

Quarterly Report for the Period Ended 31 March 2018



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



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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. Syeda Shahbano Abbas	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 Hassain Shah

Audit Committee

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

HR & Remuneration Committee

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

Auditor

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisor

Chima & Ibraheem

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 21, 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, Email: management@biafo.com

Factory

Biafo Industries Limited

Plot No 70, Phase III, Industrial Estate, Hattar, Distt Haripur, Khyber Pakhtunkhawa. Pakistan

Tel: +92 995 617830 Fax: +92 995 617497

Website: www.biafo.com, Email: plant@biafo.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 LTD. DIRECTORS' REPORT FOR THE QUARTER ENDED 31ST MARCH, 2018

Your Directors are pleased to submit the un-audited accounts for the quarter and period ended 31st March, 2018.

Net sales value of the company for the quarter to 31st March, 2018 increased by 33.44% to Rs. 475.45 m and for the nine months period under review increased by 48.89% to Rs. 1,326.86m against the comparable quarter / period of the previous year.

Gross profit margin increased in the quarter to 31st March, 2018 by 3.17% to Rs. 246.46 m and for 9 months period under review by 5.92% to Rs. 679.60 m.

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 for the quarter to March, 2018 increased by 40.84% to Rs. 219.30 m and for the nine month period under review 89.53% to Rs. 589.98 m against the comparable period of the previous year.

Net profit after taxation increased by 51.43% to Rs. 160.43 m for the quarter to March, 2018 and for nine months period under review increased by 106.61% to Rs. 441.03 m against the comparable period of the previous year, resulting in EPS of Rs.7.29 (EPS 2017: Rs. 4.82) for the quarter to March 2018 and for the nine months period under review EPS of Rs. 20.05 (EPS quarter to March, 2017 of Rs. 9.70-restated) against the comparable period of last year.

Investment in cash fund based instruments and term deposits in the 9 months period to March, 2018 decreased by 7.47% to Rs. 397.34m as instruments were redeemed and re-invested in different banks after the period under review.

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

Your Board of Director have declared the 3rd Interim cash dividend of Rs. 7.00 per share (70%) 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. 6.50 per share (65%) for the period of financial year ending 30th June, 2018.

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

The Board comprises of 13 members including Chief Executive Officer having 9 male members and 4 female members. The composition of Board is as follows:

Quarterly Report

Category	Names
Independent Directors	Khawaja Ahmad Hosain
	Muhammad Yaqoob
	Ehsan Mani
	Ms. Mehreen Hosain
Non-Executive Directors	Dr. M. Humayun Khan
	M. Zafar Khan
	Adnan Aurangzeb
	Ms. Syeda Shahbano Abbas
	Ms. Shandana Humayun Khan
Executive Directors	M. Afzal Khan
	Khawaja Amanullah Askari (CEO)
	Maj. Gen. (Ret'd.) S. Z. M. Askree
	Ms. Shirin Safdar

The Committees of the Board and their composition is as follows:

Audit Committee

Ehsan Mani	Chairman
Adnan Aurangzeb	Member
Muhammad Yaqoob	Member
Ms. Shandana Humayun Khan	Member
Khawaja Ahmad Hosain	Member
Dr. M. Humayun Khan	Member

HR & Remuneration Committee

Khawaja Ahmad Hosain	Chairman
Ms. Mehreen Hosain	Member
Dr. M Humayun Khan	Member
Khawaja Amanullah Askari	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member
Ms. Shirin Safdar	Member

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



Khawaja Amanullah Askari
Managing Director & Chief Executive Officer

Islamabad
24th April, 2018

Quarterly Report

نام	بلحاظ درجہ بندی
خواجہ احمد حسین محمد یعقوب احسان مانی محترمہ مہرین حسین	آزاد ڈائریکٹرز
ڈاکٹر ایم ہمایوں خان ایم ظفر خان عدنان اورنگزیب محترمہ سیدہ شاہ بانو عباس محترمہ شہانداہ ہمایوں خان	نان ایگزیکٹو ڈائریکٹرز
ایم افضل خان خواجہ امان اللہ عسکری (سی ای او) میجر جنرل (ریٹائرڈ) ایس۔ زیڈ۔ ایم عسکری محترمہ شیریں صفدر	ایگزیکٹو ڈائریکٹرز

