

Quarterly Report  
for the Period Ended  
31 March 2017



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



## **CONTENTS**

<i>Company Information</i>	<i>1</i>
<i>Directors' Report</i>	<i>2-3</i>
<i>Balance Sheet</i>	<i>4</i>
<i>Profit &amp; Loss Account</i>	<i>5</i>
<i>Statement of Comprehensive Income</i>	<i>6</i>
<i>Cash Flow Statement</i>	<i>7</i>
<i>Statement of Changes in Equity</i>	<i>8</i>
<i>Notes to the Financial Statements</i>	<i>9-16</i>





## 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
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Zishan Afzal Khan	Director
Ms. Shandana Humayun Khan	Director

#### **Independent Directors**

Khwaja Ahmad Hosain	Director
Muhammad Yaqoob	Director
Ehsan Mani	Director
Ms. Mehreen Hosain	Director

#### **Company Secretary**

Khawaja Shaiq Tanveer

#### **Chief Financial Officer**

Syed Sajid Hussain Shah

#### **Audit Committee**

Ehsan Mani  
Adnan Aurangzeb  
Muhammad Yaqoob  
Ms. Shandana Humayun Khan  
Khwaja Ahmad Hosain  
Dr. M. Humayun Khan

Chairman  
Member  
Member  
Member  
Member  
Member

#### **HR & Remuneration Committee**

Dr. M. Humayun Khan  
Ms. Mehreen Hosain  
Khwaja Ahmad Hosain  
Khawaja Amanullah Askari  
Muhammad Yaqoob  
Adnan Aurangzeb

Chairman  
Member  
Member  
Member  
Member  
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, 2017**

Your Directors are pleased to submit the un-audited accounts for the quarter and period ended 31st March, 2017.

Net sales value of the company in nine months period under review declined by 20.52% to Rs. 891.14m against the comparable period of last year. Net sales value of the company in the quarter under review to 31st March, 2017 decreased by 17.41% to Rs. 377.04m against the comparable quarter of the previous year, while net sales against the immediately preceding quarter increased by 69.18% to Rs. 377.04m.

Decrease in the net sales value in the period was substantially, because of reduced demand and delivery to the oil and gas sector.

Gross profit margin in the nine months period reduced by 3.15% amounting to Rs.403.68m, for the quarter to 31st March, 2017 against the comparable quarter of the previous year, by 3.6% amounting to Rs. 183.51m, while against the immediately preceding quarter increased by 26.51%.

Gross profit margin increases/decreases are due to higher value product mix, higher/lower value sales and reduced/increased cost of raw material in the International market.

Operating profit decreased by 28.55% to Rs. 311.29m for the nine month period to 31st March, 2017, and for the quarter to March, 2017 against the comparable quarter of the previous year by 22.40% to Rs. 155.71m, however it increased by 201.12% against the immediately preceding quarter.

Net profit after taxation decreased by 32.36% to Rs. 213.46m for the nine month period to March, 2017 against the comparable period of the previous year resulting in EPS of Rs.9.70 (EPS 2016: Rs. 14.35) and for the quarter to March 2017 decreased by 23.66% to Rs.104.94m resulting in EPS of Rs. 4.82 (EPS quarter to March 2016: Rs. 6.31)-restated, and EPS of the immediately preceding quarter of Rs. 1.69.

Investment in cash fund based instruments and term deposits in the 9 month period to March, 2017 decreased by 2.12% to Rs. 429.61m.

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

Your Board of Director have declared the 3rd Interim cash dividend of Rs. 4.50 per share (45%) for the period under review in addition to the 1st Interim cash dividend of Rs. 2.50 per share (25%) and bonus shares at the rate of 10% i.e. 1 bonus share for 10 shares held and the 2nd Interim cash dividend of Rs. 1.50 per share (15%) for the period of the financial year ending 30th June, 2017.

The operation of the plant was satisfactory and the maintenance regime ensured that all demands of the Market were met.

