

# Quarterly Report

for the Period Ended  
30 September 2019



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

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# CORPORATE INFORMATION

## Corporate Information

### Board of Directors

#### Executive Directors

M. Afzal Khan  
Anwar Moin  
Maj. Gen. (Ret'd.) S. Z. M. Askree  
Ms. Shirin Safdar

Deputy Chairman  
Chief Executive Officer  
Director  
Director

#### Non Executive Directors

Dr. M. Humayun Khan  
M. Zafar Khan  
Adnan Aurangzeb  
Ms. Ayesha Humayun Khan

Chairman  
Director  
Director  
Director

#### Independent Directors

Khwaja Ahmad Hosain  
Muhammad Yaqoob  
Ehsan Mani  
Ms. Mehreen Hosain  
Ms. Syeda Shahbano Abbas

Director  
Director  
Director  
Director  
Director

#### Company Secretary

Khawaja Shaiq Tanveer

#### Chief Financial Officer

Syed Sajid Hussain Shah

#### Audit & Risk Management Committee

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

#### HR & Remuneration Committee

Khwaja Ahmad Hosain	Chairman
Dr. M. Humayun Khan	Member
Ms. Mehreen Hosain	Member
Anwar Moin	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member
Ms. Shirin Safdar	Member
Ms. Syeda Shahbano Abbas	Member

#### Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

#### Legal Advisors

Chima & Ibrahim, Mian Imran Law Associates, Raza Khalil Abbasi Suhrawardy

#### Bankers

Allied Bank of Pakistan  
National Bank of Pakistan  
Bank of Khyber  
Askari Bank Limited

Bank Alfalah Limited  
United Bank Limited  
Faysal 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

#### 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, E-mail: 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



# DIRECTORS' REPORT

## BIAFO INDUSTRIES LTD.

### DIRECTORS' REPORT FOR THE QUARTER ENDED 30th SEPTEMBER 2019

Your Directors are pleased to submit the un-audited accounts for the quarter ended 30th September 2019.

Net sales value of the company for the three months period increased by 20.43% against the comparable quarter of last year to Rs. 464.32 M (Sep 18: Rs. 385.55 M)

For the period under review, supplies to the Oil and Gas, and large projects sector increased due to increased Exploration Seismic activity. However, supplies to Mining/Construction and Cement sectors have shown a decline due to completion of blasting activities and general slowdown in the Country's Economy.

Gross profit for the quarter under review increased by 8.30% to Rs. 193.78 M. as compared to the comparable period of previous year. (Sep 18: Rs. 178.92 M). Net profit after taxation for the period under review increased by 5.62% to Rs. 113.45 M. as compared to the quarter ended Sep, 2018 resulting in an EPS of Rs. 4.30 (EPS Sep 2018: Rs. 4.07 Restated).

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

Your Board of Directors have declared the 1st interim cash dividend of Rs. 1.5 per share (15%) for the period under review.

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

Category	Names
<b>Independent Directors</b>	Khawaja Ahmad Hosain Muhammad Yaqoob Ehsan Mani Ms. Mehreen Hosain Ms. Syeda Shahbano Abbas
<b>Non-Executive Directors</b>	Dr. M. Humayun Khan M. Zafar Khan Adnan Aurangzeb Ms. Ayesha Humayun Khan
<b>Executive Directors</b>	M. Afzal Khan Anwar Moin (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. Ayesha 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
Anwar Moin (CEO)	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member
Ms. Shirin Safdar	Member
Ms. Syeda Shahbano Abbas	Member

**CSR & HSE Committee**

M. Zafar Khan	Chairman
Ms. Syeda Shahbano Abbas	Member
Ms. Mehreen Hosain	Member
Ms. Ayesha Humayun Khan	Member

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



**Anwar Moin**  
Chief Executive Officer

Islamabad  
23rd October 2019



بورڈ کی کمیٹیاں اور ان کی تشکیل حسب ذیل ہے۔

## آڈٹ کمیٹی

احسان مانی، چیئر مین  
عدنان اورنگزیب، رکن  
محمد یعقوب، رکن  
محترمہ عائشہ ہمایوں خان، رکن  
خواجہ احمد حسین، رکن  
ڈاکٹر ایم ہمایوں خان، رکن

