

# Quarterly Report

for the Period Ended  
30<sup>th</sup> September 2021


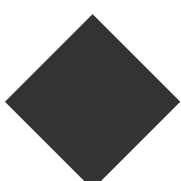


**BIAFO INDUSTRIES LTD.**  
Manufacturer of Tovex<sup>®</sup> Explosives & Blasting Accessories



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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  
Executive Director  
Executive Director

#### Non Executive Directors

Dr. M. Humayun Khan  
M. Zafar Khan  
Khwaja Ahmad Hosain  
Muhammad Waheed  
Adnan Aurangzeb  
Ms. Ayesha Humayun Khan

Chairman  
Director  
Director  
Director  
Director  
Director

#### Independent Directors

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

Director  
Director  
Director  
Director

#### Company Secretary

Khawaja Shaiq Tanveer

#### Chief Financial Officer

Syed Sajid Hussain Shah

#### Audit & Risk Management Committee

|                     |          |
|---------------------|----------|
| Ehsan Mani          | Chairman |
| Dr. M. Humayun Khan | Member   |
| Adnan Aurangzeb     | Member   |
| Muhammad Yaqoob     | Member   |
| Khwaja Ahmad Hosain | Member   |
| Muhammad Waheed     | Member   |

#### HR & Remuneration Committee

|                          |          |
|--------------------------|----------|
| Ehsan Mani               | Chairman |
| Anwar Moin               | Member   |
| Dr. M. Humayun Khan      | Member   |
| Ms. Mehreen Hosain       | Member   |
| Ms. Syeda Shahbano Abbas | Member   |
| Ms. Ayesha Humayun Khan  | Member   |

#### Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

#### Legal Advisors

Chima & Ibrahim, Raza Khalil Abbasi Suhrawardy

#### Bankers

Allied Bank of Pakistan  
National Bank of Pakistan  
Bank of Khyber  
Meezan Bank

Bank Alfalah Limited  
United Bank Limited  
Faysal Bank Limited  
Sindh Bank Limited

#### Registered Office

##### Biafo Industries Limited

1st Floor, Biafo House, Plot No. 23, St No. 38-40,  
&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

##### F.D. Registrar Services (Pvt.) Ltd.

17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi.  
Tel: +92 21 32271905-6 Fax: +92 21 32621233  
E-mail: info@fdregistrar.com | fdregistrar@yahoo.com



# DIRECTORS' REPORT

**BIAFO INDUSTRIES LTD.  
DIRECTORS' REPORT FOR THE QUARTER  
PERIOD ENDED 30 SEPTEMBER 2021**

Your Directors are pleased to submit the un-audited accounts for the quarter ended 30th September 2021.

Net sales value of the Company, increased by 26.87%. for the quarter, to Rs. 455.47 M (Quarter ended September 2020: Rs. 359.02 M).

For the period under review, supplies to large projects and cement sector increased, whereas supplies to the Oil and Gas sector decreased because of lesser exploration seismic activity. However, supplies to others sectors have shown a slight increase as compared to the quarter ended September 2020.

For the quarter under review, gross profit increased by 27.74% to Rs. 181.04 M as compared to previous year's comparable quarter (30 September 2020: Rs. 141.73 M), whereas net profit after taxation increased by 18.22% to Rs. 96.04 M. as compared to the quarter ended September 2020. This resulted in an EPS of Rs. 2.51 (EPS September 2020: Rs. 2.12 Restated). Profitability increased mainly due to increase in sales volume.

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


The Company has made huge investment in Plant infrastructure improvements and other Capital investments as already advised to the stakeholders, therefore Board of Directors has not proposed any dividend for the period under review.

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.