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  
18<sup>th</sup> April, 2017

# Quarterly Report

## بیان فنانسریز لمیٹڈ ڈائریکٹر رپورٹ برائے اختتامی سہ ماہی 31 مارچ 2017

آپ کے ڈائریکٹر کیلئے یہ خوشی کا امر ہے کہ سہ ماہی اور اختتامی مدت 31 مارچ 2017 کیلئے غیر آڈٹ شدہ اکاؤنٹ / رپورٹ پیش کر رہے ہیں۔

کمپنی ہذا کی زیر جائزہ نو مہینے میں کل فروخت کی قدر گزشتہ سال کے تقابلی مدت کے برخلاف 20.52% کمی کے بعد مبلغ 891.4 ملین روپے رہی۔ کمپنی ہذا کی زیر جائزہ اختتامی سہ ماہی مورخہ 31 مارچ 2017 کی کل فروخت کی قدر گزشتہ سال کے تقابلی مدت کے برخلاف 17.41% کمی کے بعد مبلغ 377.04 ملین روپے رہی۔ جب کہ کل فروخت گزشتہ سہ ماہی کے برخلاف 69.18% اضافہ کے بعد مبلغ 377.04 ملین روپے رہی۔

آئل اور گیس کے شعبے میں طلب اور ترسیل میں کمی کل فروخت کی قدر میں کمی کی اصل وجہ ہے۔

نو مہینے کی مدت میں مجموعی منافع 3.15% کمی کے بعد مبلغ 403.68 ملین روپے رہا، مجموعی منافع کا مارجن سہ ماہی مدت 31 مارچ 2017 کیلئے گزشتہ سال تقابلی سہ ماہی کے مقابلے میں 3.6% کمی کے بعد مبلغ 183.51 ملین روپے جبکہ گزشتہ سہ ماہی کے برخلاف اس میں 26.51% اضافہ ہوا۔

مجموعی منافع کے مارجن میں اضافہ / کمی کی وجہ، بلی جلی مصنوعات کی زیادہ قیمت، زیادہ / کم فروخت کی قدر اور بین الاقوامی مارکیٹ میں خام مال کی قیمت میں کمی / اضافہ ہے۔

زیر جائزہ نو مہینے کی مدت میں جاری منافع گزشتہ سال کے تقابلی مدت کے مقابلے میں 28.55% کمی کے بعد مبلغ 311.29 ملین روپے جبکہ سہ ماہی مدت کے لیے گزشتہ سال تقابلی سہ ماہی کے حساب سے 22.40% کمی کے بعد مبلغ 155.71 ملین روپے رہا تاہم گزشتہ سہ ماہی کے مقابلے میں اس میں 201.12% اضافہ ہوا۔

ٹیکس کی کٹوتی کے بعد خالص منافع نو مہینے کی مدت بتاریخ 31 مارچ 2017 گزشتہ سال کے مقابلے میں 32.36% کمی کے بعد مبلغ 213.46 ملین روپے رہا جس کے نتیجے میں فی حصص آمدنی مبلغ 9.70 روپے رہی (فی حصص آمدنی 2016: مبلغ 14.35 روپے) جبکہ سہ ماہی مدت کے لیے گزشتہ سال تقابلی سہ ماہی کے حساب سے خالص منافع 23.66% کمی کے بعد مبلغ 104.94 ملین روپے رہا جس کے نتیجے میں فی حصص آمدنی مبلغ 4.82 روپے رہی (فی حصص آمدنی سہ ماہی مارچ 2016: مبلغ 6.31 روپے) جبکہ گزشتہ سہ ماہی فی حصص آمدنی مبلغ 1.69 روپے تھی۔

نقد فنڈ کی بنیاد پر سرمایہ اور ڈیپوزٹ نو مہینے کی مدت بتاریخ مارچ 2017 میں 2.12% کمی کے بعد مبلغ 429.61 ملین روپے ہو گئے۔

