

Interim Report
for the Six Months Period Ended
31 December 2017



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



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Interim Report



BIAFO INDUSTRIES LTD.
Manufactures of Tovex® Explosives & Blasting Accessories

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
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Syeda Shahbano Abbas	Director
Ms. Shandana Humayun Khan	Director

Independent Directors

Khawaja Ahmad Hosain	Director
Muhammad Yaqoob	Director
Ehsan Mani	Director
Ms. Mehreen Hosain	Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit Committee

Ehsan Mani	Chairman
Adnan Aurangzeb	Member
Muhammad Yaqoob	Member
Ms. Shandana Humayun Khan	Member
Khawaja Ahmad Hosain	Member
Dr. M. Humayun Khan	Member

HR & Remuneration Committee

Khawaja Ahmad Hosain	Chairman
Ms. Mehreen Hosain	Member
Dr. M Humayun Khan	Member
Khawaja Amanullah Askari	Member
Muhammad Yaqoob	Member
Adnan Aurangzeb	Member
Ms. Shirin Safdar	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Chima & Ibrahim

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

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 2344223-4 Fax: +92 51 2605658

Interim Report

BIAFO INDUSTRIES LIMITED **DIRECTORS' REPORT FOR THE QUARTER / HALF YEAR** **ENDED DECEMBER 31, 2017**

Your Directors are pleased to submit the un-audited accounts for the quarter/half year ended 31st December, 2017.

In the period under review your company saw increased demand from almost all sectors, barring Oil & Gas sector i.e. Cement, Construction & Mining projects, large projects and export to Saindak Copper & Gold Mining project etc. Although your company is the major supplier to the Oil and Gas sector, demand declined because of reduced seismic exploration activity in the period under review.

Net sales value of your Company in the quarter to December, 2017 increased by 116.63% to Rs. 482.8 m, while net sales value for six months period to December, 2017 increased by 65.6% to Rs. 851.40 m against the comparable period of the previous year.

Gross Profit for the quarter to December, 2017 increased by 202.62% to Rs. 259.47 m and for half year to December, 2017 increased by 96.72% to Rs. 433.14 m against the comparable period of the last year. Gross profit increased due to higher sales and lower unit cost against the previous comparable period.

Net profit after tax for the quarter to December, 2017 increased by 366.86% to Rs.173.58m (EPS : Rs. 7.89 & EPS Quarter to December, 2016 Rs. 1.69) and for the 6 months to December, 2017 increased by 160.73% to Rs. 280.60 m (EPS : December, 2017 Rs. 12.75 & for the Half year to December 31st 2016 Rs. 4.89).

The Company looks forward to the commencement of major Hydel projects like Kohala, Dasu, Munda Dam and other infrastructural and mining projects under CPEC in the next few years, which will be a source of business opportunity to your company.

The Company operated at higher levels to meet the increased customer demand and our Plant functioned effectively to meet demand on a timely basis.

The Company continued to operate within the budget as approved by the Board of Directors.

Your Board of Directors have declared the 2nd Interim cash dividend of Rs. 6.50 (65%) for the quarter/half year under review.

Your Board would like to take this opportunity to express its appreciation to all the employees of the Company for their hard work and cooperation of all its stakeholders.



Khawaja Amanullah Askari
Managing Director & Chief Executive Officer

Islamabad
9 February, 2018

Interim Report

بائنٹوائٹسٹریٹلمیڈ

31 دسمبر 2017 کو ختم ہونے والی سہ ماہی مدت / ششماہی مدت کے لیے ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کے لیے، 31 دسمبر 2017 کو ختم ہونے والی سہ ماہی / ششماہی مدت کے لیے، غیر آڈٹ شدہ اکائونٹس پیش کرنا باعث مسرت ہے۔

