

Interim Report
for the Six Months Period Ended
31 December 2015



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

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CORPORATE INFORMATION

Board of Directors

Executive Directors

M. Afzal Khan	Deputy Chairman
Khawaja Amanullah Askari	Managing Director & Chief Executive Officer
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. Zishan Afzal Khan	Director

Independent Directors

Khawaja Ahmad Hosain	Director
Muhammad Yaqoob	Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit Committee

Muhammad Yaqoob	Chairman
Adnan Aurangzeb	Member
Abdul Maajid Qureshi	Member
M. Salim Khan	Member
Khawaja Ahmad Hosain	Member
Dr. M. Humayun Khan	Member

HR & Remuneration Committee

Dr. M. Humayun Khan	Chairman
M. Salim Khan	Member
Khawaja 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	United Bank Limited
Bank of Khyber	Faysal Bank Limited
Askari Bank Limited	MCB 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, 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, biafoplant@hotmail.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 2344223-4 Fax: +92 51 2605658

Interim Report

BIAFO INDUSTRIES LTD. DIRECTORS' REPORT FOR THE QUARTER & HALF YEAR ENDED DECEMBER 2015

Your Directors are pleased to submit the unaudited accounts for the quarter/half year ended 31st December, 2015.

Net sales of your company increased by 3.15% to Rs. 308.66 m against the comparable quarter and 5.40% to Rs. 664.75 m against the comparable half year ending 31st December, 2015.

In the period under review, sales to the Cement sector showed modest increase, while sales to the Oil and Gas sector has a significant increase. Sales to large projects, like Hydel project etc, Construction and Mining sector, Export, to the Saindak Copper and Gold project (EPZ) declined significant due to the maturing of the projects and completion of yearly schedule of blasting at Saindak copper and gold mining project.

Gross profit margin improved by 1.12% to 44.22% while gross profit increased by 8.15% to Rs.293.97 m. The Gross profit margin increased due to higher value product mix (increased sales to Oil and Gas Sector).

Operating profit reduced by 0.84 % to Rs. 234.99 m to the comparable period for the Half year to December 2015, due to increase in administrative costs and reduction in earnings from investments in money market funds (Due to decline in interest rates).

Net profit after taxation increased in the quarter to December, 2015 by 10.95% to Rs. 90.4 m and by 4.77% to Rs. 176.83 m for the Half year to December, 2015, resulting in EPS of Rs. 4.52 in the quarter to December, 2015 (Quarter to December, 2014 : Rs. 4.07) and for the Half year period to December, 2015 EPS Rs. 8.84 (quarter to December 2014 : Rs. 8.44)

The company looks forward to greater movement and urgency in commencement of infrastructural project of Road/Rail, Hydel and Coal Mining under CPEC and for National Development in the coming period.

Expenses were within the budget approved by the Board of Directors.

Your Board of Directors have declared a 2nd interim cash dividend of Rs. 4.00 per share (40%) for the period under review.

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



Khawaja Amanullah Askari
Managing Director & Chief Executive Officer

Islamabad
18th February, 2016

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 2015 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 month period then ended (here-in-after referred as the "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.

Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed and we do not express a conclusion on them.



Date: 18 February 2016

Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Bakhtiyar Kazmi

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 31 DECEMBER 2015

		31 Dec 2015	30 Jun 2015
	Note	Rupees	Rupees
Property, plant and equipment	4	564,816,120	556,370,976
Long term deposits		<u>1,778,600</u>	<u>1,578,600</u>
		566,594,720	557,949,576
CURRENT ASSETS			
Stores, spare parts and loose tools		7,427,540	7,253,430
Stock in trade		139,072,644	125,944,075
Trade debts	5	169,458,771	249,482,151
Advances		10,594,333	6,511,353
Trade deposits and short term prepayments		6,432,574	4,587,336
Tax refundable		14,153,857	-
Other receivables		303,327	280,630
Short term investments	6	433,512,773	386,907,672
Cash and bank balances		<u>22,735,139</u>	<u>34,401,396</u>
		803,690,958	815,368,043
CURRENT LIABILITIES			
Trade and other payables	7	150,017,123	234,019,493
Markup accrued		4,981,264	4,407,640
Short term borrowings	8	289,688,079	182,384,682
Provision for taxation		-	8,148,932
		<u>444,686,466</u>	<u>428,960,747</u>
NET CURRENT ASSETS		359,004,492	386,407,296
NON CURRENT LIABILITIES			
Deferred employee benefits		2,893,452	2,062,050
Deferred tax liability - net		<u>29,760,708</u>	<u>26,183,239</u>
		32,654,160	28,245,289
NET ASSETS		892,945,052	916,111,583
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		<u>419,153,332</u>	<u>441,194,267</u>
		619,153,332	641,194,267
SURPLUS ON REVALUATION OF			
FIXED ASSETS - Net of tax			
		<u>273,791,720</u>	<u>274,917,316</u>
		892,945,052	916,111,583

