

Quarterly Report  
for the Period Ended  
30th September 2013



**BIAFO INDUSTRIES LTD.**  
Manufacturers of Tovex<sup>®</sup> Explosives & Blasting Accessories

## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

M. Afzal Khan	Chairman
Khawaja Amanullah Askari	Chief Executive Officer
Maj. General (Ret'd.) S. Z. M. Askree	Director
Ms. Shirin Safdar	Director

#### Non Executive Directors

Abdul Maajid Qureshi	Director
M. Salim	Director
M. Zafar Khan	Director
Dr. M. Humayun Khan	Director
Mufti M. Hashim Khan	Director
Adnan Aurangzeb	Director
Khwaja Ahmad Hosain	Director

#### Company Secretary

Khawaja Shaiq Tanveer

#### Audit Committee

Adnan Aurangzeb	Chairman
Maj. General (Ret'd.) S. Z. M. Askree	Member
Mufti M. Hashim Khan	Member
Dr. M. Humayun Khan	Member
Ms. Shirin Safdar	Member

#### HR & Remuneration Committee

Dr. M. Humayun Khan	Chairman
Adnan Aurangzeb	Member
Mufti M. Hashim Khan	Member
Khawaja Amanullah Askari	Member
M. Salim	Member
Khwaja Ahmad Hosain	Member

#### Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

#### Legal Advisors

Chima & Ibrahim, Raja Rashid, Javaid Qureshi

#### Shares Registrar

##### Riasat Ishtiaq Consulting (Pvt) Ltd

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad.  
Tel: +92 51 2272152, 7101536 Fax: +92 51 2273158

#### Bankers

Allied Bank of Pakistan	Bank Alfalah Limited
National Bank of Pakistan	Standard Chartered Bank
Habib Metropolitan Bank	Dubai Islamic Bank
Bank of Khyber	Faysal Bank Limited
Askari Bank Limited	MCB Bank Limited

#### Registered Office

##### Biafo Industries Limited

Office No. 203-204, 2nd Floor, Muhammad Gulistan Khan House,  
82-East, Fazal-ul-Haq Road, Blue Area, Islamabad. Pakistan  
Tel: +92 51 2277358-9, 2829532-3, 2272613, 2802218 Fax: +92 51 2274744  
Website: www.biafo.com, Email: management@biafo.com, biafo@hotmail.com

#### Factory

##### Biafo Industries Limited

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

## Quarterly Report

### **BIAFO INDUSTRIES LTD. DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER, 2013**

Your Directors are pleased to submit the un-audited accounts for the quarter ended 30th September, 2013.

The value of the net sales of your company declined by 20.34% of against the previous comparable quarter of the last year, but against preceding quarter ending 30th June, 2013 decreased by 4.99%. A decline in net sales in the quarter was primarily due to the completion of projects of Oil and Gas exploration operators and delays in starting of new operational sites for exploration.

There was also decline in the value of export supplies to Saindak (EPZ) Copper and Gold project in the quarter under review due to on site issues.

Your company was able to increase supplies to the of Lowari Road Tunnel and Golen Gol Hydel projects and the KKH rehabilitation project and to the cement sector in this quarter.

Gross profit margin for the quarter under review has a marginal decline of 0.76% because of reduced net sales.

Operating profit for the quarter declined by 25.32% to Rs. 72.81m and net profit after tax declined by 22.63% to Rs. 50.66 m resulting in EPS of Rs. 2.53 against the comparable quarter of the previous year (2012 : Rs. 3.27).

The company continued to operate within the budget as approved by the Board of Directors.

Your Board of Directors have declared the 1st. Interim cash dividend of Rs. 2.00 (20%) for the quarter under review.

Your management continues to interact and cooperate with all stakeholders in its efforts in meeting business opportunities and challenges.



