

Quarterly Report for the Period Ended 30 September 2016



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



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CORPORATE INFORMATION

Board of Directors

Executive Directors

M. Afzal Khan
Khawaja Amanullah Askari
Maj. Gen. (Ret'd.) S. Z. M. Askree
Ms. Shirin Safdar

Deputy Chairman
Managing Director & Chief Executive Officer
Director
Director

Non Executive Directors

Dr. M. Humayun Khan
Abdul Maajid Qureshi
M. Salim Khan
M. Zafar Khan
Adnan Aurangzeb
Ms. Zishan Afzal Khan

Chairman
Director
Director
Director
Director
Director

Independent Directors

Khawaja Ahmad Hosain
Muhammad Yaqoob

Director
Director

Company Secretary

Khawaja Shaiq Tanveer

Chief Financial Officer

Syed Sajid Hussain Shah

Audit Committee

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

Chairman
Member
Member
Member
Member
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

Bankers

Allied Bank of Pakistan
National Bank of Pakistan
Bank of Khyber
Askari Bank Limited

Bank Alfalah Limited
United Bank Limited
Faysal 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, Pakistan.
Tel: +92 51 2344223-4 Fax: +92 51 2605658

Quarterly Report

BIAFO INDUSTRIES LIMITED **DIRECTORS' REPORT FOR THE QUARTER** **ENDED SEPTEMBER 30, 2016**

Your Directors are pleased to submit the un-audited accounts for the quarter ended 30th September, 2016.

Net sales value of your Company declined by 18.21% against the comparable quarter of last year to Rs. 291.24 m. Decrease in net sales in the quarter was primarily due to the completion of exploration programs in the Oil and Gas Sector and relocation and mobilization to new sites for seismic survey. We however saw resumption of supplies to Saindak (EPZ) Copper and Gold Mining project and Duddar Lead and Zinc project. Some large scale projects are maturing and nearing completion. No new project came onstream in the period under review.

Gross profit margin for the period under review increased by 1.43 % to 46.16% against the previous years quarter, due to reduced raw material costs. Gross profit value declined by 15.59% to Rs. 134.43 m.

Operating profit for the quarter declined by 19.66% to Rs. 104.07 m and Net profit after tax decline by 18.4% to Rs. 70.52 m resulting in EPS of Rs. 3.53 against the comparable quarter under review of previous year (2015 : Rs. 4.32).

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

Your Board of Directors have declared the 1st Interim cash dividend of Rs. 2.50 (25%) and bonus shares at the rate of 10% i.e. 1 bonus share for 10 shares held for the quarter under review.

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



Khawaja Amanullah Askari
Managing Director & Chief Executive Officer

Islamabad
27th October, 2016

بیافوانڈسٹریز لمیٹڈ

30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کی ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز ستمبر 2016 کو ختم ہونے والی سہ ماہی کے غیر آڈٹ یافتہ اکاؤنٹس پیش کرنے میں خوشی محسوس کر رہے ہیں۔

آپ کی کمپنی کی خالص فروخت کی قدر گزشتہ سال کی اسی عرصہ کی سہ ماہی کی نسبت 18.21 فی صد کی ساتھ 291.24 ملین روپے پر آگئی ہے۔ اس سہ ماہی میں خالص فروخت میں کمی کی بنیادی وجہ تیل اور گیس کے شعبے میں ایکپلوریشن پروگراموں کی تکمیل اور سروے کے لئے نئی سائینس کی جگہ کی نقل مکانی ہے۔ تاہم زیر جائزہ عرصے میں سینڈک کا پراور گولڈ مائننگ پراجیکٹ اور ڈوڈر لیڈ اور زنک پراجیکٹ کو دوبارہ سپلائز بحال ہو گئیں۔ بڑی سطح کے متعدد پراجیکٹس تکمیل کے حتمی مراحل میں ہیں۔ زیر جائزہ عرصے میں کوئی نیا پراجیکٹ سامنے نہیں آیا ہے۔