بورڈ کی کمیٹیاں اور ان کی تشکیل مندرجہ ذیل ہے
آڈٹ کمیٹی

ایچ آر اور معاوضہ جاتی کمیٹی

احسان مانی ، چیئرمین

خواجہ احمد حسین ، چیئرمین

عدنان اورنگزیب ، رکن

محترمہ مہرین حسین ، رکن

محمد یعقوب ، رکن

ڈاکٹر ایم ہمایوں خان ، رکن

محترمہ شہانداہ ہمایوں خان ، رکن

خواجہ امان اللہ عسکری ، رکن

خواجہ احمد حسین ، رکن

محمد یعقوب ، رکن

ڈاکٹر ایم ہمایوں خان ، رکن

عدنان اورنگزیب ، رکن

محترمہ شیریں صفدر ، رکن

آپ کا بورڈ اس موقع پر اپنے جملہ ملازمین کی مسلسل ان تھک کاوشوں اور تمام اسٹیک ہولڈرز کے تعاون کے لیے بھی مشکور ہے۔



خواجہ امان اللہ عسکری
ٹیچنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

اسلام آباد

24 اپریل، 2018

Quarterly Report

بانقو انڈسٹریز لمیٹڈ ڈائریکٹر رپورٹ برائے سہ ماہی مدت اختتام پذیر 31 مارچ 2018

آپ کے ڈائریکٹر کیلئے 31 مارچ کو اختتام پذیر ہونے والی سہ ماہی مدت کیلئے غیر آڈٹ شدہ اکاؤنٹس پیش کرنا باعث مسرت ہے۔ 31 مارچ 2018 تک سہ ماہی مدت کیلئے کمپنی کی خالص فروخت 33.44 فیصد اضافے سے 475.45 ملین روپے ہو گئی اور زیر جائزہ نو ماہ کی مدت کے دوران سہ ماہی موازنے / گزشتہ سال کی اسی مدت کے مقابلے میں 48.89 فیصد اضافے سے 1326.86 ملین روپے ہو گئی۔

سہ ماہی مدت میں 31 مارچ 2018 تک مجموعی منافع کی شرح 3.17 فیصد اضافے سے 246.46 ملین روپے ہو گئی اور 9 ماہ کی زیر جائزہ مدت کے دوران 5.92 فیصد اضافے سے 679.60 ملین روپے ہو گئی۔ مجموعی منافع کی شرح میں تبدیلی انتہائی قیمت پروڈکٹس کی فروخت اور بین الاقوامی مارکیٹ میں خام مواد کی لاگت میں تبدیلی کی وجہ سے ہے۔

سہ ماہی تا مارچ 2018 کیلئے آپریٹنگ منافع میں 40.84 فیصد کے اضافے سے 219.30 ملین روپے ہو گیا اور 9 ماہ کی زیر جائزہ مدت کیلئے گزشتہ سال کی اسی مدت کے مقابلے میں 89.53 فیصد سے 589.98 ملین روپے ہو گیا۔

سہ ماہی تا مارچ 2018 کیلئے خالص منافع بعد ازاں ٹیکس 51.43 فیصد کے اضافے سے 160.43 ملین روپے ہو گیا اور 9 ماہ کی زیر جائزہ مدت کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں 106.61 فیصد اضافے سے 441.03 ملین روپے ہو گیا۔ جس کے نتیجے میں سہ ماہی مدت مارچ 2018 تک فی حصص منافع 7.29 روپے (فی حصص منافع 2017: 4.82 روپے) ہو گیا، اور زیر جائزہ 9 ماہ کی مدت کیلئے گزشتہ سال کے موازنے کے مقابلے میں (مارچ 2007 تک فی حصص منافع 9.70 از سر نو بیان کردہ) میں فی حصص منافع 20.05 روپے ہو گیا۔ مارچ 2018 تک کی 9 ماہ کی مدت میں کی کیش فنڈ کی بنیاد پر اسٹورمنٹس (معاون کار رقوم) اور ٹرم ڈیپازٹ (مدت بنیاد پر جمع کردہ رقوم) زیر جائزہ مدت کے بعد 7.47 فیصد کی 397.34 ملین روپے ہو گئے کیونکہ معاون رقوم (انسٹورمنٹس) قابل واپسی (Redeemed) ہو گئیں تھیں اور مختلف بنکوں میں باسرمایہ کاری کر دی گئیں۔ کمپنی کے اخراجات بورڈ آف ڈائریکٹرز کی جانب سے منظور کردہ بجٹ کے اندر تھے۔

