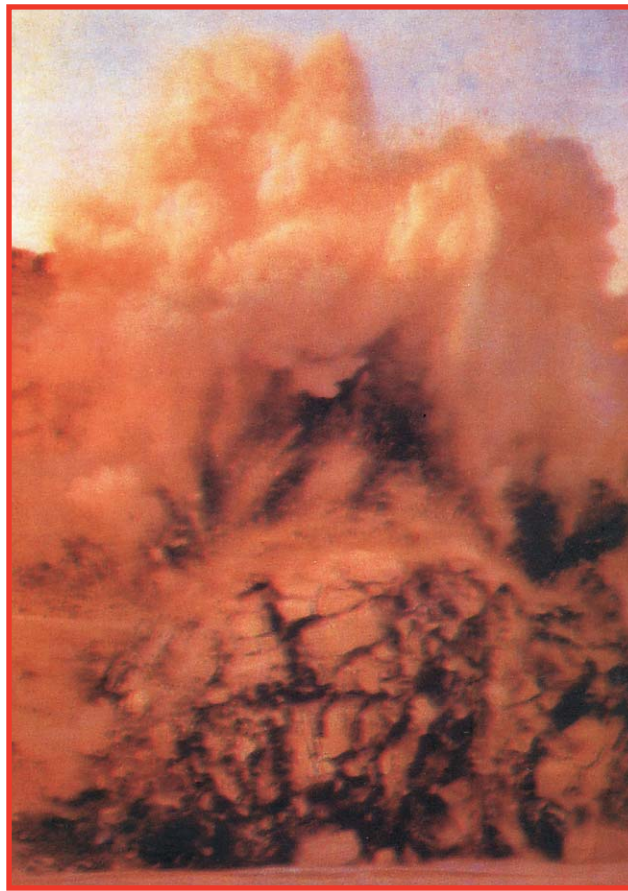


Quarterly Report
for the Period Ended
31 March 2012



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

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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
Mufti M. Hashim Khan	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 LIMITED **DIRECTORS' REPORT FOR THE QUARTER** **ENDED 31 MARCH, 2012**

Your Directors are pleased to submit the unaudited accounts for the quarter/period ended 31st. March, 2012.

In the quarter under review the company achieved its highest quarterly net sales in its history. Net sales of your company in the quarter under review increased by 27.84% to Rs. 301.62m and in the nine months period by 1.93% to Rs. 658.77m, in comparison to the previous years period. Gross profit percentage for the quarter under review increased by 1.63% to 32.87% amounting to Rs. 99.14m (March 2011 : Rs. 73.71m) and for the nine months period to March, 2012 was 32.74% amounting to Rs. 213.91m (March 2011 : Rs. 208.79m) against comparable period of the last year.

Net sales in the quarter reflected the significant/substantial increase in demand and delivery to the oil and gas exploration sector. The company's production and supplies rose to the challenge of ensuring timely deliveries against this rapid, significant demand from oil and gas sector.

The cement and the distributorship sector maintained its consistent demand for products of the company. The mining and large scale projects i.e. Hydel projects continue to suffer from weak and delayed funding in the public sector. The major business of the company of Saindak EPZ Copper and Gold mine project continues to have reduced demand of explosive product due to current site and technical issues. We continue to hope for serious commitment and improved funding for development programs, which will improve prospects of the company in the coming period.

Operating profit increased by 32.46% to Rs. 87.65m in the quarter under review, however for the nine months period to March, 2012 there was a marginal decline .07% to Rs. 182.63m against the comparable period for the last year. In the quarter under review profit after taxation increased by 28.57% to Rs. 57.56m, however for the nine months period to March, 2012 it reduced by 9.88% to Rs. 118.75m resulting in EPS for the quarter under review of 2.88 (EPS in quarter to March, 2011 : 2.24) and for the 9 months period to March, 2012 EPS of 5.94 (EPS in 9 months to March, 2011 : 6.64).

Provision for the taxation in the quarter to March, 2012 increased by 55.3% to Rs. 24.05m and for the nine months period to March, 2012 by 34.61% to Rs. 51.36m due to higher local sales and reduced export sales to Saindak EPZ Copper and Gold Project.

