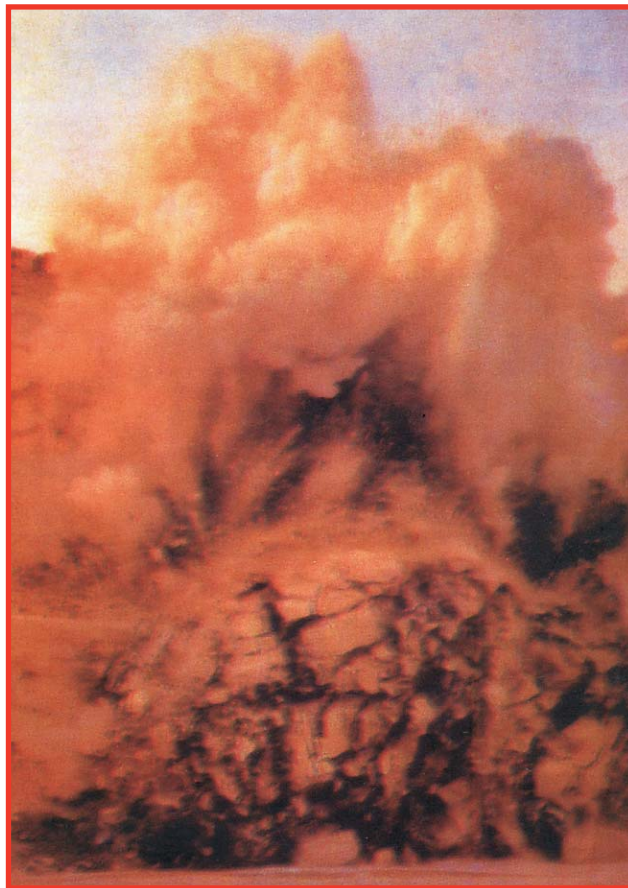


Quarterly Report
for the Period Ended
30 September 2011



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

CONTENTS

| | |
|--|-------------|
| <i>Company Information</i> | <i>1</i> |
| <i>Directors' Report</i> | <i>2</i> |
| <i>Balance Sheet</i> | <i>3</i> |
| <i>Profit & Loss Account</i> | <i>4</i> |
| <i>Statement of Comprehensive Income</i> | <i>5</i> |
| <i>Cash Flow Statement</i> | <i>6</i> |
| <i>Statement of Changes in Equity</i> | <i>7</i> |
| <i>Notes to the Financial Statements</i> | <i>8-10</i> |

CORPORATE INFORMATION

Board of Directors

Executive Directors

| | |
|---------------------------------------|-------------------------|
| M. Afzal Khan | Chairman |
| Khawaja Amanullah Askari | Chief Executive Officer |
| Maj. General (Ret'd.) S. Z. M. Askree | Director |
| Ms. Shirin Safdar | Director |

Non Executive Directors

| | |
|----------------------|----------|
| Abdul Maajid Qureshi | Director |
| M. Salim | Director |
| Dr. M. Humayun Khan | Director |
| M. Zafar Iqbal | Director |
| M. Zafar Khan | Director |
| Adnan Aurangzeb | Director |
| Khawaja Ahmad Hosain | Director |

Company Secretary

Khawaja Shaiq Tanveer

Audit Committee

| | |
|---------------------------------------|----------|
| Adnan Aurangzeb | Chairman |
| Maj. General (Ret'd.) S. Z. M. Askree | Member |
| Ms. Shirin Safdar | Member |
| Dr. M. Humayun Khan | Member |

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim, Raja Rashid, Javaid Qureshi

Bankers

| | |
|---------------------------|-------------------------|
| Allied Bank of Pakistan | Bank Alfalah Limited |
| National Bank of Pakistan | Standard Chartered Bank |
| Habib Metropolitan Bank | Dubai Islamic Bank |
| Bank of Khyber | Faysal Bank Limited |
| Askari Bank Limited | MCB Bank Limited |