زیر جائزہ عرصہ میں آپ کی کمپنی کو تقریباً تمام شعبہ جات ماسوائے تیل، گیس کے شعبہ جات یعنی، سیمنٹ، تعمیرات اور کان کنی منصوبہ جات، بڑے منصوبہ جات اور سینڈک کا پراور سونے کی کان کنی کے منصوبہ جات کے لیے برآمدات وغیرہ کے شعبہ جات میں بڑھی ہوئی طلب موصول ہوئی۔ اگرچہ آپ کی کمپنی تیل اور گیس شعبے کے لیے اہم فراہم کار ہے، زیر جائزہ عرصہ میں سیمک ایکسپلوریشن سرگرمیوں میں تخفیف کی وجہ سے طلب کم ہو گئی ہے۔

آپ کی کمپنی کی خالص فروخت حجم میں دسمبر، 2017 تک کی سہ ماہی میں 116.63 فیصد کا اضافہ ہوا ہے جو 482.8 ملین روپے ہو گیا، جبکہ دسمبر 2017 تک کی ششماہی کے دوران خالص فروخت حجم میں گزشتہ سال کے موازنے کے مقابلے میں 65.6 فیصد کے اضافے سے 851.40 ملین روپے ہو گیا۔

دسمبر 2017 تک کی سہ ماہی کے لیے مجموعی منافع 202.62 فیصد کے اضافے سے 259.47 ملین روپے ہو گیا اور گزشتہ سال کے موازنے کے مقابلے میں دسمبر 2017 تک کی ششماہی کے لیے 96.72 فیصد اضافے سے 433.14 ملین روپے ہو گیا۔

ٹیکس کے بعد دسمبر 2017 سہ ماہی تک کے لیے خالص منافع 366.86 فیصد کے اضافے سے 173.58 ملین روپے (فی حصص منافع 7.89 روپے اور دسمبر 2016 تک کی سہ ماہی فی حصص منافع 1.69 روپے ہو گیا۔ اور دسمبر 2017 کی ششماہی کے لیے 160.73 فیصد کے اضافے سے 280.60 ملین روپے (فی حصص منافع: 2017 دسمبر 12.75 اور 31 دسمبر 2016 کی ششماہی تک 4.89 روپے) ہو گیا۔

کمپنی اگلے چند سالوں میں سی پیک کے تحت مستقبل میں شروع ہونے والے اہم ہائیڈرل منصوبہ جات جیسے کوہالا، داسو، منڈاؤیم اور دیگر انفراسٹرکچر اور کان کنی منصوبہ جات کی منتظر ہے، جو آپ کی کمپنی کے لیے کاروباری مواقع کا ایک ذریعہ بنائے گا۔

کمپنی نے صارفین کی بڑھتی ہوئی طلب کو پورا کرنے کے لیے انتہائی اعلیٰ سطح پر کام کیا ہے اور کمپنی کے پلانٹ موثر طریقے سے کام کر رہے ہیں تاکہ بروقت ضروریات کو پورا کیا جاسکے۔

کمپنی بدستور اسی بجٹ کے اندر چلائی جا رہی ہے جس کی بورڈ آف ڈائریکٹرز کی جانب سے منظوری دی گئی تھی۔

آپ کے بورڈ آف ڈائریکٹرز نے زیر جائزہ سہ ماہی / ششماہی تک کے لیے دوسرے عبوری نقد منقسمہ کی 6.50 روپے (65 فیصد) کا اعلان کیا ہے۔

آپ کا بورڈ اس موقع پر اپنے جملہ ملازمین کی انتھک کوششوں اور تمام اسٹیک ہولڈرز کے تعاون کے لیے مشکور ہے۔



خواجہ امان اللہ عسکری
مینیجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

اسلام آباد
9 فروری، 2018

Interim Report

Auditors' Report to 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 2017, 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.

