

Interim Report  
for the Six Months Period Ended  
31 December 2012



**BIAFO INDUSTRIES LIMITED**

**Manufacturers of Tovex® Explosives & Blasting Accessories**

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## CORPORATE INFORMATION

### **Board of Directors**

#### **Executive Directors**

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

#### **Non Executive Directors**

Abdul Maajid Qureshi	Director
M. Salim	Director
M. Zafar Khan	Director
Dr. M. Humayun Khan	Director
Mufti M. Hashim Khan	Director
Adnan Aurangzeb	Director
Khwaja Ahmad Hosain	Director

#### **Company Secretary**

Khawaja Shaiq Tanveer

#### **Audit Committee**

Adnan Aurangzeb	Chairman
Maj. General (Ret'd.) S. Z. M. Askree	Member
Mufti M. Hashim Khan	Member
Dr. M. Humayun Khan	Member
Ms. Shirin Safdar	Member

#### **HR & Remuneration Committee**

Dr. M. Humayun Khan	Chairman
Adnan Aurangzeb	Member
Mufti M. Hashim Khan	Member
Khawaja Amanullah Askari	Member
M. Salim	Member
Khwaja Ahmad Hosain	Member

#### **Auditors**

KPMG Taseer Hadi & Co. Chartered Accountants

#### **Legal Advisors**

Chima & Ibrahim, Raja Rashid, Javaid Qureshi

#### **Shares Registrar**

##### **Riasat Ishtiaq Consulting (Pvt) Ltd**

Office No. 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad.  
Tel: +92 51 2272152, 7101536 Fax: +92 51 2273158

#### **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

#### **Registered Office**

##### **Biafo Industries Limited**

Office No. 203-204, 2nd Floor, Muhammad Gulistan Khan House,  
82-East, Fazal-Ul-Haq Road, Blue Area, Islamabad. Pakistan  
Tel: +92 51 2277358-9, 2829532-3, 2272613, 2802218 Fax: +92 51 2274744  
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

## Interim Report

### **BIAFO INDUSTRIES LTD. DIRECTORS' REPORT FOR THE QUARTER & HALF YEAR ENDED DECEMBER, 2012**

Your Directors are pleased to submit the unaudited accounts for the quarter/half year ended December 31, 2012.

Net sales of your company increased by 74.72 % to Rs. 310.55m against the comparable quarter and 77.98% to Rs. 635.66m against the comparable half year ended 31st. December, 2012.

Sales in the period under review increased substantially to the Oil and Gas Exploration sector and large projects, like Hydel & Road, Tunnel Projects, while there was significant reduction in demand from the mining projects of Saindak Copper and Gold Project and Duddar Lead and Zinc project (EPZ) due to technical and operational issues at the mine site.

Gross profit increased by 88.11% and 88.67% to Rs. 216.54m against the quarter and half year comparable period of the previous year. Gross profit margin for the quarter ended 31st. December, 2012 increased by 3.03% to 34.19% and for the half year to December, 2012 by 1.93% to 34.06% against previous year comparable period.

Operating profit increased by 108.35% to Rs. 94.26m for the quarter to December 31st. 2012 and by 101.88% to 191.75m for the half year December, 2012 against the comparable period of the previous year.

Tax charge in the quarter and half year period under review increased due to lower ratio of Export sales to EPZ of Saindak and Duddar against the comparable period of last year. Net after tax profit in the quarter to December, 2012 increased by 141.24% to Rs. 62.12m for the quarter to December, 2012 and 108.28% to Rs. 127.47m for the half year to December, 2012 against the comparable period of the previous year, resulting in EPS of Rs. 3.11 (Quarter to December, 2012) (EPS – 2011: Rs. 1.29) and for the half year to December, 2012 EPS of Rs. 6.37 (2011-EPS of Rs. 3.06).

The company continues to maintain tight control on cost despite raw material price increases devaluation of rupee, and inflationary pressures in the period under review. Expenses were within budget as approved by the Board of Directors.

