

Interim Report
for the Six Months Period Ended
31 December 2016



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

CONTENTS

Company Information	1
Directors' Report	2-3
Auditors' Report on Review to Members	4
Balance Sheet	5
Profit & Loss Account	6
Statement of Comprehensive Income	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10-17



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. Zishan Afzal Khan	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
Adnan Aurangzeb
Muhammad Yaqoob
Ms. Shandana Humayun Khan
Khawaja Ahmad Hosain
Dr. M. Humayun Khan

Chairman
Member
Member
Member
Member
Member

HR & Remuneration Committee

Dr. M. Humayun Khan Chairman
Ms. Mehreen Hosain 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	Bank Alfalah Limited
National Bank of Pakistan	United Bank Limited
Bank of Khyber	Faysal Bank Limited
Askari Bank Limited	MCB Bank Limited

Registered Office

Biafo Industries Limited

1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad, Pakistan.
Tel: +92 51 2353450-53, 2353455-57, Fax: +92 51 2353458
Website: www.biafo.com, E-mail: management@biafo.com, biafo@hotmail.com

Factory

Biafo Industries Limited

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

Shares Registrar

Riasat Ishtiaq Consulting (Pvt) Ltd

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad.
Tel: +92 51 2344223-4 Fax: +92 51 2605658

Interim Report

BIAFO INDUSTRIES LTD. DIRECTORS' REPORT FOR THE QUARTER/ HALF YEAR ENDED DECEMBER 31, 2016

Your Directors are pleased to submit the un-audited accounts for the quarter/half year ended 31st December, 2016.

In the period under review demand from the various sectors utilizing the Civil/Industrial Explosives was affected, due to the Programme based reduced demand of Seismic Exploration companies and maturing/completion of large scale projects. No major project came on stream in the period under review.

Net sales value of your company declined by 27.8% to Rs. 222.86 m and for the six months period under review 22.66% to Rs. 514.10 m against the comparable quarter/half year ended 31st December, 2015.

In the period under review sales to the Oil and Gas Sector suffered a significant decline due to reduced Seismic operations. Your company continues to be the major supplier to the Oil and Gas Exploration sector. Sales as previously reported also suffered due to maturing/completion of a number of Hydel projects while no major Hydel project came on stream in the period under review.

Gross profit margin declined by 3.16% to 42.83%, while gross profit declined by 25.1% to Rs.220.173 m against the comparable period of last year. Gross Profit margin reduced due to lower net sales specially of high value products to the Oil and Gas Sector.

Net profit after tax declined by 39.2% to Rs. 107.52 m in the period under review resulting in EPS of Rs. 4.89 for the half year ended 31st Dec. 2016 (EPS : half year to Dec. 2015 Rs. 8.04- restated)

The Company still awaits major commencement of Road, Rail, Hydel & Mining projects under CPEC for national development in the coming periods.

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. 1.50 (15%) for the quarter 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
21st February, 2017

بیان فنانسٹریژل لمیٹڈ

31 دسمبر 2016 کو اختتام پذیر ہونے والے نصف سال / سہ ماہی مدت کے لیے ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز 31 دسمبر 2016 کو اختتام پذیر ہونے والے نصف سال / سہ ماہی مدت کے لیے بلا پڑتال کردہ اکاؤنٹس کو پیش کرنا چاہتے ہیں۔ زیر جائزہ مدت میں مختلف شعبوں کی طرف سے جو سول / انڈسٹریل / ہوا کہ خیز مواد استعمال کر رہے ہیں کی Seismic ایکسپلوریشن کمپنیوں کے پروگرام کی بنیاد پر طلب میں کمی اور بڑے پیمانے کے منصوبوں کے مکمل / تکمیل ہونے کی وجہ سے طلب متاثر ہوئی۔ کوئی بھی بڑا منصوبہ زیر جائزہ مدت میں سامنے نہیں آیا۔

آپ کی کمپنی کی خالص فروخت قدر میں 222.86 ملین روپے تک 27.8 فیصد کمی آئی اور زیرہ جائزہ مدت چھ ماہ کے لیے 31 دسمبر 2015 کو اختتام پذیر ہونے والے نصف سال / سہ ماہی مدت کے لیے موازنے کے مقابلے میں 14.10 ملین روپے تک 22.66 فیصد کمی آئی۔

