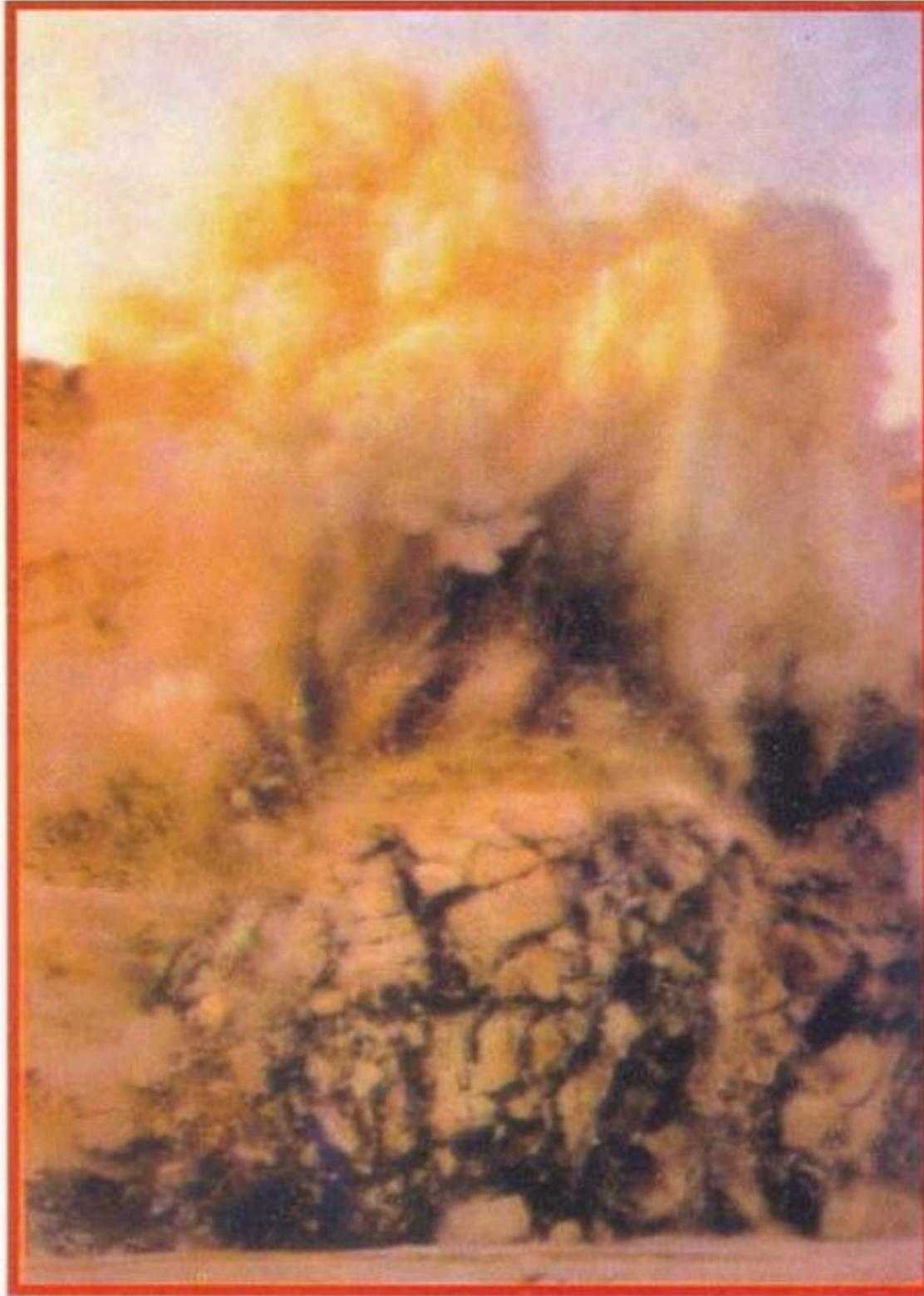


Interim Report
for the Six Months Period Ended
31 December 2013



BIAFO INDUSTRIES LIMITED

Manufacturers of Tovex® Explosives & Blasting Accessories

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Khawaja Amanullah Askari	Managing Director & Chief Executive Officer
M. Afzal Khan	Director
Maj. Gen. (Ret'd.) S. Z. M. Askree	Director
Ms. Shirin Safdar	Director

