

Quarterly Report
for the Period Ended
30 September 2017



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. Zishan Afzal Khan	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 Hussain 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

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

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim

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. 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, 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 30 SEPTEMBER, 2017

Your Directors are pleased to submit the un-audited accounts for the quarter and period ended 30th September, 2017.

Net sales value of the company increased by 26.56% against the comparable quarter of last year to Rs. 368.60m.

Net sales value of the Company in the quarter under review substantially increased due to export sales to Saindak Copper and Gold Mining project (EPZ), and sales to the road construction and mining sector.

Sales to the Oil and gas sector suffered a significant decline due to reduction of oil and gas exploration programs in the period under review. However sales in the quarter increased by 19.49% against the immediately preceding quarter ending June, 2017.

Gross profit margin for the period under review increased by 0.96% to 47.12% against the comparable quarter of the previous year. Gross profit value for the quarter increased by 29.19% to Rs. 173.67m.

Operating profit for the quarter under review increased by 38% to Rs. 143.61m.

Net profit after taxation increased by 51.76% to Rs. 107.02m against the comparable quarter of the previous year, resulting in EPS of Rs.4.86 (EPS 2016: Rs. 3.53).

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

Your Board of Director have declared the 1st Interim cash dividend of Rs. 2.50 per share (25%) for the quarter under review.

Your Board takes the opportunity to express its appreciation to all its employees for their hard work, cooperation of all its stakeholders.



Khawaja Amanullah Askari
Managing Director &
Chief Executive Officer

Islamabad
25th October, 2017

بایئفوانڈسٹریٹلمیٹڈ

30 ستمبر، 2017 کو ختم ہونے والی سہ ماہی کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز کیلئے سہ ماہی اور 30 ستمبر، 2017 کو ختم ہونے والی مدت کیلئے غیر آڈٹ شدہ اکاؤنٹس پیش کرنا باعث مسرت ہے۔

کمپنی کی خالص فروخت حجم میں گزشتہ سال 368.60 ملین روپے کے مقابلے میں 26.56 فیصد کا اضافہ ہوا۔

کمپنی کی خالص فروخت حجم میں زیر جائزہ سہ ماہی مدت میں معقول حد تک اضافہ سینڈک کا پراورسوں کی کان کنی منصوبے (EPZ)، اور شہرات کی تعمیر اور کان کنی کے باعث ہوا۔

زیر جائزہ مدت میں تیل و گیس کی تلاش پروگرامز میں کمی کے باعث تیل و گیس کے شعبے کے فروخت میں نمایاں کمی کا سامنا کرنا پڑا۔ لیکن جون 2017 کو ختم ہونے والی پچھلی سہ ماہی کے برعکس اس سہ ماہی کے دوران سیلز میں 19.49 فیصد کا اضافہ ہوا۔

زیر جائزہ مدت کیلئے مجموعی منافع کی شرح میں گزشتہ سال کے سہ ماہی موازنے کے مقابلے میں 0.96 فیصد تا 47.12 فیصد اضافہ ہوا۔ مجموعی منافع کا حجم 29.19 فیصد کے اضافے سے 173.67 ملین روپے ہوا۔

زیر جائزہ سہ ماہی مدت کیلئے آپریٹنگ (عملی) منافع 38 فیصد کے اضافے سے 143.61 ملین روپے ہوا۔

ٹیکس کے بعد خالص منافع گزشتہ سال کے سہ ماہی مدت کے موازنے کے مقابلے میں 51.76 فیصد کے اضافے سے 107.02 ملین روپے ہو گیا (فی حصص منافع 2016: 3.53 روپے)۔

اخراجات اس بجٹ کے اندر ہیں جس کی بورڈ آف ڈائریکٹرز کی جانب سے منظوری دی گئی تھی۔

آپ کے بورڈ آف ڈائریکٹرز نے زیر جائزہ سہ ماہی کیلئے 2.50 روپے فی حصص (25 فیصد) کا اعلان کیا ہے۔

آپ کا بورڈ آف ڈائریکٹرز اس موقع پر اپنے جملہ ملازمین کی انتہائی کاوشوں اور تمام اسٹیک ہولڈرز کے تعاون کیلئے اپنے تشکر کا اظہار کرنا چاہتا ہے۔