Registered Office

Biafo Industries Limited

Office No. 203-204, 2nd Floor, Muhammad Gulistan Khan House,
82-East, Fazal-Ul-Haq Road, Blue Area, Islamabad. Pakistan
Tel: +92 51 2277358-9, 2829532-3, 2272613, 2802218 Fax: +92 51 2274744
Website: www.biafo.com, Email: management@biafo.com, biafo@hotmail.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 2272152, 7101536 Fax: +92 51 2273158

Quarterly Report

BIAFO INDUSTRIES LTD. DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER, 2011

Your Directors are pleased to submit the un-audited accounts for the quarter ended 30th. September, 2011.

The net sales of your company decreased by 10.25% to Rs. 179.407 m against the comparable quarter of the last year.

Export sales to Saindak EPZ project in Baluchistan shows a significant decline of 40.69% due to operational/technical issues at the Mine site, were reduced by Rs. 31.986 m (40.69%). All other sectors like cement, oil and gas, construction and large project showed an increase of Rs. 10.894 m in sales over the previous comparable years quarter.

The overall macro economic situation and pressure on Government finances is effecting funding to the infrastructural sector. No new project came on stream in the quarter under review and some existing project had slow down work due to funding and other issues.

Gross profit for the quarter under review increased by 0.34% to 33.10 % against the comparable year's quarter.

Operating profit for the year declined by 11.99% to Rs. 49.741 m and profit for the quarter after tax declined by 22.84% to Rs. 35.40 m resulting in EPS of Rs. 1.77 (2010: Rs. 2.30) in the quarter. Tax charge in the quarter was 6.09% of net sales as opposed to 3.4% of net sales in the previous comparable year's quarter, due to lower (tax exempt) sales to Saindak EPZ project.

The company continued to operate within the budget as approved by the Board of Directors.

Your Board of Directors have declared a 1st. Interim cash dividend of Rs. 1.25 per share (12.5%) for the quarter under review.

Your Board continues to interact and cooperate with all stakeholders in its efforts in meeting business challenges.



Khawaja Amanullah Askari
Chief Executive

Islamabad
24th October, 2011


Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 30 SEPTEMBER 2011

| | Note | 30 Sep 2011 Rupees | 30 June 2011 Rupees |
|--|------|---------------------------|---------------------------|
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 262,320,844 | 265,806,932 |
| Long term deposits | | 2,234,603 | 2,207,103 |
| | | <u>264,555,447</u> | <u>268,014,035</u> |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 9,234,638 | 8,821,182 |
| Stock in trade | | 109,988,208 | 113,373,676 |
| Trade debts - Unsecured | 5 | 123,456,809 | 101,795,366 |
| Advances | | 6,424,236 | 2,224,222 |
| Trade deposits and short term prepayments | | 3,064,287 | 1,551,456 |
| Advance income tax - net | | 2,543,591 | - |
| Other receivables | | 374,015 | 503,875 |
| Other financial assets | 6 | 149,670,291 | 145,984,098 |
| Cash and bank balances | | 25,481,227 | 33,667,947 |
| | | <u>430,237,302</u> | <u>407,921,822</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 75,156,972 | 96,083,538 |
| Markup accrued | | 263,472 | 525,114 |
| Short term borrowings - Secured | 7 | 49,065,478 | 42,666,382 |
| Provision for taxation | | - | 786,399 |
| | | <u>124,485,922</u> | <u>140,061,433</u> |
| NET CURRENT ASSETS | | | |
| | | 305,751,380 | 267,860,389 |
| NON CURRENT LIABILITIES | | | |
| Deferred employee benefit | | 1,019,689 | 1,019,689 |
| Deferred tax liability - net | | 32,421,366 | 33,429,543 |
| | | <u>33,441,055</u> | <u>34,449,232</u> |
| | | <u>536,865,772</u> | <u>501,425,192</u> |
| REPRESENTED BY: | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 200,000,000 | 200,000,000 |
| Unappropriated profit | | 273,654,133 | 237,515,259 |
| | | <u>473,654,133</u> | <u>437,515,259</u> |
| SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax | | | |
| | | 63,211,639 | 63,909,933 |
| | | <u>536,865,772</u> | <u>501,425,192</u> |
| CONTINGENCIES AND COMMITMENTS 8 | | | |

