی/CEO	5/5
ایم افضل خان	ڈائریکٹر	5/5
میجر جنرل (ریٹائرڈ) ایس زیڈ ایم عسکری	ڈائریکٹر	5/5
عدنان اورنگزیب	ڈائریکٹر	5/5
احسان مانی	ڈائریکٹر	5/5
خواجہ احمد حسین	ڈائریکٹر	5/5
ایم ظفر خان	ڈائریکٹر	5/5
محمد یعقوب	ڈائریکٹر	5/5



4/5 1	ڈائریکٹر	محترمہ مہرین حسین (متبادل ڈائریکٹر ایم سلیم خان)
4/5	ڈائریکٹر	محترمہ شیریں صفدر
3/4 1	ڈائریکٹر	محترمہ شانندانہ ہمایوں خان* (متبادل ڈائریکٹر محترمہ عائشہ ہمایوں خان)
3/4	ڈائریکٹر	محترمہ سیدہ شاہ بانو عباس
1/2 1	ڈائریکٹر	محترمہ ذیشان افضل خان* (متبادل ڈائریکٹر محترمہ سیدہ شاہ بانو عباس)
1/1	ڈائریکٹر	محترمہ عائشہ ہمایوں خان

* دوران سال ان ڈائریکٹر نے بورڈ سے استعفیٰ دیا۔

جملہ معاملات میں ڈائریکٹر صاحبان کو چھٹی عطا کی گئی۔

آڈٹ کمیٹی کے دوران سال (جولائی 2017 تا جون 2018) کل 14 اجلاس منعقد ہوئے۔ ہر رکن کی طرف سے حاضری کی تعداد درج ذیل میں دی گئی ہے۔

اجلاسوں کی تعداد	عہدہ	نام حاضر کنندہ
4/4	چیئر مین	احسان مانی
4/4	رکن	عدنان اورنگزیب
4/4	رکن	ڈاکٹر ایم ہمایوں خان
4/4	رکن	خواجہ احمد حسین
4/4	رکن	محمد یعقوب
2/4	رکن	محترمہ شانندانہ ہمایوں خان*
0/0	رکن	محترمہ عائشہ ہمایوں خان

* سال کے دوران ان ڈائریکٹر نے استعفیٰ دیا۔

جملہ معاملات میں اراکین کو چھٹی کی اجازت عطا کی گئی۔

سال (جولائی 2017 تا جون 2018) کے دوران انسانی وسائل اور معاوضہ جاتی کمیٹی کے کل 6 اجلاس منعقد ہوئے۔ ہر رکن کی طرف سے حاضری درج ذیل میں دی گئی ہے۔

اجلاسوں کی تعداد	عہدہ	نام حاضر کنندہ
6/6	چیئر مین / رکن	خواجہ احمد حسین
6/6	چیئر مین / رکن	ڈاکٹر ایم ہمایوں خان
6/6	رکن / ایم ڈی / CEO	خواجہ امان اللہ عسکری



6/6	رکن	عدنان اورنگزیب
6/6	رکن	محمد یعقوب
5/6	رکن	محترمہ ہرین حسین
3/4	رکن	محترمہ شیریں صفدر

جملہ معاملات میں اراکین کو چھٹی کی اجازت عطا کی گئی۔

کلیدی آپریٹنگ و مالیاتی اعداد و شمار

گزشتہ چھ سال کے کلیدی آپریٹنگ و مالیاتی اعداد و شمار منسلک ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کے ایم پی جی تاثیر حادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سکدوش ہو رہے ہیں۔ اور اہل ہونے کی وجہ سے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ کمپنی کی آڈٹ کمیٹی نے معاملے پر غور کیا۔ اور سکدوش ہونے والے آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔

اعتراف

آپ کا بورڈ اس موقع پر کمپنی کے تمام ملازمین کیلئے خصوصی ستائش کا اظہار کرنا چاہے گا جن کے مسلسل عزم اور سخت محنت کے بغیر نئے مواقعوں کے چیلنج کو حاصل نہیں کیا جاسکتا تھا۔ ہم اس موقع پر اپنے کلیدی اسٹیک ہولڈرز، صارفین، سپلائرز اور اپنے بینکوں کا خاص طور پر الائیڈ بینک لمیٹڈ، یونائیٹڈ بینک لمیٹڈ اور فیصل بینک وغیرہ کا ان کی قابل قدر حمایت و تعاون کا بھی اعتراف کرتے ہیں۔

شیر ہولڈنگ کا طریقہ کار

شیر ہولڈنگ کا طریقہ کار منسلک ہے۔

بورڈ کی جانب سے

خواجہ امان اللہ عسکری

مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

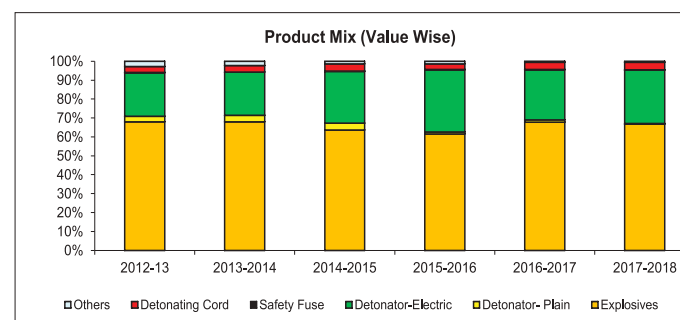
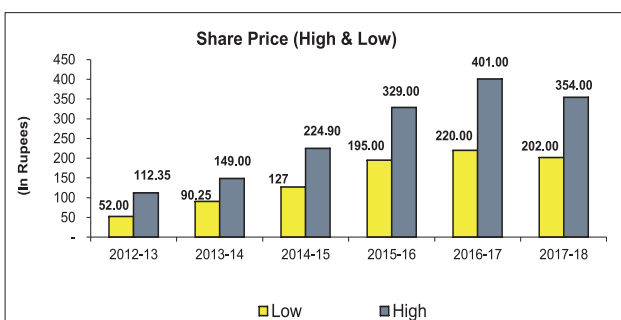
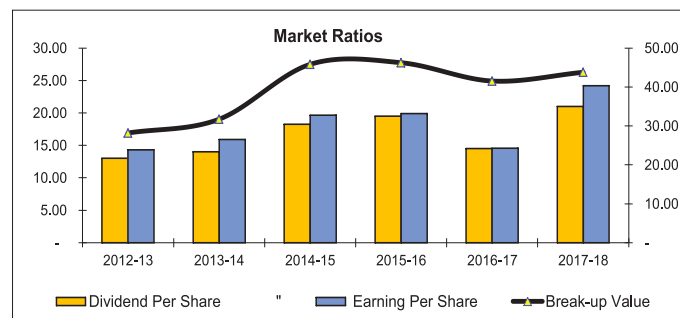
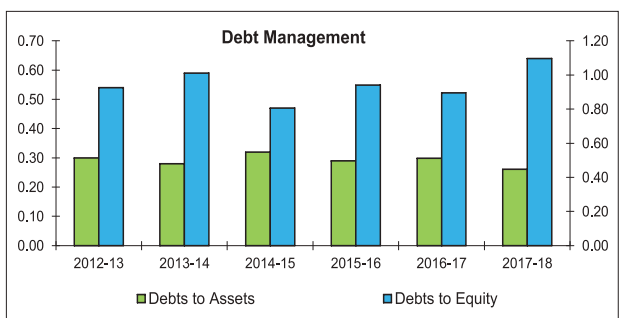
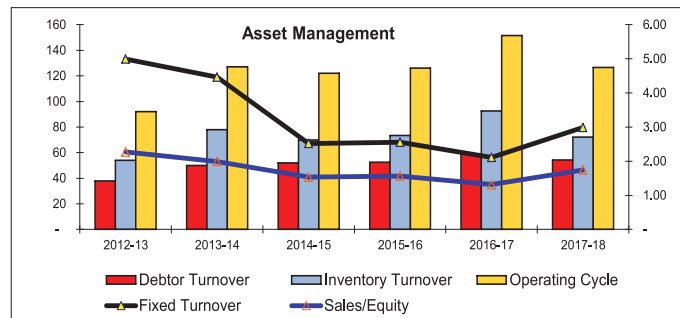
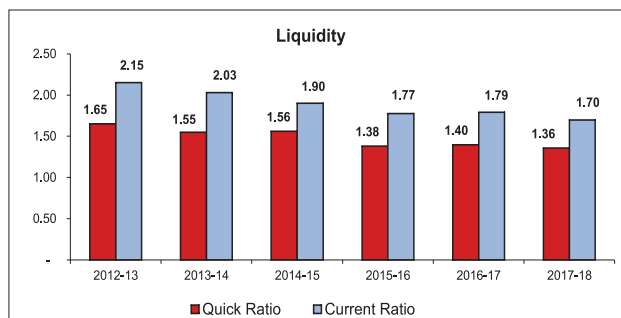
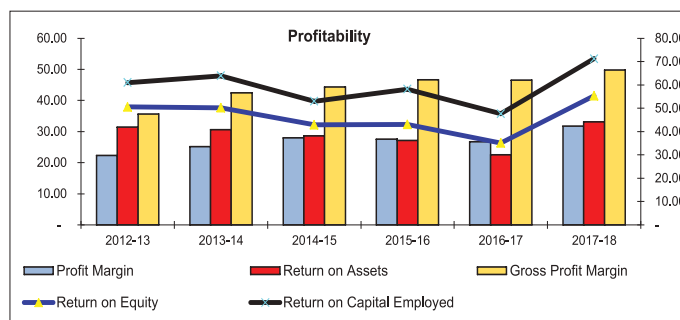
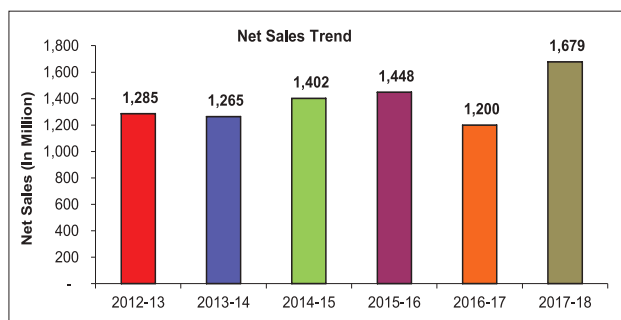
اسلام آباد، 18 ستمبر 2018

