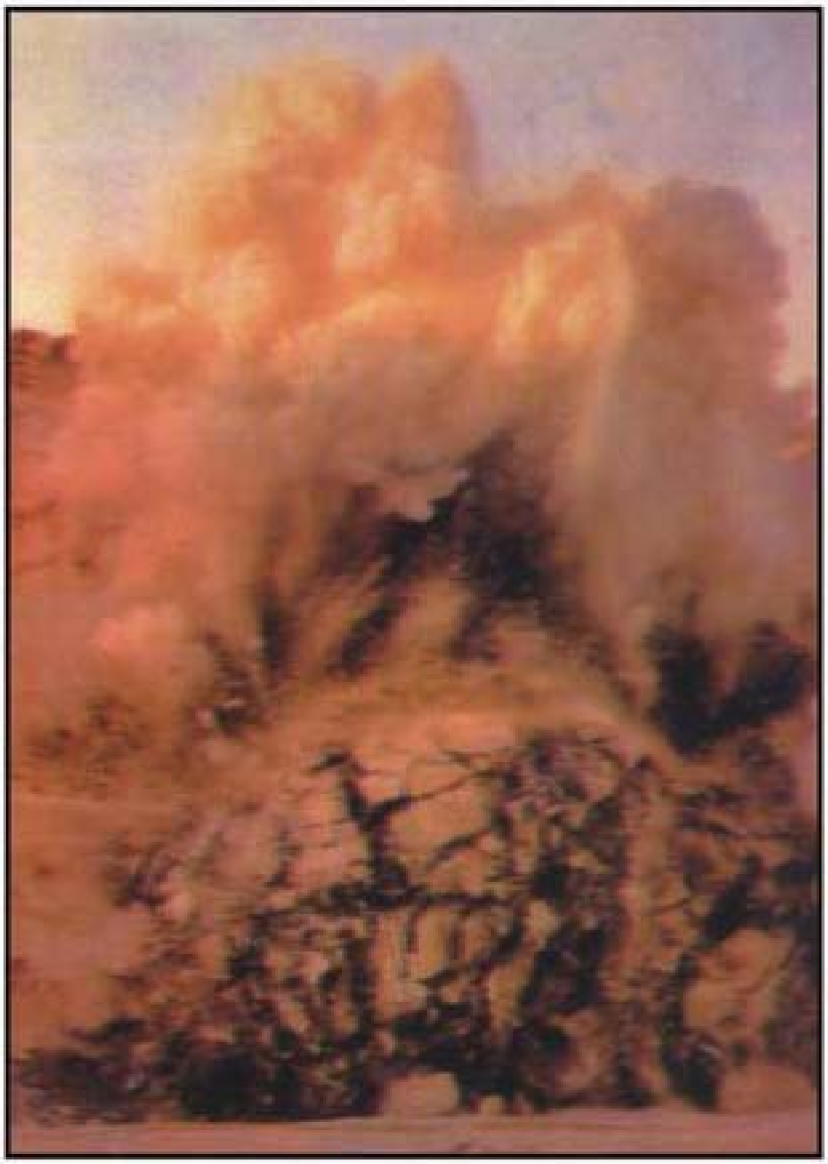
Annual Report 2011



BIAFO INDUSTRIES LIMITED

Manufacturers of Tovex® Explosives & Blasting Accessories

CONTENTS

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
Khwaja 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

NOTICE OF 23RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 23rd Annual General Meeting of Biafo Industries Limited will be held on Monday 24th October 2011 at 11.00 a.m. at # 203,2nd Floor, M. Gulistan Khan House, 82-East, Fazal-ul-Haq Road, Blue Area, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 22nd Annual General Meeting held on October 26, 2010.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2011 together with Auditors' report and Directors' report thereon.
3. To approve the payment of final dividend of Rs.2.80 per share (28%) and also the interim dividends of Rs 1.25 per share (12.5%) declared on October 19,2010, Rs. 1.50 per share (15%) declared on February 18,2011 and Rs. 2.20 per share (22%) declared on April 19,2011 making a total of Rs.7.75 per share (77.5%) for the year ended June 30,2011.
4. To appoint Auditors for the year 2011-12 and to fix their remuneration. Retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible offer themselves for reappointment for the year 2011-12.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman

By order of the Board

Khawaja Shaiq Tanveer
Company Secretary

Islamabad: September 26,2011

NOTES:

1. Share Transfer Books of the Company will remain closed from October 17, 2011 to October 24, 2011 both days inclusive.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her and proxy to attend, demand or join in demanding a poll, speak and vote instead of his/her and a proxy so appointed shall have such rights, as attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the registered office of the company not later than 48 hours before the meeting duly stamped, signed and witnessed. A proxy need not be a member of the Company.

3. CDC Shareholders or their proxies are required to bring with them their original National Identity cards or Passports along with the Participant's ID numbers and their Account Numbers at the time of attending the Annual General Meeting in order to authenticate their usual documents required for such purposes.

4. Shareholders are requested to promptly notify in writing to the Company of any change in their address.

BIAFO INDUSTRIES LTD.
DIRECTORS' REPORT

Your directors are pleased to present the 23rd. Annual Report of the company for the year ended June 30th. 2011.

FINANCIAL RESULTS

In the period under review your company was able to function more effectively having invested time and effort with the various Government Ministries both at Provincial and Federal level, to clarify and assuage issues and concerns raised due to the heightened security situation in Pakistan and its fallout on the civil/industrial explosives sector, leading to rationalization in the permissions, transportation and movement, and reporting of explosives from manufacturing units to end users.

The resulting enhanced awareness, cooperation between the authorities and the stakeholders of civil/ industrial explosives has allowed smoother supply and delivery situation, resulting in improved sales and financial results of the company in the period under review.

Sales and Financial Results

Local Gross Sales increased by 52.71% to Rs. 873.32 m and net export sales increased by 44.44% to Rs. 282.895 m, while overall net sales increased by 47.9% to Rs. 870.365 m in the period under review against comparable period of the previous year.

Despite rising prices of raw material and cost of goods sold, the company's Gross Profit margin improved by 0.58 % to 33.17% against the comparable period of last year.

Net profit after taxation for the year increased by Rs. 65.02 m (+ 57.88%) to Rs.177.353 m resulting in EPS of Rs. 8.87 (+ 57.83%) (2010 : EPS Rs. 5.62) and percentage of net after tax profit to sales increased by 1.28% to 20.37% compared to the previous years figure.

Exports declined marginally to 32.5% of net sales of Rs. 870.365 m as opposed to 33.28% of the net sales for the year ending June, 2010. Sales to the export, cement, oil and gas, construction and mining and the distributors/small medium enterprises users saw significant increase, where as Government funded large project saw significant decline due to lack of availability of funds. No new projects came onstream in the entire financial year. The later part of the financial year 2010-11 also saw inflationary pressure of 12 to 15 % and increase in prices of oil, chemical, alloys and packaging materials which constitute our main raw material, and could not be fully reflected in sales price.

Finance costs increased, because of short term borrowings, due to enhanced cash outflow and decline in cash availability, being in negative as opposed to surplus in the previous year.

BIAFO INDUSTRIES LTD.
DIRECTORS' REPORT

Net worth of the company for the year under review, increased by Rs. 5.99 m (2010 : Rs. 34.32 m) to Rs. 501.425 m.

Production:

Plant performed satisfactorily in meeting increased demand, reflected in significant increase in sales and no disruption in supplies to the customers, due to improved understanding and adherence to the established rules and regulations by all stakeholders, including governmental authorities. The timely availability of deliveries of the product to the customers and general quality satisfaction is reflected in improved sales to all sectors of the Market. Resources continue to be provided to enable improvement in production, manufacturing, Human resources, deliveries and safety across the company.

Future Prospects:

As mentioned earlier no new project came on stream in the entire financial/fiscal year under review. Regrettably the on going projects also suffered due to restricted availability of funds, leading to delays and drawdown of work on development and construction projects. This is reflected in much reduced disbursement to the public sector development programs.

First quarter sales for the year 2011-12 have shown decline, reflecting overall macroeconomic situation of the country, however we expect improvement in the coming quarters of the financial year 2011-12. While the government has indicated its desire to commence large scale Hydel projects like Bhasha, Kohala, Bunji and Munda Dam etc. the continuing issues of finance availability has delayed program implementation.

Dividend:

Board has approved final dividend of Rs.2.80 per share (28%) and also the 1st. interim cash dividend of Rs.1.25 per share (12.5%) declared on October 19, 2010 and 2nd. Interim cash dividend of Rs.1.50 per share (15%) declared on February 18, 2011 and 3rd. Interim cash dividend of Rs.2.20 per share (22%) declared on April 19, 2011 for the year ended June, 2011, making a total Dividend declaration of Rs.7.75 (77.5%) for the financial year ending 30th. June, 2011.

CODE OF CORPORATE GOVERNANCE

We are pleased to report that the company has taken necessary measures to comply with the provision of the code of Corporate Governance as incorporated in listing regulations of the Stock Exchanges.

The Board regularly reviews the company's strategic direction. Business plans and targets are set by

BIAFO INDUSTRIES LTD.
DIRECTORS' REPORT

the Chairman/Chief Executive & are reviewed by the Board. The Board is committed to maintain a high standard of good corporate governance. The company is in the process of implementing the provisions set out by Securities & Exchange Commission of Pakistan (SECP) and the accordingly amended listing rules by Stock Exchanges.

