

**Quarterly Report
for the Period Ended
31st March 2007**



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

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CORPORATE INFORMATION

Board Of Directors:

Executive Directors

M. Afzal Khan	Chairman
Khawaja Amanullah Askari	Chief Executive Officer
Maj. Gen (Ret'd.) S. Z. M. Askree	Director

Non Executive Directors

Abdul Maajid Qureshi	Director
S. M. Sibtain	Director
M. Salim	Director
Dr. Humayun Khan	Director
M. Zafar Iqbal	Director
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Shirin Safdar	Director

Company Secretary:

Khawaja Shaiq Tanveer

Audit Committee:

M. Salim	Chairman
Abdul Maajid Qureshi	Member
Ms. Shirin Safdar	Member
Dr. Humayun Khan	Member
Adnan Aurangzeb	Member

Auditors:

KPMG Taseer Hadi & Co. Chartered Accountants.

Bankers:

Bank of Khyber	ABN-Ambro Bank
National Bank of Pakistan	Allied Bank of Pakistan
Habib Bank Limited	Standard Chartered Bank
Bank Alfalah Limited	

Registered Office & Shares Department

Biafo Industries Limited

Office No: 203-204, 2nd Floor, Muhammad Gulistan Khan House,
82-East, Fazal-UI-Haq Raod, Blue Area, Islamabad-Pakistan
Tel: + 92 51 2277358, + 92 51 2277359, Fax:+ 92 51 2274744
Website: www.biafo.com , e-mail: management@biafo.com, biafo@hotmail.com.

Factory

Biafo Industries Limited

Plot No: 70, Phase III, Industrial Estate, Hattar, District Haripur, N.W.F.P -Pakistan
Tel: + 92 995 617312, Fax:+ 92 995 617497
Website: www.biafo.com , e-mail: plant@biafo.com

BIAFO INDUSTRIES LIMITED
DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31,2007

Your Directors are pleased to submit the unaudited accounts for the quarter ended Jan - March 31, 2007.

The net sales of the company increased by 36.56% to Rs. 112.79 million as compared to the equivalent period of last year. The Profit for the quarter prior to the WPPF and taxation increased by 74.61% to Rs. 32.42 million against the comparable previous year quarter.

Profit after taxation increased by 32.68% to Rs. 23.86 million and earning per share (EPS) increased to 1.19 against 0.9 against the comparable quarter of the previous year.

Expenditures were within the budgets approved but over all expenditures were below the budgeted figures approved by the Board of Directors.

The company maintained its efforts to keep costs under control despite inflationary pressures and increases in cost of raw materials.

Your company continued its efforts to improve the quality of its products and to increase penetration of its products in the market available in Pakistan.

Your Board once again recognizes the efforts made by all of its employees in improving the business of the company.