خواجہ امان اللہ عسکری

ٹیچنگ ڈائریکٹر و

چیف ایگزیکٹو افسر

اسلام آباد

25 اکتوبر، 2017

Quarterly Report

BIAFO INDUSTRIES LTD.
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 30 SEPTEMBER 2017

		30 Sep 2017	30 June 2017
	Note	Rupees	Rupees
Property, plant and equipment	4	534,300,687	536,943,456
Investment property		31,628,302	31,827,222
Long term deposits		1,793,600	1,793,600
		<u>567,722,588</u>	<u>570,564,278</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		3,920,437	4,734,712
Stock in trade		145,412,431	142,752,225
Trade debts	5	240,005,375	208,638,227
Advances		11,883,930	12,989,221
Trade deposits and short term prepayments		13,926,335	4,714,825
Advance tax		24,086,386	20,563,768
Other receivables		2,047,095	1,983,418
Short term investments	6	434,244,149	429,431,919
Cash and bank balances		22,882,686	28,432,880
		<u>898,408,824</u>	<u>854,241,195</u>
CURRENT LIABILITIES			
Trade and other payables	7	127,975,005	140,371,630
Unclaimed dividend		22,950,447	29,106,897
Payable to employees' provident fund		1,090,202	-
Markup accrued		5,462,808	5,135,461
Short term borrowings	8	254,620,787	302,542,529
		<u>412,099,249</u>	<u>477,156,517</u>
		486,309,575	377,084,678
NET CURRENT ASSETS			
NON CURRENT LIABILITIES			
Deferred employee benefit		3,731,466	3,731,466
Deferred tax liability - net		29,759,778	30,401,013
		<u>33,491,244</u>	<u>34,132,479</u>
NET ASSETS		<u>1,020,540,919</u>	<u>913,516,477</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		220,000,000	220,000,000
Unappropriated profit		530,001,967	422,429,334
		<u>750,001,967</u>	<u>642,429,334</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax		270,538,952	271,087,143
		<u>1,020,540,919</u>	<u>913,516,477</u>
CONTINGENCIES AND COMMITMENTS	9		

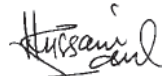
The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman



Managing Director &
Chief Executive Officer



Chief Financial Officer

Quarterly Report

BIAFO INDUSTRIES LTD. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter Ended		Quarter Ended	
	30 Sep 2017	Period to Due Date	30 Sep 2016	Period to Due Date
	Rupees	Rupees	Rupees	Rupees
Gross Local Sales	275,163,331	275,163,331	283,126,793	283,126,793
Sales tax	(40,099,624)	(40,099,624)	(41,277,216)	(41,277,216)
Commissions	(1,329,087)	(1,329,087)	(1,979,033)	(1,979,033)
Net Local Sales	233,734,620	233,734,620	239,870,544	239,870,544
Net Export Sales	134,873,182	134,873,182	51,373,146	51,373,146
NET SALES / TURNOVER	368,607,802	368,607,802	291,243,690	291,243,690
Cost of sales	(194,931,411)	(194,931,411)	(156,808,793)	(156,808,793)
GROSS PROFIT	173,676,391	173,676,391	134,434,897	134,434,897
Other income	7,129,377	7,129,377	6,779,805	6,779,805
Distribution cost	(6,238,546)	(6,238,546)	(5,521,069)	(5,521,069)
Administrative expenses	(24,765,730)	(24,765,730)	(25,279,503)	(25,279,503)
Finance costs	(6,187,281)	(6,187,281)	(6,342,639)	(6,342,639)
OPERATING PROFIT	143,614,211	143,614,211	104,071,491	104,071,491
Workers' profit participation fund	(7,180,711)	(7,180,711)	(5,203,575)	(5,203,575)
Workers' welfare fund	(2,646,801)	(2,646,801)	(2,081,430)	(2,081,430)
PROFIT BEFORE TAXATION	133,786,699	133,786,699	96,786,486	96,786,486
TAXATION				
Current	(27,403,492)	(27,403,492)	(26,323,757)	(26,323,757)
Deferred	641,235	641,235	59,820	59,820
	(26,762,257)	(26,762,257)	(26,263,937)	(26,263,937)
PROFIT FOR THE PERIOD	107,024,442	107,024,442	70,522,549	70,522,549
			Restated	Restated
EARNINGS PER SHARE				
- Basic and diluted	4.86	4.86	3.21	3.21