Other matters

The figures for the three months period ended 31 December 2017, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 09 February 2018
Islamabad



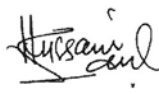
KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Atif Zamurrad Malik

Interim Report


BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	Unaudited 31 Dec 2017 Rupees	Audited 30 June 2017 Rupees
Property, plant and equipment	4	535,619,069	536,943,456
Investment property		31,429,382	31,827,222
Long term deposits		1,793,600	1,793,600
		<u>568,842,051</u>	<u>570,564,278</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		4,564,987	4,734,712
Stock in trade		127,494,554	142,752,225
Trade debts		301,456,680	208,638,227
Advances		12,687,831	12,989,221
Trade deposits and short term prepayments		13,198,888	4,714,825
Tax refundable		14,820,855	20,563,768
Other receivables		754,164	1,983,418
Short term investments	5	441,694,895	429,431,919
Cash and bank balances		45,765,415	28,432,880
		<u>962,438,269</u>	<u>854,241,195</u>
CURRENT LIABILITIES			
Trade and other payables	6	174,982,332	169,478,527
Markup accrued		4,406,334	5,135,461
Short term borrowings	7	310,832,068	302,542,529
		<u>490,220,734</u>	<u>477,156,517</u>
NET CURRENT ASSETS		<u>472,217,535</u>	<u>377,084,678</u>
NON CURRENT LIABILITIES			
Deferred employee benefits		4,291,218	3,731,466
Deferred tax liability - net	8	29,647,551	30,401,013
		<u>33,938,769</u>	<u>34,132,479</u>
NET ASSETS		<u>1,007,120,817</u>	<u>913,516,477</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		220,000,000	220,000,000
Unappropriated profit		516,951,732	422,429,334
		<u>736,951,732</u>	<u>642,429,334</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net of tax		<u>270,169,085</u>	<u>271,087,143</u>
		<u>1,007,120,817</u>	<u>913,516,477</u>
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Chief Financial Officer


Managing Director &
Chief Executive Officer



Chairman

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	Quarter Ended		Six Months Ended	
		31 Dec 2017 Rupees	31 Dec 2016 Rupees	31 Dec 2017 Rupees	31 Dec 2016 Rupees
SALES	10	482,798,476	222,857,937	851,406,278	514,101,627
Cost of sales		(223,330,986)	(137,119,867)	(418,262,397)	(293,928,660)
GROSS PROFIT		259,467,490	85,738,070	433,143,881	220,172,967
Other income		11,829,753	7,293,507	18,959,130	14,073,312
Distribution cost		(7,404,096)	(5,995,419)	(13,642,642)	(11,516,488)
Administrative expenses		(31,639,222)	(28,587,180)	(56,404,952)	(54,070,704)
Finance costs		(5,183,702)	(6,738,190)	(11,370,983)	(13,080,829)
OPERATING PROFIT		227,070,223	51,710,788	370,684,434	155,578,258
Workers' profit participation fund		(11,353,511)	(2,575,338)	(18,534,222)	(7,778,913)
Workers' welfare fund		(4,766,888)	(1,030,135)	(7,413,689)	(3,111,565)
PROFIT BEFORE TAXATION		210,949,824	48,105,315	344,736,523	144,687,780
TAXATION					
Current		(37,482,153)	(13,395,409)	(64,885,645)	(39,719,166)
Deferred		112,227	2,490,734	753,462	2,550,554
		(37,369,926)	(10,904,675)	(64,132,183)	(37,168,612)
PROFIT FOR THE PERIOD		173,579,898	37,200,639	280,604,340	107,519,168
EARNINGS PER SHARE	15				
- Basic and diluted		7.89	1.69	12.75	4.89

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Chief Financial Officer


Managing Director &
Chief Executive Officer

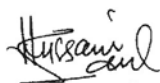

Chairman

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Quarter Ended		Six Months Ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	Rupees	Rupees	Rupees	Rupees
Profit for the period	173,579,898	37,200,639	280,604,340	107,519,168
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	173,579,898	37,200,639	280,604,340	107,519,168

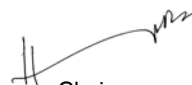
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Chief Financial Officer