**Khawaja Amanullah Askari**  
Chief Executive

Islamabad  
24th October, 2013

## Quarterly Report


**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT 30 SEPTEMBER 2013**

	Note	30 Sep 2013 Rupees	30 June 2013 Rupees
Property, plant and equipment	4	255,805,959	257,352,267
Long term deposits		2,347,754	2,147,754
		<u>258,153,713</u>	<u>259,500,021</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		6,414,528	5,723,201
Stock in trade		111,852,857	135,643,593
Trade debts - Unsecured	5	226,192,324	185,158,445
Advances - Unsecured		15,509,437	8,901,154
Trade deposits and short term prepayments		3,677,106	1,682,882
Other receivables		555,075	353,250
Other financial assets	6	304,827,531	297,466,793
Cash and bank balances		12,928,171	16,432,630
		<u>681,957,029</u>	<u>651,361,948</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		102,005,653	144,935,172
Markup accrued		3,437,894	2,716,606
Short term borrowings - Secured	7	166,204,717	146,468,480
Provision for taxation		9,543,506	8,629,716
		<u>281,191,770</u>	<u>302,749,974</u>
<b>NET CURRENT ASSETS</b>		<u>400,765,259</u>	<u>348,611,974</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred employee benefits		10,381,403	10,381,403
Deferred tax liability - net		31,830,480	31,687,722
		<u>42,211,883</u>	<u>42,069,125</u>
<b>NET ASSETS</b>		<u><u>616,707,089</u></u>	<u><u>566,042,870</u></u>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		200,000,000	200,000,000
Unappropriated profit		351,278,752	299,958,841
		<u>551,278,752</u>	<u>499,958,841</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax</b>		<u>65,428,337</u>	<u>66,084,029</u>
		<u><u>616,707,089</u></u>	<u><u>566,042,870</u></u>

**CONTINGENCIES AND COMMITMENTS** 8

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad  
24 October 2013

  
Director

  
Chief Executive

## Quarterly Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	Note	Quarter Ended		Quarter Ended	
		30 Sep 2013	Period to Due Date	30 Sep 2012	Period to Due Date
		Rupees	Rupees	Rupees	Rupees
<b>NET SALES / TURNOVER</b>	9	258,987,127	258,987,127	325,108,707	325,108,707
Cost of sales		(173,038,250)	(173,038,250)	(214,742,293)	(214,742,293)
<b>GROSS PROFIT</b>		85,948,877	85,948,877	110,366,414	110,366,414
Other income		9,016,499	9,016,499	7,340,394	7,340,394
Distribution cost		(4,488,795)	(4,488,795)	(4,257,907)	(4,257,907)
Administrative expenses		(14,138,143)	(14,138,143)	(13,133,867)	(13,133,867)
Finance costs		(3,532,127)	(3,532,127)	(2,819,781)	(2,819,781)
<b>OPERATING PROFIT</b>		72,806,311	72,806,311	97,495,253	97,495,253
Workers' profit participation fund		(3,640,316)	(3,640,316)	(4,874,763)	(4,874,763)
Workers' welfare fund		(1,456,126)	(1,456,126)	(1,772,999)	(1,772,999)
<b>PROFIT BEFORE TAXATION</b>		<b>67,709,869</b>	<b>67,709,869</b>	<b>90,847,491</b>	<b>90,847,491</b>
<b>TAXATION</b>					
Current		(16,902,892)	(16,902,892)	(25,961,539)	(25,961,539)
Deferred		(142,758)	(142,758)	461,217	461,217
		(17,045,650)	(17,045,650)	(25,500,322)	(25,500,322)
<b>PROFIT FOR THE YEAR</b>		<b>50,664,219</b>	<b>50,664,219</b>	<b>65,347,169</b>	<b>65,347,169</b>
<b>EARNINGS PER SHARE - Basic and diluted</b>		<b>2.53</b>	<b>2.53</b>	<b>3.27</b>	<b>3.27</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad  
24 October 2013



Director



Chief Executive


## Quarterly Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	Quarter Ended		Quarter Ended	
	30 Sep	Period to	30 Sep	Period to
	2013	Due Date	2012	Due Date
	Rupees	Rupees	Rupees	Rupees
Profit for the period	50,664,219	50,664,219	65,347,169	65,347,169
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>50,664,219</b>	<b>50,664,219</b>	<b>65,347,169</b>	<b>65,347,169</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad  
24 October 2013