Non Executive Directors

Dr. M. Humayun Khan	Chairman
Abdul Maajid Qureshi	Director
M. Salim Khan	Director
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Shayan Afzal Khan Abbas	Director
Khwaja Ahmad Hosain	Director
Muhammad Yaqoob	Director

Company Secretary

Khawaja Shaiq Tanveer

Audit Committee

Adnan Aurangzeb	Chairman
Muhammad Yaqoob	Member
Abdul Maajid Qureshi	Member
Ms. Shayan Afzal Khan Abbas	Member
M. Salim Khan	Member

HR & Remuneration Committee

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

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim, Raja Rashid, Javaid Qureshi

Bankers

Allied Bank of Pakistan	Bank Alfalah Limited
National Bank of Pakistan	Standard Chartered Bank
Habib Metropolitan 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

Interim Report

BIAFO INDUSTRIES LTD. DIRECTORS' REPORT FOR THE QUARTER & HALF YEAR ENDED DECEMBER, 2013

Your Directors are pleased to submit the unaudited accounts for the quarter/half year ended 31st. December, 2013.

Net sales of your Company declined by 6.53% to Rs. 290.271m against the comparable quarter and 13.59% to Rs. 549.258m against the comparable half year ended 31st. December, 2013.

Sales increased in the Cement and large scale project sector during the period, demand however declined primarily in the construction and export and more significantly from the Oil and Gas sector during the period under review. However in the quarter to December, 2013 your Company was able to increase sales to all sectors except exports in comparison to the quarter ended September, 2013.

Gross profit margin improved by 4.12% to 38.19% (half year to Dec 2012: 34.07%), while gross profit reduced by 3.12% to Rs. 209.787m. The Gross profit margin of the Company increased due to the higher value product mix, increase in sale price and reduction in raw material prices negotiated with major suppliers.

The Board of Directors had approved a Gratuity Fund for the staff for which provision of Rs. 9.468 m in the period under review has been made. If the provision was excluded, gross profit of the company would have been Rs. 216.9m which is marginally higher than the gross profit figure of comparable period of last year.

Operating profit for the quarter to December 2013 increased by 9.22% to Rs. 102.954m (December 2012: Rs. 94.258m) but for the half year period to December, 2013 declined by 8.34% to Rs. 175.760m (December 2012: Rs. 191.175m).

Net profit after taxation increased in the quarter under review by 14.95% but declined in the half year period to December 2013 by 4.42% to Rs. 122.07 m resulting in EPS of Rs. 3.57 in quarter to December, 2013 (Quarter to Dec. 2012: Rs. 3.11) and for the half year to December, 2013 EPS of Rs. 6.10 (EPS to December: 2012 Rs. 6.37). If the provision for staff gratuity of Rs. 9.468 m had not been made the EPS for the quarter to December, 2013 would have been Rs. 3.87 and Rs. 6.41 for the half year to 2013. The Company's efforts to reduce raw materials prices have shown some results as reflected in the gross profit margin increase in the period under review.

We have seen some improvement in the economy of the country in the period under review, with hope of better financing flows to projects of Neelum Jhelum Hydel project, Lowari Road Tunnel and the KKH Expansion/Rehabilitation projects. The Company has signed agreement for supply to Tarbela 4th. Extension Hydro Power project. We continue to hope for early decisions, financing and commencement of additional Hydel projects in the country.

Your Company has won the award of being among the **"TOP 25 COMPANIES FOR THE YEAR 2012"** in the list of the Karachi Stock Exchange, vide their letter No. KSE/GEN-318 of dated January 17, 2014 and their Notice No. KSE/N242 of dated January 16, 2014. (See attached pages 4 & 5)

Interim Report

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

Your Board of Directors have declared the 2nd. Interim cash dividend of Rs. 2.50 (25%) for the quarter under review.

