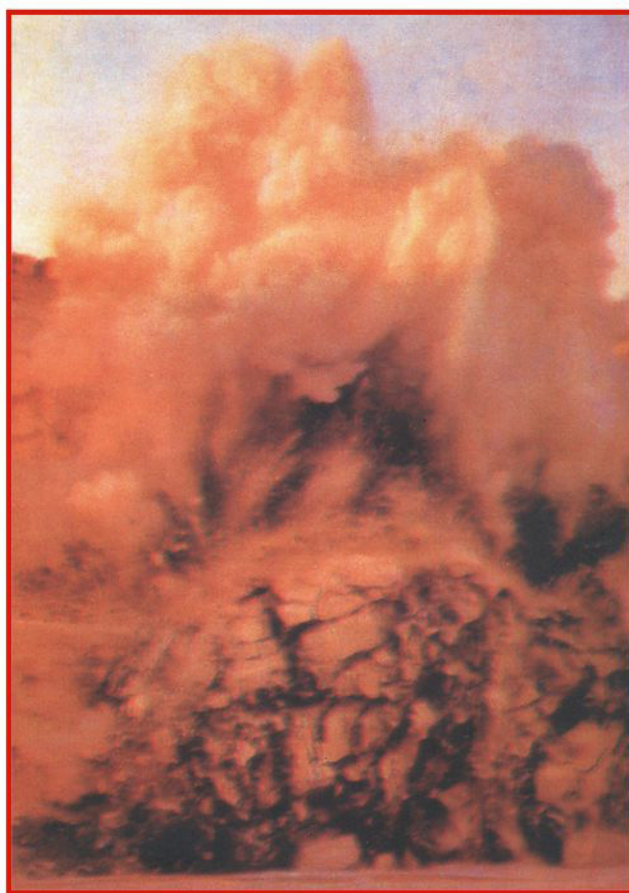
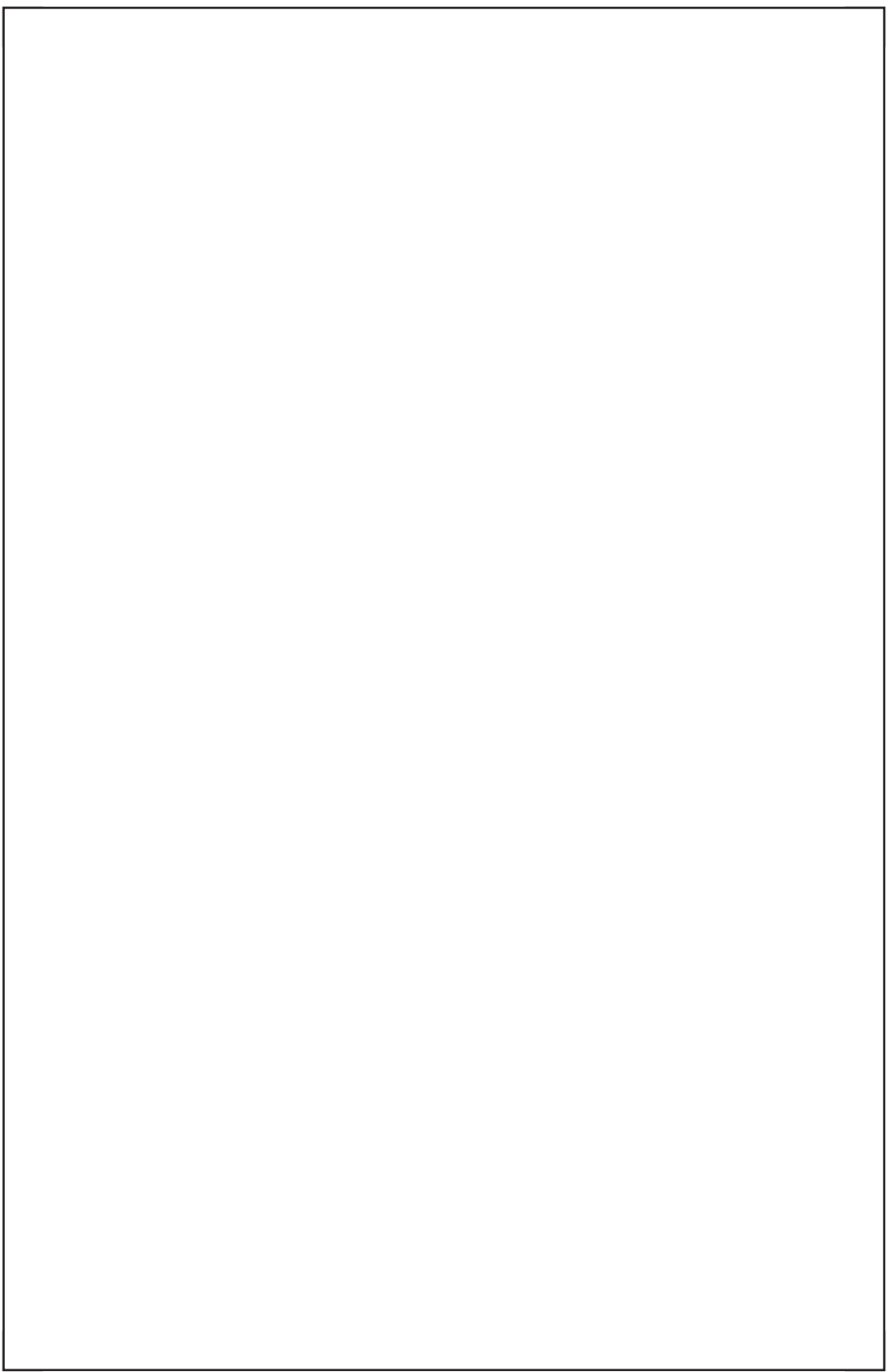


