

Quarterly Report
for the Period Ended
31 March 2016



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



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Quarterly Report



BIAFO INDUSTRIES LTD.
Manufactures of Tovex® Explosives & Blasting Accessories

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non Executive Directors

Dr. M. Humayun Khan	Chairman
Abdul Maajid Qureshi	Director
M. Salim Khan	Director
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Zishan Afzal Khan	Director

Independent Directors

Khawaja Ahmad Hosain	Director
Muhammad Yaqoob	Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit Committee

Muhammad Yaqoob	Chairman
Adnan Aurangzeb	Member
Abdul Maajid Qureshi	Member
M. Salim Khan	Member
Khawaja Ahmad Hosain	Member
Dr. M. Humayun Khan	Member

HR & Remuneration Committee

Dr. M. Humayun Khan	Chairman
M. Salim Khan	Member
Khawaja Ahmad Hosain	Member
Khawaja Amanullah Askari	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim

Bankers

Allied Bank of Pakistan	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, 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, biafoplant@hotmail.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

Quarterly Report

BIAFO INDUSTRIES LIMITED **DIRECTORS' REPORT FOR THE QUARTER** **ENDED 31 MARCH, 2016**

Your Directors are pleased to submit the unaudited accounts for the quarter and period ended 31st March, 2016.

Net sales value of the company in the nine months period under review increased by 10.53 % to Rs. 1121.27 m. Net sales value of the company in the quarter under review to 31st March, 2016 increased by 18.96% and against the immediately preceding quarter by 47.9% to Rs. 456.51 m.

Increase in net sales value in the period was primarily because of significant and substantial increase in demand and delivery to the Oil and Gas sector, while other sectors reflected a reduced sales demand.

Gross profit margin in the quarter under review increased by 3.45% to 50.49% amounting to Rs. 230.49 m and for the nine months period to March, 2016 increased by 2.18% to 46.77% amounting to Rs. 524.46 m against the comparable period of the previous year.

Gross profit margin improved due to the higher value product mix, higher sales and reduced cost of raw materials in the International Market.

Operating profit increased by 22.35% to Rs. 200.66 m in the quarter under review and for the nine months period to March, 2016, increased by 8.65% to Rs.435.65 m against the comparable period of last year.

In the quarter under review profit after taxation increased by 26.48% to Rs.138.77m and for the nine months period to March, 2016 increased by 13.22% to Rs. 315.60m resulting in EPS for the quarter under review of Rs. 6.94 (EPS quarter to March, 2015 : Rs. 5.50) and for the 9 months period to March, 2016 EPS : Rs. 15.78 (EPS 9 months to March, 2015 : Rs.13.94).

Investment in cash fund based instruments and Term Deposits in the 9 months period to March, 2016 increased by 15.22% to Rs. 438.91 m against the comparable period of last year.

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

Your Board of Directors have declared the 3rd interim cash dividend of Rs. 5.50 per share (55%) for the period under review in addition to the 1st interim cash dividend of Rs. 2.50/- per share (25%) and 2nd interim cash dividend of Rs. 4.00/- per share (40%) for the period of the financial year ending 30th June, 2016.

The operations of the Plant was satisfactory and the maintenance regime ensured that all demand of Market were met to the satisfaction of the customers.

Your Board takes the opportunity to express its appreciation to all its employees for their hard work and continuing efforts and also cooperation of all its stakeholders in meeting its business challenges.



