

**ACCOUNTS FOR THE QUARTER ENDED
MARCH 31st, 2005**

BIAFO INDUSTRIES LIMITED
DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31st, 2005

Your Directors submit the unaudited accounts for the quarter ended March 31,2005.

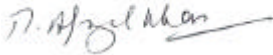
The overall net sales of your company for the quarter were Rs.42.389 million as against Rs.45.331million last year. The decrease in sales is the result of completion of the China International Water Project, Malakand and no major new projects have started this quarter. The sales in the cement sector and Oil and Gas sector were lower than the previous quarter with the heavy rains in the country.

The profit after taxation for the quarter were Rs.6.392 m as against Rs.6.49m last year.

As reported this quarter sales were significantly lower with drop in sales to our major customers but it is expected that the next and the final quarter of the financial year will be significantly better. At least one new hydro-electric project has started and there are signs of increase of demand from the cement industry.

Your Board is continuing to keep a sharp eye on costs though with inflation raw materials cost are increasing significantly.

Your Board takes this opportunity to again express its appreciation to all its employees for their hard work and continuing efforts in working under great pressure.



M. AFZAL KHAN
CHAIRMAN

April 19, 2005
ISLAMABAD

BIAFO INDUSTRIES LIMITED
BALANCE SHEET AS ON MARCH 31st, 2005

	31 March 2005	30 June 2004
	Un-audited	Audited
	Rupees	Rupees
Fixed Assets - Tangible		
Property, Plant And Equipment	275,252,163	282,299,111
Capital Work In Process	450,000	-
Long Term Deposits	526,449	526,449
	<u>276,228,612</u>	<u>282,825,560</u>
Current Assets		
Stores, Spares And Loose Tools	6,032,795	5,854,294
Stock In Trade	32,076,959	23,449,694
Trade Debts	31,812,036	33,681,122
Advances	2,217,352	1,373,011
Trade Deposits And Short Term Prepayments	1,033,353	842,696
Income Tax	4,773,954	5,387,602
Other Receivables	11,918	11,918
Cash And Bank Balances	3,475,535	1,232,162
	<u>81,433,902</u>	<u>71,832,498</u>
Current Liabilities		
Current Portion Of:		
Long Term Financing	17,581,420	9,593,464
Liabilities Against Assets Subject To Finance Lease	543,762	967,547
Short Term Borrowing	26,409,223	21,103,102
Trade And Other Payables	16,379,147	22,270,911
Markup Accrued On Loans	1,892,134	567,228
Proposed Dividend	-	8,000,000
	<u>62,805,686</u>	<u>62,502,252</u>
Net Current Assets	<u>18,628,215</u>	<u>9,330,246</u>
Deferred Liability For Staff Retirement Benefits	3,127,423	2,893,291
Deferred Taxation	29,760,209	30,476,266
Long-Term Financing	71,957,245	92,964,372
Liabilities Against Assets Subject To Finance Lease	873,923	1,168,398
Contingencies And Commitments	-	-
	<u>189,138,027</u>	<u>164,653,479</u>
Represented By:		
Issued, Subscribed And Paid Up Capital		
20,000,000 Ordinary Shares Of Rs 10 Each Fully Paid-Up In Cash	200,000,000	200,000,000
Accumulated Loss	<u>(70,875,051)</u>	<u>(96,689,418)</u>
Share Capital And Reserves	<u>129,124,949</u>	<u>103,310,582</u>
Surplus On Revaluation Of Fixed Assets	<u>60,013,078</u>	<u>61,342,898</u>
	<u>189,138,027</u>	<u>164,653,479</u>

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 19 April 2005.



Khawaja Amanullah Askari
Chief Executive



Muhammad Afzal Khan
Chairman

BIAFO INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31st, 2005

	Quarter Ended		Nine Months Ended	
	31 Mar 2005 Rupees	31 Mar 2004 Rupees	31 Mar 2005 Rupees	31 Mar 2004 Rupees
Gross Sales	52,808,219	58,015,243	187,993,237	169,143,557
Less: Sales Tax	3,863,197	4,652,185	15,167,447	13,769,070
Commission & discount	6,555,073	8,031,580	27,896,213	25,193,926
Net Sales	42,389,949	45,331,478	144,929,577	130,180,561
Cost of sales	30,056,245	31,584,893	100,474,184	88,391,374
Gross Profit	12,333,704	13,746,585	44,455,393	41,789,186
Other income	44	439,311	169	766,041
	12,333,749	14,185,896	44,455,562	42,555,227
Distribution cost	1,105,826	1,050,717	3,936,486	5,258,497
Administrative expenses	2,234,356	1,963,393	7,056,525	5,428,907
	3,340,182	3,014,110	10,993,010	10,687,404
Operating Profit	8,993,567	11,171,786	33,462,552	31,867,823
Financial charges	2,201,575	4,185,910	7,443,368	9,822,910
Profit for the Period	6,791,992	6,985,876	26,019,184	22,044,913
Workers' Profit Participation Fund	339,600	349,294	1,300,959	1,102,246
Profit before Taxation	6,452,392	6,636,583	24,718,224	20,942,667
Provision for Taxation	(298,321)	309,391	(949,734)	869,889
Current	238,686	(164,141)	716,057	(492,424)
Deferred	(59,635)	145,250	(233,677)	377,465
Profit after Taxation	6,392,757	6,491,332	24,484,547	20,565,202
Earnings Per Share - Basic	0.32	0.32	1.22	1.03