Interim Report
for the Six Months Period Ended
31 December 2014



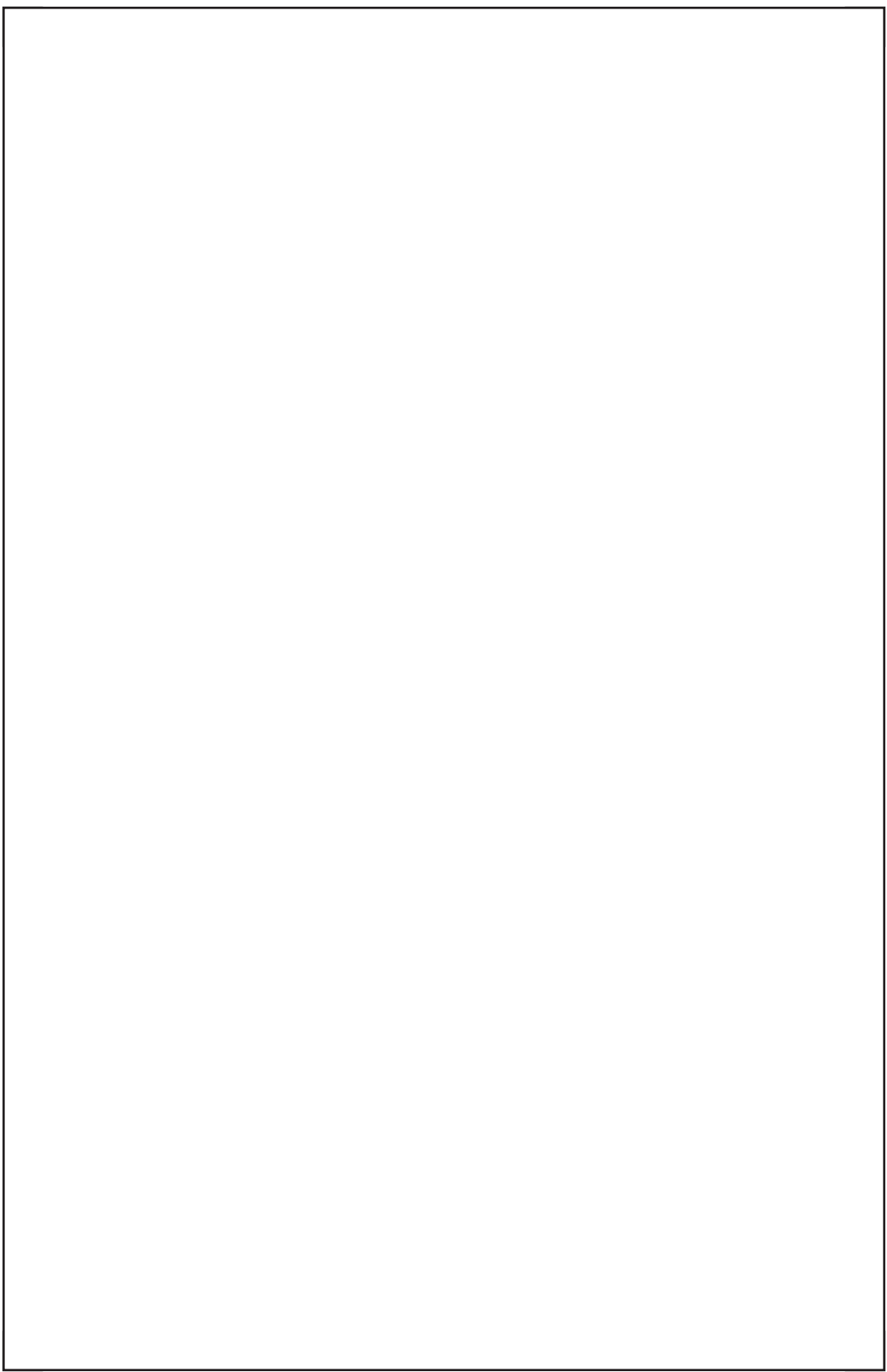
BIAFO INDUSTRIES LTD.
Manufacturers of Tovex® Explosives & Blasting Accessories





