

Quarterly Report
for the Period Ended
31 March 2013



BIAFO INDUSTRIES LTD.
Manufacturers of Tovex[®] Explosives & Blasting Accessories

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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
Khawaja Ahmad Hosain	Director

Company Secretary

Khawaja Shaiq Tanveer

Audit Committee

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

HR & Remuneration Committee

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 LIMITED DIRECTORS' REPORT FOR THE QUARTER ENDED 31 MARCH, 2013

Your Directors are pleased to submit the unaudited accounts for the quarter ended 31st. March, 2013.

In the quarter under review the company achieved the highest sales in its history. Net sales of the company in the quarter under review increased by 24.80% to Rs. 376.43 m and in the nine month period by 53.63% to Rs. 1012.10m in comparison to the previous year's period.

Gross profit percentage for the quarter under review increased by 4.39% to 37.26% amounting to Rs. 140.25m (March 2012 : Rs. 19.13m) and for the nine month period to March 2013 was 35.25% amounting to Rs. 356.79m (March 2012 : 32.47% Rs. 213.91m) against comparable period of last year.

Net sales in the quarter reflected substantial increased in demand in Oil and Gas, Construction and Mining sectors as well as large Hydel and Road Construction projects, although there was a slight decline in 9 months period in construction and mining sectors. The company's production team rose to the challenge of ensuring timely deliveries to meet the rapid increase in demand from the Oil and Gas sector. Our export sales to Saindak Copper and Gold project and Dudder Lead and Zinc projects in Baluchistan declined due to on site and technical issues and sales to the small scale users were under pressure due to the current Law and order situation in the country.

Your company has successfully achieved its first major export valued at Rs. 30.0 m in the month of April, 2013.

Operating profit increased by 45.53% to Rs. 127.56 m in the quarter under review and for the nine months period to March, 2013 increased by 73.74% to Rs. 319.31 m against the comparable period of the previous year.

In the quarter under review profit after taxation increased by 46.41% to Rs. 84.26 m for the nine month period under review increased by 78.3% to Rs. 211.73m resulting in EPS for the quarter under review of Rs. 4.21 (EPS quarter to March 2012 : 2.88) and for the 9 months period to March, 2013 EPS 10.59 (EPS 9 months to March, 2012 : 5.94).

Provision for taxation in the quarter to March, 2013 increased by 43.62% to Rs. 34.54m and for the nine months period to March, 2013 by 66.9% to Rs. 85.72 m due to higher local sales and reduced export sales to Saindak and Duddar EPZ projects.

Investment in cash fund based financial instruments and Terms Deposit in the nine months period to March, 2013 increased by 41% to Rs. 242.66 m against the comparable period of last year.

Expenses were within the budget as approved by the Board of Directors.

Your Board of Directors have declared a 3rd interim cash dividend of Rs. 3.50 (35%) for the quarter under review, which is in addition to 1st. interim cash dividend of Rs. 3.00 (30%) and 2nd. Interim cash dividend of Rs. 2.50 (25 %) for the period of the financial year ended 30th. June, 2013.

Your Board takes the opportunity to express its appreciation of its employees commitment and hard work and the cooperation of all its stakeholders.



Khawaja Amanullah Askari
Chief Executive

Islamabad
25th April, 2013

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 31 MARCH 2013

	Note	31 March 2013 Rupees	30 June 2012 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	4	254,221,218	257,856,895
Long term deposits		2,147,754	2,136,754
		<u>256,368,972</u>	<u>259,993,649</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		9,406,032	7,119,891
Stock in trade		130,390,457	97,475,579
Trade debts - Unsecured	5	197,818,943	118,206,509
Advances - Unsecured		7,288,778	5,000,778
Trade deposits and short term prepayments		2,565,925	1,491,143
Advance income tax - net		-	3,355,178
Other receivables		677,983	347,794
Other financial assets	6	242,664,041	206,929,872
Cash and bank balances		48,954,451	39,047,848
		<u>639,766,610</u>	<u>478,974,592</u>
CURRENT LIABILITIES			
Trade and other payables		205,736,416	132,773,333
Markup accrued		2,474,419	1,301,802
Short term borrowings - Secured	7	30,052,736	45,429,217
Provision for taxation		15,482,995	-
		<u>253,746,566</u>	<u>179,504,352</u>
NET CURRENT ASSETS			
		386,020,044	299,470,240
NON CURRENT LIABILITIES			
Deferred employee benefit		1,951,617	1,321,393
Deferred tax liability - net		36,674,312	36,107,171
		<u>38,625,929</u>	<u>37,428,564</u>
NET ASSETS			
		<u>603,763,087</u>	<u>522,035,325</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		344,529,060	260,918,569
		<u>544,529,060</u>	<u>460,918,569</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax			
		59,234,027	61,116,756
		<u>603,763,087</u>	<u>522,035,325</u>
CONTINGENCIES AND COMMITMENTS			
	8		

