

# Interim Report

for the Six Months Period Ended  
31<sup>st</sup> December 2021





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



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# CORPORATE INFORMATION

## Corporate Information

### Board of Directors

#### Executive Directors

M. Afzal Khan  
Anwar Moin  
Maj. Gen. (Ret'd.) S. Z. M. Askree  
Ms. Shirin Safdar

Deputy Chairman  
Chief Executive Officer  
Executive Director  
Executive Director

#### Non Executive Directors

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

Chairman  
Director  
Director  
Director  
Director  
Director

#### Independent Directors

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

Director  
Director  
Director  
Director

#### Company Secretary

Khawaja Shaiq Tanveer

#### Chief Financial Officer

Syed Sajid Hussain Shah

#### Audit & Risk Management Committee

Ehsan Mani  
Dr. M. Humayun Khan  
Adnan Aurangzeb  
Muhammad Yaqoob  
Khwaja Ahmad Hosain  
Muhammad Waheed

Chairman  
Member  
Member  
Member  
Member  
Member

#### HR & Remuneration Committee

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

Chairman  
Member  
Member  
Member  
Member  
Member

#### Auditors

Yousuf Adil Chartered Accountants

#### Legal Advisors

Chima & Ibrahim, Raza Khalil Abbasi Suhrawardy

#### Bankers

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

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

#### Registered Office

##### Biafo Industries Limited

1st Floor, Biafo House, Plot No. 23, St No. 38-40,  
I&T Centre, G-10/4, Islamabad. Pakistan  
Tel: +92 51 2353450-53, 2353455-57 Fax: +92 51 2353458  
Website: www.biafo.com, E-mail: management@biafo.com

#### Factory

##### Biafo Industries Limited

Plot No: 70, Phase III, Industrial Estate, Hattar, Distt Haripur,  
Khyber Pakhtunkhwa. Pakistan  
Tel: +92 995 617830 Fax: +92 995 617497  
Website: www.biafo.com, E-mail: plant@biafo.com

#### Shares Registrar

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

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



# DIRECTORS' REPORT

## BIAFO INDUSTRIES LIMITED DIRECTORS' REPORT FOR THE QUARTER/HALF YEAR ENDED 31 DECEMBER 2021

Your Directors are pleased to submit the un-audited accounts for the quarter/half year ended December 31, 2021.

Net sales value of the company in the half year increased by 16.37% to Rs. 854.18 M (Dec 20: Rs. 734.04 M) while net sales value in the quarter to December, 2021 increased by 6.32% to Rs. 398.71 (Dec 20: 375.02 M).

For the period under review, Sales to the large projects, mining and cement sector increased while supplies to the Oil and Gas decreased because of lesser exploration seismic activity. However, sales to the rest of the sectors have shown positive growth as compared to the half year ended December, 2020.

For the period under review, gross profit to sales ratio has increased by 8.7% to Rs. 309.21 M. as compared to previous year's comparable period (Dec., 20: Rs. 284.46 M). Whereas net profit after taxation to sales ratio has increased by 13.78% to Rs. 151.80 M. as compared to the half year ended Dec., 2020, resulting in an EPS of Rs. 3.60 (EPS Dec., 2020: Rs. 3.16 Restated).

Profitability increased mainly due to increase in sales volume. This is expected to further improve once the economy revives post COVID-19 pandemic and other measures taken by the Government of Pakistan.

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

Your Board of Directors have declared 1st interim cash dividend of Rs. 2.00 per share (20%) and bonus shares @10% (1 bonus share for 10 shares) for the period under review.

