

Quarterly Report
for the Period Ended
31 March 2011



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



CONTENTS

<i>Company Information</i>	<i>1</i>
<i>Directors' Report</i>	<i>2</i>
<i>Balance Sheet</i>	<i>3</i>
<i>Profit & Loss Account</i>	<i>4</i>
<i>Cash Flow Statement</i>	<i>5</i>
<i>Statement of Comprehensive Income</i>	<i>6</i>
<i>Statement of Changes in Equity</i>	<i>7</i>
<i>Notes to the Financial Statements</i>	<i>8-10</i>



COMPANY INFORMATION

BOARD OF DIRECTORS:-

Executive Directors

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

Chairman
Chief Executive
Director
Director

Non-Executive Directors

Abdul Maajid Qureshi
Khawaja Ahmad Hosain
M. Salim Khan
Dr. M. Humayun Khan
M. Zafar Khan
M. Zafar Iqbal
Adnan Aurangzeb

Director
Director
Director
Director
Director
Director
Director

Company Secretary

Khawaja Shaiq Tanveer

Audit Committee

Adnan Aurangzeb
Maj. Gen. (Retd) S.Z.M. Askree
Ms. Shirin Safdar
Dr. M. Humayun Khan

Chairman
Member
Member
Member

Auditors

KMPG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim, Raja Rashid, Javaid Qureshi

Bankers

Allied Bank Limited
National Bank of Pakistan
Habib Metropolitan Bank
Bank of Khyber

The Royal Bank of Scotland
Bank Alfalah Limited
Standard Chartered Bank
Dubai Islamic Bank

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, e-mail: management@biafo.com, biafo@hotmail.com

Factory

Biafo Industries Limited

Plot #70, Phase III, Industrial Estate, Hattar, District Haripur, Khyber Pakhtunkhwa - Pakistan.
Tel: +92 995 617312, 617830, Fax: +92 995 617497
Website: www.biafo.com, e-mail: plant@biafo.com

Shares Registrar

Riasat Ishtiaq Consulting (Pvt.) Ltd.

Office # 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad.
Tel. : +92 51 2272152, 7101536 Fax: +92 51 2273158

Quarterly Report

BIAFO INDUSTRIES LIMITED **DIRECTORS' REPORT FOR THE QUARTER** **ENDED 31st. MARCH, 2011**

Your Directors are pleased to submit the unaudited accounts for the quarter/period ended 31st. March, 2011.

In the quarter under review the company achieved its highest quarterly net sales to date. Net sales of your company in the quarter under review increased by 38.28% to Rs. 235.93 m and in the nine months period by 59.45 % to Rs. 646.278 m, in comparison to the previous years period. Gross profit percentage for the quarter under review was 31.23 % amounting to Rs. 73.71 m (March 2010 : Rs. 60.13 m) and for the nine months period to March, 2011 was 32.16% amounting to Rs. 208.79 m (March 2010 : Rs. 137.24 m) against comparable period of the last year.

Operating profit increased by 26.61 % to Rs. 66.17 m in the quarter under review, but for the nine months period to March, 2011 increased by 59.11% to Rs. 183.71 m against the comparable period for the last year. In the quarter under review profit after taxation increased by 18.27 % to Rs. 44.85 m and for the 9 months period to March, 2011 increased by 68.49% to Rs. 132.89 m resulting in EPS for the quarter under review of 2.24 (EPS in quarter to March, 2010 : 1.90) and for the 9 months period to March, 2011 EPS of 6.64 (EPS in 9 months to March, 2010 : 3.94).

Investment in the nine months period ended 31st. March, 2011 increased by 213% to 142.73 m against the comparable period 2010.

Provision for the taxation in the quarter to March, 2011 has increased by 56.44 % to 16.77 m and for the nine months period to March, 2011 by 33.34% to Rs. 38.15 m (tax paid/deducted at source in the quarter to March, 2011 was Rs. 17.2 m and in the nine months period ended 31st. March, 2011 Rs. 49.04 m).

In the quarter under review raw material prices are showing increasing trend due to increase in oil prices as well as increase in commodity prices due to the recovery in the world economy as well as problems in the Middle East.

Expenses were within budget approved by the Board of Directors.