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



Chairman



Managing Director &
Chief Executive Officer



Chief Financial Officer

Quarterly Report

BIAFO INDUSTRIES LTD.
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter Ended		Quarter Ended	
	30 Sep 2017	Period to Due Date	30 Sep 2016	Period to Due Date
	Rupees	Rupees	Rupees	Rupees
Profit for the period	107,024,442	107,024,442	70,522,549	70,522,549
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>107,024,442</u>	<u>107,024,442</u>	<u>70,522,549</u>	<u>70,522,549</u>

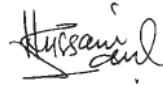
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Chairman



Managing Director &
Chief Executive Officer



Chief Financial Officer

Quarterly Report

BIAFO INDUSTRIES LTD. CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	30 Sep 2017 Rupees	30 Sep 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		133,786,699	96,786,486
Adjustments for:			
Depreciation		4,868,219	4,836,827
Finance costs		6,187,281	6,052,843
Provision for Workers' profit participation fund		7,180,711	5,203,575
Provision for Workers' welfare fund		2,646,801	2,081,430
Provision for employee benefits		2,171,850	2,000,707
Reversal of provision for doubtful debts		(450,000)	-
Dividend income		-	(4,956,010)
Gain on remeasurement of investment		(4,812,230)	-
Gain/(Loss) on disposal of property, plant and equipment		13,262	(216,821)
Interest income		(296,254)	(185,185)
Unrealized exchange gain		(55,000)	101,789
		<u>17,454,640</u>	<u>14,919,156</u>
		151,241,339	111,705,642
Changes in:			
Stores, spare parts and loose tools		814,275	70,610
Stock in trade		(2,660,206)	179,344
Trade debts		(30,917,148)	(20,330,033)
Advances, deposits, prepayments and other receivables		(7,873,641)	4,573,422
Trade and other payables		(1,250,785)	(49,594,664)
		<u>(41,887,505)</u>	<u>(65,101,321)</u>
Cash generated from operations			
		109,353,834	46,604,321
Finance costs paid		(5,859,934)	(5,497,608)
Payments to Workers' profit participation fund		(22,000,000)	(27,000,000)
Income taxes paid		(30,926,110)	(22,918,401)
		<u>(58,786,044)</u>	<u>(55,416,009)</u>
Net cash from operating activities		50,567,790	(8,811,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,065,909)	(9,300,691)
Proceeds from disposal of property, plant and equipment		26,117	1,522,117
Net cash from / (used in) investing activities		(2,039,792)	(7,778,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(6,156,450)	(559,546)
Net cash used in financing activities		(6,156,450)	(559,546)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		42,371,548	(17,149,809)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(274,109,649)	(255,783,154)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10	<u>(231,738,101)</u>	<u>(272,932,963)</u>

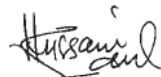
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Chairman



Managing Director &
Chief Executive Officer



Chief Financial Officer

Quarterly Report

BIAFO INDUSTRIES LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	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	-	70,522,549	70,522,549
Comprehensive income for the period transferred to equity	-	70,522,549	70,522,549
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	508,205	508,205
Balance at 30 September 2016	<u>200,000,000</u>	<u>523,065,626</u>	<u>723,065,626</u>
Balance at 01 July 2017	200,000,000	422,429,334	622,429,334
Total comprehensive income for the period			
Profit for the period	-	107,024,442	107,024,442
Comprehensive income for the period transferred to equity	-	107,024,442	107,024,442
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	548,191	548,191
Balance at 30 September 2017	<u>200,000,000</u>	<u>530,001,967</u>	<u>730,001,967</u>

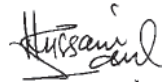
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Chairman



Managing Director &
Chief Executive Officer



Chief Financial Officer

BIAFO INDUSTRIES LTD.
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

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 three months period ended 30 September 2017 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 (the Act). In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 (the Act) 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 three months period ended 30 September 2016.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 225 of the Companies Act, 2017 (the Act) and the Listing Regulations of the Pakistan Stock Exchange.