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

For and on behalf of the Board



**Anwar Moin**  
Chief Executive Officer



**M. Afzal Khan**  
Deputy Chairman

Islamabad  
16 February 2022

## بیافوائڈسٹریڈ لمیٹڈ

### 31 دسمبر 2021 کو ختم ہونے والی سہ ماہی / ششماہی کے لئے ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز 31 دسمبر 2021 کو اختتام پذیر ہونے والی سہ ماہی / ششماہی کے لئے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

زیر جائزہ ششماہی میں کمپنی کی خالص فروخت کی قدر 16.37 فیصد اضافے سے 854.18 ملین روپے رہی (دسمبر 20: 734.04 ملین روپے) جبکہ دسمبر 2021 کو ختم ہونے والی سہ ماہی میں کمپنی کی خالص فروخت کی قدر 6.32 فیصد اضافے سے 398.71 ملین روپے رہی (دسمبر 20: 375.02 ملین روپے)

زیر جائزہ مدت میں بڑے منصوبوں، مائننگ اور سیمنٹ کے شعبے کو فروخت میں اضافہ ہوا جبکہ تیل و گیس میں ایکویٹی ریٹن سیکس سرگرمیوں میں کمی کے باعث فروخت میں کمی آئی۔ جبکہ دیگر شعبوں میں دسمبر 2020 کو ختم ہونے والی ششماہی کے مقابلے میں سپلائرز میں بہتری واقع ہوئی۔

زیر جائزہ مدت میں خام منافع گزشتہ سال اسی دورانیے کے مقابلے میں 8.7 فیصد اضافے سے 309.21 ملین روپے رہا (دسمبر 20: 284.46 ملین روپے)۔ جبکہ ٹیکس ادائیگی کے بعد منافع کی شرح گزشتہ سال دسمبر 2020 کو ختم ہونے والی ششماہی کے مقابلے میں 13.78 فیصد اضافے سے 151.80 ملین روپے رہی جسکے نتیجے میں فی شیئر آمدن 3.60 روپے رہی (دسمبر 2020: فی شیئر آمدن 3.16 روپے)

منافع میں اضافہ فروخت میں اضافے کی وجہ سے ہوا۔ اس میں کورونا وائرس کی وبا کے بعد معیشت کی بحالی اور حکومت پاکستان کے اقدامات کی بدولت مزید بہتری آسکتی ہے۔

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

آپ کے بورڈ آف ڈائریکٹرز نے زیر جائزہ مدت کے دوران 2:00 روپے فی شیئر (20%) پہلے عبوری نقد منافع منقسمہ اور یونٹس شیئر ز 10% (ہر 10 شیئر ز کیلئے 1 یونٹس شیئر) کا اعلان کیا ہے۔

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

بورڈ کی جانب سے

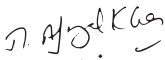


انور معین

چیف ایگزیکٹو آفیسر

اسلام آباد

16 فروری 2022



ایم افضل خان

ڈپٹی چیئرمین



## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF BIAFO INDUSTRIES LIMITED

#### Report on Review of Condensed Interim Financial Statements

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Biafo Industries Limited ("the Company")** as at December 31, 2021, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements (here-in-after referred to as the 'condensed interim financial statements') for the six months period ended December 31, 2021. The Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

##### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six months period ended December 31, 2021 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

##### Other Matter

The financial statements of the Company for the year ended June 30, 2021 and condensed interim financial statements for the six months ended December 31, 2020 were audited and reviewed respectively by another firm of Chartered Accountants whose reports dated October 04, 2021 and February 26, 2021 expressed an unmodified opinion/conclusion on those financial statements and condensed interim financial statements respectively.

The engagement partner on the review resulting in this independent auditor's review report is Shahzad Ali.