Managing Director &
Chief Executive Officer



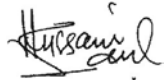
Chairman

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	31 Dec 2017 Rupees	31 Dec 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		344,736,523	144,687,780
Adjustments for:			
Depreciation		10,053,655	10,107,897
Finance costs		11,370,983	13,080,829
Provision for Workers' profit participation fund		18,534,222	7,778,913
Provision for Workers' welfare fund		7,413,689	3,111,565
Provision for employee benefits		4,903,452	4,606,339
Reversal of provision for doubtful debts		-	(612,270)
Provision for slow moving items		-	228,946
Gain on re-measurement of investment		(9,237,977)	(9,266,504)
Loss/(Gain) on disposal of property, plant and equipment		113,818	(216,821)
Interest income		(591,059)	(369,156)
Unrealized exchange loss		(2,695,000)	-
		39,865,783	28,449,738
		384,602,306	173,137,518
Changes in:			
Store, spare parts and loose tools		169,725	319,803
Stock in trade		15,257,671	22,673,260
Trade debts		(92,818,453)	13,900,233
Advances, deposits, prepayments and other receivables		(6,957,559)	(5,351,216)
Trade and other payables		(13,425,169)	(55,450,005)
		(97,773,785)	(23,907,925)
Cash generated from operations		286,828,521	149,229,593
Finance costs paid		(12,100,110)	(12,103,179)
Employees benefits paid		-	(1,060)
Payments to Workers' profit participation fund		(21,748,612)	(27,935,304)
Payments to Workers' welfare fund		(5,622,371)	(7,206,607)
Income taxes paid		(59,142,732)	(43,988,483)
		(98,613,825)	(91,234,633)
Net cash generated from operating activities		188,214,696	57,994,960
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9,114,985)	(9,369,720)
Proceeds from disposal of property, plant and equipment		669,739	2,101,261
Net investment during the year		(330,000)	27,476,699
Interest received on deposit accounts and TDRs		595,200	367,952
Net cash generated from/(used in) investing activities		(8,180,046)	20,576,192
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(170,991,654)	(197,525,137)
Net cash used in financing activities		(170,991,654)	(197,525,137)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,042,996	(118,953,985)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(274,109,649)	(255,783,154)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(265,066,653)	(374,737,139)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Chief Financial Officer


Managing Director &
Chief Executive Officer

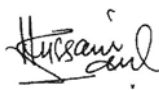

Chairman

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2016	200,000,000	452,034,872	652,034,872
Total comprehensive income for the period			
Profit for the period	-	107,519,168	107,519,168
Comprehensive income for the period transferred to equity	-	107,519,168	107,519,168
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,016,410	1,016,410
	200,000,000	560,570,450	760,570,450
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2016 @ Rs. 7.50 per share	-	(150,000,000)	(150,000,000)
First interim dividend of 2017 @ Rs. 2.50 per share	-	(50,000,000)	(50,000,000)
Issue of bonus shares for 2017 @ 10%	20,000,000	(20,000,000)	-
Total distribution to members	20,000,000	(220,000,000)	(200,000,000)
Balance at 31 December 2016	220,000,000	340,570,450	560,570,450
Balance at 01 July 2017	220,000,000	422,429,334	642,429,334
Total comprehensive income for the period			
Profit for the period	-	280,604,340	280,604,340
Comprehensive income for the period transferred to equity	-	280,604,340	280,604,340
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	918,058	918,058
	220,000,000	703,951,732	923,951,732
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2017 @ Rs. 6.00 per share	-	(132,000,000)	(132,000,000)
First interim dividend of 2018 @ Rs. 2.50 per share	-	(55,000,000)	(55,000,000)
Total distribution to members		(187,000,000)	(187,000,000)
Balance at 31 December 2017	220,000,000	516,951,732	736,951,732

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Chief Financial Officer


Managing Director &
Chief Executive Officer


Chairman

Interim Report

BIAFO INDUSTRIES LIMITED **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)** **FOR THE PERIOD ENDED 31 DECEMBER 2017**

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 (the repealed Ordinance). 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 2017 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 2017. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2017, 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 2016.