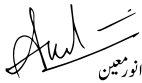
## ایچ آر و معروضہ جاتی کمیٹی

خواجہ احمد حسین، چیئر مین  
محترمہ مہرین حسین، رکن  
ڈاکٹر ایم ہمایوں خان، رکن  
انور معین (سی ای او)، رکن  
محمد یعقوب، رکن  
عدنان اورنگزیب، رکن  
محترمہ شیریں صفدر، رکن  
محترمہ سیدہ شاہانہ عباس، رکن

## سی ایس آر و ایچ ایس ای کمیٹی

ایم ظفر خان، چیئر مین  
محترمہ مہرین حسین، رکن  
محترمہ سیدہ شاہانہ عباس، رکن  
محترمہ عائشہ ہمایوں خان، رکن

آپ کا بورڈ اس موقع پر اپنے جملہ ملازمین کا کاروباری چیلنجز کو پورا کرنے کے لئے ان کی سخت محنت اور مسلسل کادشوں کی نسبت اور اپنے تمام اسٹیک ہولڈرز کے تعاون کی بابت ان کے لئے خصوصی ستائش کا اظہار کرتا ہے۔

  
انور معین

چیف ایگزیکٹو آفیسر

اسلام آباد

23 اکتوبر 2019

## بیافونڈسٹریڈ لمیٹڈ 30 ستمبر 2019 کو ختم ہونے والی سہ ماہی مدت کیلئے ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز 30 ستمبر 2019 کو اختتام پذیر ہونے والی سہ ماہی مدت کے لئے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کمپنی کی اصل فروخت کی قدر (نیٹ سٹیلز ویلیو) زیر جائزہ سہ ماہی میں گزشتہ سہ ماہی کی نسبت %20.43 اضافے کے بعد 464.32 ملین روپے ہوئی۔ (ستمبر 2018 میں 385.55 ملین روپے تھی)۔ زیر جائزہ مدت کے دوران ٹیل اور گیس اور دیگر بڑے منصوبوں کے شعبے میں سیٹیمک سرگرمیوں میں اضافے کے باعث سپلائی میں اضافہ ہوا۔ سینٹ اور تعمیراتی/کان کن کے شعبے میں سپلائی میں کمی دیکھنے میں آئی جس کی وجہ بلاسٹنگ سرگرمیوں کی تکمیل اور مجموعی طور پر قومی معیشت میں سست روی تھی۔

اس سہ ماہی میں مجموعی خام منافع گزشتہ سال اسی سہ ماہی جو کہ ستمبر 2018 کو اختتام پذیر ہوئی کے مقابلے میں %8.30 اضافہ کے بعد 193.78 ملین روپے رہا۔ ان تین ماہ میں ٹیکسوں کی ادائیگی کے بعد خالص منافع ستمبر 2018 کو اختتام پذیر ہونے والی اسی مدت کی نسبت %5.62 اضافے کے بعد 113.45 ملین روپے رہا۔ نتیجے کے طور پر فی حصص منافع 4.30 روپے ہو گیا۔ (ستمبر 2018 میں فی حصص منافع 4.07 روپے تھا)۔

اخراجات بورڈ آف ڈائریکٹرز کے منظور شدہ بجٹ کی حد میں رہے۔

آپ کے بورڈ آف ڈائریکٹرز کی جانب سے زیر جائزہ مدت کے لئے پہلے عبوری نقد منافع 1.5 روپے فی حصص (15%) کا اعلان کیا گیا ہے۔ اس وقت بورڈ 13 اراکین پر مشتمل ہے جن میں بشمول چیف ایگزیکٹو آفیسر، 9 مرداراکین اور 4 خواتین اراکین شامل ہیں۔ بورڈ کی تشکیل حسب ذیل ہے۔