**Yousuf Adil**  
Chartered Accountants

Place: Islamabad  
Date: February 16, 2022  
UDIN: RR20211013450bNFW783



# FINANCIAL STATEMENTS

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

		(Unaudited) 31 Dec 2021 Rupees	(Audited) 30 June 2021 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	4	1,357,389,302	1,176,257,970
Investment property		28,402,351	28,761,874
Long-term deposits		1,777,650	1,777,650
		<u>1,387,569,303</u>	<u>1,206,797,494</u>
<b>CURRENT ASSETS</b>			
Inventories		588,316,170	510,745,479
Trade debts		451,844,453	333,158,182
Short-term advances		20,237,717	34,297,781
Trade deposits, short- term prepayments and other receivables		48,887,600	40,892,454
Short-term investments	5	290,148,540	265,638,961
Advance tax - net		34,599,820	52,113,062
Cash and bank balances		44,251,615	46,665,106
		<u>1,478,285,915</u>	<u>1,283,511,025</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	317,284,283	244,561,240
Current portion of long-term loan		51,592,524	21,982,562
Current portion of lease liabilities		5,850,360	3,745,156
Short-term borrowings	7	520,870,291	504,188,266
Unclaimed dividend		25,649,894	24,567,634
Unpaid dividend		14,611,969	14,641,304
		<u>935,859,321</u>	<u>813,686,162</u>
<b>NET CURRENT ASSETS</b>		<u>542,426,593</u>	<u>469,824,863</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term loan		191,921,442	90,619,127
Employee benefit		673,531	678,791
Lease liabilities		6,480,317	5,715,577
Deferred tax liability - net	8	34,876,960	35,362,872
		<u>233,952,250</u>	<u>132,376,367</u>
<b>NET ASSETS</b>		<u>1,696,043,646</u>	<u>1,544,245,990</u>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		421,660,800	383,328,000
Revenue reserve - unappropriated profit		573,537,375	458,055,695
Capital reserve - revaluation surplus on property, plant and equipment - net of tax		700,845,471	702,862,295
		<u>1,696,043,646</u>	<u>1,544,245,990</u>

**CONTINGENCIES AND COMMITMENTS** 9

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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Note	Three Months Ended		Six Months Ended	
		31 Dec 2021 Rupees	31 Dec 2020 Rupees	31 Dec 2021 Rupees	31 Dec 2020 Rupees
<b>Revenue - net</b>	10	398,713,030	375,025,159	854,184,112	734,044,703
Cost of sales		<u>(270,548,032)</u>	<u>(232,299,994)</u>	<u>(544,977,709)</u>	<u>(449,588,243)</u>
<b>Gross profit</b>		<b>128,164,998</b>	142,725,165	<b>309,206,403</b>	284,456,460
Other income		2,560,751	2,008,252	3,835,751	3,553,308
Distribution expenses		(11,554,829)	(11,918,182)	(28,711,586)	(23,657,149)
Administrative expenses		(36,756,404)	(30,035,322)	(73,844,564)	(63,320,208)
(Allowance)/ Reversal for expected credit losses		<u>(3,124,266)</u>	-	<u>(3,124,266)</u>	2,357,666
<b>Operating profit</b>		<b>79,290,250</b>	102,779,913	<b>207,361,738</b>	203,390,077
Finance costs		<u>(18,932,893)</u>	<u>(17,065,918)</u>	<u>(32,604,315)</u>	<u>(30,611,282)</u>
Finance income		<u>12,117,834</u>	<u>3,583,473</u>	<u>29,696,897</u>	<u>7,084,309</u>
Net finance cost		<u>(6,815,059)</u>	<u>(13,482,445)</u>	<u>(2,907,418)</u>	<u>(23,526,973)</u>
Workers' profit participation fund		(3,623,760)	(4,464,873)	(10,222,716)	(8,993,155)
Workers' welfare fund		(1,421,082)	(1,750,931)	(4,008,908)	(3,526,728)
<b>Profit before tax</b>		<b>67,430,349</b>	83,081,664	<b>190,222,696</b>	167,343,221
Income tax expense		(11,669,369)	(30,897,975)	(38,425,040)	(33,926,754)
<b>Profit for the period</b>		<b>55,760,980</b>	52,183,689	<b>151,797,656</b>	133,416,467
<b>Earnings per share</b>			Restated		Restated
Basic and diluted		<u>1.32</u>	<u>1.24</u>	<u>3.60</u>	<u>3.16</u>