Khawaja Amanullah Askari
Managing Director & Chief Executive Officer

Islamabad
22nd April, 2016

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT 31 MARCH 2016

	Note	31 March 2016 Rupees	30 June 2015 Rupees
Property, plant and equipment	4	563,955,155	556,370,976
Long term deposits		1,778,600	1,578,600
		<u>565,733,755</u>	<u>557,949,576</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		7,882,750	7,253,430
Stock in trade		110,139,918	125,944,075
Trade debts	5	286,544,189	249,482,151
Advances		9,707,396	6,511,353
Trade deposits and short term prepayments		5,576,462	4,587,336
Tax refundable		8,579,504	-
Other receivables		284,348	280,630
Short term investments	6	438,912,402	386,907,672
Cash and bank balances		25,339,553	34,401,396
		<u>892,966,522</u>	<u>815,368,043</u>
CURRENT LIABILITIES			
Trade and other payables	7	200,992,101	234,019,493
Markup accrued		4,966,468	4,407,640
Short term borrowings	8	187,552,156	182,384,682
Provision for taxation		-	8,148,932
		<u>393,510,725</u>	<u>428,960,747</u>
NET CURRENT ASSETS		<u>499,455,797</u>	<u>386,407,296</u>
NON CURRENT LIABILITIES			
Deferred employee benefits		2,893,452	2,062,050
Deferred tax liability - net		30,578,397	26,183,239
		<u>33,471,849</u>	<u>28,245,289</u>
NET ASSETS		<u>1,031,717,703</u>	<u>916,111,583</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		558,488,781	441,194,267
		<u>758,488,781</u>	<u>641,194,267</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax		<u>273,228,922</u>	<u>274,917,316</u>
		<u>1,031,717,703</u>	<u>916,111,583</u>
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
22 April, 2016


Chairman


Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

	Note	Three Months Ended		Nine Months Ended	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
		Rupees	Rupees	Rupees	Rupees
NET SALES / TURNOVER	10	456,514,763	383,734,767	1,121,270,576	1,014,422,365
Cost of sales		(226,020,223)	(203,233,700)	(596,806,304)	(562,097,293)
GROSS PROFIT		230,494,540	180,501,067	524,464,272	452,325,072
Other income		5,728,897	11,852,738	19,544,499	31,398,576
Distribution cost		(5,917,822)	(5,196,101)	(17,534,750)	(14,357,091)
Administrative expenses		(24,149,532)	(16,033,131)	(75,101,530)	(50,631,626)
Finance costs		(5,495,241)	(7,122,498)	(15,719,138)	(17,751,326)
OPERATING PROFIT		200,660,842	164,002,075	435,653,353	400,983,605
Workers' profit participation fund		(10,033,042)	(8,200,103)	(21,782,668)	(20,049,180)
Workers' welfare fund		(4,013,217)	(3,280,041)	(7,761,087)	(7,382,040)
PROFIT BEFORE TAXATION		186,614,583	152,521,931	406,109,598	373,552,385
TAXATION					
Current		(47,024,243)	(43,693,064)	(86,108,319)	(96,493,350)
Deferred		(817,689)	1,136,735	(4,395,159)	1,686,748
		(47,841,932)	(42,556,329)	(90,503,478)	(94,806,602)
PROFIT FOR THE PERIOD		138,772,651	109,965,602	315,606,120	278,745,783
EARNINGS PER SHARE - Basic and diluted		6.94	5.50	15.78	13.94

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
22 April, 2016


Chairman


Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2016

	Three Months Ended		Nine Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Profit for the period	138,772,651	109,965,602	315,606,120	278,745,783
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>138,772,651</u>	<u>109,965,602</u>	<u>315,606,120</u>	<u>278,745,783</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
22 April, 2016


Chairman


Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

	Note	31 March 2016 Rupees	31 March 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		406,109,598	373,552,385
Adjustments for:			
Depreciation	4	14,489,665	12,013,288
Finance costs		14,501,870	17,751,326
Provision for Workers' profit participation fund		21,782,668	20,049,180
Provision for Workers' welfare fund		7,761,087	7,382,040
Provision for employee benefits		5,992,831	4,703,255
Reversal of provision for doubtful debts		(550,000)	(312,500)
Gain on re-measurement of investment		(18,221,832)	(27,903,203)
Gain on disposal of property, plant and equipment		(151,634)	(132,385)
Interest on deposit accounts and TDRs		(621,033)	(1,482,727)
Exchange loss/(gain)		303,872	870,337
		45,287,494	32,938,611
		451,397,092	406,490,996
Changes in:			
Store, spare parts and loose tools		(629,320)	(1,709,513)
Stock in trade		15,804,157	52,831,197
Trade debts		(36,815,910)	(78,464,511)
Advances, deposits, prepayments and other receivables		(4,393,386)	(7,095,138)
Trade and other payables		(13,449,169)	13,393,271
		(39,483,629)	(21,044,694)
Cash generated from operations		411,913,464	385,446,302
Finance costs paid		(13,943,042)	(15,818,265)
Employees benefits paid		(5,212,141)	(4,624,512)
Payments to Workers' profit participation fund		(27,327,018)	(23,228,002)
Payments to Workers' welfare fund		(9,978,827)	(8,653,569)
Income taxes paid		(104,512,406)	(87,477,524)
		(160,973,434)	(139,801,872)
Net cash generated from operating activities		250,940,030	245,644,430
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27,546,648)	(38,512,644)
Proceeds from disposal of property, plant and equipment		1,715,000	593,220
Net investment during the period		(33,782,898)	-
Interest received on deposit accounts and TDRs		625,532	1,893,205
Net cash used in investing activities		(58,989,014)	(36,026,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(206,180,333)	(167,711,142)
Net cash used in financing activities		(206,180,333)	(167,711,142)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(14,229,317)	41,907,069
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(147,983,286)	(199,048,851)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(162,212,603)	(157,141,782)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
22 April, 2016