اخراجات بجٹ کے مطابق ہوئے جیسا کہ بورڈ آف ڈائریکٹرز نے منظور کیا۔

آپ کے بورڈ آف ڈائریکٹرز نے پبلک عبوری کیش ڈیوڈ مبلغ 2.50 روپے فی شیئر (25%) اور بونس شیئر بحساب 10% یعنی 10 شیئرز رکھنے والوں کیلئے 1 بونس شیئر اور دوسرے عبوری کیش ڈیوڈ مبلغ 1.50 فی شیئر (15%) برائے مالیاتی سال اختتامی 30 جون 2017 کے علاوہ تیسرے عبوری کیش ڈیوڈ مبلغ 4.50 روپے فی شیئر (45%) برائے زیر جائزہ مدت کا اعلان کیا ہے۔

پلانٹ میں جاری کام تلی بخش تھا اور اس کی انتظامیہ نے مارکیٹ کی تمام طلب پوری کرنے کے امر کو یقینی بنایا۔

آپ کا بورڈ اس موقع سے فائدہ اٹھاتے ہوئے اپنے تمام ملازمین کے انتہک محنت اور مسلسل کاوش اور اپنے تمام سٹیک ہولڈرز کو اپنے کاروباری چیلنجوں سے نہرو آزما ہونے پر خراج تحسین پیش کرتا ہے۔



اسلام آباد  
18 اپریل، 2017

خواجہ امان اللہ عسکری  
ایم ڈی و چیف ایگزیکٹو آفیسر

# Quarterly Report

## BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT 31 MARCH 2017

	Note	31 March 2017 Rupees	30 June 2016 Rupees
Property, plant and equipment	4	530,669,226	534,102,175
Investment property		32,031,242	32,643,304
Long term deposits		1,793,600	1,778,600
		<u>564,494,068</u>	<u>568,524,079</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		5,729,523	6,530,512
Stock in trade		128,045,123	171,452,185
Trade debts	5	246,662,483	231,358,044
Advances		10,735,957	12,583,939
Trade deposits and short term prepayments		6,091,786	4,480,277
Tax refundable		5,590,946	5,136,306
Other receivables		1,071,178	292,938
Short term investments	6	429,613,914	439,428,293
Cash and bank balances		21,459,617	29,908,284
		<u>855,000,527</u>	<u>901,170,778</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	162,669,146	216,926,760
Markup accrued		5,966,371	5,207,812
Short term borrowings	8	278,073,388	285,691,438
		<u>446,708,905</u>	<u>507,826,010</u>
<b>NET CURRENT ASSETS</b>		<u>408,291,622</u>	<u>393,344,768</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred employee benefits		3,600,461	2,957,812
Deferred tax liability - net		31,178,253	34,364,406
		<u>34,778,714</u>	<u>37,322,218</u>
<b>NET ASSETS</b>		<u><u>938,006,976</u></u>	<u><u>924,546,629</u></u>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		220,000,000	200,000,000
Unappropriated profit		447,019,834	452,034,872
		<u>667,019,834</u>	<u>652,034,872</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax</b>		<u>270,987,142</u>	<u>272,511,757</u>
		<u><u>938,006,976</u></u>	<u><u>924,546,629</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Islamabad  
18 April, 2017

  
Chairman

  
Managing Director &  
Chief Executive Officer

# Quarterly Report

## BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

	Note	Quarter Ended		Nine Months Ended	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
		Rupees	Rupees	Rupees	Rupees
<b>NET SALES / TURNOVER</b>	10	377,040,701	456,514,763	891,142,328	1,121,270,576
Cost of sales		(193,533,707)	(226,020,223)	(487,462,367)	(596,806,304)
<b>GROSS PROFIT</b>		183,506,994	230,494,540	403,679,961	524,464,272
Other income		9,950,772	5,728,897	24,024,084	19,544,499
Distribution cost		(6,340,091)	(5,917,822)	(17,856,579)	(17,534,750)
Administrative expenses		(25,256,472)	(24,149,532)	(79,327,176)	(75,101,530)
Finance costs		(6,149,014)	(5,495,241)	(19,229,843)	(15,719,138)
<b>OPERATING PROFIT</b>		155,712,189	200,660,842	311,290,447	435,653,353
Workers' profit participation fund		(7,785,609)	(10,033,042)	(15,564,522)	(21,782,668)
Workers' welfare fund		(3,114,244)	(4,013,217)	(6,225,809)	(7,761,087)
<b>PROFIT BEFORE TAXATION</b>		144,812,336	186,614,583	289,500,116	406,109,598
<b>TAXATION</b>					
Current		(39,506,756)	(47,024,243)	(79,225,922)	(86,108,319)
Deferred		635,599	(817,689)	3,186,153	(4,395,159)
		(38,871,157)	(47,841,932)	(76,039,769)	(90,503,478)
<b>PROFIT FOR THE PERIOD</b>		<b>105,941,179</b>	<b>138,772,651</b>	<b>213,460,347</b>	<b>315,606,120</b>
			<b>Restated</b>		<b>Restated</b>
<b>EARNINGS PER SHARE</b>	15				
- Basic and diluted		<b>4.82</b>	<b>6.31</b>	<b>9.70</b>	<b>14.35</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Islamabad  
18 April, 2017