درجہ	نام
آزاد ڈائریکٹرز	خواجہ احمد حسین محمد یعقوب احسان مانی محترمہ مہرین حسین محترمہ سیدہ شاہ بانو عباس
نان ایگزیکٹو ڈائریکٹرز	ڈاکٹر ایم ہمایوں خان ایم ظفر خان عدنان اورنگزیب محترمہ عائشہ ہمایوں خان
ایگزیکٹو ڈائریکٹرز	ایم افضل خان انور مبین (چیف ایگزیکٹو آفیسر) میجر جنرل (ریٹائرڈ) ایس زیڈ ایم عسکری محترمہ شیریں صفدر

## BIAFO INDUSTRIES LTD. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 30 SEPTEMBER 2019

		Unaudited 30 Sep 2019 Rupees	Audited 30 June 2019 Rupees
<b>NON - CURRENT ASSETS</b>	<b>Note</b>		
Property, plant and equipment	4	1,050,219,153	1,046,351,416
Investment property		30,066,653	30,255,752
Long - term deposits		1,793,600	1,793,600
		<b>1,082,079,406</b>	<b>1,078,400,768</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		11,747,313	10,947,722
Stock in trade		245,672,631	319,847,587
Trade debts		394,670,916	279,538,533
Advances		14,490,523	14,151,399
Trade deposits and short - term prepayments		12,259,048	5,603,562
Advance tax		37,236,300	24,139,827
Other receivables		1,707,118	7,499,419
Short - term investments	5	499,667,608	491,618,034
Cash and bank balances		79,392,767	40,534,570
		<b>1,296,844,224</b>	<b>1,193,880,653</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	157,400,537	182,056,475
Short-term borrowings	7	621,610,230	595,079,117
Unclaimed dividend		23,391,830	23,391,830
Unpaid dividend		11,265,847	11,295,615
		<b>813,668,444</b>	<b>811,823,037</b>
<b>NET CURRENT ASSETS</b>		<b>483,175,780</b>	<b>382,057,616</b>
<b>NON - CURRENT LIABILITIES</b>			
Employee benefits		5,427,966	5,438,514
Deferred tax liability - net	8	41,133,763	49,780,166
		<b>46,561,729</b>	<b>55,218,680</b>
<b>NET ASSETS</b>		<b>1,518,693,457</b>	<b>1,405,239,704</b>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		264,000,000	264,000,000
Revenue reserve			
Unappropriated profit		544,705,193	429,984,402
Capital reserve			
Revaluation surplus on property, plant and equipment - net of tax		709,988,264	711,255,302
		<b>1,518,693,457</b>	<b>1,405,239,704</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes 1 to 16 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Note	Quarter Ended		Quarter Ended	
		30 Sep 2019	Period to Due Date	30 Sep 2018	Period to Due Date
		Rupees	Rupees	Rupees	Rupees
<b>NET TURNOVER</b>	10	464,320,684	464,320,684	385,546,943	385,546,943
Cost of sales		(270,536,233)	(270,536,233)	(206,622,021)	(206,622,021)
<b>GROSS PROFIT</b>		193,784,451	193,784,451	178,924,922	178,924,922
Distribution expenses		(13,297,386)	(13,297,386)	(9,169,094)	(9,169,094)
Administrative expenses		(29,931,958)	(29,931,958)	(29,354,681)	(29,354,681)
Finance costs - net		(19,592,916)	(19,592,916)	(8,069,902)	(8,069,902)
Other income		4,337,086	4,337,086	11,466,888	11,466,888
<b>OPERATING PROFIT</b>		135,299,277	135,299,277	143,798,133	143,798,133
Workers' profit participation fund		(6,764,964)	(6,764,964)	(7,189,907)	(7,189,907)
Workers' welfare fund		(2,705,986)	(2,705,986)	(2,875,963)	(2,875,963)
<b>PROFIT BEFORE TAXATION</b>		125,828,327	125,828,327	133,732,263	133,732,263
<b>TAXATION</b>					
Current		(20,925,465)	(20,925,465)	(26,786,092)	(26,786,092)
Deferred		8,550,891	8,550,891	470,619	470,619
		(12,374,574)	(12,374,574)	(26,315,473)	(26,315,473)
<b>PROFIT FOR THE PERIOD</b>		113,453,753	113,453,753	107,416,790	107,416,790
				Restated	Restated
<b>EARNINGS PER SHARE</b>					
- Basic and diluted		4.30	4.30	4.07	4.07