زیر جائزہ مدت میں seismic آپریشنز (دھماکوں کے ذریعے تیل کے ذخائر کی تلاش) میں کمی کی وجہ سے تیل اور گیس کے شعبے کی فروخت میں نمایاں کمی کا سامنا کرنا پڑا۔ آپ کی کمپنی تیل و گیس کی تلاش کے شعبے میں مسلسل اہم پلائے رہے۔ فروخت جیسے کہ پہلے بیان کیا گیا کہ پین بجلی کے منصوبوں کی ایک بڑی تعداد کے مکمل / تکمیل ہونے کی وجہ سے بھی نقصان اٹھانا پڑا جبکہ زیر جائزہ مدت میں کوئی بھی بڑا پین بجلی کا منصوبہ سامنے نہیں آیا۔

مجموعی منافع کی شرح میں 3.16 فیصد تا 42.83 فیصد کمی ہوئی ہے جبکہ مجموعی منافع میں گزشتہ سال کی مدت کے مقابلے کے برعکس 220.173 ملین روپے تک 25.1 فیصد کمی آئی۔ مجموعی منافع کی شرح میں بالخصوص تیل اور گیس کے شعبے کی زیادہ قیمت کی مصنوعات کی خالص فروخت میں متزلی کی وجہ سے کمی آئی۔

زیرہ جائزہ مدت میں ٹیکس کی ادائیگی کے بعد خالص منافع میں 107.52 ملین روپے تک 39.2 فیصد کمی آئی جس کے نتیجے میں 31 دسمبر 2016 کو اختتام ہونے والے نصف سال کے لیے فی حصص آمدنی 4.89 روپے رہی (فی حصص آمدنی: دسمبر 2015 تک نصف سال 8.04 روپے۔ اعادہ)

کمپنی آنے والے ادوار میں قومی ترقی کے لیے پاک چائنا اقتصادی راہداری (CPEC) کے تحت سڑک، ریل، پین بجلی وکان کئی منصوبہ جات کے آغاز کی ہنوز منتظر ہے۔

کمپنی بورڈ آف ڈائریکٹرز کی جانب سے منظور کردہ بجٹ کے اندر کام جاری رکھے گی۔

آپ کے بورڈ آف ڈائریکٹرز نے زیر جائزہ سہ ماہی مدت کے تحت دوسرے عبوری کیش ڈیویڈنڈ 1.50 روپے (15 فیصد) کا اعلان کیا ہے۔

آپ کا بورڈ کمپنی کے جملہ ملازمین کی انتخاب کاوشوں اور تمام اسٹاک ہولڈرز کے تعاون کے لیے اس موقع پر تعریف کا اظہار کرنا چاہے گا۔



خواجہ امان اللہ عسکری
ایم ڈی و چیف ایگزیکٹو آفیسر

اسلام آباد

21 فروری، 2017

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 2016, 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 2016, 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.



Date: 21 February 2017
Islamabad

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

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT 31 DECEMBER 2016

		31 Dec 2016	30 Jun 2016
	Note	Rupees	Rupees
Property, plant and equipment	4	531,887,599	534,102,175
Investment property		32,235,263	32,643,304
Long term deposits		1,793,600	1,778,600
		<u>565,916,462</u>	<u>568,524,079</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		5,981,763	6,530,512
Stock in trade		148,778,925	171,452,185
Trade debts	5	218,070,081	231,358,044
Advances		13,939,829	12,583,939
Trade deposits and short term prepayments		7,683,503	4,480,277
Tax refundable		9,405,623	5,136,306
Other receivables		1,071,242	292,938
Short term investments	6	421,218,098	439,428,293
Cash and bank balances		23,694,880	29,908,284
		<u>849,843,944</u>	<u>901,170,778</u>
CURRENT LIABILITIES			
Trade and other payables	7	143,662,815	216,926,760
Markup accrued		6,185,462	5,207,812
Short term borrowings	8	398,432,019	285,691,438
		<u>548,280,296</u>	<u>507,826,010</u>
NET CURRENT ASSETS		301,563,648	393,344,768
NON CURRENT LIABILITIES			
Deferred employee benefits		3,600,461	2,957,812
Deferred tax liability - net		31,813,852	34,364,406
		<u>35,414,313</u>	<u>37,322,218</u>
NET ASSETS		832,065,797	924,546,629
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		220,000,000	200,000,000
Unappropriated profit		340,570,450	452,034,872
		<u>560,570,450</u>	<u>652,034,872</u>
SURPLUS ON REVALUATION OF			
FIXED ASSETS - Net of tax		<u>271,495,347</u>	<u>272,511,757</u>
		832,065,797	924,546,629