CONTINGENCIES AND COMMITMENTS 9

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
18 February 2016



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	Three Months Ended		Six Months Ended	
		31 Dec 2015	31 Dec 14	31 Dec 2015	31 Dec 14
		Rupees	Rupees	Rupees	Rupees
NET SALES / TURNOVER	10	308,660,708	299,224,143	664,755,813	630,687,598
Cost of sales		(173,959,102)	(164,268,391)	(370,786,081)	(358,863,593)
GROSS PROFIT		134,701,606	134,955,752	293,969,732	271,824,005
Other income		6,376,782	10,606,387	13,815,602	19,545,838
Distribution cost		(5,724,211)	(4,441,940)	(11,616,928)	(9,160,990)
Administrative expenses		(24,475,717)	(17,746,717)	(50,951,998)	(34,598,495)
Finance costs		(5,416,830)	(5,590,818)	(10,223,897)	(10,628,828)
OPERATING PROFIT		105,461,630	117,782,664	234,992,511	236,981,530
Workers' profit participation fund		(5,273,082)	(5,889,134)	(11,749,626)	(11,849,077)
Workers' welfare fund		(1,157,252)	(1,718,022)	(3,747,870)	(4,101,999)
PROFIT BEFORE TAXATION		99,031,296	110,175,508	219,495,015	221,030,454
TAXATION					
Current		(7,366,301)	(29,624,069)	(39,084,076)	(52,800,286)
Deferred		(1,260,248)	931,656	(3,577,470)	550,013
		(8,626,549)	(28,692,413)	(42,661,546)	(52,250,273)
PROFIT FOR THE PERIOD		90,404,747	81,483,095	176,833,469	168,780,181
EARNINGS PER SHARE- Basic and diluted		4.52	4.07	8.84	8.44

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
18 February 2016



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Three Months Ended		Six Months Ended	
	31 Dec 2015 Rupees	31 Dec 14 Rupees	31 Dec 2015 Rupees	31 Dec 14 Rupees
Profit for the period	90,404,747	81,483,095	176,833,469	168,780,181
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	90,404,747	81,483,095	176,833,469	168,780,181

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
18 February 2016



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	31 Dec 2015 Rupees	31 Dec 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		219,495,015	221,030,454
Adjustments for:			
Depreciation	4	9,380,547	8,210,973
Finance costs		9,489,933	10,628,828
Provision for Workers' profit participation fund		11,749,626	11,849,077
Provision for Workers' welfare fund		3,747,870	4,101,999
Provision for employee benefits		4,280,231	3,350,685
Reversal of provision for doubtful debts		(550,000)	(312,500)
Gain on remeasurement of investment		(12,932,203)	(17,692,863)
Gain on disposal of property, plant and equipment		(4,766)	-
Interest on deposit accounts and TDRs		(422,712)	(1,029,179)
Exchange loss/(gain)		94,079	(411,295)
		<u>24,832,605</u>	<u>18,695,725</u>
		244,327,620	239,726,179
Changes in:			
Store, spare parts and loose tools		(174,110)	(601,318)
Stock in trade		(13,128,569)	23,484,857
Trade debts		80,479,301	12,201,511
Advances, deposits, prepayments and other receivables		(6,136,435)	(1,970,537)
Trade and other payables		(57,307,617)	(11,960,339)
		<u>3,732,569</u>	<u>21,154,174</u>
Cash generated from operations		248,060,189	260,880,353
Finance costs paid		(8,916,309)	(9,389,590)
Employees benefits paid		(5,254,719)	(4,622,112)
Payments to Workers' profit participation fund		(27,327,018)	(23,228,002)
Payments to Workers' welfare fund		(9,978,827)	(8,653,569)
Income taxes paid		(60,861,942)	(52,815,921)
		<u>(112,338,815)</u>	<u>(98,709,194)</u>
Net cash generated from operating activities		135,721,374	162,171,159
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,898,925)	(19,699,154)
Proceeds from disposal of property, plant and equipment		78,000	-
Net investment during the period		(33,672,898)	-
Interest received on deposit accounts and TDRs		408,232	1,885,271
Net cash used in investing activities		(51,085,591)	(17,813,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(203,605,437)	(167,711,142)
Net cash used in financing activities		(203,605,437)	(167,711,142)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(118,969,654)	(23,353,866)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(147,983,286)	(199,048,851)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(266,952,940)	(222,402,717)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Islamabad
18 February 2016