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Interim Report



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

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non Executive Directors

Dr. M. Humayun Khan	Chairman
Abdul Maajid Qureshi	Director
M. Salim Khan	Director
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Shayan Afzal Khan Abbas	Director

Independent Directors

Khawaja Ahmad Hosain	Director
Muhammad Yaqoob	Director

Company Secretary

Khawaja Shaiq Tanveer

Audit Committee

Muhammad Yaqoob	Chairman
Adnan Aurangzeb	Member
Abdul Maajid Qureshi	Member
Ms. Shayan Afzal Khan Abbas	Member
M. Salim Khan	Member
Khawaja Ahmad Hosain	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	Standard Chartered Bank
Habib Metropolitan Bank	Dubai Islamic Bank
Bank of Khyber	Faysal Bank Limited
Askari Bank Limited	MCB Bank Limited
United Bank Limited	

Registered Office

Biafo Industries Limited

Office No. 203-204, 2nd Floor, Muhammad Gulistan Khan House,
82-East, Fazal-UI-Haq Road, Blue Area, Islamabad. Pakistan
Tel: +92 51 2150263-4, 2150266-7, 2802218-9 Fax: +92 51 2150265
Website: www.biafo.com, Email: management@biafo.com, biafo@hotmail.com

Factory

Biafo Industries Limited

Plot No: 70, Phase III, Industrial Estate, Hattar, Distt Haripur, Khyber Pakhtunkhwa. Pakistan
Tel: +92 995 617830 Fax: +92 995 617497
Website: www.biafo.com, Email: plant@biafo.com, 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, 2014

Your Directors are pleased to submit the unaudited accounts for the quarter/half year ended 31st December, 2014.

Net sales of your company increased by 3.08% to Rs. 299.22 m against the comparable quarter and 14.83% to Rs. 630.687 m against the comparable half year ending 31st December, 2014.

Sales to the Oil and Gas sector, Construction and Mining sector, Export to the Saindak Copper and Gold projects and distributors had double digit growth over the previous comparable period. However Cement sector had single digit decrease while large projects sales declined due to completion of blasting demand of 430 KM KKH rehabilitation project.