As required by the Code of Corporate Governance, your directors are pleased to report that:

- Financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow & changes in equity.
- Proper books of account of the company have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates, except for those disclosed in the accounts & accounting estimates are based on reasonable & prudent judgment.
- International accounting standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal controls is sound and has been effectively implemented and monitored.
- There is no significant doubt about the company's ability to continue as a going concern
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2011 except for those stated in the financial statements.
- A statement as to the value of investment of Provident Fund as on June 30, 2011 is Rs. 16,644,727/-

A total of 6 meetings of the Board of Directors were held during year (July 2010 to June 2011). The attendance by each Director is given as follows:

BIAFO INDUSTRIES LTD.
DIRECTORS' REPORT

NAME ATTENDED		NO OF MEETINGS
Mr. M. Afzal Khan	Chairman	6
Mr.Khawaja Amanullah Askari	Managing Director	6
Mr. Abdul Maajid Qureshi	Director	5
Mr. S. M. Sibtain (Retired)	Director	0
Mr. Khwaja Ahmad Hosain (New)	Director	3
Mr. M. Salim Khan	Director	4
Ms. Shirin Safdar	Director	5
Maj.Gen (Rtd) S.Z.M. Askree	Director	6
Col. (Rtd) M. Zafar Khan	Director	6
Dr. M. Humayun Khan	Director	6
Mr.Adnan Aurangzeb	Director	6
Mr. Zafar Iqbal	Director	0

Leave of absence is granted in all cases to the Directors.

AUDITORS

The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENT

Your Board would like to take this opportunity to express its special appreciation to all the employees of the company without whose continued commitment and hard work the challenges of new opportunities could not be achieved. We also acknowledge the support and cooperation of our major share holder, customers, suppliers and our Bankers specially Allied Bank Ltd, Bank of Khyber, National Bank of Pakistan, Standard Chartered Bank , MCB Bank Ltd, Askari Bank, Habib Metropolitan Bank, Dubai Islamic Bank, Bank Alfalah Ltd and Faysal Bank Ltd.

BIAFO INDUSTRIES LTD.
DIRECTORS' REPORT

PATTERN OF SHARE HOLDING

Pattern of share holding is enclosed.

On Behalf of the Board

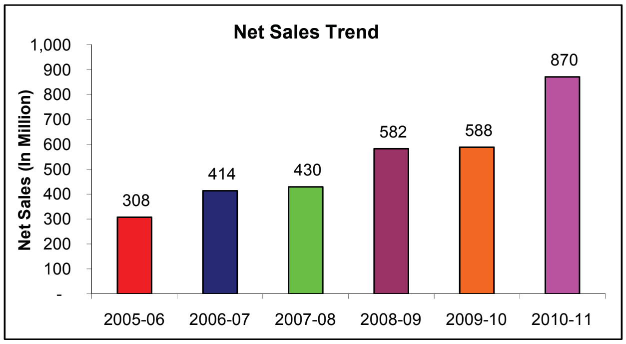
Islamabad
26 September 2011

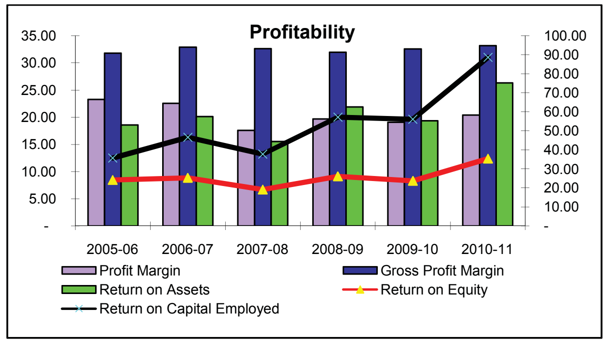
Khawaja Amanullah Askari
Managing Director
&
Chief Executive

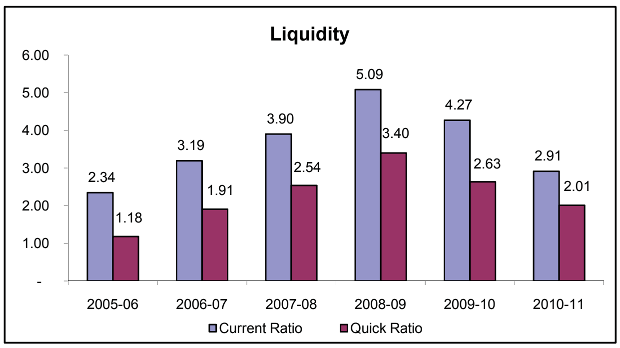
STAKEHOLDERS INFORMATION

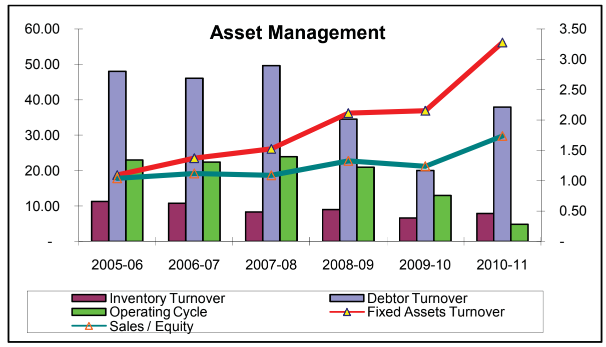
		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
BALANCE SHEET				(In Thousands, "000")			
Paid up Capital	Rs.	**200,000**	200,000	200,000	200,000	200,000	200,000
Shareholder Equity	Rs.	**501,425**	473,072	438,755	394,294	368,684	295,388
Fixed Assets	Rs.	**265,807**	273,100	275,756	282,359	301,552	281,216
Long Term Debts	Rs.	-	-	-	-	-	24,913
PROFIT & LOSS ACCOUNT				(In Thousands, "000")			
Net Sales	Rs.	**870,365**	588,495	581,982	429,759	413,585	307,582
Gross Profit / (Loss)	Rs.	**288,691**	191,807	185,973	140,277	136,039	97,847
Operating Profit / (Loss)	Rs.	**254,060**	159,586	159,786	113,533	112,897	70,443
Net Profit after taxation	Rs.	**177,353**	112,332	114,462	75,610	93,295	71,568
PROFITABILITY RATIOS							
Gross Profit / (Loss) Margin	%	**33.17**	32.59	31.96	32.64	32.89	31.81
Net Profit after taxation	%	**20.38**	19.09	19.67	17.59	22.56	23.27
Return on Assets	%	**26.32**	19.33	21.89	15.53	20.10	18.58
Return on Equity	%	**35.37**	23.75	26.09	19.18	25.30	24.23
Return On Capital Employed	%	**88.68**	56.17	57.23	37.80	46.65	35.78
LIQUIDITY RATIOS							
Current Ratio	:	**2.91**	4.27	5.09	3.90	3.19	2.34
Quick Ratio	:	**2.01**	2.63	3.40	2.54	1.91	1.18
ASSETS MANAGEMENT RATIOS							
Inventory Turnover	Days	**46**	55	41	44	34	32
Debtors Turnover	Days	**38**	20	35	50	46	48
Operating Cycle	Times	**13**	20	12	11	13	14
Fixed Assets Turnover	Times	**3.27**	2.15	2.11	1.52	1.37	1.09
Sales / Equity	Times	**1.74**	1.24	1.33	1.09	1.12	1.04
DEBTS MANAGEMENT RATIOS							
Total Debts to Total Assets	%	**21**	12	09	11	11	18
Debts to Equity	%	**28**	15	11	13	14	23
Long Term Debts to Equity	%	-	-	-	-	-	0.08
MARKET RATIOS							
Earning Per Share	Rs. 10/Share	**8.87**	5.62	5.72	3.78	4.66	3.58
Dividend Paid per Share	Per Share (Rs)	**7.45**	4.50	3.50	2.50	1.00	-
Dividend Declared	Per Share (Rs)	**7.75**	4.50	4.00	3.00	2.50	-
Break-up Value	Rs. 10/Share	**25.07**	23.65	21.94	19.71	18.43	14.77
Share Price-High	Per Share	**59.20**	41.61	42.90	51.00	57.00	34.05
Share Price-Low	Per Share	**31.64**	30.25	28.50	25.70	22.15	15.75