Investment in cash fund based financial instruments and term deposit in the nine months period ended 31st. March, 2012 increased by 20.15% to Rs.171.50m against the comparable period of 2011, resulting from improved cash flow management.

In the quarter under review raw material prices showed an increasing trend, due to increase in oil and energy prices as well as increase in commodity prices.

Expenses were within budget approved by the Board of Directors.

Your Board of Directors have declared a 3rd. Interim cash dividend of Rs. 2.25 per share (22.50%) for the quarter under review, which is in addition to the 1st. interim cash dividend of 12.5% and 2nd. Interim cash dividend of 10% for the period of financial year ending 30th. June, 2012.

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



Khawaja Amanullah Askari
Chief Executive

Islamabad
19th April, 2012


Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 31 MARCH 2012

	Note	31 March 2012 Rupees	30 June 2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	4	260,007,681	265,806,932
Long term deposits		2,136,754	2,207,103
		<u>262,144,435</u>	<u>268,014,035</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		9,556,932	8,821,182
Stock in trade		93,833,116	113,373,676
Trade debts - Unsecured	5	113,340,568	101,795,366
Advances		2,312,687	2,224,222
Trade deposits and short term prepayments		2,816,919	1,551,456
Advance income tax - net		6,377,445	-
Other receivables		891,479	503,875
Other financial assets	6	171,495,032	145,984,098
Cash and bank balances		52,045,505	33,667,947
		<u>452,669,683</u>	<u>407,921,822</u>
CURRENT LIABILITIES			
Trade and other payables		119,456,231	96,083,538
Markup accrued		219,877	525,114
Short term borrowings - Secured	7	19,001,087	42,666,382
Provision for taxation		-	786,399
		<u>138,677,195</u>	<u>140,061,433</u>
NET CURRENT ASSETS		313,992,488	267,860,389
NON CURRENT LIABILITIES			
Deferred employee benefit		1,133,300	1,019,689
Deferred tax liability - net		35,826,272	33,429,543
		<u>36,959,572</u>	<u>34,449,232</u>
		539,177,351	501,425,192
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		277,362,301	237,515,259
		<u>477,362,301</u>	<u>437,515,259</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax		61,815,050	63,909,933
		<u>539,177,351</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
19 April, 2012


Director


Chief Executive


Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Note	Three Months Ended		Nine Months Ended	
		31 March	31 March	31 March	31 March
		2012	2011	2012	2011
		Rupees	Rupees	Rupees	Rupees
NET SALES	9	301,620,846	235,931,370	658,770,373	646,278,336
Cost of sales		(202,484,873)	(162,220,015)	(444,862,314)	(437,484,244)
GROSS PROFIT		99,135,973	73,711,355	213,908,059	208,794,092
Other operating income		1,750,801	3,050,253	10,066,729	6,907,414
Distribution cost		(2,094,789)	(1,907,376)	(6,483,706)	(5,346,673)
Administrative expenses		(10,344,636)	(7,630,915)	(31,730,432)	(24,705,912)
Finance costs		(798,646)	(1,056,242)	(3,133,205)	(1,940,377)
OPERATING PROFIT		87,648,703	66,167,075	182,627,445	183,708,544
Workers' profit participation fund		(4,382,435)	(3,308,354)	(9,131,372)	(9,185,427)
Workers' welfare fund		(1,662,105)	(1,238,478)	(3,384,406)	(3,481,314)
PROFIT BEFORE TAXATION		81,604,163	61,620,242	170,111,667	171,041,803
TAXATION					
Current		(23,697,165)	(16,311,600)	(48,962,784)	(41,048,055)
Deferred		(351,239)	(461,656)	(2,396,724)	2,894,009
		(24,048,404)	(16,773,256)	(51,359,508)	(38,154,046)
PROFIT FOR THE PERIOD		57,555,759	44,846,987	118,752,159	132,887,757
EARNINGS PER SHARE - Basic and diluted		2.88	2.24	5.94	6.64