STAKEHOLDERS INFORMATION

		(In Thousands, "000")					
		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
FINANCIAL POSITION							
Paid up Capital	Rs. In '000	220,000	220,000	200,000	200,000	200,000	200,000
Shareholder Equity*	Rs. In '000	963,089	913,516	924,547	916,112	634,347	566,043
Fixed Assets	Rs. In '000	562,062	568,771	566,745	556,371	283,730	257,352
Fixed Assets Addition	Rs. In '000	17,656	24,739	31,420	75,750	44,347	16,561
OPERATING RESULTS							
Net Sales	Rs. In '000	1,678,537	1,199,632	1,447,883	1,401,982	1,264,579	1,284,691
Gross Profit	Rs. In '000	836,831	558,292	675,500	621,458	537,456	457,449
Operating Profit	Rs. In '000	713,366	434,972	558,706	546,540	464,560	397,251
EBDIT	Rs. In '000	706,273	451,398	559,936	545,923	463,079	398,405
Profit after taxation	Rs. In '000	532,610	320,579	398,435	392,542	318,641	286,261
PROFITABILITY RATIOS							
Gross Profit Margin	%	49.85	46.54	46.65	44.33	42.50	35.61
Net Profit Margin	%	31.73	26.72	27.52	28.00	25.20	22.28
Return on Assets*	%	33.11	22.50	27.11	28.58	30.61	31.43
Return on Shareholder Equity*	%	55.30	35.09	43.10	42.85	50.23	50.57
LIQUIDITY RATIOS							
Current Ratio	:	1.70	1.79	1.77	1.90	2.03	2.15
Quick Ratio	:	1.36	1.40	1.38	1.56	1.55	1.65
Cash Generation to Sales	:	92.34	101.67	101.09	97.59	98.25	95.42
ASSETS MANAGEMENT RATIOS							
Number of Days Stock	Days	72	93	74	70	78	54
Number of Days Trade Debts	Days	54	59	53	52	50	38
Operating Cycle	Days	127	152	126	122	127	92
Fixed Assets Turnover*	Times	2.99	2.11	2.55	2.52	4.46	4.99
Sales /Shareholder Equity*	Times	1.74	1.31	1.57	1.53	1.99	2.27
DEBTS MANAGEMENT RATIOS							
Total Assets to Total Debts*	Times	2.61	2.99	2.89	3.20	2.78	3.01
Debts to Shareholder Equity *	%	64	52	55	47	59	53
MARKET RATIOS							
Share Price at year end	Per Share	320.00	250.30	260.00	198.53	132.00	108.85
Share Price-High	Per Share	354.00	401.00	329.00	224.90	149.00	112.35
Share Price-Low	Per Share	202.00	220.00	195.00	127.50	90.25	52.00
Earning Per Share	Per Share	24.21	14.57	19.92	19.63	15.93	14.31
Price Earning Ratio	Times	13.22	17.18	13.05	10.11	8.29	7.60
Dividend Declared	Per Share	21.00	14.50	19.50	18.25	14.00	13.00
Bonus Shares	%	20.00	10.00	-	-	-	-
Dividend Payout	%	86.74	99.51	97.89	92.97	87.87	90.83
Dividend Yield	%	6.56	5.79	7.50	9.19	10.61	11.94
Break-up Value	Per Share	43.78	41.52	46.23	45.81	31.72	28.30

*Shareholder Equity is inclusive of Surplus on Revaluation of Fixed Assets (2018: 270.092 M)(2017:271.087 M)

STAKEHOLDERS INFORMATION



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company Biafo Industries Limited.

Year Ended 30th June, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 13 as per the following:
 - a. Male: Nine (9)
 - b. Female: Four (4)
2. The composition of Board is as follows:

Category	Names
Independent Directors	Khwaja Ahmad Hosain
	Muhammad Yaqoob
	Ehsan Mani
	Ms. Mehreen Hosain
	Ms. Syeda Shahbano Abbas
Other Non-Executive Directors	Dr. M. Humayun Khan
	M. Zafar Khan
	Adnan Aurangzeb
	Ms. Ayesha Humayun Khan
Executive Directors	M. Afzal Khan
	Khawaja Amanullah Askari
	Maj. Gen. (Ret'd.) S. Z. M. Askree
	Ms. Shirin Safdar

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (Excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director



- elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors is in process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
 9. Five directors of the Company are exempted from directors Training Program on the basis of their level of education and length of experience as provided in the CCG. Further four of the directors of the Company have obtained certification under directors training program as required under clause (xi) of the CCG during prior years. None of the Directors had attended any training program during the year.
 10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
 11. CFO and CEO duly endorsed the financial statements before approval of the board.
 12. The board has formed committees comprising of members given below:
 - a) Audit & Risk Management Committee
 - i) Ehsan Mani (Chairman)
 - ii) Adnan Aurangzeb
 - iii) Muhammad Yaqoob
 - iv) Ms. Ayesha Humayun Khan
 - v) Khwaja Ahmad Hosain
 - vi) Dr. M. Humayun Khan
 - b) HR and Remuneration Committee
 - i) Khwaja Ahmad Hosain (Chairman)
 - ii) Ms. Mehreen Hosain
 - iii) Dr. M. Humayun Khan
 - iv) Khawaja Amanullah Askari
 - v) Muhammad Yaqoob
 - vi) Adnan Aurangzeb
 - vii) Ms. Shirin Safdar
 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
 14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit & Risk Management Committee (quarterly)
 - b) HR and Remuneration Committee (quarterly)
 15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to Riasat Ishtiaq & Co who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.



16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Islamabad
18 September 2018

Dr. M. Humayun Khan
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Biafo Industries Limited

Review report on the Statement of Compliance in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Biafo Industries Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried procedures to access and determine the

Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.



KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: 18 September, 2018
Islamabad

INDEPENDENT AUDITOR'S REPORT

To the members of Biafo Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Biafo Industries Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit and statement of comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:



S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Revenue recognition Refer notes 5.8 and 23 to the financial statements.</p> <p>The Company is engaged in the production and sale of commercial explosives and blasting accessories including detonators and other materials.</p> <p>The Company recognized revenue from the sales of commercial explosives and blasting accessories of Rs. 1,678.5 million for the year ended 30 June 2018.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of sales • Comparing a sample of sales transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of sales transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; and • Comparing the details of journal entries posted to sales accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report



to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.

Chartered Accountants

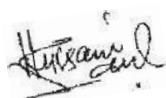
Islamabad

18 September 2018

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		30 June 2018	(Restated) 30 June 2017	(Restated) 30 June 2016
	Note	Rupees	Rupees	Rupees
NON-CURRENT ASSETS				
Property, plant and equipment	6	531,030,305	536,943,456	534,102,175
Investment property	7	31,031,540	31,827,222	32,643,304
Long-term deposits		1,793,600	1,793,600	1,778,600
		563,855,445	570,564,278	568,524,079
CURRENT ASSETS				
Stores, spare parts and loose tools	8	4,881,880	4,734,712	6,530,512
Stock in trade	9	180,984,146	142,752,225	171,452,185
Trade debts	10	353,437,290	208,638,227	231,358,044
Advances	11	5,767,595	12,989,221	12,583,939
Trade deposits and short-term prepayments	12	4,650,777	4,714,825	4,480,277
Advance tax		10,399,824	20,563,768	5,136,306
Other receivables	13	3,635,096	1,983,418	292,938
Short-term investments	14	455,593,056	429,431,919	439,428,293
Cash and bank balances	15	25,630,333	28,432,880	29,908,284
		1,044,979,997	854,241,195	901,170,778
CURRENT LIABILITIES				
Trade and other payables	16	166,515,956	140,371,630	195,904,130
Markup accrued		5,495,901	5,135,461	5,207,812
Short-term borrowings	17	419,694,378	302,542,529	285,691,438
Unclaimed dividend		16,136,061	29,106,897	21,022,630
Unpaid dividend		7,909,501	-	-
		615,751,797	477,156,517	507,826,010
NET CURRENT ASSETS		429,228,200	377,084,678	393,344,768
NON-CURRENT LIABILITIES				
Employee benefits	18	4,256,427	3,731,466	2,957,812
Deferred tax liability - net	19	25,737,772	30,401,013	34,364,406
		29,994,199	34,132,479	37,322,218
NET ASSETS		963,089,446	913,516,477	924,546,629
REPRESENTED BY:				
SHARE CAPITAL AND RESERVES				
Share capital	20	220,000,000	220,000,000	200,000,000
Unappropriated profit - revenue reserve		472,997,002	422,429,334	452,034,872
Revaluation surplus on property, plant and equipment - net of tax	21	270,092,444	271,087,143	272,511,757
		963,089,446	913,516,477	924,546,629
CONTINGENCIES AND COMMITMENTS	22			

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Managing Director &
Chief Executive Officer



Chairman

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018**

		30 June 2018	30 June 2017
	Note	Rupees	Rupees
NET TURNOVER			
	23	1,678,537,097	1,199,632,223
Cost of sales	24	(841,706,262)	(641,340,658)
GROSS PROFIT		836,830,835	558,291,565
Other income	25	47,264,729	31,298,127
Distribution expenses	26	(28,756,466)	(24,223,730)
Administrative expenses	27	(119,065,144)	(105,439,631)
Finance costs	28	(22,908,377)	(24,954,088)
OPERATING PROFIT		713,365,577	434,972,243
Workers' profit participation fund		(35,668,279)	(21,748,612)
Workers' welfare fund		(14,267,312)	(5,999,285)
PROFIT BEFORE TAXATION		663,429,986	407,224,346
TAXATION			
Current	29	(134,520,258)	(90,217,891)
Deferred	29	3,700,639	3,572,169
		(130,819,619)	(86,645,722)
PROFIT FOR THE YEAR		532,610,367	320,578,624
EARNINGS PER SHARE			
- Basic and diluted	30	24.21	14.57

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Financial Officer

Managing Director &
Chief Executive Officer

Chairman

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	30 June 2018	30 June 2017
	Rupees	Rupees
Profit for the year	532,610,367	320,578,624
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	532,610,367	320,578,624

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Financial Officer

Managing Director &
Chief Executive Officer

Chairman

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for:

Depreciation	
Finance costs	
Provision for Workers' profit participation fund	
Provision for Workers' welfare fund	
Provision for employee benefits	
Reversal of provision for doubtful debts	
Provision for slow moving stores, spare parts and loose tools	
Dividend income	
Gain on remeasurement of investment	
Loss / (gain) on disposal of property, plant and equipment	
Interest income	
Unrealized exchange gain	

	30 June 2018 Rupees	30 June 2017 Rupees
Note	663,429,986	407,224,346
6 & 7	22,677,893	20,829,512
28	22,908,377	24,954,088
	35,668,279	21,748,612
	14,267,312	5,999,285
	9,352,670	8,666,747
	-	(612,270)
	-	1,373,676
	-	(22,475,557)
25	(27,604,860)	(393,483)
25	89,037	(216,820)
25	(1,188,111)	(811,990)
25	(12,157,595)	(506,327)
	64,013,002	58,555,473
	727,442,988	465,779,819

Changes in:

Stores, spare parts and loose tools	
Inventories	
Trade debts	
Advances, deposits, prepayments and other receivables	
Trade and other payables	

(147,168)	422,124
(38,231,921)	28,699,960
(133,204,337)	23,332,087
5,651,249	(2,311,974)
3,579,719	(46,871,131)
(162,352,458)	3,271,066

Cash generated from operations

Finance costs paid	
Employee benefits paid	
Payments to Workers' profit participation fund	
Payments to Workers' welfare fund	
Income taxes paid	

565,090,530	469,050,885
(22,547,937)	(25,026,439)
(8,827,709)	(7,893,093)
(21,748,612)	(27,935,304)
(5,622,371)	(8,473,962)
(124,356,314)	(105,645,353)
(183,102,943)	(174,974,151)

Net cash from operating activities

381,987,587	294,076,734
-------------	-------------

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	
Proceeds from disposal of property, plant and equipment	
Net investment during the year	
Interest received on saving accounts and TDRs	
Net cash (used in)/generated from investing activities	

(17,656,409)	(24,739,151)
1,598,311	2,101,260
1,443,723	32,920,414
1,170,858	778,654
(13,443,517)	11,061,177