The annexed notes 1 to 16 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

## BIAFO INDUSTRIES LTD. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Quarter Ended		Quarter Ended	
	30 Sep 2019 Rupees	Period to Due Date Rupees	30 Sep 2018 Rupees	Period to Due Date Rupees
Profit for the period	113,453,753	113,453,753	107,416,790	107,416,790
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>113,453,753</b>	<b>113,453,753</b>	<b>107,416,790</b>	<b>107,416,790</b>

The annexed notes 1 to 16 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	30 Sep 2019	30 Sep 2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>Note 125,828,327</b>	<b>133,732,263</b>
Adjustments for:		
Depreciation	6,552,882	5,004,712
Finance costs	19,592,916	8,069,902
Provision for Workers' profit participation fund	6,764,964	7,189,907
Provision for Workers' welfare fund	2,705,986	2,875,963
Provision for employee benefits	2,520,405	-
Dividend income	(7,710,804)	-
Unrealized (gain) on remeasurement of investment	(5,214,996)	(7,348,400)
Interest income	(765,925)	(370,737)
Unrealized exchange loss(gain)	795,967	(2,150,551)
	<u>25,241,395</u>	<u>13,270,796</u>
	<b>151,069,722</b>	<b>147,003,059</b>
<b>Changes in:</b>		
Stores, spare parts and loose tools	(799,591)	(399,024)
Inventories	74,174,956	1,243,201
Trade debts	(115,132,383)	42,019,365
Advances, deposits, prepayments and other receivables	(1,740,229)	(5,603,464)
Trade and other payables	(3,140,786)	6,740,023
	<u>(46,638,033)</u>	<u>44,000,101</u>
<b>Cash generated from operations</b>	<b>104,431,689</b>	<b>191,003,160</b>
Finance costs paid	(14,304,323)	(6,175,212)
Employee benefits paid	(9,236,246)	-
Payments to Workers' profit participation fund	(24,280,810)	(35,668,279)
Income taxes paid	(34,021,938)	(34,123,118)
	<u>(81,843,317)</u>	<u>(75,966,609)</u>
<b>Net cash from operating activities</b>	<b>22,588,373</b>	<b>115,036,551</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,231,521)	(33,004,179)
Net investment during the year	(7,710,804)	1,908,895
Dividend received	7,710,804	-
<b>Net cash used in investing activities</b>	<b>(10,231,521)</b>	<b>(31,095,284)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of dividend	(29,768)	(450,054)
<b>Net cash used in financing activities</b>	<b>(29,768)</b>	<b>(450,054)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>12,327,084</b>	<b>83,491,212</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>(554,544,547)</b>	<b>(394,064,045)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(542,217,463)</b>	<b>(310,572,833)</b>

The annexed notes 1 to 16 form an integral part of these interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