For and on behalf of the Board



**Anwar Moin**  
Chief Executive Officer



**M. Afzal Khan**  
Deputy Chairman

Islamabad  
26 October 2021

بیافواڈسٹریز لمیٹڈ

30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کے لئے ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز 30 ستمبر 2021 کو اختتام پذیر ہونے والی سہ ماہی کے لئے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کمپنی کی اصل فروخت کی قدر (نیٹ سلز ویلیو) زیر جائزہ سہ ماہی میں گزشتہ سہ ماہی کی نسبت 26.87 فیصد اضافے کے بعد 455.47 ملین روپے رہی (ستمبر 2020، 359.02 ملین روپے)

زیر جائزہ مدت میں بڑے تعمیراتی منصوبوں اور سینٹریکٹوں کو فروخت میں اضافہ ہوا جبکہ تیل و گیس میں ایکویوریشن سسٹم سرگرمیوں میں کمی کے باعث فروخت میں کمی آئی۔ جبکہ دیگر شعبوں میں ستمبر 2021 کو ختم ہونے والی سہ ماہی کے مقابلے میں پلائیوڈ میں معمولی بہتری واقع ہوئی۔

اس سہ ماہی میں مجموعی خام منافع گزشتہ سال اسی سہ ماہی جو کہ ستمبر 2020 کو اختتام پذیر ہوئی کے مقابلے میں %27.74 اضافہ کے بعد 181.04 ملین روپے رہا۔ ان تین ماہ میں ٹیکسوں کی ادائیگی کے بعد خالص منافع ستمبر 2020 کو اختتام پذیر ہونے والی اسی مدت کی نسبت %18.22 فیصد اضافے کے بعد 96.04 ملین روپے رہا۔ نتیجے کے طور پر فی حصص منافع 2.51 روپے ہو گیا۔ (ستمبر 2020 میں فی حصص منافع 2.12 روپے تھا)

اخراجات بورڈ آف ڈائریکٹرز کی طرف سے منظور کردہ بجٹ کے اندر تھے۔

جیسا کہ اسٹیک ہولڈرز کی مشاورت سے کمپنی نے پلانٹ انفراسٹرکچر کی بہتری اور دیگر سرمایہ کاری کی ہے لہذا بورڈ آف ڈائریکٹرز نے زیر جائزہ مدت کے لئے کوئی منافع تجویز نہیں کیا ہے۔

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

بورڈ کی جانب سے

احسان علی خان  
ایم افضل خان  
ڈپٹی چیئرمین

انور معین  
چیف ایگزیکٹو آفیسر

اسلام آباد

26 اکتوبر 2021



**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT 30 SEPTEMBER 2021**

|  |             | <b>Unaudited</b>     | <b>Audited</b>      |
|--|-------------|----------------------|---------------------|
|  |             | <b>30 Sep 2021</b>   | <b>30 June 2021</b> |
|  | <b>Note</b> | <b>Rupees</b>        | <b>Rupees</b>       |
| <b>NON - CURRENT ASSETS</b>  |             |                      |                     |
| Property, plant and equipment  | 4           | <b>1,345,645,644</b> | 1,176,257,970       |
| Investment property  |             | <b>28,582,112</b>    | 28,761,874          |
| Long - term deposits   |             | <b>1,777,650</b>     | 1,777,650           |
|  |             | <b>1,376,005,406</b> | 1,206,797,494       |
| <b>CURRENT ASSETS</b>  |             |                      |                     |
| Inventories  |             | <b>573,152,245</b>   | 510,745,479         |
| Trade debts  |             | <b>466,839,809</b>   | 333,158,182         |
| Short term advances  |             | <b>34,372,393</b>    | 34,297,781          |
| Trade deposits, short term prepayments<br>and other receivables                        |             | <b>71,252,716</b>    | 40,892,454          |
| Short - term investments   | 5           | <b>276,202,548</b>   | 265,638,961         |
| Advance tax - net  |             | <b>39,010,301</b>    | 52,113,062          |
| Cash and bank balances   |             | <b>50,471,734</b>    | 46,665,106          |
|  |             | <b>1,511,301,746</b> | 1,283,511,025       |
| <b>CURRENT LIABILITIES</b>   |             |                      |                     |
| Trade and other payables   | 6           | <b>284,138,282</b>   | 244,561,240         |
| Current portion of long term loan  |             | <b>36,510,967</b>    | 21,982,562          |
| Current portion of lease liabilities   |             | <b>4,485,506</b>     | 3,745,156           |
| Short-term borrowings  | 7           | <b>630,265,267</b>   | 504,188,266         |
| Unclaimed dividend   |             | <b>25,070,686</b>    | 24,567,634          |
| Unpaid dividend  |             | <b>14,611,969</b>    | 14,641,304          |
|  |             | <b>995,082,677</b>   | 813,686,162         |
|  |             | <b>516,219,069</b>   | 469,824,863         |
| <b>NET CURRENT ASSETS</b>  |             |                      |                     |
| <b>NON - CURRENT LIABILITIES</b>   |             |                      |                     |
| Long term loan   |             | <b>210,936,814</b>   | 90,619,127          |
| Employee benefit   |             | <b>678,791</b>       | 678,791             |
| Lease liabilities  |             | <b>5,930,281</b>     | 5,715,577           |
| Deferred tax liability - net   | 8           | <b>34,395,923</b>    | 35,362,872          |
|  |             | <b>251,941,809</b>   | 132,376,367         |
|  |             | <b>1,640,282,666</b> | 1,544,245,990       |
| <b>NET ASSETS</b>  |             |                      |                     |
| <b>REPRESENTED BY:</b>   |             |                      |                     |
| <b>SHARE CAPITAL AND RESERVES</b>  |             |                      |                     |
| Share capital  |             | <b>383,328,000</b>   | 383,328,000         |
| Revenue reserve - unappropriated profit  |             | <b>555,100,783</b>   | 458,055,695         |
| Capital reserve - revaluation surplus on property, plant<br>and equipment - net of tax |             | <b>701,853,883</b>   | 702,862,295         |
|  |             | <b>1,640,282,666</b> | 1,544,245,990       |
| <b>CONTINGENCIES AND COMMITMENTS</b>   |             |                      |                     |
|  | 9           |                      |                     |