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of dividend	
Net cash used in financing activities	

(489,061,335)	(323,915,733)
(489,061,335)	(323,915,733)

NET DECREASE IN CASH AND CASH EQUIVALENTS

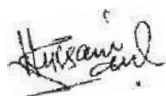
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR

Effect of movement in exchange rates on bank balance

CASH AND CASH EQUIVALENTS AT END OF THE YEAR

(120,517,265)	(18,777,822)
(274,109,649)	(255,783,154)
562,869	451,327
(394,064,045)	(274,109,649)


The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Managing Director &
Chief Executive Officer



Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital	Revaluation surplus on property, plant and equipment - net of tax	Revenue Reserve Unappropriated profits	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance at 01 July 2016, as previously reported	200,000,000	-	452,034,872	652,034,872
Effect of restatement - note 33	-	272,511,757	-	272,511,757
Restated balance at 01 July 2016	200,000,000	272,511,757	452,034,872	924,546,629
Total comprehensive income for the year				
Profit for the year	-	-	320,578,624	320,578,624
Comprehensive income for the year transferred to equity	-	-	320,578,624	320,578,624
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax (refer to note 21)	-	(1,815,838)	-	(1,815,838)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	1,815,838	1,815,838
Effect of change in rate of tax on related deferred tax	-	391,224	-	391,224
	200,000,000	271,087,143	774,429,334	1,245,516,477
Transactions with members recorded directly in equity				
Distribution to members				
Final dividend of 2016 @ Rs. 7.50 per share	-	-	(150,000,000)	(150,000,000)
First interim dividend of 2017 @ Rs. 2.50 per share	-	-	(50,000,000)	(50,000,000)
Second interim dividend of 2017 @ Rs. 1.50 per share	-	-	(33,000,000)	(33,000,000)
Third interim dividend of 2017 @ Rs. 4.50 per share	-	-	(99,000,000)	(99,000,000)
Issue of bonus shares for 2017 @ 10%	20,000,000	-	(20,000,000)	-
Total distribution to members	20,000,000	-	(352,000,000)	(332,000,000)
Restated balance at 30 June 2017	220,000,000	271,087,143	422,429,334	913,516,477
Balance at 01 July 2017, as previously reported	220,000,000	-	422,429,334	642,429,334
Effect of restatement - note 33	-	271,087,143	-	271,087,143
Restated balance at 01 July 2017	220,000,000	271,087,143	422,429,334	913,516,477
Total comprehensive income for the year				
Profit for the year	-	-	532,610,367	532,610,367
Comprehensive income for the year transferred to equity	-	-	532,610,367	532,610,367
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax (refer to note 21)	-	(1,957,301)	-	(1,957,301)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	1,957,301	1,957,301
Effect of change in rate of tax on related deferred tax	-	962,602	-	962,602
	220,000,000	270,092,444	956,997,002	1,447,089,446
Transactions with members recorded directly in equity				
Distribution to members				
Final dividend of 2017 @ Rs. 6.00 per share	-	-	(132,000,000)	(132,000,000)
First interim dividend of 2018 @ Rs. 2.50 per share	-	-	(55,000,000)	(55,000,000)
Second interim dividend of 2018 @ Rs. 6.50 per share	-	-	(143,000,000)	(143,000,000)
Third interim dividend of 2018 @ Rs. 7.00 per share	-	-	(154,000,000)	(154,000,000)
Total distribution to members	-	-	(484,000,000)	(484,000,000)
Balance at 30 June 2018	220,000,000	270,092,444	472,997,002	963,089,446

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Managing Director &
Chief Executive Officer



Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 LEGAL STATUS AND OPERATIONS

1.1 The Company and its operations

Biafo Industries Limited ("the Company") was incorporated in Pakistan on 07 September 1988 as a public limited company under the Companies Ordinance, 1984 (the repealed Ordinance) and its shares are quoted on the Pakistan Stock Exchange.

The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing of commercial explosives and blasting accessories including detonators and other materials. The Company's license for manufacturing and sale of explosives is required to be renewed annually. The Company's production facility is situated at Plot 70, Phase III, Hattar Industrial Estate, Khyber Pakhtunkhwa, with its registered office located at 1st Floor, Biafo House, Plot No. 23, Street No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan.

1.2 Summary of significant events and transactions

Significant events and transactions affecting the financial statements are summarised as follows:

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous year have been reclassified.
- Auxin Biafo Chemicals (Private) Limited ("AuxinBiafo"), a private company limited by shares, was incorporated on 09 November 2017 under the Company Act, 2017, with the objective of manufacturing and marketing emulsion explosives, and to have the capability to supply ground station design construction & operation as well as on-site mixed explosive vehicles for customers. AuxinBiafo is an associate of the Company by virtue of common directorship.

Further, as per clause 6.2 of the Joint Venture Agreement ("the Agreement") entered into on 08 June 2017 between Biafo Industries Limited and Beijing Auxin Chemicals Technology Limited ("Auxin"), both parties agreed to subscribing to AuxinBiafo's paid up capital in the proportion of 51% (Auxin) and 49% (the Company). Further, clause 6.3 of the agreement set the paid-up capital of AuxinBiafo at Rs. 50 million, divided into 5 million ordinary shares of par value of Rs. 10 each.

Three directors of the Company have subscribed one share each of AuxinBiafo as nominees of the Company. However, no investment has been made into AuxinBiafo by the Company during the year.

Subsequent to year-end in an extraordinary general meeting held on 17 July 2018, the members

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

authorized the Company to make investment of up to USD 2.062 million in equivalent Pakistani Rupees in ordinary share capital of AuxinBiafo.

2 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 BASIS OF PRESENTATION AND MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following;

- certain items of property, plant and equipment are measured at revalued amounts; and
- investment at fair value through profit or loss is measured at fair value.

The methods used to measure fair values are discussed further in their respective policy notes.

3.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional currency. All financial information presented in PKR has been rounded off to the nearest of PKR, unless otherwise stated.

3.2 Significant estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Property, plant and equipment

The Company reviews the useful lives and residual value of property, plant and equipment on each reporting date. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding affect on the depreciation charge and impairment.

In addition, the Company reviews the carrying value of its revalued property, plant and equipment with sufficient regularity to ensure the amounts recognized in the financial statements reflect the values which are not significantly different from the fair values at the reporting dates. The changes are recognized through revaluation surplus.

Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive obligations. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Impairment of financial and non financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of the respective assets with a corresponding affect on the impairment.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Taxation

Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred tax assets, which arise from temporary differences and carry forwards. The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities.

The Company regularly reviews the trend of proportion of incomes between Presumptive Tax Regime and Normal Tax Regime and the change in proportions, if significant, is accounted for in the year of change.

Stores, spare parts and loose tools and stock in trade

The Company reviews the carrying value of stores, spare parts and loose tools and stock in trade for possible impairment on an annual basis. Any change in estimate in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock in trade with a corresponding effect on the provision. Net realizable value is determined with reference to estimated selling price less estimated cost of completion and estimated expenditure to make the sales.

Investment at fair value through profit or loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate in future years might affect the carrying amounts of the respective assets with the corresponding effect in statement of profit or loss.

Provision against trade debts, advances and other receivables

The Company regularly reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The Company is currently assessing the impact of the IFRIC 22 on its financial statements, if any.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact of the IFRIC 22 on its financial statements, if any.

- IFRS 15 ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and IFRIC 13 ‘Customer Loyalty Programmes’. The Company is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 ‘Financial Instruments’ and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 ‘Leases’ (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analysing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’ - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company’s financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- Amendments to IAS 19 ‘Employee Benefits’- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company’s financial statements.
- Amendment to IFRS 4 ‘Insurance Contracts’ - Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 ‘Insurance Contracts’. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. These amendments may impact the Company’s equity accounted investee, however a financial impact has not been determined.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 ‘Business Combinations’ and IFRS 11 ‘Joint Arrangement’ - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company re-measures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 ‘Income Taxes’ - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 ‘Borrowing Costs’ - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change as indicated below:

- The Companies Act, 2017 specified certain disclosures to be included in the financial statements. The Company has presented the required disclosures in these financial statements and re-presented certain comparatives. However, there was no change in the reported amounts of profit and other comprehensive income and the amounts presented in the statement of financial position due to these re-presentations.
- Upto 30 June 2017, surplus on revaluation of property, plant and equipment was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation was credited to the revaluation surplus on property, plant and equipment account. With effect from 1 January 2018, the Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly, the management has changed the accounting policy to bring accounting of revaluation surplus on property, plant and equipment in accordance with IAS 16 'Property, Plant and Equipment'. The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of property, plant and equipment to equity which was previously being presented outside the equity.
- Amendments to IAS 7 'Statement of Cash Flows' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Accordingly, those disclosure have been included in note 31.1 to the financial statements. However, there was no change in the reported figures of statement of profit or loss or statement of financial position.

5.1 Property, plant and equipment

Property, plant and equipment other than leasehold land, building on leasehold land, plant and machinery and capital work in progress, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Leasehold land, building on leasehold land and plant and machinery is stated at revalued amount less accumulated depreciation. Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Depreciation is recognized in statement of profit or loss on a reducing balance method except for

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

electric appliances which are depreciated on straight line method at the rates specified in note 6 to the financial statements. Depreciation is charged from the date at which the asset becomes available for use to the date it is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Items in property, plant and equipment are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to capital reserve in shareholders' equity and presented as a separate line item in statement of financial position.

Increases in the carrying amounts arising on revaluation of property, plant and equipment is recognised, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in statement of profit or loss.

5.2 Stock in trade

Stock in trade is measured at lower of cost and net realizable value. Cost is determined as follows:

Material in transit:	at material cost plus other charges paid thereon
Raw material:	at moving average cost
Work in process:	at material and related manufacturing cost
Finished goods:	at moving average cost and related manufacturing expenses

Cost comprises of purchase and other costs incurred in bringing the material to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses necessarily to be incurred to make a sale.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5.3 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value less impairment. Cost is determined on a weighted average basis and comprises costs of purchase and other costs incurred in bringing the items to their present location and condition. Provision is made for slow moving items where necessary and is recognized in the statement of profit or loss. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

5.4 Investments

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

5.4.1 Investment at fair value through profit or loss - held for trading

An investment is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognized in statement profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognized in statement of profit or loss.

5.4.2 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

5.5 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the statement of profit or loss except to the extent that it relates to items recognized outside statement of profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized directly in equity or in other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5.5.1 Current tax

Provision for current taxation is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous years.

5.5.2 Deferred tax

Deferred tax is recognized using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial statements and the corresponding tax bases used in the computation of tax. In addition, the Company also records deferred tax asset on available tax losses. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further the Company also recognizes deferred tax liability on surplus on revaluation of depreciable fixed assets which is adjusted against the related surplus. The effect on deferred taxation of the portion of income expected to fall under presumptive tax regime is adjusted in accordance with the requirements of accounting technical release 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

5.6 Investment property

Investment property is the property held either to earn rental or for capital appreciation or for both, but not for sale in ordinary course of business. Investment property is initially measured at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing cost.

Depreciation is provided on a reducing balance method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6. Depreciation is charged from the month asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in statement of profit or loss.