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



Khawaja Amanullah Askari
Managing Director & Chief Executive Officer

Islamabad
18th February, 2014

Interim Report



KARACHI STOCK EXCHANGE LIMITED

STOCK EXCHANGE BUILDING, STOCK EXCHANGE ROAD, KARACHI-74000, PAKISTAN.
UAN : 111-001-122 FAX : 32410825
WEBSITE: www.kse.com.pk E-mail: gm@kse.com.pk

Ref. No. KSE/ GEN-318

January 17, 2014

Courier Service

The Chief Executive & Managing Director

Biafo Industries Limited
203-204, Muhammad Gulistan Khan House
82- East, Fazal-e-Haq, Blue Area Road
Islamabad

Subject; TOP COMPANIES FOR THE YEAR 2012

Dear Sir,

Every year, Karachi Stock Exchange acknowledges the performance of the Top Companies on the basis of comprehensive criteria, which include dividend payout, return on equity, compliance with listing regulations and good corporate governance. The Award given by the Exchange to the Top Companies benefit the recipient companies by recognizing their excellent financial and managerial performance thereby providing them inter alia a powerful marketing tool to showcase their good performance and to distinguish themselves from the competition, which enhances their Branding.

We are pleased to inform you that your Company has won the award of being among the TOP 25 Companies for the year 2012. The top 25 companies' Award of KSE is one of Pakistan's highest profile awards and winning this accolade says a lot about the quality of your organization and the strength of your management team. **Congratulations on your success!**

Enclosed please find herewith a copy of Notice No. KSE/N-242 dated January 16, 2014 issued by the Exchange in this regard for your information & record.

Yours Sincerely,

Nadeem Naqvi
Managing Director

Interim Report



THE KARACHI STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan.
UAN: 111-00-11-22 Fax (021) 246-2640

KSE/N-242

N O T I C E

January 16, 2014

TOP COMPANIES FOR THE YEAR 2012

Every year, Karachi Stock Exchange acknowledges the performance of the Top Companies on the basis of comprehensive criteria, which includes Dividend Payout, Capital Efficiency, Profitability, Free-Float of Shares, Transparency & Investors Relation end compliance with listing Regulations, The awards given by the Exchange to the Top Companies benefit the recipient companies by recognising their excellent financial and managerial performance thereby providing them inter-alia a powerful marketing tool.

The Exchange is pleased to announce the names of Top 25 Companies for the year 2012 that have been selected on the basis of highest score obtained as per the above criteria.

Sr. No. Name of Companies	Sr. No. Name of Companies
1. Fauji Fertilizer Company Limited	13. Unilever Pakistan Foods Limited
2. Unilever Pakistan Limited	14. United Bank Limited
3. Millat Tractors Limited	15. Biafo Industries Limited
4. Pakistan Oilfields Limited	16. Atlas Battery Limited
5. Fauji Fertilizer Bin Qasim Limited	17. Attock Petroleum Limited
6. Indus Motor Company Limited	18. Bank AL Habib Limited
7. Security Papers Limited	19. Arif Habib Limited
8. Colgate - Palmolive (Pakistan) Limited	20. Atlas Honda Limited
9. Cyan Limited	21. Raffan Maize Products Company Limited
10. Pakistan Petroleum Limited	22. Agriauto Industries Limited
11. Archroma Pakistan Limited (Formerly: Clariant Pakistan Limited)	23. Bata Pakistan Limited
12. The Hub Power Company Limited	24. Clover Pakistan Limited
	25. MCB Bank Limited

Muhammad Ghufuran

Deputy General Manager – Companies Affairs

Copy to:

Managing Director-KSE
All HoDs
Notice Board
Companies Concerned
KSE Website

Interim Report

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Biafo Industries Limited ("the Company") as at 31 December 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended ("interim financial information").

Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 information 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2013, in the condensed interim profit and loss account and condensed interim comprehensive income have not been reviewed and we do not express a conclusion on them.