## BIAFO INDUSTRIES LTD. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Share capital	Revaluation surplus on property, plant and equipment - net of tax	Revenue Reserve Unappropriated profits	Total equity
	Rupees	Rupees	Rupees	Rupees
<b>Balance at 01 July 2018, as previously reported</b>	220,000,000	270,092,444	472,997,002	963,089,446
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	107,416,790	107,416,790
<b>Comprehensive income for the year transferred to equity</b>	-	-	107,416,790	107,416,790
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	(420,229)	-	(420,229)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	420,229	420,229
<b>Balance at 30 September 2018</b>	<b>220,000,000</b>	<b>269,672,215</b>	<b>580,834,021</b>	<b>1,070,506,236</b>
<b>Balance at 01 July 2019, as previously reported</b>	264,000,000	711,255,302	429,984,402	1,405,239,704
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	113,453,753	113,453,753
<b>Comprehensive income for the year transferred to equity</b>	-	-	113,453,753	113,453,753
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	(1,267,038)	-	(1,267,038)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	1,267,038	1,267,038
<b>Balance at 30 September 2019</b>	<b>264,000,000</b>	<b>709,988,264</b>	<b>544,705,193</b>	<b>1,518,693,457</b>

The annexed notes 1 to 16 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 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 (now the Companies Act, 2017). 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 11 January 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

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim financial statements do not include the information that was 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 2019. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of 30 June 2019, whereas comparative condensed interim statement of profit or loss, comparative condensed interim statement of comprehensive income, comparative condensed interim statement of cash flows and comparative condensed interim statement of changes in equity are extracted from unaudited interim financial statements for three months period ended 30 Sep 2018.

These interim financial statements are unaudited and are 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, the methods of computation adopted in preparation of these interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2019 except for the changes as indicated below:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- |  |                             |
|--|-----------------------------|
| - IFRS 16: Leases  | (effective 01 January 2019) |
| - IFRIC 23: Uncertainty over Income Tax Treatments                     | (effective 01 January 2019) |
| - Amendments to IFRS 9: Prepayment Features with Negative Compensation | (effective 01 January 2019) |
| - Amendments to IAS 19: Plan Amendment, Curtailment or Settlement      | (effective 01 January 2019) |



## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

- Amendment to IAS 28: Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures (effective 01 January 2019)

- Amendments to IFRS 3: Business Combinations (effective 01 January 2020)

- Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective 01 January 2020)

Annual improvements to IFRS Standards 2015 - 2017 cycle:

- IFRS 3: Business Combinations and IFRS 11 Joint Arrangement (effective 01 January 2019)

- Amendments to IAS 12: Income Taxes (effective 01 January 2019)

- Amendments to IAS 23: Borrowing Costs (effective 01 January 2019)

The amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's interim financial statements except for IFRS 16 'Leases', for which the Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard, and IFRIC 23 'Uncertainty over Income Tax Treatments'.

### 4. PROPERTY, PLANT AND EQUIPMENT

During three months period ended 30 Sep 2019, the Company acquired property, plant and equipment aggregating to Rs. 10,231,521 (30 Sep 2018: Rs. 30,188,653). Depreciation charge for the period amounts to Rs. 6,552,882 (30 Sep 2018: Rs. 5,004,712).

### 5. SHORT TERM INVESTMENTS

	Unaudited 30 Sep 2019 Rupees	Audited 30 June 2019 Rupees
Equity securities - at FVTPL	412,763,677	401,190,028
Debt securities - at amortised cost	86,903,931	90,428,006
	<u>499,667,608</u>	<u>491,618,034</u>

### 6. TRADE AND OTHER PAYABLES

Trade creditors	46,729,693	92,740,997
Contract liability - advances from customers	43,702,143	2,427,760
Accrued liabilities	20,486,401	30,206,002
Sales tax payable - net	7,846,792	-
Insurance	1,025,263	922,405
Workers' profit participation fund payable	6,764,964	24,280,810
Workers' welfare fund payable	12,418,310	9,712,324
Payable to staff gratuity fund	2,520,405	9,225,698
Payable to employees' provident fund	1,304,370	1,090,854
Withholding tax payable	1,204,881	24,923
Others	13,397,315	11,424,702
	<u>157,400,537</u>	<u>182,056,475</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Note	Unaudited 30 Sep 2019 Rupees	Audited 30 June 2019 Rupees
<b>7. SHORT TERM BORROWINGS</b>			
Allied Bank Limited (ABL)	7.1	<b>371,467,886</b>	346,928,891
Faysal Bank Limited (FBL)	7.2	<b>101,904,303</b>	98,423,800
United Bank Limited (UBL)	7.3	<b>148,238,042</b>	149,726,426
		<b>621,610,230</b>	<b>595,079,117</b>