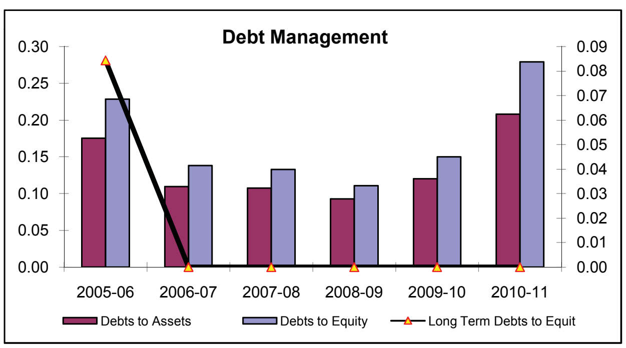
STAKEHOLDERS INFORMATION

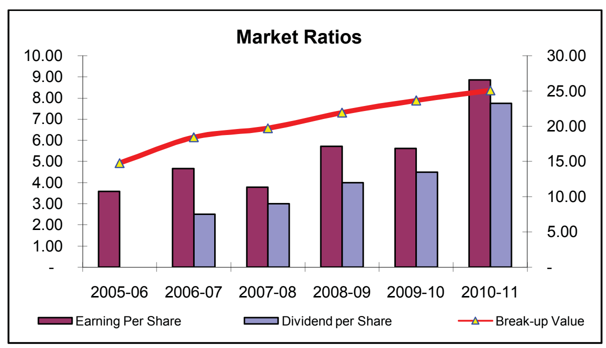


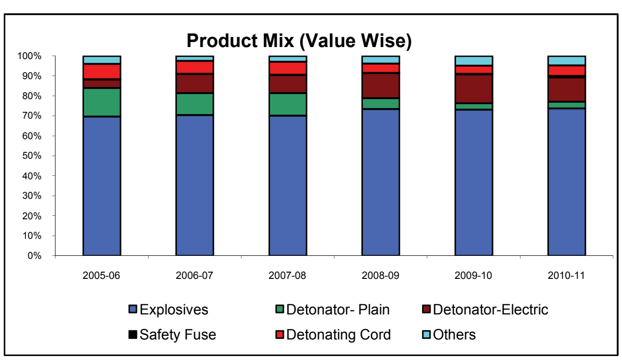


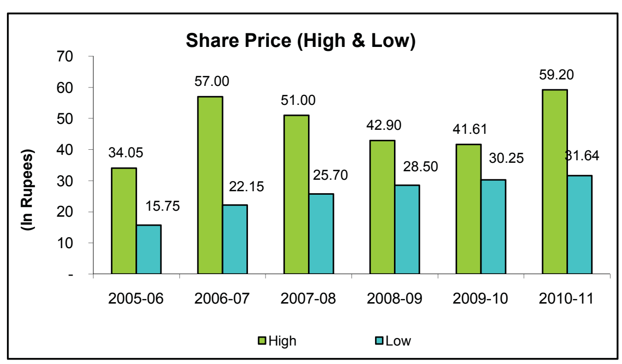












STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE TO THE MEMBERS
For the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good corporate governance, whereby, as listed company is managed in compliance with best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:-

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes 07 independent non-executive directors out of total strength of 11 members.

2. The directors have confirmed that none of them is serving as a director in ten or more listed companies including this company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of stock exchange has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy during the year.

5. The Board has prepared "Statement of Ethics and Business Practices" which has been signed by all the Directors and employees of the Company.

6. The Board has formulated and adopted vision and mission statement.

7. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated within thirty days of the respective meeting.

9. The Board members have not attended any orientation course during the year.

10. CEO was reappointed for a period of three years on 17 July 2010. Election of Directors was held on 26 October, 2010 and ten directors have been elected for the period of three years.

11. The Directors' report for this year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before the

approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises 04 members, out of which 02 members are non-executive directors including the Chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has outsourced the internal audit function to Riasat Ishtiaq & Co who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company and they are involved in the internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code of Corporate Governance have been compiled with.

21. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulation number of 37 of the Karachi Stock Exchange (Guarantee) Limited.

Islamabad:
26 September 2011

M. Afzal Khan
Chairman

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Biafo Industries Limited ("the Company") to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

Islamabad
26 September 2011

AUDITORS' REPORT TO THE MEMBERS OF BIAFO INDUSTRIES LIMITED

We have audited the annexed balance sheet of Biafo Industries Limited ("the Company") as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 30 June 2011 and of the profit, its cashflows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

Islamabad
26 September 2011

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	4	265,806,932	273,100,062
Long term deposits		2,207,103	543,449
		268,014,035	273,643,511
CURRENT ASSETS			
Stores, spare parts and loose tools	5	8,821,182	5,857,800
Stock in trade	6	113,373,676	106,412,939
Trade debts - Unsecured	7	101,795,366	35,712,871
Advances	8	2,224,222	2,573,553
Trade deposits and short term prepayments	9	1,551,456	1,136,712
Advance income tax - net	10	-	1,661,769
Other receivables	11	503,875	474,840
Other financial assets	12	145,984,098	102,423,747
Cash and bank balances	13	33,667,947	51,712,868
		407,921,822	307,967,100
CURRENT LIABILITIES			
Trade and other payables	14	96,083,538	72,086,478
Markup accrued		525,114	29,984
Short term borrowings - Secured	15	42,666,382	-
Provision for taxation	10	786,399	-
		140,061,433	72,116,462
NET CURRENT ASSETS		267,860,389	235,850,638
NON CURRENT LIABILITIES			
Deferred employee benefit	16	1,019,689	815,849
Deferred tax liability - net	17	33,429,543	35,606,334
		34,449,232	36,422,183
		501,425,192	**473,071,966**
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	18	200,000,000	200,000,000
Unappropriated profit		237,515,259	206,054,454
		437,515,259	406,054,454
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax	19	63,909,933	67,017,512
		501,425,192	**473,071,966**
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
26 September 2011

Director **Chief Executive**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
NET SALES	21	870,365,068	588,494,619
Cost of sales	22	(581,674,395)	(396,687,968)
GROSS PROFIT		288,690,673	191,806,652
Other operating income	23	10,305,437	6,913,633
Distribution cost	24	(8,096,615)	(7,412,052)
Administrative expenses	25	(33,591,742)	(29,446,508)
Finance costs	26	(3,247,336)	(2,276,147)
OPERATING PROFIT		254,060,417	159,585,577
Workers' profit participation fund		(12,703,021)	(7,979,279)
Workers' welfare fund		(4,757,082)	(3,071,554)
PROFIT BEFORE TAXATION		**236,600,315**	**148,534,745**
TAXATION			
Current	27	(61,423,880)	(37,337,124)
Deferred	27	2,176,792	1,134,851
		(59,247,088)	(36,202,272)
PROFIT FOR THE YEAR		177,353,226	112,332,473
EARNINGS PER SHARE - Basic and diluted	28	**8.87**	**5.62**

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
26 September 2011

Director **Chief Executive**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
Profit for the year	177,353,226	112,332,473
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**177,353,226**	**112,332,473**

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
26 September 2011

Director

Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		236,600,315	148,534,745
Adjustments for:			
Depreciation		17,428,563	18,459,852
Finance costs		3,247,336	2,276,147
Provision for Workers' profit participation fund		12,703,021	7,979,279
Provision for Workers' welfare fund		4,757,082	3,071,554
Provision for employee benefit		216,243	22,674
Provision for slow moving stores, spare parts and loose tools		218,500	215,000
Unrealized gain on remeasurement of investment		(9,087,851)	(4,318,240)
Gain on disposal of property, plant and equipment		(295,457)	(1,394)
Interest on deposit accounts and TDRs		(880,059)	(1,077,584)
Exchange gain		(42,070)	(1,516,415)
		28,265,308	25,110,873
		264,865,622	173,645,618
Changes in:			
Store, spare parts and loose tools		(3,181,882)	(1,221,092)
Stock in trade		(6,960,737)	(36,266,389)
Trade debts		(64,269,987)	26,838,607
Advances, deposits, prepayments and other receivables		(1,748,911)	1,357,164
Trade and other payables		15,317,010	23,807,377
		(60,844,507)	14,515,667
Cash generated from operations		204,021,114	188,161,285
Finance costs paid		(2,752,206)	(2,294,222)
Employees benefits paid		(12,403)	(1,360)
Payments to Workers' profit participation fund		(7,979,279)	(7,989,310)
Payments to Workers' welfare fund		(3,071,554)	(3,021,222)
Income taxes paid		(60,943,645)	(37,462,966)
		(74,759,088)	(50,769,080)
Net cash from operating activities		129,262,026	137,392,205
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,337,764)	(2,284,715)
Proceeds from disposal of property, plant and equipment		2,497,787	12,000
Investment made during the year		(34,275,000)	(64,160,000)
Interest received on deposit accounts and TDRs		870,868	804,083
Net cash used in investing activities		(43,244,109)	(65,628,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		-	(2,603,612)
Payment of dividend		(146,729,220)	(87,461,379)
Net cash used in financing activities		(146,729,220)	(90,064,991)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(60,711,303)	(18,301,418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		51,712,868	70,014,286
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	29	**(8,998,435)**	**51,712,868**

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
26 September 2011

Director **Chief Executive**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Share capital	Unappropriated profit	Total equity
	Rupees	Rupees	Rupees
Balance at 01 July 2009	200,000,000	180,261,349	380,261,349
Total comprehensive income for the year	-	112,332,473	112,332,473
Transfer from surplus on revaluation of property, plant and equipment Incremental depreciation for the period - net of deferred tax	-	3,460,632	3,460,632
	-	115,793,105	115,793,105
Transactions with members recorded directly in equity			
Distribution to members			
Dividend to members: Final dividend of 2009 @ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Dividend to members: First Interim dividend of 2010 @ Rs. 1.00 per share	-	(20,000,000)	(20,000,000)
Dividend to members: Second Interim dividend of 2010 @ Rs. 1.00 per share	-	(20,000,000)	(20,000,000)
Total distribution to members	-	(90,000,000)	(90,000,000)
Balance at 30 June 2010	**200,000,000**	**206,054,454**	**406,054,454**
Balance at 01 July 2010	200,000,000	206,054,454	406,054,454
Total comprehensive income for the year	-	177,353,226	177,353,226
Transfer from surplus on revaluation of property, plant and equipment Incremental depreciation for the period - net of deferred tax	-	3,107,579	3,107,579
	-	180,460,805	180,460,805
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)
Dividend to members: Second Interim dividend of 2011 @ Rs. 1.50 per share	-	(30,000,000)	(30,000,000)
Dividend to members: Third Interim dividend of 2011 @ Rs. 2.20 per share	-	(44,000,000)	(44,000,000)
Total distribution to members	-	**(149,000,000)**	**(149,000,000)**
Balance at 30 June 2011	**200,000,000**	**237,515,259**	**437,515,259**

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
26 September 2011

Director **Chief Executive**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 LEGAL STATUS AND 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 located at 203-204, 2nd Floor, M. Gulistan Khan House, 82-E, Fazal-ul-Haq Road, Blue Area, Islamabad, Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following;

- certain items of property, plant and equipment are measured at revalued amounts; and
- investment at fair value through profit or loss is measured at fair value.