Pressure on Government Finance continues to impede timely funding to infrastructural projects extending the receivable period of the company in the period under review. The company commenced supplies, in the period under review to Golen Gol Hydel project and Lowari Road Tunnel both in Chitral.

Your Board of Directors have declared the 2nd. Interim cash dividend of Rs. 2.50 (25%) for the quarter under review.

Your management continues to interact and coordinate with customers and all stakeholders in its efforts to meet the challenges of business opportunities.

Your Board takes the opportunity to express its appreciation of all its employees hard work.



**Khawaja Amanullah Askari**  
Chief Executive

Islamabad  
18th February, 2013

## 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 2012 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 2012, 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  
18 February, 2013



**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
Engagement Partner: Riaz Pesnani


## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT 31 DECEMBER, 2012**

	Note	31 Dec 2012 Rupees	30 June 2012 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	254,371,365	257,856,895
Long term deposits		2,147,754	2,136,754
		256,519,119	259,993,649
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		9,593,448	7,119,891
Stock in trade		122,339,745	97,475,579
Trade debts - Unsecured	5	223,583,024	118,206,509
Advances - Unsecured		7,973,562	5,000,778
Trade deposits and short term prepayments		2,936,270	1,491,143
Advance income tax - net		-	3,355,178
Other receivables		308,585	347,794
Other financial assets	6	234,021,307	206,929,872
Cash and bank balances		18,313,637	39,047,848
		619,069,578	478,974,592
<b>CURRENT LIABILITIES</b>			
Trade and other payables		160,339,987	132,773,333
Markup accrued		3,049,324	1,301,802
Short term borrowings - Secured	7	152,980,449	45,429,217
Provision for taxation		385,395	-
		316,755,155	179,504,352
<b>NET CURRENT ASSETS</b>			
		302,314,423	299,470,240
<b>NON CURRENT LIABILITIES</b>			
Deferred employee benefit		2,012,784	1,321,393
Deferred tax liability - net		37,317,892	36,107,171
		39,330,676	37,428,564
<b>NET ASSETS</b>			
		<b>519,502,866</b>	<b>522,035,325</b>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		200,000,000	200,000,000
Unappropriated profit		259,641,263	260,918,569
		459,641,263	460,918,569
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax</b>			
		59,861,603	61,116,756
		<b>519,502,866</b>	<b>522,035,325</b>
<b>CONTINGENCIES AND COMMITMENTS</b> <span style="float: right;">8</span>			

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Islamabad  
18 February, 2013

  
Director

  
Chief Executive


## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012**

	Note	Three Months Ended		Six Months Ended	
		31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
		Rupees	Rupees	Rupees	Rupees
<b>NET SALES</b>	9	310,556,063	177,742,605	635,664,770	357,149,527
Cost of sales		(204,377,272)	(122,360,803)	(419,119,565)	(242,377,441)
<b>GROSS PROFIT</b>		106,178,791	55,381,802	216,545,205	114,772,086
Other operating income		6,102,494	4,344,552	13,442,888	8,315,928
Distribution cost		(2,657,661)	(2,347,267)	(5,381,896)	(4,388,917)
Administrative expenses		(11,727,790)	(10,522,768)	(26,395,329)	(21,385,796)
Finance costs		(3,637,449)	(1,618,830)	(6,457,230)	(2,334,559)
<b>OPERATING PROFIT</b>		94,258,384	45,237,489	191,753,637	94,978,742
Workers' profit participation fund		(4,712,919)	(2,261,874)	(9,587,682)	(4,748,937)
Workers' welfare fund		(1,746,063)	(814,406)	(3,519,062)	(1,722,301)
<b>PROFIT BEFORE TAXATION</b>		<b>87,799,402</b>	<b>42,161,209</b>	<b>178,646,893</b>	<b>88,507,504</b>
<b>TAXATION</b>					
Current		(24,007,084)	(13,351,724)	(49,968,623)	(25,265,619)
Deferred		(1,671,946)	(3,053,665)	(1,210,729)	(2,045,485)
		(25,679,030)	(16,405,389)	(51,179,352)	(27,311,104)
<b>PROFIT FOR THE PERIOD</b>		<b>62,120,372</b>	<b>25,755,820</b>	<b>127,467,541</b>	<b>61,196,400</b>
<b>EARNINGS PER SHARE - Basic and diluted</b>		<b>3.11</b>	<b>1.29</b>	<b>6.37</b>	<b>3.06</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Islamabad  
18 February, 2013