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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

| Note   | Quarter Ended |                    | Quarter Ended |                    |                 |
|--|---------------|--------------------|---------------|--------------------|-----------------|
|  | 30 Sep 2021   | Period to Due Date | 30 Sep 2020   | Period to Due Date |                 |
|  | Rupees        | Rupees             | Rupees        | Rupees             |                 |
| <b>Revenue - net</b>                             | 10            | 455,471,082        | 455,471,082   | 359,019,544        | 359,019,544     |
| Cost of sales                                    |               | (274,429,677)      | (274,429,677) | (217,288,249)      | (217,288,249)   |
| <b>Gross profit</b>                              |               | 181,041,405        | 181,041,405   | 141,731,295        | 141,731,295     |
| Other income                                     |               | 1,275,000          | 1,275,000     | 1,545,056          | 1,545,056       |
| Distribution expenses                            |               | (17,156,757)       | (17,156,757)  | (11,738,967)       | (11,738,967)    |
| Administrative expenses                          |               | (37,088,160)       | (37,088,160)  | (33,284,886)       | (33,284,886)    |
| (Allowance)/ Reversal for expected credit losses |               | -                  | -             | 2,357,666          | 2,357,666       |
| <b>Operating profit</b>                          |               | 128,071,488        | 128,071,488   | 100,610,164        | 100,610,164     |
| Finance costs                                    |               | (13,671,422)       | (13,671,422)  | (13,545,364)       | (13,545,364)    |
| Finance income                                   |               | 17,579,063         | 17,579,063    | 3,500,836          | 3,500,836       |
| <b>Net finance cost</b>                          |               | 3,907,641          | 3,907,641     | (10,044,528)       | (10,044,528)    |
| Workers' profit participation fund               |               | (6,598,956)        | (6,598,956)   | (4,528,282)        | (4,528,282)     |
| Workers' welfare fund                            |               | (2,587,826)        | (2,587,826)   | (1,775,797)        | (1,775,797)     |
| <b>Profit before tax</b>                         |               | 122,792,347        | 122,792,347   | 84,261,557         | 84,261,557      |
| Income tax expense                               |               | (26,755,671)       | (26,755,671)  | (3,028,779)        | (3,028,779)     |
| <b>Profit for the period</b>                     |               | 96,036,676         | 96,036,676    | 81,232,778         | 81,232,778      |
| <b>Earnings per share</b>                        |               |                    |               | <b>Restated</b>    | <b>Restated</b> |
| Basic and diluted                                |               | 2.51               | 2.51          | 2.12               | 2.12            |