Gains and losses on disposal of investment property are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognized net within “other income” in statement of profit or loss.

5.7 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below;

5.7.1 Accumulating compensated absences

The Company makes provision for compensated un-availed absences accumulated by its employees and charge for the year is recognized in statement of profit or loss.

5.7.2 Provident fund

The Company has established a recognized provident fund for the eligible employees of the Company. Provision is made in the financial statements for the amount payable by the Company to the fund and in this regard contributions are made monthly at the rate of 10% of basic salary equally by the Company and the employee. Obligations for contributions to plan is recognized as an employee benefit expense in statement of profit or loss when they are due.

5.7.3 Gratuity - defined contribution plan

The Company operates a funded gratuity scheme for all its employees. Provision is made on an annual basis by way of a charge to the statement of profit or loss, in accordance with the rules of fund approved by Board of Trustees.

5.8 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of government levies, trade discounts and commission. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

5.9 Foreign currencies

PKR is the functional currency of the Company. Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the reporting date and exchange differences, if any, are charged to statement of profit or loss.

5.10 Finance income and cost

Finance income comprises interest income on funds invested, exchange gain and changes in the fair value of financial asset at fair value through profit and loss. Income on saving accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Finance cost comprises interest expense on borrowings and bank charges. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss.

5.11 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables. Financial assets mainly comprise long and short term deposits, trade debts, advances, investments, other receivables and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The particular recognition and subsequent measurement methods adopted for significant financial assets are disclosed in the individual policy statements associated with them.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Significant financial liabilities are obligations under short term borrowings, creditors, accrued and other liabilities.

The particular recognition and subsequent measurement methods adopted for significant financial liabilities are disclosed in the individual policy statements associated with them.

5.12 Offsetting

Financial assets and liabilities are set off in the statement of financial position, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.13 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate provision for impairment, if any. Bad debts are written off when identified.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

5.14 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5.15 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and if required are adjusted to reflect the current best estimate.

5.16 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost.

5.17 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which the dividends are approved.

5.18 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand and at bank and short term borrowings that form an integral part of the Company's cash management. Cash and cash equivalents are carried in the statement of financial position at cost.

5.19 Impairment

5.19.1 Financial assets

A financial asset other than held for trading and carried at fair value is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

All impairment losses are recognized in statement of profit or loss. An impairment loss is reversed in the statement of profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

5.19.2 Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables) at both, specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in statement of profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of profit or loss.

5.19.3 Non financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5.21 Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6 PROPERTY, PLANT AND EQUIPMENT

	Owned										Capital work in progress (Note 6.5)	Total
	Leasehold land	Building on leasehold land	Plant and machinery	Fork lifter	Tools and equipment	Tube well	Office equipment	Furniture and fixtures	Electrical appliances	Vehicles		
Rupees												
Cost / Revalued amount												
Balance at 01 July 2016	292,159,350	91,841,438	117,304,768	3,154,690	1,025,926	2,606,600	8,090,309	7,939,352	14,398,427	28,120,300	2,831,628	569,472,788
Additions	-	184,000	6,629,690	-	350,000	-	594,265	411,250	671,772	1,919,640	13,978,534	24,739,151
Disposals	-	-	-	-	-	-	-	-	-	(3,465,435)	-	(3,465,435)
Transfer in / (out)	-	6,570,559	2,920,818	-	-	-	-	-	202,500	-	(9,693,877)	-
Balance at 30 June 2017	292,159,350	98,595,997	126,855,276	3,154,690	1,375,926	2,606,600	8,684,574	8,350,602	15,272,699	26,574,505	7,116,285	590,746,504
Balance at 01 July 2017	292,159,350	98,595,997	126,855,276	3,154,690	1,375,926	2,606,600	8,684,574	8,350,602	15,272,699	26,574,505	7,116,285	590,746,504
Additions	-	1,001,968	2,984,449	-	1,477,720	-	2,082,967	471,978	459,550	5,574,972	3,602,805	17,656,409
Disposals	-	-	(209,930)	-	-	-	-	-	(36,650)	(2,668,584)	-	(2,915,164)
Transfer in / (out)	-	629,110	7,936,375	-	-	-	634,240	-	-	-	(9,199,725)	-
Balance at 30 June 2018	292,159,350	100,227,075	137,566,170	3,154,690	2,853,646	2,606,600	11,401,781	8,822,580	15,695,599	29,480,893	1,519,365	605,487,749
Depreciation												
Balance at 01 July 2016	-	2,514,780	11,410,747	1,315,974	913,634	1,247,837	3,404,838	1,848,986	5,776,371	6,937,446	-	35,370,613
Charge for the year	-	2,288,175	11,025,743	183,872	15,873	135,876	724,865	642,781	2,979,099	2,017,146	-	20,013,430
On disposals	-	-	-	-	-	-	-	-	-	(1,580,995)	-	(1,580,995)
Balance at 30 June 2017	-	4,802,955	22,436,490	1,499,846	929,507	1,383,713	4,129,703	2,491,767	8,755,470	7,373,597	-	53,803,048
Balance at 01 July 2017	-	4,802,955	22,436,490	1,499,846	929,507	1,383,713	4,129,703	2,491,767	8,755,470	7,373,597	-	53,803,048
Charge for the year	-	2,345,290	11,094,092	165,484	155,077	122,289	946,386	629,483	4,248,606	2,175,506	-	21,882,213
On disposals	-	-	(50,956)	-	-	-	-	-	(20,374)	(1,156,487)	-	(1,227,817)
Balance at 30 June 2018	-	7,148,245	33,479,626	1,665,330	1,084,584	1,506,002	5,076,089	3,121,250	12,983,702	8,392,616	-	74,457,444
Carrying amounts - 2017	292,159,350	93,793,042	104,418,786	1,654,844	446,419	1,222,887	4,554,871	5,858,835	6,517,229	19,200,908	7,116,285	536,943,456
Carrying amounts - 2018	292,159,350	93,078,830	104,086,544	1,489,360	1,769,062	1,100,598	6,325,692	5,701,330	2,711,897	21,088,277	1,519,365	531,030,305
Rates of depreciation per annum	-	2.50%	10%	10%	10%	10%	10-33.33%	10%	33.33%	10%	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6.1 Depreciation for the year has been allocated as follows:

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Cost of sales	24	13,343,116	12,893,271
Distribution expenses	26	276,444	265,634
Administrative expenses	27	8,262,653	6,854,525
		21,882,213	20,013,430

6.2 Revaluation of land, building, plant and machinery

Leasehold land, building on leasehold land and plant and machinery of the Company were revalued on 30 June 1996, 30 June 2005, 30 June 2010 and 30 June 2015. Latest valuation for 2015 was carried out by an independent valuer M/S Asrem Private Limited. Land and building were revalued on the market basis and plant and machinery under the depreciated replacement cost basis. This revaluation resulted in net surplus of Rs. 213.352 million. Balance of revaluation surplus net of incremental depreciation included in the book value of these assets as stated in note 21 amounted to Rs. 275.6 million (2017: Rs. 278.2 million) at the year end. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable input is not available.

Previously, the surplus on revaluation of property, plant and equipment was classified below shareholders' equity in statement of financial position. As explained in note 5.1, the Company has changed its accounting policy and now the surplus on revaluation of property, plant and equipment has been classified/presented within shareholders' equity.

Forced sale values as per revaluation performed on 30 June 2015 were as follows, however, the forced sale values do not include the impact of subsequent additions:

	Rupees
Leasehold land	169,344,000
Building on leasehold land	30,351,000
Plant and machinery	96,050,000

Had there been no revaluations, related figures of revalued leasehold land, building and plant and machinery would have been as follows:

	Net book value	
	30 June 2018 Rupees	30 June 2017 Rupees
Leasehold land	44,033,883	44,033,883
Building on leasehold land	88,494,523	89,086,544
Plant and machinery	81,204,690	79,036,097
	213,733,096	212,156,524

6.3 Detail of disposal of property, plant and equipment:

	Cost	Book value	Sale proceeds	(Loss) / gain	Mode of disposal	To	Relationship of purchaser with company or any of its directors
	Rupees						
Yamaha Dhoom 70 [VP - 757]	45,700	23,027	15,546	(7,481)	Negotiation	Mr. Abdul Waheed	Employee
Suzuki Swift [VT - 320]	1,293,387	739,211	638,656	(100,556)	Negotiation	Mr. Nadeem Ahmed	Employee
Suzuki Swift [VY - 291]	1,329,497	750,691	760,504	9,813	Negotiation	Mr. Mumtaz Ud Din	Employee
Air Conditioner	36,650	15,444	9,663	(5,781)	Negotiation	Mr. Muhammad Asif	-
Generator Aksa	209,930	158,974	173,942	14,968	Negotiation	Abdullah Brothers	-
June 2018	2,915,164	1,687,347	1,598,311	(89,037)			
June 2017	3,465,435	1,884,440	2,101,260	216,820			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6.4 Freehold and leasehold lands of the Company are located at the following locations:

Location	Usage	Area
Plot 70, Phase 3, Hattar Industrial Estate, Hattar	Production Plant	29.40 Acres
Plot 23, I&T Centre, G-10/4, Islamabad	Head Office Building	533.33 Sq Yds

6.5 Components of capital work in progress

	30 June 2018 Rupees	30 June 2017 Rupees
Plant and machinery	1,253,365	7,116,285
Others	266,000	-
	1,519,365	7,116,285

7 INVESTMENT PROPERTY

Cost at 01 July	32,848,608	32,848,608
Accumulated depreciation at 01 July	(1,021,387)	(205,304)
Carrying amount at 01 July	31,827,221	32,643,304
Transfers in/(out)	-	-
Depreciation charge for the year (2.5% p.a.)	(795,681)	(816,082)
Carrying amount at 30 June	31,031,540	31,827,222
Cost at 30 June	32,848,608	32,848,608
Accumulated depreciation at 30 June	(1,817,068)	(1,021,386)
Carrying amount at 30 June	31,031,540	31,827,222

As per latest valuation of investment property, fair value of investment property is Rs. 32,905,399 (2017: Rs. 31,603,793) and the forced sale value as on 30 June 2018 is Rs. 74,062,000.

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value falls in level 3 hierarchy, is measured for disclosure purpose only. Sensitivity analysis has not been presented since data about observable input is not available.