  
Director

  
Chief Executive

## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012**

	Three Months Ended		Six Months Ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	Rupees	Rupees	Rupees	Rupees
Profit for the period	62,120,372	25,755,820	127,467,541	61,196,400
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>62,120,372</u></b>	<b><u>25,755,820</u></b>	<b><u>127,467,541</u></b>	<b><u>61,196,400</u></b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Islamabad  
18 February, 2013



Director



Chief Executive




## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012**

	Note	31 Dec 2012 Rupees	31 Dec 2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		178,646,893	88,507,504
Adjustments for:			
Depreciation		7,986,428	8,139,599
Finance costs		6,457,230	2,334,559
Provision for Workers' profit participation fund		9,587,682	4,748,937
Provision for Workers' welfare fund		3,519,062	1,722,301
Provision for employee benefit		691,391	124,450
Provision for slow moving stores, spare parts and loose tools		110,000	110,000
Unrealized gain on remeasurement of investment		(10,786,434)	(4,919,287)
Gain on disposal of property, plant and equipment		(323,730)	-
Interest on deposit accounts and TDRs		(361,548)	(2,780,000)
Exchange gain		(1,971,174)	(616,640)
		<u>14,908,906</u>	<u>8,863,919</u>
		193,555,799	97,371,423
<b>Changes in:</b>			
Store, spare parts and loose tools		(2,583,557)	(896,014)
Stock in trade		(24,864,167)	(13,844,910)
Trade debts		(104,894,486)	(17,885,491)
Advances, deposits, prepayments and other receivables		(4,464,188)	(4,842,068)
Trade and other payables		31,826,118	(24,998,154)
		<u>(104,980,280)</u>	<u>(62,466,637)</u>
<b>Cash generated from operations</b>		<b>88,575,519</b>	<b>34,904,785</b>
Finance costs paid		(4,709,708)	(1,863,251)
Payments to Workers' profit participation fund		(12,712,784)	(12,703,021)
Payments to Workers' welfare fund		(4,652,299)	(4,757,082)
Income taxes paid		(46,228,050)	(36,684,356)
		<u>(68,302,842)</u>	<u>(56,007,710)</u>
<b>Net cash from operating activities</b>		<b>20,272,678</b>	<b>(21,102,925)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(5,328,029)	(3,617,293)
Proceeds from disposal of property, plant and equipment		1,335,000	-
Investment (made) / redeemed during the year		(15,000,000)	37,639,198
Interest received on deposit accounts and TDRs		436,034	2,883,062
<b>Net cash (used in) / generated from investing activities</b>		<b>(18,556,994)</b>	<b>36,904,967</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of dividend		(130,001,125)	(79,922,367)
<b>Net cash used in financing activities</b>		<b>(130,001,125)</b>	<b>(79,922,367)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(128,285,442)</b>	<b>(64,120,325)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>(6,381,369)</b>	<b>(8,998,435)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	10	<b><u>(134,666,812)</u></b>	<b><u>(73,118,760)</u></b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Islamabad  
18 February, 2013