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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|  | Quarter Ended     |                    | Quarter Ended |                    |
|--|-------------------|--------------------|---------------|--------------------|
|  | 30 Sep 2021       | Period to Due Date | 30 Sep 2020   | Period to Due Date |
|  | Rupees            | Rupees             | Rupees        | Rupees             |
| <b>Profit for the period</b>                     | <b>96,036,676</b> | <b>96,036,676</b>  | 81,232,778    | 81,232,778         |
| <b>Other comprehensive income for the period</b> | -                 | -                  | -             | -                  |
| <b>Total comprehensive income for the period</b> | <b>96,036,676</b> | <b>96,036,676</b>  | 81,232,778    | 81,232,778         |

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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|   | Capital reserve    |   | Revenue Reserve        | Total equity         |
|---|--------------------|---|------------------------|----------------------|
|   | Share capital      | Revaluation surplus on property, plant and equipment - net of tax | Unappropriated profits |                      |
|   | Rupees             | Rupees  | Rupees                 | Rupees               |
| <b>Balance at 01 July 2020</b>  | 348,480,000        | 707,333,583   | 421,955,643            | 1,477,769,226        |
| <b>Total comprehensive income for the period</b>  |                    |   |                        |                      |
| Profit for the period   | -                  | -   | 81,232,778             | 81,232,778           |
| <b>Total comprehensive income for the period transferred to equity</b>  | -                  | -   | 81,232,778             | 81,232,778           |
| Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax              | -                  | (1,085,680)   | -                      | (1,085,680)          |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | -                  | -   | 1,085,680              | 1,085,680            |
| <b>Balance at 30 September 2020</b>   | <b>348,480,000</b> | <b>706,247,903</b>  | <b>504,274,101</b>     | <b>1,559,002,004</b> |
| <b>Balance at 01 July 2021</b>  | <b>383,328,000</b> | <b>702,862,295</b>  | <b>458,055,695</b>     | <b>1,544,245,990</b> |
| <b>Total comprehensive income for the period</b>  |                    |   |                        |                      |
| Profit for the period   | -                  | -   | 96,036,676             | 96,036,676           |
| <b>Total comprehensive income for the period transferred to equity</b>  | -                  | -   | 96,036,676             | 96,036,676           |
| Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax              | -                  | (1,008,412)   | -                      | (1,008,412)          |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | -                  | -   | 1,008,412              | 1,008,412            |
| <b>Balance at 30 September 2021</b>   | <b>383,328,000</b> | <b>701,853,883</b>  | <b>555,100,783</b>     | <b>1,640,282,666</b> |