8 STORES, SPARE PARTS AND LOOSE TOOLS

	30 June 2018 Rupees	30 June 2017 Rupees
Mechanical Store	7,485,151	7,891,440
Electrical Store	2,564,982	1,795,975
General Store	689,454	961,186
Safety Equipment	222,382	166,200
	10,961,969	10,814,801
Provision for slow moving stores, spare parts and loose tools	(6,080,089)	(6,080,089)
	4,881,880	4,734,712

9 STOCK IN TRADE

Raw materials	121,428,699	99,220,748
Packing materials	4,160,665	4,183,159
Work in process	5,101,669	3,331,212
Finished goods	31,657,638	22,525,711
Goods in transit	18,635,475	13,491,395
	180,984,146	142,752,225

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10 TRADE DEBTS

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Unsecured - considered good	10.1	353,437,290	208,638,227

10.1 This includes Rs. 69,554,954 (2017: Rs. 78,142,250) receivable from customers against export sales through contract for Saindak and Dudder (2017: Saindak and Dudder) projects in Balochistan, Pakistan, which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

	Note	30 June 2018 Rupees	30 June 2017 Rupees
11 ADVANCES			
Advances to suppliers - considered good and unsecured		5,049,128	12,340,745
Advances to employees - interest free, considered good and unsecured		718,467	648,476
		<u>5,767,595</u>	<u>12,989,221</u>

12 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits - interest free	2,032,071	2,824,455
Prepayments	2,618,706	1,890,370
	<u>4,650,777</u>	<u>4,714,825</u>

13 OTHER RECEIVABLES

Considered good:

Interest income receivable		106,915	89,662
Sales tax receivable - net		-	792,144
Receivable from related party	13.1	1,609,545	770,000
Others		1,918,636	331,612
		<u>3,635,096</u>	<u>1,983,418</u>

13.1 This represents amount receivable for expenses incurred on behalf of related party, Auxin Biafo Chemicals (Private) Limited ("AuxinBiafo"), a private company limited by shares, which was incorporated on 09 November 2017 under the Companies Act, 2017, with the objective of manufacturing and marketing emulsion explosives, and to have the capability to supply ground station design construction and operation as well as on-site mixed explosive vehicles for customers. The year-end balance also represents the maximum aggregate amount outstanding at any time during the year from AuxinBiafo.

14 SHORT-TERM INVESTMENTS

	30 June 2018 Number of units	30 June 2017 Number of units	Note	30 June 2018 Rupees	30 June 2017 Rupees
Investments at fair value through profit or loss:					
ABL Income Fund	-	14,537,032	14.1	-	145,884,929
ABL Cash Fund	9,473,693	-	14.1	100,387,042	-
Faysal Money Market Fund	1,144,138	1,144,138	14.1	121,976,539	115,843,960
UBL Liquidity Plus Fund	1,567,182	1,093,311	14.1	166,459,475	110,063,030
				<u>388,823,056</u>	371,791,919
Loans and receivables - term deposit receipts (TDRs)			14.2	66,770,000	57,640,000
				<u>455,593,056</u>	<u>429,431,919</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14.1 These investments are stated at fair value at the year end, using the year end redemption price. Gain on remeasurement is included in other operating income. As stated in note 17, 9,473,693 units in ABL Cash Fund, 1,144,138 units in Faysal Money Market Fund and 1,567,182 units in UBL Liquidity Plus Fund (2017: 13,947,974 units in ABL Income Fund, 1,139,954 units in Faysal Money Market Fund and 776,281 units in UBL Liquidity Plus Fund) are pledged as security against running finance facilities arranged with Allied Bank Limited, Faysal Bank Limited and United Bank Limited respectively.

14.2 This represents foreign currency term deposit receipts (TDRs) amounting to USD 550,000 (2017: USD 550,000). This carries interest rate at 2.10% (2017: 2.00%) per annum. As stated in note 17.1, TDRs of USD 550,000 are given as security against running finance facility arranged with Allied Bank Limited.

	Note	30 June 2018 Rupees	30 June 2017 Rupees
15 CASH AND BANK BALANCES			
Cash at bank - conventional banking			
Current accounts	15.1	25,560,789	28,386,680
Saving accounts	15.2	29,886	21,592
		25,590,675	28,408,272
Cash in hand		39,658	24,608
		25,630,333	28,432,880

15.1 These include foreign currency balances amounting to Rs. 1,746,229 (USD 14,384), (2017: Rs. 512,497) (USD 4,890).

15.2 These carry interest at the rate of 3.75% (2017: 3.75%) per annum.

	Note	30 June 2018 Rupees	30 June 2017 Rupees
16 TRADE AND OTHER PAYABLES			
Trade creditors		58,873,898	72,317,696
Advances from customers		8,560,158	6,248,709
Accrued liabilities		26,201,036	21,918,903
Sales tax payable - net		9,319,573	-
Insurance		1,026,019	622,255
Workers' profit participation fund payable	16.1	35,668,279	21,748,612
Workers' welfare fund payable	16.2	17,344,386	8,699,445
Payable to staff gratuity fund - unsecured	16.3	-	-
Payable to employees' provident fund - unsecured		-	-
Withholding tax payable		30,839	33,009
Others		9,491,768	8,783,001
		166,515,956	140,371,630

16.1 Workers' profit participation fund payable

Balance at beginning of the year	21,748,612	27,935,304
Charge for the year	35,668,279	21,748,612
	57,416,891	49,683,916
Paid to the fund during the year	(21,748,612)	(27,935,304)
	35,668,279	21,748,612

16.2 Workers' welfare fund payable

Balance at beginning of the year	8,699,445	11,174,122
Charge for the year	14,267,312	8,699,445
	22,966,757	19,873,567
Adjustment / payments made during the year	(5,622,371)	(11,174,122)
	17,344,386	8,699,445



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		30 June 2018	30 June 2017
	Note	Rupees	Rupees
16.3 Payable to staff gratuity fund - unsecured			
Balance at the beginning of the year		-	5,343,775
Provision made during the year		8,796,483	7,175,315
Contribution made to the fund during the year		(8,796,483)	(12,519,090)
Balance at the end of the year		-	-

17 SHORT-TERM BORROWINGS

From banking companies - under mark-up arrangement (secured)

Allied Bank Limited

Running finance / ERF

17.1 205,022,377 137,898,636

Faysal Bank Limited

Running finance

17.2 86,232,158 67,852,320

United Bank Limited

Running finance

17.3 128,439,843 96,791,573

419,694,378 302,542,529

17.1 This represents utilized amount of running finance facilities with cumulative sanctioned limit of Rs. 284.34 million (2017: Rs. 327.84 million). These facilities include running finance facility - RF I with sanctioned limit of Rs. 140 million carrying mark-up at the rate of 3 months KIBOR + 1.00% of the utilized amount, running finance facility - RF II with a maximum sanctioned limit of Rs. 90.00 million carrying markup at the rate of 3 months KIBOR + 0.75% per annum of the utilized amount and secured against investment in units of ABL Cash Fund having market value of Rs. 94.74 million (refer note 14) with 5% margin, and running finance facility - RF III with maximum sanctioned limit of Rs. 54.340 million (2017: Rs.54.340 million) carrying markup at the rate of 3 months KIBOR + 0.75% per annum of the utilized amount and secured against the investment made in the ABL term deposit receipts of USD 550,000 with 5% margin. Refer note 14.

RF I has sub limit of letter of credit - sight (foreign), Letter of credit - usance (foreign), Export Refinance and FCEF. Further, the Company has facilities aggregating to Rs. 80 million (2017: Rs. 75 million) for Export Re-finance and FCEF and for issuance of letter of credits (LCs) and letter of guarantees (LGs) secured against cash and cash equivalents with a margin of 10%.

17.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 150 million (2017: Rs. 150 million) and carries mark up at the rate of 3 months KIBOR + 1% per annum payable on quarterly basis. The facility is secured against investment in units of Faysal Money Market Fund with a 5% margin. Refer note 14.

17.3 This represents utilized amount of running finance facility of Rs. 200 million (2017: Rs. 150 million) for financing working capital requirements of the Company. The facility carries markup at the rate of 1 month KIBOR + 0.75% per annum. The facility is secured against investment in units of UBL Liquidity Plus Fund with 5% margin. Refer note 14.

17.4 The facilities mentioned in note 17.1 are secured by way of first charge amounting to Rs. 315 million on all present and future current assets (excluding financial assets) and fixed assets (excluding head office building) of the Company including equitable mortgage over industrial property of the Company, lien on valid import and export documents of the Company and corporate guarantee of the Company in addition to security mentioned in note 17.1.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 Rupees	30 June 2017 Rupees
18 EMPLOYEE BENEFITS		
Accumulating compensated absences		
Balance at 01 July	3,731,466	2,957,812
Charge for the year	556,187	774,714
	4,287,653	3,732,526
Benefits paid during the year	(31,226)	(1,060)
Balance at 30 June	4,256,427	3,731,466

Actuarial valuation of accumulating compensated absences has not been carried out as the impact of such valuation is deemed immaterial.

	30 June 2018 Rupees	30 June 2017 Rupees
19 DEFERRED TAX LIABILITY- net		
The net balance of deferred tax is in respect of the following temporary differences:		
Accelerated depreciation on property, plant and equipment	22,338,035	25,628,275
Retirement benefits	(864,522)	(895,552)
Provision for slow moving stores, spare parts and loose tools	(1,234,926)	(1,459,221)
Surplus on revaluation of property, plant and equipment	5,499,185	7,127,511
	25,737,772	30,401,013

- 19.1** Based on the Company's estimate of future export sales, adjustment of Rs. 24.91 million (2017: Rs. 25.3 million) has been made in the taxable temporary differences at the year end. This has resulted in increased after tax profit by Rs. 6.4 million (2017: Rs. 7.6 million) with corresponding decrease in deferred tax liability by the same amount.

20 SHARE CAPITAL

20.1 Authorized share capital

This represents 60,000,000 (2017: 60,000,000) ordinary shares of Rs. 10 each.

20.2 Issued, subscribed and fully paid up capital

30 June 2018 (Number of shares)	30 June 2017	30 June 2018 (Rupees)	30 June 2017
20,000,000	20,000,000	200,000,000	200,000,000
2,000,000	2,000,000	20,000,000	20,000,000
22,000,000	22,000,000	220,000,000	220,000,000

- 20.2.1** These include 11,085,136 (2017: 6,408,196) ordinary shares of Rs. 10 each held by the Directors of the Company.

- 20.2.2** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

21 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - net of tax

	30 June 2018 Rupees	30 June 2017 Rupees
Balance at 01 July	278,214,654	280,727,459
Surplus on revaluation during the year- net	-	-
	278,214,654	280,727,459
Transferred to equity in respect of incremental depreciation - net of deferred tax	(1,957,301)	(1,815,838)
Related deferred tax on incremental depreciation	(665,724)	(696,967)
	(2,623,025)	(2,512,805)
Balance at 30 June	275,591,629	278,214,654
Related deferred tax liability:		
Balance at 01 July	(7,127,511)	(8,215,702)
Movement during the year	1,628,326	1,088,191
Balance at 30 June	(5,499,185)	(7,127,511)
	270,092,444	271,087,143

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

- 22.1.1** Industrial Estate Hattar of Khyber Pakhtunkhwa Economic Zone Development and Management Company (formally Sarhad Development Authority), Khyber Pakhtunkhwa has raised an additional demand of Rs. 6,203,400 against the Company relating to additional payment to be made to original owners of the land for which lease was signed and full payment was made in 1991. The Company has not acknowledged the claim and has filed an appeal against the demand before the Civil Judge, Haripur on 02 May 2002. The court has stayed the demand and currently the case is with the Chairman, IEMC & HIA for arbitration. Pending the outcome of the appeal, no provision has been made in these financial statements for such demand as the management is confident that the appeal will be decided in the Company's favour.

22.2 Commitments

- 22.2.1** Letters of credit issued by Allied Bank Limited on behalf of the Company for import of raw materials, outstanding at the year end amounted to Rs. 40,300,867 (2017: Rs. 32,707,040).
- 22.2.2** Letter of guarantee issued by Allied Bank Limited on behalf of the Company for the issuance of performance bond to secure the contracts with different government and private entities outstanding at the year end amounting to Rs. 17,071,182 (2017: Rs. 1,000,000).