Gross profit margin improved by 4.9% to 43.1% while gross profit increased by 29.57% to Rs.271.824 m. The Gross profit margin increased due to high value product mix (increased sales to Oil and Gas Sector) and reduction in raw material prices negotiated with major raw material suppliers and softening prices in the International Market.

Operating profit increased by 14.28 % to Rs. 117.782 m in the quarter to December 2014, and by 34.83% to Rs. 236.981 m for the comparable Half year period to December 2014.

Net profit after taxation increased in the quarter to December, 2014 by 14.11% to Rs. 81.483 m and for the Half year period to December, 2014 by 38.26% to Rs. 168.78 m, resulting in EPS of Rs. 4.07 in the quarter to Dec. 2014 (quarter to December 2013 : Rs. 3.57) and for the Half year to Dec. 2014 EPS of Rs. 8.44 (EPS 2013 : Rs. 6.10).

With the improving economy of the country we look forward to greater focus and financing for large infrastructural Hydel and Motorway projects in coming period.

The company has once again won the award of being among the “**TOP 25 COMPANIES FOR THE YEAR 2013**” in the list of the KSE vide their letter No. KSE-Gen-914 dated 9th Feb. 2015 and their notice No. KSE/N-551 of dated 9th Feb. 2015 (See attached pages 4 & 5).

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

Your Board of Directors have declared a 2nd interim cash dividend of Rs. 3.25 per share (32.5%) for the period under review.

Interim Report

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
19th February, 2015

Interim Report



KARACHI STOCK EXCHANGE LIMITED

STOCK EXCHANGE BUILDING, STOCK EXCHANGE ROAD, KARACHI-74000, PAKISTAN.

UAN : 111-001-122 FAX : 32410825

WEBSITE: www.kse.com.pk E-mail: gm@kse.com.pk

Ref. No. KSE/ GEN-914

February 9, 2015

Courier Service

Khawaja Amanullah Askari
Managing Director & Chief Executive
Biafo Industries Limited
203-204, Muhammad Gulistan Khan House
82- East, Fazal-e-Haq, Blue Area Road
Islamabad
Fax No: 051-2274744

Subject: KSE TOP COMPANIES AWARD DISTRIBUTION CEREMONY

Dear Sir,

This is in continuation of our letter No. KSE/GEN-8244 date December 16, 2014 on the subject (copy enclosed for ready reference).

We are pleased to inform you that your Company has also won the award of being among the Top 25 Companies for the year 2013 **Congratulations on your success!**. A copy of Notice No. KSE/N-551 dated February 9, 2015 issued by the Exchange in this regard is attached for your information & record.

We are also pleased to inform you that Honorable Prime Minister Mr. Mian Mohammad Nawaz Sharif has very kindly accepted our invitation to preside over the Award Ceremony to be held on March 3, 2015.

We take this opportunity to congratulate you once again for winning highly prestigious KSE Top Company Award for the years 2012 & 2013.

Formal invitation in the name of authorized Company's representative along with the details of program and venue of the event will be sent to you in due course of time.

In view of the above, you are requested to please let us have the name and designation of the authorized person, who will receive the Award on behalf of your Company as soon as possible but not later than February 13, 2015.

Best wishes.

Yours Sincerely,

A handwritten signature in black ink, appearing to be "Muhammad Ghufuran", written over a horizontal line.

Muhammad Ghufuran
Deputy General Manager

Copy to:

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

Managing Director - KSE

Encl. As above

Interim Report



KARACHI STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan.