Khawaja Amanullah Askari
Chief Executive

Islamabad
April 17th. 2007

BIAFO INDUSTRIES LIMITED
BALANCE SHEET
AS AT 31 MARCH 2007

	NOTE	31 March 2007 Un-audited Rupees	30 June 2006 Audited Rupees
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	3	263,683,850	281,215,991
LONG TERM DEPOSITS		<u>544,749</u>	<u>544,749</u>
		264,228,599	281,760,740
CURRENT ASSETS			
Stores, spares and loose tools		5,541,884	5,341,982
Stock in trade		42,463,903	30,869,364
Trade debts	4	65,327,020	44,689,777
Advances		4,028,185	3,052,467
Trade deposits and short term prepayments		1,331,441	893,219
Income tax - net		9,913,975	9,428,490
Other receivables		3,581,289	241,707
Cash and bank balances		<u>38,612,743</u>	<u>7,733,204</u>
		170,800,440	102,250,210
CURRENT LIABILITIES			
Trade and other payables		22,600,412	27,569,162
Accrued markup		535,214	384,875
Short term borrowings		954,934	5,923,568
Current portion of:			
Long term financing		17,051,398	7,861,653
Liabilities against assets subject to finance lease		989,921	890,329
		<u>42,131,880</u>	<u>42,629,587</u>
NET CURRENT ASSETS		128,668,560	59,620,623
NON CURRENT LIABILITIES			
LONG TERM LOANS	5	-	17,051,398
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		1,627,859	1,971,455
PROVISION FOR STAFF RETIREMENT BENEFITS		393,726	329,836
DEFERRED TAXATION	6	<u>38,745,285</u>	<u>26,639,878</u>
		40,766,870	45,992,567
		<u>352,130,289</u>	<u>295,388,796</u>
CONTINGENCIES AND COMMITMENTS			
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		<u>75,097,005</u>	<u>14,354,696</u>
		275,097,005	214,354,696
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT -net of tax	8	77,033,284	81,034,100
		<u>352,130,289</u>	<u>295,388,796</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on April 17, 2007.

April 17, 2007
Islamabad


Director


Chief Executive

BIAFO INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2007

	Quarter Ended		Nine Months Ended	
	31 Mar 2007 Rupees	31 Mar 2006 Rupees	31 Mar 2007 Rupees	31 Mar 2006 Rupees
GROSS SALES	143,680,261	109,097,372	389,723,636	272,556,025
Less: Sales tax	10,716,975	9,242,502	30,517,737	21,023,599
Discount	20,134,922	17,299,138	55,096,595	42,120,842
commission	90,010	-	210,329	-
NET SALES	112,738,353	82,555,731	303,898,974	209,411,584
Less: Cost of sales	73,833,331	57,564,793	200,847,209	146,762,213
GROSS PROFIT	38,905,023	24,990,938	103,051,766	62,649,371
Other operating income	236,919	177,048	236,919	242,666
	39,141,942	25,167,986	103,288,686	62,892,037
Selling and distribution expenses	2,569,008	1,738,574	6,277,490	5,138,281
Administrative expenses	3,305,979	2,381,854	10,374,977	7,839,579
	33,266,955	21,047,558	86,636,219	49,914,178
Finance cost	838,995	2,475,496	2,594,951	7,740,950
PROFIT FOR THE PERIOD	32,427,960	18,572,062	84,041,268	42,173,228
Worker's Profit Participation Fund	1,621,398	928,603	4,202,063	2,108,661
PROFIT BEFORE TAXATION	30,806,561	17,643,458	79,839,204	40,064,566
Taxation				
Current	(359,027)	(526,391)	(992,304)	(1,408,625)
Deferred	(6,587,795)	866,779	(12,105,407)	1,596,990
	(6,946,822)	340,388	(13,097,711)	188,365
PROFIT AFTER TAXATION	23,859,740	17,983,846	66,741,493	40,252,931
EARNINGS PER SHARE - BASIC AND DILUTED	1.19	0.90	3.34	2.01

The annexed notes 1 to 10 form an integral part of these financial statements.