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad
24 October 2011


Director


Chief Executive


Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | Note | Quarter Ended | | Quarter Ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 30 Sep | Period to | 30 Sep | Period to |
| | | 2011 | Due Date | 2010 | Due Date |
| | | Rupees | Rupees | Rupees | Rupees |
| NET SALES | 9 | 179,406,922 | 179,406,922 | 199,890,712 | 199,890,712 |
| Cost of sales | | (120,016,638) | (120,016,638) | (134,364,211) | (134,364,211) |
| GROSS PROFIT | | 59,390,284 | 59,390,284 | 65,526,501 | 65,526,501 |
| Other operating income | | 3,971,376 | 3,971,376 | 1,493,129 | 1,493,129 |
| Distribution cost | | (2,041,650) | (2,041,650) | (1,669,460) | (1,669,460) |
| Administrative expenses | | (10,863,028) | (10,863,028) | (8,443,662) | (8,443,662) |
| Finance costs | | (715,729) | (715,729) | (389,414) | (389,414) |
| OPERATING PROFIT | | 49,741,253 | 49,741,253 | 56,517,094 | 56,517,094 |
| Workers' profit participation fund | | (2,487,063) | (2,487,063) | (2,825,855) | (2,825,855) |
| Workers' welfare fund | | (907,895) | (907,895) | (950,927) | (950,927) |
| PROFIT BEFORE TAXATION | | 46,346,295 | 46,346,295 | 52,740,312 | 52,740,312 |
| TAXATION | | | | | |
| Current | | (11,913,895) | (11,913,895) | (9,697,259) | (9,697,259) |
| Deferred | | 1,008,180 | 1,008,180 | 2,888,850 | 2,888,850 |
| | | (10,905,715) | (10,905,715) | (6,808,409) | (6,808,409) |
| PROFIT FOR THE PERIOD | | 35,440,580 | 35,440,580 | 45,931,903 | 45,931,903 |
| EARNINGS PER SHARE - Basic and diluted | | 1.77 | 1.77 | 2.30 | 2.30 |

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad
24 October 2011


Director


Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | Quarter Ended | | Quarter Ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30 Sep 2011 | Period to Due Date | 30 Sep 2010 | Period to Due Date |
| | Rupees | Rupees | Rupees | Rupees |
| Profit for the period | 35,440,580 | 35,440,580 | 45,931,903 | 45,931,903 |
| Other comprehensive income | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>35,440,580</u> | <u>35,440,580</u> | <u>45,931,903</u> | <u>45,931,903</u> |