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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LTD.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|  | 31 Sep 2021          | 30 Sep 2020          |
|--|----------------------|----------------------|
| Note   | Rupees               | Rupees               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                      |                      |
| <b>Profit before tax</b>   | <b>122,792,347</b>   | <b>84,261,557</b>    |
| Adjustments for:   |                      |                      |
| Depreciation on property, plant and equipment                    | 6,544,435            | 6,490,356            |
| Depreciation on investment property                              | 179,762              | 184,371              |
| Finance costs  | 12,512,915           | 13,545,364           |
| Allowance/ (Reversal) for expected credit losses                 | -                    | (2,357,666)          |
| Provision for Workers' profit participation fund                 | 6,598,956            | 4,528,282            |
| Provision for Workers' welfare fund net of reversal              | 2,587,826            | 1,775,797            |
| Provision for gratuity   | 4,203,925            | 2,813,301            |
| Dividend income  | (3,361,705)          | (2,655,005)          |
| Rental Income  | (1,275,000)          | -                    |
| Unrealized gain on remeasurement of investment                   | (13,910,074)         | (114,249)            |
| Gain on sale of property, plant and equipment                    | -                    | (1,109,840)          |
| Interest income  | (307,283)            | (866,798)            |
|  | <b>13,773,756</b>    | <b>22,233,914</b>    |
|  | <b>136,566,103</b>   | <b>106,495,471</b>   |
| <b>Changes in:</b>   |                      |                      |
| Inventories  | (62,406,766)         | (9,186,863)          |
| Trade debts  | (133,681,627)        | (44,435,046)         |
| Advances, deposits, short term prepayments and other receivables | (30,434,874)         | (1,101,940)          |
| Trade and other payables   | 27,843,008           | (7,773,887)          |
|  | <b>(198,680,259)</b> | <b>(62,497,736)</b>  |
| <b>Cash generated from operating activities</b>                  | <b>(62,114,156)</b>  | <b>43,997,735</b>    |
| Finance costs paid   | (10,032,482)         | (11,870,738)         |
| Contributions to Gratuity fund                                   | -                    | (10,232,619)         |
| Payments to Workers' profit participation fund                   | -                    | (16,000,000)         |
| Income taxes paid  | (14,619,858)         | (13,296,284)         |
|  | <b>(24,652,340)</b>  | <b>(51,399,641)</b>  |
| <b>Net cash from operating activities</b>                        | <b>(86,766,496)</b>  | <b>(7,401,906)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                      |                      |
| Acquisition of property, plant and equipment                     | (172,845,556)        | (3,801,114)          |
| Proceeds from sale of property, plant and equipment              | -                    | 3,385,000            |
| Rent received  | 1,275,000            | 300,000              |
| Dividend received  | 3,361,705            | 2,655,005            |
| Interest received  | 307,283              | 249,465              |
| <b>Net cash used in investing activities</b>                     | <b>(167,901,568)</b> | <b>2,788,356</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                      |                      |
| Dividend paid  | (29,335)             | (36,829)             |
| Proceeds from long term loan                                     | 140,152,790          | -                    |
| Payment of long term loan  | (5,306,698)          | -                    |
| Payment of lease liabilities                                     | (2,419,066)          | (2,311,618)          |
| <b>Net cash used in financing activities</b>                     | <b>132,397,691</b>   | <b>(2,348,447)</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>    | <b>(122,270,373)</b> | <b>(6,961,996)</b>   |
| <b>Cash and cash equivalents at beginning of the period</b>      | <b>(457,523,160)</b> | <b>(415,543,109)</b> |
| <b>Cash and cash equivalents at end of the period</b>            | <b>(579,793,533)</b> | <b>(422,505,105)</b> |

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



Chief Financial Officer



Chief Executive Officer



Director

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

### 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, Street 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 2021. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of 30 June 2021, 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 nine months period ended 30 September 2020.

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 condensed 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 2021.

#### 3.1 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

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 2021:

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

- Amendments to IFRS 16: COVID-19 related rent concessions (effective 01 January 2021)
- Amendments to IAS 37: Onerous Contracts - Cost of fulfilling a contract (effective 01 January 2021)
- Amendments to IAS 16: Property, plant and equipment - Proceeds before intended use (effective 01 January 2021)
- Amendments to IFRS 03: Reference to the Conceptual Framework (effective 01 January 2021)
- Amendments to IAS - 01: Classification of liabilities as current or non-current (effective 01 January 2021)
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associates or joint venture (effective 01 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform (effective 01 January 2021)

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

**4. PROPERTY, PLANT AND EQUIPMENT**

During three months period ended 30 September 2021, the Company acquired property, plant and equipment aggregating to Rs. 175,932,108 (30 Sep 2020: Rs. 3,801,114). Depreciation charge for the period amounts to Rs. 6,544,435 (30 Sep 2020: Rs. 6,674,727).