  
Director

  
Chief Executive


## Quarterly Report

### BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Note	30 Sep 2013 Rupees	30 Sep 2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		67,709,869	90,847,491
Adjustments for:			
Depreciation		4,661,443	4,662,244
Finance costs		3,532,127	2,819,781
Provision for Workers' profit participation fund		3,640,316	4,874,763
Provision for Workers' welfare fund		1,456,126	1,772,999
Provision for slow moving stores, spare parts and loose tools		-	55,000
Unrealized gain on remeasurement of investment		(7,360,738)	(6,526,852)
Gain on disposal of property, plant and equipment		(130,500)	(323,730)
Interest on deposit accounts and TDRs		(201,825)	(143,243)
Exchange gain		(1,323,436)	(346,568)
		4,273,512	6,844,394
		71,983,382	97,691,885
Changes in:			
Store, spare parts and loose tools		(691,327)	(2,664,094)
Stock in trade		24,810,769	(43,493,739)
Trade debts		(41,033,879)	(68,220,225)
Advances, deposits, prepayments and other receivables		(8,802,507)	(4,167,161)
Trade and other payables		(29,025,961)	1,233,212
		(54,742,905)	(117,312,007)
Cash generated from operations		17,240,476	(19,620,122)
Finance costs paid		(2,810,839)	(1,495,326)
Payments to Workers' profit participation fund		(19,000,000)	(12,712,784)
Income taxes paid		(15,989,104)	(25,889,969)
		(37,799,942)	(40,098,080)
Net cash from operating activities		(20,559,467)	(59,718,202)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,832,091)	(1,632,614)
Proceeds from disposal of property, plant and equipment		1,150,862	1,335,000
Investments made during the year		-	(15,000,000)
Interest received on deposit accounts and TDRs		-	724
Net cash used in investing activities		(2,681,229)	(15,296,889)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of dividend		-	-
Net cash used in financing activities		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(23,240,696)	(75,015,091)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(130,035,850)	(6,381,369)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR 10		(153,276,546)	(81,396,461)

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad  
24 October 2013

  
Director

  
Chief Executive


## Quarterly Report

### BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
<b>Balance at 01 July 2012</b>	200,000,000	260,918,569	460,918,569
Total comprehensive income for the year	-	65,347,169	65,347,169
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	627,577	627,577
	-	<b>65,974,746</b>	<b>65,974,746</b>
<b>Balance at 30 Sep 2012</b>	<b>200,000,000</b>	<b>326,893,315</b>	<b>526,893,315</b>
<b>Balance at 01 July 2013</b>	200,000,000	299,958,841	499,958,841
Total comprehensive income for the year	-	50,664,219	50,664,219
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	655,692	655,692
	-	<b>51,319,911</b>	<b>51,319,911</b>
<b>Balance at 30 Sep 2013</b>	<b>200,000,000</b>	<b>351,278,752</b>	<b>551,278,752</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad  
24 October 2013

  
Director

  
Chief Executive



## Quarterly Report

### BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

#### 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 and its shares are quoted on the Karachi and Islamabad Stock Exchanges. 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 has set up its industrial undertaking in Hattar Industrial Estate, Khyber Pakhtunkhwa with its registered office at 203-204, 2nd Floor, M. Gulistan Khan House, 82-E, Fazal-ul-Haq Road, Blue Area, Islamabad, Pakistan.

#### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the quarter ended 30 September 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim financial information do not include that reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2013. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2013, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the quarter ended 30 September 2012.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange Limited.

#### 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of annual financial statements for the year ended 30 June 2013. The following approved standards, amendments and interpretations of approved accounting standards become effective during the period are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's condensed interim financial information:

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income (effective 01 July 2012)

#### 4. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 30 September 2013 the Company acquired property, plant and equipment aggregating Rs.3,832,091 (30 September 2012: Rs. 1,632,614).

	Unaudited 30 Sep 2013 Rupees	Audited 30 June 2013 Rupees
<b>5. TRADE DEBTS - Unsecured</b>		
Considered good	226,192,324	185,158,445
Considered doubtful	1,592,761	1,592,761
	227,785,085	186,751,206
Less: Provision for doubtful debts	(1,592,761)	(1,592,761)
	<b>226,192,324</b>	<b>185,158,445</b>

## Quarterly Report

### BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Note	Unaudited 30 Sep 2013 Rupees	Audited 30 June 2013 Rupees
<b>6. OTHER FINANCIAL ASSETS</b>			
Investments:			
At fair value through profit or loss			
NAFA Government Securities Liquid Fund		45,860,291	45,044,825
ABL Income Fund		113,217,775	112,016,480
MCB Dynamic Cash Fund		41,233,583	40,502,474
Faysal Money Market Fund		51,865,882	50,603,014
Held to maturity - Term deposit receipts		52,650,000	49,300,000
		<u>304,827,531</u>	<u>297,466,793</u>
<b>7. SHORT TERM BORROWINGS - SECURED</b>			
National Bank of Pakistan	7.1	11,061,496	-
Allied Bank Limited	7.2	109,417,673	117,742,998
MCB Bank Limited	7.3	20,345,152	-
Faysal Bank Limited	7.4	25,380,396	28,725,482
		<u>166,204,717</u>	<u>146,468,480</u>

**7.1** The Company has arranged Running Finance Facility with National Bank of Pakistan and during the period the Company utilized this facility. This facility has a sanctioned limit of Rs. 25 million (30 June 2013: Rs. 25 million) and carries markup @ 6 months KIBOR +1.5% per annum (30 June 2013: 6 months KIBOR +1.5% per annum) of the utilized amount.