The methods used to measure fair values are discussed further in their respective policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional currency. All financial information presented in PKR has been rounded off to the nearest of PKR, unless otherwise stated.

2.4 Significant estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding affect on the depreciation and impairment.

Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Any change in the estimates in future years might affect the carrying amounts of the respective assets with a corresponding affect on the impairment.

Taxation

Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred tax assets, which arise from temporary differences and carry forwards. The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The regularly reviews the trend of proportion of incomes between Presumptive Tax Regime and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following approved accounting standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 1 (amendments) - Presentation of Financial Statements: (effective for annual periods beginning on or after 01 January 2011).

IAS 24 (revised definition of related parties) - Related Party Disclosures: (effective for annual periods beginning on or after 01 January 2011).

IAS 34-(amendments) - Interim Financial Reporting: (effective for annual periods beginning on or after 01 January 2011).

IFRS 7 (amendments) - Disclosures - Transfer of Financial Assets (effective for annual periods beginning on or after 01 January 2011).

IAS 12 (amendments) - Deferred Tax: Recovery of underlying assets: (effective for annual periods beginning on or after 01 January 2011).

IFRIC 13 (amendments) - Customer Loyalty Programmes: (effective for annual periods beginning on or after 01 January 2011).

IFRIC 14 (IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), amendment with respect to voluntary prepaid contributions is effective for annual periods beginning on or after 01 January 2011.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Owned

Property, plant and equipment other than leasehold land and capital work in progress, is stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Leasehold land is stated at cost or revalued amount, as the case may be. Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Depreciation is recognized in profit or loss account on a reducing balance method except for electric appliances which are depreciated on straight line method at the rates specified in note 4 to the financial statements. Depreciation is charged from the date the asset is acquired or capitalized to the date it is disposed off. Leasehold land is not depreciated.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed asset account. Deficit arising on subsequent revaluation of property, plant and equipment is adjusted against the balance in the above mentioned surplus account or charged to profit and loss account in the absence of any surplus therein. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets (net of deferred tax) is transferred to unappropriated profit.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within “other operating income” in profit or loss account. When revalued asset is sold, the amount included in the surplus on revaluation of fixed assets net of deferred tax is transferred directly to equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

3.1.2 Leased

Leased property, plant and equipment in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of outstanding liability. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods. The finance charge is allocated to each period using the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leased assets are depreciated over the useful life of the asset using the reducing balance method at the rates given in note 4 to these financial statements.

3.2 Stock in trade

Stock in trade is measured at lower of cost and net realizable value. Cost is determined as follows:

Material in transit:	at material cost plus other charges paid thereon
Raw material:	at moving average cost
Work in process:	at material and related manufacturing cost
Finished goods:	at moving average cost and related manufacturing expenses

Cost comprises of purchase and other costs incurred in bringing the material to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred in order to make a sale.

3.3 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value less allowance for slow moving and obsolete items. Cost is determined on the weighted average basis and comprises costs of purchase and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

The Company reviews the carrying amount of stores and spare parts on a regular basis and provision is made for obsolescence.

3.4 Investments

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.4.1 Investments held to maturity

Investments with fixed or determinable payments and fixed maturity and where the Company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognized at cost inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

3.4.2 Investment at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognized directly in the profit and loss account.

3.5 Taxation

Taxation comprises current and deferred tax income tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, if any, in which case the tax amounts are recognized in equity.

3.5.1 Current

Provision for current taxation is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

3.5.2 Deferred

Deferred tax is recognized using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial statements and the corresponding tax bases used in the computation of tax. In addition Company also records deferred tax asset on available tax losses. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further the Company also recognizes deferred tax liability on surplus on revaluation of depreciable fixed assets which is adjusted against the related surplus. The effect on deferred taxation of the portion of income expected to fall under presumptive tax regime is adjusted in accordance with the requirements of accounting technical release 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

3.6 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below;

3.6.1 Accumulating compensated absences

The Company makes provision for compensated un-availed absences accumulated by its employees and charge for the year is recognized in profit and loss account.

3.6.2 Provident fund

The Company has established a recognized provident fund for the management employees. Effective 01 July 2004, the benefit is also available to workers of the Company. Provision is made in the financial statements for the amount payable by the Company to the fund and in this regard contributions are made monthly at the rate of 8.33 % of basic salary equally by the Company and the employee. Obligations for contributions to plan is recognised as an employee benefit expense in profit or loss account when they are due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

3.7 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of government levies, trade discounts and commission. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Services include training, and professional services. Revenue from services is recognized as the services are completed or ratably over the contractual period.

3.8 Foreign currencies

PKR is the functional currency of the Company. Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income for the year.

3.9 Finance income and cost

Finance income comprises interest income on funds invested, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Finance cost comprises interest expense on borrowings, finance charge on leased assets and bank charges. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they are incurred.

3.10 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the Company looses control of the contractual right that comprise the financial asset or portion of financial asset. While, a financial liability or part of financial liability is de-recognized from the balance sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Financial assets mainly comprise long term deposits, trade debts, advances, other receivables, cash and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are obligations under lease finance, long term loans, creditors, accrued and other liabilities.

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair value, or cost, as the case may be.

3.11 Offsetting

Financial assets and liabilities and tax assets and liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.12 Trade and other payables

Liabilities for trade and other payables are carried at cost which is fair value of the consideration to be paid in the future for goods and services received.

3.13 Trade and other receivables

Trade and other receivable are stated at original invoice amount as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment of the Collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

3.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and if required are adjusted to reflect the current best estimate.

3.15 Dividend

Dividend distribution to the Company's members is recognised as a liability in the period in which

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

the dividends are approved.

3.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and short term borrowings that form an integral part of the Company's cash management. Cash and cash equivalents are carried in the balance sheet at cost.

3.17 Impairment

3.17.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss account. An impairment loss is reversed in the profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

3.17.2 Non financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit")

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Owned												Leased				
		Leasehold land	Building on leasehold land	Plant and machinery	Fork lifter	Tools and equipment	Tube well	Office equipment	Furniture an fixtures	Electric appliances	Vehicles	Capital work in progress	Sub total	Fork lifter	Plant and machinery	Vehicles	Sub total	Total
		Rupees												Rupees				Rupees
Cost/ Revalued amount																		
Balance as at 01 July 2009		72,298,000	28,097,325	246,852,204	708,458	998,926	306,600	2,492,629	1,572,209	551,379	3,561,683	-	357,439,413	1,285,000	4,247,315	7,508,901	13,041,216	370,480,629
Additions		-	-	200,000	-	-	-	91,500	-	152,800	1,446,455	406,160	2,296,915	-	-	-	-	2,296,915
Adjustment on revaluation	4.2	9,135,100	1,930,572	(100,206,320)	-	-	-	-	-	-	-	-	(89,140,648)	-	-	-	-	(89,140,648)
Disposals		-	-	-	-	-	-	-	-	(24,200)	-	-	(24,200)	-	-	-	-	(24,200)
Transfer in/(out)		-	-	4,247,315	1,285,000	-	-	-	-	-	7,508,901	-	13,041,216	(1,285,000)	(4,247,315)	(7,508,901)	(13,041,216)	-
Balance as at 30 June 2010		**81,433,100**	**30,027,897**	**151,093,199**	**1,993,458**	**998,926**	**306,600**	**2,584,129**	**1,572,209**	**679,979**	**12,517,039**	**406,160**	**283,612,696**	**-**	**-**	**-**	**-**	**283,612,696**
Balance as at 01 July 2010		81,433,100	30,027,897	151,093,199	1,993,458	998,926	306,600	2,584,129	1,572,209	679,979	12,517,039	406,160	283,612,696	-	-	-	-	283,612,696
Additions		-	-	3,977,552	-	-	2,300,000	88,350	40,000	217,231	3,908,322	1,806,309	12,337,764	-	-	-	-	12,337,764
Disposals		-	-	-	-	-	-	-	-	-	(3,992,391)	-	(3,992,391)	-	-	-	-	(3,992,391)
Transfer in/(out)		-	852,800	-	-	-	-	-	-	-	-	(852,800)	-	-	-	-	-	-
Balance as at 30 June 2011		**81,433,100**	**30,880,697**	**155,070,751**	**1,993,458**	**998,926**	**2,606,600**	**2,672,479**	**1,612,209**	**897,210**	**12,432,970**	**1,359,669**	**291,958,069**	**-**	**-**	**-**	**-**	**291,958,069**
Depreciation																		
Balance as at 01 July 2009		-	2,703,325	83,029,696	617,984	803,736	253,147	1,787,697	1,178,000	285,070	933,673	-	91,592,328	248,428	863,995	2,020,339	3,132,762	94,725,090
Charge for the year		-	754,458	16,171,235	17,686	19,519	5,345	149,745	39,421	27,771	464,406	-	17,649,586	95,019	310,138	405,109	810,266	18,459,852
On disposals		-	-	-	-	-	-	-	-	(13,594)	-	-	(13,594)	-	-	-	-	(13,594)
Transfer in/(out)		-	-	1,174,133	343,447	-	-	-	-	-	2,425,448	-	3,943,028	(343,447)	(1,174,133)	(2,425,448)	(3,943,028)	-
Adjustment on revaluation		-	(3,457,783)	(99,200,931)	-	-	-	-	-	-	-	-	(102,658,714)	-	-	-	-	(102,658,714)
Balance as at 30 June 2010		**-**	**-**	**1,174,133**	**979,117**	**823,256**	**258,492**	**1,937,442**	**1,217,421**	**299,247**	**3,823,527**	**-**	**10,512,634**	**-**	**-**	**-**	**-**	**10,512,634**
Balance as at 01 July 2010		-	-	1,174,133	979,117	823,256	258,492	1,937,442	1,217,421	299,247	3,823,527	-	10,512,634	-	-	-	-	10,512,634
Charge for the year		-	752,041	15,244,328	101,434	17,567	47,030	128,923	38,734	133,906	964,600	-	17,428,563	-	-	-	-	17,428,563
On disposals		-	-	-	-	-	-	-	-	-	(1,790,060)	-	(1,790,060)	-	-	-	-	(1,790,060)
Transfer in/(out)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2011		**-**	**752,041**	**16,418,461**	**1,080,551**	**840,823**	**305,522**	**2,066,365**	**1,256,155**	**433,153**	**2,998,067**	**-**	**26,151,136**	**-**	**-**	**-**	**-**	**26,151,136**
Carrying amounts - June 2010		81,433,100	30,027,897	149,919,066	1,014,341	175,670	48,108	646,687	354,788	380,732	8,693,512	-	273,100,062	-	-	-	-	273,100,062
Carrying amounts - June 2011		**81,433,100**	**30,128,656**	**138,652,290**	**912,907**	**158,103**	**2,301,078**	**606,114**	**356,054**	**464,057**	**9,434,903**	**1,359,669**	**265,806,932**	**-**	**-**	**-**	**-**	**265,806,932**
Rates of depreciation per annum		**-**	**2.50%**	**10%**	**10%**	**10%**	**10%**	**10-33.33%**	**10%**	**33.33%**	**10%**	**-**		**10%**	**10%**	**10%**		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
4.1 Depreciation for the year has been allocated as follows:			
Cost of sales	23	16,420,352	17,660,013
Distribution cost	25	56,804	86,606
Administrative expenses	26	951,407	713,233
		17,428,563	**18,459,852**