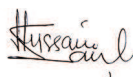
آپ کے ڈائریکٹر نے زیر جائزہ مدت کیلئے تیسرے عبوری نقد منقسمہ 7.00 روپے فی حصص 70 فیصد کے حساب سے اعلان کیا ہے۔ مزید برآں 30 جون 2018 کو ختم ہونے والے مالی سال کیلئے پہلے عبوری نقد منقسمہ فی حصص 2.50 روپے (25 فیصد) اور دوسرے عبوری نقد منقسمہ فی حصص 6.50 روپے (65 فیصد) کا اعلان کیا ہے۔ پلانٹ کی عمل کاری (آپریشن) طمینان بخش تھی اور مینٹیننس نظام (رجیم) نے مارکیٹ کی تمام طلب کرنے کے امر کو یقینی بنایا تھا۔ بورڈ 13 اراکین پر مشتمل ہے جن میں بشمول چیف ایگزیکٹو آفیسر 9 مرد اراکین اور 4 خواتین اراکین شامل ہیں۔ بورڈ کی تشکیل حسب ذیل ہے۔

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT 31 MARCH 2018

	Note	31 Mar 2018 Rupees	30 June 2017 Rupees
Property, plant and equipment	4	535,135,958	536,943,456
Investment property		31,230,462	31,827,222
Long term deposits		1,793,600	1,793,600
		<u>568,160,020</u>	<u>570,564,278</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		5,271,529	4,734,712
Stock in trade		143,097,650	142,752,225
Trade debts		402,685,806	208,638,227
Advances		10,152,377	12,989,221
Trade deposits and short term prepayments		10,192,419	4,714,825
Advance tax		5,218,151	20,563,768
Other receivables		2,254,157	1,983,418
Short term investments	5	397,350,226	429,431,919
Cash and bank balances		84,333,825	28,432,880
		<u>1,060,556,140</u>	<u>854,241,195</u>
CURRENT LIABILITIES			
Trade and other payables	6	260,568,575	169,478,527
Markup accrued		4,783,519	5,135,461
Short term borrowings	7	305,609,420	302,542,529
		<u>570,961,514</u>	<u>477,156,517</u>
NET CURRENT ASSETS		<u>489,594,626</u>	<u>377,084,678</u>
NON CURRENT LIABILITIES			
Deferred employee benefit		4,259,992	3,731,466
Deferred tax liability - net	8	28,944,063	30,401,013
		<u>33,204,055</u>	<u>34,132,479</u>
NET ASSETS		<u>1,024,550,591</u>	<u>913,516,477</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		220,000,000	220,000,000
Unappropriated profit		534,840,536	422,429,334
		<u>754,840,536</u>	<u>642,429,334</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax		269,710,055	271,087,143
		<u>1,024,550,591</u>	<u>913,516,477</u>
CONTINGENCIES AND COMMITMENTS	9		