  
Director

  
Chief Executive

## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012**

	Share Capital	Unappropriated Profit	Total Equity
	Rupees	Rupees	Rupees
<b>Balance at 01 July 2011</b>	200,000,000	237,515,259	437,515,259
Total comprehensive income for the period	-	61,196,400	61,196,400
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	1,396,588	1,396,588
	-	<b>62,592,988</b>	<b>62,592,988</b>
<b>Transactions with members recorded directly in equity</b>			
Distribution to members			
Final dividend of 2011 @ Rs. 2.80 per share	-	(56,000,000)	(56,000,000)
First Interim dividend of 2012 @ Rs. 1.20 per share	-	(25,000,000)	(25,000,000)
<b>Total distribution to members</b>	-	<b>(81,000,000)</b>	<b>(81,000,000)</b>
<b>Balance at 31 December 2011</b>	<b>200,000,000</b>	<b>219,108,247</b>	<b>419,108,247</b>
<b>Balance at 01 July 2012</b>	<b>200,000,000</b>	<b>260,918,569</b>	<b>460,918,569</b>
Total comprehensive income for the period	-	127,467,541	127,467,541
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred tax	-	1,255,153	1,255,153
	-	<b>128,722,694</b>	<b>128,722,694</b>
<b>Transactions with members recorded directly in equity</b>			
Distribution to members			
Final dividend of 2012 @ Rs. 3.50 per share	-	(70,000,000)	(70,000,000)
First Interim dividend of 2013 @ Rs. 3.00 per share	-	(60,000,000)	(60,000,000)
<b>Total distribution to members</b>	-	<b>(130,000,000)</b>	<b>(130,000,000)</b>
<b>Balance at 31 December 2012</b>	<b>200,000,000</b>	<b>259,641,263</b>	<b>459,641,263</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Islamabad  
18 February, 2013



Director



Chief Executive

# Interim Report

## BIAFO INDUSTRIES LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012

### 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 the six months period ended 31 December 2012 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 that reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2012. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2012, 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 the six months period ended 31 December 2011.

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 and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of annual financial statements for the year ended 30 June 2012. The following approved standards, amendments and interpretations of approved accounting standards become effective during the period are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's condensed interim financial information:

Amendments to IAS 12 - Deferred tax on investment property (effective 01 January 2012)  
Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income (effective 01 July 2012)

### 4. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012 the Company acquired property, plant and equipment aggregating Rs.5,328,029 (31 December 2011: Rs. 3,638,930).

### 5. TRADE DEBTS - Unsecured

	Unaudited 31 Dec 2012 Rupees	Audited 30 June 2012 Rupees
Considered good	223,583,024	118,206,509
Considered doubtful	1,592,761	1,592,761
	225,175,785	119,799,270
Less: Provision for doubtful debts	(1,592,761)	(1,592,761)
	<u>223,583,024</u>	<u>118,206,509</u>

## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012**

	<b>Unaudited 31 Dec 2012 Rupees</b>	<b>Audited 30 June 2012 Rupees</b>
<b>6. OTHER FINANCIAL ASSETS</b>		
Investments:		
At fair value through profit or loss		
NAFA Government Securities Liquid Fund	43,391,976	41,459,985
ABL Income Fund	108,056,792	86,975,354
MCB Dynamic Cash Fund	38,967,539	36,194,533
Held to maturity - Term deposit receipts	43,605,000	42,300,000
	<b>234,021,307</b>	<b>206,929,872</b>

<b>Six Months Ended</b>			
		<b>Unaudited 31 Dec 2012 Rupees</b>	<b>Audited 30 June 2012 Rupees</b>
<b>7. SHORT TERM BORROWINGS - SECURED</b>			
National Bank of Pakistan (NBP)	7.1	7,006,141	3,680,520
Allied Bank Limited (ABL)	7.2	132,924,195	41,748,696
MCB Bank Limited (MCB)	7.3	13,050,114	-
		<b>152,980,450</b>	<b>45,429,217</b>

7.1 The Company has arranged various facilities with NBP and during the period the Company utilized Running Finance facility. The Running Finance facility has a sanctioned limit of Rs. 25 million (30 June 2012: Rs. 25 million) and carries mark-up at the rate of 6 month Kibor + 1.35% per annum (30 June 2012: 3 month Kibor + 2% per annum) of the amount utilized.

7.2 The Company has arranged various facilities with ABL and during the period the Company utilized FE-25 and Running Finance facilities as follows

- The Running Finance facility has a sanctioned limit of Rs. 35 million (30 June 2012: Rs. 35 million) and carries mark-up at the rate of 3 month Kibor + 1.25% per annum (30 June 2012: 3 month Kibor + 1.25% per annum) of the amount utilized.