زیر جائزہ عرصے کے مجموعی منافع کا مارجن، خام مال کی قیمت میں کمی کی وجہ سے، گزشتہ سہ ماہی کی نسبت 1.43 فی صد کے اضافے کے ساتھ 46.16 فی صد ہو گیا ہے۔ مجموعی منافع کی قدر 15.59 فی صد کی کے ساتھ 134.43 ملین روپے پر آگئی ہے۔

سہ ماہی کا آپریٹنگ منافع گزشتہ سال کی اسی عرصہ کی سہ ماہی کی نسبت 19.66 فی صد کی کے ساتھ 104.07 ملین روپے اور خالص بعد از ٹیکس منافع 18.4 فی صد کی کے ساتھ 70.52 ملین روپے ہو گیا ہے جس کے نتیجے میں زیر نظر سہ ماہی کا EPS 3.53 روپے ہو گئی جو گزشتہ برس (2015:4.32) روپے تھی۔

کمپنی نے بورڈ آف ڈائریکٹرز کے منظور کردہ بجٹ کے اندر رہتے ہوئے کام جاری رکھا۔

آپ کے بورڈ آف ڈائریکٹرز نے زیر جائزہ عرصے کے لیے 2.50 روپے (25 فی صد) پہلے عبوری ڈیویڈنڈ اور 10 فی صد کی شرح سے بونس حصص کا اعلان کیا ہے۔

آپ کی انتظامیہ اپنے کاروباری مواقع اور چیلنجوں سے نمٹنے کی کوششوں میں اپنے اسٹیک ہولڈرز کے مفادات کا خیال رکھے ہوئے ہے۔



خواجہ امان اللہ عسکری

منیجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

اسلام آباد

27 اکتوبر، 2016

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT 30 SEPTEMBER 2016

	Note	30 Sep 2016 Rupees	30 June 2016 Rupees
Property, plant and equipment	4	536,681,599	534,102,175
Investment property		32,643,304	32,643,304
Long term deposits		1,793,600	1,778,600
		<u>571,118,503</u>	<u>568,524,079</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		6,459,902	6,530,512
Stock in trade		171,272,841	171,452,185
Trade debts	5	251,688,077	231,358,044
Advances		4,877,282	12,583,939
Trade deposits and short term prepayments		7,598,512	4,480,277
Tax refundable		1,730,950	5,136,306
Other receivables		478,123	292,938
Short term investments	6	444,411,802	439,428,293
Cash and bank balances		38,390,671	29,908,284
		<u>926,908,160</u>	<u>901,170,778</u>
CURRENT LIABILITIES			
Trade and other payables	7	148,318,610	216,926,760
Markup accrued		6,052,843	5,207,812
Short term borrowings	8	311,323,634	285,691,438
		<u>465,695,087</u>	<u>507,826,010</u>
NET CURRENT ASSETS		<u>461,213,073</u>	<u>393,344,768</u>
NON CURRENT LIABILITIES			
Deferred employee benefits		2,957,812	2,957,812
Deferred tax liability - net		34,304,586	34,364,406
		<u>37,262,398</u>	<u>37,322,218</u>
NET ASSETS		<u><u>995,069,178</u></u>	<u><u>924,546,629</u></u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		523,065,626	452,034,872
		<u>723,065,626</u>	<u>652,034,872</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax		<u>272,003,552</u>	<u>272,511,757</u>
		<u><u>995,069,178</u></u>	<u><u>924,546,629</u></u>
CONTINGENCIES AND COMMITMENTS	9		