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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Three Months Ended		Six Months Ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>Profit for the period</b>	55,760,980	52,183,689	151,797,656	133,416,467
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>55,760,980</u>	<u>52,183,689</u>	<u>151,797,656</u>	<u>133,416,467</u>

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



**Chief Financial Officer**



**Chief Executive Officer**



**Director**

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Note	31 Dec 2021 Rupees	31 Dec 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>190,222,696</b>	<b>167,343,221</b>
Adjustments for:			
Depreciation on property, plant and equipment	4	13,261,991	13,120,647
Depreciation on investment property		359,523	368,742
Finance costs		28,953,590	30,611,282
Allowance/ (Reversal) for expected credit losses		3,124,266	(2,357,666)
Provision for Workers' profit participation fund		10,222,716	8,993,155
Provision for Workers' welfare fund net of reversal		3,750,123	1,583,260
Provision for gratuity		6,100,608	4,893,362
Provision for compensated leave absences		-	965,690
Dividend income		(6,925,547)	(5,536,799)
Rental income		(2,550,000)	-
Unrealized gain on remeasurement of investment		(652,453)	(293,444)
Unrealized exchange gain/ (loss) -net		(21,523,338)	-
Gain on sale of property, plant and equipment		(1,026,966)	(1,109,840)
Interest income		(595,559)	(1,247,900)
		<b>32,498,954</b>	<b>49,990,489</b>
		<b>222,721,650</b>	<b>217,333,710</b>
<b>Changes in:</b>			
Inventories		(77,570,691)	45,970,105
Trade debts		(121,810,537)	(27,517,847)
Advances, deposits, short term prepayments and other receivables		6,064,918	9,375,506
Trade and other payables		79,005,860	(43,734,505)
		<b>(114,310,450)</b>	<b>(15,906,741)</b>
<b>Cash generated from operating activities</b>		<b>108,411,200</b>	<b>201,426,969</b>
Finance costs paid		(26,034,684)	(30,538,674)
Contributions to Gratuity fund		(4,329,223)	(10,232,619)
Employee Benefits paid		(5,260)	-
Payments to Workers' profit participation fund		(17,545,685)	(16,365,530)
Income taxes paid		(25,879,065)	(36,108,897)
		<b>(73,793,917)</b>	<b>(93,245,720)</b>
<b>Net cash from operating activities</b>		<b>34,617,283</b>	<b>108,181,249</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(186,588,568)	(30,372,905)
Proceeds from sale of property, plant and equipment		2,019,917	4,577,444
Disposal of investments		-	(196,473)
Rent received		2,550,000	-
Dividend received		5,886,713	5,536,799
Interest received		499,646	1,247,900
<b>Net cash used in investing activities</b>		<b>(175,632,292)</b>	<b>(19,207,235)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(29,335)	(34,550,236)
Proceed from short term borrowings		100,000,000	-
Proceeds from long term loan		139,333,054	-
Repayment of short term borrowings		(16,666,666)	-
Repayment of long term loan		(10,613,396)	-
Payment of lease liabilities		(6,770,831)	(3,232,710)
<b>Net cash used in financing activities</b>		<b>205,252,826</b>	<b>(37,782,946)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>64,237,817</b>	<b>51,191,068</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(457,523,160)</b>	<b>(415,543,109)</b>
<b>Cash and cash equivalents at end of the period</b>	11	<b>(393,285,343)</b>	<b>(364,352,041)</b>