UAN: 111-00-11-22 Fax (021) 246-2640

KSE/N-551

N O T I C E

February 9, 2015

TOP COMPANIES FOR THE YEAR 2013

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

The Exchange is pleased to announce the names of Top 25 Companies for the year 2013 that have been selected on the basis of highest score obtained as per the above criteria:

Sr. No. Name of Companies	Sr. No. Name of Companies
1. Fauji Fertilizer Company Limited	14. Service Industries Limited
2. Millat Tractors Limited	15. Atlas Battery Limited
3. Pakistan Oilfields Limited	16. Premium Textile Mills Limited
4. Archroma Pakistan Limited	17. Atlas Battery Limited
5. Fauji Fertilizer Bin Qasim Limited	18. IGI Insurance Limited
6. Pakistan International Container Terminal Ltd	19. Biaofo Industries Limited
7. Bata Pakistan Limited	20. EFU Life Assurance Limited
8. Crescent Steel & Allied Products Limited	21. Kohat Cement Company Limited
9. Colgate - Palmolive (Pakistan) Limited	22. Pakistan Cables Limited
10. Security Papers Limited	23. Din Textile Mills Limited
11. The Hub Power Company Limited	24. Pakistan Petroleum Limited
12. Golden Arrow Selected Stocks Fund Limited	25. Attock Refinery Limited
13. Attock Petroleum Limited	


Muhammad Ghufuran
Deputy General Manager

Copy to:
Managing Director-KSE
All HoDs
Notice Board
Companies Concerned
KSE Website

Interim Report

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Biafo Industries Limited ("the Company") as at 31 December 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended ("interim financial information").

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2014, in the condensed interim profit and loss account and condensed interim comprehensive income have not been reviewed and we do not express a conclusion on them.

Islamabad
Date: 19 February 2015



KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Muhammad Rehan Chughtai

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER, 2014

	Note	31 Dec 2014 Rupees	30 June 2014 Rupees
Property, plant and equipment	4	295,217,738	283,729,557
Long term deposits		1,610,600	1,610,600
		<u>296,828,338</u>	<u>285,340,157</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		6,783,900	6,182,582
Stock in trade		137,780,162	161,265,019
Trade debts - Unsecured	5	198,211,343	210,614,059
Advances - Unsecured		5,327,156	6,821,480
Trade deposits and short term prepayments		5,607,594	2,042,733
Other receivables		348,497	1,304,589
Other financial assets	6	370,166,313	351,548,450
Cash and bank balances		23,103,462	13,463,914
		<u>747,328,427</u>	<u>753,242,826</u>
CURRENT LIABILITIES			
Trade and other payables	7	123,248,595	150,772,860
Markup accrued		5,114,894	3,875,656
Short term borrowings - Secured	8	245,506,179	212,512,765
Provision for taxation		4,355,605	4,371,240
		<u>378,225,273</u>	<u>371,532,521</u>
NET CURRENT ASSETS		<u>369,103,154</u>	<u>381,710,305</u>
NON CURRENT LIABILITIES			
Deferred employee benefits		2,474,140	1,823,278
Deferred tax liability - net		30,330,420	30,880,433
		<u>32,804,560</u>	<u>32,703,711</u>
NET ASSETS		<u>633,126,932</u>	<u>634,346,751</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		200,000,000	200,000,000
Unappropriated profit		371,036,218	371,182,991
		<u>571,036,218</u>	<u>571,182,991</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax		<u>62,090,714</u>	<u>63,163,760</u>
		<u>633,126,932</u>	<u>634,346,751</u>

CONTINGENCIES AND COMMITMENTS 9

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

Islamabad
19 February, 2015


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

	Note	Three Months Ended		Six Months Ended	
		31 Dec 2014 Rupees	31 Dec 2013 Rupees	31 Dec 2014 Rupees	31 Dec 2013 Rupees
NET SALES / TURNOVER	10	299,224,143	290,271,282	630,687,598	549,258,409
Cost of sales		(164,268,391)	(166,432,300)	(358,863,593)	(339,470,550)
GROSS PROFIT		134,955,752	123,838,982	271,824,005	209,787,859
Other income		10,606,387	4,536,823	19,545,838	13,553,322
Distribution cost		(4,441,940)	(5,136,944)	(9,160,990)	(9,625,739)
Administrative expenses		(17,746,717)	(15,806,720)	(34,598,495)	(29,944,863)
Finance costs		(5,590,818)	(4,477,583)	(10,628,828)	(8,009,710)
OPERATING PROFIT		117,782,664	102,954,558	236,981,530	175,760,869
Workers' profit participation fund		(5,889,134)	(5,147,727)	(11,849,077)	(8,788,043)
Workers' welfare fund		(1,718,022)	(3,154,090)	(4,101,999)	(4,610,216)
PROFIT BEFORE TAXATION		110,175,508	94,652,741	221,030,454	162,362,610
TAXATION					
Current		(29,624,069)	(25,234,013)	(52,800,286)	(42,136,905)
Deferred		931,656	1,988,778	550,013	1,846,020
		(28,692,413)	(23,245,235)	(52,250,273)	(40,290,885)
PROFIT FOR THE PERIOD		81,483,095	71,407,506	168,780,181	122,071,725
EARNINGS PER SHARE - Basic and diluted		4.07	3.57	8.44	6.10