Your Board of Directors have declared a 3rd. interim cash dividend of Rs. 2.20 per share (22%) for the quarter under review which is in addition to the 1st. interim cash dividend of 12.5% and 2nd. interim cash dividend of 15% for the period of financial year ending 30th. June, 2011.

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



Khawaja Amanullah Askari
Chief Executive

Islamabad
19th. April, 2011

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT 31 March 2011

		31 Mar 2011	30 June 2010
	Note	Rupees	Rupees
NON CURRENT ASSETS			
Property, plant and equipment	4	266,580,349	273,100,062
Long term deposits		643,449	543,449
		<u>267,223,798</u>	<u>273,643,511</u>
Current Assets			
Stores, spare parts and loose tools		8,102,534	5,857,800
Stock in trade		97,866,035	106,412,939
Trade debts - Unsecured	5	123,915,553	35,712,871
Advances		6,954,938	2,573,553
Trade deposits and short-term prepayments		1,699,776	1,136,712
Advance income tax - net		7,688,148	1,661,769
Other receivables		312,054	474,840
Other financial assets	6	142,735,389	102,423,747
Cash and bank balances		4,975,251	51,712,868
		<u>394,249,678</u>	<u>307,967,099</u>
CURRENT LIABILITIES			
Trade and other payables		89,390,144	72,086,478
Markup accrued		174,085	29,984
Short term borrowings - Secured	7	7,325,978	-
		<u>96,890,207</u>	<u>72,116,462</u>
NET CURRENT ASSETS			
		297,359,471	235,850,637
NON CURRENT LIABILITIES			
Deferred employee benefit		911,221	815,849
Deferred tax liability - net		32,712,325	35,606,334
		<u>33,623,546</u>	<u>36,422,183</u>
		<u>530,959,723</u>	<u>473,071,966</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		266,465,480	206,054,454
		<u>466,465,480</u>	<u>406,054,454</u>
SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		64,494,243	67,017,512
		<u>530,959,723</u>	<u>473,071,966</u>
CONTINGENCIES AND COMMITMENTS			
	8		

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

Islamabad
19 April 2011



Director



Chief Executive

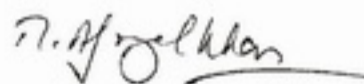
Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2011

	Note	Three Months Ended		Nine Months Ended	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
		Rupees	Rupees	Rupees	Rupees
SALES - Net	9	235,931,370	170,624,634	646,278,336	405,307,889
Cost of Sales		(162,220,015)	(110,494,588)	(437,484,244)	(268,069,721)
GROSS PROFIT		73,711,355	60,130,046	208,794,092	137,238,168
Other operating income		3,050,253	562,148	6,907,414	4,620,634
Distribution cost		(1,907,376)	(1,501,375)	(5,346,673)	(4,720,487)
Administrative expenses		(7,630,915)	(6,363,277)	(24,705,912)	(20,383,906)
Finance Costs		(1,056,242)	(567,209)	(1,940,377)	(1,294,948)
OPERATING PROFIT		66,167,075	52,260,333	183,708,544	115,459,460
Workers' profit participation fund		(3,308,354)	(2,613,017)	(9,185,427)	(5,772,973)
Workers' welfare fund		(1,238,478)	(1,010,565)	(3,481,314)	(2,207,142)
PROFIT BEFORE TAXATION		61,620,243	48,636,751	171,041,803	107,479,344
TAXATION					
Current		(16,311,600)	(12,129,764)	(41,048,055)	(28,286,932)
Deferred		(461,656)	1,412,646	2,894,009	(325,473)
		(16,773,256)	(10,717,118)	(38,154,046)	(28,612,405)
PROFIT FOR THE PERIOD		44,846,987	37,919,633	132,887,757	78,866,939
EARNINGS PER SHARE - Basic and diluted		2.24	1.90	6.64	3.94

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Islamabad
19 April 2011



Director



Chief Executive

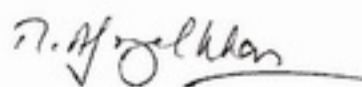
Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2011