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

Islamabad
25 April, 2013



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2013

	Note	Three Months Ended		Nine Months Ended	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
		Rupees	Rupees	Rupees	Rupees
NET SALES	9	376,435,862	301,620,846	1,012,100,632	658,770,373
Cost of sales		(236,184,360)	(202,484,873)	(655,303,925)	(444,862,314)
GROSS PROFIT		140,251,502	99,135,973	356,796,707	213,908,059
Other operating income		4,269,902	1,750,801	17,712,790	10,066,729
Distribution cost		(3,549,768)	(2,811,133)	(10,795,862)	(8,610,554)
Administrative expenses		(10,606,169)	(9,628,292)	(35,137,300)	(29,603,584)
Finance costs		(2,804,931)	(798,646)	(9,262,161)	(3,133,205)
OPERATING PROFIT		127,560,536	87,648,703	319,314,174	182,627,445
Workers' profit participation fund		(6,378,027)	(4,382,435)	(15,965,709)	(9,131,372)
Workers' welfare fund		(2,380,493)	(1,662,105)	(5,899,555)	(3,384,406)
PROFIT BEFORE TAXATION		118,802,016	81,604,163	297,448,910	170,111,667
TAXATION					
Current		(35,185,377)	(23,697,165)	(85,154,000)	(48,962,784)
Deferred		643,581	(351,239)	(567,148)	(2,396,724)
		(34,541,796)	(24,048,404)	(85,721,148)	(51,359,508)
PROFIT FOR THE PERIOD		84,260,220	57,555,759	211,727,762	118,752,159
EARNINGS PER SHARE - Basic and diluted		4.21	2.88	10.59	5.94

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

Islamabad
25 April, 2013



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2013

	Three Months Ended		Nine Months Ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rupees	Rupees	Rupees	Rupees
Profit for the period	84,260,220	57,555,759	211,727,762	118,752,159
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>84,260,220</u>	<u>57,555,759</u>	<u>211,727,762</u>	<u>118,752,159</u>

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

Islamabad
25 April, 2013



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2013

	31 March 2013	31 March 2012
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	297,448,910	170,111,667
Adjustments for:		
Depreciation	12,065,087	12,280,034
Finance costs	9,262,161	3,133,205
Provision for Workers' profit participation fund	15,965,709	9,131,372
Provision for Workers' welfare fund	5,899,555	3,384,406
Provision for employee benefit	630,224	124,450
Provision for slow moving stores, spare parts and loose tools	165,000	165,000
Unrealized gain on remeasurement of investment	(13,984,169)	(8,137,266)
Gain on disposal of property, plant and equipment	(323,730)	-
Interest on deposit accounts and TDRs	(654,586)	(1,434,722)
Exchange gain	(2,750,304)	(494,741)
	<u>26,274,948</u>	<u>18,151,738</u>
	323,723,857	188,263,405
Changes in:		
Store, spare parts and loose tools	(2,451,141)	(900,750)
Stock in trade	(32,914,879)	19,540,560
Trade debts	(78,906,275)	(11,063,322)
Advances, deposits, prepayments and other receivables	(3,489,294)	(1,359,760)
Trade and other payables	68,464,027	27,549,612
	<u>(49,297,562)</u>	<u>33,766,340</u>
Cash generated from operations	274,426,295	222,029,745
Finance costs paid	(8,089,544)	(3,438,442)
Employees benefits paid	-	(10,839)
Payments to Workers' profit participation fund	(12,712,784)	(12,703,021)
Payments to Workers' welfare fund	(4,652,299)	(4,757,082)
Income taxes paid	(66,315,826)	(56,126,628)
	<u>(91,770,453)</u>	<u>(77,036,012)</u>
Net cash from operating activities	182,655,842	144,993,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,256,541)	(6,480,782)
Proceeds from disposal of property, plant and equipment	1,335,000	-
Investment (made) / redeemed during the year	(19,890,000)	(17,360,802)
Interest received on deposit accounts and TDRs	439,909	1,123,299
Net cash (used in) / generated from investing activities	(27,371,632)	(22,718,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividend	(130,001,125)	(80,232,595)
Net cash used in financing activities	(130,001,125)	(80,232,595)
NET DECREASE IN CASH AND CASH EQUIVALENTS	25,283,085	42,042,853
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,381,369)	(8,998,435)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10 18,901,716	33,044,418