Chairman



Managing Director &  
Chief Executive Officer



# Quarterly Report

## BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

	Quarter Ended		Nine Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Profit for the period	105,941,179	138,772,651	213,460,347	315,606,120
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>105,941,179</u></b>	<b><u>138,772,651</u></b>	<b><u>213,460,347</u></b>	<b><u>315,606,120</u></b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Islamabad  
18 April, 2017



Chairman



Managing Director &  
Chief Executive Officer

# Quarterly Report

## BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

	Note	31 March 2017 Rupees	31 March 2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		289,500,116	406,109,598
Adjustments for:			
Depreciation		15,420,180	14,489,665
Finance costs		19,229,843	14,501,870
Provision for Workers' profit participation fund		15,564,522	21,782,668
Provision for Workers' welfare fund		6,225,809	7,761,087
Provision for employee benefits		6,643,904	5,992,831
Reversal of provision for doubtful debts		(612,270)	(550,000)
Provision for slow moving items		343,419	-
Gain on re-measurement of investment		(17,689,820)	(18,221,832)
Gain on disposal of property, plant and equipment		(216,821)	(151,634)
Interest income on TDRs		(553,451)	(621,033)
Unrealized exchange loss		-	303,872
		44,355,315	45,287,494
		333,855,431	451,397,092
<b>Changes in:</b>			
Store, spare parts and loose tools		457,570	(629,320)
Stock in trade		43,407,062	15,804,157
Trade debts		(14,692,169)	(36,815,910)
Advances, deposits, prepayments and other receivables		(468,998)	(4,393,386)
Trade and other payables		(42,497,436)	(13,449,169)
		(13,793,971)	(39,483,629)
<b>Cash generated from operations</b>		320,061,460	411,913,464
Finance costs paid		(18,471,284)	(13,943,042)
Employees benefits paid		(1,060)	(5,212,141)
Payments to Workers' profit participation fund		(27,935,304)	(27,327,018)
Payments to Workers' welfare fund		(7,206,607)	(9,978,827)
Income taxes paid		(84,816,868)	(104,512,406)
		(138,431,123)	(160,973,434)
<b>Net cash generated from operating activities</b>		181,630,337	250,940,030
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(13,259,609)	(27,546,648)
Proceeds from disposal of property, plant and equipment		2,101,261	1,715,000
Net investment /(redemption) during the period		27,504,199	(33,782,898)
Interest received on deposit accounts and TDRs		465,682	625,532
<b>Net cash generated from /(used in) investing activities</b>		16,811,533	(58,989,014)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of dividend		(199,272,487)	(206,180,333)
<b>Net cash used in financing activities</b>		(199,272,487)	(206,180,333)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(830,617)	(14,229,317)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		(255,783,154)	(147,983,286)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	11	(256,613,771)	(162,212,603)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Islamabad  
18 April, 2017