	Note	31 Mar. 2011 Rupees	31 Mar. 2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		171,041,803	107,479,344
Adjustments for:			
Depreciation		12,996,701	14,061,791
Finance costs		1,940,377	1,294,948
Provision for Workers' profit participation fund		9,185,427	5,772,973
Provision for Workers' welfare fund		3,481,314	2,207,142
Provision for employee benefit		107,775	161,410
Provision for slow moving stores, spare parts and loose tools		161,250	159,320
Unrealized gain on remeasurement of investment		(6,109,142)	(3,192,474)
(Gain)/loss on disposal of property, plant and equipment		(295,457)	-
Interest on deposit accounts and TDR		(657,593)	-
Exchange loss		154,778	207,067
		<u>20,965,430</u>	<u>20,672,176</u>
Changes in:		<u>192,007,233</u>	<u>128,151,520</u>
Store, spare parts and loose tools		(2,405,984)	(1,173,225)
Stock in trade		8,546,904	(21,458,663)
Trade debts		(86,203,209)	(35,933,710)
Advances, deposits, prepayments and other receivables		(4,881,664)	(4,618,834)
Trade and other payables		14,254,194	8,789,007
		<u>(70,689,759)</u>	<u>(54,395,425)</u>
Cash generated from operations		<u>121,317,474</u>	<u>73,756,096</u>
Finance costs paid		(1,796,276)	(1,102,592)
Employees benefits paid		(12,403)	(1,360)
Payments to Workers' profit participation fund		(7,979,279)	(7,989,310)
Payments to Workers' welfare fund		(3,071,554)	(3,021,222)
Income taxes paid		(49,042,367)	(29,348,707)
		<u>(61,901,879)</u>	<u>(41,463,192)</u>
Net Cash from operating activities		<u>59,415,595</u>	<u>32,292,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,679,320)	(1,537,955)
Proceeds from disposal of property, plant and equipment		2,497,787	-
Investment during the year		(34,275,000)	(30,000,000)
Interest received on deposit accounts		543,777	-
Net Cash used in investing activities		<u>(39,912,756)</u>	<u>(31,537,955)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		-	(2,582,409)
Payment of dividend		(73,566,434)	(47,969,958)
Net cash used in financing activities		<u>(73,566,434)</u>	<u>(50,552,367)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(54,063,595)</u>	<u>(49,797,418)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		<u>51,712,868</u>	<u>70,014,283</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10	<u>(2,350,727)</u>	<u>20,216,865</u>

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

Islamabad
19 April 2011



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2011

	Three Months Ended		Nine Months Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	Rupees	Rupees	Rupees	Rupees
Profit for the period	44,846,987	37,919,633	132,887,757	78,866,939
Other comprehensive income:				
Incremental depreciation of revalued fixed assets	1,293,983	1,371,629	3,881,952	4,114,873
Income tax on other comprehensive income	(452,894)	(480,069)	(1,358,683)	(1,440,206)
Other comprehensive income for the period, net of tax	841,089	891,560	2,523,269	2,674,667
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,688,076	38,811,193	135,411,026	81,541,606

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

Islamabad
19 April 2011



Director



Chief Executive

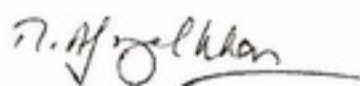
Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2011

	Share capital	Unappropriated profit	Total equity
	Rupees	Rupees	Rupees
Balance at 01 July 2009	200,000,000	180,261,349	380,261,349
Total comprehensive income for the period	-	81,541,606	81,541,606
Transactions with members recorded directly in equity			
Distribution to members			
Dividend to members: Final dividend of 2009@ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Total distribution to members	-	(50,000,000)	(50,000,000)
Balance at 31 March 2010	200,000,000	211,802,955	411,802,955
Balance at 01 July 2010	200,000,000	206,054,454	406,054,454
Total comprehensive income for the period	-	135,411,026	135,411,026
Transactions with members recorded directly in equity			
Distribution to members			
Dividend to members: Final dividend of 2010@ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Dividend to members: First Interim dividend of 2011@ Rs. 1.25 per share	-	(25,000,000)	(25,000,000)
Total distribution to members	-	(75,000,000)	(75,000,000)
Balance at 31 March 2011	200,000,000	266,465,480	466,465,480

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

Islamabad
19 April 2011



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2011

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 has set up its industrial undertaking in Hattar Industrial Estate, Khyber Pakhtunkhwa with its registered office at 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 has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010. Comparative balance sheet is extracted from annual financial statements as of 30 June 2010 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 ended 31 March 2010.

The condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates applied by the Company for the preparation of this condensed interim unconsolidated financial information are the same as those applied by the Company in preparation of annual financial statements for the year ended 30 June 2010.

4. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 31 March 2011 the Company acquired property, plant and equipment aggregating Rs. 3,638,930, (31 March 2010: Rs. 1,537,955).

	Unaudited 31 Mar 2011 Rupees	Audited 30 June 2010 Rupees
5. TRADE DEBTS - Unsecured		
Considered good	123,915,553	35,712,871
Considered doubtful	1,592,761	1,592,761
	125,508,314	37,305,632
Less: Provision for doubtful debts	(1,592,761)	(1,592,761)
	123,915,553	35,712,871
	Unaudited 31 Mar 2011 Rupees	Audited 30 June 2010 Rupees
6. OTHER FINANCIAL ASSETS		
Investments:		
At fair value through profit or loss - NAFA units	104,372,889	68,263,747
Held to maturity - Term deposit receipts	38,362,500	34,160,000
	142,735,389	102,423,747

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2011

7. SHORT TERM BORROWINGS	Note	Unaudited 31 Mar 2011 Rupees	Audited 30 June 2010 Rupees
Short term running finance - Secured			
Allied Bank Limited (ABL)	7.1	7,325,978	-
		<u>7,325,978</u>	<u>-</u>

7.1 The company has arranged various facilities with ABL and during the period the Company utilized FE-25 facility. This facility has a sanctioned limit of Rs. 50 million (30 June 2010 : 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 2010: 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 2010.

There is no change in the commitments as reported in the annual financial statements for the year ended 30 June 2010, except that the letters of credit issued by a bank on behalf of the Company for the import of raw materials amount to Rs. 32.041 million at the period end (30 June 2010: Rs. 2.963 million)

	Three Months Ended		Nine Months Ended	
	Unaudited 31 Mar 2011 Rupees	Unaudited 31 Mar 2010 Rupees	Unaudited 31 Mar 2011 Rupees	Unaudited 31 Mar 2010 Rupees
9. SALES - Net				
Gross Local Sales	250,920,128	166,244,336	608,883,225	410,411,037
Sales tax	(27,881,291)	(18,208,732)	(70,958,680)	(45,686,361)
Special excise duty	(2,171,757)	(1,138,046)	(4,663,432)	(2,855,398)
Discounts and commissions	(56,891,544)	(34,133,211)	(124,951,036)	(77,943,570)
Net Local Sales	<u>163,975,536</u>	<u>112,764,347</u>	<u>408,310,077</u>	<u>283,925,708</u>
Net Export Sales	<u>71,955,834</u>	<u>57,860,287</u>	<u>237,968,259</u>	<u>121,382,181</u>
	<u>235,931,370</u>	<u>170,624,634</u>	<u>646,278,336</u>	<u>405,307,889</u>

	Nine Months Ended	
	Unaudited 31 Mar 2011 Rupees	Unaudited 31 Mar 2010 Rupees
10. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	4,975,251	45,222,851
Short term borrowings-secured	(7,325,978)	(20,471,331)
	<u>(2,350,727)</u>	<u>24,751,520</u>

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2011

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 Mar 2011 Rupees	Unaudited 31 Mar 2010 Rupees
Associated undertaking-sole proprietorship concern of a Director of the Company		
Sale of explosives	8,010,134	1,386,597
Advance received during the period	8,010,134	1,386,316
Balance receivable / payable at the period end	-	281
Other related parties		
Remuneration including perquisites of Chief Executive	5,757,311	4,507,129
Remuneration including perquisites of Directors	4,500,000	4,350,000
Remuneration including perquisites of Executives	2,659,950	2,308,446
Payment to employees' provident fund	1,309,688	1,045,415

12. NON ADJUSTING EVENT AFTER BALANCE SHEET

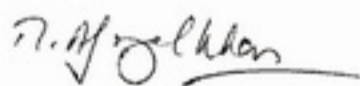
12.1 The Board of Directors of the Company in their meeting held on 19 April 2011 proposed interim cash dividend of Rs. 2.20 per share.

12.2 The condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 19 April 2011.

13. GENERAL

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

Islamabad
19 April 2011



Director



Chief Executive

BOOK POST

(UNDER POSTAL CERTIFICATE)

If undelivered, please return to:

BIAFO INDUSTRIES LTD.

203-204, 2nd Floor, Muhammad Gulistan Khan House
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