This condensed interim financial information is unaudited and is 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 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 2017.

The companies Act, 2017 was enacted on 30 May 2017 and Securities and Exchange Commission of Pakistan (SECP) vide its circular 23 of 2017 has clarified that the companies whose financial year, including interim period, closes on or before 31 December 2017 shall prepare their financial statement, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures and changes for certain accounting treatments including accounting for revaluation surplus which may require change in the relevant accounting policy. Management is in the process of assessing the impact of such changes on the financial statements.

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT

During six months period ended 31 December 2017, the Company acquired property, plant and equipment aggregating Rs. 9,114,985 (31 December 2016: Rs. 9,369,720). Depreciation charge for the period amounts to Rs. 9,655,814 (31 December 2016: Rs. 9,699,856). Written down value of disposals for the period amounts to Rs. 783,557 (31 December 2016: Rs. 1,884,440).

	Unaudited 31 Dec 2017 Rupees	Audited 30 June 2017 Rupees
5. SHORT TERM INVESTMENTS		
Investments:		
Held for trading		
ABL Income Fund	149,196,465	145,884,929
Faysal Money Market Fund	118,830,159	115,843,960
UBL Liquidity Plus Fund	113,003,271	110,063,030
Loans and receivables - Term deposit receipts	60,665,000	57,640,000
	<u>441,694,895</u>	<u>429,431,919</u>

6. TRADE AND OTHER PAYABLES

Trade creditors	50,918,241	72,317,696
Advances from customers	5,690,286	6,248,709
Accrued liabilities	22,203,689	21,918,903
Sales tax payable - net	4,779,194	-
Insurance payable	1,148,059	622,255
Workers' profit participation fund payable	18,534,222	21,748,612
Workers' welfare fund payable	10,490,763	8,699,445
Payable to staff gratuity fund - unsecured	4,343,700	-
Payable to employees' provident fund - unsecured	910,308	-
Unclaimed dividend	45,115,243	29,106,897
Withholding tax payable	20,839	33,009
Others	10,827,788	8,783,001
	<u>174,982,332</u>	<u>169,478,527</u>

7. SHORT TERM BORROWINGS

Allied Bank Limited (ABL)	7.1	156,817,069	137,898,636
Faysal Bank Limited (FBL)	7.2	80,229,247	67,852,320
United Bank Limited (UBL)	7.3	73,785,752	96,791,573
		<u>310,832,068</u>	<u>302,542,529</u>

7.1 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. 140 million (30 June 2017: Rs. 140 million) and carries mark-up at the rate of 3 months Kibor + 1.25% per annum of the amount utilized. The facility

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

is secured against first equitable mortgage over industrial property of the Company amounting to Rs. 315 million and charge over current assets (excluding financial assets) and fixed assets (excluding head office building) of the Company.

- The Running Finance facility with a sanctioned limit of Rs. 133.5 million (30 June 2017: Rs. 133.5 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. 140.962 million.
- The Running Finance facility with a sanctioned limit of Rs. 54.34 million (30 June 2017: Rs. 54.34 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 550,000.
- 7.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 150 million (30 June 2017: Rs. 150 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 with a 5% margin.
- 7.3 This represents utilized amount of running finance facility with a sanctioned limit of Rs.150 million (30 June 2017: Rs. 150 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 with 5% margin.

	Unaudited 31 Dec 2017 Rupees	Unaudited 31 Dec 2016 Rupees
8. DEFERRED TAX LIABILITY- net		
The net balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation of property, plant and equipment	26,366,404	25,628,275
Deferred employee benefit	(2,072,380)	(895,552)
Provision for slow moving stores, spare parts and loose tools	(1,459,221)	(1,459,221)
Surplus on revaluation of fixed assets	6,812,748	7,127,511
	<u>29,647,551</u>	<u>30,401,013</u>

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 2017.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 44.427 million at 31 December 2017 (30 June 2017: Rs. 32.707 million).