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

Islamabad
27 October 2016



Chairman



Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	Quarter Ended		Quarter Ended	
		30 Sep 2016	Period to Due Date	30 Sep 2015	Period to Due Date
		Rupees	Rupees	Rupees	Rupees
NET SALES / TURNOVER	10	291,243,690	291,243,690	356,095,105	356,095,105
Cost of sales		(156,808,793)	(156,808,793)	(196,826,979)	(196,826,979)
GROSS PROFIT		134,434,897	134,434,897	159,268,126	159,268,126
Other income		6,779,805	6,779,805	7,438,820	7,438,820
Distribution cost		(5,521,069)	(5,521,069)	(5,892,717)	(5,892,717)
Administrative expenses		(25,279,503)	(25,279,503)	(26,476,281)	(26,476,281)
Finance costs		(6,342,639)	(6,342,639)	(4,807,067)	(4,807,067)
OPERATING PROFIT		104,071,491	104,071,491	129,530,881	129,530,881
Workers' profit participation fund		(5,203,575)	(5,203,575)	(6,476,544)	(6,476,544)
Workers' welfare fund		(2,081,430)	(2,081,430)	(2,590,618)	(2,590,618)
PROFIT BEFORE TAXATION		96,786,486	96,786,486	120,463,719	120,463,719
TAXATION					
Current		(26,323,757)	(26,323,757)	(31,717,775)	(31,717,775)
Deferred		59,820	59,820	(2,317,222)	(2,317,222)
		(26,263,937)	(26,263,937)	(34,034,997)	(34,034,997)
PROFIT FOR THE PERIOD		70,522,549	70,522,549	86,428,722	86,428,722
EARNINGS PER SHARE					
- Basic and diluted		3.53	3.53	4.32	4.32

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

Islamabad
27 October 2016



Chairman



Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Quarter Ended		Quarter Ended	
	30 Sep 2016	Period to Due Date	30 Sep 2015	Period to Due Date
	Rupees	Rupees	Rupees	Rupees
Profit for the period	70,522,549	70,522,549	86,428,722	86,428,722
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	70,522,549	70,522,549	86,428,722	86,428,722

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

Islamabad
27 October 2016



Chairman



Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	30 Sep 2016 Rupees	30 Sep 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		96,786,486	120,463,719
Adjustments for:			
Depreciation		4,836,827	4,392,726
Finance costs		6,052,843	4,519,306
Provision for Workers' profit participation fund		5,203,575	6,476,544
Provision for Workers' welfare fund		2,081,430	2,590,618
Provision for employee benefits		2,000,707	1,716,600
Gain on remeasurement of investment		(4,956,010)	(7,669,879)
(Gain)/Loss on disposal of property, plant and equipment		(216,821)	12,236
Interest income on TDRs		(185,185)	(199,570)
Unrealized exchange gain		101,789	418,393
		14,919,156	12,256,974
		111,705,642	132,720,693
Changes in:			
Store, spare parts and loose tools		70,610	(603,416)
Stock in trade		179,344	(1,093,905)
Trade debts		(20,330,033)	(31,221,956)
Advances, deposits, prepayments and other receivables		4,573,422	(6,335,359)
Trade and other payables		(49,594,664)	(39,940,547)
		(65,101,321)	(79,195,183)
Cash generated from operations		46,604,321	53,525,509
Finance costs paid		(5,497,608)	(4,720,720)
Employees benefits paid		-	(5,061,067)
Payments to Workers' profit participation fund		(27,000,000)	(27,327,018)
Income taxes paid		(22,918,401)	(35,979,458)
		(55,416,009)	(73,088,263)
Net cash generated from operating activities		(8,811,688)	(19,562,754)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9,300,691)	(12,745,158)
Proceeds from disposal of property, plant and equipment		1,522,117	30,000
Net investment during the period		-	(26,182,229)
Interest received on deposit accounts and TDRs		-	6,511
Net cash used in investing activities		(7,778,575)	(38,890,876)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(559,546)	(7,404,079)
Net cash used in financing activities		(559,546)	(7,404,079)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(17,149,809)	(65,857,709)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(255,783,154)	(147,983,286)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(272,932,963)	(213,840,995)