4.2 Revaluation of land, building, plant and machinery

Leasehold land, building, plant and machinery of the Company were revalued in the year 2009-2010 by an independent professional valuer M/s Consultancy Support & Services. Land and building were revalued on the market basis and plant and machinery under the depreciated replacement cost basis. Accordingly net surplus on revaluation amounting to Rs. 13,518,066 was recognized in the year 2009-2010. The previous revaluation was carried out on 30 June 2005.

Had there been no revaluations, related figures of revalued leasehold land, building and plant and machinery would have been as follows:

	Net Book Value	
	2011 Rupees	2010 Rupees
Leasehold land	44,033,883	44,033,883
Building on leasehold land	32,912,549	33,756,460
Plant and machinery	75,115,189	83,461,321
	152,061,621	**161,251,664**

4.3 Details of property, plant and equipment disposed off:

	Cost Rupees	Book value Rupees	Sale proceeds Rupees
Vehicle sold through public auction to:			
Mr. Rizwan Mazhar	1,271,400	687,702	817,779
Mr. Muhammad Iftikhar Alam	1,374,380	755,759	971,890
Mr. Tahir Ali Khan	1,282,486	722,647	683,761
	3,928,266	**2,166,108**	**2,473,430**
Vehicle with individual book value not exceeding Rs. 50,000 sold through public auction.	64,125	36,223	24,359
2011	**3,992,391**	**2,202,331**	**2,497,789**
2010	24,200	10,606	12,000

	2011 Rupees	2010 Rupees
5 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	1,190,063	1,017,543
Spare parts	8,407,109	5,450,537
Loose tools	82,362	29,572
	9,679,534	**6,497,652**
Provision for slow moving stores, spare parts and loose tools	(858,352)	(639,852)
	8,821,182	**5,857,800**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

		Note	2011 Rupees	2010 Rupees
6	**STOCK IN TRADE**			
	Raw materials		93,460,473	81,442,393
	Packing materials		3,216,142	1,475,292
	Work in process		806,932	1,603,157
	Finished goods		6,676,781	21,298,397
	Goods in transit		9,213,348	593,700
			113,373,676	**106,412,939**
7	**TRADE DEBTS**			
	Unsecured - Considered good		101,795,366	35,712,871
	Unsecured - Considered doubtful		1,592,761	1,592,761
			103,388,127	37,305,632
	Provision for doubtful debts		(1,592,761)	(1,592,761)
			101,795,366	**35,712,871**
8	**ADVANCES**			
	Advances to suppliers		1,325,275	1,659,009
	Advances to employees - Considered good		898,947	914,544
			2,224,222	**2,573,553**
9	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits		428,076	424,076
	Prepayments		1,123,380	712,636
			1,551,456	**1,136,712**
10	**ADVANCE INCOME TAX- Net**			
	Advance tax at beginning of the year		1,661,769	1,535,927
	Income tax paid during the year		60,943,645	37,462,966
	Adjustment made for opening advance tax		(1,967,933)	-
	Provision for current taxation	28	(61,423,880)	(37,337,124)
	(Tax payable)/advance tax at end of the year		**(786,400)**	**1,661,769**
11	**OTHER RECEIVABLES**			
	Considered good:			
	Interest income receivable		282,693	273,502
	Others		221,182	201,338
			503,875	**474,840**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
12 OTHER FINANCIAL ASSETS			
Investments:			
At fair value through profit or loss - NAFA units	12.1	107,351,598	68,263,747
Held to maturity- Term deposit receipts	12.2	38,632,500	34,160,000
		145,984,098	**102,423,747**

12.1 Investment at fair value through profit or loss

This represents 10,646,052.3293 units of NAFA Government Securities Liquid Fund. The balance of 2010 represents 3,639,537.4179 units and 3,148,120.9025 units invested in NAFA Cash Fund and NAFA Government Securities Liquid Fund respectively. The investments are stated at fair value at the year end, using the year end redemption price, accordingly the gain on remeasurement of investments at fair value at the year end has been included in other operating income.

12.1.1 As stated in note 15.1.3 the investment in NAFA Government Securities Liquid Fund (2010: NAFA Cash Fund) has been pledged as security against the running finance facility arranged with National Bank of Pakistan.

12.2 This represents foreign currency term deposit receipts (TDRs) amounting USD 450,000 (2010: USD 400,000) [equivalent Rs. 38,632,500 (2010: Rs. 34,160,000)]. These carry interest rate of 2.15% to 2.60% (2010: 2.35% to 3.60%) per annum.

	Note	2011 Rupees	2010 Rupees
13 CASH AND BANK BALANCES			
Cash at bank:			
Current accounts	13.1	32,901,279	51,575,227
Deposit accounts	13.2	757,772	125,469
		33,659,052	51,700,696
Cash in hand		8,895	12,172
	30	**33,667,947**	**51,712,868**

13.1 Current accounts include foreign currency balances amounting to Rs. 2,078,709 (2010: Rs. 1,933,778).

13.2 These carry interest at the rate of 5% (2010: 5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
14 TRADE AND OTHER PAYABLES			
Trade creditors		50,158,191	37,823,907
Advances from customers		2,526,138	5,492,686
Accrued liabilities		8,563,057	5,354,211
Sales tax and special excise duty payable		6,519,168	4,795,442
Insurance		870,502	1,362,038
Workers' profit participation fund payable	14.1	12,703,021	7,979,279
Workers' welfare fund payable	14.2	4,757,082	3,071,554
Unclaimed dividend		7,574,407	5,303,627
Payable to employees retirement benefit fund		288,414	232,574
Withholding tax payable		70,143	32,208
Others		2,053,415	638,953
		96,083,538	**72,086,478**

14.1 Workers' profit participation fund payable

		2011 Rupees	2010 Rupees
Balance at beginning of the year		7,979,279	7,989,310
Charge for the year		12,703,021	7,979,279
		20,682,300	15,968,589
Paid to the fund during the year		(7,979,279)	(7,989,310)
		12,703,021	**7,979,279**

14.2 Workers' welfare fund payable

		2011 Rupees	2010 Rupees
Balance at beginning of the year		3,071,554	3,021,222
Charge for the year		4,757,082	3,071,554
		7,828,636	6,092,776
Payment made during the year		(3,071,554)	(3,021,222)
		4,757,082	**3,071,554**

15 SHORT TERM BORROWINGS - Secured

		2011 Rupees	2010 Rupees
National Bank of Pakistan			
FE-25/Export Refinance		9,980,474	-
Allied Bank Limited			
FE-25/Export Refinance		32,685,908	-
		42,666,382	**-**

15.1 National Bank of Pakistan (NBP)

15.1.1 The Company has arranged following facilities from NBP.

Running finance facility with a sanctioned limit of Rs. 15 million (2010: Rs. 15 million). The facility carries mark up at the rate of 3 months KIBOR + 2% per annum (2010: 3 months KIBOR + 2% per annum) payable on quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

FE-25/Export Refinance facility (ERF) with a sanctioned limit of Rs. 10 million (2010: Rs. 10 million). The facility carries mark-up at the rate of LIBOR + 2% (2009: LIBOR + 2%) per annum of the utilized amount.

15.1.2 The above mentioned facilities are secured by way of pledge of stocks and spares with 25% margin, lien on receivables up to Rs. 22 million and import documents (2010: pledge of stocks with 25% margin and lien on receivables up to Rs. 22 million).

15.1.3 The Company also has a running finance facility with a maximum sanctioned limit of Rs. 46 million (2010: Rs. 20 million). The facility carries markup at the rate of 3 months KIBOR + 2% per annum (2010: 3 months KIBOR + 2% per annum). The facility is secured against the investment made in the NAFA Government Securities Liquid Fund (NGSLF) of Rs. 78 million. The Company can avail the facility upto 65% of the investment value of the NGSLF investment.