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

Chief Financial Officer

Chief Executive Officer

Director

## BIAFO INDUSTRIES LIMITED

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

#### FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

	Capital reserve Revaluation surplus on property, plant and equipment - net of tax	Revenue Reserve		
Share capital	Unappropriated profits	Total equity		
Rupees	Rupees	Rupees	Rupees	
<b>Balance at June 30, 2020 (Audited)</b>	348,480,000	707,333,583	421,955,643	1,477,769,226
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	133,416,467	133,416,467
Tax effect due to change in rate on revaluation of property, plant and equipment - net of tax	-	-	-	-
<b>Total comprehensive income for the period transferred to equity</b>	-	-	133,416,467	133,416,467
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	(2,235,644)	-	(2,235,644)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	2,235,644	2,235,644
	348,480,000	705,097,939	557,607,754	1,611,185,693
<b>Transactions with owners of the company</b>				
<b>Distributions</b>				
Final dividend of 2020 @ Rs. 1.00 per share	-	-	(34,848,000)	(34,848,000)
Issue of bonus shares for 2020 @ 10%	34,848,000	-	(34,848,000)	-
<b>Total transactions with owners of the company</b>	34,848,000	-	(69,696,000)	(34,848,000)
<b>Balance at 31 December 2020 (Unaudited)</b>	383,328,000	705,097,939	487,911,754	1,576,337,693
<b>Balance at June 30, 2021 (Audited)</b>	383,328,000	702,862,295	458,055,695	1,544,245,990
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	151,797,656	151,797,656
<b>Total comprehensive income for the period transferred to equity</b>	-	-	151,797,656	151,797,656
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	(2,016,824)	-	(2,016,824)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	2,016,824	2,016,824
	383,328,000	700,845,471	611,870,175	1,696,043,646
<b>Transactions with owners of the company</b>				
<b>Distributions</b>				
Issue of bonus shares for 2021 @ 10%	38,332,800	-	(38,332,800)	-
<b>Total transactions with owners of the company</b>	38,332,800	-	(38,332,800)	-
<b>Balance at 31 December 2021 (Unaudited)</b>	421,660,800	700,845,471	573,537,375	1,696,043,646

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



Chief Financial Officer



Chief Executive Officer



Director

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

**1 THE COMPANY AND ITS OPERATIONS**

Biafo Industries Limited ("the Company") was incorporated in Pakistan on 07 September 1988 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). Previously, the shares of the Company were quoted on Karachi and Islamabad Stock Exchanges of Pakistan. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange, effective 11 January 2016, the shares of the Company are now quoted on Pakistan Stock Exchange. The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing of commercial explosives and blasting accessories including detonators and other materials. The Company's license for manufacturing and sale of explosives is required to be renewed annually. The Company's production facility is situated at Hattar Industrial Estate, Khyber Pakhtunkhwa, with its registered office located at 1st Floor, Biafo House, Plot No. 23, Street No. 38-40, I & T Centre, G-10/4, Islamabad, Pakistan.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. The accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these condensed interim financial statements do not include the information that was reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of 30 June 2021, whereas comparative condensed interim statement of profit or loss, comparative condensed interim statement of comprehensive income, comparative condensed interim statement of cash flows and comparative condensed interim statement of changes in equity are extracted from unaudited interim financial statements for six months period ended 31 December 2020.

These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

**3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended June 30, 2021. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2021. The carrying amounts of financial assets and financial liabilities are estimated to approximate their fair value as of December 31, 2021.



**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

**4. PROPERTY, PLANT AND EQUIPMENT**

During six months period ended 31 December 2021, the Company acquired property, plant and equipment aggregating to Rs. 195,386,272 (31 Dec 2020: Rs. 37,466,997). Further details are as follows:

	<b>Six Months Ended</b>	
	<b>Unaudited 31 Dec 2021 Rupees</b>	<b>Unaudited 31 Dec 2020 Rupees</b>
<b>Additions</b>		
Plant and machinery	<b>1,781,500</b>	2,147,000
Office equipment	-	711,795
Furniture and fixtures	-	126,652
Electrical appliances	<b>60,500</b>	155,980
Capital work in progress	<b>184,746,568</b>	27,231,478
Right of use asset	<b>8,797,704</b>	7,094,092
	<b><u>195,386,272</u></b>	<b><u>37,466,997</u></b>
<b>Transfer from work in progress to :</b>		
Building on leasehold land	<b>5,967,499</b>	5,373,510
Right of use asset	-	9,844,080
	<b><u>5,967,499</u></b>	<b><u>15,217,590</u></b>
<b>Depreciation Charge</b>		
Building on leasehold land	<b>1,875,713</b>	1,640,477
Plant and machinery	<b>7,893,442</b>	8,294,398
Fork lifter	<b>54,287</b>	60,319
Tools and equipment	<b>127,678</b>	141,865
Tube well	<b>40,117</b>	44,574
Office equipment	<b>725,620</b>	709,306
Furniture and fixtures	<b>379,517</b>	398,517
Electrical appliances	<b>269,789</b>	310,709
Vehicles	<b>788,696</b>	1,004,214
Right of use asset	<b>1,107,132</b>	516,269
	<b><u>13,261,991</u></b>	<b><u>13,120,647</u></b>

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Unaudited 31 Dec 2021 Rupees	Unaudited 31 Dec 2020 Rupees	Unaudited 31 Dec 2021 Rupees	Unaudited 31 Dec 2020 Rupees
	At cost		At carrying value	
<b>Disposals/written off</b>				
Office equipment	-	43,487	-	-
Vehicles	1,945,774	3,480,772	992,949	1,710,994
Capital work in progress	-	1,756,610	-	1,756,610
	<b>1,945,774</b>	<b>5,280,869</b>	<b>992,949</b>	<b>3,467,604</b>
			Unaudited 31 Dec 2021 Rupees	Audited 30 June 2021 Rupees
<b>5 SHORT - TERM INVESTMENTS</b>			<b>185,325,445</b>	178,786,279
Equity securities - at FVTPL			<b>104,823,095</b>	86,852,682
Debt securities - at amortized cost			<b>290,148,540</b>	265,638,961
<b>6 TRADE AND OTHER PAYABLES</b>			<b>132,057,256</b>	168,474,934
Trade creditors			<b>104,260,597</b>	5,183,847
Contract liability - unsecured			<b>15,502,817</b>	4,270,389
Accrued liabilities			<b>875,200</b>	847,718
Insurance payable			<b>10,222,716</b>	17,545,685
Workers' profit participation fund payable			<b>4,008,908</b>	4,740,141
Workers' welfare fund payable			<b>6,100,608</b>	4,329,223
Payable to staff gratuity fund			<b>1,918,282</b>	1,706,627
Payable to employees' provident fund			<b>42,337,899</b>	37,462,676
Other payables			<b>317,284,283</b>	244,561,240
<b>7 SHORT - TERM BORROWINGS</b>			<b>385,890,721</b>	389,755,417
Allied Bank Limited (ABL)	7.1		<b>134,979,570</b>	114,432,849
United Bank Limited (UBL)	7.2		<b>520,870,291</b>	504,188,266
<b>7.1</b>	It includes an amount of Rs. 83.3 million (30 June 2021 : nil) obtained as short term borrowing to purchase raw materials against new facility with sanctioned limited of Rs. 100 million. It is repayable in nine months, so it has not been classified as cash and cash equivalent. It carries mark-up at the rate 1 month Kibor +2.5% per anum and is secured against first hypothecation and mortgage charge over current assets and fixed assets (including land, building, plant & machinery) of the Company inclusive of 25% margin. and corporate guarantee of the Company.			
<b>7.2</b>	The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited financial statements for the year ended 30 June 2021, except for the borrowing obtained as mentioned in note 7.1.			