- The Running Finance facility has a sanctioned limit of Rs. 95 million (30 June 2012: Rs. 95 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum (30 June 2012: 3 month Kibor + 1% per annum) of the amount utilized. The facility is secured against the investment made in the ABL Income Fund of Rs. 100 million.

- The Running Finance facility has a sanctioned limit of Rs. 32.80 million (30 June 2012: Rs. 32.80 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum (30 June 2012: 3 month Kibor + 1% per annum) of the amount utilized. The facility is secured against the investment made in the ABL Term Deposit Receipts of USD 450,000.

- The FE-25 facility has a sanctioned limit of Rs. 50 million (30 June 2012: Rs. 50 million) for export of the Company's products. The facility carries mark-up at the rate of LIBOR + 2% per annum (30 June 2012: LIBOR + 2% per annum) of the amount utilized.

7.3 The Company has arranged Running Finance facility with MCB and during the period the Company utilized this facility. The Running Finance facility has a sanctioned limit of Rs. 31.415 million (30 June 2012: Rs. 31.415 million) and carries mark-up at the rate of 3 month Kibor + 1% per annum (30 June 2012: 3 month Kibor + 1% per annum) of the amount utilized.

## Interim Report

**BIAFO INDUSTRIES LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012**

**8. CONTINGENCIES AND COMMITMENTS**

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2012.

There is no change in the commitments as reported in the annual financial statements for the year ended 30 June 2012, except that the letters of credit issued by banks on behalf of the Company for the import of raw materials amount to Rs. 14.529 million at the period end (30 June 2012: Rs. 45.545 million).

	Quarter Ended		Six Months Ended	
	Unaudited 31 Dec 2012 Rupees	Unaudited 31 Dec 2011 Rupees	Unaudited 31 Dec 2012 Rupees	Unaudited 31 Dec 2011 Rupees
<b>9. SALES - Net</b>				
Gross Local Sales	420,136,038	232,526,838	827,738,632	401,274,900
Sales tax	(46,087,180)	(23,681,845)	(89,511,959)	(40,852,527)
Discounts and commissions	(86,006,785)	(52,256,033)	(179,203,442)	(86,705,480)
Net Local Sales	288,042,073	156,588,960	559,023,231	273,716,893
Net Export Sales	22,513,990	21,153,645	76,641,539	83,432,634
	<u>310,556,063</u>	<u>177,742,605</u>	<u>635,664,770</u>	<u>357,149,527</u>

	Six Months Ended	
	Unaudited 31 Dec 2012 Rupees	Unaudited 31 Dec 2011 Rupees
<b>10. CASH AND CASH EQUIVALENTS</b>		
For the purpose of cash flow statement cash and cash equivalents comprise of:		
Cash and bank balances	18,313,637	16,353,545
Short term borrowings - secured	(152,980,449)	(89,472,305)
	<u>(134,666,812)</u>	<u>(73,118,760)</u>

**11. RELATED PARTY TRANSACTIONS**

Related parties comprise 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 are as follows:

## Interim Report

**BIAFO INDUSTRIES LIMITED**  
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER, 2012

	Six Months Ended	
	Unaudited 31 Dec 2012 Rupees	Unaudited 31 Dec 2011 Rupees
<b>Associated undertaking- sole proprietorship concern of a director of the Company</b>		
Sale of explosives	1,854,405	1,464,036
Advance received during the period	1,854,405	1,464,036
<b>Other related parties</b>		
Remuneration including perquisites of Chief Executive	7,596,098	4,757,490
Remuneration including perquisites of Directors	5,950,000	4,100,000
Remuneration including perquisites of Executives	3,085,800	2,099,454
Payment to employees' provident fund	1,623,813	1,100,529


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

- 12.1 The Board of Directors of the Company in their meeting held on 18 February, 2013 proposed interim cash dividend of Rs. 2.50 per share.
- 12.2 The condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 18 February, 2013.

**13. GENERAL**

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

Islamabad  
18 February, 2013

  
Director

  
Chief Executive