CONTINGENCIES AND COMMITMENTS 9

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

Islamabad
21 February 2017



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	Quarter Ended		Six Months Ended	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
		Rupees	Rupees	Rupees	Rupees
NET SALES / TURNOVER	10	222,857,937	308,660,708	514,101,627	664,755,813
Cost of sales		(137,119,867)	(173,959,102)	(293,928,660)	(370,786,081)
GROSS PROFIT		85,738,070	134,701,606	220,172,967	293,969,732
Other income		7,293,507	6,376,782	14,073,312	13,815,602
Distribution cost		(5,995,419)	(5,724,211)	(11,516,488)	(11,616,928)
Administrative expenses		(28,587,180)	(24,475,717)	(54,070,704)	(50,951,998)
Finance costs		(6,738,190)	(5,416,830)	(13,080,829)	(10,223,897)
OPERATING PROFIT		51,710,788	105,461,630	155,578,258	234,992,511
Workers' profit participation fund		(2,575,338)	(5,273,082)	(7,778,913)	(11,749,626)
Workers' welfare fund		(1,030,135)	(1,157,252)	(3,111,565)	(3,747,870)
PROFIT BEFORE TAXATION		48,105,315	99,031,296	144,687,780	219,495,015
TAXATION					
Current		(13,395,409)	(7,366,301)	(39,719,166)	(39,084,076)
Deferred		2,490,734	(1,260,248)	2,550,554	(3,577,470)
		(10,904,675)	(8,626,549)	(37,168,612)	(42,661,546)
PROFIT FOR THE PERIOD		37,200,639	90,404,747	107,519,168	176,833,469
			Restated		Restated
EARNINGS PER SHARE	15				
- Basic and diluted		1.69	4.11	4.89	8.04

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

Islamabad
21 February 2017



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Quarter Ended		Six Months Ended	
	31 Dec 2016 Rupees	31 Dec 2015 Rupees	31 Dec 2016 Rupees	31 Dec 2015 Rupees
Profit for the period	36,996,619	90,404,747	107,519,168	176,833,469
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	36,996,619	90,404,747	107,519,168	176,833,469

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

Islamabad
21 February 2017



Chairman



Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 Rupees	31 Dec 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		144,687,780	219,495,015
Adjustments for:			
Depreciation		10,107,897	9,380,547
Finance costs		13,080,829	9,489,933
Provision for Workers' profit participation fund		7,778,913	11,749,626
Provision for Workers' welfare fund		3,111,565	3,747,870
Provision for employee benefits		4,606,339	4,280,231
Reversal of provision for doubtful debts		(612,270)	(550,000)
Provision for slow moving items		228,946	-
Gain on remeasurement of investment		(9,266,504)	(12,932,203)
Gain on disposal of property, plant and equipment		(216,821)	(4,766)
Interest income on TDRs		(369,156)	(422,712)
Unrealized exchange loss		-	94,079
		28,449,738	24,832,605
		173,137,518	244,327,620
Changes in:			
Store, spare parts and loose tools		319,803	(174,110)
Stock in trade		22,673,260	(13,128,569)
Trade debts		13,900,233	80,479,301
Advances, deposits, prepayments and other receivables		(5,351,216)	(6,136,435)
Trade and other payables		(55,450,005)	(57,307,617)
		(23,907,925)	3,732,569
Cash generated from operations		149,229,593	248,060,189
Finance costs paid		(12,103,179)	(8,916,309)
Employees benefits paid		(1,060)	(5,254,719)
Payments to Workers' profit participation fund		(27,935,304)	(27,327,018)
Payments to Workers' welfare fund		(7,206,607)	(9,978,827)
Income taxes paid		(43,988,483)	(60,861,942)
		(91,234,633)	(112,338,815)
Net cash generated from operating activities		57,994,960	135,721,374
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9,369,720)	(17,898,925)
Proceeds from disposal of property, plant and equipment		2,101,261	78,000
Net investment/(redemption) during the period		27,476,699	(33,672,898)
Interest received on deposit accounts and TDRs		367,952	408,232
Net cash generated from / (used in) investing activities		20,576,192	(51,085,591)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(197,525,137)	(203,605,437)
Net cash used in financing activities		(197,525,137)	(203,605,437)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(118,953,985)	(118,969,655)
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	(374,737,139)	(266,952,941)