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Unaudited 31 Dec 2021 Rupees	Audited 30 June 2021 Rupees
<b>8 DEFERRED TAX LIABILITY- net</b>		
The net balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation of property, plant and equipment	29,468,969	29,264,607
Right of use assets	3,275,190	2,043,335
Surplus on revaluation of property, plant and equipment	11,679,727	12,240,314
Employee benefits	(1,890,602)	(1,460,434)
Trade debts	(6,586,100)	(5,906,572)
Stores, spares and loose tools	(1,070,224)	(1,070,224)
Post Retirement employee benefits	-	251,846
	<u>34,876,960</u>	<u>35,362,872</u>

**9 CONTINGENCIES AND COMMITMENTS**

There is no material change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2021.

Letters of credit issued by banks on behalf of the Company for the import of raw materials and Plant & Machinery amounted to Rs. NIL at 31 December 2021 (30 June 2021: Rs. 174,486,769).

Letter of guarantee issued by Allied Bank Limited on behalf of the Company for the issuance of performance bond to secure the contracts with different government and private entities outstanding at 31 December 2021 amounted to Rs. 21,607,412 (30 June 2021: Rs. 17,071,182).

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Three Months Ended		Six Months Ended	
	Unaudited 31 Dec 2020 Rupees	Unaudited 31 Dec 2020 Rupees	Unaudited 31 Dec 2021 Rupees	Unaudited 31 Dec 2020 Rupees
<b>10 REVENUE- net</b>				
Gross local sales	<b>360,721,824</b>	336,216,572	<b>739,435,735</b>	584,023,100
Sales tax	<b>(56,666,894)</b>	(49,172,747)	<b>(111,993,735)</b>	(85,601,036)
Net local sales	<b>304,054,930</b>	287,043,825	<b>627,442,000</b>	498,422,064
Net export sales	<b>94,658,100</b>	87,981,334	<b>226,742,112</b>	235,622,639
	<b>398,713,030</b>	375,025,159	<b>854,184,112</b>	734,044,703

**11 CASH AND CASH EQUIVALENTS**

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

Cash and bank balances	<b>44,251,615</b>	45,592,685
Short term borrowings - running finance ( Note 7.1)	<b>(437,536,958)</b>	(409,944,726)
	<b>(393,285,343)</b>	(364,352,041)

**12 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise of directors, key management personnel, major shareholders, entities over which the directors are able to exercise influence and employees' fund. Transactions with related parties during the period and balances at the reporting date are as follows:

	Six Months Ended	
	Unaudited 31 Dec 2021 Rupees	Unaudited 31 Dec 2020 Rupees
<b>Directors and key management personnel</b>		
Share capital held as of the reporting date by non executive directors	<b>178,406,811</b>	241,854,188
Share capital held as of the reporting date by executive directors	<b>28,675,053</b>	3,786,545
Remuneration including perquisites to Chief Executive Officer	<b>9,750,000</b>	8,483,750
Remuneration including perquisites to Directors	<b>11,992,500</b>	10,147,500
Remuneration including perquisites to key management personnel	<b>18,367,755</b>	17,682,000
<b>Other related parties</b>		
Payment to employees' provident fund	<b>9,604,496</b>	4,580,061
Payable to employees' provident fund - unsecured	<b>1,631,564</b>	1,465,580
Payable to staff retirement gratuity fund - unsecured	<b>6,100,608</b>	294,319