**5. SHORT - TERM INVESTMENTS**

|                                     | <b>Unaudited</b>          | Audited            |
|-------------------------------------|---------------------------|--------------------|
|                                     | <b>30 Sep 2021</b>        | 30 June 2021       |
|                                     | <b>Rupees</b>             | Rupees             |
| Equity securities - at FVTPL        | <b>182,085,083</b>        | 178,786,279        |
| Debt securities - at amortized cost | <b>94,117,465</b>         | 86,852,682         |
|                                     | <b><u>276,202,548</u></b> | <u>265,638,961</u> |

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|  | <b>Unaudited<br/>30 Sep 2021<br/>Rupees</b> | <b>Audited<br/>30 June 2021<br/>Rupees</b> |
|--|---|--|
| <b>6 TRADE AND OTHER PAYABLES</b>          |   |  |
| Trade creditors                            | <b>116,548,977</b>                          | 168,474,93                                 |
| Contract liability - unsecured             | <b>65,427,165</b>                           | 5,183,847                                  |
| Accrued liabilities                        | <b>10,945,507</b>                           | 4,270,389                                  |
| Insurance payable                          | <b>847,718</b>                              | 847,718                                    |
| Workers' profit participation fund payable | <b>24,144,641</b>                           | 17,545,685                                 |
| Workers' welfare fund payable              | <b>7,327,967</b>                            | 4,740,141                                  |
| Payable to staff gratuity fund             | <b>7,379,527</b>                            | 4,329,223                                  |
| Payable to employees' provident fund       | <b>2,186,845</b>                            | 1,706,627                                  |
| Withholding tax payable                    | <b>3,195,896</b>                            | -  |
| Other payables                             | <b>46,134,039</b>                           | 37,462,676                                 |
|  | <b><u>284,138,282</u></b>                   | <b><u>244,561,240</u></b>                  |
| <b>7 SHORT - TERM BORROWINGS</b>           |   |  |
| Allied Bank Limited (ABL)                  | <b>490,938,252</b>                          | 389,755,417                                |
| United Bank Limited (UBL)                  | <b>139,327,015</b>                          | 114,432,849                                |
| 7.1  | <b><u>630,265,267</u></b>                   | <b><u>504,188,266</u></b>                  |

**7.1** The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited interim financial statements for the year ended 30 June 2021.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|   | <b>Unaudited<br/>30 Sep 2021<br/>Rupees</b> | <b>Audited<br/>30 June 2021<br/>Rupees</b> |
|---|---|--|
| <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                                   | <b>29,438,133</b>                           | 29,264,607                                 |
| Right of use assets   | <b>2,202,888</b>                            | 2,043,335                                  |
| Surplus on revaluation of property, plant and equipment                                     | <b>11,960,021</b>                           | 12,240,314                                 |
| Employee benefits   | <b>(2,228,323)</b>                          | (1,460,434)                                |
| Trade debts   | <b>(5,906,572)</b>                          | (5,906,572)                                |
| Stores, spares and loose tools  | <b>(1,070,224)</b>                          | (1,070,224)                                |
| Post Retirement employees benefits  | -   | 251,846                                    |
|   | <b>34,395,923</b>                           | <b>35,362,872</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 2021.

Letters of credit issued by banks on behalf of the Company for the import of raw materials and Plant & Machinery amounted to Rs. 25,550,153 at 30 September 2021 (30 June 2021: Rs. 174,486,769).

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 30 September 2021 amounted to Rs. 21,607,412 (30 June 2021: Rs. 17,071,182).

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|                        | <b>Three Months Ended</b>        |                          |
|------------------------|----------------------------------|--------------------------|
|                        | <b>Unaudited<br/>30 Sep 2021</b> | Unaudited<br>30 Sep 2020 |
|                        | <b>Rupees</b>                    | Rupees                   |
| <b>10 REVENUE- net</b> |                                  |                          |
| Gross local sales      | <b>378,713,911</b>               | 247,806,528              |
| Sales tax              | <b>(55,326,841)</b>              | (36,428,289)             |
| Net local sales        | <b>323,387,070</b>               | 211,378,239              |
| Net export sales       | <b>132,084,012</b>               | 147,641,305              |
|                        | <b>455,471,082</b>               | 359,019,544              |

**11 CASH AND CASH EQUIVALENTS**

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

|                        |                      |               |
|------------------------|----------------------|---------------|
| Cash and bank balances | <b>50,471,734</b>    | 42,601,950    |
| Short term borrowings  | <b>(630,265,267)</b> | (465,107,055) |
|                        | <b>(579,793,533)</b> | (422,505,105) |