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

Islamabad
19 April, 2012


Director


Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Three Months Ended		Nine Months Ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees
Profit for the period	57,555,759	44,846,987	118,752,159	132,887,757
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>57,555,759</u>	<u>44,846,987</u>	<u>118,752,159</u>	<u>132,887,757</u>

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

Islamabad
19 April, 2012



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Note	31 March 2012	31 March 2011
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		170,111,667	171,041,803
Adjustments for:			
Depreciation		12,280,034	12,996,701
Finance costs		3,133,205	1,940,377
Provision for Workers' profit participation fund		9,131,372	9,185,427
Provision for Workers' welfare fund		3,384,406	3,481,314
Provision for employee benefit		124,450	107,775
Provision for slow moving stores, spare parts and loose tools		165,000	161,250
Unrealized gain on remeasurement of investment		(8,137,266)	(6,109,142)
Gain on disposal of property, plant and equipment		-	(295,457)
Interest on deposit accounts and TDRs		(1,434,722)	(657,593)
Exchange (gain) /loss		(494,741)	154,778
		<u>18,151,738</u>	<u>20,965,430</u>
		188,263,405	192,007,233
Changes in:			
Store, spare parts and loose tools		(900,750)	(2,405,984)
Stock in trade		19,540,560	8,546,904
Trade debts		(11,063,322)	(86,203,209)
Advances, deposits, prepayments and other receivables		(1,359,760)	(4,881,664)
Trade and other payables		27,549,612	14,254,194
		<u>33,766,340</u>	<u>(70,689,759)</u>
Cash generated from operations		222,029,745	121,317,474
Finance costs paid		(3,438,442)	(1,796,276)
Employees benefits paid		(10,839)	(12,403)
Payments to Workers' profit participation fund		(12,703,021)	(7,979,279)
Payments to Workers' welfare fund		(4,757,082)	(3,071,554)
Income taxes paid		(56,126,628)	(49,042,367)
		<u>(77,036,012)</u>	<u>(61,901,879)</u>
Net cash from operating activities		144,993,733	59,415,595
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,480,782)	(8,679,320)
Proceeds from disposal of property, plant and equipment		-	2,497,787
Investment made during the year		(17,360,802)	(34,275,000)
Interest received on deposit accounts and TDRs		1,123,299	543,777
Net cash used in investing activities		(22,718,285)	(39,912,756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(80,232,595)	(73,566,434)
Net cash used in financing activities		(80,232,595)	(73,566,434)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		42,042,853	(54,063,595)
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	<u>33,044,418</u>	<u>(2,350,727)</u>

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

Islamabad
19 April, 2012



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2010	200,000,000	206,054,454	406,054,454
Total comprehensive income for the period	-	132,887,757	132,887,757
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	2,523,269	2,523,269
	-	135,411,026	135,411,026
Transactions with members recorded directly in equity			
Distribution to members			
Dividend to members: Final dividend of 2010 @ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Dividend to members: First Interim dividend of 2011 @ Rs. 1.25 per share	-	(25,000,000)	(25,000,000)
Total distribution to members	-	(75,000,000)	(75,000,000)
Balance at 31 March 2011	200,000,000	266,465,480	466,465,480
Balance at 01 July 2011	200,000,000	237,515,259	437,515,259
Total comprehensive income for the period	-	118,752,159	118,752,159
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	2,094,883	2,094,883
	-	120,847,042	120,847,042
Transactions with members recorded directly in equity			
Distribution to members			
Dividend to members: Final dividend of 2011 @ Rs. 2.80 per share	-	(56,000,000)	(56,000,000)
Dividend to members: First Interim dividend of 2012 @ Rs. 1.25 per share	-	(25,000,000)	(25,000,000)
Total distribution to members	-	(81,000,000)	(81,000,000)
Balance at 31 March 2012	200,000,000	277,362,301	477,362,301

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

Islamabad
19 April, 2012



Director



Chief Executive

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2012

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 31 March 2011.

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 nine months ended 31 March 2012 the Company acquired property, plant and equipment aggregating Rs.6,480,782 (31 March 2011: Rs. 3,638,930).