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

Islamabad
25 April, 2013



Director



Chief Executive


Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2013

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2011	200,000,000	237,515,259	437,515,259
Total comprehensive income for the period	-	118,752,159	118,752,159
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	2,094,883	2,094,883
	-	120,847,042	120,847,042
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2011 @ Rs. 2.80 per share	-	(56,000,000)	(56,000,000)
First Interim dividend of 2012 @ Rs. 1.20 per share	-	(25,000,000)	(25,000,000)
Total distribution to members	-	(81,000,000)	(81,000,000)
Balance at 31 March 2012	200,000,000	277,362,301	477,362,301
Balance at 01 July 2012	200,000,000	260,918,569	460,918,569
Total comprehensive income for the period	-	211,727,762	211,727,762
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	1,882,729	1,882,729
	-	213,610,491	213,610,491
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2012 @ Rs. 3.50 per share	-	(70,000,000)	(70,000,000)
First Interim dividend of 2013 @ Rs. 3.00 per share	-	(60,000,000)	(60,000,000)
Total distribution to members	-	(130,000,000)	(130,000,000)
Balance at 31 March 2013	200,000,000	344,529,060	544,529,060

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

Islamabad
25 April, 2013


Director


Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 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 nine months period ended 31 March 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 2012. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2012, 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 nine months period ended 31 March 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 2012. 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 nine months ended 31 March 2013 the Company acquired property, plant and equipment aggregating Rs.9,030,634 (31 March 2012: Rs. 6,480,732).

	Unaudited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
5. TRADE DEBTS - Unsecured		
Considered good	197,818,943	118,206,509
Considered doubtful	1,592,761	1,592,761
	199,411,704	119,799,270
Less: Provision for doubtful debts	(1,592,761)	(1,592,761)
	<u>197,818,943</u>	<u>118,206,509</u>

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2013

	Unaudited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
6. OTHER FINANCIAL ASSETS		
Investments:		
At fair value through profit or loss		
NAFA Government Securities Liquid Fund	44,173,164	41,459,985
ABL Income Fund	109,747,026	86,975,354
MCB Dynamic Cash Fund	39,693,851	36,194,533
Held to maturity - Term deposit receipts	49,050,000	42,300,000
	<u>242,664,041</u>	<u>206,929,872</u>

Nine Months Ended

	Note	Unaudited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
7. SHORT TERM BORROWINGS - SECURED			
National Bank of Pakistan (NBP)		-	3,680,520
Allied Bank Limited (ABL)	7.1	30,052,736	41,748,697
		<u>30,052,736</u>	<u>45,429,217</u>

7.1 The Company has arranged various facilities with ABL and during the period the Company utilized FE-25 Facility. The FE-25 facility has a sanctioned limit of Rs. 50 million (30 June 2012: 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 2012: LIBOR + 2% per annum) of the amount utilized.

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 2012.

There is no change in the commitments as reported in the annual financial statements for the year ended 30 June 2012, except that the letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 3.926 million at the period end (30 June 2012: Rs. 45.545 million).

	Three Months Ended		Nine Months Ended	
	Unaudited 31 March 2013 Rupees	Unaudited 31 March 2012 Rupees	Unaudited 31 March 2013 Rupees	Unaudited 31 March 2012 Rupees
9. SALES - Net				
Gross Local Sales	484,700,979	392,077,423	1,312,439,611	793,352,323
Sales tax	(54,215,447)	(39,545,341)	(143,727,406)	(80,397,868)
Discounts and commissions	(91,946,736)	(100,551,811)	(271,150,178)	(187,257,291)
Net Local Sales	338,538,796	251,980,271	897,562,027	525,697,164
Net Export Sales	37,897,066	49,640,575	114,538,605	133,073,209
	<u>376,435,862</u>	<u>301,620,846</u>	<u>1,012,100,632</u>	<u>658,770,373</u>

Quarterly Report

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2013

		Nine Months Ended	
		Unaudited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
10. CASH AND CASH EQUIVALENTS			
	For the purpose of cash flow statement cash and cash equivalents comprise of:		
	Cash and bank balances	48,954,451	52,045,505
	Short term borrowings - secured	(30,052,735)	(19,001,087)
		<u>18,901,716</u>	<u>33,044,418</u>

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:

		Nine Months Ended	
		Unaudited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
	Associated undertaking- sole proprietorship concern of a director of the Company		
	Sale of explosives	3,111,888	1,464,036
	Advance received during the period	3,111,888	1,464,036
	Other related parties		
	Remuneration including perquisites of Chief Executive	11,067,006	7,212,036
	Remuneration including perquisites of Directors	9,775,000	6,350,000
	Remuneration including perquisites of Executives	5,045,700	3,160,254
	Payment to employees' provident fund	2,428,547	1,756,953

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 25 April, 2013 proposed interim cash dividend of Rs. 3.50 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 25 April, 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
25 April, 2013



Director



Chief Executive

BOOK POST
(UNDER POSTAL CERTIFICATE)

If undelivered, please return to:

BIAFO INDUSTRIES LTD.

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