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



Chief Financial Officer



Managing Director &
Chief Executive Officer



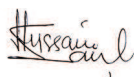
Chairman

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

	Note	Quarter Ended		Nine Months Ended	
		31 Mar 2018 Rupees	31 Mar 2017 Rupees	31 Mar 2018 Rupees	31 Mar 2017 Rupees
NET SALES / TURNOVER	10	475,452,751	377,040,701	1,326,859,029	891,142,328
Cost of sales		(228,994,193)	(193,533,707)	(647,256,590)	(487,462,367)
GROSS PROFIT		246,458,558	183,506,994	679,602,439	403,679,961
Other income		14,627,617	9,950,772	33,586,747	24,024,084
Distribution cost		(7,984,502)	(6,340,091)	(21,627,144)	(17,856,579)
Administrative expenses		(28,458,908)	(25,256,472)	(84,863,860)	(79,327,176)
Finance costs		(5,343,247)	(6,149,014)	(16,714,230)	(19,229,843)
OPERATING PROFIT		219,299,518	155,712,189	589,983,952	311,290,447
Workers' profit participation fund		(10,964,976)	(7,785,609)	(29,499,198)	(15,564,522)
Workers' welfare fund		(4,385,990)	(3,114,244)	(11,799,679)	(6,225,809)
PROFIT BEFORE TAXATION		203,948,552	144,812,336	548,685,075	289,500,116
TAXATION					
Current		(44,222,266)	(39,506,756)	(109,107,911)	(79,225,922)
Deferred		703,488	635,599	1,456,950	3,186,153
		(43,518,778)	(38,871,157)	(107,650,961)	(76,039,769)
PROFIT FOR THE PERIOD		160,429,774	105,941,179	441,034,114	213,460,347
EARNINGS PER SHARE	15				
- Basic and diluted		7.29	4.82	20.05	9.70

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Chief Financial Officer



Managing Director &
Chief Executive Officer



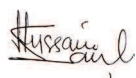
Chairman

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2018

	Quarter Ended		Nine Months Ended	
	31 Mar 2018 Rupees	31 Mar 2017 Rupees	31 Mar 2018 Rupees	31 Mar 2017 Rupees
Profit for the period	160,429,774	105,941,179	441,034,114	213,460,347
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	160,429,774	105,941,179	441,034,114	213,460,347

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



Chief Financial Officer



Managing Director &
Chief Executive Officer



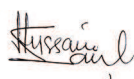
Chairman

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

	Note	31 Mar 2018 Rupees	31 Mar 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		548,685,075	289,500,116
Adjustments for:			
Depreciation		15,315,406	15,420,180
Finance costs		16,714,230	19,229,843
Provision for Workers' profit participation fund		29,499,198	15,564,522
Provision for Workers' welfare fund		11,799,679	6,225,809
Provision for employee benefits		7,075,302	6,643,904
Reversal of provision for doubtful debts		-	(612,270)
Provision for slow moving stores, spare parts and loose tools		-	343,419
Gain on remeasurement of investment		(19,472,030)	(17,689,820)
Loss/(gain) on disposal of property, plant and equipment		89,037	(216,821)
Interest income		(872,059)	(553,451)
Unrealized exchange gain		(8,525,695)	-
		51,623,068	44,355,315
		600,308,143	333,855,431
Changes in:			
Stores, spare parts and loose tools		(536,817)	457,570
Stock in trade		(345,425)	43,407,062
Trade debts		(194,047,579)	(14,692,169)
Advances, deposits, prepayments and other receivables		(2,634,631)	(468,998)
Trade and other payables		21,332,100	(42,497,436)
		(176,232,352)	(13,793,971)
Cash generated from operations		424,075,791	320,061,460
Finance costs paid		(17,066,172)	(18,471,284)
Employee benefits paid		(31,226)	(1,060)
Payments to Workers' profit participation fund		(21,748,612)	(27,935,304)
Payments to Workers' welfare fund		(5,622,371)	(7,206,607)
Income taxes paid		(93,762,294)	(84,816,868)
		(138,230,675)	(138,431,123)
Net cash from operating activities		285,845,116	181,630,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,598,494)	(13,259,609)
Proceeds from disposal of property, plant and equipment		1,598,310	2,101,261
Net investment during the year		54,930,723	27,504,199
Interest received on saving accounts and TDRs		595,201	465,682
Net cash (used in)/generated from investing activities		42,525,740	16,811,533
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(275,536,802)	(199,272,487)
Net cash used in financing activities		(275,536,802)	(199,272,487)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		52,834,054	(830,617)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(274,109,649)	(255,783,154)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(221,275,595)	(256,613,771)