Chairman


Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

	Share Capital Rupees	Unappropriated Profit Rupees	Total Equity Rupees
Balance at 01 July 2014	200,000,000	371,182,991	571,182,991
Total comprehensive income for the period			
Profit for the period	-	278,745,783	278,745,783
Comprehensive income for the period transferred to equity	-	278,745,783	278,745,783
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,636,782	1,636,782
	200,000,000	651,565,556	851,565,556
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2014 @ Rs. 5.50 per share	-	(110,000,000)	(110,000,000)
First interim dividend of 2015 @ Rs. 3.00 per share	-	(60,000,000)	(60,000,000)
Total distribution to members	-	(170,000,000)	(170,000,000)
Balance at 31 March 2015	200,000,000	481,565,556	681,565,556
Balance at 01 July 2015	200,000,000	441,194,267	641,194,267
Total comprehensive income for the period			
Profit for the period	-	315,606,120	315,606,120
Comprehensive income for the period transferred to equity	-	315,606,120	315,606,120
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,688,394	1,688,394
	200,000,000	758,488,781	958,488,781
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2015 @ Rs. 7.50 per share	-	(150,000,000)	(150,000,000)
First interim dividend of 2016 @ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Total distribution to members	-	(200,000,000)	(200,000,000)
Balance at 31 March 2016	200,000,000	558,488,781	758,488,781

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
22 April, 2016


Chairman


Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)** **FOR THE PERIOD ENDED 31 MARCH 2016**

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. Previously, the shares of the Company were quoted on Karachi and Islamabad stock exchanges of Pakistan. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the Company are now quoted on 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 Hattar Industrial Estate, Khyber Pakhtunkhwa, with its registered office located at 1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad - Pakistan

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for nine months period ended 31 March 2016 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 the information that reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2015. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2015, 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 nine months period ended 31 March 2015.

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 Pakistan Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Except for note 3.1, the accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2015. IFRS 13 'Fair Value Measurement' became effective for financial periods beginning on or after 01 January 2015. The effect of IFRS 13 'Fair Value Measurement' are disclosed in notes 3.1 and 12 to these condensed interim financial information. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016 and are not expected to have any significant effect on condensed interim financial information of the Company:

- Amendments to IAS 38 'Intangible Assets'	(effective 01 January 2016)
- Amendments to IAS 16 'Property, Plant and Equipment'	(effective 01 January 2016)
- Amendments to IAS 27 'Separate Financial Statement'	(effective 01 January 2016)
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2016)
- Amendments to IAS 41 'Agriculture'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2012-2014. Most amendments will apply prospectively for annual period beginning on or after 01 July 2016:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7 'Financial Instruments- Disclosures'
- IAS 19 'Employee Benefits'
- IAS 34 'Interim Financial Reporting'

The above amendments are not likely to have an impact on Group's financial statements.

Quarterly Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

- 3.1 IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Company's except certain additional disclosures.

4. PROPERTY, PLANT AND EQUIPMENT

During nine months period ended 31 March 2016, the Company acquired property, plant and equipment aggregating Rs. 27,546,648 (31 March 2015: Rs. 38,512,644). Depreciation charge for the period amounts to Rs. 14,489,665 (31 March 2015: Rs.12,013,288). Written down value of disposals for the period amounts to Rs. 1,325,306.