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 2017 and are not expected to have any significant effect on condensed interim financial information of the Company:

- | | |
|---|-----------------------------|
| - Amendments to IAS 7 'Statement of Cash Flows' | (effective 01 January 2017) |
| - Amendments to IAS 12 'Income Taxes' | (effective 01 January 2017) |
| - Amendments to IFRS 2 - 'Share-based Payment' | (effective 01 January 2018) |
| - Amendments to IAS 40 'Investment Property' | (effective 01 January 2018) |

Amendments to following standards as annual improvements cycle of 2016-17:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entity'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

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

Quarterly Report

BIAFO INDUSTRIES LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT

During three months period ended 30 September 2017, the Company acquired property, plant and equipment aggregating Rs. 2,065,909 (30 September 2016: Rs. 9,300,691). Depreciation charge for the period amounts to Rs. 4,669,299 (30 September 2016: Rs. 4,836,826). Written down value of disposals for the period amounts to Rs. 1,884,440.

	Note	Unaudited 30 September 2017 Rupees	Audited 30 June 2017 Rupees
5. TRADE DEBTS			
Considered good		240,005,375	208,638,227
Considered doubtful		-	-
		240,005,375	208,638,227
Less: Provision for doubtful debts		-	-
		<u>240,005,375</u>	<u>208,638,227</u>
6. SHORT TERM INVESTMENTS			
Investments:			
Held for trading			
ABL Income Fund		147,478,188	145,884,929
Faysal Money Market Fund		117,354,221	115,843,960
UBL Liquidity Plus Fund		111,524,240	110,063,030
Loans and receivables - Term deposit receipts		57,887,500	57,640,000
		<u>434,244,149</u>	<u>429,431,919</u>
7. TRADE AND OTHER PAYABLES			
Trade creditors		70,786,263	72,317,696
Advances from customers		8,856,150	6,248,709
Accrued liabilities		14,546,739	21,918,903
Sales tax payable - net		1,443,260	-
Insurance		919,033	622,255
Workers' profit participation fund payable		6,929,323	21,748,612
Workers' welfare fund payable		11,346,246	8,699,445
Payable to staff gratuity fund - unsecured		2,171,850	-
Withholding tax payable		2,267,565	33,009
Others		8,708,576	8,783,001
		<u>127,975,005</u>	<u>140,371,630</u>
8. SHORT TERM BORROWINGS			
Allied Bank Limited (ABL)	8.1	71,437,990	137,898,636
Faysal Bank Limited (FBL)	8.2	87,013,600	67,852,320
United Bank Limited (UBL)	8.3	96,169,197	96,791,573
		<u>254,620,787</u>	<u>302,542,529</u>

8.1 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 + 1.25% 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.

BIAFO INDUSTRIES LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

- The Running Finance facility with a sanctioned limit of Rs. 133.5 million (30 June 2017: Rs. 133.5 million) and carries mark-up at the rate of 3 months Kibor + 1% per annum of the amount utilized. The facility is secured against the investment made in ABL income fund upto market value of Rs. 140.962 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 + 1% per annum of the amount utilized. The facility is secured against the investment made in the ABL Term Deposit Receipts of USD 550,000.
- 8.2 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.
- 8.3 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.

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. 20.591 million at 30 September 2017 (30 June 2017: Rs. 32.707 million).

Three Months Ended

	Unaudited 30 Sep 2017 Rupees	Unaudited 30 Sep 2016 Rupees
10 CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	22,882,686	38,390,671
Short term borrowings - secured	(254,620,787)	(311,323,634)
	<u>(231,738,101)</u>	<u>(272,932,963)</u>

11 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.

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BIAFO INDUSTRIES LTD.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

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.

On-balance sheet financial instruments	Note	Carrying amount			Fair value			
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
30 September 2017								
Financial assets measured at fair value								
Short term investments- Funds	6	<u>376,356,649</u>	-	-	<u>376,356,649</u>	376,356,649	-	376,356,649
Financial assets not measured at fair value								
Bank balances	11	-	22,882,686	-	22,882,686	-	-	-
Trade debts	5	-	240,005,375	-	240,005,375	-	-	-
Other receivables		-	2,047,095	-	2,047,095	-	-	-
Term deposit receipts	6	-	57,887,500	-	57,887,500	-	-	-
Trade deposits		-	8,031,592	-	8,031,592	-	-	-
		-	<u>330,854,248</u>	-	<u>330,854,248</u>	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables*	7	-	105,988,611	-	105,988,611	-	-	-
Markup accrued		-	5,462,808	-	5,462,808	-	-	-
Short term borrowings	8	-	254,620,787	-	254,620,787	-	-	-
		-	<u>366,072,206</u>	-	<u>366,072,206</u>	-	-	-