23 NET TURNOVER

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Turnover		1,445,876,971	1,114,416,392
Sales tax		(210,669,435)	(163,185,826)
Commissions		(10,819,014)	(11,551,486)
Net local sales		1,224,388,522	939,679,080
Net export sales	23.1	454,148,575	259,953,143
		1,678,537,097	1,199,632,223

- 23.1** Export sales represent sales made through contract to customers for Saindak and Dudder (2017: Saindak and Dudder) projects in Balochistan, Pakistan which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
24 COST OF SALES			
Materials consumed	24.1	603,690,392	444,252,851
Stores, spare parts and loose tools consumed		13,677,370	4,875,709
Packing materials consumed		22,307,900	15,233,713
Electricity charges		8,899,733	8,068,096
Salaries, wages and other benefits	24.2	107,398,639	84,084,668
Insurance		6,320,888	4,571,724
Repairs and maintenance		7,527,225	2,735,577
Depreciation	6.1	13,343,116	12,893,271
Vehicle running and maintenance		1,778,522	1,147,664
Travelling and conveyance		1,318,518	447,832
Water charges		72,000	72,010
Telephone, telex and postage		205,846	211,829
Printing and stationery		254,122	162,498
Canteen		1,100,977	851,424
Transportation		50,601,986	31,416,892
Fees and subscription		1,122,666	889,845
Vehicle rent		2,294,755	1,861,155
Security charges		4,816,832	4,231,137
Saindak expenses		4,695,503	2,500,406
Miscellaneous expenses		1,181,656	1,025,612
Provision for slow moving stores, spare parts and loose tools		-	1,373,676
		852,608,646	622,907,589
Work in process:			
at beginning of the year		3,331,212	5,820,932
at end of the year		(5,101,669)	(3,331,212)
		(1,770,457)	2,489,720
Cost of goods manufactured		850,838,189	625,397,309
Finished goods:			
at beginning of the year		22,525,711	38,469,060
at end of the year		(31,657,638)	(22,525,711)
		(9,131,927)	15,943,349
		841,706,262	641,340,658
24.1 Materials consumed			
Balance at 01 July		99,220,748	98,053,460
Purchases during the year		625,898,343	445,420,139
		725,119,091	543,473,599
Balance at 30 June		(121,428,699)	(99,220,748)
		603,690,392	444,252,851

24.2 This includes Rs. 7,933,771 (2017: Rs. 7,355,707) charged on account of gratuity, provident fund and employees compensated absences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
25 OTHER INCOME			
From financial assets:			
Dividend income		-	22,475,557
Gain on remeasurement of investment at fair value through profit or loss - conventional		27,604,860	393,483
Interest on investment in TDRs		1,166,737	793,868
Exchange gain - net (non-derivative financial instruments)		12,157,595	506,327
Rental income		5,953,200	5,494,950
Bad debts recovered		-	612,270
Income from services		450,000	-
Interest on bad debts recovered		-	786,730
Interest on saving accounts		21,374	18,122
		47,353,766	31,081,307
From non-financial assets:			
(Loss) / gain on disposal of property, plant and equipment		(89,037)	216,820
		(89,037)	216,820
		47,264,729	31,298,127
26 DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	26.1	22,403,406	19,664,134
Staff travelling and conveyance		3,825,452	2,586,566
Telephone and postage		145,282	123,998
Entertainment		688,481	689,513
Printing and stationary		152,570	154,920
Vehicle running and maintenance		1,070,836	505,328
Insurance		191,835	140,337
Other charges		2,160	93,300
Depreciation	6.1	276,444	265,634
		28,756,466	24,223,730
26.1	This include Rs. 2,536,261 (2017: Rs. 2,057,850) charged on account of gratuity, provident fund and employees compensated absences.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
27 ADMINISTRATIVE EXPENSES			
Chief Executive and Directors' remuneration	27.1	48,810,000	46,346,775
Salaries, wages and other benefits	27.1	25,687,357	23,464,169
Directors' travelling and conveyance		19,906,575	12,510,008
Staff travelling		30,490	52,382
Electricity, gas and water charges		985,534	1,006,325
Telephone, telex and postage		1,054,363	1,098,980
Rent, rates and taxes		92,904	88,258
Legal and professional charges		3,503,083	5,225,941
Donation	27.2	1,000,000	-
Auditors' remuneration	27.3	1,200,000	800,000
Printing and stationery		890,799	1,028,593
Entertainment		372,861	365,565
Insurance		284,206	335,364
Advertisements		666,041	373,942
Vehicle running and maintenance		2,043,738	1,649,495
Repair and maintenance		1,656,865	1,647,070
Security charges - head office		740,040	719,670
General expenses		1,081,954	1,056,487
Depreciation on investment property		795,681	816,082
Depreciation	6.1	8,262,653	6,854,525
		119,065,144	105,439,631
27.1	This includes Rs. 4,373,608 (2017: Rs. 4,002,370) charged on account of gratuity, provident fund and employees compensated absences.		
27.2	Rs. 500,000 each as donations were given to Shaukat Khanum Memorial Trust for construction of cancer hospital and Frontier Association for Mentally Handicapped for its work for mentally handicapped persons. Mr. Ehsan Mani, Director of the Company, is also member of Board of Governors of Shaukat Khanum Memorial Trust.		
		30 June 2018 Rupees	30 June 2017 Rupees
27.3 Auditors' remuneration			
Statutory audit		650,000	575,000
Half year review		150,000	135,000
Other certifications		400,000	90,000
		1,200,000	800,000
28 FINANCE COSTS			
Mark up on short term borrowings - secured		20,165,245	23,344,539
Bank charges		2,743,132	1,609,549
		22,908,377	24,954,088
29 TAXATION			
Current:			
- Prior years		(54,431)	(1,267,357)
- For the year		134,574,689	91,485,248
		134,520,258	90,217,891
Deferred		(3,700,639)	(3,572,169)
		130,819,619	86,645,722

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

29.1	Reconciliation of tax expense with tax on accounting profit:		30 June 2018	30 June 2017
			Rupees	Rupees
	Profit before taxation		663,429,986	407,224,346
	Tax rate		30%	31%
	Tax on accounting profit		199,028,996	126,239,547
	Tax effect of income charged at lower tax rate		(56,644,270)	(33,483,190)
	Tax effect of prior years		(54,431)	(1,267,357)
	Tax credit for selling more than 90% to sales tax		-	(2,575,263)
	Others		(11,510,676)	(2,268,015)
			130,819,619	86,645,722
29.2	The provision for current tax represents tax on taxable income at the rate of 29%. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:			
		2017	2016	2015
		Rupees	Rupees	Rupees
	Income tax provision for the year - accounts	91,485,248	132,214,427	138,441,639
	Income tax as per tax assessment	91,539,679	130,962,305	138,975,338
29.3	The returns for and up to Tax Year 2017 have been filed by the Company. The taxation authorities are empowered to question or amend an assessment within 5 years of the end of the financial year in which the return was filed.			
29.4	The tax authority while issuing appeal effect order under section 124 of the Income Tax Ordinance, 2001 [the "Ordinance"] for the Tax Year 2012 disallowed expenses amounting to Rs. 28,226,385 relating to Salaries, WPPF, donations and expenses relating to Final Tax Regime (FTR). Further, the tax credit has only been allowed to the extent of tax demand determined so there is no outstanding tax liability based on the appeal effect order. Being aggrieved with the order of the tax authority, the Company has filed an appeal before Appellate Tribunal which is pending disposal.			
29.5	The Company has also been selected for audit of its income tax affairs for the Tax Year 2015 and the tax authority has required the Company to furnish detailed records. The Company has adequately responded to the information document request and no order is yet framed by the tax authority.			
29.6	The tax authority has issued letter contending short fall of Rs. 61,401,195 in advance tax paid by the Company for the Tax Year 2017. On writ petition filed by the Company, the Islamabad High Court has granted stay against recovery of tax demand till the next date of hearing.			
30	EARNINGS PER SHARE - basic and diluted		30 June 2018	30 June 2017
	Profit for the year (Rupees)		532,610,367	320,578,624
	Average number of shares outstanding during the year (Number)		22,000,000	22,000,000
	Earnings per share (Rupees)		24.21	14.57
31	CASH AND CASH EQUIVALENTS	Note	30 June 2018	30 June 2017
	Cash and bank balances	15	25,630,333	28,432,880
	Short-term borrowings	17	(419,694,378)	(302,542,529)
	Cash and cash equivalents for the purpose of statement of cash flows		(394,064,045)	(274,109,649)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

31.1 Reconciliation of movements of liabilities of cash flows arising from financing activities:

	Liabilities	
	Unpaid dividend and unclaimed dividend	Total
	Rupees	
Balance at 01 July 2017	29,106,897	29,106,897
Changes from financing cash flows		
Dividend paid	(489,061,335)	(489,061,335)
Total changes from financing cash flows	(489,061,335)	(489,061,335)
Other Changes		
Dividend announced	-	-
Total liability-related other changes	(484,000,000)	(484,000,000)
Balance at 30 June 2018	24,045,562	24,045,562

32 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer	Executive Directors	Executives	Total
	(Rupees)			
2018				
Managerial remuneration	22,800,000	20,160,000	52,164,000	95,124,000
Employee benefits	1,900,000	-	5,505,808	7,405,808
Bonus	2,050,000	1,900,000	8,694,000	12,644,000
Total	26,750,000	22,060,000	66,363,808	115,173,808
Number of persons	1	3	22	
2017				
Managerial remuneration	20,896,775	17,280,000	37,530,000	75,706,775
Employee benefits	1,750,000	-	5,956,412	7,706,412
Bonus	3,500,000	2,920,000	6,255,000	12,675,000
Total	26,146,775	20,200,000	49,741,412	96,088,187
Number of persons	1	3	18	

The aggregate amount charged in these financial statements in respect of meeting fee paid to other than Chief Executive Officer and three Directors (2017: Three) was Rs. 14,325,000 (2017: Rs. 9,459,000).

Chief Executive Officer, Executive Directors, Chief Operating Officer and Chief Technical Advisor are provided with the Company's maintained cars.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

33 CHANGE IN ACCOUNTING POLICY

33.1 The effect of change in accounting policy described in note 5 is summarized below:

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	Rupees			Rupees		
<i>Effect on statement of financial position</i>						
Surplus on revaluation of property, plant and equipment	271,087,143	-	(271,087,143)	272,511,757	-	(272,511,757)
Share capital and reserves	642,429,334	913,516,477	271,087,143	672,034,872	944,546,629	272,511,757
<i>Effect on statement of changes in equity</i>						
Revaluation surplus on property, plant and equipment	-	271,087,143	271,087,143	-	272,511,757	272,511,757

33.2 There was no impact on figures presented in statements of profit or loss, comprehensive income and cash flows as a result of the retrospective application of change in accounting policy.