	Unaudited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
5. TRADE DEBTS		
Considered good	286,544,189	249,482,151
Considered doubtful	612,270	1,162,270
	287,156,459	250,644,421
Less: Provision for doubtful debts	(612,270)	(1,162,270)
	286,544,189	249,482,151
6. SHORT TERM INVESTMENTS		
Investments:		
Held for trading		
ABL Income Fund	147,476,114	139,840,993
MCB Dynamic Cash Fund	-	49,638,576
Faysal Money Market Fund	124,644,289	119,590,342
UBL Liquidity Plus Fund	109,261,999	27,087,761
Loans and receivables - Term deposit receipts	57,530,000	50,750,000
	438,912,402	386,907,672
7. TRADE AND OTHER PAYABLE		
Trade creditors	92,115,122	121,637,276
Advances from customers	3,986,428	4,876,919
Payable to contractors	1,934,060	5,813,601
Accrued liabilities	21,288,940	20,065,646
Sales tax payable - net	17,344,214	10,815,310
Insurance	1,228,579	605,337
Workers' profit participation fund payable	21,782,668	27,327,018
Workers' welfare fund payable	8,713,067	10,930,807
Unclaimed dividend	18,616,991	24,797,324
Payable to staff gratuity fund - unsecured	5,159,800	5,343,775
Compensated absences - current portion	-	5,315
Payable to employees' provident fund - unsecured	706,508	567,930
Withholding tax payable	361,574	-
Others	7,754,150	1,233,235
	200,992,101	234,019,493

Quarterly Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

	Note	Unaudited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
8. SHORT TERM BORROWINGS			
Allied Bank Limited (ABL)	8.1	87,735,950	37,786,950
Faysal Bank Limited (FBL)	8.2	87,945,894	93,399,706
United Bank Limited (UBL)	8.3	11,870,312	22,404,442
MCB Bank Limited (MCB)		-	28,793,584
		<u>187,552,156</u>	<u>182,384,682</u>

8.1 The Company has arranged various facilities with ABL and during the period the Company utilized Running Finance Facilities as follows.

- The Running Finance facility with a sanctioned limit of Rs. 35 million (30 June 2015: Rs. 35 million) and carries mark-up at the rate of 3 months Kibor + 1.25% per annum of the amount utilized. The facility is secured against first equitable mortgage over industrial property of the Company amounting to Rs. 180 million and charge over current assets (excluding receivables) of the Company.
- The Running Finance facility with a sanctioned limit of Rs. 108.4 million (30 June 2015: Rs. 108.4 million) and carries mark-up at the rate of 3 months Kibor + 1% per annum of the amount utilized. The facility is secured against the investment made in ABL income fund upto market value of Rs. 114.146 million.
- The Running Finance facility with a sanctioned limit of Rs. 47.50 million (30 June 2015: Rs. 47.50 million) and carries mark-up at the rate of 3 months Kibor + 1% per annum of the amount utilized. The facility is secured against the investment made in the ABL Term Deposit Receipts of USD 500,000.

8.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 100 million (30 June 2015: Rs. 100 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum of the amount utilized, payable on quarterly basis. The facility is secured against investment in units of Faysal Money Market Fund upto market value of Rs. 105.26 million.

8.3 This represents utilized amount of running finance facility with a sanctioned limit of Rs.100.00 million (30 June 2015: Rs. 100 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 UBL Liquidity Plus Funds worth Rs. 105.5 million with 5% margin.

9. CONTINGENCIES AND COMMITMENTS

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2015.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 63.24 million at 31 March 2016 (30 June 2015: Rs. 5.036 million).