Islamabad
Date: 18 February 2014



KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner: Muhammad Rehan Chughtai

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER, 2013

	<u>Note</u>	<u>Unaudited 31 Dec 2013 Rupees</u>	<u>Audited 30 June 2013 Rupees</u>
Property, plant and equipment	4	263,020,852	257,352,267
Long term deposits		2,412,754	2,147,754
		<u>265,433,606</u>	<u>259,500,021</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		6,518,234	5,723,201
Stock in trade		114,325,469	135,643,593
Trade debts - Unsecured	5	180,518,478	185,158,445
Advances - Unsecured		10,459,301	8,901,154
Trade deposits and short term prepayments		3,527,200	1,682,882
Other receivables		333,510	353,250
Other financial assets	6	316,497,908	297,466,793
Cash and bank balances		22,788,935	16,432,630
		<u>654,969,035</u>	<u>651,361,948</u>
CURRENT LIABILITIES			
Trade and other payables	7	110,256,253	144,935,172
Markup accrued		3,858,809	2,716,606
Short term borrowings - Secured	8	197,956,214	146,468,480
Provision for taxation		8,411,928	8,629,716
		<u>320,483,204</u>	<u>302,749,974</u>
NET CURRENT ASSETS		<u>334,485,831</u>	<u>348,611,974</u>
NON CURRENT LIABILITIES			
Deferred employee benefits		1,963,140	10,381,403
Deferred tax liability - net		30,907,356	31,687,722
		<u>32,870,496</u>	<u>42,069,125</u>
NET ASSETS		<u>567,048,941</u>	<u>566,042,870</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		303,239,546	299,958,841
		<u>503,239,546</u>	<u>499,958,841</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax		<u>63,809,395</u>	<u>66,084,029</u>
		<u>567,048,941</u>	<u>566,042,870</u>
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Islamabad
18 February, 2014


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

	Note	Three Months Ended		Six Months Ended	
		31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
		Rupees	Rupees	Rupees	Rupees
NET SALES / TURNOVER	10	290,271,282	310,556,063	549,258,409	635,664,770
Cost of sales		(166,432,300)	(204,377,272)	(339,470,550)	(419,119,565)
GROSS PROFIT		123,838,982	106,178,791	209,787,859	216,545,205
Other income		4,536,823	6,102,494	13,553,322	13,442,888
Distribution cost		(5,136,944)	(5,388,859)	(9,625,739)	(8,113,094)
Administrative expenses		(15,806,720)	(8,996,592)	(29,944,863)	(23,664,131)
Finance costs		(4,477,583)	(3,637,449)	(8,009,710)	(6,457,230)
OPERATING PROFIT		102,954,558	94,258,385	175,760,869	191,753,638
Workers' profit participation fund		(5,147,727)	(4,712,919)	(8,788,043)	(9,587,682)
Workers' welfare fund		(3,154,090)	(1,746,063)	(4,610,216)	(3,519,062)
PROFIT BEFORE TAXATION		94,652,741	87,799,403	162,362,610	178,646,894
TAXATION					
Current		(25,234,013)	(24,007,084)	(42,136,905)	(49,968,623)
Deferred		1,988,778	(1,671,946)	1,846,020	(1,210,729)
		(23,245,235)	(25,679,030)	(40,290,885)	(51,179,352)
PROFIT FOR THE PERIOD		71,407,506	62,120,373	122,071,725	127,467,542
EARNINGS PER SHARE - Basic and diluted		3.57	3.11	6.10	6.37

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Islamabad
18 February, 2014


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

	Three Months Ended		Six Months Ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	Rupees	Rupees	Rupees	Rupees
Profit for the period	71,407,506	62,120,373	122,071,725	127,467,542
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>71,407,506</u>	<u>62,120,373</u>	<u>122,071,725</u>	<u>127,467,542</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Islamabad
18 February, 2014