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

Islamabad
27 October 2016



Chairman



Managing Director &
Chief Executive Officer

Quarterly Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Share capital	Unappropriated profit	Total equity
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Balance at 01 July 2015	200,000,000	441,194,267	641,194,267
Total comprehensive income for the period			
Profit for the period	-	86,428,722	86,428,722
Comprehensive income for the period transferred to equity	-	86,428,722	86,428,722
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	562,798	562,798
Balance at 30 September 2015	<u>200,000,000</u>	<u>528,185,787</u>	<u>728,185,787</u>
Balance at 01 July 2016	200,000,000	452,034,872	652,034,872
Total comprehensive income for the period			
Profit for the period	-	70,522,549	70,522,549
Comprehensive income for the period transferred to equity	-	70,522,549	70,522,549
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	508,205	508,205
Balance at 30 September 2016	<u>200,000,000</u>	<u>523,065,626</u>	<u>723,065,626</u>

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

Islamabad
27 October 2016



Chairman



Managing Director &
Chief Executive Officer

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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 three months period ended 30 September 2016 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 2016. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2016, 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 three months period ended 30 September 2015.

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 2016. 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.

- 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.

Quarterly Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT

During three months period ended 30 September 2016, the Company acquired property, plant and equipment aggregating Rs. 9,300,691 (30 September 2015: Rs. 12,745,158). Depreciation charge for the period amounts to Rs. 4,836,826 (30 September 2015: Rs.4,392,726). Written down value of disposals for the period amounts to Rs. 1,884,440.

	Unaudited 30 Sep 2016 Rupees	Audited 30 June 2016 Rupees
5. TRADE DEBTS		
Considered good	251,688,077	231,358,044
Considered doubtful	612,270	612,270
	252,300,347	231,970,314
Less: Provision for doubtful debts	(612,270)	(612,270)
	251,688,077	231,358,044

6. SHORT TERM INVESTMENTS

Investments:

Held for trading

ABL Income Fund

149,631,867

147,724,390

Faysal Money Market Fund

126,426,694

124,748,901

UBL Liquidity Plus Fund

110,850,741

109,480,002

Loans and receivables - Term deposit receipts

57,502,500

57,475,000

444,411,802

439,428,293

7. TRADE AND OTHER PAYABLE

Trade creditors

77,847,487

119,000,821

Advances from customers

2,208,853

4,603,008

Payable to contractors

1,883,010

1,899,060

Accrued liabilities

6,534,662

22,567,459

Sales tax payable - net

8,271,063

4,077,957

Insurance

804,205

422,333

Workers' profit participation fund payable

6,138,879

27,935,304

Workers' welfare fund payable

13,255,552

11,174,122

Unclaimed dividend

20,463,084

21,022,630

Payable to staff gratuity fund - unsecured

2,000,707

-

Payable to employees' provident fund - unsecured

1,063,898

-

Withholding tax payable

1,790,018

-

Others

6,057,192

4,224,066

148,318,610

216,926,760

8. SHORT TERM BORROWINGS

Allied Bank Limited (ABL)

8.1

115,582,062

90,966,464

Faysal Bank Limited (FBL)

8.2

96,992,685

97,568,692

United Bank Limited (UBL)

8.3

98,748,887

97,156,282

311,323,634

285,691,438

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. 95 million (30 June 2016: 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. 315 million and charge over current assets (excluding financial assets) and fixed assets (excluding headoffice building) of the Company.
- The Running Finance facility with a sanctioned limit of Rs. 133.5 million (30 June 2016: 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. 47.50 million (30 June 2016: 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 550,000.

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- 8.2 This represents utilized amount of running finance facility with a sanctioned limit of Rs. 150 million (30 June 2016: 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.
- 8.3 This represents utilized amount of running finance facility with a sanctioned limit of Rs.150.00 million (30 June 2016: 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.

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 2016.

Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 37.612 million at 30 September 2016 (30 June 2016: Rs. 42.168 million).