Quarterly Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

	Three Months Ended		Nine Months Ended	
	Unaudited 31 March 2016 Rupees	Unaudited 31 March 2015 Rupees	Unaudited 31 March 2016 Rupees	Unaudited 31 March 2015 Rupees
10. SALES - Net				
Net Local Sales	383,576,425	358,725,167	1,015,363,935	898,479,657
Net Export Sales	72,938,338	25,009,600	105,906,641	115,942,708
	<u>456,514,763</u>	<u>383,734,767</u>	<u>1,121,270,576</u>	<u>1,014,422,365</u>

	Nine Months Ended	
	Unaudited 31 March 2016 Rupees	Unaudited 31 March 2015 Rupees
11. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	25,339,553	30,424,270
Short term borrowings - secured	(187,552,156)	(187,566,052)
	<u>(162,212,603)</u>	<u>(157,141,782)</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. 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).

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

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		
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
On-balance sheet financial instruments	Note							
31 March 2016								
Financial assets measured at fair value								
Short term investments- Funds	6	381,382,402	-	-	381,382,402	381,382,402	-	381,382,402
Financial assets not measured at fair value								
	12.1							
Bank balances	11	-	25,339,553	-	25,339,553	-	-	-
Trade debts	5	-	286,544,189	-	286,544,189	-	-	-
Other receivables		-	284,348	-	284,348	-	-	-
Term deposit receipts	6	-	57,530,000	-	57,530,000	-	57,530,000	57,530,000
Trade deposits		-	2,696,576	-	2,696,576	-	-	-
		-	372,394,666	-	372,394,666			
Financial liabilities not measured at fair value								
	12.1							
Trade and other payables*	7	-	170,496,366	-	170,496,366	-	-	-
Markup accrued		-	4,966,468	-	4,966,468	-	-	-
Short term borrowings	8	-	187,552,156	-	187,552,156	-	187,552,156	187,552,156
		-	363,014,990	-	363,014,990			

Carrying amount						Fair value		
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
On-balance sheet financial instruments	Note							
30 June 2015								
Financial assets measured at fair value								
Short term investments- Funds	6	336,157,672	-	-	336,157,672	336,157,672	-	336,157,672
Financial assets not measured at fair value								
	12.1							
Bank balances	11	-	23,103,462	-	23,103,462	-	-	-
Trade debts	5	-	249,482,151	-	249,482,151	-	-	-
Other receivables		-	280,630	-	280,630	-	-	-
Term deposit receipts		-	50,750,000	-	50,750,000	-	50,750,000	50,750,000
Trade deposits		-	3,074,622	-	3,074,622	-	-	-
		-	326,690,865	-	326,690,865			
Financial liabilities not measured at fair value								
	12.1							
Trade and other payables*	7	-	184,946,358	-	184,946,358	-	-	-
Markup accrued		-	4,407,640	-	4,407,640	-	-	-
Short term borrowings	8	-	182,384,682	-	182,384,682	-	182,384,682	182,384,682
		-	371,738,680	-	371,738,680			

* excluding provision for workers' welfare fund, workers' profit participation fund, sales tax payable and withholding tax payable.

12.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2016

13. RELATED PARTY TRANSACTIONS

Related parties comprise of 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 and balances at the reporting date are as follows:

	Nine Months Ended	
	Unaudited 31 March 2016 Rupees	Unaudited 31 March 2015 Rupees
Orient Trading Limited		
Payment of dividend	65,441,000	55,624,850
Share capital	65,441,000	65,441,000
Dividend to non executive directors	53,880,000	54,383,000
Other related parties		
Remuneration including perquisites of Chief Executive	18,600,000	15,600,000
Remuneration including perquisites of Directors	15,750,000	13,500,000
Remuneration including perquisites of Key Management Personnel	10,500,000	7,938,000
Dividend to key management personnel (Executive Directors)	5,060,000	4,301,000
Payment to employees' provident fund	2,981,958	2,342,630
Payment to staff retirement gratuity fund	5,383,775	4,591,325
Services received from related party	200,000	-
	Unaudited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
Related party balances		
Payable to employees' provident fund - unsecured	706,508	567,930
Payable to staff retirement gratuity fund - unsecured	5,159,800	5,343,775

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

- 14.1 The Board of Directors of the Company in their meeting held on 22 April, 2016 proposed third interim cash dividend of Rs. 5.50 per share.
- 14.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 22 April, 2016.

15. GENERAL

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

Islamabad
22 April, 2016


Chairman


Managing Director &
Chief Executive Officer

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