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

**13 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

	Carrying amount		Fair value				
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Rupees		
					Level 1	Level 2	Level 3
<b>31 Dec 2021 (Unaudited)</b>							
<b>Financial assets measured at fair value</b>							
Short - term investments	-	185,325,445	-	185,325,445	185,325,445	-	-
	-	185,325,445	-	185,325,445	185,325,445	-	-
<b>Financial assets not measured at fair value</b>							
Trade debits	451,844,453	-	-	451,844,453	-	-	-
Advances to employees	3,211,468	-	-	3,211,468	-	-	-
Other receivables	2,160,741	-	-	2,160,741	-	-	-
Short - term investments	104,823,095	-	-	104,823,095	-	-	-
Bank balances	44,251,615	-	-	44,251,615	-	-	-
Trade deposits	2,600,867	-	-	2,600,867	-	-	-
Long - term deposits	1,777,650	-	-	1,777,650	-	-	-
Total financial assets	610,669,889	185,325,445	-	795,995,334	185,325,445	-	-
<b>Financial liabilities not measured at fair value</b>							
Short-term borrowings	-	-	520,870,291	520,870,291	-	-	-
Unclaimed dividend	-	-	25,649,894	25,649,894	-	-	-
Unpaid dividend	-	-	14,611,969	14,611,969	-	-	-
Long term loans	-	-	243,513,966	243,513,966	-	-	-
Lease liabilities	-	-	12,330,677	12,330,677	-	-	-
Trade and other payables	-	-	296,952,051	296,952,051	-	-	-
Total financial liabilities	-	-	1,113,928,848	1,113,928,848	-	-	-

**BIAFO INDUSTRIES LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

**Financial assets and liabilities**

30 June 2021 (Audited)

Financial assets measured at fair value

	Carrying amount		Fair value					
	Amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Rupees		Rupees					
Short - term investments	-	178,786,279	-	178,786,279	178,786,279	-	-	178,786,279
	-	178,786,279	-	178,786,279	178,786,279	-	-	178,786,279
Trade debts	333,158,182	-	-	333,158,182	-	-	-	-
Advances to employees	1,395,681	-	-	1,395,681	-	-	-	-
Other receivables	1,707,118	-	-	1,707,118	-	-	-	-
Short - term investments	86,852,682	-	-	86,852,682	-	-	-	-
Bank balances	46,665,106	-	-	46,665,106	-	-	-	-
Trade deposits	7,127,760	-	-	7,127,760	-	-	-	-
Long - term deposits	1,777,650	-	-	1,777,650	-	-	-	-
<b>Total financial assets</b>	<b>478,684,179</b>	<b>178,786,279</b>	<b>-</b>	<b>657,470,458</b>	<b>178,786,279</b>	<b>-</b>	<b>-</b>	<b>178,786,279</b>

Financial assets not measured at fair value

Financial liabilities not measured at fair value

Short-term borrowings	-	-	504,188,266	504,188,266	-	-	-	-
Unclaimed dividend	-	-	24,567,634	24,567,634	-	-	-	-
Unpaid dividend	-	-	14,641,304	14,641,304	-	-	-	-
Long term loans	-	-	112,601,689	112,601,689	-	-	-	-
Lease liabilities	-	-	9,460,733	9,460,733	-	-	-	-
Trade and other payables	-	-	217,946,191	217,946,191	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>883,405,817</b>	<b>883,405,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BIAFO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

		<b>Six Months Ended</b>	
		<b>Unaudited</b>	<b>Unaudited</b>
		<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>14 EARNINGS PER SHARE</b>			
<i>- Basic and diluted</i>			
Profit for the period	Rupees	<u>151,797,656</u>	<u>133,416,467</u>
Weighted average number of ordinary shares	Numbers	<u>42,166,080</u>	<u>42,166,080</u>
		<u>Restated</u>	
Earnings per share	Rupees	<u>3.60</u>	<u>3.16</u>

**14.1** Earnings per share have been restated due to issuance of 3,833,280 shares of the Company, as bonus shares during the period.

**15 NON ADJUSTING EVENTS AFTER REPORTING DATE AND DATE OF AUTHORIZATION FOR ISSUE**

**15.1** The Board of Directors of the Company in their meeting held on 16 February 2022 proposed an interim cash dividend of Rs.2.00 per share and bonus shares @10% (1 bonus share for 10 shares).

**15.2** These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 16 February 2022.

**16 GENERAL**

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



Chief Financial Officer



Chief Executive Officer



Director



# BIAFO INDUSTRIES LTD.

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