	Quarter Ended	
	Unaudited 30 Sep 2016 Rupees	Unaudited 30 Sep 2015 Rupees
10. SALES - Net		
Gross Local Sales	283,126,793	403,973,083
Sales tax	(41,277,216)	(58,848,049)
Commissions	(1,979,033)	(928,392)
Net Local Sales	239,870,544	344,196,642
Net Export Sales	51,373,146	11,898,463
	291,243,690	356,095,105

11. CASH AND CASH EQUIVALENTS

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

Cash and bank balances	38,390,671	39,092,384
Short term borrowings - secured	(311,323,634)	(252,933,379)
	(272,932,963)	(213,840,995)

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).

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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

	Note	Carrying amount				Fair value		
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
On-balance sheet financial instruments								
30 September 2016								
Financial assets measured at fair value								
Short term investments- Funds	6	386,909,302	-	-	386,909,302	386,909,302	-	386,909,302
Financial assets not measured at fair value								
	12.1							
Bank balances	11	-	38,390,671	-	38,390,671	-	-	-
Trade debts	5	-	251,688,077	-	251,688,077	-	-	-
Other receivables		-	478,123	-	478,123	-	-	-
Term deposit receipts	6	-	57,502,500	-	57,502,500	-	57,502,500	57,502,500
Trade deposits		-	2,666,576	-	2,666,576	-	-	-
		-	350,725,947	-	350,725,947			
Financial liabilities not measured at fair value								
	12.1							
Trade and other payables*	7	-	127,134,161	-	127,134,161	-	-	-
Markup accrued		-	6,052,843	-	6,052,843	-	-	-
Short term borrowings	8	-	311,323,634	-	311,323,634	-	311,323,634	311,323,634
		-	444,510,638	-	444,510,638			
On-balance sheet financial instruments								
	Note	Carrying amount				Fair value		
		Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1		Total
30 June 2016								
Financial assets measured at fair value								
Short term investments- Funds	6	381,953,293	-	-	381,953,293	381,953,293		381,953,293
Financial assets not measured at fair value								
	12.1							
Bank balances	11	-	29,908,284	-	29,908,284	-	-	-
Trade debts	5	-	231,358,044	-	231,358,044	-	-	-
Other receivables		-	292,938	-	292,938	-	-	-
Term deposit receipts		-	57,475,000	-	57,475,000	-	57,475,000	57,475,000
Trade deposits		-	2,666,576	-	2,666,576	-	-	-
		-	321,700,842	-	321,700,842			
Financial liabilities not measured at fair value								
	12.1							
Trade and other payables*	7	-	177,817,334	-	177,817,334	-	-	-
Markup accrued		-	5,207,812	-	5,207,812	-	-	-
Short term borrowings	8	-	285,691,438	-	285,691,438	-	285,691,438	285,691,438
		-	468,716,584	-	468,716,584			

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

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.

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BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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:

	Quarter Ended	
	Unaudited 30 Sep 2016 Rupees	Unaudited 30 Sep 2015 Rupees
Orient Trading Limited		
Payment of dividend	-	-
Share capital	65,441,000	65,441,000
Other related parties		
Remuneration including perquisites of Chief Executive	6,459,275	6,200,000
Remuneration including perquisites of Directors	4,900,000	5,250,000
Remuneration including perquisites of Key Management Personnel	3,787,500	3,431,250
Payment to employees' provident fund	1,395,816	994,493
Contribution towards staff retirement gratuity fund	2,000,707	1,716,600
	Unaudited 30 Sep 2016 Rupees	Audited 30 June 2016 Rupees
Related party balances		
Payable to employees' provident fund - unsecured	1,063,898	-
Payable to staff retirement gratuity fund - unsecured	2,000,707	-

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 27 October 2016 proposed an interim cash dividend of Rs. 2.50 per share and bonus share @ 10% i.e. 1 bonus share for the 10 shares held.

14.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 27 October 2016.

15. GENERAL

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

Islamabad
27 October 2016


Chairman


Managing Director &
Chief Executive Officer

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