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Chief Financial Officer



Managing Director &
Chief Executive Officer



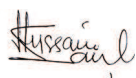
Chairman

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

	Share capital	Unappropriated profit	Total equity
	Rupees	Rupees	Rupees
Balance at 01 July 2016	200,000,000	452,034,872	652,034,872
Total comprehensive income for the period			
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
Transactions with members recorded directly in equity			
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)	-
Total distribution to members	20,000,000	(220,000,000)	(200,000,000)
Balance at 31 March 2017	220,000,000	447,019,834	667,019,834
Balance at 01 July 2017	220,000,000	422,429,334	642,429,334
Total comprehensive income for the period			
Profit for the period	-	441,034,114	441,034,114
Comprehensive income for the period transferred to equity	-	441,034,114	441,034,114
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,377,088	1,377,088
	220,000,000	864,840,536	1,084,840,536
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2017 @ Rs. 6.00 per share	-	(132,000,000)	(132,000,000)
First interim dividend of 2018 @ Rs. 2.50 per share	-	(55,000,000)	(55,000,000)
Second interim dividend of 2018 @ Rs. 6.50 per share	-	(143,000,000)	(143,000,000)
Total distribution to members	-	(330,000,000)	(330,000,000)
Balance at 31 March 2018	220,000,000	534,840,536	754,840,536

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


Chief Financial Officer


Managing Director &
Chief Executive Officer


Chairman

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

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 (the repealed Ordinance). 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 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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 2017. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2017, 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 2017.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

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 2017. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018 and are not expected to have any significant effect on condensed interim financial information of the Company:

- Amendments to IFRS 2 – 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IAS 40 'Investment Property'	(effective 01 January 2018)
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2018)
- IFRIC 23 'Uncertainty over Income Tax Treatments'	(effective 01 January 2019)
- IFRS 15 'Revenue from contracts with customers'	(effective 01 July 2018)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	(effective 01 January 2018)
- IFRS 9 'Financial Instruments' and amendment	(effective 01 January 2018)

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

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

4. PROPERTY, PLANT AND EQUIPMENT

During nine months period ended 31 March 2018, the Company acquired property, plant and equipment aggregating Rs. 14,598,494 (31 March 2017: Rs. 13,259,609). Depreciation charge for the period amounts to Rs. 14,718,645 (31 March 2017: Rs. 15,624,200). Written down value of disposals for the period amounts to Rs. 1,681,472 (31 March 2017: Rs. 1,884,440).

	Note	Unaudited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
5. SHORT TERM INVESTMENTS			
Investments:			
Held for trading			
ABL Income Fund		-	145,884,929
ABL Cash Fund		99,057,883	-
Faysal Money Market Fund		120,351,863	115,843,960
UBL Liquidity Plus Fund		114,580,480	110,063,030
Loans and receivables - Term deposit receipts		63,360,000	57,640,000
		397,350,226	429,431,919
6. TRADE AND OTHER PAYABLES			
Trade creditors		52,803,529	72,317,696
Advances from customers		4,897,633	6,248,709
Accrued liabilities		21,766,549	21,918,903
Sales tax payable - net		9,298,144	-
Insurance		1,234,757	622,255
Workers' profit participation fund payable		29,499,198	21,748,612
Workers' welfare fund payable		14,876,753	8,699,445
Payable to staff gratuity fund - unsecured		6,515,550	-
Payable to employees' provident fund - unsecured		908,042	-
Unclaimed dividend		83,570,095	29,106,897
Withholding tax payable		23,817,726	33,009
Others		11,380,599	8,783,001
		260,568,575	169,478,527
7. SHORT TERM BORROWINGS			
Allied Bank Limited (ABL)	7.1	134,075,155	137,898,636
Faysal Bank Limited (FBL)	7.2	81,380,039	67,852,320
United Bank Limited (UBL)	7.3	90,154,226	96,791,573
		305,609,420	302,542,529

7.1 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 2017: Rs. 140 million) and carries mark-up at the rate of 3 months Kibor + 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.
- The Running Finance facility with a sanctioned limit of Rs. 90 million (30 June 2017: Rs. 133.5 million) and carries mark-up at the rate of 3 months Kibor + 0.75% per annum of the amount utilized. The facility is secured against the investment made in ABL cash fund upto market value of Rs. 93.737 million.
- The Running Finance facility with a sanctioned limit of Rs. 54.34 million (30 June 2017: Rs. 54.34 million) and carries mark-up at the rate of 3 months Kibor + 0.75% per annum of the amount utilized. The facility is secured against the investment made in the ABL Term Deposit Receipts of USD 550,000.