**7.1** The Company has arranged various facilities with ABL with cumulative sanctioned limit of Rs. 540 million and during the period the Company utilized the facilities as follows:

The Running Finance facility with a sanctioned limit of Rs. 200 million (30 June 2019: Rs. 200 million) and carries mark-up at the rate of 3 months Kibor + 1% per annum of the amount utilized and The Export Refinance facility with a sanctioned limit of Rs. 75 million (30 June 2019: Rs. 75 million) and carries mark-up at the 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. 366.66 million and charge over current assets (excluding financial assets) and fixed assets (excluding Head Office Building) of the Company.

The Running Finance facility with a sanctioned limit of Rs. 150 million (30 June 2019: Rs. 150 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 fund with 5% fund margin.

The Running Finance facility with a sanctioned limit of Rs. 75 million (30 June 2019: Rs. 75 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. 100 million (30 June 2019: Rs. 100 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 5% margin.

**7.3** This represents utilized amount of running finance facility with a sanctioned limit of Rs.150 million (30 June 2019: 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.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Unaudited 30 Sep 2019 Rupees	Audited 30 June 2019 Rupees
<b>8. DEFERRED TAX LIABILITY- net</b>		
The net balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation of property, plant and equipment	28,937,640	38,680,311
Deferred employee benefits	(2,146,636)	(3,655,175)
Provision for slow moving stores, spares and loose tools	(1,141,572)	(1,141,572)
Surplus on revaluation of fixed assets	15,484,331	15,896,602
	<b>41,133,763</b>	<b>49,780,166</b>

## 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 2019.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 27,961,674 at 30 Sep 2019 (30 June 2019: Rs. 11,036,872).

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 period end amounts to Rs. 17,071,182 (30 June 2019: Rs. 17,071,182).

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**10. NET SALES / TURNOVER**

	Three Months Ended	
	Unaudited	Unaudited
	30 Sep 2019	30 Sep 2018
	Rupees	Rupees
Gross local sales	389,208,002	328,217,176
Sales tax	(56,644,050)	(48,467,425)
Net local sales	332,563,952	279,749,751
Net export sales	131,756,732	105,797,192
	<u>464,320,684</u>	<u>385,546,943</u>

**11. CASH AND CASH EQUIVALENTS**

For the purpose of cash flow statement cash and cash equivalents comprise of:

Cash and bank balances	79,392,767	37,016,976
Short term borrowings - secured	(621,610,230)	(347,589,809)
	<u>(542,217,463)</u>	<u>(310,572,833)</u>

**12. 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:

	Three Months Ended	
	Unaudited	Unaudited
	30 Sep 2019	30 Sep 2018
	Rupees	Rupees
<b>Directors and key management personnel</b>		
Remuneration including perquisites to Chief Executive	2,158,333	6,650,000
Remuneration including perquisites to Directors	4,200,000	5,880,000
Remuneration including perquisites to key management personnel	9,031,250	8,233,671
<b>Other related parties</b>		
Payment to employees' provident fund	1,785,701	1,568,832
Payable to employees' provident fund - unsecured	1,304,370	1,279,444
Payable to staff retirement gratuity fund - unsecured	2,520,405	-

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 13. 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 are current bid prices.