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 the year end amounting to Rs. 1,000,000 (30 June 2017: Rs. 1,000,000).

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

	Three Months Ended		Six Months Ended	
	Unaudited 31 Dec 2017 Rupees	Unaudited 31 Dec 2016 Rupees	Unaudited 31 Dec 2017 Rupees	Unaudited 31 Dec 2016 Rupees
10. SALES				
Gross Local Sales	392,415,666	218,111,700	667,578,997	501,238,493
Sales tax	(57,241,116)	(31,934,535)	(97,340,740)	(73,211,751)
Commissions	(3,880,130)	(3,554,026)	(5,209,217)	(5,533,059)
Net Local Sales	331,294,420	182,623,139	565,029,040	422,493,683
Net Export Sales	151,504,056	40,234,798	286,377,238	91,607,944
	482,798,476	222,857,937	851,406,278	514,101,627

	Six Months Ended	
	Unaudited 31 Dec 2017 Rupees	Unaudited 31 Dec 2016 Rupees
11. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	45,765,415	23,694,880
Short term borrowings - secured	(310,832,068)	(398,432,019)
	(265,066,653)	(374,737,139)

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

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

Financial assets and liabilities	Carrying amount				Fair value		
	Held at fair value through profit or loss	Loans and receivables	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Total
31 December 2017	Rupees				Rupees		
Financial assets measured at fair value							
Short term investments	381,029,895	-	-	381,029,895	381,029,895	-	381,029,895
Financial assets not measured at fair value							
Cash and bank balances	-	45,765,415	-	45,765,415	-	-	-
Trade debts	-	301,456,680	-	301,456,680	-	-	-
Other receivables	-	754,164	-	754,164	-	-	-
Short term investments	-	60,665,000	-	60,665,000	-	-	-
Advances	-	729,594	-	729,594	-	-	-
Long term deposits	-	1,793,600	-	1,793,600	-	-	-
Trade deposits	-	8,031,592	-	8,031,592	-	-	-
Total financial assets	381,029,895	419,196,045	-	800,225,940	381,029,895	-	381,029,895
Financial liabilities not measured at fair value							
Trade and other payables	-	135,467,028	-	135,467,028	-	-	-
Markup accrued	-	4,406,334	-	4,406,334	-	-	-
Short term borrowings	-	310,832,068	-	310,832,068	-	-	-
	-	450,705,430	-	450,705,430	-	-	-
30 June 2017	Rupees				Rupees		
Financial assets measured at fair value							
Short term investments	371,791,919	-	-	371,791,919	371,791,919	-	371,791,919
Financial assets not measured at fair value							
Cash and bank balances	-	28,432,880	-	28,432,880	-	-	-
Trade debts	-	208,638,227	-	208,638,227	-	-	-
Other receivables	-	1,191,274	-	1,191,274	-	-	-
Short term investments	-	57,640,000	-	57,640,000	-	-	-
Advances	-	648,476	-	648,476	-	-	-
Long term deposits	-	1,793,600	-	1,793,600	-	-	-
Trade deposits	-	2,824,455	-	2,824,455	-	-	-
Total financial assets	371,791,919	301,168,912	-	672,960,831	371,791,919	-	371,791,919
Financial liabilities not measured at fair value							
Trade and other payables	-	132,748,752	-	132,748,752	-	-	-
Markup accrued	-	5,135,461	-	5,135,461	-	-	-
Short term borrowings	-	302,542,529	-	302,542,529	-	-	-
	-	440,426,742	-	440,426,742	-	-	-

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BIAFO INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