7.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 150 million (30 June 2017: 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.

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BIAFO INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

- 7.3 This represents utilized amount of running finance facility with a sanctioned limit of Rs.150 million (30 June 2017: 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.

	Unaudited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
8. DEFERRED TAX LIABILITY- net		
The net balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation of property, plant and equipment	26,394,596	25,628,275
Deferred employee benefit	(2,804,060)	(895,552)
Provision for slow moving stores, spare parts and loose	(1,459,221)	(1,459,221)
Surplus on revaluation of fixed assets	6,812,748	7,127,511
	28,944,063	30,401,013

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 2017.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 47.497 million at 31 March 2018 (30 June 2017: Rs. 32.707 million).

Letter of guarantee issued by Allied Bank Limited on behalf of the Company for the issuance of performance bond to secure the contracts with different government and private entities outstanding at the year end amounting to Rs. 6,761,197 (30 June 2017: Rs. 1,000,000).

	Three Months Ended		Nine Months Ended	
	Unaudited 31 Mar 2018 Rupees	Unaudited 31 Mar 2017 Rupees	Unaudited 31 Mar 2018 Rupees	Unaudited 31 Mar 2017 Rupees
10. NET SALES / TURNOVER				
Gross Local Sales	426,606,634	367,327,207	1,094,185,631	868,565,700
Sales tax	(62,168,310)	(53,803,901)	(159,509,050)	(127,015,652)
Commissions	(3,734,741)	(2,900,467)	(8,943,958)	(8,433,526)
Net Local Sales	360,703,583	310,622,839	925,732,623	733,116,522
Net Export Sales	114,749,168	66,417,862	401,126,406	158,025,806
	475,452,751	377,040,701	1,326,859,029	891,142,328

	Nine Months Ended	
	Unaudited 31 Mar 2018 Rupees	Unaudited 31 Mar 2017 Rupees
11. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	84,333,825	21,459,617
Short term borrowings - secured	(305,609,420)	(278,073,388)
	(221,275,595)	(256,613,771)

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

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).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

			Other financial assets and liabilities at amortized cost				
Financial assets and liabilities	Held at fair value through profit or loss	Loans and receivables		Total	Level 1	Level 2	Total
Rupees				Rupees			
31 March 2018							
Financial assets measured at fair value							
Short term investments	333,990,226	-	-	333,990,226	333,990,226	-	333,990,226
Financial assets not measured at fair value							
Cash and bank balances	-	84,333,825	-	84,333,825	-	-	-
Trade debts	-	402,685,806	-	402,685,806	-	-	-
Other receivables	-	2,254,157	-	2,254,157	-	-	-
Short term investments	-	63,360,000	-	63,360,000	-	-	-
Advances	-	1,106,900	-	1,106,900	-	-	-
Long term deposits	-	1,793,600	-	1,793,600	-	-	-
Trade deposits	-	6,199,511	-	6,199,511	-	-	-
Total financial assets	333,990,226	561,733,799	-	895,724,025	333,990,226	-	333,990,226
Financial liabilities not measured at fair value							
Trade and other payables	-	178,179,121	-	178,179,121	-	-	-
Markup accrued	-	4,783,519	-	4,783,519	-	-	-
Short term borrowings	-	305,609,420	-	305,609,420	-	-	-
	-	488,572,060	-	488,572,060	-	-	-
Carrying amount				Fair value			
Financial assets and liabilities	Held at fair value through profit or loss	Loans and receivables	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Total
Rupees				Rupees			
30 June 2017							
Financial assets measured at fair value							
Short term investments	371,791,919	-	-	371,791,919	371,791,919	-	371,791,919
Financial assets not measured at fair value							
Cash and bank balances	-	28,432,880	-	28,432,880	-	-	-
Trade debts	-	208,638,227	-	208,638,227	-	-	-
Other receivables	-	1,191,274	-	1,191,274	-	-	-
Short term investments	-	57,640,000	-	57,640,000	-	-	-
Advances	-	648,476	-	648,476	-	-	-
Long term deposits	-	1,793,600	-	1,793,600	-	-	-
Trade deposits	-	2,824,455	-	2,824,455	-	-	-
Total financial assets	371,791,919	301,168,912	-	672,960,831	371,791,919	-	371,791,919
Financial liabilities not measured at fair value							
Trade and other payables	-	132,748,752	-	132,748,752	-	-	-
Markup accrued	-	5,135,461	-	5,135,461	-	-	-
Short term borrowings	-	302,542,529	-	302,542,529	-	-	-
	-	440,426,742	-	440,426,742	-	-	-