April 17, 2007
Islamabad


Director

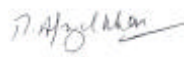

Chief Executive

BIAFO INDUSTRIES LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2007

	Nine Months Ended	
	31 Mar 2007	31 Mar 2006
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	79,839,204	40,064,566
Adjustments for:		
Depreciation	19,057,600	14,328,448
Finance cost	2,594,951	7,740,950
Provision for workers profit participation fund	4,202,063	2,108,661
Provision for staff retirement benefits	97,161	33,850
Gain on disposal of fixed assets	(236,919)	(242,524)
	<u>25,714,857</u>	<u>23,969,385</u>
Operating profit before working capital changes	105,554,061	64,033,951
Working capital changes		
Increase in store, spares and loose tools	(199,902)	(269,374)
Increase in stock in trade	(11,594,539)	(4,719,900)
Increase in trade debts	(20,637,243)	(15,247,853)
Increase in advances, trade deposits, short term prepayments and other receivables	(4,753,521)	(976,876)
Decrease / (Increase) in trade, other payables & accrued liabilities	(5,648,668)	2,090,426
	<u>(42,833,873)</u>	<u>(19,123,577)</u>
Cash generated from operations	62,720,187	44,910,374
Finance cost paid	(2,444,612)	(7,309,819)
Retirement benefits paid	(33,271)	(898,375)
WPPF Paid	(3,522,145)	-
Taxes paid	(1,477,789)	(5,012,252)
	<u>(7,477,817)</u>	<u>(13,220,446)</u>
Net cash from operating activities	55,242,370	31,689,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,692,626)	(2,426,704)
Proceeds from disposal/sale of property, plant and equipment	914,086	660,350
Net cash used in investing activities	(778,540)	(1,766,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(754,005)	(609,484)
Payment of loans term loan during the period - net	(7,861,653)	(49,385,408)
Dividend paid	(10,000,000)	-
Net cash used in financing activities	(18,615,658)	(49,994,892)
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,848,172	(20,071,319)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,809,636	(4,085,098)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>37,657,809</u>	<u>(24,156,417)</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

April 17, 2007
Islamabad


Director

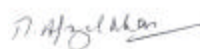

Chief Executive

BIAFO INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2007

	Issued, subscribed and paid up capital	Accumulated loss	Total
	Rupees	Rupees	Rupees
Balance as at 01 July 2005	200,000,000	(62,547,599)	137,452,401
Net profit for the period	-	40,252,931	40,252,931
Incremental depreciation on surplus on revaluation of property, plant and equipment during the year - net of deferred tax	-	2,965,837	2,965,837
Balance as at 31 March 2006	<u>200,000,000</u>	<u>(19,328,831)</u>	<u>180,671,169</u>
Balance as at 01 July 2006	200,000,000	14,354,696	214,354,696
Net profit for the period	-	66,741,493	66,741,493
Incremental depreciation on surplus on revaluation of property, plant and equipment during the period - net of deferred tax	-	4,000,816	4,000,816
Dividend: First Interim 2007: Rs.0.50 per share	-	(10,000,000)	(10,000,000)
Balance as at 31 March 2007	<u>200,000,000</u>	<u>75,097,005</u>	<u>275,097,005</u>

The annexed notes 1 to 10 form an integral part of these financial statements

April 17, 2007
Islamabad



Director



Chief Executive

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH 2007

1. Status and 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 N.W.F.P. with its registered office at 2nd Floor, Gulistan Khan House, 82-E Fazal-Ul-Haq Road Islamabad, Pakistan.

2. Basis of preparation

- 2.1** These financial statements have been prepared in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".
- 2.2** These financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.
- 2.3** The accounting policies and method of computation adopted for the preparation of these financial statements are the same as those applied in the preparation of annual financial statements of the Company for the preceding year ended 30 June 2006.

	Notes	Nine months ended	
		31 Mar 2007	31 Mar 2006
		Rupees	Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		281,215,991	301,639,723
Add: Additions during the period	3.1	2,202,626	3,193,487
		<u>283,418,617</u>	<u>304,833,210</u>
Less: Disposals during the period at book value	3.2	677,167	976,326
Depreciation		19,057,600	13,785,431
		<u>19,734,767</u>	<u>14,761,757</u>
Closing book value		<u>263,683,850</u>	<u>290,071,453</u>
3.1 ADDITIONS			
Plant and machinery		64,960	90,000
Computers		-	167,453
Office equipment		-	18,500
Electrical appliances		15,000	-
Vehicle		2,122,666	2,917,534
		<u>2,202,626</u>	<u>3,193,487</u>
3.2 DISPOSALS			
Vehicle		677,167	976,326
		<u>677,167</u>	<u>976,326</u>
		31 Mar 2007	30 June 2006
		Rupees	Rupees
4. TRADE DEBTS - Unsecured			
Considered good		<u>65,327,020</u>	44,689,777
Considered doubtful		<u>1,479,333</u>	1,479,333
		<u>66,806,353</u>	46,169,110
Less: Provision for doubtful debts		<u>(1,479,333)</u>	(1,479,333)
		<u>65,327,020</u>	<u>44,689,777</u>