  
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 2017

	Share Capital Rupees	Unappropriated Profit Rupees	Total Equity Rupees
<b>Balance at 01 July 2015</b>	200,000,000	441,194,267	641,194,267
<b>Total comprehensive income for the period</b>			
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
<b>Transactions with members recorded directly in equity</b>			
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)
<b>Total distribution to members</b>	-	(200,000,000)	(200,000,000)
<b>Balance at 31 March 2016</b>	200,000,000	558,488,781	758,488,781
<b>Balance at 01 July 2016</b>	200,000,000	452,034,872	652,034,872
<b>Total comprehensive income for the period</b>			
Profit for the period	-	213,460,347	213,460,347
Comprehensive income for the period transferred to equity	-	213,460,347	213,460,347
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,524,615	1,524,615
	200,000,000	667,019,834	867,019,834
<b>Transactions with members recorded directly in equity</b>			
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)
Issue of bonus shares for 2017 @ 10%	20,000,000	(20,000,000)	-
<b>Total distribution to members</b>	20,000,000	(220,000,000)	(200,000,000)
<b>Balance at 31 March 2017</b>	220,000,000	447,019,834	667,019,834

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Islamabad  
18 April, 2017

  
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 2017

#### 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 2017 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 2016. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2016, 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 three months period ended 31 March 2016.

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

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 2016. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017 and are not expected to have any significant effect on condensed interim financial information of the Company:

- Amendments to IAS 7 'Statement of Cash Flows '	(effective 01 January 2017)
- Amendments to IAS 12 'Income Taxes '	(effective 01 January 2017)
- Amendments to IFRS 2 - 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IAS 40 'Investment Property '	(effective 01 January 2018)

Amendments to following standards as annual improvements cycle of 2016-17:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entity'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

The above amendments are not likely to have an impact on the Company's financial information.

# Quarterly Report

## BIAFO INDUSTRIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

#### 4. PROPERTY, PLANT AND EQUIPMENT

During nine months period ended 31 March 2017, the Company acquired property, plant and equipment aggregating Rs. 13,259,609 (31 March 2016: Rs. 27,546,648). Depreciation charge for the period amounts to Rs. 15,624,200 (31 March 2016: Rs. 14,489,665). Written down value of disposals for the period amounts to Rs. 1,884,440.

	Unaudited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
<b>5. TRADE DEBTS</b>		
Considered good	246,662,483	231,358,044
Considered doubtful	-	612,270
	246,662,483	231,970,314
Less: Provision for doubtful debts	-	(612,270)
	<u>246,662,483</u>	<u>231,358,044</u>

#### 6. SHORT TERM INVESTMENTS

Investments:

Held for trading

ABL Income Fund	145,929,283	147,724,390
Faysal Money Market Fund	115,941,629	124,748,901
UBL Liquidity Plus Fund	110,185,502	109,480,002
Loans and receivables - Term deposit receipts	57,557,500	57,475,000
	<u>429,613,914</u>	<u>439,428,293</u>

#### 7. TRADE AND OTHER PAYABLE

Trade creditors	65,098,333	119,000,821
Advances from customers	4,999,054	4,603,008
Payable to contractors	-	1,899,060
Accrued liabilities	16,810,515	22,567,459
Sales tax payable - net	8,198,540	4,077,957
Insurance	1,062,346	422,333
Workers' profit participation fund payable	15,564,522	27,935,304
Workers' welfare fund payable	10,193,324	11,174,122
Unclaimed dividend	21,750,143	21,022,630
Payable to staff gratuity fund - unsecured	6,000,195	-
Payable to employees' provident fund - unsecured	797,904	-
Withholding tax payable	900,282	-
Others	11,293,988	4,224,066
	<u>162,669,146</u>	<u>216,926,760</u>

# Quarterly Report

## BIAFO INDUSTRIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

	Note	Unaudited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
<b>8. SHORT TERM BORROWINGS</b>			
Allied Bank Limited (ABL)	8.1	132,019,359	90,966,464
Faysal Bank Limited (FBL)	8.2	50,949,868	97,568,692
United Bank Limited (UBL)	8.3	95,104,161	97,156,282
		<u>278,073,388</u>	<u>285,691,438</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. 140 million (30 June 2016: 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. 315 million and charge over current assets (excluding financial assets) and fixed assets (excluding headoffice building) of the Company.
- The Running Finance facility with a sanctioned limit of Rs. 133.5 million (30 June 2016: Rs. 133.5 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. 140.962 million.
- The Running Finance facility with a sanctioned limit of Rs. 54.34 million (30 June 2016: 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 550,000.
- The Export Refinance /FE-25 facility with a sanctioned limit of Rs. 30 million (30 June 2016: Rs. 50 million) and carries mark-up at the rate SBP rate + 1% per annum of the amount utilized. The facility is secured against first equitable mortgage over industrial property of the Company amounting to Rs. 315 million and charge over current assets (excluding financial assets) and fixed assets (excluding headoffice building) of the Company.