**7.2** The Company has arranged various facilities with ABL and during the period the Company utilized FE-25 Facility and Running Finance Facilities. The FE-25 facility has a sanctioned limit of Rs. 50 million (30 June 2013: Rs. 50 million) for export of the Company's products. The facility carries mark-up at the rate of LIBOR + 2% per annum (30 June 2013: LIBOR + 2% per annum) of the amount utilized. The Running Finance facility has a sanctioned limit of Rs. 95 million (30 June 2013: Rs. 95 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum (30 June 2013: 3 month Kibor + 1% per annum) of the amount utilized. The facility is secured against the investment made in the ABL Income Fund of Rs. 100 million.

**7.3** The Company has arranged Running Finance facility with MCB and during the period the Company utilized this facility. This facility has a sanctioned limit of Rs. 31.415 million (2013: Rs. 31.415 million) and carries mark up at the rate of 3 months KIBOR + 1% per annum (30 June 2013: 3 months KIBOR + 1% per annum) payable on quarterly basis. The facility is secured against investment in units of MCB Dynamic Cash Fund having face value of Rs. 33.962 million.

**7.4** The Company has arranged Running Finance facility with FBL and during the period the Company utilized this facility. The Running Finance facility has a sanctioned limit of Rs. 47.5 million (30 June 2013: Rs. 47.5 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum (30 June 2013: 3 month Kibor + 1% per annum) of the amount utilized. The facility is secured against investment in units of Faysal Money Market Funds Rs. 50 million.

### 8. CONTINGENCIES AND COMMITMENTS

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2013.

There is no change in the commitments as reported in the annual financial statements for the year ended 30 June 2013, except that the letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 23.176 million at the period end (30 June 2013: Rs. 13.528 million).

## Quarterly Report

### BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Quarter Ended	
	Unaudited 30 Sep 2013 Rupees	Unaudited 30 Sep 2012 Rupees
<b>9. SALES - Net</b>		
Gross Local Sales	309,960,077	407,602,594
Sales tax	(38,398,853)	(43,424,779)
Discounts and commissions	(47,094,107)	(93,196,657)
Net Local Sales	224,467,117	270,981,158
Net Export Sales	34,520,010	54,127,549
	<b>258,987,127</b>	<b>325,108,707</b>
<b>10. CASH AND CASH EQUIVALENTS</b>		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	12,928,171	27,224,159
Short term borrowings - secured	(166,204,717)	(108,620,620)
	<b>(153,276,546)</b>	<b>(81,396,461)</b>

#### 11. RELATED PARTY TRANSACTIONS

Related parties comprise directors, key management personnel, major shareholders, entities over which the directors are able to exercise influence and employees' fund. Transactions with related parties during the period are as follows:

	Quarter Ended	
	Unaudited 30 Sep 2013 Rupees	Unaudited 30 Sep 2012 Rupees
<b>Associated undertaking- sole proprietorship concern of a director of the Company</b>		
Sale of explosives	-	1,854,405
Advance received during the period	-	1,854,405
<b>Other related parties</b>		
Remuneration including perquisites of Chief Executive	4,070,014	4,355,190
Remuneration including perquisites of Directors	3,600,000	2,975,000
Remuneration including perquisites of Executives	1,700,000	1,841,000
Payment to employees' provident fund	817,889	784,379

#### 12. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE AND DATE OF AUTHORIZATION FOR ISSUE

12.1 The Board of Directors of the Company in their meeting held on 24 October, 2013 proposed interim cash dividend of Rs. 2.00 per share.


12.2 The condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 24 October, 2013.

#### 13. GENERAL

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

Previous year's figures have been rearranged wherever necessary for comparison.

Islamabad  
24 October 2013

  
Director

  
Chief Executive

# BOOK POST

(UNDER POSTAL CERTIFICATE)

*If undelivered, please return to:*

## BIAFO INDUSTRIES LTD.

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Website: [www.biafo.com](http://www.biafo.com), e-mail: [management@biafo.com](mailto:management@biafo.com), [biafo@hotmail.com](mailto:biafo@hotmail.com)