On-balance sheet financial instruments	Note	Carrying amount			Fair value			
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
30 June 2017								
Financial assets measured at fair value								
Short term investments- Funds	6	<u>371,791,919</u>	-	-	<u>371,791,919</u>	371,791,919	-	371,791,919
Financial assets not measured at fair value								
Bank balances	11	-	28,432,880	-	28,432,880	-	-	-
Trade debts	5	-	208,638,227	-	208,638,227	-	-	-
Other receivables		-	1,983,418	-	1,983,418	-	-	-
Term deposit receipts		-	57,640,000	-	57,640,000	-	-	-
Trade deposits		-	2,824,455	-	2,824,455	-	-	-
		-	<u>299,518,980</u>	-	<u>299,518,980</u>	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables*	7	-	109,890,564	-	109,890,564	-	-	-
Markup accrued		-	5,135,461	-	5,135,461	-	-	-
Short term borrowings	8	-	302,542,529	-	302,542,529	-	-	-
		-	<u>417,568,554</u>	-	<u>417,568,554</u>	-	-	-

* excluding provision for workers' welfare fund, workers' profit participation fund, sales tax payable and withholding tax payable.

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BIAFO INDUSTRIES LTD. SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

11.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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 30 Sep 2017 Rupees	Unaudited 30 Sep 2016 Rupees
Orient Trading Limited		
Share capital held as of the reporting date	16,985,100	65,441,000
Directors and key management personnel		
Remuneration including perquisites of Chief Executive	5,297,581	6,459,275
Remuneration including perquisites of Directors	3,980,000	4,900,000
Remuneration including perquisites of key management personnel	5,513,000	3,787,500
Other related parties		
Payment to employees' provident fund	1,615,542	1,395,816
Payable to employees' provident fund - unsecured	1,090,202	1,063,898
Payable to staff retirement gratuity fund - unsecured	2,171,850	2,000,707

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BIAFO INDUSTRIES LTD. SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

13 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	Audited
		30 September 2017	30 June 2017
		Rupees	Rupees
i) Long term deposits	Non-interest bearing	1,793,600	1,793,600
ii) Trade debts	Non-interest bearing	240,005,375	208,638,227
iii) Advances	Non-interest bearing	11,883,930	12,989,221
iv) Trade deposits and short term prepayments	Non-interest bearing	13,926,335	4,714,825
v) Other receivables	Non-interest bearing	2,047,095	1,983,418
vi) Short term investments	Interest bearing	57,887,500	57,640,000
vii) Cash and bank balances	Placed under interest arrangement	1,108,283	21,592
	Placed under Shariah permissible	21,774,403	28,411,288
		<u>22,882,686</u>	<u>28,432,880</u>
		Three Months Ended	
		Unaudited	Unaudited
		30 September 2017	30 September 2016
		Rupees	Rupees
viii) Interest income on bank deposits for the period ended	Placed under interest arrangement	-	14,720
	Placed under Shariah permissible	-	-
		<u>-</u>	<u>14,720</u>
ix) Interest income on investments for the period ended	Placed under interest arrangement	4,812,230	4,956,010
	Placed under Shariah permissible	-	-
		<u>4,812,230</u>	<u>4,956,010</u>
x) All sources other income		2,184,992	1,722,006
xi) Exchange gain / (loss)	Earned from actual currency fluctuations	132,154	101,789
xii) Dividend income	ABL income Fund	-	-
	Faysal Money Market Fund	-	-
	UBL Liquidity Fund	-	-
		<u>-</u>	<u>-</u>

Quarterly Report

BIAFO INDUSTRIES LTD. SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		Three Months Ended	
		Unaudited 30 September 2017	Unaudited 30 September 2016 Restated
14. EARNING PER SHARE			
- Basic and diluted			
Profit for the period	Rupees	107,024,442	70,522,549
Weighted average number of ordinary shares	Numbers	22,000,000	22,000,000
Earning per share	Rupees	4.86	3.21

14.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated as a result of bonus shares issued by the Company.

14.2 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.

15 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE AND DATE OF AUTHORIZATION FOR ISSUE

15.1 The Board of Directors of the Company in their meeting held on 25 October 2017 proposed an interim cash dividend of Rs. 2.50 per share (25%).

15.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 25 October 2017.

16 GENERAL

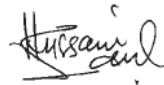
Figures in the condensed interim financial information have been rounded off to the nearest rupee.



Chairman



Managing Director &
Chief Executive Officer



Chief Financial Officer

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