8.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 150 million (30 June 2016: Rs. 150 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 with a 5% margin.

8.3 This represents utilized amount of running finance facility with a sanctioned limit of Rs.150 million (30 June 2016: 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 UBL Liquidity Plus Funds 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 2016.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 6.12 million at 31 March 2017 (30 June 2016: Rs. 42.168 million).

# Quarterly Report

## BIAFO INDUSTRIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

	Three Months Ended		Nine Months Ended	
	Unaudited 31 March 2017 Rupees	Unaudited 31 March 2016 Rupees	Unaudited 31 March 2017 Rupees	Unaudited 31 March 2016 Rupees
<b>10. NET SALES / TURNOVER</b>				
Net Local Sales	310,622,839	383,576,425	733,116,522	1,015,363,935
Net Export Sales	66,417,862	72,938,338	158,025,806	105,906,641
	<u>377,040,701</u>	<u>456,514,763</u>	<u>891,142,328</u>	<u>1,121,270,576</u>

	Nine Months Ended	
	Unaudited 31 March 2017 Rupees	Unaudited 31 March 2016 Rupees
<b>11. CASH AND CASH EQUIVALENTS</b>		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	21,459,617	25,339,553
Short term borrowings - secured	(278,073,388)	(187,552,156)
	<u>(256,613,771)</u>	<u>(162,212,603)</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).

# Quarterly Report

## BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

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 2017								
Financial assets measured at fair value								
Short term investments- Funds	6	372,056,414	-	-	372,056,414	372,056,414	-	372,056,414
Financial assets not measured at fair value	12.1							
Bank balances	11	-	21,459,617	-	21,459,617	-	-	-
Trade debts	5	-	246,662,483	-	246,662,483	-	-	-
Other receivables		-	1,071,178	-	1,071,178	-	-	-
Term deposit receipts	6	-	57,557,500	-	57,557,500	-	-	-
Trade deposits		-	2,822,455	-	2,822,455	-	-	-
		-	329,573,233	-	329,573,233			
Financial liabilities not measured at fair value	12.1							
Trade and other payables*	7	-	127,812,478	-	127,812,478	-	-	-
Markup accrued		-	5,966,371	-	5,966,371	-	-	-
Short term borrowings	8	-	278,073,388	-	278,073,388	-	-	-
		-	411,852,237	-	411,852,237			

		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 2016								
Financial assets measured at fair value								
Short term investments - Funds	6	381,953,293	-	-	381,953,293	381,953,293	-	381,953,293
Financial assets not measured at fair value	12.1							
Bank balances	11	-	29,908,284	-	29,908,284	-	-	-
Trade debts	5	-	231,358,044	-	231,358,044	-	-	-
Other receivables		-	292,938	-	292,938	-	-	-
Term deposit receipts		-	57,475,000	-	57,475,000	-	-	-
Trade deposits		-	2,666,576	-	2,666,576	-	-	-
		-	321,700,842	-	321,700,842			
Financial liabilities not measured at fair value	12.1							
Trade and other payables*	7	-	173,739,377	-	173,739,377	-	-	-
Markup accrued		-	5,207,812	-	5,207,812	-	-	-
Short term borrowings	8	-	285,691,438	-	285,691,438	-	-	-
		-	464,638,627	-	464,638,627			

\* 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.