	Unaudited 31 March 2012 Rupees	Audited 30 June 2011 Rupees
5. TRADE DEBTS - Unsecured		
Considered good	113,340,568	101,795,366
Considered doubtful	1,592,761	1,592,761
	114,933,329	103,388,127
Less: Provision for doubtful debts	(1,592,761)	(1,592,761)
	113,340,568	101,795,366

Quarterly Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2012

		Unaudited 31 March 2012 Rupees	Audited 30 June 2011 Rupees
6. OTHER FINANCIAL ASSETS			
Investments:			
At fair value through profit or loss			
NAFA Government Securities Liquid Fund		40,454,573	107,351,598
ABL Income Fund		55,083,632	-
MCB Dynamic Cash Fund		35,141,827	-
Held to maturity - Term deposit receipts		40,815,000	38,632,500
		<u>171,495,032</u>	<u>145,984,098</u>
		Unaudited 31 March 2012 Rupees	Audited 30 June 2011 Rupees
7. SHORT TERM BORROWINGS			
Short term running finance- Secured			
National Bank of Pakistan (NBP)	7.1	9,759,058	9,980,474
Allied Bank Limited (ABL)	7.2	9,242,029	32,685,908
		<u>19,001,087</u>	<u>42,666,382</u>

7.1 The Company has arranged various facilities with NBP and during the period the Company utilized FE-25 facility. The FE-25 facility has a sanctioned limit of Rs. 10 million (30 June 2011: Rs. 10 million) and carries mark-up at the rate of LIBOR + 2% per annum (30 June 2011: LIBOR + 2% per annum) of the amount utilized.

7.2 The Company has arranged various facilities with ABL and during the period the Company utilized FE-25 facility. This FE-25 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. 3.348 million at the period end (30 June 2011: Rs. 4.038 million).

	Three Months Ended		Nine Months Ended	
	Unaudited 31 March 2012 Rupees	Unaudited 31 March 2011 Rupees	Unaudited 31 March 2012 Rupees	Unaudited 31 March 2011 Rupees
9. SALES - Net				
Gross Local Sales	392,077,423	250,920,128	793,352,323	608,883,225
Sales tax	(39,545,341)	(27,881,291)	(80,397,868)	(70,958,680)
Special excise duty	-	(2,171,757)	-	(4,663,432)
Discounts and commissions	(100,551,811)	(56,891,544)	(187,257,291)	(124,951,036)
Net Local Sales	251,980,271	163,975,536	525,697,164	408,310,077
Net Export Sales	49,640,575	71,955,834	133,073,209	237,968,259
	<u>301,620,846</u>	<u>235,931,370</u>	<u>658,770,373</u>	<u>646,278,336</u>

Quarterly Report

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012

	Nine Months Ended	
	Unaudited 31 March 2012 Rupees	Unaudited 31 March 2011 Rupees
10. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	52,045,505	4,975,251
Short term borrowings- secured	(19,001,087)	(7,325,978)
	<u>33,044,418</u>	<u>(2,350,727)</u>

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:

	Nine Months Ended	
	Unaudited 31 March 2012 Rupees	Unaudited 31 March 2011 Rupees
Associated undertaking- sole proprietorship concern of a director of the Company		
Sale of explosives	1,464,036	8,010,134
Advance received during the period	1,464,036	8,010,134
Balance receivable/payable at the period end	-	-
Other related parties		
Remuneration including perquisites of Chief Executive	7,212,036	5,757,311
Remuneration including perquisites of Directors	6,350,000	4,500,000
Remuneration including perquisites of Executives	3,160,254	2,659,950
Payment to employees' provident fund	1,756,953	1,309,688

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 19 April, 2012 proposed interim cash dividend of Rs. 2.25 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 19 April, 2012.

13. GENERAL

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

Islamabad
19 April, 2012



Director



Chief Executive

BOOK POST

(UNDER POSTAL CERTIFICATE)

If undelivered, please return to:

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Printed at: PanGraphics (Pvt) Ltd. Islamabad