13. 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 2017 Rupees	Unaudited 31 Dec 2016 Rupees
Orient Trading Limited		
Payment of dividend	14,437,335	65,441,000
Issue of bonus shares	-	6,544,100
Share capital held as of the reporting date	16,985,100	65,441,000
Directors and Key Management Personnel		
Dividend to Non Executive Directors	43,112,866	53,039,920
Issue of bonus shares to Non Executive Directors	-	5,303,992
Share capital held as of the reporting date by Non Executive Directors	50,749,960	53,039,920
Dividend to Executive Directors	4,641,850	5,110,010
Issue of bonus shares to Executive Directors	-	511,001
Share capital held as of the reporting date by Executive Directors	5,461,000	5,110,010
Remuneration including perquisites of Chief Executive	12,500,000	13,021,775
Remuneration including perquisites of Directors	10,300,000	9,800,000
Remuneration including perquisites of Key Management Personnel	15,300,000	10,191,000
Other related parties		
Payment to employees' provident fund	2,262,047	2,037,928
Donation given	500,000	-
Pre commencement expenses incurred on behalf of Joint Venture	1,580,655	-
Contribution towards staff retirement gratuity fund	4,343,700	3,962,630
Payable to employees' provident fund - unsecured	910,308	805,438
Payable to staff retirement gratuity fund - unsecured	4,343,700	3,962,630

14. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular No. 14 of 2015 dated 21 April 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation	Unaudited 31 Dec 2017 Rupees	Audited 30 June 2017 Rupees
i) Long term deposits	Non-interest bearing	1,793,600	1,793,600
ii) Trade debts	Non-interest bearing	301,456,680	208,638,227
iii) Advances	Non-interest bearing	12,687,831	12,989,221
iv) Trade deposits and and short term prepayments	Non-interest bearing	13,198,888	4,714,825
v) Other receivables	Non-interest bearing	754,164	1,983,418
vi) Short term investments	Interest bearing	60,665,000	57,640,000
vii) Cash and bank balances	Placed under interest arrangement	1,148,665	21,592
	Placed under Shariah permissible	44,616,750	28,411,288
		45,765,415	28,432,880

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2017

Description	Explanation	Six Months Ended	
		Unaudited 31 Dec 2017 Rupees	Unaudited 31 Dec 2016 Rupees
viii) Interest income on bank deposits for the period ended	Placed under interest arrangement	13,913	14,720
	Placed under Shariah permissible	-	-
		<u>13,913</u>	<u>14,720</u>
ix) Interest income on investments for the period ended	Placed under interest arrangement	9,237,977	9,266,504
	Placed under Shariah permissible	-	-
		<u>9,237,977</u>	<u>9,266,504</u>
x) All sources other income		3,817,329	4,624,977
xi) Exchange gain / (loss)	Earned from actual currency fluctuations	5,889,912	167,111
xii) Dividend income	ABL income Fund	-	-
	Faysal Money Market Fund	-	-
	UBL Liquidity Fund	-	-
		<u>-</u>	<u>-</u>

		Three Months Ended		Six Months Ended	
		Unaudited 31 Dec 2017	Unaudited 31 Dec 2016	Unaudited 31 Dec 2017	Unaudited 31 Dec 2016
15. EARNING PER SHARE					
- Basic and diluted					
Profit for the period	Rupees	<u>173,579,898</u>	<u>37,200,639</u>	<u>280,604,340</u>	<u>107,519,168</u>
Weighted average number of ordinary shares	Numbers	<u>22,000,000</u>	<u>22,000,000</u>	<u>22,000,000</u>	<u>22,000,000</u>
Earning per share	Rupees	<u>7.89</u>	<u>1.69</u>	<u>12.75</u>	<u>4.89</u>

15.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

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

16.1 The Board of Directors of the Company in their meeting held on 9 February 2018 proposed an interim cash dividend of Rs. 6.50 per share.

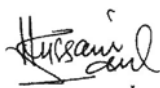
16.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 9 February 2018.

Interim Report

BIAFO INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2017

17. GENERAL

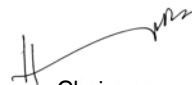
Figures in the condensed interim financial information have been rounded off to the nearest rupee.



Chief Financial Officer



Managing Director &
Chief Executive Officer



Chairman

BOOK POST

(UNDER POSTAL CERTIFICATE)

If undelivered, please return to:

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