15.2 Allied Bank Limited (ABL)

15.2.1 The Company has arranged following facilities from ABL;

Running finance facility with a sanctioned limit of Rs. 35 million (2010: Rs. 35 million) and carries mark up at the rate of 3 months KIBOR + 1.25% payable on quarterly basis (2010: 3 months KIBOR + 1.25% payable on quarterly basis).

ERF with sanctioned limit of Rs. 50 million (2010: Rs. 50 million). The facility carries mark-up at the rate of SBP rate + 1% per annum of the utilized amount (2009: SBP rate + 1% per annum of the utilized amount).

FE-25 (sublimit of ERF) with sanctioned limit of Rs. 50 million (2009: Rs. 50 million). The facility carries mark-up at the rate of LIBOR + 2% per annum of the utilized amount (2009: LIBOR + 2% per annum of the utilized amount).

Letter of credit on sight/DA-90 days facility with sanctioned limit of Rs. 45 million (2010: Rs. 45 million) for import of raw materials and a Letter of Guarantee facility of Rs. 5 million for the issuance of bid bonds and performance bonds against counter guarantee of the Company with 10% cash margin.

15.2.2 The above mentioned facilities are secured by way of first charge on all present and future current assets (excluding receivables) and fixed assets of the Company with 25% margin duly insured with banks clause, lien on valid import documents of the Company and corporate guarantee of the Company.

	2011 Rupees	2010 Rupees
16 DEFERRED EMPLOYEE BENEFIT		
Accumulating compensated absences		
Obligation at beginning of the year	815,849	794,535
Charge for the year	216,243	22,674
	1,032,092	**817,209**
Benefits paid during the year	(12,403)	(1,360)
Obligation at end of the year	**1,019,689**	**815,849**

Actuarial valuation of accumulating compensated absences has not been carried out as required by IAS 19- “Employee Benefits” as the impact of such valuation is deemed immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

17 DEFERRED TAX LIABILITY- Net

	2011 Rupees	2010 Rupees
The net balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation on property, plant and equipment	19,974,484	20,369,882
Retirement benefits	(240,891)	(190,512)
Provision for doubtful debts, advances and receivables	(376,273)	(371,932)
Provision for slow moving stores, spare parts and loose tools	(202,777)	(149,415)
Surplus on revaluation of property, plant and equipment	14,275,000	15,948,312
	33,429,543	**35,606,335**

Deferred tax liability has been calculated at the enacted tax rate of 35% (2010: 35%) per annum. Based on the Company's estimate of future export sales, adjustment of Rs. 26.354 million (2010: Rs. 28.055 million) has been made in the taxable temporary differences at the year end. This resulted in an increase in the after tax profit by Rs. 9.22 million (2010: Rs. 9.82 million) with corresponding decrease in deferred tax liability by the same amount.

18 SHARE CAPITAL

18.1 Authorized share capital

This represents 25,000,000 (2010: 25,000,000) Ordinary shares of Rs. 10 each.

18.2 Issued, subscribed and fully paid up capital

2011 Numbers	2010 Numbers		2011 Rupees	2010 Rupees
14,000,000	14,000,000	Ordinary shares of Rs. 10 each issued for cash	140,000,000	140,000,000
6,000,000	6,000,000	Ordinary shares of Rs. 10 each issued in lieu of restructuring arrangement with the lender	60,000,000	60,000,000
20,000,000	**20,000,000**		**200,000,000**	**200,000,000**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Rupees	2010 Rupees
19 SURPLUS ON REVALUATION OF FIXED ASSETS- Net of tax		
Surplus on revaluation at 01 July	82,965,824	74,771,807
Surplus on revaluation during the year- net	-	13,518,066
	82,965,824	88,289,873
Transferred to equity in respect of incremental depreciation- net of deferred tax	(3,107,579)	(3,460,632)
Related deferred tax liability of incremental depreciation	(1,673,312)	(1,863,417)
	(4,780,891)	(5,324,049)
	78,184,933	82,965,824
Related deferred tax liability on:		
Surplus on revaluation as at 01 July	(15,948,312)	(16,277,691)
Surplus on revaluation during the year	-	(1,534,038)
Incremental depreciation charged on revalued assets	1,673,312	1,863,417
	(14,275,000)	(15,948,312)
	63,909,933	**67,017,512**

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Industrial Estate Hattar of Sarhad Development Authority, Khyber Pakhtunkhwa has raised an additional demand of Rs. 6,203,400 against the Company relating to additional payment to be made to original owners of the land for which lease was signed and full payment was made in 1991. The Company has not acknowledged the claim and has filed an appeal against the demand before the Civil Judge, Haripur. The court has stayed the demand and currently the case is with the Chairman Sarhad Development Authority, Khyber Pakhtunkhwa for arbitration. Pending the outcome of the appeal, no provision has been made in these financial statements for such demand as the management is confident that the appeal will be decided in the Company's favour.

20.1.2 For contingencies relating to tax matters refer note 27.2 to the financial statements.

20.2 Commitments

20.2.1 Letters of credit issued by banks on behalf of the Company for the import of raw materials, outstanding at the year end amounted to Rs. 4,038,219 (2010: Rs. 2,962,611).

	Note	2011 Rupees	2010 Rupees
21 NET SALES			
Gross Local Sales		873,320,470	571,890,263
Sales tax		(98,619,055)	(63,123,707)
Special excise duty		(8,894,102)	(3,945,232)
Discounts and commissions		(178,337,230)	(112,187,415)
Net Local Sales		587,470,083	392,633,909
Net Export Sales	21.1	282,894,985	195,860,710
		870,365,068	**588,494,619**

21.1 The export sales represent sales made to Saindak and Dudder projects in Balochistan, Pakistan which has been declared as Export Processing Zone by the Government of Pakistan (GoP).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
22 COST OF SALES			
Materials consumed	22.1	430,716,356	303,236,683
Stores and spare parts consumed		4,719,007	3,980,247
Packing materials consumed		9,814,645	6,324,029
Fuel and power		5,023,178	3,182,202
Salaries, wages and other benefits	22.2	31,814,863	25,282,373
Insurance		3,670,532	1,073,196
Repairs and maintenance		3,069,058	2,529,385
Provision for slow moving stores, spare parts and loose tools		218,500	215,000
Depreciation	4.1	16,420,352	17,660,013
Vehicle running and maintenance		2,446,831	1,131,684
Travelling and conveyance		251,931	578,507
Water charges		80,300	42,000
Telephone, telex and postage		168,857	209,830
Legal and professional charges		66,950	18,000
Printing and stationery		382,585	272,759
Canteen		535,323	420,390
Transportation charges		50,048,620	30,636,395
Fees and subscription		622,190	503,965
Vehicle rent		1,205,079	1,022,557
Security charges		1,810,144	1,520,978
Security Consultancy & Support		214,837	-
Saindak expenses		2,037,367	2,025,667
Miscellaneous expenses		919,049	706,751
		566,256,554	402,572,611
Work in process:			
Opening		1,603,157	2,366,627
Closing		(806,932)	(1,603,157)
		796,225	763,470
Cost of goods manufactured		567,052,779	403,336,081
Finished goods:			
Opening		21,298,397	14,650,284
Closing		(6,676,781)	(21,298,397)
		14,621,616	(6,648,113)
		581,674,395	**396,687,968**

22.1 Materials consumed

	2011 Rupees	2010 Rupees
Opening stock as at 01 July	81,442,393	37,722,792
Purchases during the year	442,734,437	346,956,284
	524,176,830	384,679,076
Closing stock as at 30 June	(93,460,474)	(81,442,393)
	430,716,356	**303,236,683**

22.1.1 Material purchased is net off sale of scrap material amounting to Rs. 3,444,259 (2010: Rs. 2,693,059).

22.2 This includes Rs. 842,514 (2010: Rs. 755,618) charged on account of defined contribution plan.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

		Note	2011 Rupees	2010 Rupees
23	**OTHER OPERATING INCOME**			
	From financial assets			
	Gain on remeasurement of investment at fair value through profit or loss	12	9,087,851	4,318,240
	Gain on			
	Interest on investment in TDRs		871,837	1,067,436
	Exchange gain- net		42,070	1,516,415
	Interest on deposit accounts		8,222	10,148
			10,009,980	6,912,239
	From non-financial assets			
	Gain on disposal of property, plant and equipment		295,457	1,394
			295,457	1,394
			10,305,437	**6,913,633**
24	**DISTRIBUTION COST**			
	Salaries, wages and other benefits	24.1	5,172,782	4,652,572
	Staff traveling and conveyance		1,770,131	1,441,567
	Telephone, telex and postage		292,729	152,895
	Entertainment		70,754	52,790
	Printing and stationary		300,457	54,936
	Vehicle running and maintenance		339,892	462,090
	Insurance		58,121	40,458
	Other charges		34,945	468,138
	Depreciation	4.1	56,804	86,606
			8,096,615	**7,412,052**

24.1 This includes Rs.126,887 (2010: Rs. 121,524) charged on account of defined contribution plan.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
25 ADMINISTRATIVE EXPENSES			
Chief Executive and Directors' remuneration		16,343,619	15,130,430
Salaries, wages and other benefits	25.1	6,906,464	5,382,452
Directors' traveling and conveyance		2,880,530	2,241,413
Staff traveling		2,000	8,240
Electricity, gas and water		336,260	354,883
Telephone, telex and postage		497,897	772,629
Rent, rates and taxes		1,200,000	1,200,320
Legal and professional charges		708,813	718,118
Donation	25.2	540,000	-
Auditors' remuneration	25.3	450,000	392,800
Printing and stationery		368,054	480,440
Entertainment		175,881	92,101
Insurance		162,136	121,545
Advertisements		186,841	85,755
Vehicle running and maintenance		1,349,187	1,181,961
Repair and maintenance		227,772	289,239
General expenses		304,881	280,949
Depreciation	4.1	951,407	713,233
		33,591,742	**29,446,508**

25.1 This includes Rs. 227,676 (2010: Rs. 196,704) charged on account of defined contribution plan.

25.2 Donation was given to Rural Support Programmes Network for its activities related to flood relief activities in the province of Khyber Pakhtunkhwa and the Layton Rehmantulla Benevolent Trust for its work against eye diseases. Donation did not include any amount paid to any person or organization in which a director or his/her spouse had any interest.