34 RELATED PARTY TRANSACTIONS

Related parties comprise of associated undertakings, directors, key management personnel, entities over which the directors are able to exercise influence, employees' provident fund and gratuity fund. Transactions with related parties and balances outstanding at the year end are as follows:

	30 June 2018 Rupees	30 June 2017 Rupees
Dividend to Non Executive Directors	231,858,792	83,251,696
Other related parties		
Remuneration including benefits and perquisites of key management personnel	48,810,000	46,346,775
Dividend to key management personnel (Executive Directors)	12,014,200	8,482,600
Contribution towards employees' provident fund	5,443,593	4,862,959
Contribution towards employees' gratuity fund	8,796,483	7,892,033
Receivable from Auxin Biafo Chemicals (Private) Limited	1,609,545	770,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Following are the related parties with whom the Company had entered into transactions during the year:

Associated company	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding
Auxin Biafo Chemicals (Private) Limited	Common Directorship	Nil	-

Related Party	Basis of relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
M. Humayun Khan	Chairman	66,000	0.30%
M. Afzal Khan	Deputy Chairman	150,000	0.68%
Khawaja Amanullah Askari	Chief Executive Officer	329,000	1.50%
Syed Zaffar Mehdi Askree	Director	17,600	0.08%
Shirin Safdar	Director	49,500	0.23%
Ayesha Humayun Khan	Director	5,500,000	25.00%
Mehreen Hosain	Director	12,146	0.06%
Muhammad Zafar Khan	Director	4,497,610	20.44%
Ehsan Mani	Director	87,450	0.40%
Adnan Aurangzeb	Director	113,230	0.51%
Syeda Shahbano Abbas	Director	1,500	0.01%
Khwaja Ahmad Hosain	Director	260,000	1.18%
Muhammad Yaqoob	Director	1,100	0.01%
Employees Provident Fund	Contributory Provident Fund	-	-
Employees Gratuity Fund	Contributory Gratuity Fund	-	-

35 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

35.1 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Carrying amount			Fair value				
	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Rupees				Rupees			
Financial assets and liabilities								
30 June 2018								
Financial assets measured at fair value								
Short term investments	-	388,823,056	-	388,823,056	388,823,056	-	-	388,823,056
Financial assets not measured at fair value								
Trade debts	353,437,290	-	-	353,437,290	-	-	-	-
Advances	5,767,595	-	-	5,767,595	-	-	-	-
Trade deposits	2,032,071	-	-	2,032,071	-	-	-	-
Other receivables	1,609,545	-	-	1,609,545	-	-	-	-
Short-term investments	66,770,000	-	-	66,770,000	-	-	-	-
Long-term deposits	1,793,600	-	-	1,793,600	-	-	-	-
Cash and bank balances	25,630,333	-	-	25,630,333	-	-	-	-
Total financial assets	457,040,434	388,823,056	-	845,863,490	388,823,056	-	-	388,823,056
Financial liabilities not measured at fair value								
Short-term borrowings	-	-	419,694,378	419,694,378	-	-	-	-
Markup accrued	-	-	5,495,901	5,495,901	-	-	-	-
Trade and other payables	-	-	95,592,721	95,592,721	-	-	-	-
Total financial liabilities	-	-	520,783,000	520,783,000	-	-	-	-

	Carrying amount			Fair value				
Financial assets and liabilities	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2017	Rupees				Rupees			
Financial assets measured at fair value								
Short-term investments	-	371,791,919	-	371,791,919	371,791,919	-	-	371,791,919
Financial assets not measured at fair value								
Trade debts	208,638,227	-	-	208,638,227	-	-	-	-
Advances	12,989,221	-	-	12,989,221	-	-	-	-
Trade deposits	2,824,455	-	-	2,824,455	-	-	-	-
Other receivables	770,000	-	-	770,000	-	-	-	-
Short-term investments	57,640,000	-	-	57,640,000	-	-	-	-
Long-term deposits	1,793,600	-	-	1,793,600	-	-	-	-
Bank balances	28,408,272	-	-	28,408,272	-	-	-	-
Total financial assets	313,063,775	371,791,919	-	684,855,694	371,791,919	-	-	371,791,919
Financial liabilities not measured at fair value								
Short-term borrowings	-	-	302,542,529	302,542,529	-	-	-	-
Markup accrued	-	-	5,135,461	5,135,461	-	-	-	-
Trade and other payables	-	-	103,641,855	103,641,855	-	-	-	-
Total financial liabilities	-	-	411,319,845	411,319,845	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

35.2 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Auditor. Internal Auditor undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

35.2.1 Credit risk

Credit risk refers to the risk that the counterparty will fail to perform or fail to pay amounts due, resulting in financial loss to the Company. The primary activities of the Company are manufacturing and sale of commercial explosives. The Company is exposed to credit risk from its operation and certain investing activities.

The Company's credit risk exposures are categorised under the following headings:

Counterparties

In relation to the Company's exposure to credit risk, trade debtors and financial institutions are major counterparties and the Company's policies to manage risk in relation to these counterparties are explained in the following paragraphs.

Trade debts

Credit risk with respect to trade debts is diversified due to the number of entities comprising the Company's customer base. Trade debts are essentially due from the entities engaged in cement manufacturing, construction, mining and oil and gas exploration service providers. The Company has a credit policy that governs the management of credit risk, including the establishment of counterparty credit repayment timeline and specific transaction approvals. The Company limits credit risk by assessing credit worthiness of potential counterparties before entering into transactions with them and continuing to evaluate their credit worthiness after transactions have been initiated. Further the Company for all major customers enters into a written agreement, and amongst the provisions agreed are product rates and repayment terms. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Collectability is assessed based on the creditworthiness of the customer as determined by credit checks and the customer's payment history to the Company. The Company establishes a provision for doubtful debts in respect of trade debts and historically such losses have been within management's expectations.

Bank balances and investments

The Company maintains its bank balances and makes investments in money market funds with financial institutions of high credit ratings. The investment made in ABL Cash Fund, Faysal Money Market Fund and UBL Liquidity Plus Fund is exposed to minimal credit risk as these are open-ended collective schemes, while deposits held with banks can either be redeemed upon demand or have a

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

short term maturity of six months and therefore also bear minimal risk.

Exposure to credit risk

The carrying amount of financial assets of the Company represents the maximum credit exposure. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics and the maximum financial exposure due to credit risk on the Company's financial assets as at 30 June was;

	30 June 2018 Rupees	30 June 2017 Rupees
Trade debts	353,437,290	208,638,227
Advances	5,767,595	12,989,221
Trade deposits	2,032,071	2,824,455
Other receivables	1,609,545	770,000
Short-term investments	455,593,056	429,431,919
Long-term deposits	1,793,600	1,793,600
Bank balances	25,590,675	28,408,272
	845,823,832	684,855,694

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	30 June 2018 Rupees	30 June 2017 Rupees
Cement manufacturers	28,405,317	19,928,984
Oil and gas exploration service providers	76,083,259	28,184,669
Construction and mining entities	248,948,714	160,524,574
	353,437,290	208,638,227

Impairment losses

The aging of trade debts at the reporting date was:

	30 June 2018		30 June 2017	
	Gross debts Rupees	Impairment Rupees	Gross debts Rupees	Impairment Rupees
Not past due	136,242,185	-	102,898,636	-
Past due 0-30 days	118,582,008	-	90,992,095	-
Past due 31-60 days	66,745,841	-	14,747,496	-
Past due 61-90 days	31,867,256	-	-	-
Past due 91-365 days	-	-	-	-
Over 365 days	-	-	-	-
	353,437,290	-	208,638,227	-

The movement in impairment in respect of trade receivables during the year was as follows:

	30 June 2018 Rupees	30 June 2017 Rupees
Balance at 01 July	-	612,270
Doubtful debts recovered	-	(612,270)
Balance at 30 June	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The management constantly evaluates the creditworthiness of the customers and considers the historical payment record of customers. In relation to the trade debts that are past due, the management believes that counterparties will discharge their obligations and accordingly no additional allowance for impairment is required.

The allowance account in respect of other receivables is used to record impairment losses, when no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off by the Company.

35.2.2 Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of borrowings and paying its suppliers. The responsibility for liquidity risk management rests with the Board of Directors of the Company and their approach in this regard is to ensure that the Company always has sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. Beyond effective working capital and cash management, the Company mitigates liquidity risk by arranging short term financing from highly rated financial institutions.

The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

		Contractual cash flows					
30 June 2018	Carrying amount	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	Rupees	Rupees					
Maturity upto one year							
Short-term borrowings	419,694,378	419,694,378	419,694,378	-	-	-	-
Markup accrued	5,495,901	5,495,901	5,495,901	-	-	-	-
Trade and other payables	95,592,721	95,592,721	95,592,721	-	-	-	-
	520,783,000	520,783,000	520,783,000	-	-	-	-
	520,783,000	520,783,000	520,783,000	-	-	-	-
30 June 2017							
Maturity upto one year							
Short-term borrowings	302,542,529	302,542,529	302,542,529	-	-	-	-
Markup accrued	5,135,461	5,135,461	5,135,461	-	-	-	-
Trade and other payables	103,641,855	103,641,855	103,641,855	-	-	-	-
	411,319,845	411,319,845	411,319,845	-	-	-	-
	411,319,845	411,319,845	411,319,845	-	-	-	-

35.2.3 Market risk

Market fluctuations may result in cash flow and profit volatility risk for the Company. The Company's operating activities as well as its investment and financing activities are affected by changes in foreign exchange rates, interest rates and security prices. To optimize the allocation of the financial resources as well as secure an optimal return for its shareholders, the Company identifies, analyzes and proactively manages the associated financial market risks. The Company seeks to manage and control these risks primarily through its regular operating and financing activities.

Foreign currency risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than PKR as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on following amounts:

	30 June 2018 USD	30 June 2017 USD
Trade debts	572,940	745,632
Bank balances and investments	564,384	554,890
Trade creditors	78,472	194,285
	1,215,796	1,494,807

The significant exchange rates applied during the year were:

	Average rate		Reporting date closing rate	
	30 June 2018 Rupees	30 June 2017 Rupees	30 June 2018 Rupees	30 June 2017 Rupees
USD 1	113.10	104.65	121.40	104.80

Sensitivity analysis

A 10 percent weakening of the PKR against the USD at 30 June would have increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 June 2018 Rupees	30 June 2017 Rupees
Statement of profit or loss	14,759,763	15,665,579

A 10 percent strengthening of the PKR against the USD at 30 June would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk arising on its financial assets is minimized by investing in fixed rate investments like TDRs.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 %	30 June 2017 %	30 June 2018 Rupees	30 June 2017 Rupees
Financial assets				
Fixed rate instrument				
Term deposit receipts	2.10	2.00	66,770,000	57,640,000
Bank balances - saving accounts	3.75	3.75	29,886	21,592
			66,799,886	57,661,592
Financial liabilities				
Variable rate instrument				
Short-term borrowings	7.01 - 7.37	7.01 - 7.37	419,694,378	302,542,529
			419,694,378	302,542,529

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased / decreased profit or loss by Rs. 5,273,280 (2017: Rs. 3,241,974).

Price risk

The Company is exposed to price risk because of investment in marketable securities held by the Company in ABL Cash Fund, Faysal Money Market Fund and UBL Liquidity Plus Fund. These investments are classified as investments at fair value through profit or loss. The Company makes investment in securities in accordance with the Board of Directors' approval.

Sensitivity analysis – equity price risk

A change of Rs. 1 in value of investment at fair value through profit or loss would have increased / decreased profit or loss by Rs. 12,185,012 (2017: Rs. 16,774,481).