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

	Note	31 Dec 2013 Rupees	31 Dec 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		162,362,610	178,646,894
Adjustments for:			
Depreciation		7,973,541	7,986,428
Finance costs		8,009,710	6,457,230
Provision for Workers' profit participation fund		8,788,043	9,587,682
Provision for Workers' welfare fund		4,610,216	3,519,062
Provision for employee benefit		10,049,806	691,391
Provision for slow moving stores, spare parts and loose tools		-	110,000
Unrealized gain on remeasurement of investment		(9,171,309)	(10,786,435)
Gain on disposal of property, plant and equipment		(130,500)	(323,730)
Interest on deposit accounts and TDRs		(509,258)	(361,548)
Unrealized exchange loss / (gain)		1,057,745	(1,971,175)
		30,677,994	14,908,905
Changes in:		193,040,604	193,555,799
Store, spare parts and loose tools		(795,033)	(2,583,557)
Stock in trade		21,318,124	(24,864,167)
Trade debts		5,064,601	(105,151,820)
Advances, deposits, prepayments and other receivables		(3,567,465)	(4,464,188)
Trade and other payables		(31,662,173)	31,826,118
		(9,641,946)	(105,237,614)
Cash generated from operations		183,398,658	88,318,185
Finance costs paid		(6,867,507)	(4,709,708)
Employees benefits paid		(9,000,000)	-
Payments to Workers' profit participation fund		(19,862,553)	(12,712,784)
Payments to Workers' welfare fund		(7,399,775)	(4,652,299)
Income taxes paid		(42,354,693)	(46,228,050)
		(85,484,528)	(68,302,841)
Net cash from operating activities		97,914,130	20,015,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,359,084)	(5,328,029)
Proceeds from disposal of property, plant and equipment		847,458	1,335,000
Investments made during the year		(11,509,806)	(15,000,000)
Interest received on deposit accounts and TDRs		428,998	436,034
Net cash used in investing activities		(24,592,434)	(18,556,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(118,620,746)	(130,001,125)
Net cash used in financing activities		(118,620,746)	(130,001,125)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(45,299,050)	(128,542,776)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(130,035,850)	(6,381,369)
Effects of exchange rate fluctuations on balance held		167,622	257,333
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(175,167,278)	(134,666,812)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Islamabad
18 February, 2014


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2012	200,000,000	260,918,569	460,918,569
Total comprehensive income for the year	-	127,467,542	127,467,542
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,255,153	1,255,153
	-	128,722,695	128,722,695
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2012 @ Rs. 3.50 per share	-	(70,000,000)	(70,000,000)
First interim dividend of 2013 @ Rs. 3.00 per share	-	(60,000,000)	(60,000,000)
Total distribution to members	-	(130,000,000)	(130,000,000)
Balance at 31 December 2012	200,000,000	259,641,264	459,641,264
Balance at 01 July 2013	200,000,000	299,958,841	499,958,841
Total comprehensive income for the period	-	122,071,725	122,071,725
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	1,208,980	1,208,980
	-	123,280,705	123,280,705
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2013 @ Rs. 4.00 per share	-	(80,000,000)	(80,000,000)
First interim dividend of 2014 @ Rs. 2.00 per share	-	(40,000,000)	(40,000,000)
Total distribution to members	-	(120,000,000)	(120,000,000)
Balance at 31 December 2013	200,000,000	303,239,546	503,239,546

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Islamabad
18 February, 2014


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

1. THE COMPANY AND ITS OPERATIONS

Biafo Industries Limited ("the Company") was incorporated in Pakistan on 07 September 1988 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on the Karachi and Islamabad Stock Exchanges. The Company started its commercial production on 01 July 1994 and is principally engaged in the manufacturing of commercial explosives and blasting accessories including detonators and other materials. The Company's license for manufacturing and sale of explosives is required to be renewed annually. The Company has set up its industrial undertaking in Hattar Industrial Estate, Khyber Pakhtunkhwa with its registered office at 203-204, 2nd Floor, M. Gulistan Khan House, 82-E, Fazal-Ul-Haq Road, Blue Area, Islamabad, Pakistan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim financial information do not include the information that reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2013. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2013, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the six months ended 31 December 2012.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange Limited.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2013. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014 and are not expected to have any significant effect on condensed interim financial information of the Company:

- IFRIC 21 'Levies'	(effective 01 January 2014)
- IAS 32 'Financial Instruments: Presentation'	(effective 01 January 2014)
- IAS 36 'Impairment of Assets'	(effective 01 January 2014)
- IAS 39 'Financial Instruments: Recognition and Measurement'	(effective 01 January 2014)
- IAS 19 'Employee Benefits'	(effective 01 July 2014)
- IAS 27 'Consolidated and Separate Financial Statements'	(effective 01 January 2014)

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 01 January 2014:

- IFRS 2 'Share-based Payment'	- IAS 16 Property, plant and equipment
- IFRS 3 Business Combinations	- IAS 24 Related Party Disclosure
- IFRS 8 Operating Segments	- IAS 40 Investment Property

4. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 December 2013, the Company acquired property, plant and equipment aggregating Rs. 14,359,084 (31 December 2012: Rs. 5,328,029). The assets with a carrying value of Rs. 716,958 were disposed off during the six months period ended 31 December 2013 (31 December 2012 : Rs. 1,011,270) resulting in a gain on disposal of Rs. 130,500 (31 December 2012 : Rs. 323,730), which is included in other income in the condensed interim profit and loss account.

Interim Report

BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

	Note	Unaudited 31 Dec 2013 Rupees	Audited 30 June 2013 Rupees
5. TRADE DEBTS - Unsecured			
Considered good		180,518,478	185,158,445
Considered doubtful		1,474,770	1,592,761
		181,993,248	186,751,206
Less: Provision for doubtful debts		(1,474,770)	(1,592,761)
		<u>180,518,478</u>	<u>185,158,445</u>
6. OTHER FINANCIAL ASSETS			
Investments:			
Held for trading			
NAFA Government Securities Liquid Fund		-	45,044,825
ABL Income Fund		115,552,363	112,016,480
MCB Dynamic Cash Fund		42,075,276	40,502,474
Faysal Money Market Fund		106,370,269	50,603,014
Loans and receivables - Term deposit receipts		52,500,000	49,300,000
		<u>316,497,908</u>	<u>297,466,793</u>
7. TRADE AND OTHER PAYABLE			
Trade creditors		46,482,998	83,242,295
Advances from customers		4,981,229	3,274,692
Accrued liabilities		6,772,460	12,663,566
Sales tax payable - net		10,074,988	5,146,347
Insurance		1,132,414	332,633
Workers' profit participation fund payable		8,788,043	19,862,553
Workers' welfare fund payable		3,515,217	6,304,776
Unclaimed dividend		12,044,072	10,664,818
Staff retirement gratuity - funded	7.1	9,468,069	-
Payable to employees provident fund - unsecured		440,588	533,400
Withholding tax payable		1,792,797	386,988
Others		4,763,378	2,523,104
		<u>110,256,253</u>	<u>144,935,172</u>
7.1	During the year, the Board of Directors approved to establish a gratuity fund for employees including the Chief Executive. The management is in the process of completing necessary formalities for establishing the gratuity fund.		
8. SHORT TERM BORROWINGS - SECURED			
Allied Bank Limited (ABL)		132,915,870	117,742,998
MCB Bank Limited (MCB)		28,177,675	28,725,482
Faysal Bank Limited (FBL)		36,862,669	-
		<u>197,956,214</u>	<u>146,468,480</u>
8.1	The Company has arranged various facilities with ABL and during the period the Company utilized FE-25 Facility and Running Finance Facilities as follows.		
-	The Running Finance facility has a sanctioned limit of Rs. 35 million (30 June 2013: Rs. 35 million) and carries mark-up at the rate of 3 months Kibor + 1.25% per annum of the amount utilized. The facility is		

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BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

secured against first equitable mortgage over industrial property on fixed assets of Rs. 180 million and charge over current assets (excluding receivables) of the Company.