	2011 Rupees	2010 Rupees
25.3 Auditors' Remuneration		
Annual audit fee	300,000	250,000
Half yearly review	75,000	71,400
Other certifications	75,000	71,400
	450,000	**392,800**

	2011 Rupees	2010 Rupees
26 FINANCE COSTS		
Finance charge on leased assets	-	233,815
Mark up on short term borrowings - secured	1,770,695	741,565
Bank charges	1,476,641	1,300,767
	3,247,336	**2,276,147**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
27 TAXATION			
Current -			
Prior year		-	(270,459)
For the year	10	61,423,880	37,607,583
		61,423,880	37,337,124
Deferred		(2,176,792)	(1,134,851)
		59,247,088	**36,202,273**

27.1 Reconciliation of tax expense with tax on accounting profit:

	2011 Rupees	2010 Rupees
Profit before taxation	236,600,315	148,534,745
Tax rate	35%	35%
Tax on accounting profit	82,810,110	51,987,161
Tax effect of export income charged at lower tax rate	(23,684,649)	(15,447,208)
Tax effect of prior year	(144,618)	(270,459)
Tax effect of permanent differences	(3,180,748)	(1,511,384)
Tax effect of donations at average tax rate	(142,625)	-
Effect of flood tax surcharge	3,239,555	-
Tax effect of deferred tax reversed at different restricted rate	350,063	1,444,163
	59,247,088	**36,202,273**

27.2 Tax returns filed for tax years 2003 to 2010 (income years ended 30 June 2003 to 2010) stand assessed in terms of section 120 of the Income Tax Ordinance 2001. However, tax authorities are empowered to open or amend the assessments within five years of the date of assessment.

Tax Year 2009

During the year, the Deputy Commissioner Inland Revenue has amended the assessment for Tax Year 2009 on the issue of allocation of expenses between export and local sales and WWF thereby creating a demand of Rs 8,496,204. The Company has filed an appeal before the Commissioner Inland Revenue which is pending for orders. The Company also had filed a rectification application for the grant of tax credit at source which was granted vide rectification orders dated 28 February 2011. Consequently, the demand was reduced to Rs 6,762,755. The department has taken recovery action u/s 138(1) of the Income tax Ordinance, 2011 against the disputed demand. The Company has applied for stay before appellate Tribunal Inland Revenue (ATIR). The learned ATIR has granted the stay but subject to deposit of Rs 1,500,000 which was deposited by the Company.

Tax Year 2010

During the year, the Deputy Commissioner Inland Revenue has amended the assessment for Tax Year 2010 on the issue of allocation of expenses between export and local sales and add back of certain expenses thereby creating a demand of Rs 7,941,923. The Company has filed an appeal before the Commissioner Inland Revenue which is pending for orders. The Company also had filed a rectification application for the grant of tax credit of Rs 1,849,961 which is still pending for disposal. The department has taken recovery action u/s 138(1) of the Income tax Ordinance, 2011 against the disputed demand of Rs 7,941,923. The Company has applied for stay before appellate Tribunal Inland Revenue (ATIR). The learned ATIR has granted the stay but subject to deposit of Rs 1,000,000 which was deposited by the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
28 EARNINGS PER SHARE - Basic and diluted		
Profit for the year (Rupees)	177,353,226	112,332,473
Average number of shares outstanding during the year (Number)	20,000,000	20,000,000
Earnings per share (Rupees)	8.87	5.62

There is no dilutive effect on the basic earnings per share of the Company.

	Note	2011 Rupees	2010 Rupees
29 CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	33,667,947	51,712,868
Short term borrowings		(42,666,382)	-
		(8,998,435)	**51,712,868**

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011				2010			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Managerial remuneration	7,148,387	6,150,000	3,360,000	16,658,387	5,770,000	5,850,000	2,916,000	14,536,000
Employee benefits	545,232	-	186,600	731,832	320,430	-	161,928	482,358
Bonus	1,400,000	1,100,000	700,000	3,200,000	1,615,000	1,575,000	444,000	3,634,000
Total	**9,093,619**	**7,250,000**	**4,246,600**	**20,590,219**	**7,705,430**	**7,425,000**	**3,521,928**	**18,652,358**
Number of persons	**1**	**3**	**2**		**1**	**3**	**2**	

The aggregate amount charged in these financial statements in respect of meeting fee paid to other than Chief Executive and three Directors (2010: Three) was Rs. 450,000 (2010: Rs. 315,000).

Chief Executive, Directors and General Manager Operations are provided with Company maintained cars.

31 RELATED PARTY TRANSACTIONS

Related parties comprise the associated undertakings, directors, key management personnel, entities over which the directors are able to exercise influence and employees' provident fund. Transactions with related parties and balances outstanding at the year end are as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Associated undertakings			
Sole proprietorship concern of a director of the Company			
Advance received for supply of explosives		11,521,885	995,596
Sale of explosives		11,521,885	995,596
Orient Trading Limited			
Payment of dividend		48,753,545	29,448,450
Other related parties			
Remuneration including benefits and perquisites of key management personnel	30	20,590,219	18,652,358
Contribution towards employees' provident fund		1,742,309	1,394,276
Payable to employees' provident fund		288,414	232,574

32 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

32.1 Credit risk

Credit risk refers to the risk that the counterparty will fail to perform or fail to pay amounts due, resulting in financial loss to the Company. The primary activities of the Company are manufacturing and sale of commercial explosives. The Company is exposed to credit risk from its operation and certain investing activities.

The Company's credit risk exposures are categorised under the following headings:

Counterparties

In relation to the Company's exposure to credit risk, trade debtors, financial institutions are major counterparties and Company's policies to manage risk in relation to these counter parties are explained in the following paragraphs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Trade debts

Credit risk with respect to trade debts is diversified due to the number of entities comprising the Company's customer base. Trade debts are essentially due from the entities engaged in cement manufacturing, construction, mining, oil and gas exploration service providers and agents. The Company has a credit policy that governs the management of credit risk, including the establishment of counterparty credit repayment timeline and specific transaction approvals. The Company limits credit risk by assessing creditworthiness of potential counterparties before entering into transactions with them and continuing to evaluate their creditworthiness after transactions have been initiated. Further the Company for all major customers enters into a written agreement, and amongst the provisions agreed are product rates, discount levels and repayment terms. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Collectability is assessed based on the creditworthiness of the customer as determined by credit checks and the customer's payment history to the Company. The Company establishes a provision for doubtful debts in respect of trade debts and historically such losses have been within management's expectations.

Bank balances and investments

The Company maintains its bank balances and makes investments in money market funds with financial institutions of high credit ratings. The investment made in a NAFA Cash fund and NAFA Government Securities Liquid Fund is exposed to minimal credit risk as these are open-ended collective schemes, while deposits held with banks can either be redeemed upon demand or have a short term maturity of six months and therefore also bear minimal risk.

Exposure to credit risk

The carrying amount of financial assets of the Company represents the maximum credit exposure. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics and the maximum financial exposure due to credit risk on the Company's financial assets as at 30 June was;

	2011 Rupees	2010 Rupees
Trade debts- net	101,795,366	35,712,871
Advances	2,224,222	2,573,553
Trade deposits	428,076	424,076
Other receivables	503,875	474,480
Other financial assets	145,984,098	102,423,747
Bank balances	33,659,052	51,700,696
	284,594,689	**193,309,423**

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2011 Rupees	2010 Rupees
Cement manufacturers	23,875,595	13,426,676
Oil and gas exploration service providers	23,978,220	6,798,500
Construction and mining entities	55,534,312	17,080,456
	103,388,128	**37,305,632**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Impairment losses

The aging of trade debts at the reporting date was:

	2011		2010	
	Gross debts	Impairment	Gross debts	Impairment
	Rupees	Rupees	Rupees	Rupees
Not past due	65,229,911	-	26,618,933	-
Past due 0-30 days	18,738,763	-	1,701,358	-
Past due 31-60 days	17,826,693	-	1,044,225	-
Past due 61-90 days	-	-	-	-
Past due 91-365 days	-	-	6,348,355	-
Over 365 days	1,592,761	1,592,761	1,592,761	1,592,761
	103,388,128	**1,592,761**	**37,305,632**	**1,592,761**

The management constantly evaluates the creditworthiness of the customers and considers the historical payment record of customers. In relation to the trade debts that are past due the management believes that counterparties will discharge their obligations and accordingly no additional allowance for impairment is required.

The allowance account in respect of other receivables is used to record impairment losses, when no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off by the Company.