# Quarterly Report

## BIAFO INDUSTRIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

#### 13. RELATED PARTY TRANSACTIONS AND BALANCES

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 2017 Rupees	Unaudited 31 March 2016 Rupees
<b>Orient Trading Limited</b>		
Payment of dividend	65,441,000	65,441,000
Issue of bonus shares	6,544,100	-
Share capital held as of the reporting date	65,441,000	65,441,000
<b>Directors and Key Management Personnel</b>		
Dividend to Non Executive Directors	53,039,920	53,880,000
Issue of bonus shares to Non Executive Directors	5,303,992	-
Share capital held as of the reporting date by Non Executive Directors	53,039,920	-
Dividend to Executive Directors	5,110,010	5,060,000
Issue of bonus shares to Executive Directors	511,001	-
Share capital held as of the reporting date by Executive Directors	5,110,010	-
Remuneration including perquisites of Chief Executive	19,584,275	18,600,000
Remuneration including perquisites of Directors	15,090,000	15,750,000
Remuneration including perquisites of Key Management Personnel	15,093,000	13,331,250
<b>Other related parties</b>		
Payment to employees' provident fund	3,239,484	2,981,958
Contribution towards staff retirement gratuity fund	6,000,195	5,383,775
Services received from related party	-	200,000
Payable to employees' provident fund - unsecured	797,904	706,508
Payable to staff retirement gratuity fund - unsecured	6,000,195	5,159,800

#### 14. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular No. 14 of 2015 dated 21 April 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation	Unaudited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
i) Long term deposits	Non-interest bearing	1,793,600	1,778,600
ii) Trade debts	Non-interest bearing	246,662,483	231,358,044
iii) Advances	Non-interest bearing	10,735,957	12,583,939
iv) Trade deposits and and short term prepayments	Non-interest bearing	6,091,786	4,480,277
v) Other receivables	Non-interest bearing	1,071,178	292,938
vi) Short term investments	Interest bearing	429,613,914	439,428,293
vii) Cash and bank balances	Placed under interest arrangement	8,656	17,445
	Placed under Shariah permissible arrangement	21,450,961	29,890,839
		<b>21,459,617</b>	<b>29,908,284</b>

# Quarterly Report

## BIAFO INDUSTRIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

Description	Explanation	Nine Months Ended	
		Unaudited 31 March 2017 Rupees	Unaudited 31 March 2016 Rupees
viii) Interest income on bank deposits for the period ended	Placed under interest arrangement	14,720	21,262
	Placed under Shariah permissible arrangement	-	-
		<b>14,720</b>	<b>21,262</b>
ix) Interest income on investments for the period ended	Placed under interest arrangement	17,689,820	18,221,832
	Placed under Shariah permissible arrangement	-	-
		<b>17,689,820</b>	<b>18,221,832</b>
x) All sources other income	Disclosed in note 23	6,129,272	1,301,405
xi) Exchange gain / (loss)	Earned from actual currency fluctuations	190,271	-
xii) Dividend income	ABL income Fund	-	-
	Faysal Money Market Fund	-	-
	UBL Liquidity Fund	-	-
		<b>-</b>	<b>-</b>

Three Months Ended		Nine Months Ended	
Unaudited 31 March 2017	Unaudited 31 March 2016 Restated	Unaudited 31 March 2017	Unaudited 31 March 2016 Restated

#### 15. EARNING PER SHARE

- Basic and diluted

Profit for the period	Rupees	105,941,179	138,772,651	213,460,347	315,606,120
Weighted average number of ordinary shares	Numbers	22,000,000	22,000,000	22,000,000	22,000,000
Earning per share	Rupees	4.82	6.31	9.70	14.35

15.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated as a result of bonus shares issued by the Company during the current period.

15.2 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

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

16.1 The Board of Directors of the Company in their meeting held on 18 April 2017 proposed 3rd interim cash dividend of Rs. 4.50 per share.

# Quarterly Report

## **BIAFO INDUSTRIES LIMITED** **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)** **FOR THE PERIOD ENDED 31 MARCH 2017**

16.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 18 April 2017.

### **17. GENERAL**

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

Islamabad  
18 April, 2017



Chairman



Managing Director &  
Chief Executive Officer

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*If undelivered, please return to:*

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