35.3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Investment in fair value through profit or loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

36 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

37 CAPACITY AND PRODUCTION

			30 June 2018	30 June 2017
Products	Units	Rated production capacity	Actual production	
Tovex water gel and powder	Kgs	6,000,000	4,745,850	3,463,294
Detonator - plain / electric	Nos.	9,000,000	608,179	1,664,654
Safety fuse	Meter	500,000	-	-
Detonating cord	Meter	2,500,000	2,269,244	1,420,250

The shortfall in production of certain products is due to the gap between market demand and the available capacity.

38 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

Description	30 June 2018 Rupees	30 June 2017 Rupees
i) Loans / advances obtained as per Islamic mode	8,560,158	6,248,709
ii) Shariah compliant bank deposits / bank balances	25,560,789	28,386,680
iii) Profit earned from shariah compliant bank deposits / bank balance	-	-
iv) Net revenue earned from a shariah compliant business segment	1,678,537,097	1,199,632,223
v) Gain/loss or dividend earned from shariah compliant	-	-
vi) Exchange gain earned	11,594,726	-
vii) Markup paid on Islamic mode of financing	-	-
viii) Profits earned or interest paid on any conventional loan or advance	-	-

For profits earned on conventional investments and finance cost on conventional short-term running finance facilities, refer notes 25 and 28 respectively.

ix) Relationship with shariah compliant banks:

The Company maintains bank balances placed under shariah permissible arrangement with Faysal Bank Limited, Allied Bank Limited and United Bank Limited. Further, the Company has made conventional investments in mutual funds (refer note 14) and obtained conventional short-term running facilities (refer note 17) with the abovementioned banks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Un-audited 30 June 2018 Rupees	Audited 30 June 2017 Rupees
39 EMPLOYEES PROVIDENT FUND TRUST		
Size of the fund (total assets)	77,633,018	65,561,451
Cost of investments made	76,141,462	62,159,370
Fair value of investments	76,382,624	63,366,589

	%	%
Percentage of investments made	98.08	94.81

Breakup of investments is as follows:

	30 June 2018		30 June 2017	
	Rupees	%	Rupees	%
National Saving Certificates	37,700,000	49.51	35,350,000	56.87
NAFA Money Market Fund	14,849,893	19.50	6,664,591	10.72
NAFA Stock Fund	9,636,398	12.66	8,939,407	14.38
Meezan Sovereign Fund	13,955,171	18.33	11,205,372	18.03
	<u>76,141,462</u>		<u>62,159,370</u>	

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act 2017 (previously the Companies Ordinance, 1984) and the rules formulated for this purpose.

40 NON-ADJUSTING EVENT AFTER REPORTING DATE

40.1 The Board of Directors proposed final dividend at the rate of Rs. 5.00 per share and 20% bonus shares in its meeting held on 18 September 2018.

40.2 As stated in note 1.2, in an extraordinary general meeting held on 17 July 2018, the members authorized the Company to make investment in ordinary share capital of AuxinBiafo.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 18 September 2018.

42 GENERAL

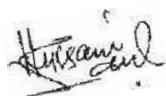
42.1 Figures have been rounded off to the nearest rupee.

42.2 Number of persons employed

	Note	30 June 2018	30 June 2017
Employees on year end (number)	42.2.1	222	177
Average employees during the year (number)	42.2.2	205	167

42.2.1 This includes 181 (2017: 137) number of factory employees.

42.2.2 This includes 165 (2017: 129) number of factory employees.



Chief Financial Officer



Managing Director &
Chief Executive Officer



Chairman

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2018

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
208	1	100	9,821
231	101	500	67,559
204	501	1,000	137,431
261	1,001	5,000	551,663
45	5,001	10,000	306,476
18	10,001	15,000	217,956
14	15,001	20,000	257,275
6	20,001	25,000	129,867
2	25,001	30,000	55,450
2	30,001	35,000	66,000
3	35,001	40,000	110,600
2	40,001	45,000	83,360
4	45,001	50,000	191,487
1	55,001	60,000	57,218
5	60,001	70,000	329,700
1	70,001	80,000	75,423
4	80,001	90,000	356,650
2	90,001	100,000	198,550
3	100,001	125,000	333,230
2	140,001	150,000	298,280
1	190,001	200,000	200,000
1	215,001	220,000	216,500
1	220,001	225,000	224,110
1	255,001	260,000	260,000
1	270,001	275,000	275,000
1	325,001	330,000	329,000
1	455,001	460,000	455,654
1	790,001	800,000	790,720
1	1,690,001	1,700,000	1,698,510
1	1,810,001	1,815,000	1,815,000
1	1,900,001	1,905,000	1,903,900
1	4,400,001	4,500,000	4,497,610
1	5,400,001	5,500,000	5,500,000
1031			22,000,000

SHAREHOLDER'S CATEGORY	NUMBERS OF SHAREHOLDERS	NUMBERS OF SHARE HELD	PERCENTAGE
INDIVIDUALS	993	19,237,382	87.44%
JOINT STOCK COMPANIES	29	2,157,265	9.81%
INSURANCE COMPANIES	2	149,280	0.68%
OTHERS	1	17,881	0.08%
INVESTMENT COMPANIES	1	200,000	0.91%
FINANCIAL INSTITUTIONS	1	2,190	0.01%
CHARITABLE TRUSTS	1	3,900	0.02%
MUTUAL FUNDS	3	232,102	1.06%
	1,031	22,000,000	100.00%

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2018

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	% AGE
Directors, CEO & their Spouse and Minor Children			
Ayesha Humayun Khan	1	5,500,000	25.00
M. Zafar Khan	1	4,497,610	20.44
Khawaja Amanullah Askari & Ishrat Askari	1	329,000	1.50
Khwaja Ahmad Hosain	1	260,000	1.18
M. Afzal Khan	1	150,000	0.68
Adnan Aurangzeb	1	113,230	0.51
Ehsan Mani	1	87,450	0.40
M. Humayun Khan	1	66,000	0.30
Shirin Safdar	1	49,500	0.23
Syed Zaffar Mehdi Askree	1	17,600	0.08
Mehreen Hosain	1	12,146	0.06
Syeda Shahbano Abbas	1	1,500	0.01
Muhammad Yaqoob & Maliha Yaqoob	1	1,100	0.01
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, & Modarba	33	814,125	3.70
Mutual Funds:			
CDC - Trustee AKD Opportunity Fund	1	222,702	1.01
CDC - Trustee Alfalah GHP Stock Fund	1	93	0.00
MCBFSL - Trustee AKD Islamic Stock Fund	1	9,300	0.04
Other Individuals	979	4,451,234	20.23
Shareholders holding 5% or more shares in the Company:			
Basit Waheed	1	1,903,900	8.65
Shayan Afzal Khan Abbas	1	1,815,000	8.25
Orient Trading Limited	1	1,698,510	7.72
TOTAL	1,031	22,000,000	100.00

Details of trading in the shares by the Director, CEO, CFO, Company Secretary and their Spouses and minor children:

	Shares Purchased	Shares Sold / Transferred
Khawaja Amanullah Askari & Ishrat Askari	-	1,000
Khwaja Ahmad Hosain	10,520	-
Adnan Aurangzeb	-	500

**PROXY FORM**

The Secretary
 Biafo Industries Limited
 1st Floor, Biafo House,
 Plot No. 23, St No. 38-40
 I&T Centre, G-10/4,
 Islamabad.

I/We _____ Of _____ being
 member of BIAFO INDUSTRIES LIMITED and Holder of _____ Ordinary Shares as per Share Register
 Folio (Number) _____ and/ or CDC Participant I.D. No. _____ and Sub Account No.
 _____ hereby appoint _____ of _____ (Name)

as my/our proxy to vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held
 at its registered office, 1st Floor, Biafo house, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad on October
 24, 2018 at 11:30 am and any adjournment thereof.

Signed _____ day of _____ 2018

Signature
 (Signature should agree with the specimen
 signature registered with the Company)

WITNESSES:

1. Signature _____
 Name _____
 Address _____

 CNIC or _____
 Passport No. _____

2. Signature _____
 Name _____
 Address _____

 CNIC or _____
 Passport No. _____

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him/her. A proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their Computerized National Identity Card or Passport with the proxy form.

**Proxy فارم**

جناب سیکرٹری

بائیو انڈسٹریز لمیٹڈ

فسٹ فلور، بائیو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40،

آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد۔

میں/ہم _____ بحیثیت رکن بائیو انڈسٹریز لمیٹڈ اور شیئرز رجسٹر فلیو (نمبر) _____ کے مطابق

_____ عمومی شیئرز کا حامل ہوں/کے حامل ہیں اور ریسی ڈی سی پارٹیسپنٹ (Participant) شناختی کارڈ نمبر _____

اور ذیلی کھاتہ نمبر _____ بذریعہ ہذا _____ کو _____ (نام) کو مقرر کرتا ہوں۔

جیسا کہ میرے/ہمارے Proxy نے کمپنی کے 30 ویں سالانہ عمومی اجلاس میں میرے/ہمارے حوالے سے ووٹ دینا ہے جو اس کے رجسٹرڈ دفتر پہلی

منزل، بائیو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40، آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد میں 24 اکتوبر، 2018ء 11:30 am اور کسی بھی اس

کے التواء کے منعقد ہوگا۔

دستخط _____ مورخہ _____ 2018 کو کئے گئے

دستخط

(دستخطی اس نمونہ جاتی سے متفق ہونا چاہیے جو کمپنی کے پاس مندرج شدہ ہیں)

گواہان

۱- دستخط _____ ۲- دستخط _____

نام _____ نام _____

پتہ _____ پتہ _____

سی این آئی سی یا _____ سی این آئی سی یا _____

پاسپورٹ نمبر _____ پاسپورٹ نمبر _____

نوٹ:

۱- کوئی بھی رکن جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ہو وہ اجلاس میں اپنی جگہ شرکت اور ووٹ دینے کے لیے کسی Proxy مقرر کر سکے گا۔ Proxy کو کمپنی کا رکن ہونے کی ضرورت نہیں ہے۔

۲- بغرض موثریت Proxy فارم، کمپنی کے رجسٹرڈ آفس میں اجلاس سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیے۔

۳- جملہ سی ڈی سی شیئر ہولڈرز اور ان کے Proxies کو قومی شناختی کارڈ یا پاسپورٹ کی نقل بمعہ Proxy فارم کے ساتھ منسلک کرنا لازمی ہے۔

E-DIVIDEND MANDATE FORM

The Secretary
Biafo Industries Limited
1st Floor, Biafo House,
Plot No. 23, St No. 38-40
I&T Centre, G-10/4,
Islamabad.

Bank account details for payment of Dividend through Electronic Mode

Dear Sir,

I/We/Messrs., _____,
being shareholder(s) of Biafo Industries Limited hereby authorize the Company to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	

(ii) Shareholder's Bank account details:	
Title of Account	
IBAN *	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company informed in case of any changes in the said particulars in future.

Yours truly,

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:








- * Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
- ** This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

1st Floor, Biafo House, Plot No. 23, Street No. 38-40,
I&T Centre, G-10/4, Islamabad - Pakistan.
Tel: (92-51) 2353450-53, 2353455-57, Fax: (92-51) 2353458
Email: management@biafo.com, www.biafo.com