**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:

|  | <b>Three Months Ended</b>        |                          |
|--|----------------------------------|--------------------------|
|  | <b>Unaudited<br/>30 Sep 2021</b> | Unaudited<br>30 Sep 2020 |
|  | <b>Rupees</b>                    | Rupees                   |
| <b>Directors and key management personnel</b>                          |                                  |                          |
| Share capital held as of the reporting date by non executive directors | <b>162,188,010</b>               | 182,982,764              |
| Share capital held as of the reporting date by executive directors     | <b>26,068,230</b>                | 3,442,314                |
| Remuneration including perquisites to Chief Executive Officer          | <b>4,875,000</b>                 | 5,733,750                |
| Remuneration including perquisites to Directors                        | <b>5,996,250</b>                 | 6,457,500                |
| Remuneration including perquisites to key management personnel         | <b>9,183,878</b>                 | 8,420,000                |
| <b>Other related parties</b>   |                                  |                          |
| Payment to employees' provident fund                                   | <b>4,454,386</b>                 | 2,827,071                |
| Payable to employees' provident fund - unsecured                       | <b>2,186,845</b>                 | 1,428,020                |
| Payable to staff retirement gratuity fund - unsecured                  | <b>7,379,527</b>                 | -                        |

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

### 13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received on sale of an asset or paid on transfer of 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).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

|  | 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 2021  | Rupees             |                                   | Rupees                                  |                    |                    |          |          |                    |
| <b>Financial assets measured at fair value</b>     |                    |                                   |   |                    |                    |          |          |                    |
| Short - term investments                           | -                  | 182,085,083                       | -                                       | 182,085,083        | 182,085,083        | -        | -        | 182,085,083        |
| Trade deposits                                     | -                  | -                                 | -                                       | -                  | -                  | -        | -        | -                  |
| Long - term deposits                               | -                  | 182,085,083                       | -                                       | 182,085,083        | 182,085,083        | -        | -        | 182,085,083        |
| <b>Financial assets not measured at fair value</b> |                    |                                   |   |                    |                    |          |          |                    |
| Trade debts  | 466,839,809        | -                                 | -                                       | 466,839,809        | -                  | -        | -        | -                  |
| Advances to employees                              | 1,955,977          | -                                 | -                                       | 1,955,977          | -                  | -        | -        | -                  |
| Other receivables                                  | 2,160,741          | -                                 | -                                       | 2,160,741          | -                  | -        | -        | -                  |
| Short - term investments                           | 94,117,465         | -                                 | -                                       | 94,117,465         | -                  | -        | -        | -                  |
| Bank balances                                      | 50,342,978         | -                                 | -                                       | 50,342,978         | -                  | -        | -        | -                  |
| Trade deposits                                     | 7,117,932          | -                                 | -                                       | 7,117,932          | -                  | -        | -        | -                  |
| Long - term deposits                               | 1,777,650          | -                                 | -                                       | 1,777,650          | -                  | -        | -        | -                  |
| <b>Total financial assets</b>                      | <b>624,312,552</b> | <b>182,085,083</b>                | <b>-</b>                                | <b>797,502,053</b> | <b>182,085,083</b> | <b>-</b> | <b>-</b> | <b>182,085,083</b> |

**Financial liabilities not measured at fair value**

|                                    |          |          |                      |                      |          |          |          |          |
|------------------------------------|----------|----------|----------------------|----------------------|----------|----------|----------|----------|
| Short-term borrowings              | -        | -        | 630,265,267          | 630,265,267          | -        | -        | -        | -        |
| Unclaimed dividend                 | -        | -        | 25,070,686           | 25,070,686           | -        | -        | -        | -        |
| Unpaid dividend                    | -        | -        | 14,611,969           | 14,611,969           | -        | -        | -        | -        |
| Long term loans                    | -        | -        | 247,447,781          | 247,447,781          | -        | -        | -        | -        |
| Lease liabilities                  | -        | -        | 10,415,787           | 10,415,787           | -        | -        | -        | -        |
| Trade and other payables           | -        | -        | 284,138,282          | 284,138,282          | -        | -        | -        | -        |
| <b>Total financial liabilities</b> | <b>-</b> | <b>-</b> | <b>1,211,949,772</b> | <b>1,211,949,772</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