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

## Financial assets and liabilities

Financial assets and liabilities	Carrying amount			Fair value				
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 Sep 2019	Rupees							
Financial assets measured at fair value	Rupees							
Short term investments	-	412,763,677	-	412,763,677	412,763,677	-	-	412,763,677
Trade deposits	-	2,264,781	-	2,264,781	-	-	2,264,781	2,264,781
Long term deposits	-	1,793,600	-	1,793,600	-	-	1,793,600	1,793,600
	-	416,822,058	-	416,822,058	412,763,677	4,058,381	416,822,058	416,822,058

## Financial assets not measured at fair value

Trade debts	394,670,916	-	-	-	-
Advances to employees	628,032	-	-	628,032	-
Other receivables	-	-	-	-	-
Short term investments	86,903,931	-	-	86,903,931	-
Cash and bank balances	79,392,767	-	-	79,392,767	-
<b>Total financial assets</b>	<b>561,595,646</b>	<b>416,822,058</b>	<b>416,822,058</b>	<b>416,822,058</b>	<b>416,822,058</b>

## Financial liabilities not measured at fair value

Short term borrowings	-	621,610,230	621,610,230
Unclaimed dividend	-	23,391,830	23,391,830
Unpaid dividend	-	11,265,847	11,265,847
Trade and other payables	-	85,463,447	85,463,447
<b>Total financial liabilities</b>	-	<b>741,731,354</b>	<b>741,731,354</b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Financial assets and liabilities

Financial assets and liabilities	Carrying amount				Fair value			
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2019	Rupees				Rupees			
Financial assets measured at fair value								
Short term investments	-	401,190,028	-	401,190,028	401,190,028	-	-	401,190,028
Trade deposits	-	1,598,737	-	1,598,737	-	-	1,598,737	1,598,737
Long term deposits	-	1,793,600	-	1,793,600	-	-	1,793,600	1,793,600
	-	404,582,365	-	404,582,365	401,190,028	-	3,392,337	404,582,365

Financial assets not measured at fair value

Trade debts	279,538,533	-	-	279,538,533	-	-	-	-
Advances to employees	776,987	-	-	776,987	-	-	-	-
Other receivables	5,453,980	-	-	5,453,980	-	-	-	-
Short term investments	90,428,006	-	-	90,428,006	-	-	-	-
Cash and bank balances	40,462,320	-	-	40,462,320	-	-	-	-
<b>Total financial assets</b>	<b>416,659,826</b>	<b>404,582,365</b>	<b>-</b>	<b>821,242,191</b>	<b>401,190,028</b>	<b>-</b>	<b>3,392,337</b>	<b>404,582,365</b>

Financial liabilities not measured at fair value

Short term borrowings	-	-	595,079,117	595,079,117	-	-	-	-
Unclaimed dividend	-	-	23,391,830	23,391,830	-	-	-	-
Unpaid dividend	-	-	11,295,615	11,295,615	-	-	-	-
Trade and other payables	-	-	145,610,658	145,610,658	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>775,377,220</b>	<b>775,377,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

		Three Months Ended	
		Unaudited 30 Sep 2019	Unaudited 30 Sep 2018 Restated
<b>14. EARNING PER SHARE</b>			
	<i>- Basic and diluted</i>		
Profit for the period	Rupees	<u>113,453,753</u>	<u>107,416,790</u>
Weighted average number of ordinary shares	Numbers	<u>26,400,000</u>	<u>26,400,000</u>
Earning per share	Rupees	<u>4.30</u>	<u>4.07</u>

**15. NON ADJUSTING EVENTS AFTER REPORTING DATE AND DATE OF AUTHORIZATION FOR ISSUE**

**15.1** The Board of Directors of the Company in their meeting held on 23 October 2019 proposed an interim cash dividend of Rs. 1.5 per share.

**15.2** These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 23 October 2019.

**16. GENERAL**

Figures in these interim financial statements have been rounded off to the nearest rupee.



Chief Financial Officer



Chief Executive Officer



Chairman



# BOOK POST

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