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

Islamabad
19 February, 2015



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

	Three Months Ended		Six Months Ended	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	Rupees	Rupees	Rupees	Rupees
Profit for the period	81,483,095	71,407,506	168,780,181	122,071,725
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	81,483,095	71,407,506	168,780,181	122,071,725

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

Islamabad
19 February, 2015


Chairman


Managing Director &
Chief Executive Officer


Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

	Note	31 Dec 2014 Rupees	31 Dec 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		221,030,454	162,362,610
Adjustments for:			
Depreciation		8,210,973	7,973,541
Finance costs		10,628,828	8,009,710
Provision for Workers' profit participation fund		11,849,077	8,788,043
Provision for Workers' welfare fund		4,101,999	4,610,216
Provision for employee benefit		3,350,685	10,049,806
Unrealized gain on remeasurement of investment		(17,692,863)	(9,171,309)
Gain on disposal of property, plant and equipment		-	(130,500)
Interest on deposit accounts and TDRs		(1,029,179)	(509,258)
Unrealized exchange (gain) / loss		(411,295)	1,057,745
		18,695,725	30,677,994
		239,726,179	193,040,604
Changes in:			
Store, spare parts and loose tools		(601,318)	(795,033)
Stock in trade		23,484,857	21,318,124
Trade debts		12,201,511	5,232,223
Advances, deposits, prepayments and other receivables		(1,970,537)	(3,567,465)
Trade and other payables		(11,960,339)	(31,662,173)
		21,154,174	(9,474,324)
Cash generated from operations		260,880,353	183,566,280
Finance costs paid		(9,389,590)	(6,867,507)
Employees benefits paid		(4,622,112)	(9,000,000)
Payments to Workers' profit participation fund		(23,228,002)	(19,862,553)
Payments to Workers' welfare fund		(8,653,569)	(7,399,775)
Income taxes paid		(52,815,921)	(42,354,693)
		(98,709,194)	(85,484,528)
Net cash from operating activities		162,171,159	98,081,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,699,154)	(14,359,084)
Proceeds from disposal of property, plant and equipment		-	847,458
Investments made during the period		-	(11,509,806)
Interest received on deposit accounts and TDRs		1,885,271	428,998
Net cash used in investing activities		(17,813,883)	(24,592,434)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(167,711,142)	(118,620,746)
Net cash used in financing activities		(167,711,142)	(118,620,746)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(23,353,866)	(45,131,428)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(199,048,851)	(130,035,850)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	(222,402,717)	(175,167,278)

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

Islamabad
19 February, 2015


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2013	200,000,000	299,958,841	499,958,841
Total comprehensive income for the year			
Profit for the period	-	122,071,725	122,071,725
Total comprehensive income for the period	-	122,071,725	122,071,725
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax	-	1,208,980	1,208,980
	200,000,000	423,239,546	623,239,546
Transactions with members recorded directly in equity			
Distribution to members			
Final dividend of 2013 @ Rs. 4.00 per share	-	(80,000,000)	(80,000,000)
First interim dividend of 2014 @ Rs. 2.00 per share	-	(40,000,000)	(40,000,000)
Total distribution to members	-	(120,000,000)	(120,000,000)
Balance at 31 December 2013	200,000,000	303,239,546	503,239,546
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
Total comprehensive income for the period	-	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