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2014	200,000,000	371,182,991	571,182,991
Total comprehensive income for the period			
Profit for the period	-	168,780,181	168,780,181
Comprehensive income for the period transferred to equity	-	168,780,181	168,780,181
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,073,046	1,073,046
	200,000,000	541,036,218	741,036,218
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2014 @ Rs. 5.50 per share	-	(110,000,000)	(110,000,000)
First interim dividend of 2015 @ Rs. 3.00 per share	-	(60,000,000)	(60,000,000)
Total distribution to members	-	(170,000,000)	(170,000,000)
Balance at 31 December 2014	200,000,000	371,036,218	571,036,218
Balance at 01 July 2015	200,000,000	441,194,267	641,194,267
Total comprehensive income for the period			
Profit for the period	-	176,833,469	176,833,469
Comprehensive income for the period transferred to equity	-	176,833,469	176,833,469
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,125,596	1,125,596
	200,000,000	619,153,332	819,153,332
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2015 @ Rs. 7.50 per share	-	(150,000,000)	(150,000,000)
First interim dividend of 2016 @ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Total distribution to members	-	(200,000,000)	(200,000,000)
Balance at 31 December 2015	200,000,000	419,153,332	619,153,332

The annexed notes 1 to 15 form an integral part of this condensed interim financial info

Islamabad
18 February 2016


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2015

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. 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 January 11, 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, St No. 38-40, I&T Centre, G-10/4, Islamabad - Pakistan

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for six months period ended 31 December 2015 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 of the Company for the year ended 30 June 2015. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2015, 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 six months period ended 31 December 2014.

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 Pakistan Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Except for note 3.1, 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 2015. IFRS 13 'Fair Value Measurement' became effective for financial periods beginning on or after 01 January 2015. The effect of IFRS 13 'Fair Value Measurement' are disclosed in notes 3.1 and 12 to these condensed interim financial information. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016 and are not expected to have any significant effect on condensed interim financial information of the Company:

-Amendments to IAS 38 'Intangible Assets'	(effective 01 January 2016)
-Amendments to IAS 16 'Property, Plant and Equipment'	(effective 01 January 2016)
-Amendments to IAS 27 'Separate Financial Statement'	(effective 01 January 2016)
-Amendments to IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2016)
-Amendments to IAS 41 'Agriculture'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2012-2014. Most amendments will apply prospectively for annual period beginning on or after 01 July 2016:

-IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
-IFRS 7 'Financial Instruments- Disclosures'
-IAS 19 'Employee Benefits'
-IAS 34 'Interim Financial Reporting'

The above amendments are not likely to have an impact on Group's financial statements.

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2015

3.1 IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Company's except certain additional disclosures.

4. PROPERTY, PLANT AND EQUIPMENT

During six months period ended 31 December 2015, the Company acquired property, plant and equipment aggregating Rs. 17,898,925 (31 December 2014: Rs. 19,699,154). Depreciation charge for the period amounts to Rs. 9,380,547 (31 December 2014: Rs.8,210,973). Written down value of disposals for the period amounts to Rs. 73,234.