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad
24 October 2011



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | Note | 30 Sep 2011 Rupees | 30 Sep 2010 Rupees |
|---|------|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 46,346,295 | 52,740,312 |
| Adjustments for: | | | |
| Depreciation | | 4,058,241 | 4,282,431 |
| Finance costs | | 715,729 | 389,414 |
| Provision for Workers' profit participation fund | | 2,487,063 | 2,825,855 |
| Provision for Workers' welfare fund | | 907,895 | 950,927 |
| Provision for slow moving stores, spare parts and loose tools | | 55,000 | 53,106 |
| Unrealized gain on remeasurement of investment | | (3,078,693) | (1,010,735) |
| Interest on deposit accounts and TDRs | | (994,643) | (169,662) |
| Exchange (gain) /loss | | 101,961 | (312,730) |
| | | <u>4,252,553</u> | <u>7,008,606</u> |
| | | 50,598,848 | 59,748,918 |
| Changes in: | | | |
| Store, spare parts and loose tools | | (468,457) | (511,305) |
| Stock in trade | | 3,385,468 | (3,099,845) |
| Trade debts | | (22,370,895) | (62,673,987) |
| Advances, deposits, prepayments and other receivables | | (5,766,526) | (22,071) |
| Trade and other payables | | (12,321,524) | 546,578 |
| | | <u>(37,541,934)</u> | <u>(65,760,630)</u> |
| Cash generated from operations | | 13,056,913 | (6,011,712) |
| Finance costs paid | | (977,371) | (402,447) |
| Employees benefits paid | | - | (12,403) |
| Payments to Workers' profit participation fund | | (12,000,000) | - |
| Income taxes paid | | (15,243,889) | (14,266,119) |
| | | <u>(28,221,260)</u> | <u>(14,680,969)</u> |
| Net cash from operating activities | | (15,164,347) | (20,692,681) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (572,153) | (3,369,926) |
| Interest received on deposit accounts and TDRs | | 1,150,684 | 100,721 |
| Net cash used in investing activities | | 578,531 | (3,269,205) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net cash used in financing activities | | - | - |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (14,585,816) | (23,961,886) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | (8,998,435) | 51,712,868 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD 10 | | (23,584,251) | 27,750,982 |

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad
24 October 2011



Director



Chief Executive


Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | <u>Share Capital</u> | <u>Unappropriated Profit</u> | <u>Total Equity</u> |
|---|--------------------------|----------------------------------|-------------------------|
| | <u>Rupees</u> | <u>Rupees</u> | <u>Rupees</u> |
| Balance at 01 July 2010 | 200,000,000 | 206,054,454 | 406,054,454 |
| Total comprehensive income for the period | - | 45,931,903 | 45,931,903 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | 841,089 | 841,089 |
| Balance at 30 September 2010 | <u>200,000,000</u> | <u>252,827,446</u> | <u>452,827,446</u> |
| Balance at 01 July 2011 | 200,000,000 | 237,515,259 | 437,515,259 |
| Total comprehensive income for the period | - | 35,440,580 | 35,440,580 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | 698,294 | 698,294 |
| Balance at 30 September 2011 | <u>200,000,000</u> | <u>273,654,133</u> | <u>473,654,133</u> |

The annexed notes 1 to 13 form an integral part of these financial statements.

Islamabad
24 October 2011


Director


Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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 and its shares are quoted on the Karachi and Islamabad Stock Exchanges. The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing of commercial explosives and blasting accessories including detonators and other materials. The Company has set up its industrial undertaking in Hattar Industrial Estate, Khyber Pakhtunkhwa with its registered office at 203-204, 2nd Floor, M. Gulistan Khan House, 82-E, Fazal-Ul-Haq Road, Blue Area, Islamabad, Pakistan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011. Comparative balance sheet is extracted from annual financial statements as of 30 June 2011 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 the quarter ended 30 September 2010.

The condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates applied by the Company for the preparation of this condensed interim unconsolidated financial information are the same as those applied by the Company in preparation of annual financial statements for the year ended 30 June 2011.

4. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 30 September 2011 the Company acquired property, plant and equipment aggregating Rs. 569,889 (30 September 2010: Rs. 3,369,926).

| | Unaudited 30 Sep 2011 Rupees | Audited 30 June 2011 Rupees |
|---|---|--|
| 5. TRADE DEBTS - Unsecured | | |
| Considered good | 123,456,809 | 101,795,366 |
| Considered doubtful | 1,592,761 | 1,592,761 |
| | 125,049,570 | 103,388,127 |
| Less: Provision for doubtful debts | (1,592,761) | (1,592,761) |
| | 123,456,809 | 101,795,366 |
| | | |
| | Unaudited 30 Sep 2011 Rupees | Audited 30 June 2011 Rupees |
| 6. OTHER FINANCIAL ASSETS | | |
| Investments: | | |
| At fair value through profit or loss - NAFA units | 110,430,291 | 107,351,598 |
| Held to maturity - Term deposit receipts | 39,240,000 | 38,632,500 |
| | 149,670,291 | 145,984,098 |