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Khawaja Amanullah Askari
Chief Executive



Muhammad Afzal Khan
Chairman

BIAFO INDUSTRIES LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31st, 2005

	Nine Months Ended	
	31 Mar 2005	31 Mar 2004
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	24,718,224	20,942,668
Adjustments for:		
Depreciation	7,613,802	7,377,037
Financial cost	7,443,368	9,822,910
Provision for Workers Profit Participation Fund	1,300,959	1,102,246
Bad Debts written off	132,368	335,023
Provision for doubtful trade debts	24,815	1,474,000
Provision for staff retirement benefits	431,007	179,250
	16,946,318	20,290,466
Operating profit before working capital changes	41,664,543	41,233,134
Working capital changes		
Increase in store, spares and loose tools	(178,501)	(133,830)
Increase in stock in trade	(8,627,265)	(1,667,261)
(Increase)/Decrease in trade debts	1,844,271	(13,168,168)
(Increase)/Decrease in advances	(844,341)	(447,493)
Increase in trade deposits and short term prepayments	(190,657)	(755,460)
Decrease in trade and other payables	(7,499,988)	(5,072,960)
	(15,496,481)	(21,245,172)
Cash generated from operations	26,168,061	19,987,962
Financial cost paid	(6,068,878)	(7,515,234)
Retirement benefits paid	(196,875)	(13,500)
Taxes paid	(336,086)	(2,122,978)
	(6,601,839)	(9,651,712)
Net cash generated from operating activities	19,566,222	10,336,248
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(566,855)	(341,073)
Refund of import licence fee	-	1,569,809
Proceeds from sale of fixed assets	-	425,000
Long term deposits	-	75,000
Capital work in progress	(450,000)	(661,881)
Net cash used in investing activities	(1,016,855)	1,066,855
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(592,944)	(587,459)
Payment of long term loans	(13,019,171)	(12,026,766)
Payment of dividend	(8,000,000)	-
Net cash used in financing activities	(21,612,115)	(12,614,225)
Net (Decrease) / Increase in cash and cash equivalent	(3,062,748)	(1,211,122)
Cash and cash equivalents at July 01, 2004	(19,870,940)	(21,202,475)
Cash and cash equivalents at March 31st, 2005	(22,933,688)	(22,413,597)

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 19 April 2005.



Khawaja Amanullah Askari
Chief Executive



Muhammad Afzal Khan
Chairman

BIAFO INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31st, 2005

	Issued, subscribed and paid up capital	Accumulated loss	Total
	Rupees	Rupees	Rupees
Balance as at July 01, 2004	<u>200,000,000</u>	<u>(96,689,418)</u>	<u>103,310,582</u>
Profit for the period	-	24,484,547	24,484,547
Incremental depreciation on surplus on revaluation of fixed assets during the year - net of deferred tax	-	<u>1,329,820</u>	<u>1,329,820</u>
Balance as at March 31st , 2005	<u>200,000,000</u>	<u>(70,875,051)</u>	<u>129,124,949</u>
Balance as at July 01, 2003	<u>200,000,000</u>	<u>(113,766,078)</u>	<u>86,233,922</u>
Profit for the period	-	20,565,202	20,565,202
Incremental depreciation on surplus on revaluation of fixed assets during the year - net of deferred tax	-	<u>915,000</u>	<u>915,000</u>
Balance as at March 31st , 2004	<u>200,000,000</u>	<u>(92,285,876)</u>	<u>107,714,124</u>

SELECTED NOTES TO THE CONDENSED ACCOUNTS FOR THE QUARTER ENDED MARCH 31, 2005

These accounts are un-audited and are being submitted as required under the Company's Ordinance 1984 and applicable International Accounting Standards.

The accounting policies adopted for the preparation of these Quarterly accounts are the same as those applied for the proceeding audited accounts for the year ended June 30, 2004.

Figures for the comparative period have been rearranged where necessary for the purpose of comparison.



Khawaja Amanullah Askari
Chief Executive



Muhammad Afzal Khan
Chairman