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

Islamabad
21 February 2017


Chairman


Managing Director &
Chief Executive Officer

Interim Report

BIAFO INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
Balance at 01 July 2015	200,000,000	441,194,267	641,194,267

Total comprehensive income for the period

Profit for the period	-	176,833,469	176,833,469
Comprehensive income for the period transferred to equity	-	176,833,469	176,833,469

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred tax

-	1,125,596	1,125,596
200,000,000	619,153,332	819,153,332

Transactions with members recorded directly in equity

Distribution to members

Final dividend of 2015 @ Rs. 7.50 per share

-	(150,000,000)	(150,000,000)
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First interim dividend of 2016 @ Rs. 2.50 per share

-	(50,000,000)	(50,000,000)
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Total distribution to members	-	(200,000,000)	(200,000,000)
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Balance at 31 December 2015	200,000,000	419,153,332	619,153,332
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Balance at 01 July 2016	200,000,000	452,034,872	652,034,872
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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)
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First interim dividend of 2017 @ Rs. 2.50 per share

-	(50,000,000)	(50,000,000)
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Issue of bonus Shares for 2017 @ 10%

20,000,000	(20,000,000)	-
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Total distribution to members	20,000,000	(220,000,000)	(200,000,000)
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Balance at 31 December 2016	220,000,000	340,570,450	560,570,450
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The annexed notes 1 to 17 form an integral part of this condensed financial information.

Islamabad
21 February 2017


Chairman


Managing Director &
Chief Executive Officer

BIAFO INDUSTRIES LIMITED **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)** **FOR THE PERIOD ENDED 31 DECEMBER 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 six months period ended 31 December 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 31 December 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

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. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017 and are not expected to have any significant effect on condensed interim financial information of the Company:

- Amendments to IAS 7 'Statement of Cash Flows'	(effective 01 January 2017)
- Amendments to IAS 12 'Income Taxes'	(effective 01 January 2017)
- Amendments to IFRS 2 - 'Share-based Payment'	(effective 01 January 2018)
- Amendments to IAS 40 'Investment Property'	(effective 01 January 2018)

Amendments to following standards as annual improvements cycle of 2016-17:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entity'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

The above amendments are not likely to have an impact on the Company's financial information.

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT

During six months period ended 31 December 2016, the Company acquired property, plant and equipment aggregating Rs. 9,369,720 (31 December 2015: Rs. 17,898,925). Depreciation charge for the period amounts to Rs. 9,699,856 (31 December 2015: Rs. 9,380,547). Written down value of disposals for the period amounts to Rs. 1,884,440.

	Note	Unaudited 31 Dec 2016 Rupees	Audited 30 June 2016 Rupees
5. TRADE DEBTS			
Considered good		218,070,081	231,358,044
Considered doubtful		-	612,270
		218,070,081	231,970,314
Less: Provision for doubtful debts		-	(612,270)
		<u>218,070,081</u>	<u>231,358,044</u>

6. SHORT TERM INVESTMENTS

Investments:

Held for trading			
ABL Income Fund		142,979,287	147,724,390
Faysal Money Market Fund		112,938,636	124,748,901
UBL Liquidity Plus Fund		107,770,175	109,480,002
Loans and receivables - Term deposit receipts		57,530,000	57,475,000
		<u>421,218,098</u>	<u>439,428,293</u>