- The Running Finance facility has a sanctioned limit of Rs. 108.4 million (30 June 2013: Rs. 95 million) and carries mark-up at the rate of 3 months Kibor + 1% per annum of the amount utilized. The facility is secured against the investment made in ABL income fund upto market value of Rs. 114.146 million.
 - The Running Finance facility has a sanctioned limit of Rs. 50.35 million (30 June 2013: Rs. 32.80 million) and carries mark-up at the rate of 3 months Kibor + 1% per annum of the amount utilized. The facility is secured against the investment made in the ABL Term Deposit Receipts of USD 500,000.
 - The FE-25 facility has a sanctioned limit of Rs. 50 million for export of the Company's products. The facility carries mark-up at the rate of LIBOR + 2% per annum of the amount utilized.
- 8.2 The Company has arranged Running Finance facility with MCB and during the period the Company utilized this facility. This facility has a sanctioned limit of Rs. 31.415 million and carries mark up at the rate of 3 months KIBOR + 1% per annum payable on quarterly basis. The facility is secured against investment in units of MCB Dynamic Cash Fund upto face value of Rs. 33.962 million.
- 8.3 The Company has arranged Running Finance facility with FBL and during the period the Company utilized this facility. The Running Finance facility has a sanctioned limit of Rs. 100 million (30 June 2013: Rs. 47.5 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum of the amount utilized. The facility is secured against investment in units of Faysal Money Market Funds upto market value of Rs. 105.26 million.

9. CONTINGENCIES AND COMMITMENTS

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2013.

There is no change in the commitments as reported in the annual financial statements for the year ended 30 June 2013, except that the letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 39.851 million at 31 December 2013 (30 June 2013: Rs. 13.528 million).

	Three Months Ended		Six Months Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	Rupees	Rupees	Rupees	Rupees
10. SALES - Net				
Gross Local Sales	363,473,294	420,136,038	673,433,371	827,738,632
Sales tax	(45,079,422)	(46,087,180)	(83,478,275)	(89,511,959)
Discounts and commissions	(56,850,990)	(86,006,785)	(103,945,097)	(179,203,442)
Net Local Sales	261,542,882	288,042,073	486,009,999	559,023,231
Net Export Sales	28,728,400	22,513,990	63,248,410	76,641,539
	<u>290,271,282</u>	<u>310,556,063</u>	<u>549,258,409</u>	<u>635,664,770</u>

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FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

		Six Months Ended	
		Unaudited 31 Dec 2013 Rupees	Unaudited 31 Dec 2012 Rupees
11.	CASH AND CASH EQUIVALENTS		
	For the purpose of cash flow statement cash and cash equivalents comprise of:		
	Cash and bank balances	22,788,935	18,313,637
	Short term borrowings - secured	(197,956,214)	(152,980,449)
		(175,167,279)	(134,666,812)

12. **RELATED PARTY TRANSACTIONS**

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 are as follows:

		Six Months Ended	
		Unaudited 31 Dec 2013 Rupees	Unaudited 31 Dec 2012 Rupees
Associated undertaking - sole proprietorship concern of a director of the Company			
	Sale of explosives	-	1,854,405
	Advance received during the period	-	1,854,405
Other related parties			
	Remuneration including perquisites of Chief Executive	7,515,014	7,596,098
	Remuneration including perquisites of Directors	6,450,000	5,950,000
	Remuneration including perquisites of Executives	3,327,996	3,085,800
	Payment to employees' provident fund	1,478,771	1,623,813
	Retirement benefit paid to Chairman	9,000,000	-
		Unaudited 31 Dec 2013 Rupees	Audited 30 June 2013 Rupees
	Related party balances		
	Payable to employees provident fund - unsecured	440,588	533,400

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FOR THE SIX MONTHS ENDED 31 DECEMBER, 2013

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

13.1 The Board of Directors of the Company in their meeting held on 18 February 2014 proposed second interim cash dividend of Rs. 2.50 per share.

13.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 18 February 2014.

14. GENERAL

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

Islamabad
18 February, 2014


Chairman


Managing Director &
Chief Executive Officer