32.2 Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of borrowings, paying its suppliers and settling finance lease obligations. The responsibility for liquidity risk management rests with the Board of Directors of the Company and their approach in this regard is to ensure that the Company always has sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. Beyond effective net working capital and cash management, the Company mitigates liquidity risk by arranging short term financing from highly rated financial institutions.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2011		2010	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	Rupees		Rupees	
Maturity upto one year				
Short term borrowings	42,666,382	42,666,382	-	-
Markup accrued	525,114	525,114	29,984	29,984
Trade and other payables	68,234,476	68,234,476	50,006,758	50,006,758
	111,425,972	111,425,972	50,036,742	50,036,742
	111,425,972	**111,425,972**	**50,036,742**	**50,036,742**

32.3 Market risk

Market fluctuations may result in cash flow and profit volatility risk for the Company. The Company's operating activities as well as its investment and financing activities are affected by changes in foreign exchange rates, interest rates and security prices. To optimize the allocation of the financial resources as well as secure an optimal return for its shareholders, the Company identifies, analyzes and proactively manages the associated financial market risks. The Company seeks to manage and control these risks primarily through its regular operating and financing activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Foreign currency risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than PKR as foreign exchange rate fluctuations may create unwanted and unperdicticable earnings and cash flow volatility. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on following amounts:

	2011 USD	2010 USD
Trade debts	270,178	-
Bank balances	474,213	697,653
Advance from customer	-	(38,673)
	744,391	**658,980**

The significant exchange rates applied during the year were:

	Average rate		Reporting date mid spot rate	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
USD 1	85.72	83.38	85.85	85.59

Sensitivity analysis

A 10 percent weakening of the PKR against the USD at 30 June would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2011 Rupees	2010 Rupees
Profit and loss account	6,390,600	5,640,210

A 10 percent strengthening of the PKR against the USD at 30 June would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk arising on its financial assets is minimized by investing in fixed rate investments like TDRs.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2011 %	2010 %	2011 Rupees	2010 Rupees
Financial assets				
Other financial assets- Term deposit receipts	2.15 - 2.60	2.35 - 3.60	38,632,500	34,160,000
Bank balances- Deposit accounts	5.0	5.0	757,772	125,469
			39,390,272	**34,285,469**
Financial liabilities				
Liabilities against assets subject to finance lease	0	13.51 - 19.01	-	-
Short term borrowings	3.71 - 4.46	3.19 - 4.45	42,666,382	-
			42,666,382	**-**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit or loss by Rs. 29,855 (2010: Rs. 347,039).

Price risk

The Company is exposed to equity security price risk because of investment held by the Company in the NAFA Government Securities Liquid Fund. These investments are classified as "investments at fair value through profit or loss. The Company makes investment in securities in accordance with the Board of Directors approval.

Sensitivity analysis – equity price risk

A change of Rs. 1 in value of investment at fair value through profit and loss would increase/decrease profit by Rs. 10,748,787 (2010: Rs. 6,826,375).

32.4 Fair value of financial assets and liabilities

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost, as indicated in the tables below.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Financial assets and liabilities	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total
30 June 2011			Rupees	
Trade debts- net	-	-	101,795,366	101,795,366
Advances	2,224,222	-	-	2,224,222
Trade deposits	428,076	-	-	428,076
Other receivables	503,875	-	-	503,875
Other financial assets	-	107,351,598	38,632,500	145,984,098
Bank balances	-	-	33,667,947	33,667,947
Total financial assets	3,156,173	107,351,598	174,095,813	284,603,584
Non financial assets				391,332,273
Total assets				675,935,857
Financial liabilities				
Short term borrowings	-	-	42,666,382	42,666,382
Markup accrued	-	-	525,114	525,114
Trade and other payables	-	-	68,234,476	68,234,476
Total Financial liabilities	-	-	111,425,972	111,425,972
Non financial liabilities				63,084,693
Total liabilities				174,510,665

Financial assets and liabilities	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total
30 June 2010			Rupees	
Trade debts- net	-	-	35,712,871	35,712,871
Advances	2,573,553	-	-	2,573,553
Trade deposits	424,076	-	-	424,076
Other receivables	474,480	-	-	474,480
Other financial assets	-	68,263,747	34,160,000	102,423,747
Bank balances	-	-	51,712,868	51,712,868
Total financial assets	3,472,109	68,263,747	121,585,739	193,321,595
Non financial assets				388,289,015
Total assets				581,610,610
Financial liabilities				
Short term borrowings	-	-	-	-
Markup accrued	-	-	29,984	29,984
Trade and other payables	-	-	50,006,758	50,006,758
Total Financial liabilities	-	-	50,036,742	50,036,742
Non financial liabilities				58,501,903
Total liabilities				108,538,645

The basis for determining fair values is as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
		Rupees '000	
30 June 2011			
Assets carried at fair value			
Investments at fair value through profit and loss account	107,351,598	-	-
30 June 2010			
Assets carried at fair value			
Investments at fair value through profit and loss account	68,263,747	-	-

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

33 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

34 CAPACITY AND PRODUCTION

Product	Units	Rated Production capacity	2011	2010
			Actual production	
Tovex water gell and powder explosives	Kgs	6,000,000	4,266,350	3,365,705
Detonator - plain	Nos.	8,000,000	2,778,396	2,625,100
Detonator - electric	Nos.	450,000	503,069	260,281
Safety fuse	Meter	500,000	65,750	-
Detonating cord	Meter	2,500,000	2,545,573	1,362,300

The shortfall in production of certain products is due to the gap between market demand and the available capacity. Due to certain modifications made to the plant, the actual capacity has been enhanced over and above the rated production capacity

35 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors proposed final dividend at the rate of Rs.2.80 per share in its meeting held on 26 September 2011.

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 26 September 2011.

Islamabad
26 September 2011

Director

Chief Executive

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

NO. OF SHAREHOLDERS	SHARE HOLDING FROM	SHARE HOLDING TO	TOTAL NUMBER OF SHARES HELD
55	1	100	2,191
127	101	500	58,576
75	501	1,000	72,047
106	1,001	5,000	301,763
17	5,001	10,000	139,328
11	10,001	15,000	147,500
7	15,001	20,000	131,707
1	20,001	25,000	20,200
2	25,001	30,000	60,000
1	30,001	35,000	32,000
1	35,001	40,000	38,300
3	40,001	45,000	132,500
1	45,001	50,000	47,688
5	50,001	60,000	300,000
2	60,001	70,000	137,000
1	70,001	80,000	79,500
1	80,001	90,000	90,000
3	90,001	100,000	300,000
1	120,001	125,000	125,000
1	145,001	150,000	150,000
1	155,001	160,000	158,800
1	200,001	210,000	210,000
1	290,001	300,000	300,000
1	350,001	400,000	400,000
2	400,001	450,000	857,600
1	450,001	500,000	500,000
1	1,000,001	1,100,000	1,040,000
2	1,500,001	2,000,000	3,570,200
1	4,000,001	4,500,000	4,054,000
1	6,000,001	7,000,000	6,544,100
433			20,000,000

SHAREHOLDER'S CATEGORY	NUMBERS OF SHAREHOLDERS	NUMBERS OF SHARES HELD	PERCENTAGE
INDIVIDUALS	405	11,512,588	58%
INSURANCE COMPANIES	1	158,800	1%
JOINT STOCK COMPANIES	26	8,203,612	41%
FINANCIAL INSTITUTIONS	1	125,000	1%
	433	20,000,000	100.00

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	% AGE
Directors, CEO & their Spouse and Minor Children			
M. Zafar Khan	1	4,054,000	20.27
Khawaja Amanullah Askari & Mrs. Ishrat Askari	1	300,000	1.50
M. Salim	1	210,000	1.05
M. Afzal Khan	1	150,000	0.75
Adnan Aurangzeb	1	100,000	0.50
M. Humayun Khan	1	60,000	0.30
Khwaja Ahmad Hosain	1	70,000	0.35
M. Zafar Iqbal & Sherbano Iqbal	1	47,688	0.24
Ms. Shirin Safdar	1	45,000	0.23
Maj Gen. (Ret'd) S. Z. M. Askree	1	11,000	0.06
Abdul Maajid Qureshi	1	1,000	0.01
Mrs. Zahida Qureshi w/o Abdul Maajid Qureshi	1	1,000	0.01
"Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarba & Mutual Funds"	27	3,087,412	15.44
Other Individuals	393	5,318,800	26.59
Shareholders holding 10% or more shares in the company:			
Orient Trading Ltd.	1	6,544,100	32.72
TOTAL	433	20,000,000	100.00

Details of trading in the shares by the Director, CEO, CFO, Company Secretary and their Spouses and minor children:

	Shares Purchased	Shares Sold
Mrs. Zahida Qureshi w/o Abdul Maajid Qureshi	-	10,000

FORM OF PROXY

The Secretary
Biafo Industries Limited
Office No: 203-204, 2nd Floor,
Muhammad Gulistan Khan House,
Fazal-Ul-Haq Road, Blue Area,
Islamabad.

I/We ________________________ Of __________________________ being member of BIAFO INDUSTRIES LIMITED and Holder of __________ Ordinary Shares as per Share Register Folio (Number) ___________ and/ or CDC Participant I.D. No. __________ and Sub Account No. __________ hereby appoint _______________________ of ______________________(Name)

as my/our proxy to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held at its registered office, 203, 2nd Floor, M. Gulistan Khan House, 82 East Fazal-Ul-Haq Road, Blue Area, Islamabad on October 24, 2011 at 11:00 a.m. and any adjournment thereof.

Signed ______________________ day of ______________________ 2011

Signature

Signature should agree with the specimen signature registered with the Company)

WITNESSES:

1. Signature ______________________	2. Signature ______________________
Name ______________________	Name ______________________
Address ______________________	Address ______________________
______________________	______________________
NIC or ______________________	NIC or ______________________
Passport No.______________________	Passport No.______________________

Note:
1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him/her. A proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with the proxy form.