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH 2007

	31 Mar 2007 Rupees	30 June 2006 Rupees
5. LONG TERM LOANS		
Loans from financial institutions - secured	17,051,398	24,913,051
Less Amount payable within 12 months shown under current portion	<u>17,051,398</u>	<u>7,861,653</u>
	<u>-</u>	<u>17,051,398</u>

Movement in the account during the period is as follows.

Opening balance	24,913,051	91,943,596
Repayments during the period	<u>(7,861,653)</u>	<u>(22,576,154)</u>
Closing balance	<u>17,051,398</u>	<u>69,367,442</u>

6. DEFERRED TAXATION

The net balance of deferred tax is in respect of the following major temporary differences:

Accelerated depreciation	(19,835,444)	(27,306,672)
Unused tax losses	6,217,562	27,708,147
Obligation under finance lease	427,313	690,009
Retirement benefits	137,804	115,443
Provision for doubtful debts, advances and receivables	567,801	567,801
Surplus on revaluation of property, plant and equipment	<u>(26,260,321)</u>	<u>(28,414,606)</u>
	<u>(38,745,285)</u>	<u>(26,639,878)</u>

7. CONTINGENCIES AND COMMITMENTS

Change in status of contingencies and commitments since the last annual balance sheet is as follows:

- 7.1 Outstanding Letters of credit opened by a bank on behalf of the Company for import of raw materials amounting to Rs. 26.218 million (30 June 2006: Rs. 20.9 million) at the period end.

7.2 PROVISION FOR TAXATION

- 7.2.1 There is no change in tax status of the Company as reported in audited financial statements for the year ended 30 June 2006. The Company has filed its return for tax year 2006 (year ended 30 June 2006) that stands assessed in terms of section 120 of the Income Tax Ordinance 2001.

	31 Mar 2007 Rupees	31 Mar 2006 Rupees
8. SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT		
Opening Balance	109,448,706	117,655,509
Transferred to accumulated losses in respect of incremental depreciation charged during the period/year - net of deferred tax	<u>(4,000,816)</u>	<u>(2,965,837)</u>
Related deferred tax liability	<u>(2,154,285)</u>	<u>(1,596,990)</u>
	<u>(6,155,101)</u>	<u>(4,562,827)</u>
	103,293,605	113,092,682
Less: Provision for deferred taxation on depreciable surplus	<u>(26,260,321)</u>	<u>(29,689,998)</u>
	<u>77,033,284</u>	<u>83,402,684</u>

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH 2007

9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise directors, key management personnel, major shareholders, entities over which the directors are able to exercise influence and employees' fund. The Company has a policy whereby all transactions with related parties are entered into at arm's length prices generally determined under the "Comparable Uncontrolled Price Method". Transactions with related parties during the period and their balances are as follows:

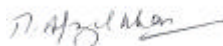
	Nine months ended	
	31 Mar 2007	31 Mar 2006
	Rupees	Rupees
Major share holder		
Guarantee fee	-	171,466
Associated undertaking - sole proprietorship concern of a director of the Company		
Sale of explosives during the period	4,835,713	1,506,030
Balance payable at the period end	100,841	48,130
Directors and shareholders		
Mark up on loans	-	598,388
Repayment of loan	-	3,706,963
Payment to employees' provident fund	483,094	393,102
10. Remuneration including perquisites of Chief Executive	1,603,970	986,420
Remuneration including perquisites of Directors	2,005,000	1,222,860

GENERAL

Figures have been rounded off to the nearest Rupee.

April 17, 2007

Islamabad



Director



Chief Executive