Quarterly Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2018

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 Mar 2018	Unaudited 31 Mar 2017
	Rupees	Rupees
Directors and key management personnel		
Dividend to non executive directors	76,189,440	53,039,920
Issue of bonus shares to non executive directors	-	5,303,992
Share capital held as of the reporting date by non executive directors	50,749,960	53,039,920
Dividend to executive directors	8,191,500	5,110,010
Issue of bonus shares to executive directors	-	511,001
Share capital held as of the reporting date by executive directors	5,461,000	5,110,010
Remuneration including perquisites of Chief Executive	19,625,000	19,584,275
Remuneration including perquisites of Directors	16,180,000	15,090,000
Remuneration including perquisites of key management personnel	18,418,986	15,093,000
Other related parties		
Payment to employees' provident fund	7,255,018	3,239,484
Donation given	1,000,000	-
Pre commencement expenses incurred on behalf of Joint Venture	1,730,832	-
Contribution towards staff retirement gratuity fund	6,515,550	6,000,195
Payable to employees' provident fund - unsecured	908,042	797,904
Payable to staff retirement gratuity fund - unsecured	6,515,550	6,000,195

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 2018	Audited 30 June 2017
		Rupees	Rupees
i) Long term deposits	Non-interest bearing	1,793,600	1,793,600
ii) Trade debts	Non-interest bearing	402,685,806	208,638,227
iii) Advances	Non-interest bearing	10,152,377	12,989,221
iv) Trade deposits and short term prepayments	Non-interest bearing	10,192,419	4,714,825
v) Other receivables	Non-interest bearing	2,254,157	1,983,418
vi) Short term investments	Interest bearing	63,360,000	57,640,000
vii) Cash and bank balances	Placed under interest arrangement	1,261,057	21,592
	Placed under Shariah permissible arrangement	83,072,768	28,411,288
		84,333,825	28,432,880

Quarterly Report

BIAFO INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2018

		Nine Months Ended	
		Unaudited 31 March 2018 Rupees	Unaudited 31 March 2017 Rupees
viii)	Interest income on bank deposits for the period ended	Placed under interest arrangement Placed under Shariah permissible arrangement	
		13,913	14,720
		-	-
		13,913	14,720
ix)	Interest income on investments for the period ended	Placed under interest arrangement Placed under Shariah permissible arrangement	
		19,472,030	17,689,820
		-	-
		19,472,030	17,689,820
x)	All sources other income	5,575,109	6,129,272
xi)	Exchange gain / (loss)	Earned from actual currency fluctuations	
		8,525,695	190,271
xii)	Dividend income	ABL income Fund Faysal Money Market Fund UBL Liquidity Fund	
		- - -	- - -
		-	-

		Three Months Ended		Nine Months Ended	
		Unaudited 31 March 2018	Unaudited 31 March 2017	Unaudited 31 March 2018	Unaudited 31 March 2017
15.	EARNING PER SHARE - Basic and diluted				
	Profit for the period	Rupees 160,429,774	105,941,179	441,034,114	213,460,347
	Weighted average number of ordinary shares	Numbers 22,000,000	22,000,000	22,000,000	22,000,000
	Earning per share	Rupees 7.29	4.82	20.05	9.70

15.1 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 24th April 2018 proposed an interim cash dividend of Rs. 7.00 per Share.

16.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 24th April 2018.

17. GENERAL

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


Chief Financial Officer


Managing Director &
Chief Executive Officer


Chairman