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

Islamabad
19 February, 2015


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)** **FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014**

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for six months period ended 31 December 2014 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 2014. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2014, 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 2013.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2014. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015 and are not expected to have any significant effect on condensed interim financial information of the Company:

- IAS 38 'Intangible Assets'	(effective 01 January 2016)
- IAS 16 'Property, Plant and Equipment'	(effective 01 January 2016)
- IFRS 10 'Consolidated Financial Statements'	(effective 01 January 2015)
- IFRS 11 'Joint Arrangements'	(effective 01 January 2015)
- IFRS 12 'Disclosure of Interest in Other Entities'	(effective 01 January 2015)
- IFRS 13 'Fair Value Measurement'	(effective 01 January 2015)
- IAS 27 'Separate Financial Statement'	(effective 01 January 2016)
- IAS 28 'Investments in Associates and Joint Ventures'	(effective 01 January 2016)

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

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

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

Interim Report

BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

4. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 December 2014, the Company acquired property, plant and equipment aggregating Rs. 19,699,154 (31 December 2013: Rs.14,359,084). Depreciation charge for the period amounts to Rs. 8,210,973 (31 December 2013: Rs.7,973,541). Assets disposed off during the period amounted to Rs. Nil (31 December 2013: carrying value of Rs. 716,958).

	Note	Unaudited 31 Dec 2014 Rupees	Audited 30 June 2014 Rupees
5. TRADE DEBTS - Unsecured			
Considered good		198,211,343	210,614,059
Considered doubtful		1,162,270	1,474,770
		199,373,613	212,088,829
Less: Provision for doubtful debts		(1,162,270)	(1,474,770)
		198,211,343	210,614,059
6. OTHER FINANCIAL ASSETS			
Investments:			
Held for trading			
ABL Income Fund		129,793,937	121,235,750
MCB Dynamic Cash Fund		48,077,696	44,890,893
Faysal Money Market Fund		115,780,785	110,918,542
UBL Liquidity Plus Fund		26,313,895	25,228,265
Loans and receivables - Term deposit receipts		50,200,000	49,275,000
		370,166,313	351,548,450
7. TRADE AND OTHER PAYABLE			
Trade creditors		57,534,031	62,878,742
Advances from customers		3,348,169	7,918,242
Accrued liabilities		8,890,097	16,204,379
Sales tax payable - net		12,137,060	8,531,606
Insurance		443,607	1,002,856
Workers' profit participation fund payable		11,849,077	23,228,002
Workers' welfare fund payable		4,739,631	9,291,201
Unclaimed dividend		14,333,055	12,044,197
Payable to staff retirement gratuity - funded		2,705,138	4,591,325
Compensated absences - current portion		-	36,102
Payable to employees provident fund - unsecured		521,576	441,354
Withholding tax payable		1,445,326	1,216,085
Others		5,301,828	3,388,769
		123,248,595	150,772,860
8. SHORT TERM BORROWINGS - SECURED			
Allied Bank Limited (ABL) - FE 25/Export Refinance	8.1 (a)	65,186,107	73,127,208
- RF Facilities	8.1 (b)	45,241,744	78,194,545
MCB Bank Limited (MCB) - RF	8.2	17,836,496	-
Faysal Bank Limited (FBL) - RF	8.3	96,610,217	61,191,012
United Bank Limited (UBL) - RF	8.4	20,631,615	-
		245,506,179	212,512,765

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BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

8.1 (a) This represents FE-25 facility with a sanctioned limit of Rs. 85 million including Rs. 35 million sublimit of running finance facility - RF I (2013: Rs. 50 million). The facility carries mark-up at the rate of LIBOR + 2% (2013: LIBOR + 2%) per annum of the utilized amount.