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2011

| | | Unaudited 30 Sep 2011 Rupees | Audited 30 June 2011 Rupees |
|-------------------------------------|-----|---|--|
| 7. SHORT TERM BORROWINGS | | | |
| Short term running finance- Secured | | | |
| National Bank of Pakistan (NBP) | | - | 9,980,474 |
| Allied Bank Limited (ABL) | 7.1 | 49,065,478 | 32,685,908 |
| | | <u>49,065,478</u> | <u>42,666,382</u> |

7.1 The Company has arranged various facilities with ABL and during the period the Company utilized FE-25 facility. This facility has a sanctioned limit of Rs. 50 million (30 June 2011: Rs. 50 million) for export of the Company's products. The facility carries mark-up at the rate of LIBOR + 2% per annum (30 June 2011: LIBOR + 2% per annum) of the amount utilized.

8. CONTINGENCIES AND COMMITMENTS

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2011.

There is no change in the commitments as reported in the annual financial statements for the year ended 30 June 2011, except that the letters of credit issued by a bank on behalf of the Company for the import of raw materials amount to Rs. 17.870 million at the period end (30 June 2011: Rs. 4.038 million).

| | Quarter Ended | |
|---------------------------|---|---|
| | Unaudited 30 Sep 2011 Rupees | Unaudited 30 Sep 2010 Rupees |
| 9. SALES - Net | | |
| Gross Local Sales | 168,748,063 | 159,297,212 |
| Sales tax | (17,170,682) | (19,597,108) |
| Special excise duty | - | (1,110,482) |
| Discounts and commissions | (34,449,448) | (32,357,637) |
| Net Local Sales | <u>117,127,933</u> | <u>106,231,985</u> |
| Net Export Sales | <u>62,278,989</u> | <u>93,658,727</u> |
| | <u>179,406,922</u> | <u>199,890,712</u> |

| | Quarter Ended | |
|---|---|---|
| | Unaudited 30 Sep 2011 Rupees | Unaudited 30 Sep 2010 Rupees |
| 10. CASH AND CASH EQUIVALENTS | | |
| For the purpose of cash flow statement cash and cash equivalents comprise of: | | |
| Cash and bank balances | 25,481,227 | 27,750,982 |
| Short term borrowings- secured | (49,065,478) | - |
| | <u>(23,584,251)</u> | <u>27,750,982</u> |

Quarterly Report

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

11. RELATED PARTY TRANSACTIONS

Related parties comprise 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 are as follows:

| | Quarter Ended | |
|---|------------------------------------|------------------------------------|
| | Unaudited 30 Sep 2011 Rupees | Unaudited 30 Sep 2010 Rupees |
| Associated undertaking- sole proprietorship concern of a director of the Company | | |
| Sale of explosives | - | - |
| Advance received during the period | - | 761,534 |
| Balance receivable/payable at the period end | - | (761,534) |
| Other related parties | | |
| Remuneration including perquisites of Chief Executive | 3,222,581 | 2,084,695 |
| Remuneration including perquisites of Directors | 3,000,000 | 1,500,000 |
| Remuneration including perquisites of Executives | 1,269,500 | 1,166,650 |
| Payment to employees' provident fund | 368,361 | 438,936 |

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

12.1 The Board of Directors of the Company in their meeting held on 24 October 2011 proposed interim cash dividend of Rs. 1.25 per share.

12.2 The condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 24 October 2011.

13. GENERAL

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

Islamabad
24 October 2011



Director



Chief Executive

BOOK POST

(UNDER POSTAL CERTIFICATE)

If undelivered, please return to:

BIAFO INDUSTRIES LTD.

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