7. TRADE AND OTHER PAYABLES

Trade creditors		47,715,430	119,000,821
Advances from customers		17,228,425	4,603,008
Payable to contractors		-	1,899,060
Accrued liabilities		11,407,142	22,567,459
Sales tax payable - net		9,373,056	4,077,957
Insurance		305,352	422,333
Workers' profit participation fund payable		7,778,913	27,935,304
Workers' welfare fund payable		7,079,080	11,174,122
Unclaimed dividend		23,497,493	21,022,630
Payable to staff gratuity fund - unsecured		3,962,630	-
Payable to employees' provident fund - unsecured		805,438	-
Withholding tax payable		888,148	-
Others		13,621,708	4,224,066
		<u>143,662,815</u>	<u>216,926,760</u>

8. SHORT TERM BORROWINGS

Allied Bank Limited (ABL)	8.1	202,796,950	90,966,464
Faysal Bank Limited (FBL)	8.2	96,865,948	97,568,692
United Bank Limited (UBL)	8.3	98,769,121	97,156,282
		<u>398,432,019</u>	<u>285,691,438</u>

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

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.
- The Export Refinance facility with a sanctioned limit of Rs. 50 million (30 June 2016: Rs. 50 million) and carries mark-up at the rate SBP rate + 1% 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.

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 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. 17.660 million at 31 December 2016 (30 June 2016: Rs. 42.168 million).

10. NET SALES / TURNOVER

	Three Months Ended		Six Months Ended	
	Unaudited 31 Dec 2016 Rupees	Unaudited 31 Dec 2015 Rupees	Unaudited 31 Dec 2016 Rupees	Unaudited 31 Dec 2015 Rupees
Net Local Sales	182,623,139	287,590,868	422,493,683	631,787,510
Net Export Sales	40,234,798	21,069,840	91,607,944	32,968,303
	<u>222,857,937</u>	<u>308,660,708</u>	<u>514,101,627</u>	<u>664,755,813</u>

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

Six Months Ended	
Unaudited 31 Dec 2016 Rupees	Unaudited 31 Dec 2015 Rupees

11. CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement cash

and cash equivalents comprise of:

Cash and bank balances

23,694,880 22,735,139

Short term borrowings - secured

(398,432,019) (289,688,079)

(374,737,139) (266,952,940)

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.

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

On-balance sheet financial instruments	Note	Carrying amount				Fair Value		
		Fair Value through income statement	Loans and receivables	other financial liabilities	Total	Level 1	Level 2	Total
31 December 2016								
Financial assets								
measured at fair value								
Short term								
investments-Funds	6	<u>363,688,098</u>	<u>-</u>	<u>-</u>	<u>363,688,098</u>	363,688,098	-	363,688,098
Financial assets								
measured at fair value 12.1								
Bank balances	11	-	23,694,880	-	23,694,880	-	-	-
Trade debts	5	-	218,070,081	-	218,070,081	-	-	-
Other receivables	-	-	1,071,242	-	1,071,242	-	-	-
Term deposit receipts	6	-	57,530,000	-	57,530,000	-	-	-
Trade deposits	-	-	3,026,539	-	3,026,539	-	-	-
		<u>-</u>	<u>303,392,742</u>	<u>-</u>	<u>303,392,742</u>			
Financial liabilities not								
measured at fair value 12.1								
Trade and other payables*	7	-	118,543,618	-	118,543,618	-	-	-
Markup accrued	-	-	6,185,462	-	6,185,462	-	-	-
Short term borrowings	8	-	398,432,019	-	398,432,019	-	-	-
		-	<u>523,161,099</u>	-	<u>523,161,099</u>			

		Carrying amount				Fair Value		
On-balance sheet financial instruments	Note	Fair Value through income statement	Loans and receivables	other financial liabilities	Total	Level 1	Level 2	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	-	-	-
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	-	173,739,377	-	173,739,377	-	-	-
Markup accrued		-	5,207,812	-	5,207,812	-	-	-
Short term borrowings	8	-	285,691,438	-	285,691,438	-	-	-
		-	464,638,627	-	464,638,627			

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

12.1The 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.