|   | Carrying amount                   |   | Fair value  |             |         |         |             |
|---|-----------------------------------|---|-------------|-------------|---------|---------|-------------|
|   | Fair value through profit or loss | Financial liabilities at amortized cost | Total       | Level 1     | Level 2 | Level 3 | Total       |
|   | Rupees                            |   | Rupees      |             |         |         |             |
| <b>30 June 2021</b>                                     |                                   |   |             |             |         |         |             |
| <b>Financial assets measured at fair value</b>          |                                   |   |             |             |         |         |             |
| Short - term investments                                | -                                 | -                                       | 178,786,279 | 178,786,279 | -       | -       | 178,786,279 |
|   | -                                 | -                                       | 178,786,279 | 178,786,279 | -       | -       | 178,786,279 |
| <b>Financial assets not measured at fair value</b>      |                                   |   |             |             |         |         |             |
| Trade debts   | 333,158,182                       | -                                       | 333,158,182 | -           | -       | -       | -           |
| Advances to employees                                   | 1,395,681                         | -                                       | 1,395,681   | -           | -       | -       | -           |
| Other receivables                                       | 1,707,118                         | -                                       | 1,707,118   | -           | -       | -       | -           |
| Short - term investments                                | 86,852,682                        | -                                       | 86,852,682  | -           | -       | -       | -           |
| Bank balances   | 46,569,596                        | -                                       | 46,569,596  | -           | -       | -       | -           |
| Trade deposits  | 7,127,760                         | -                                       | 7,127,760   | -           | -       | -       | -           |
| Long - term deposits                                    | 1,777,650                         | -                                       | 1,777,650   | -           | -       | -       | -           |
| <b>Total financial assets</b>                           | 478,588,669                       | -                                       | 657,374,948 | 178,786,279 | -       | -       | 178,786,279 |
| <b>Financial liabilities not measured at fair value</b> |                                   |   |             |             |         |         |             |
| Short-term borrowings                                   | -                                 | 504,188,266                             | 504,188,266 | -           | -       | -       | -           |
| Unclaimed dividend                                      | -                                 | 24,567,634                              | 24,567,634  | -           | -       | -       | -           |
| Unpaid dividend   | -                                 | 14,641,304                              | 14,641,304  | -           | -       | -       | -           |
| Long term loans   | -                                 | 112,601,689                             | 112,601,689 | -           | -       | -       | -           |
| Lease liabilities                                       | -                                 | 9,460,733                               | 9,460,733   | -           | -       | -       | -           |
| Trade and other payables                                | -                                 | 244,561,240                             | 244,561,240 | -           | -       | -       | -           |
| <b>Total financial liabilities</b>                      | -                                 | 910,020,866                             | 910,020,866 | -           | -       | -       | -           |

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

|  |  | <b>Three Months Ended</b> |                    |
|--|--|---------------------------|--------------------|
|  |  | <b>Unaudited</b>          | <b>Unaudited</b>   |
|  |  | <b>30 Sep 2021</b>        | <b>30 Sep 2020</b> |
|  |  |                           | <b>Restated</b>    |

**14 EARNINGS PER SHARE**

*- Basic and diluted*

|  |         |                   |            |
|--|---------|-------------------|------------|
| Profit for the period                      | Rupees  | <b>96,036,676</b> | 81,232,778 |
| Weighted average number of ordinary shares | Numbers | <b>38,332,800</b> | 38,332,800 |
| Earnings per share                         | Rupees  | <b>2.51</b>       | 2.12       |

**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 26<sup>th</sup> October 2021 has not proposed any dividend for the period under review.
- 15.2** These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 26<sup>th</sup> October 2021.

**16 GENERAL**

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



Chief Financial Officer



Chief Executive Officer



Director

# BIAFO INDUSTRIES LTD.

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