8.1 (b) "This represents utilized amount of running finance facilities with cumulative sanctioned limit of Rs. 193.75 million. These facilities include running finance facility - RF I with sanctioned limit of Rs. 35 million carrying mark-up at the rate of 3 months KIBOR + 1.25% of the utilized amount and secured against first equitable mortgage over industrial property on fixed assets of Rs. 180 million and charge over current assets (excluding receivables), running finance facility - RF II with a sanctioned limit of Rs. 108.40 million carrying markup at the rate of 3 months KIBOR + 1% per annum of the utilized amount and secured against investment in units of ABL Income Fund with 5% margin upto market value of Rs. 114.146 million, and running finance facility - RF III with sanctioned limit of Rs. 50.35 million carrying markup at the rate of 3 months KIBOR + 1% per annum of the utilized amount and secured against the investment made in the ABL Term Deposit Receipts of USD 500,000 with 5% margin.

RF I has sub limit of Letter of credit - sight (foreign), Letter of credit - usance (foreign), Export Refinance and FCEF."

8.2 This running finance facility has a sanctioned limit of Rs. 37.74 million and carries mark up at the rate of 3 months KIBOR + 1% per annum of the amount utilized, payable on quarterly basis. The facility is secured against investment in MCB Dynamic Cash Fund upto face value of Rs. 40.809 million.

8.3 This running finance facility has a sanctioned limit of 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.

8.4 This running finance facility has a sanctioned limit of Rs.100.00 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. 25 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 2014.

Commitment in respect of construction of office building is Rs. 17.747 million (30 June 2014: Rs. 23.887 million). Letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 21.135 million at 31 December 2014 (30 June 2014: Rs. 11.928 million).

	Three Months Ended		Six Months Ended	
	Unaudited 31 Dec 2014 Rupees	Unaudited 31 Dec 2013 Rupees	Unaudited 31 Dec 2014 Rupees	Unaudited 31 Dec 2013 Rupees
10. SALES - Net				
Net Local Sales	276,944,355	261,542,882	539,754,490	486,009,999
Net Export Sales	22,279,788	28,728,400	90,933,108	63,248,410
	<u>299,224,143</u>	<u>290,271,282</u>	<u>630,687,598</u>	<u>549,258,409</u>

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BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

	Six Months Ended	
	Unaudited 31 Dec 2014 Rupees	Unaudited 31 Dec 2013 Rupees
11. CASH AND CASH EQUIVALENTS		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	23,103,462	22,788,936
Short term borrowings - secured	(245,506,179)	(197,956,214)
	<u>(222,402,717)</u>	<u>(175,167,278)</u>

12. RELATED PARTY TRANSACTIONS

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

	Six Months Ended	
	Unaudited 31 Dec 2014 Rupees	Unaudited 31 Dec 2013 Rupees
Orient Trading Limited		
Payment of dividend	55,624,850	39,264,600
Share Capital	65,441,000	65,441,000
Dividend to non executive directors	54,383,000	38,388,000
Other related parties		
Remuneration including perquisites of Chief Executive	10,400,000	7,515,014
Remuneration including perquisites of Directors	9,000,000	6,450,000
Remuneration including perquisites of Key Management Personnel	5,363,000	3,847,996
Dividend to key management personnel (Executive Directors)	4,301,000	3,036,000
Payment to employees' provident fund	3,022,244	1,478,771
Payment to staff retirement gratuity fund	4,591,325	-
Retirement benefit paid to Chairman	-	9,000,000
	Unaudited 31 Dec 2014 Rupees	Audited 30 June 2014 Rupees
Related party balances		
Payable to employees' provident fund - unsecured	521,576	533,400
Payable to staff retirement gratuity fund - unsecured	2,705,138	4,591,325

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BIAFO INDUSTRIES LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2014

13. **NON ADJUSTING EVENT AFTER BALANCE SHEET DATE AND DATE OF AUTHORIZATION FOR ISSUE**
- 13.1 The Board of Directors of the Company in their meeting held on 19 February 2015 proposed second interim cash dividend of Rs. 3.25 per share.
- 13.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 19 February 2015.
14. **GENERAL**

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

Islamabad
19 February, 2015


Chairman


Managing Director &
Chief Executive Officer