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

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 2016 Rupees	Unaudited 31 Dec 2015 Rupees
Orient Trading Limited		
Payment of dividend	65,441,000	65,441,000
Issue of bonus shares	6,544,100	-
Share capital held as of the reporting date	65,441,000	65,441,000
Directors and Key Management Personnel		
Dividend to Non-Executive Directors	53,039,920	53,880,000
Issue of bonus shares to Non-Executive Directors	5,303,992	-
Share capital held as of the reporting date by Non-Executive Directors	53,039,920	-
Dividend to Executive Directors	5,110,010	5,060,000
Issue of bonus shares to Executive Directors	511,001	-
Share capital held as of the reporting date by Executive Directors	5,110,010	-
Remuneration including perquisites of Chief Executive	13,021,775	12,400,000
Remuneration including perquisites of Directors	9,800,000	10,500,000
Remuneration including perquisites of Key Management Personnel	10,191,000	7,350,000
Other related parties		
Payment to employees' provident fund	2,037,928	1,894,388
Contribution towards staff retirement gratuity fund	3,962,630	5,343,775
Services received from related party	-	200,000
Payable to employees' provident fund - unsecured	805,438	-
Payable to staff retirement gratuity fund - unsecured	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 2016 Rupees	Audited 30 Jun 2016 Rupees
i) Long term deposits	Non-interest bearing	1,793,600	1,778,600
ii) Trade debts	Non-interest bearing	218,070,081	231,358,044
iii) Advances	Non-interest bearing	13,939,829	12,583,939
iv) Trade deposits and and short term prepayments	Non-interest bearing	7,683,503	4,480,277
v) Other receivables	Non-interest bearing	1,071,242	292,938
vi) Short term investments	Interest bearing	421,218,098	439,428,293
vii) Cash and bank balances	Placed under interest arrangement	30,847	17,445
	Placed under Shariah permissible arrangement	23,664,033	29,890,839
		23,694,880	29,908,284

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

Description	Explanation	Six Months Ended	
		Unaudited 31 Dec 2016 Rupees	Unaudited 31 Dec 2015 Rupees
viii) Interest income on bank deposits for the period ended 31 December 2016	Placed under interest arrangement	14,720	21,262
	Placed under Shariah permissible arrangement	-	-
		14,720	21,262
ix) Interest income on investments for the period ended 31 December 2016	Placed under interest arrangement	9,266,504	12,932,203
	Placed under Shariah permissible arrangement	-	-
		9,266,504	12,932,203
x) All sources other income	Disclosed in note 23	4,624,977	956,216
xi) Exchange gain / (loss)	Earned from actual currency fluctuations	167,111	(94,079)
xii) Dividend income	ABL income Fund	-	-
	Faysal Money Market Fund	-	-
	UBL Liquidity Fund	-	-
		-	-

Three Months Ended		Six Months Ended	
Unaudited 31 Dec 2016	Unaudited 31 Dec 2015 Restated	Unaudited 31 Dec 2016	Unaudited 31 Dec 2015 Restated

15. EARNING PER SHARE

- Basic and diluted

Profit for the period	Rupees	37,200,639	90,404,747	107,519,168	176,833,469
Weighted average number of ordinary shares	Numbers	22,000,000	22,000,000	22,000,000	22,000,000
Earning per share	Rupees	1.69	4.11	4.89	8.04

15.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated as a result of bonus shares issued by the Company during the current period.

15.2 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 21 February 2017 proposed 2nd interim cash dividend of Rs. 1.50 per share.

Interim Report

BIAFO INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

16.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 21 February 2017.

17. GENERAL

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

Islamabad
21 February 2017



Chairman



Managing Director &
Chief Executive Officer

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BIAFO INDUSTRIES LTD.

1st Floor, Biafo House, Plot No. 23, Street No. 38-40,
I&T Centre, G-10/4, Islamabad - Pakistan.

Tel: (92-51) 2353450-53, 2353455-57, Fax: (92-51) 2353458

Email: management@biafo.com, www.biafo.com