	Unaudited 31 Dec 2015 Rupees	Audited 30 Jun 2015 Rupees
5. TRADE DEBTS		
Considered good	169,458,771	249,482,151
Considered doubtful	612,270	1,162,270
	170,071,041	250,644,421
Less: Provision for doubtful debts	(612,270)	(1,162,270)
	169,458,771	249,482,151

6. SHORT TERM INVESTMENTS

Investments:		
Held for trading		
ABL Income Fund	145,046,377	139,840,993
MCB Dynamic Cash Fund	-	49,638,576
Faysal Money Market Fund	122,999,093	119,590,342
UBL Liquidity Plus Fund	107,937,303	27,087,761
Loans and receivables - Term deposit receipts	57,530,000	50,750,000
	433,512,773	386,907,672

7. TRADE AND OTHER PAYABLE

Trade creditors	79,852,334	121,637,276
Advances from customers	8,899,319	4,876,919
Payable to contractors	1,934,060	5,813,601
Accrued liabilities	11,836,513	20,065,646
Sales tax payable - net	3,255,863	10,815,310
Insurance	789,608	605,337
Workers' profit participation fund payable	11,749,626	27,327,018
Workers' welfare fund payable	4,699,850	10,930,807
Unclaimed dividend	21,191,887	24,797,324
Payable to staff gratuity fund - unsecured	3,447,200	5,343,775
Compensated absences - current portion	-	5,315
Payable to employees' provident fund - unsecured	663,930	567,930
Withholding tax payable	524,923	-
Others	1,172,010	1,233,235
	150,017,123	234,019,493

Interim Report

BIAFO INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2015

8. SHORT TERM BORROWINGS	Note	Unaudited 31 Dec 2015 Rupees	Audited 30 Jun 2015 Rupees
Allied Bank Limited (ABL)	8.1	141,854,842	37,786,950
Faysal Bank Limited (FBL)	8.2	86,474,480	93,399,706
United Bank Limited (UBL)	8.3	61,358,756	22,404,442
MCB Bank Limited (MCB)		-	28,793,584
		<u>289,688,079</u>	<u>182,384,682</u>

8.1 The Company has arranged various facilities with ABL and during the period the Company utilized Running Finance Facilities as follows.

- The Running Finance facility with a sanctioned limit of Rs. 35 million (30 June 2015: 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 secured against first equitable mortgage over industrial property of the Company amounting to Rs. 180 million and charge over current assets (excluding receivables) of the Company.
- The Running Finance facility with a sanctioned limit of Rs. 108.4 million (30 June 2015: Rs. 108.4 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 with a sanctioned limit of Rs. 47.50 million (30 June 2015: Rs. 47.50 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.
- This includes utilized amount of FE-25 with a sanctioned limit of Rs. 85 million including Rs. 35 million sublimit of running finance facility - RF 1(30 June 2015 Rs. 85 million). The facility carries mark-up at the rate of SBP rate + 1% (30 June 2015: SBP rate + 1%) per annum of the utilized amount.

8.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 100 million (30 June 2015: Rs. 100 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum of the amount utilized, payable on quarterly basis. The facility is secured against investment in units of Faysal Money Market Fund upto market value of Rs. 105.26 million.

8.3 This represents utilized amount of running finance facility with a sanctioned limit of Rs.100 million (30 June 2015: Rs. 100 million) for financing working capital requirements of the Company. The facility carries markup at the rate of 1 month KIBOR + 0.75% per annum. The facility is secured against investment in UBL Liquidity Plus Funds worth Rs. 105.5 million with 5% margin.

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 2015.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 67.65 million at 31 December 2015 (30 June 2015: Rs. 5.036 million).

Interim Report

BIAFO INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Three Months Ended		Six Months Ended	
	Unaudited 31 Dec 2015 Rupees	Unaudited 31 Dec 14 Rupees	Unaudited 31 Dec 2015 Rupees	Unaudited 31 Dec 14 Rupees
10. SALES - Net				
Net Local Sales	287,590,868	276,944,355	631,787,510	539,754,490
Net Export Sales	21,069,840	22,279,788	32,968,303	90,933,108
	<u>308,660,708</u>	<u>299,224,143</u>	<u>664,755,813</u>	<u>630,687,598</u>

	Six Months Ended	
	Unaudited 31 Dec 2015 Rupees	Unaudited 31 Dec 14 Rupees
11. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	22,735,139	23,103,462
Short term borrowings - secured	(289,688,079)	(245,506,179)
	<u>(266,952,940)</u>	<u>(222,402,717)</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer 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).

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BIAFO INDUSTRIES LIMITED
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FOR THE PERIOD ENDED 31 DECEMBER 2015

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments	Note	Carrying amount			Fair Value			
		Fair Value through income statement	Loans and receivables	other financial liabilities	Total	Level 1	Level 2	Total
31 December 2015								
Financial assets								
measured at fair value								
Short term								
investments-Funds	6	<u>375,982,773</u>	<u>-</u>	<u>-</u>	<u>375,982,773</u>	375,982,733	-	375,982,773
Financial assets not measured at fair value								
Bank balances	11	-	22,735,139	-	22,735,139	-	-	-
Trade debts	5	-	169,458,771	-	169,458,771	-	-	-
Other receivables		-	303,327	-	303,327	-	-	-
Term deposit receipts	6	-	57,530,000	-	57,530,000	-	57,530,000	57,530,000
Trade deposits		-	2,696,576	-	2,696,576	-	-	-
		<u>-</u>	<u>252,723,813</u>	<u>-</u>	<u>252,723,813</u>			
Financial liabilities not measured at fair value								
Trade and other payables*	7	-	129,786,861	-	129,786,861	-	-	-
Markup accrued		-	4,981,264	-	4,981,264	-	-	-
Short term borrowings	8	-	289,688,079	-	289,688,079	-	289,688,079	289,688,079
		<u>-</u>	<u>424,456,204</u>	<u>-</u>	<u>424,456,204</u>			
30 June 2015								
Financial assets								
measured at fair value								
Short term								
investments-Funds	6	<u>336,157,672</u>	<u>-</u>	<u>-</u>	<u>336,157,672</u>	336,157,672	-	336,157,672
Financial assets not measured at fair value								
Bank balances	11	-	23,103,462	-	23,103,462	-	-	-
Trade debts	5	-	249,482,151	-	249,482,151	-	-	-
Other receivables		-	280,630	-	280,630	-	-	-
Term deposit receipts		-	50,750,000	-	50,750,000	-	50,750,000	50,750,000
Trade deposits		-	3,074,622	-	3,074,622	-	-	-
		<u>-</u>	<u>326,690,865</u>	<u>-</u>	<u>326,690,865</u>			
Financial liabilities not measured at fair value								
Trade and other payables*	7	-	184,946,358	-	184,946,358	-	-	-
Markup accrued		-	4,407,640	-	4,407,640	-	-	-
Short term borrowings	8	-	182,384,682	-	182,384,682	-	182,384,682	182,384,682
		<u>-</u>	<u>371,738,680</u>	<u>-</u>	<u>371,738,680</u>			

* excluding provision for workers' welfare fund, workers' profit participation fund, sales tax payable and withholding tax payable.

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2015

12.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

13. 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 and balances at the reporting date are as follows:

	Six Months Ended	
	Unaudited 31 Dec 2015 Rupees	Unaudited 31 Dec 14 Rupees
Orient Trading Limited		
Payment of dividend	65,441,000	55,624,850
Share capital	65,441,000	65,441,000
Dividend to non executive directors	53,880,000	54,383,000
Other related parties		
Remuneration including perquisites of Chief Executive	12,400,000	10,400,000
Remuneration including perquisites of Directors	10,500,000	9,000,000
Remuneration including perquisites of Key Management Personnel	7,350,000	5,363,000
Dividend to key management personnel (Executive Directors)	5,060,000	4,301,000
Payment to employees' provident fund	1,894,388	3,022,244
Payment to staff retirement gratuity fund	5,343,775	4,591,325
Services received from related party	200,000	-
	Unaudited 31 Dec 2015 Rupees	Unaudited 30 Jun 2015 Rupees
Related party balances		
Payable to employees' provident fund - unsecured	663,930	567,930
Payable to staff retirement gratuity fund - unsecured	3,447,200	5,343,775

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

14.1 The Board of Directors of the Company in their meeting held on 18 February 2016 proposed second interim cash dividend of Rs. 4.00 per share.

14.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 18 February 2016.

15. GENERAL

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

Islamabad
18 February 2016



Chairman



Managing Director &
Chief Executive Officer

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